

*47<sup>th</sup>  
Annual Report  
2010-11*

 **ION EXCHANGE**  
THE POWER  
BEHIND WATER  
(INDIA) LTD  
Total Environment Solutions



**Conserve Water. Preserve Life.**



## Power Projects

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- Satpura Thermal Power Station of Madhya Pradesh Power Generating Company, Betul, Madhya Pradesh
- Vandana Vidyut Ltd., Raipur, Chattisgarh
- Jindal Steel and Power, Angul, Odisha
- NTPC, Jhajjar, Haryana & Mauda, Maharashtra
- Gujarat Industrial Power Corporation, Surat, Gujarat



## Engineering Contracts

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- Maruti Suzuki, Manesar, Haryana
- Toyota Kirloskar Motors, Bidadi Industrial Estate, Karnataka
- Indian Oil Tanking, Visakhapatnam



## Steel Projects

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- Bhushan Steel Limited, Meramemdali, Odisha
- Wonder Cement, Udaipur, Rajasthan



## Rural

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- Arsenic and Iron Removal Units, Bihar
- Disaster Management Units for Public Health Engineering Department (PHED), West Bengal
- Water treatment plants at Hardosharni and Tibbad, near Pathankot, Punjab



## GCC Projects

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- Sungbo Development LLC, Ruwais, Abu Dhabi
- Um Al Quain, Government of UAE
- QAFCO (Qatar Fertiliser Company), UAE
- Samsung EPC, Abu Dhabi
- Coca Cola, UAE

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

As a part of our relentless endeavor of building trust, we continually strive to develop solutions and services, which not only offer our customers superior value but also reduce the burden on the environment. We provide suitable, optimal, hassle free customised solutions which motivate our customers to keep coming back with repeat orders.

Uncontrolled population increase and stupendous industry growth are resulting in depletion of conventional raw water sources such as rivers, bore-wells, open wells, lakes etc. At the same time, the demand is increasing and so is the pressure on these sources. In fact, water scarcity is going to pose as a major concern in the days to come. At Ion Exchange, we have pioneered solutions to conserve fresh water such as recycling of industrial effluence & domestic sewage and desalination of sea water. Through optimisation of our technological capabilities, we constantly work on providing innovative, cost effective solutions to our customers from all sectors, be it infrastructure, industrial, institutional, municipal, homes or communities.

We're committed to do all it takes to leverage our water & environment management capabilities to deliver total solutions that will not only enhance our stakeholder value and enable our customers improve their businesses, but also protect our earth's most vital resource for a sustainable future.

**BOARD OF DIRECTORS**

Mr. G. S. Ranganathan ..... Chairman - Emeritus  
 Mr. R. 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. A. K. Marfatia ..... Director  
 Mr. P. Sampathkumar ..... Director  
 Mr. Abhiram Seth ..... Director  
 Mr. Shishir Tamotia ..... Director  
 Mrs. K. J. Udeshi ..... Additional Director

**SENIOR MANAGEMENT**

Rajesh Sharma ..... Chairman & Managing Director  
 Dinesh Sharma ..... Executive Director  
 Aankur Patni ..... Executive Director  
 Ajay A. Popat ..... Sr. Vice President - Corporate Marketing  
 Sridharan Mahadevan ..... Sr. Vice President - Human Resource  
 N. M. Ranadive ..... Sr. Vice President - Finance  
 Pradeep Chapalgaonkar ..... Sr. Vice President - Heavy Industry  
 S. V. Mehendale ..... Vice President - Operations, Resin & Standard Systems Division  
 S. N. Iyengar ..... Vice President - Medium Industry Segment  
 Anil Khera ..... Vice President - Chemicals Division  
 J. P. Pathare ..... Vice President - International Division  
 C. K. Sandeep ..... Vice President - Corporate Marketing  
 Ramesh Rath ..... Vice President - Home Water Solutions  
 Vasant Naik ..... Vice President - Finance

**COMPANY SECRETARY**

Mr. Milind Puranik

**REGISTRAR & SHARE TRANSFER AGENT &**

**REGISTRAR FOR FIXED DEPOSITS**

M/s. TSR Darashaw 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](mailto:csg-unit@tsrdarashaw.com)  
 Website : [www.tsrdarashaw.com](http://www.tsrdarashaw.com)

**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.

**ADVOCATE & SOLICITORS**

Crawford Bayley & Co.

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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 Forty Seventh Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Tuesday, 27th September, 2011 at 11.00 a.m. at Amar Gian Grover Auditorium, Lala Lajpatrai Memorial Trust, Lala Lajpatrai Marg, Haji Ali, Mumbai - 400 034 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2011, 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. G. S.Ranganathan who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. P. SampathKumar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. V. N. Gupchup who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

7. To appoint Mrs. K. J. Udeshi, as a Director of the Company liable to retire by rotation.

By Order of the Board

Milind Puranik  
Company Secretary

### Registered Office:

Ion House  
Dr. E. Moses Road  
Mahalaxmi  
Mumbai 400 011  
Mumbai, 27th May, 2011

### NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the time fixed for holding the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 15th September 2011 to Tuesday, 27th September 2011 (both days inclusive).

4. 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. G. S. Ranganathan	Mr. P. Sampathkumar	Dr. V. N. Gupchup	Mrs. K. J. Udeshi
Date of Birth	14.02.1926	27.12.1938	08.01.1937	13.10.1943
Date of Appointment	01.05.1984	22.03.2005	17.07.1995	27.05.2011
Qualification	M.S. [USA]	Chartered Engineer, U. K. Marine Engineer	B.E.(Civil), S.M., SC.D.	M. A. (Economics)
Expertise	Mr. Ranganathan, is one of the Founder Members of Ion Exchange (India) Limited and was its Managing Director since inception. Under his able guidance the company has attained position of eminence in the water treatment industry. He has contributed immensely for the development and growth of the Company over the years.	Mr. P. Sampathkumar is currently holding the position of Chief Executive Officer of Gayatri Hitech Hotels. He was President of Project Management & Implementation of 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.	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.	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, NABARD, Exim Bank. Currently she is Chairman of the Banking Codes and Standards Board of India and is the Nominee Director of RBI on the Board of Security Printing & Minting Corporation of India Ltd.
Chairman/Director of Other Companies	<ol style="list-style-type: none"> <li>1. Bharat Bobbins Ltd.</li> <li>2. Engineering &amp; Agencies Pvt Ltd.</li> <li>3. Ion Exchange Enviro Farms Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ion Exchange Infrastructure Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Ion Exchange Waterleau Ltd.</li> <li>2. The Mahindra United World College of India</li> <li>3. Raj Mohindra Consultants Pvt. Ltd.</li> <li>4. Walchand Peoplefirst Ltd.</li> </ol>	<ol style="list-style-type: none"> <li>1. Security Printing &amp; Minting Corporation of India Ltd.</li> <li>2. Haldyn Glass Gujarat Ltd.</li> <li>3. HSBC AMC</li> </ol>



Chairman/Member of the committees of the Company and other Company(s)	Member of the following committees of Ion Exchange (India) Ltd. 1. Share Transfer Committee (C) 2. Employee Stock Option Compensation Committee (C) 3. Investor Grievance	Member of the following committees of Ion Exchange (India) Ltd. 1. Employee Stock Option Compensation Committee	Member of the following committees of Ion Exchange (India) Ltd. 1. Audit Committee 2. Employee Stock Option Compensation Committee 3. Remuneration Committee (C) 4. Share Transfer Committee 5. Investor Grievance (C)	Member of the following committees of Security Printing & Minting Corporation of India Ltd. 1. Audit Committee (C) 2. Remuneration Committee  Member of the following committees of Haldyn Glass Gujarat Ltd. 1. Audit Committee 2. Remuneration Committee  Member of the following committees of Administrative Staff College of India: 1. Infrastructure 2. Standing Committee
Number of shares held in the Company	1,70,410	25000	1,07,044	Nil

5. Dividend, if declared at the meeting will be paid on or before 1st October 2011 to those members (holding shares in physical form) whose names appear on the Register of members as on 27th September 2011 and to those beneficial owners (holding shares in electronic form) whose names appear in the Beneficiary report furnished by the depositories.
6. The facility for remitting dividend through Electronic Clearing System (ECS) is provided by the Company. This facility will have to be availed by only those shareholders, holding shares in physical mode. The ECS form is printed towards the end of this Annual report. Shareholders, holding in physical mode, may please inform any change in their bank particulars to our Registrar & Transfer Agents (R&T), TSR Darashaw Ltd. (TSRDL) and those holding shares in dematerialized form should inform their respective Depository Participants of any change in their bank particulars. Requests to R&T will not be entertained.
7. Unclaimed Dividend for the period 2002-2003 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 2003-2004 and subsequent years are advised to write to our R&T.
8. All correspondence relating to holdings, change of address, bank particulars, non receipt of dividend or interest, etc. should be addressed to our R&T, M/s.TSRDL.
9. 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.
10. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature(s) registered with the Company for admission to the meeting venue.

By Order of the Board

Milind Puranik  
Company Secretary

Registered Office:  
Ion House  
Dr. E. Moses Road  
Mahalaxmi, Mumbai 400 011

Mumbai, 27th May, 2011

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

**Item No. 7**

At the Board Meeting held on 27th May 2011, Mrs. K. J. Udeshi was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 99 of the Articles of Association of the Company. Being Additional Director she holds office only upto the date of the ensuing Annual General Meeting.

Notices pursuant to Section 257 of the Companies Act, 1956 has been received from members of the company signifying their intention to propose the candidature of Mrs. K. J. Udeshi to the office of Director.

The Board of Directors recommends appointment of Mrs. K. J. Udeshi to the office of Director.

None of the Directors except Mrs.K.J.Udeshi is concerned or interested in resolution of Item 7.

By Order of the Board

Milind Puranik  
*Company Secretary*

*Registered Office:*

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

Mumbai, 27th May 2011



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 47th Annual Report and Accounts for the year ended 31st March, 2011.

### FINANCIAL RESULTS

The highlights of the financial results are as follows :

	Year ended March 2011 (Rs. in Lacs)	Year ended March 2010 (Rs. in Lacs)
Profit before taxation	1,940	1,021
Less: Provision for taxation :		
Current tax	634	335
Deferred tax	93	25
Profit after tax	1,213	661
Balance in Profit & Loss Account brought forward from Previous Year	2,404	2,000
Profit balance available for appropriation	3,617	2,661
Appropriations:		
Dividend including Proposed Dividend	278	191
Tax on dividend	44	32
Transfer to General Reserve	122	34
Balance in Profit & Loss Account Carried Forward to Balance Sheet	3,173	2,404

### OPERATIONS

During the financial year ended 31st March, 2011, the net profit after tax of the company was Rs. 1,213 lacs, an increase of 83.5% over the previous year's net profit after tax of Rs. 661 lacs. The turnover was higher at Rs. 591 crores as compared to Rs. 514 crores of the previous year, showing an increase of 15%.

### DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 2.00 [20%] per equity share for the financial year ended 31st March, 2011.

### FUTURE OUTLOOK

Indian economy is seeing major investment in water and environment related Infrastructure. We expect the momentum of such investments to pickup over coming years and your company should benefit from this. Increased awareness and more stringent regulations on pollution control and water conservation are also leading to increased opportunities in the industry which your company will benefit from. While it is expected that with continued focus of Government on development and growth the Indian economy would grow at a good pace but rising inflation and global economic slowdown may act as hindrances.

Your Company has expanded its ability to serve the need of customers for the entire environment management solution portfolio. Thus your Company along with its joint ventures and subsidiaries offer solutions in the field of water, waste water, solid waste, air and renewable energy to diverse set of customers ranging from Infrastructure to household.

Increased focus and improved efficiencies which will be brought about by recent restructuring initiatives are expected to result in significant improvement in financial performance of the Company.

Your company looks at the future with cautious optimism.

### FINANCIAL RESOURCES

#### Share Capital

Under Employees' Stock Option Scheme – ESOS - 2008, the Employees' Stock Option Compensation Committee (ESOCC) allotted 82,900 equity shares [6,19,050 equity shares under ESOS - 2008], 9,500 equity shares under ESOS 2005 [17,000 equity shares under ESOS – 2005] and 5,000 equity shares under ESOS 2001 to the directors and employees of the Company. The paid-up equity capital of the company increased from Rs.13,32,85,110/- to Rs. 13,42,59,110/- after allotment.

#### Fixed Deposits

As on 31st March, 2011, 122 fixed deposits amounting to Rs. 24,97,000/- remained unclaimed. 16 Deposits amounting to Rs. 2,95,000/- 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.

## RESTRUCTURING OF BUSINESS

The Board of Directors at their meeting held on 22nd February 2011, accorded their approval for the proposal to sell its Project Division (covering domestic turnkey projects) on a going concern basis to Ion Exchange Projects and Engineering Limited, a wholly owned subsidiary company. Subsequent to the above, on 11th April 2011, the Company has received approval of the shareholders for the sale of the Project Division (covering domestic turnkey projects) by way of postal ballot. The Company is in the process of completing all the necessary formalities for the above mentioned proposal.

## AUDITORS' REPORT

The Auditors' observation in paragraph 4 of their report have been explained under the Notes to accounts.

## SUBSIDIARY COMPANIES

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

During the year ended 31st March, 2011, the Subsidiary companies M/s. Aqua Investments (India) Limited posted profit of Rs. 6.54 lacs compared to Rs. 5.42 lacs of the previous year and M/s. Water Care Investments (India) Ltd. posted profit of Rs. 5.27 lacs compared to Rs. 4.20 lacs of the previous year.

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

The Company has been able to improve its performance based on the strategy of focussing on select farms. The farm output increased during the year 2010-11. Encouraged by this, the company is also experimenting on the use of new organic applications and methods to further improve the yields. It has also intensified its efforts in the development of organic nursery to meet the requirements of the farms.

The overall productivity from all the farms, however is yet to reach optimum levels due to erratic climatic conditions and other environmental factors.

The development and sale of organic farm inputs (e.g. ENVIRO REACH) showed an encouraging growth in the grapes market segment, justifying the company's investment and efforts into R&D. The Company now plans to expand into newer geographical areas and also develop products to meet market needs for crops.

### **Ion Exchange Infrastructure Limited**

The Company achieved turnover of Rs. 3,846.92 lacs as compared to Rs. 6,061.16 lacs for the previous year. The profit after tax was at Rs. 14.09 lacs compared to Rs. 302.99 lacs for the previous year.

The Company has been established with a view to undertake projects for intake water, water treatment, distribution and waste management on lump sum turnkey basis. The Company will also provide 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.1,410.95 lacs for the year under review.

The performance of the Company picked up during the year as the Company has started to cater multiple geographical areas. The Company has strengthened its resources in

terms of manpower and increased presence in other countries. Accordingly, the Companies' turnover improved during the year. But margins were under pressure due to increase in cost of inputs and tough competition from local and international players.

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

The Company achieved a turnover of Rs. 51.96 lacs for the year under review.

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

### **Ion Exchange Environment Management (BD) Limited, Bangladesh**

The Company achieved a turnover of Rs. 500.93 lacs for the year under review.

The assembly centre, which the company started during last year, has started giving revenue in the current financial year. However, due to tough competition from local and international players, the company could not achieve the planned growth. There are good prospects as the Company is working on big projects and it expects to increase its business in the Bangladesh market.

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

The Company achieved a turnover of Rs. 3.83 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. 2,493.54 lacs for the year under review.

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

The Company is now approved by PDO (OMAN). The Company has performed better during the year under review due to full year operation of O & M contract for sea water plants. The company also completed part supply of water treatment plant for the order received during the previous year. Since, the company is now PDO(Oman) approved, it expects to generate good business in Middle East market.

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

The Company achieved a turnover of Rs. 1,530.79 lacs for the year under review.

The company could increase its turnover during the year under review but due to recessionary market conditions and competition, the sales realizations were under pressure. Also, the US economic recovery is very slow affecting the performance during the first quarter of the current year.

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

The Company was incorporated on 9th April 2011. It is proposed to sell the Projects Division (covering the domestic turnkey projects) on going concern basis to Ion Exchange Projects & Engineering Limited. Pursuant to shareholder's approval by way of postal ballot the Company is in the process of completing all the necessary formalities to implement the above proposal.

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, Profit and Loss Account 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**

Mr G. S. Ranganathan, Mr. P. SampathKumar and Dr. V. N. Gupchup retire by rotation and being eligible offer themselves for re-appointment.

The Board regrets to inform shareholders of the sad demise of Mr. M. R. Menon on 15th February 2011. The Directors have placed on record their appreciation of the valuable advice and guidance rendered by Mr. Menon.

Mrs. Kishori Udeshi was appointed as Additional Director at the Board meeting of the Company held on 27th May, 2011. Mrs. Udeshi holds office upto the conclusion of the ensuing Annual General Meeting. The Company has received notice in writing under section 257 of the Companies Act, 1956 from a shareholder signifying his intention to propose Mrs. Udeshi's name as a candidate to the office of Director.

#### **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, 2011, 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 judgements 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, 2011 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, 2011 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**

Safety plays a major role in today's industrial scenario. In line with Management's commitment to Safety, Corporate Quality Group is facilitating establishment of 'Occupational Health and Safety System, in accordance with the International Standard OHSAS 18001: 2007 in one of its Chemical units.

The OHSAS system is being integrated with the existing Quality Management System in accordance with ISO 9001: 2008 and Environmental Management System in accordance with ISO 14001: 2004. With this integration, documentation, implementation and audits of system will be more effective.

The same concept will be implemented in other Production facilities of IEI.

Balanced Score Card (an approach which integrates Corporate Strategies with well defined action plans and dovetails them to KRA's) which was implemented last year, is now gaining momentum.

Other efforts such as Quality Improvement Projects, Monitoring of Quality Objectives, System audits at Marketing Offices, Production units, Projects and O&M Sites continue.

#### **AUDITORS**

The Statutory Auditors, M/s. S. R. Batliboi & Co. hold office until the conclusion of this meeting and are eligible for re-appointment. The Company has received letter from M/s. S. R. Batliboi & Co., to the effect that their re-appointment, if made, would be within the limits specified under section 224(1B) of the Companies Act, 1956.

#### **ACKNOWLEDGEMENTS**

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

On behalf of the Board of Directors

G. S. Ranganathan  
Chairman

Mumbai  
Date : 27th May, 2011

**ANNEXURE TO THE DIRECTORS' REPORT 2011**

**ANNEXURE I**

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

**(A) CONSERVATION OF ENERGY**

- (a) energy conservation measures taken
1. Higher plant capacity utilisation.
  2. Installation of booster pump (1.5 HP) in the cooling water circuit.
  3. Installation of membrane diffuser in operation tank of ETP.
- (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. 74,42,35,620/-

Earned     Rs. 91,76,72,658/-

G. S. Ranganathan

*Chairman*

Mumbai

Date : 27th May 2011

## FORM - A

( Form for Disclosure of Particulars with respect to Conservation of Energy )

### A. POWER AND FUEL CONSUMPTION :

#### 1. ELECTRICITY :

##### a) Purchase

SL. NO.	ITEMS	CURRENT YEAR (2010 - 2011)		PREVIOUS YEAR (2009- 2010)	
		ANKLESHWAR	PATANCHERU	ANKLESHWAR	PATANCHERU
1	Total Units ( Kwh ) :	42,71,020	6,96,486	42,05,510	4,06,460
2	Total Amount ( Rs.) :	2,41,81,781.00	38,54,837.00	2,43,20,170.00	19,36,720.00
3	Rate / Unit ( Rs.) :	5.66	5.53	5.78	4.76

##### b) OWN GENERATION :

##### i. Through diesel generator :

SL. NO.	ITEMS	ANKLESHWAR		PATANCHERU	
		ANKLESHWAR	PATANCHERU	ANKLESHWAR	PATANCHERU
1	Total Units ( Kwh ) :	73,408	44,300	56,536	59,111
2	Units / Ltr. Of fuel ( Kwh ) :	2.79	2.76	2.86	2.77
3	Cost / Unit ( Rs.) :	14.96	14.84	12.6	14.16

##### ii. Through Steam Turbine / Generator :

1	Total Units ( Kwh ) :	NIL	NIL	NIL	NIL
2	Units / Ltr. Of fuel ( Kwh ) :	NIL	NIL	NIL	NIL
3	Cost / Unit ( Rs.) :	NIL	NIL	NIL	NIL

#### 2. Coal :

#### 3. Furnace Oil

#### 4. Others / internal generation :

2. Coal :	NIL	NIL	NIL	NIL
3. Furnace Oil	NIL	NIL	NIL	NIL
4. Others / internal generation :	NIL	NIL	NIL	NIL

### B. CONSUMPTION PER UNIT OF PRODUCTION :

Products : chemicals resins  
 unit of production : MT M<sup>3</sup>

	STANDARDS (IF ANY)	Current Year (2010 - 2011)	Previous Year (2009- 2010)
ELECTRICITY	(Units / MT)	70.17	50.8
	(Units / M <sup>3</sup> )	316	370
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 been carried out by the Company are as follows:**

**a. Ion exchange resin synthesis:**

Development of low cost linked strong base anion exchange resin. The modification of weak acid cation exchange resins were taken up to meet the market requirement.

**b. Water treatment chemicals:**

Developed amine based boiler additives, fireside chemical additives for coal fired boilers and size press additives for paper industries.

Modified the existing potable water quality testing kits to improve their efficiency and validate it both in house and at a national accredited laboratory.

Developed range of process chemicals for refineries and petrochemicals industry.

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

Low cost linked anion exchange resin opens up very good potential in the local and international market.

Modification of weak acid cation reduces the consumption of raw materials, while at the same time giving higher capacity. It is a new product with improved features that can have a good leverage in the market.

Improvements in the weak acid cation resin is helpful in gaining both Indian and International market for nicotine adsorption.

Amine based boiler additive would be helpful to cater to the market in medium and low pressure boiler segments.

Development of fireside additive explores the new market in coal fired boilers.

Development of size press additives would be helpful to penetrate into the paper business.

The modification of potable water testing kits can be used both for industrial and rural applications. Certification of potable water test kit from NML, Chennai would be useful in increasing market coverage.

New range of process chemicals will help the company to offer comprehensive solutions to refinery & petrochemicals industry.

**3. Expenditure on R&D**

a. Capital : Rs. 24,57,441/-

b. Revenue : Rs. 3,47,39,727/-

c. Total : Rs. 3,71,97,168/-

d. Total R&D expenditure as a percentage of turnover: 0.65%

**TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

**1. Efforts in brief made towards technology absorption, adaptation and innovation.**

a) Silver based resin for disinfection of drinking water

b) A process for reducing wastage of reject water in home RO water purifiers

**2. Benefits derived as a result of above efforts, e.g. Product improvement, cost reduction, product development, Import substitution:**

a) The silver based disinfection resin was developed as an import substitution for similar products. This media gives a disinfection for a broad spectrum of Microbial contaminants, which also gives a good residual protection to the water without the side effects of a chemical smell generally associated with other disinfectants like chlorine and iodine. The benefits derived are therefore efficient and odorless disinfection.



- b) Most home RO based water purifiers world over have a poor recovery of purified water from a single RO membrane, This results in wastage of almost 80% of the incoming tap water into the drain. This novel process makes a marked improvement by recovering almost 70% purified water and only 30% as the waste water.
3. 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

The Indian economy performed in line with most expectations mainly due to large investment in Power and Infrastructure projects. This led to higher investment in all industrial segments during the last year.

Given the significant gap in the infrastructure demand and supply for water and sanitation facilities, the water treatment industry is poised for decent growth over a sustainable period. Your company is uniquely placed to realize the growth opportunity with its ability to offer wide range of technological solutions and services in this field.

Fresh water sources are under tremendous pressure due to rapid industrialization, growing population and increasing pollution. Large investment planned in power plants will further put stress on the fresh water availability for drinking and agriculture. This has necessitated conservation of fresh water resources and put thrust on recycling the waste water. Stringent pollution control norms have forced the industry to consider zero discharge. Use of sea water into potable water by desalination is being actively considered to augment drinking water supplies, as well as for industrial use. This offers good growth prospects to your Company, with its proven track record of successful design and installation of recycle and sea water desalination plants in India and abroad.

With more industries and public utilities looking at outsourcing of water and environment management, this is another growth opportunity for your Company which has most extensive service, infrastructure and technological capability to offer comprehensive services in this specialized area.

Competition is also expected to increase as number of multinational companies have entered in India looking at the large business potential in water sector. However your company is confident of maintaining its growth by improving cost competitiveness and efficiency in execution of projects.

The overall outlook appears positive and the management remains confident of profitable growth in the long term.

### B. HIGHLIGHTS OF PERFORMANCE

Gross turnover for the year 2010-2011 was Rs. 591 crores. Profit after tax was Rs.1,213 lakhs as compared to Rs. 661 lakhs in the previous year.

The Turnover for the year jumped by 15%. However, the profit after Tax showed a marked improvement of more than 80 %.

### 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. 362 crores compared to Rs. 327 crores for the previous year.

This segment continues to grow at a healthy rate particularly in light of increased investments in infrastructure projects and power plants. Margins were under pressure due to rising input costs. This segment is expected to grow at healthy rate as the company has a good order bank.

#### **Chemicals**

The segment achieved turnover of Rs.151 crores compared to Rs. 120 crores of the previous year.

During the year sales in domestic markets improved while continuing exports of resins to US, Europe and South East Asia. The Company is developing new customers in far east Korea and Japan. Good margin growth is seen in water treatment chemical business, but the margins in resin business were under pressure due to steep increase in cost of key raw materials. The launch of new products in mining and refinery process treatment as well as new applications developed for speciality resins, are likely to give significant growth in the coming years. The outlook for this segment is positive.

#### **Consumer Products**

The segment achieved a turnover of Rs. 82 crores as compared to Rs.71 crores of the previous year. The segment improved business volume with 19.4% growth in the domestic segment. The Service business continued to grow for the fourth year in a row though the growth rate declined to 9.3%. However, the consolidation of the service initiatives improved the satisfaction levels of our customers significantly in the course of the year.

In the year under review, the domestic water purifier business continued to attract new entrants resulting in intense competition and ever-changing dynamics in the market place.

The focus was on increasing the productivity of the models by reducing the number of SKUs and consolidating the product portfolio. At the same time, the research/reengineering efforts continued to get new products / solutions ready for the next year.

The Company continues to invest in its "Zero B" brand which has survived the onslaught from aggressive new

players in the category. The brand was recognized as “Best Complete Domestic Water Solutions Provider” by Water Digest Awards in association with UNESCO, WQA and PHDCCI. The brand has received the Water Digest Award for the fifth consecutive year.

The operating structure of the Division has been reoriented to efficiently tap the ever-increasing opportunities in the market and to nurture long-term relationships with existing / potential customers.

In the current year, the thrust will be on improving the Brand recall and increasing the market share, through improved productivity of the sales channels and enhanced customer services as well as popularization of its specialised products.

With greater focus in the “Hospitality and Health Care” sector in the Institutional segment and “Retail” as well as ‘Direct Sales’ business in the Home segment, the Division aims for a bright future with decent growth in sales as well as profitability.

We continue to adapt our technologies and products to suit the specific needs of the Rural consumers and contribute towards creating awareness of safe drinking water and sanitation.

During the year under review, there was a renewed focus on increasing our presence in the rural market, home to 70% of India’s population. This was undertaken by creating awareness about safe drinking water & sanitation amongst rural consumers, developing a sustainable distribution network and partnering with the Government, Non Government Organizations (NGOs) and the local trade. In the current year, the thrust will be on increasing our penetration and reach in rural India.

**Exports**

During the year under review, Company has achieved export turnover of Rs. 91 crores. In spite of the economical recession in few countries and the turmoil in the Middle East, company was able to attain growth of nearly 22% in the international market. In the current year company plans to consolidate its presence in the African and Middle East market and is confident to maintain planned growth.

**D. RISKS, THREATS , CONCERNS AND RISK MITIGATION**

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

The year 2010-11 was a mixed one with Indian economy performing in line with expectation on one hand and on the other rise in fuel prices triggered steep rise in the inflation index. Most of the players in the industry, including that of the water industry have been affected. Your management has been proactive in realizing the impact of these economic indicators and has exercised caution in selection of the business opportunities and giving commitments.

With the changing macro-economic scenario and changes in water industry, your company remains vigilant of its market share with continued focus and reinforcement on credibility, quality, services and technology fronts to ensure competitiveness vis-a-vis major Indian and global players. Other mitigation plans include cost reduction, value engineering without compromising quality, and tie ups with vendors for assured supplies at competitive prices.

Regulatory policies and the changes in the law of the land, though completely beyond the control of the company, affect business operations. A periodic internal certification process to provide regulatory compliance assurance has been evolved to mitigate regulation related risks.

Your company being a technology driven company is continuously on look out for reputed and reliable new alliances and international partners to capitalize on the gains of technological innovations. Significant investment is also planned on research and development, technology upgradation and adoption of new technologies.

Fluctuation in exchange rates have been also identified as one of the risk that could impact export earnings as well as raw material imports. However, the company has adequate hedging methods in place to mitigate this risk. The company has a conservative forex management policy and does not speculate in the forex market.

**E. HUMAN RESOURCES & TRAINING**

Several factors influence the success of a company, but none so much as its employees. It is the caliber and composition of the employees that provide the greatest predictor of success.

In a world where only change is constant, it is imperative for employees to develop continuously the requisite skills and attitudes necessary at the workplace. Company provides an energizing and empowering work environment to encourage employees bring in their full creativity and talent to the business.

The Company believes that employees need training to improve and excel in their jobs and to develop skills that open up opportunities for growth. Training and consequent learning therefore forms an important element of each employee’s career. Regular technical training in total environmental solutions as well as in Organizational Development and Executive/Managerial Development is provided followed by an assessment of the impact of learning.

Your company continues to focus on Balance Score Card implementation, performance management, building competencies, team work and employee satisfaction to attract, develop and retain talent.

The HR function is linked with strategic goals and objectives to improve business performance and enhance innovation.

### 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 by the Audit committee are reviewed by the committee that meets at regular intervals. The statutory auditors too review the audit observations and make suitable recommendations.

### G. SOCIAL RESPONSIBILITY INITIATIVES

Socially and environmentally responsible approach is enshrined in the Ion Exchange Vision: 'To be the leader in our business which is so vital to people's lives and the environment.' Involvement in Corporate Social Responsibility initiatives therefore, is a natural extension that makes a difference to the lives of people and the environment.

Our objective is to uplift the economically backward class of society by providing school-going children with academic, health & hygienic support.

While we have, in the past, been involved in several Corporate Social Responsibility initiatives, "The Ion Foundation" will now bring the various CSR and charitable initiatives under one umbrella.

To start with, the Foundation is supporting the Chetna Learning Centre, which facilitates and aids the education of economically challenged children. It is also

supporting the activities of Ion Exchange Services to assist the SOCARE Orphanage in the education and welfare of children of convicts. One of the Muktangam Schools has also been partly funded for providing alternate methods of education to the underprivileged children.

Your company continues its initiatives in adapting technology for safe drinking water to meet rural needs, developing low cost water and purification devices for lower income strata.

It is our endeavor to ensure that the activities we undertake under the Ion Foundation banner, benefit the communities around which our company & Enviro Farm sites are located.

We take pride in being part of the CSR initiative and believe that employees appreciate working for organizations that have strong values.

#### 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

G. S. Ranganathan  
*Chairman*

Mumbai

Date : 27th May, 2011

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy On Code Of Corporate Governance

Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long term shareholder value while safeguarding the interest of all the stakeholders. It is this conviction that has led the Company to make strong corporate governance values intrinsic in all its operations. The Company is led by a distinguished Board, which includes independent directors. The Board provides a strong oversight and strategic counsel. The Company has established systems and procedures to ensure that the Board of the Company is well informed and well equipped to fulfill its oversight responsibilities and to provide management the strategic direction it needs to create long term shareholder value.

In Compliance with disclosure requirements of clause 49 of the listing agreement, the details are set out as under:

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

#### i. Composition & Category of Directors [as on 31st March, 2011]

The Board comprises of eleven directors, of whom seven directors including Chairman are non - executive and five directors are independent. The Composition of Board is given below:

Name	Category
Mr. G.S. Ranganathan	Non-Executive Chairman (Promoter)
Mr. Rajesh Sharma	Executive - Vice Chairman & Managing Director
Dr. V. N. Gupchup	Non-Executive, Independent
Mr. M. P. Patni	Non-Executive
Mr. T. M. M. Nambiar	Non-Executive, Independent
Mr. A. Marfatia	Non-Executive, Independent
Mr. SampathKumar	Non-Executive, Independent
Mr. Dinesh Sharma	Executive
Mr. Aankur Patni	Executive
Mr. Abhiram Seth	Non-Executive, Independent
Mr. Shishir Tamotia \$	Non-Executive, Independent

\$ Mr. Shishir Tamotia appointed as additional director on 24th May 2010 and appointed as director on 21st September 2010

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 Seven Board Meetings on 24.05.2010, 27.07.2010, 21.09.2010, 28.10.2010, 25.01.2011, 22.02.2011 and 23.03.2011. 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 held on 21<sup>st</sup> September, 2010 was attended by all the 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 31/3/11)	Member/ Chairman of committees of other company(s) (as on 31/3/11)
Mr. G. S. Ranganathan	6	3 (includes 1 Chairmanship)	-
Mr. Rajesh Sharma	7	12	-
Dr. V. N. Gupchup	6	4	-
Mr. M. P. Patni	7	10	-
Mr. T. M. M. Nambiar	6	3	3 (includes 1 Chairmanship)
Mr. A. Marfatia	7	2	-
Mr. P SampathKumar	6	1	-
Mr. Dinesh Sharma	6	13 (includes 1 Chairmanship)	1 (chairman)
Mr. Aankur Patni	7	5	-
Mr. Abhiram Seth	6	7	-
Mr. Shishir Tamotia	6	1	-

#### 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](http://www.ionindia.com).

A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct in respect of the Financial Year 2010-11.

**Rajesh Sharma**  
Vice 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 24.05.2010, 27.07.2010, 27.10.2010 and 25.01.2011.

Name	Number of Audit Committee meetings attended
Mr.T.M.M.Nambiar	3
Dr.V.N.Gupchup	2
Mr.Abhiram Seth	1

The Audit Committee is headed by Mr. T.M.M. Nambiar, a chartered accountant. All the members of the Committee, Mr. T. M. M. Nambiar, Mr.Abhiram Seth and Dr. V. N. Gupchup are independent. The Company Secretary acts as the Secretary to the Committee.

**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 Managing Director Mr.Rajesh Sharma and Executive Directors Mr. Dinesh Sharma and Mr. Aankur Patni during the financial year 2010-2011 is given hereunder.

Name	Salary & Allowances (Rs.)	Contribution to Provident & other funds (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr.Rajesh Sharma	1,23,41,290	22,68,000	11,52,561	1,57,61,851
Mr.Dinesh Sharma	70,44,000	11,34,000	1,48,665	83,26,665
Mr. Aankur Patni	70,44,000	11,34,000	0	81,78,000

During the year, the Company paid Rs. 16,10,000/- as sitting fees to the non-executive Directors for attending the Board and Committee Meetings. The details are given below:

Name	Amount paid (Rs.)
Mr. G. S. Ranganathan	3,10,000
Mr. M. R. Menon	1,05,000
Dr. V. N. Gupchup	2,15,000
Mr. T. M. M. Nambiar	2,40,000
Mr. M. P. Patni	1,80,000
Mr. A. Marfatia	1,40,000
Mr. P. Sampathkumar	1,60,000
Mr. Abhiram Seth	1,40,000
Mr. Shishir Tamotia	1,20,000
<b>Total</b>	<b>16,10,000</b>

**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. G S. Ranganthan (Non-Executive and Chairman) along with the members of the Committee are Mr. M. P. Patni (Non-Executive), 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:

	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)
B. Pricing formula	First grant @ Rs.12.50 Second grant @ Rs.19.00 Third grant @ Rs.94.00 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)	First grant @ Rs.19.00 Second grant @ Rs. 94.00 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)	First grant @ Rs.67.00 Second grant @ Rs.54.50 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)	First grant @ Rs.58.20 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)
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 – 4,02,000	7,01,950

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
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 – 4,02,000	7,01,950
F. Options lapsed	First grant – 1,07,500 Second grant – 146,400 Third grant – 35,000	First Grant – 71,325 Second grant – 23,000	First Grant – 1,74,000 Second grant – 28,000	51,000
G. Variation of terms of options	Pursuant to the approval of shareholders at 44th 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 42nd 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 44th Annual General Meeting, the Employees' Stock O p t i o n 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 v e s t e d 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.2,19,09,000/-	Rs.4,08,53,490/-
I. Total number of options in force	First grant – Nil Second grant – Nil Third grant – 2,60,000	First Grant – Nil Second Grant – 3,27,000	First Grant – Nil Second Grant – 70,000	4,47,050



	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
J. Employee wise details of options granted to :	Nil	Nil	Nil	Nil
i) Senior managerial personnel				
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. 8.69				
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	N.A.	N.A.	N.A.	Please refer Schedule 17 Note 2

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008	
	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.				
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 Schedule 17 Note 2
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 Schedule 17 Note 2

## 6. Shareholders / Investors Grievance Committee

The members of the Committee are Mr. G. S. Ranganathan (Non Executive), Dr. V. N. Gupchup (Non-executive and Independent), and Mr. Rajesh Sharma. 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		
	1A) Warrants Already Paid	00	00
	1B) Requests Pertaining to outdated, duplicate warrants and changes on live warrants	131	131
	1C) Reply sent giving warrant details (Reconciliation in process)	00	00
	1D) Miscellaneous Queries in connection with payments	00	00
2.	Transfer of Securities	05	05
3.	Dematerialisation of Securities	05	05
4.	Name Correction	01	01
5.	Letters received from SEBI and other Statutory bodies	01	01
6.	Change of address requests	56	56
7.	ECS / Mandate requests	38	38
8.	Loss of Securities	31	31
9.	Split / Consolidation / renewal/ duplicate issue of securities	02	02
10.	Nomination requests	00	00
11.	Tax Exemption Form / PAN related	00	00
12.	Transmission of securities	05	04
13.	Exchange / Sub – division of old shares	24	24
14.	Dividend / Interest queries	123	123
15.	Document Registration	17	17
16.	Bonus Issue	00	00
17.	Redemption	03	03
18.	Other (miscellaneous)	62	62

1 Letter received from Sringari Sreenagam through BSE regarding registration of change in address has been replied to.

## 7. Annual General Meetings

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

Year	Date	Time	Location
2007-2008	26.09.2008	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034
2008-2009	24.09.2009	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034
2009-2010	21.09.2010	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034

## 8. Disclosures

- i. 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 Accounts under Item no. 6.
- ii. 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.
- iii. 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	: 27th September 2011
Time	: 11.00 a.m.
Venue	: Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034

**ii) Financial calendar year 2011-12**

Financial year	: 1st April to 31st March
Quarter ending	: Last week of July, 2011 June 30, 2011
Quarter ending	: Last week of October, 2011 September 30, 2011
Quarter ending	: Last week of January, 2012 December 31, 2011
Year ending	: Last week of May, 2012 March 31, 2012

**iii) Book closure date**

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 15<sup>th</sup> September 2011 to Tuesday, 27<sup>th</sup> September 2011 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31<sup>st</sup> March, 2011, if declared at the Annual general meeting,

**iv) Dividend payment date**

Dividend, if declared shall be paid on or before 1st October, 2011

**v) Listing on Stock Exchange**

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

**vi) Stock code and ISIN Number**

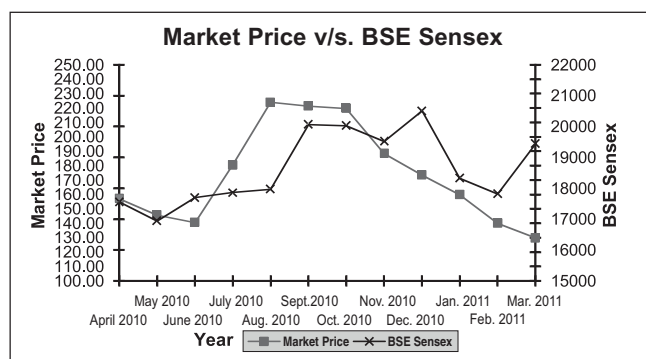
The Stock Exchange, Mumbai - 500214.

ISIN Number - INE570A01014.

**The Stock Exchange, Mumbai**

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

Month	High (Rs.)	Low (Rs.)
April, 2010	176.50	138.00
May, 2010	161.50	130.10
June, 2010	156.00	125.10
July, 2010	214.40	146.50
August, 2010	263.90	184.15
September, 2010	241.00	202.00
October, 2010	235.95	203.60
November, 2010	216.00	161.10
December, 2010	195.00	152.00
January, 2011	193.95	125.95
February, 2011	159.00	121.00
March, 2011	138.50	121.05



**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 15 days of receipt, provided the documents are clear in all respects. During the financial year 2010-2011 the share transfer committee held 36 meetings. Mr. G.S. Ranganathan (Non-Executive), Dr. V.N. Gupchup (Non-Executive) and Mr. Rajesh Sharma are the members of the Committee. The Company Secretary is the compliance officer.

**Distribution of Shareholding as on 31<sup>st</sup> March, 2011**

DESCRIPTION	NO. OF HOLDERS	%	NO. OF SHARES	%
LESS THAN 500	11,852	87.33	14,41,058	10.73
501 - 1000	851	6.27	6,48,173	4.83
1001 - 2000	416	3.07	6,04,418	4.50
2001 - 3000	119	0.88	3,06,178	2.28
3001 - 4000	51	0.38	1,83,038	1.36
4001 - 5000	48	0.35	2,26,291	1.69
5001 - 10000	103	0.76	7,67,988	5.72
10001 - 999999999	131	0.96	92,48,767	68.89
<b>TOTAL</b>	<b>13,571</b>	<b>100.00</b>	<b>1,34,25,911</b>	<b>100.00</b>

**Shareholding Pattern as on 31<sup>st</sup> March 2011**

Category	Holdings	%
Promoter & Promoter Group	5517393	41.10
Mutual Funds & UTI	322343	2.40
Banks, Financial Institutions & Insurance Companies	195140	1.46
FII's	156	0.00
Domestic Companies	1007348	7.50
Public	6164440	45.91
NRIs/OCBs	219091	1.63
<b>Total</b>	<b>13425911</b>	<b>100.00</b>

**Dematerialisation of Shares and Liquidity**

The Company's Equity Shares are in compulsory demat i.e. electronic mode and as on 31<sup>st</sup> March, 2011, 72.07 % of the equity capital were held in dematerialised form.

**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 31<sup>st</sup> March, 2011, 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.

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

**Plant Locations**

Resin manufacturing plant : Unit II – 5811-12-13, GIDC Ankleshwar Industrial Estate Ankleshwar – 393 002 Bharuch, Gujarat

Assembly Centre for Local and Export of Water Treatment Plants : R-14, TTC, MIDC Nr. Thane Belapur Road Rabale, Navi Mumbai - 400 701

Manufacture & Assembly of Standard Plants : 105, SIPCOT Industrial Complex, Dharmapuri, Tamilnadu, Hosur - 635 126

Water Treatment Chemicals, Sugar Treatment Chemicals, Polymer products : 19/A, Phase II Industrial Development Area, Medak Andhra Pradesh Patancheru - 502 319

Consumer Products : Plot nos. L48 & L49 Verna Electronics City Phase II, Verna, Salcette Goa - 403 722

**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

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

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

V.V. CHAKRADEO & CO.  
*Company Secretaries*

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

Place: Mumbai  
 Date: May 27, 2011

## Auditors' Report

To

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

1. We have audited the attached Balance Sheet of Ion Exchange (India) Limited ('the Company') as at 31st March 2011 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("Order") issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ("Act") we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Without qualifying our opinion we draw attention to note 15.1 of schedule 17 of the financial statements. The remuneration paid to the Executive Directors is in excess of the limits specified in Schedule XIII of the Act by Rs. 2,50,66,516 for which steps have been taken by the Company to obtain Central Government approval. Pending the final outcome of the Company's application, no adjustments have been made to the financial statements.

5. Further to our comments in the Annexure referred to above, we report that:

- i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- ii. 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;

- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.

- v. On the basis of the written representations received from the directors, as on 31st March 2011 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;

- b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and

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

**For S. R. Batliboi & Co.**

*Firm Registration No. : 301003E*

*Chartered Accountants*

**per Vijay Maniar**

*Partner*

*Membership No. : 36738*

Place : Mumbai

Date : 27th May 2011



**Annexure referred to in paragraph [3] of our report of even date**  
**Re: Ion Exchange (India) Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (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.
- (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (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.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has granted unsecured loans to three Companies (two being wholly owned subsidiaries and other being subsidiary) covered in the register maintained under section 301 of the Act. The maximum amount involved during the year for subsidiary was Rs. 4,05,62,592 and year end balance of the loan was Rs. 4,05,62,592. The maximum amount involved during the year for wholly owned subsidiaries was Rs. 3,07,94,121 and the year- end balance of loans granted to such parties was Rs. 2,95,18,246.
- (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 subsidiary is 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.
- (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. *The payment of interest has not been regular.*
- (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.
- (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.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative 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.
- (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.
- (b) In respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (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) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.

(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 delays in some cases.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a

position to comment upon the regularity or otherwise of the Company in depositing the same.

(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.

(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:

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	30,52,000	2004-05	Commissioner of Central Excise (Appeals)
Sales Tax Act for Maharashtra, Gujarat and Goa states	Disallowance on account of non submission of required forms	26,31,863	1993-94	Joint Commissioner Appeals
		51,14,792	1995-96	Joint Commissioner Appeals
		45,238	1997-98	Sales Tax Tribunal
		9,12,529	1997-98	Assistant Commissioner Appeals
		4,11,495	1998-99	Sales Tax Tribunal
		7,79,510	1998-99	Assistant Commissioner Appeals
		3,09,79,413	1999-00	Joint Commissioner Appeals
		14,37,401	1999-00	Assistant Commissioner Appeals
		33,99,447	2000-01	Joint Commissioner Appeals
		13,450	2000-01	Sales Tax Tribunal
		29,55,733	2000-01	Assistant Commissioner Appeals
3,71,382	2000-01	Joint Commissioner of sales tax		
6,97,121	2007-08	Assistant Commissioner Appeals		
Sales Tax Act for the state of Goa	Disallowance on account of non submission of required forms and disallowance of Input Credit	26,21,528	2006-07	Assistant Commissioner Appeals
Finance Act, 1994 – Service Tax	Disallowance of service tax allocated to Manufacturing unit	6,57,976	2009-11	Assistant Commissioner of Central Excise
Finance Act, 1994 – Service Tax	Service Tax not charged on Erection services	12,19,369	2003-05	Commissioner of Central Excise (Appeals)
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 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.**  
*Firm Registration No. : 301003E*  
*Chartered Accountants*

**per Vijay Maniar**  
*Partner*  
*Membership No. : 36738*

Place : Mumbai  
Date : 27th May 2011

**BALANCE SHEET as at 31st March 2011**

	Schedules			31st March 2010	
		Rupees	Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>					
SHAREHOLDERS' FUNDS					
Share Capital	1a	13,42,59,110		12,72,58,610	
Stock Options Outstanding	1b	2,79,75,171		4,32,14,841	
Reserves and Surplus	2	1,31,11,83,826		1,17,45,57,963	
			1,47,34,18,107		1,34,50,31,414
LOAN FUNDS					
Secured Loans	3	13,67,20,254		37,63,42,502	
Unsecured Loans		26,08,43,000		13,05,58,001	
			39,75,63,254		50,69,00,503
DEFERRED TAX LIABILITY (NET) (Refer Note 3 on Schedule 17)			4,50,95,375		3,58,39,663
TOTAL			1,91,60,76,736		1,88,77,71,580
<b>II. APPLICATION OF FUNDS</b>					
FIXED ASSETS					
Gross Block	4	1,30,19,36,160		1,27,02,62,079	
Less: Accumulated Depreciation		73,37,10,192		68,66,40,774	
Net Block		56,82,25,968		58,36,21,305	
Capital Work-in-Progress, including capital advances		1,47,25,750		48,19,874	
			58,29,51,718		58,84,41,179
INVESTMENTS					
CURRENT ASSETS, LOANS AND ADVANCES	5		29,93,88,768		25,43,89,888
Inventories	6	38,41,65,496		39,35,46,856	
Sundry Debtors	7	2,65,55,95,816		2,39,55,44,293	
Cash and Bank Balances	8	16,86,46,626		9,98,31,703	
Other Current Assets	9	20,43,980		27,96,651	
Loans and Advances	10	59,73,35,784		63,56,97,804	
	(A)	3,80,77,87,702		3,52,74,17,307	
Less: CURRENT LIABILITIES AND PROVISIONS	11				
Current Liabilities		2,67,64,97,032		2,41,46,55,823	
Provisions		9,75,54,420		6,78,20,971	
	(B)	2,77,40,51,452		2,48,24,76,794	
NET CURRENT ASSETS	(A - B)		1,03,37,36,250		1,04,49,40,513
TOTAL			1,91,60,76,736		1,88,77,71,580
Notes to Accounts	17				

The schedules referred to above forms an integral part of the Balance Sheet.  
As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No. : 36738

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

## PROFIT AND LOSS ACCOUNT for the year ended 31st March 2011

	Schedules	Rupees	Rupees	2009 - 2010 Rupees
<b>INCOME</b>				
Sales and Services (Gross)	12	5,90,50,82,719		5,13,56,61,705
Less: Excise Duty Recovered on Sales (Refer Note 17 on Schedule 17)		19,81,91,028		13,29,24,375
Sales and Services (Net)			5,70,68,91,691	5,00,27,37,330
Other Income	13		9,24,49,125	4,83,44,975
<b>TOTAL</b>			<b>5,79,93,40,816</b>	<b>5,05,10,82,305</b>
<b>EXPENDITURE</b>				
Cost of Goods Sold	14		4,12,82,59,127	3,53,30,92,600
Operation and Other Expenses	15		1,35,75,24,154	1,26,63,46,977
Interest	16		5,96,29,507	9,13,04,289
Depreciation	4	6,00,01,891		5,82,63,686
Less: Transfer from Revaluation Reserve		28,470		28,470
			5,99,73,421	5,82,35,216
<b>TOTAL</b>			<b>5,60,53,86,209</b>	<b>4,94,89,79,082</b>
<b>PROFIT BEFORE TAX</b>			<b>19,39,54,607</b>	<b>10,21,03,223</b>
[including loss from operation relating to discontinuing operation amounting to Rs. 8,53,10,877 (2009-2010 : Rs. 6,39,45,100)] (Refer note 25 of Schedule 17)				
<b>PROVISION FOR TAXATION</b>				
- Current Tax		6,34,00,000		3,35,00,000
- Deferred Tax charge (Refer Note 3 on Schedule 17)		92,55,712		24,80,808
Total Tax expenses [including tax relating to loss from operation of discontinuing operation amounting to Rs. Nil (2009-2010 : Rs. Nil)]			7,26,55,712	3,59,80,808
<b>PROFIT AFTER TAX</b>			<b>12,12,98,895</b>	<b>6,61,22,415</b>
[including loss of Rs. 8,53,10,877 (2009-2010 : Rs. 6,39,45,100) for discontinuing operation]				
Balance brought forward from Previous Year			24,03,82,050	20,00,07,776
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>36,16,80,945</b>	<b>26,61,30,191</b>
<b>APPROPRIATIONS</b>				
Dividend (Refer Note 19 on Schedule 17)		9,29,475		13,000
Tax on Dividend		(15,385)		2,209
			9,14,090	15,209
Proposed Final Dividend		2,68,51,822		1,90,88,792
Tax on Proposed Dividend		44,59,752		32,44,140
			3,13,11,574	2,23,32,932
Transfer to General Reserve			1,22,00,000	34,00,000
<b>SURPLUS CARRIED FORWARD TO BALANCE SHEET</b>			<b>31,72,55,281</b>	<b>24,03,82,050</b>
<b>EARNINGS PER SHARE [Nominal value of shares Rs. 10 (2009-2010 : Rs. 10)]</b> (Refer Note 8 on Schedule 17)				
Basic			9.13	5.20
Diluted			8.69	4.85
Notes to Accounts	17			

The schedules referred to above forms an integral part of the Profit and Loss Account.  
As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

per VIJAY MANIAR  
Partner  
Membership No. : 36738

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

### Schedules forming part of the Balance Sheet as at 31st March 2011

SCHEDULE - 1a	Rupees	31st March 2010 Rupees
<b>SHARE CAPITAL</b>		
Authorised:		
1,50,00,000 (2009-2010 : 1,50,00,000) Equity Shares of Rs. 10 each.	<u>15,00,00,000</u>	<u>15,00,00,000</u>
Issued, Subscribed and Paid-up:		
1,34,25,911 (2009-2010 : 1,27,25,861) Equity Shares of Rs. 10 each, fully paid-up.	<u>13,42,59,110</u>	<u>12,72,58,610</u>
	<u>13,42,59,110</u>	<u>12,72,58,610</u>
Of the above:		
1. 10,000 (2009-2010 : 10,000) Equity Shares of Rs. 10 each are allotted as fully paid-up, pursuant to a contract, for consideration other than cash.		
2. 20,65,184 (2009-2010 : 20,65,184) Equity Shares of Rs. 10 each are allotted as fully paid-up Bonus Shares by capitalisation of Revenue Reserve/ Share Premium.		
3. 9,600 (2009-2010 : 9,600) Equity Shares of Rs. 10 each, fully paid-up, have been allotted to the shareholders of erstwhile Hydranautics Membranes India Limited (HMIL) at the meeting of Board of Directors held on 15th May 2000, pursuant to the Scheme of Amalgamation of the erstwhile HMIL with the Company.		
4. 6,71,700 (2009-2010 : 6,66,700) Equity Shares, 5,78,675 (2009-2010 : 5,78,675) Equity Shares, 7,28,000 (2009-2010 : 7,14,500) Equity Shares and 7,01,950 (2009-2010 : 20,400) Equity Shares have been allotted to the directors and employees under Employees Stock Options Scheme – ESOS - 2001, ESOS - 2003, ESOS - 2005 and ESOS - 2008 respectively upto 31st March 2011. Also, Refer Note 2 on Schedule 17.		
<b>SCHEDULE - 1b</b>		
<b>STOCK OPTIONS OUTSTANDING</b> (Refer Notes 1 (x) and 2 on Schedule 17)		
Employee Stock Options Outstanding	2,81,76,618	4,47,77,397
Less: Deferred Employee Compensation Outstanding	<u>2,01,447</u>	<u>15,62,556</u>
	<u>2,79,75,171</u>	<u>4,32,14,841</u>
<b>SCHEDULE - 2</b>		
<b>RESERVES AND SURPLUS</b>		
Capital Reserve	26,67,745	26,67,745
Special Reserve (As per Section 45 - 1C of the Reserve Bank of India Act)	16,00,060	16,00,060
Revaluation Reserve (Refer Notes 1 (i) on Schedule 17)		
Balance as at 1 <sup>st</sup> April	11,34,270	11,62,740
Less: Transfer to Profit and Loss Account	<u>28,470</u>	<u>28,470</u>
	11,05,800	11,34,270
Contingency Reserve		
Balance as at 1 <sup>st</sup> April	4,00,00,000	4,00,00,000
Less: Transfer to General Reserve	<u>4,00,00,000</u>	<u>-</u>
	-	4,00,00,000
General Reserve		
Balance as at 1 <sup>st</sup> April	13,85,98,364	13,51,98,364
Add: Transfer from Contingency Reserve	4,00,00,000	-
Add: Transfer from Profit and Loss Account	<u>1,22,00,000</u>	<u>34,00,000</u>
	19,07,98,364	13,85,98,364
Security Premium Account		
Balance as at 1 <sup>st</sup> April	75,01,75,474	74,79,83,004
Add: Received on account of Employee Stock Option Plan	<u>4,75,81,102</u>	<u>21,92,470</u>
	79,77,56,576	75,01,75,474
Profit and Loss Account	31,72,55,281	24,03,82,050
	<u>1,31,11,83,826</u>	<u>1,17,45,57,963</u>

## Schedules forming part of the Balance Sheet as at 31st March 2011

	Rupees	31st March 2010 Rupees
<b>SCHEDULE - 3</b>		
<b>LOAN FUNDS</b>		
<b>1. SECURED LOANS</b>		
A. Working Capital Loans from Banks (including working capital demand loan)	<b>11,09,55,078</b>	31,73,50,075
<p><b>Primary Security:</b> Secured by joint hypothecation of Book Debts and Stocks.  <b>Collateral Security:</b> By way of first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru. Further, by way of second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa.</p>		
B. Term Loan from a Bank	-	1,62,50,000
<p>Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future.            [Due within one year Rs. Nil (2009-2010 : Rs. 1,62,50,000)]</p>		
C. Term Loan from a Bank	<b>2,11,81,000</b>	3,52,97,000
<p>Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future.            [Due within one year Rs. 1,41,16,000 (2009-2010 : Rs. 1,41,16,000)]</p>		
D. Vehicle finance from Banks	<b>45,84,176</b>	74,45,427
<p>Secured by hypothecation of vehicles.            [Due within one year Rs. 30,70,578 (2009-2010 : Rs. 28,61,251)]</p>		
	<b>13,67,20,254</b>	37,63,42,502
<b>2. UNSECURED LOANS</b>		
A. Fixed Deposits	<b>4,58,33,000</b>	4,50,58,000
<p>[Due within one year Rs. 1,37,16,000 (2009-2010 : Rs. 1,24,04,000)]</p>		
B. Inter Corporate Deposit	-	1,05,00,000
<p>[Due within one year Rs. Nil (2009-2010 : Rs. 1,05,00,000)]</p>		
C. Loan from Banks	<b>21,50,10,000</b>	7,50,00,001
<p>[Due within one year Rs. 21,50,10,000 (2009-2010 : Rs. 7,50,00,001)]</p>		
	<b>26,08,43,000</b>	13,05,58,001

**Schedules forming part of the Balance Sheet as at 31st March 2011****SCHEDULE - 4  
FIXED ASSETS**

(in Rupees)

Particulars	Gross Block				Depreciation			Net Block	
	As at 1st April 2010	Additions during the year	Deductions/ Adjustments during the year	As at 31st March 2011	As at 1st April 2010	Depreciation during the year	Deductions/ Adjustments during the year	As at 31st March 2011	As at 31st March 2010
Land (Free Hold)	87,01,593	-	-	<b>87,01,593</b>	-	-	-	<b>87,01,593</b>	87,01,593
Land (Leasehold)	2,39,84,441	-	-	<b>2,39,84,441</b>	55,29,390	3,02,992	-	<b>1,81,52,059</b>	1,84,55,051
Buildings on Leasehold Land	22,86,91,539	20,97,152	-	<b>23,07,88,691</b>	7,99,70,643	66,20,523	-	<b>14,41,97,525</b>	14,87,20,896
Buildings on Freehold Land (Refer Notes 1, 2, 3 and 5 below)	12,95,89,239	2,59,81,036	2,31,38,550	<b>13,24,31,725</b>	3,48,63,001	23,10,681	48,64,657	<b>10,01,22,700</b>	9,47,26,238
Plant and Machinery (including Electrical Installation)	61,42,09,181	2,68,93,885	53,37,100	<b>63,57,65,966</b>	38,71,67,605	3,32,80,585	53,37,100	<b>22,06,54,876</b>	22,70,41,576
Vehicles	2,56,09,371	5,91,000	15,47,499	<b>2,46,52,872</b>	1,18,10,162	19,64,942	12,37,378	<b>1,21,15,146</b>	1,37,99,209
Furniture, Fixture and Office Equipments	23,94,76,715	81,77,313	20,43,156	<b>24,56,10,872</b>	16,72,99,973	1,55,22,168	14,93,338	<b>6,42,82,069</b>	7,21,76,742
Previous Year	1,27,02,62,079	6,37,40,386	3,20,66,305	<b>1,30,19,36,160</b>	68,66,40,774	6,00,01,891	1,29,32,473	<b>56,82,25,968</b>	58,36,21,305
Capital Work-in-Progress (Refer Note 4 below)	1,26,74,93,557	5,10,10,705	4,82,42,183	<b>1,27,02,62,079</b>	63,12,44,732	5,82,63,686	28,67,644	<b>1,47,25,750</b>	48,19,874
(Including advance on capital account Rs. 41,46,934 (2009-2010) : Rs. 35,100)									
									<b>58,29,51,718</b>
									<b>58,84,41,179</b>

## Notes:

- Includes Ownership blocks, the cost of which includes:
  - Rs. 250 (2009-2010 : 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 (2009-2010 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
- Includes Ownership blocks acquired at Mumbai, the Society formation of which is in progress.
- 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.
- Capital Work in Progress includes amount of Rs. 25,33,481 (2009-2010 : 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.
- Buildings on Freehold Land includes buildings given on operating lease :
  - Gross Book Value - Rs. 3,34,69,098 (2009-2010 : Rs. 3,68,25,397)
  - Accumulated depreciation - Rs. 77,32,279 (2009-2010 : Rs. 77,77,110)
  - Depreciation for the year - Rs. 6,03,764 (2009-2010 : Rs. 6,24,440)
  - Net book value - Rs. 2,57,36,819 (2009-2010 : Rs. 2,90,48,287)



## Schedules forming part of the Balance Sheet as at 31st March 2011

### SCHEDULE - 5

#### INVESTMENTS - Long Term (at cost)

##### A. IN SUBSIDIARY COMPANIES (TRADE AND UNQUOTED)

	Rupees	31st March 2010 Rupees
Shares in Aqua Investments (India) Limited 17,60,000 (2009-2010 : 17,60,000) Equity Shares of Rs. 10 each, fully paid-up	1,76,00,000	1,76,00,000
Shares in Watercare Investments (India) Limited 17,70,000 (2009-2010 : 17,70,000) Equity Shares of Rs. 10 each, fully paid-up	1,77,00,000	1,77,00,000
Shares in Ion Exchange Enviro Farms Limited (Refer Note 10 on Schedule 17) 5,47,000 (2009-2010 : 5,47,000) Equity Shares of Rs. 10 each, fully paid-up	54,70,000	54,70,000
Shares in Ion Exchange Asia Pacific Pte. Limited 4,60,000 (2009-2010 : 4,60,000) Equity Shares of Singapore Dollar 1 each, fully paid up	1,37,73,853	1,37,73,853
Shares in IEI Environmental Management (M) Sdn. Bhd. 1,50,000 (2009-2010 : 1,50,000) Equity Shares of Malaysian Ringgit 1 each, fully paid up	18,10,111	18,10,111
Shares in Ion Exchange LLC, USA 1,00,000 (2009-2010 : 1,00,000) Equity Shares of United State Dollar 1 each, fully paid up	43,33,000	43,33,000
Shares in Ion Exchange & Company LLC, Oman 1,53,000 (2009-2010 : 90,000) Equity Shares of Omani Rial 1 each, fully paid up (Refer Note 26 on Schedule 17)	1,80,85,140	1,05,76,800
Shares in Ion Exchange Environment Management (BD) Limited 10,000 (2009-2010 : 10,000) Equity Shares of Bangladeshi Taka 100 each, fully paid up	7,00,000	7,00,000
Shares in Ion Exchange WTS (Bangladesh) Limited 27,469 (2009-2010 : Nil) Equity Shares of Bangladeshi Taka 100 each, fully paid up	2,45,000	-
Shares in Ion Exchange Infrastructure Limited 31,20,000 (2009-2010 : 5,10,000) Equity Shares of Rs. 10 each, fully paid up (Refer Note 26 on Schedule 17)	3,12,00,000	51,00,000
Debentures in Ion Exchange Enviro Farms Limited 15,00,000 (2009-2010 : 15,00,000) 7% Secured Redeemable Non-Convertible Debenture of Rs. 100 each, fully paid up	15,00,00,000	15,00,00,000
	<b>26,09,17,104</b>	<b>22,70,63,764</b>

##### B. TRADE AND UNQUOTED

Shares in Ion Exchange Services Limited 2,94,875 (2009-2010 : 2,94,875) Equity Shares of Rs. 10 each, fully paid up	9,20,948	9,20,948
Shares in Global Composite & Structural Limited 2,00,000 (2009-2010 : 2,00,000) Equity Shares of Rs. 10 each, fully paid up	20,00,000	20,00,000
Shares in Ion Exchange Waterleau Limited 24,99,500 (2009-2010 : 13,89,500) Equity Shares of Rs. 10 each, fully paid-up (Refer Note 26 on Schedule 17)	2,49,95,000	1,38,95,000
Shares in Total Water Management Services (India) Limited 24,000 (2009-2010 : 24,000) Equity Shares of Rs. 10 each, fully paid-up	2,40,000	2,40,000
Carried Forward	<b>2,81,55,948</b>	<b>1,70,55,948</b>

### Schedules forming part of the Balance Sheet as at 31st March 2011

SCHEDULE - 5 (Contd.)	Brought Forward	Rupees	31st March 2010 Rupees
		<b>2,81,55,948</b>	1,70,55,948
Shares in Aquanomics System Limited 4,60,000 (2009-2010 : 4,60,000) Equity Shares of Rs. 10 each, fully paid-up		<b>46,00,000</b>	46,00,000
Shares in Astha Technical Services Limited 1,30,000 (2009-2010 : 1,30,000) Equity Shares of Rs. 10 each, fully paid-up		<b>13,00,000</b>	13,00,000
Shares in IEK Plastics Limited 6,000 (2009-2010 : 6,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 60,000 (2009-2010 : Rs. 60,000)]		-	-
Shares in IEI Mansel Services Limited 15,000 (2009-2010 : 15,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,50,000 (2009-2010 : Rs. 1,50,000)]		-	-
Shares in Patancheru Enviro-tech Limited 113 (2009-2010 : 113) Equity Shares of Rs. 10 each, fully paid-up		<b>1,130</b>	1,130
Shares in Bharuch Enviro Infrastructure Limited 10,500 (2009-2010 : 10,500) Equity Shares of Rs. 10 each, fully paid-up		<b>1,05,000</b>	1,05,000
Shares in HMG Industries Limited 75,000 (2009-2010 : 75,000) 14.25% Preference Shares of Rs. 100 each, fully paid-up [Net of provision for diminution in the value Rs. 74,50,000 (2009-2010 : Rs. 74,50,000)]		<b>50,000</b>	50,000
Shares in Bharuch Eco-Aqua Infrastructure Limited 3,52,500 (2009-2010 : 3,52,500) Equity Shares of Rs. 10 each, fully paid-up		<b>35,25,000</b>	35,25,000
Shares of Global Procurement Consultants Limited 21,518 (2009-2010 : 20,000) Equity Shares of Rs. 10 each, fully paid-up		<b>2,45,540</b>	2,00,000
		<b>3,79,82,618</b>	2,68,37,078
Aggregate value of Unquoted Investments (A+B)		<b>29,88,99,722</b>	25,39,00,842
<b>C. NON-TRADE AND QUOTED</b>			
Shares of Sterlite Technologies Limited 5,875 (2009-2010 : 5,875) Equity Shares of Rs. 2 each, fully paid-up		<b>2,05,000</b>	2,05,000
Shares of Jain Irrigation Systems Limited 70 Equity Shares of Rs. 2 each (2009-2010 : 14 Equity Shares of Rs. 10 each), fully paid-up [Net of provision for diminution in the value Rs. 3,178 (2009-2010 : Rs. 3,178)]		<b>546</b>	546
Shares of Canara Bank 8,100 (2009-2010 : 8,100) Equity Shares of Rs. 10 each, fully paid-up		<b>2,83,500</b>	2,83,500
Aggregate value of Quoted Investments (C)		<b>4,89,046</b>	4,89,046
<b>TOTAL (A+B+C)</b>		<b>29,93,88,768</b>	25,43,89,888
Market value of Quoted Investments as on 31st March 2011 is Rs. 54,27,707 (2009-2010 : Rs. 38,57,777)			
<b>SCHEDULE - 6</b>			
<b>INVENTORIES</b>			
(Refer Notes 1 (iv) and (v) on Schedule 17)			
Raw Materials and Components		<b>19,29,06,843</b>	14,37,71,087
Raw Material-in-Transit		<b>2,02,49,488</b>	4,77,78,890
Work-in-Progress		<b>2,83,55,307</b>	1,67,17,284
Finished Goods		<b>7,94,49,382</b>	10,42,34,945
Finished Goods-in-Transit		<b>13,53,182</b>	4,91,817
Stores and Spare Parts		<b>2,27,55,488</b>	3,05,28,649
Contract Work-in-Progress		<b>3,90,95,806</b>	5,00,24,184
		<b>38,41,65,496</b>	39,35,46,856

## Schedules forming part of the Balance Sheet as at 31st March 2011

	Rupees	Rupees	31st March 2010
			Rupees
<b>SCHEDULE - 7</b>			
<b>SUNDRY DEBTORS</b>			
Unsecured, considered good:			
Debts outstanding over six months (Refer Note 1 below)	1,18,15,39,900		1,10,21,15,595
Other Debts (Refer Note 2 below)	1,47,40,55,916		1,29,34,28,698
		<b>2,65,55,95,816</b>	2,39,55,44,293
Unsecured, considered doubtful:			
Debts outstanding over six months	59,61,994		59,61,994
Less: Provision for Doubtful Debts	59,61,994		59,61,994
		-	-
		<b>2,65,55,95,816</b>	2,39,55,44,293
 (Refer Note 7 (a) on Schedule 17 for dues from companies under the same management)			
Notes:			
1. Includes Rs. 45,80,04,982 (2009-2010 : Rs. 28,62,78,065) Retention Money not due.			
2. Includes Rs. 11,16,95,080 (2009-2010 : Rs. 10,04,42,144) Retention Money not due.			
 <b>SCHEDULE - 8</b>			
<b>CASH AND BANK BALANCES</b>			
Cash on Hand		14,95,452	13,35,714
Balance with Scheduled Banks:			
- On Current Accounts		10,06,56,487	2,74,90,624
- On Exchange Earner's Foreign Currency Accounts [USD 14,885 (2009-2010 : USD 14,885)]		6,64,634	6,71,928
- On Deposit Account [Earmarked under Rule 3A of Companies (Acceptances of Deposits) Rules, 1975]		27,00,000	77,94,298
- On Margin Money Account		5,00,75,168	4,45,08,050
- On Unclaimed Dividend Account		19,09,447	17,08,179
- On Unclaimed Interest on Fixed Deposits		18,40,686	17,46,900
Balance with Non-scheduled Bank:			
- On Current Accounts*		93,04,752	1,45,76,010
		<b>16,86,46,626</b>	9,98,31,703
* Balance with Non-scheduled Bank maintained with National Bank of Dubai : Rs. 93,04,752 (2009-2010 : Rs. 1,45,76,010) Maximum amount outstanding during the year : Rs. 2,67,75,550 (2009-2010 : Rs. 2,70,50,857)			
 <b>SCHEDULE - 9</b>			
<b>OTHER CURRENT ASSETS</b>			
Interest accrued but not due		17,13,677	27,91,302
Rent receivable			
- Considered good	3,30,303		5,349
- Considered doubtful	17,05,011		17,05,011
Less: Provision for Doubtful Rent	17,05,011		17,05,011
		3,30,303	5,349
		<b>20,43,980</b>	27,96,651

### Schedules forming part of the Balance Sheet as at 31st March 2011

SCHEDULE - 10	Rupees	Rupees	31st March 2010 Rupees
<b>LOANS AND ADVANCES</b>			
A. Secured, Considered good:			
Advances recoverable in cash or in kind or for value to be received		4,720	1,29,605
B. Unsecured, Considered good, unless otherwise stated:			
Loans and Advances to subsidiaries (Refer Notes 6 IV, 7 (b) and 10 on Schedule 17)		7,39,03,191	6,68,35,677
Advances recoverable in cash or in kind or for value to be received			
- Considered good (Refer Note below and Notes 7 (b) and 9 on Schedule 17)	49,42,11,582		51,48,47,273
- Considered doubtful	98,64,821		98,64,821
Less: Provision for Doubtful Advances	98,64,821		98,64,821
		49,42,11,582	51,48,47,273
Advance Tax and Tax Deducted at Source [Net of provision for taxation aggregating Rs. Nil (2009-2010 : Rs. 22,10,28,479)]		-	2,58,64,646
Tender, Security and other Deposits			
- Considered good	2,80,13,900		2,72,15,552
- Considered doubtful	7,70,840		7,70,840
Less: Provision for Doubtful Deposits	7,70,840		7,70,840
		2,80,13,900	2,72,15,552
Balances with Excise Authorities		12,02,391	8,05,051
Inter Corporate Deposits			
- Considered doubtful	57,07,290		57,07,290
Less: Provision for Doubtful Inter Corporate Deposits	57,07,290		57,07,290
		-	-
		<b>59,73,35,784</b>	<b>63,56,97,804</b>

Note:

Advances recoverable in cash or kind or for value to be received include:

Loans due from IEI Shareholding Trusts Rs. 23,50,56,000  
(2009-2010 : Rs. 23,82,77,000)

[Maximum amount outstanding Rs. 23,82,77,000  
(2009-2010 : Rs. 24,01,78,500)]

## Schedules forming part of the Balance Sheet as at 31st March 2011

	Rupees	Rupees	31st March 2010 Rupees
<b>SCHEDULE - 11</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
A. Current Liabilities:			
Sundry Creditors			
- Subsidiary Companies	7,98,68,095		10,20,56,473
- Micro and Small Enterprises (Refer Note 23 on Schedule 17)	-		-
- Other than Micro and Small Enterprises	1,99,44,05,069		1,70,28,55,021
		<b>2,07,42,73,164</b>	1,80,49,11,494
Other Liabilities		1,49,94,203	1,20,98,856
Interest accrued but not due		16,16,612	13,09,478
Investor Education and Protection Fund shall be credited by the following amounts namely *			
- Unclaimed Dividends	19,09,447		17,08,179
- Unclaimed Interest on Fixed Deposits	18,40,686		17,46,900
- Unclaimed Matured Deposits	24,97,000		27,73,000
		<b>62,47,133</b>	62,28,079
Acceptances		11,30,26,177	16,72,11,766
Deposits		7,38,45,960	6,66,96,179
Commitment Deposit Under Employees Stock Option Scheme (Refer Note 2 on Schedule 17)		30,248	82,428
Advance from Customers and Progress Claims [Includes advances in respect of engineering contracts Rs. 34,98,70,780 (2009-2010 : Rs. 29,70,82,922)]		39,24,63,535	35,61,17,543
<b>TOTAL (A)</b>		<b>2,67,64,97,032</b>	<b>2,41,46,55,823</b>
B. Provisions:			
Provision for Income Tax [Net of Advance Tax Rs. 27,61,97,740 (2009-2010 : Rs. Nil)]		82,30,739	-
Provision for Fringe Benefit Tax [Net of Advance Tax Rs. 4,81,12,305 (2009-2010 : Rs. 4,81,12,305)]		19,87,695	19,87,695
Provision for Leave Encashment		5,60,24,412	4,35,00,344
Proposed Dividend		2,68,51,822	1,90,88,792
Tax on Proposed Dividend		44,59,752	32,44,140
<b>TOTAL (B)</b>		<b>9,75,54,420</b>	<b>6,78,20,971</b>
<b>TOTAL (A + B)</b>		<b>2,77,40,51,452</b>	<b>2,48,24,76,794</b>

\* As at 31st March 2011, there are no amounts due to be credited to Investor Education and Protection Fund.

**Schedules forming part of the Profit and Loss Account for the year ended 31st March 2011**

	Rupees	Rupees	2009 - 2010 Rupees
<b>SCHEDULE - 12</b>			
<b>SALES AND SERVICES</b>			
Sales (Refer Note 17 on Schedule 17)		<b>5,87,35,92,583</b>	5,10,85,03,767
[Tax deducted at source Rs. 1,33,51,338 (2009-2010 : Rs. 1,25,11,027)]			
Commission		-	14,31,141
Management Fees		<b>3,14,90,136</b>	2,57,26,797
[Tax deducted at source Rs. 34,73,362 (2009-2010 : Rs. 31,97,509)]			
		<b>5,90,50,82,719</b>	<b>5,13,56,61,705</b>
<b>SCHEDULE - 13</b>			
<b>OTHER INCOME</b>			
Scrap Sales		<b>66,82,302</b>	36,52,974
Rent		<b>3,03,00,612</b>	2,58,15,132
[Tax deducted at source Rs. 30,23,766 (2009-2010 : Rs. 43,28,856)]			
Dividend Income (Refer Note below)		<b>26,74,251</b>	27,19,677
Amount set aside for liabilities, no longer required, written back		<b>1,53,666</b>	-
Interest from Subsidiary		<b>1,14,17,277</b>	81,05,990
[Tax deducted at source Rs. 11,41,728 (2009-2010 : Rs. 8,10,600)]			
Interest from Banks		<b>36,34,494</b>	39,02,128
[Tax deducted at source Rs. 3,58,936 (2009-2010 : Rs. 5,34,671)]			
Interest from Others		<b>2,19,252</b>	2,66,778
[Tax deducted at source Rs. 6,717 (2009-2010 : Rs. 39,312)]			
Exchange Gain (Net)		<b>1,18,00,519</b>	-
Profit on Assets sold/discarded (Net)		<b>2,48,76,502</b>	11,30,842
Miscellaneous Income		<b>6,90,250</b>	27,51,454
		<b>9,24,49,125</b>	<b>4,83,44,975</b>
Note: Includes Rs. 25,90,250 (2009-2010 : Rs. 26,50,250) received from trade investments.			
<b>SCHEDULE - 14</b>			
<b>COST OF GOODS SOLD</b>			
A. Raw Materials and Components Consumed *		<b>3,85,56,26,830</b>	3,36,98,05,887
B. Purchase of Traded Goods		<b>24,94,17,744</b>	18,71,89,173
C. Increase/(Decrease) in Stocks:			
Closing Stocks:			
- Work-in-Progress	<b>2,83,55,307</b>		1,67,17,284
- Finished Goods	<b>7,94,49,382</b>		10,42,34,945
- Finished Goods-in-Transit	<b>13,53,182</b>		4,91,817
- Contract Work-in-Progress	<b>3,90,95,806</b>		5,00,24,184
		<b>14,82,53,677</b>	17,14,68,230
Less: Opening Stocks:			
- Work-in-Progress	<b>1,67,17,284</b>		1,66,47,605
- Finished Goods	<b>10,42,34,945</b>		10,80,81,927
- Finished Goods-in-Transit	<b>4,91,817</b>		1,16,738
- Contract Work-in-Progress	<b>5,00,24,184</b>		2,27,19,500
		<b>17,14,68,230</b>	14,75,65,770
		<b>(2,32,14,553)</b>	2,39,02,460
Cost of Goods Sold (A + B - C)		<b>4,12,82,59,127</b>	<b>3,53,30,92,600</b>

\*Includes direct expenses incurred on contracts Rs. 6,55,49,648 (2009-2010 : Rs. 6,28,25,628)



**Schedules forming part of the Profit and Loss Account for the year ended 31st March 2011**

SCHEDULE - 15	Rupees	Rupees	2009 - 2010 Rupees
<b>OPERATION AND OTHER EXPENSES</b> (Refer Note 11 on Schedule 17)			
Employee costs (Refer Note 22 on Schedule 17)			
- Salaries, Wages and Bonus	<b>46,15,89,451</b>		39,15,15,456
- Contribution to Provident and Other Funds	<b>4,16,28,847</b>		3,30,83,019
- Staff Welfare	<b>3,08,25,881</b>		2,44,09,212
- Employee Compensation Expense / (Income)	<b>(16,23,778)</b>		1,31,62,047
		<b>53,24,20,401</b>	46,21,69,734
Stores and Spare Parts consumed		<b>26,32,744</b>	30,63,736
Power and Fuel		<b>6,44,54,720</b>	5,68,42,936
Repairs and Maintenance - Buildings		<b>34,67,644</b>	30,42,340
- Plant and Machinery		<b>1,48,50,325</b>	1,30,97,372
- Others		<b>1,19,81,392</b>	1,31,95,835
Rent (Net of recoveries)		<b>2,47,10,723</b>	1,95,24,881
Rates and Taxes		<b>2,66,09,071</b>	2,70,20,265
Insurance (Net of recoveries)		<b>30,22,631</b>	22,93,366
Travelling and Conveyance		<b>16,56,02,553</b>	13,38,80,888
Excise Duty (Net of recoveries) (Refer Note 17 on Schedule 17)		<b>48,29,265</b>	50,38,213
Freight (Net of recoveries)		<b>10,39,89,897</b>	8,44,14,184
Packing (Net of recoveries)		<b>2,32,85,894</b>	1,63,76,595
Advertisement and Publicity		<b>5,68,00,340</b>	5,30,37,251
Commission to Agents and Discount		<b>1,44,06,462</b>	2,80,17,428
Legal and Professional Charges		<b>2,60,45,335</b>	1,90,56,315
Telephone and Telex		<b>2,06,14,520</b>	2,10,49,588
Bad Debts written off		<b>5,53,00,869</b>	4,28,70,783
Doubtful advances, deposits and claims written off	<b>2,99,97,436</b>		7,93,17,493
Less: Withdrawn from provision for doubtful advances and deposits	-		2,93,20,399
		<b>2,99,97,436</b>	4,99,97,094
Auditors' Remuneration (Refer Note 16 on Schedule 17)		<b>27,60,517</b>	24,87,021
Directors' Fees		<b>16,10,000</b>	14,10,000
Bank Charges		<b>2,57,02,703</b>	2,24,90,258
Exchange Loss (Net)		-	2,88,44,012
Backcharges on Contracts (Refer Note 20 on Schedule 17)		<b>63,35,606</b>	2,21,32,123
Establishment and Other Miscellaneous Expenses		<b>13,60,93,106</b>	13,49,94,759
		<b>1,35,75,24,154</b>	1,26,63,46,977
<b>SCHEDULE - 16</b>			
<b>INTEREST</b>			
On Fixed Loans		<b>2,96,52,986</b>	3,12,63,766
On Others		<b>2,99,76,521</b>	6,00,40,523
		<b>5,96,29,507</b>	9,13,04,289

**Schedules forming part of the Balance Sheet as at 31st March 2011 and  
Profit and Loss Account for the year ended on that date**

**SCHEDULE - 17****NOTES TO ACCOUNTS**

## 1. Significant Accounting Policies:

The financial statements have been prepared under historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The financial statements comply in all material respects with the Accounting Standards notified by Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 of India (the "Act"). The accounting policies have been consistently applied by the Company.

## (i) Fixed Assets, Depreciation 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.

Site equipments are depreciated over 3 years.

Leasehold lands 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 Profit and Loss Account.

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

## (ii) Foreign Currency Transactions:

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

**SCHEDULE - 17 (Contd.)**

(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 for raw materials, 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 for Work-in-Progress includes raw material cost, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 for Finished Goods includes raw material cost, cost of conversion, other costs incurred in bringing the inventories to their present location/ condition and excise duty.

Costs of traded goods is computed on First-in-First-out basis.

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 & Other Employee Benefits:

a) Retirement Benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective Trusts.

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.

d) Actuarial gains/losses are immediately taken to Profit and Loss Account 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 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, expected 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.

Interest:

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

## SCHEDULE - 17 (Contd.)

### Dividends:

Revenue is recognized when the shareholders' right to receive payment is established by the Balance Sheet date. Dividend from subsidiaries is recognized even if same are declared after the Balance Sheet date but pertains to period on or before the date of Balance Sheet as per the requirement of schedule VI of the Companies Act, 1956.

### (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.

### (xii) Derivative Instruments:

The Company uses derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations. Accounting policy for forward exchange contracts is given in 1 (ii).

### (xiii) 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 equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### (xiv) 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 competitive prices.

#### 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.

## SCHEDULE - 17 (Contd.)

### 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.

(xv) 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.

(xvi) Leases:

Assets given on operating leases by the Company are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

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 Profit and Loss Account on a straight-line basis over the lease term.

(xvii) 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.

(xviii) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of 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.

2. Employee Stock Option Scheme (ESOS):

### ESOS 2001

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 27th September 2000, the Company has introduced ESOS for its directors and employees. The ESOS Compensation Committee formed for implementation of the scheme, in its meeting held on 20th July 2001, granted 3,84,500 options to eligible directors and employees of the Company at a price of Rs. 12.50 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. Under the scheme, 25% of the granted options shall vest and become exercisable in July every year. Pursuant to this, Fourth 25% of the options vested in July 2005. The vested options are exercisable upto 20th July 2009.

The Employee Stock Compensation Committee in its meeting held on 8th August 2002, further granted 5,36,100 options to directors and other employees at a price of Rs. 19.00 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 August every year. Pursuant to this, the Fourth 25% of the options vested in August 2006. The vested options are exercisable upto 8th August 2010.

The Employee Stock Compensation Committee in its meeting held on 5th June 2007, further 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 will vest in June 2012. The vested options are exercisable upto 5th June 2016.

### ESOS 2003

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 25th September 2003, the Employee Stock Compensation Committee in its meeting on 2nd April 2004 implemented the Second Employees Stock Options Scheme (ESOS 2003) and granted 6,50,000 options to directors and other employees at a price of Rs. 19.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of two weeks high and low of the share traded on The Stock Exchange, Mumbai prior to the date of the grant. Under the scheme 25% of these options shall vest and become exercisable in April every year. Pursuant to this, the Second 25% of the options vested in April 2006. Further, pursuant to Shareholders' approval at the Annual General Meeting held on 4th August 2006, the Employee Stock Compensation Committee decided to advance the date of vesting of balance 50% option. Pursuant to this, the Third and Fourth 25% (in all 50%) of the options vested in October 2006. The vested options are exercisable upto 26th October 2010.

The Employee Stock Compensation Committee in its meeting held on 5th June 2007, further 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

**SCHEDULE - 17 (Contd.)**

25% of the options will vest in June 2012. The vested options are exercisable upto 5th June 2016.

**ESOS 2005**

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 29th September 2005, the Employee Stock Compensation Committee at its meeting on 29th March 2006 implemented the Third Employees Stock Options Scheme (ESOS 2005) and granted 5,00,000 options to directors and other employees at a price of Rs. 67.00 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 are exercisable upto 29th March 2011.

The Employee Stock Compensation Committee in its meeting held on 24th July 2006, further granted 5,00,000 options to directors and others employees at a price of Rs. 54.50 per share, which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. As in the case of the First grant, the options shall vest after one year from the date of the grant. The vested options are exercisable upto 24th July 2011.

**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 are 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 (1st, 2nd & 3rd Grant)	2003 (1st & 2nd Grant)	2005 (1st & 2nd Grant)	2008 (1st Grant)	Total
Options outstanding as at 31st March 2010	2,67,000 (2,85,000)	3,39,250 (3,52,250)	2,05,500 (2,60,500)	11,38,100 (12,00,000)	19,49,850 (20,97,750)
Granted during the year	- -	- -	- -	- -	- -
Lapsed during the year	2,000 (18,000)	12,250 (13,000)	1,22,000 (42,000)	9,500 (41,500)	1,45,750 (1,14,500)
Exercised/ Allotted during the year	5,000 -	- -	13,500 (13,000)	6,81,550 (20,400)	7,00,050 (33,400)
Outstanding as at 31st March 2011	2,60,000 (2,67,000)	3,27,000 (3,39,250)	70,000 (2,05,500)	4,47,050 (11,38,100)	11,04,050 (19,49,850)
Exercisable as at 31st March 2011	1,95,000	2,45,250	70,000	4,47,050	9,57,300

Figures in bracket denote previous year figures.

As at 31st March 2011, the Company has received Commitment Deposit of Rs. 30,248 (2009-2010 : Rs. 82,428) from its directors and employees under ESOS 2001, ESOS 2003, ESOS 2005 and ESOS 2008.

**Stock Option granted:**

The weighted average fair value of stock options granted during the year was Rs. Nil (2009-2010 : Rs. Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the followings inputs:

Particulars	ESOS Scheme 2001 3rd Grant	ESOS Scheme 2003 2nd Grant	ESOS Scheme 2008 1st Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	172.52	172.52	172.52
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.



**SCHEDULE - 17 (Contd.)**

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:

Particulars	Amount (in Rupees)
Profit as reported	12,12,98,895
Add : Employee stock compensation under intrinsic value method	(16,23,778)
Less : Employee stock compensation under fair value method	21,78,651
Pro forma profit	11,74,96,466
<b>Earnings Per Share</b>	
Basic - As reported	9.13
- Pro forma	8.85
Diluted - As reported	8.69
- Pro forma	8.41

3. Deferred Tax Liability (Net):

The break up of Deferred Tax Liability/Assets is as under:

Particulars	As at 31st March 2011		As at 31st March 2010	
	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset
Difference between book and tax depreciation	7,77,29,661	-	7,43,37,721	-
Provision for doubtful debts	-	19,34,369	-	20,26,482
Provision for doubtful advances	-	58,55,661	-	61,34,502
Effect of expenditure allowable for the Tax Purposes in following years	-	2,48,44,256	-	3,03,37,074
<b>Total</b>	<b>7,77,29,661</b>	<b>3,26,34,286</b>	7,43,37,721	3,84,98,058
Deferred Tax Liability (Net)	<b>4,50,95,375</b>		3,58,39,663	

4. Contracts in Progress (CIP):

Sr. No.	Particulars	Amount (in Rupees)	
		2010-2011	2009-2010
A.	Aggregate amount recognized as Contract Revenue	<b>2,01,22,03,508</b>	1,97,95,16,099
B.	In respect of Contracts in Progress as on 31st March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	<b>1,79,27,68,328</b>	1,81,52,22,499
	2) Amount of Customer Advance received	<b>11,23,89,028</b>	23,60,29,314
	3) Amount of Retentions	<b>36,58,72,672</b>	36,97,50,287
C.	Gross amount due from customers for contract work	<b>2,67,01,820</b>	7,26,82,400

**SCHEDULE - 17 (Contd.)**

5. Segment Information for the year ended 31st March 2011

## I. Information about Primary Business Segments (in Rupees)

	Engineering		Chemicals		Consumer Products		Unallocated		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
<b>Revenue</b>										
External Sales (Gross)	3,50,42,88,387	3,17,33,19,694	1,54,69,84,779	1,22,67,80,797	82,23,19,417	70,98,34,417	3,14,90,136	2,57,26,797	5,90,50,82,719	5,13,56,61,705
Less: Excise duty recovered	6,54,37,076	4,52,30,573	12,73,70,840	8,29,95,559	53,83,112	46,98,243	-	-	19,81,91,028	13,29,24,375
External Sales (Net)	3,43,88,51,311	3,12,80,89,121	1,41,96,13,939	1,14,37,85,238	81,69,36,305	70,51,36,174	3,14,90,136	2,57,26,797	5,70,68,91,691	5,00,27,37,330
Inter-segmental Sales	18,06,09,357	14,50,61,725	8,95,35,042	5,96,45,242	6,54,376	23,94,631	-	-	27,07,98,775	20,71,01,598
Other Income	65,12,695	5,54,484	1,28,42,365	34,43,902	1,04,592	(5,47,891)	5,77,18,450	3,25,19,584	6,05,48,68,568	5,24,59,09,007
Total Revenue	3,62,59,73,363	3,27,37,05,330	1,52,19,91,346	1,20,68,74,382	81,76,95,273	70,69,82,914	8,92,08,586	5,83,46,381	27,07,98,775	20,71,01,598
Less : Eliminations										
Add : Interest Income							1,52,71,023	1,22,74,896		1,22,74,896
Total Enterprise Revenue							1,52,71,023	1,22,74,896	5,79,93,40,816	5,05,10,82,305
<b>Result</b>										
Segment Results	5,44,97,464	2,74,63,828	17,77,84,599	19,94,13,321	61,66,982	(21,21,825)	-	-	23,84,49,045	22,47,55,324
Unallocated Expenditure net of unallocated Income							(1,35,954)	(4,36,22,708)		(4,36,22,708)
Interest Expenses							(5,96,29,507)	(9,13,04,289)	(5,96,29,507)	(9,13,04,289)
Interest Income							1,52,71,023	1,22,74,896	1,52,71,023	1,22,74,896
Profit before Taxation							(4,44,94,438)	(12,26,52,101)	19,39,54,607	10,21,03,223
<b>Other Information</b>										
Segment Assets	2,42,85,57,693	2,24,90,78,611	98,44,60,100	92,44,91,284	26,07,13,454	28,62,84,484	1,01,63,96,941	91,03,93,995	4,69,01,28,188	4,37,02,48,374
Segment Liabilities	1,93,71,66,844	1,73,31,85,032	47,30,76,079	38,91,40,151	14,02,25,028	13,70,65,607	66,62,42,130	76,58,26,170	3,21,67,10,081	3,02,52,16,960
Capital Expenditure	85,99,645	73,95,905	2,73,06,348	3,43,46,001	8,70,285	15,69,616	2,69,64,108	76,99,183	6,37,40,386	5,10,10,705
Depreciation	71,02,933	72,10,204	3,67,11,090	3,44,15,565	45,32,862	45,28,644	1,16,26,536	1,20,80,803	5,99,73,421	5,82,35,216
Non Cash Expenditure other than Depreciation	7,48,54,521	9,99,05,168	1,55,55,645	86,05,529	1,50,36,646	1,74,94,890	(10,46,922)	1,28,27,954	10,43,99,890	13,86,33,541

## II. Information about Secondary Geographical Segments (in Rupees)

	India			Outside India			Total		
	2010-2011		2009-2010	2010-2011		2009-2010	2010-2011		2009-2010
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	
External Revenue (Net)	4,79,62,44,112	4,25,57,49,046	91,06,47,579	74,69,88,284	5,70,68,91,691	5,00,27,37,330	4,69,01,28,188	4,37,02,48,374	
Carrying amount of segment assets	4,19,64,11,133	3,83,69,44,095	49,37,17,055	53,33,04,279	4,69,01,28,188	4,37,02,48,374	6,37,40,386	5,10,10,705	
Additions to fixed assets	6,33,79,626	5,08,12,686	3,60,760	1,98,019	6,37,40,386	5,10,10,705			

## 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.

**SCHEDULE - 17 (Contd.)**

6. 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

Others

- b) Associates
- Ion Exchange Services Limited
  - Aquanomics Systems Limited
  - IEI Water-Tech (M) Sdn. Bhd., Malaysia \*
  - Astha Technical Services Limited
  - Total Water Management Services (I) Limited
  - Ion Exchange Financial Products Pvt. Limited \*
  - Global Composites and Structurals Limited
- c) Joint Venture
- Ion Exchange Waterleau Limited
- d) Entity having significant influence
- IEI Shareholding Trusts
- e) Key Management Personnel
- Mr. Rajesh Sharma - Vice 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

\* Associate Companies of Subsidiaries

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## SCHEDULE - 17 (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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Sale of Goods*</b>								
Ion Exchange Services Limited	-	-	28,80,25,689	28,76,95,389	-	-	28,80,25,689	28,76,95,389
Aquanomics Systems Limited	-	-	10,94,66,684	8,43,82,155	-	-	10,94,66,684	8,43,82,155
Ion Exchange Waterleau Limited	-	-	4,97,399	2,38,103	-	-	4,97,399	2,38,103
Ion Exchange Asia Pacific Pte. Limited, Singapore	1,39,29,758	2,92,17,082	-	-	-	-	1,39,29,758	2,92,17,082
Ion Exchange Asia Pacific (Thailand) Limited	99,01,559	41,35,061	-	-	-	-	99,01,559	41,35,061
IEI Environmental Management (M) Sdn. Bhd., Malaysia	22,05,815	6,80,490	-	-	-	-	22,05,815	6,80,490
Ion Exchange LLC, USA	7,75,31,786	7,91,79,388	-	-	-	-	7,75,31,786	7,91,79,388
Ion Exchange & Company LLC, Oman	21,20,48,022	11,04,21,495	-	-	-	-	21,20,48,022	11,04,21,495
Ion Exchange Environment Management (BD) Limited, Bangladesh	2,17,25,008	1,90,63,183	-	-	-	-	2,17,25,008	1,90,63,183
Ion Exchange Infrastructure Limited	11,41,276	1,73,62,244	-	-	-	-	11,41,276	1,73,62,244
Ion Exchange Enviro Farms Limited	18,20,374	14,84,318	-	-	-	-	18,20,374	14,84,318
<b>Total</b>	<b>34,03,03,598</b>	<b>26,15,43,261</b>	<b>39,79,89,772</b>	<b>37,23,15,647</b>	-	-	<b>73,82,93,370</b>	<b>63,38,58,908</b>
<b>Management Fees</b>								
Ion Exchange Services Limited	-	-	2,47,81,390	2,22,26,797	-	-	2,47,81,390	2,22,26,797
Aquanomics Systems Limited	-	-	67,08,746	-	-	-	67,08,746	-
Ion Exchange Infrastructure Limited	-	35,00,000	-	-	-	-	-	35,00,000
<b>Total</b>	-	35,00,000	3,14,90,136	2,22,26,797	-	-	3,14,90,136	2,57,26,797
<b>Rental Income</b>								
Ion Exchange Waterleau Limited	-	-	10,95,000	10,95,000	-	-	10,95,000	10,95,000
Ion Exchange Infrastructure Limited	11,43,228	15,51,616	-	-	-	-	11,43,228	15,51,616
<b>Total</b>	<b>11,43,228</b>	<b>15,51,616</b>	<b>10,95,000</b>	<b>10,95,000</b>	-	-	<b>22,38,228</b>	<b>26,46,616</b>
<b>Interest Income on Debentures and Loans and Advances</b>								
Ion Exchange Enviro Farms Limited	1,14,17,277	81,05,990	-	-	-	-	1,14,17,277	81,05,990
<b>Total</b>	<b>1,14,17,277</b>	<b>81,05,990</b>	-	-	-	-	<b>1,14,17,277</b>	<b>81,05,990</b>
<b>Services Rendered</b>								
Ion Exchange Waterleau Limited	-	-	45,23,717	36,59,158	-	-	45,23,717	36,59,158
Aquanomics Systems Limited	-	-	9,035	17,484	-	-	9,035	17,484
Total Water Management Services (I) Limited	-	-	4,54,383	4,54,072	-	-	4,54,383	4,54,072
<b>Total</b>	-	-	<b>49,87,135</b>	<b>41,30,714</b>	-	-	<b>49,87,135</b>	<b>41,30,714</b>
<b>Purchase of Goods/ Materials</b>								
Aquanomics Systems Limited	-	-	88,33,090	1,29,97,871	-	-	88,33,090	1,29,97,871
Global Composites & Structurals Limited	-	-	12,11,47,575	9,12,98,005	-	-	12,11,47,575	9,12,98,005
Ion Exchange Infrastructure Limited	29,73,39,033	48,06,43,564	-	-	-	-	29,73,39,033	48,06,43,564
<b>Total</b>	<b>29,73,39,033</b>	<b>48,06,43,564</b>	<b>12,99,80,665</b>	<b>10,42,95,876</b>	-	-	<b>42,73,19,698</b>	<b>58,49,39,440</b>
<b>Purchase of Miscellaneous items</b>								
Ion Exchange Enviro Farms Limited	25,43,885	23,37,388	-	-	-	-	25,43,885	23,37,388
<b>Total</b>	<b>25,43,885</b>	<b>23,37,388</b>	-	-	-	-	<b>25,43,885</b>	<b>23,37,388</b>
<b>Reimbursement of expenses</b>								
Ion Exchange Infrastructure Limited	2,78,426	2,65,068	-	-	-	-	2,78,426	2,65,068
<b>Total</b>	<b>2,78,426</b>	<b>2,65,068</b>	-	-	-	-	<b>2,78,426</b>	<b>2,65,068</b>
<b>Rental Expenses</b>								
Ion Exchange Services Limited	-	-	28,80,000	14,40,000	-	-	28,80,000	14,40,000
<b>Total</b>	-	-	<b>28,80,000</b>	<b>14,40,000</b>	-	-	<b>28,80,000</b>	<b>14,40,000</b>
<b>Services Received</b>								
Ion Exchange Services Limited	-	-	8,59,87,910	5,98,50,196	-	-	8,59,87,910	5,98,50,196
Total Water Management Services (I) Limited	-	-	3,67,760	9,19,400	-	-	3,67,760	9,19,400
Astha Technical Services Limited	-	-	70,69,120	1,57,82,484	-	-	70,69,120	1,57,82,484
<b>Total</b>	-	-	<b>9,34,24,790</b>	<b>7,65,52,080</b>	-	-	<b>9,34,24,790</b>	<b>7,65,52,080</b>
<b>Interest Paid on Deposits</b>								
Watercare Investments (India) Limited	2,44,707	2,06,049	-	-	-	-	2,44,707	2,06,049
Aqua Investments (India) Limited	2,99,551	2,54,937	-	-	-	-	2,99,551	2,54,937
<b>Total</b>	<b>5,44,258</b>	<b>4,60,986</b>	-	-	-	-	<b>5,44,258</b>	<b>4,60,986</b>

**SCHEDULE - 17 (Contd.)**

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

Amount (in Rupees)

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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Advances Given</b>								
Ion Exchange Asia Pacific Pte. Limited, Singapore	9,69,822	1,65,766	-	-	-	-	9,69,822	1,65,766
Total Water Management Services (I) Limited	-	-	8,640	2,16,080	-	-	8,640	2,16,080
Ion Exchange Waterleau Limited	-	-	2,73,08,000	1,39,77,855	-	-	2,73,08,000	1,39,77,855
Aquanomics Systems Limited	-	-	-	20,502	-	-	-	20,502
Ion Exchange Services Limited	-	-	1,81,975	3,85,278	-	-	1,81,975	3,85,278
Ion Exchange Infrastructure Limited	-	7,489	-	-	-	-	-	7,489
Ion Exchange & Company LLC, Oman	-	19,03,544	-	-	-	-	-	19,03,544
Ion Foundation	-	-	-	-	10,000	86,351	10,000	86,351
<b>Total</b>	<b>9,69,822</b>	<b>20,76,799</b>	<b>2,74,98,615</b>	<b>1,45,99,715</b>	<b>10,000</b>	<b>86,351</b>	<b>2,84,78,437</b>	<b>1,67,62,865</b>
<b>Advances Repaid</b>								
Total Water Management Services (I) Limited	-	-	2,39,595	19,46,350	-	-	2,39,595	19,46,350
Ion Exchange Services Limited	-	-	-	1,34,457	-	-	-	1,34,457
Aquanomics Systems Limited	-	-	-	20,502	-	-	-	20,502
Ion Exchange & Company LLC, Oman	13,975	-	-	-	-	-	13,975	-
Ion Exchange Infrastructure Limited	-	66,676	-	-	-	-	-	66,676
<b>Total</b>	<b>13,975</b>	<b>66,676</b>	<b>2,39,595</b>	<b>21,01,309</b>	<b>-</b>	<b>-</b>	<b>2,53,570</b>	<b>21,67,985</b>
<b>Loans Given</b>								
Ion Exchange Enviro Farms Limited	1,68,58,624	2,80,45,501	-	-	-	-	1,68,58,624	2,80,45,501
Ion Exchange LLC, USA	23,004	-	-	-	-	-	23,004	-
<b>Total</b>	<b>1,68,81,628</b>	<b>2,80,45,501</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,68,81,628</b>	<b>2,80,45,501</b>
<b>Loans Repaid</b>								
Ion Exchange Enviro Farms Limited	1,71,43,874	16,69,02,486	-	-	-	-	1,71,43,874	16,69,02,486
Ion Exchange Environment Management (BD) Limited, Bangladesh	29,694	3,54,650	-	-	-	-	29,694	3,54,650
Ion Exchange LLC, USA	5,53,078	29,83,162	-	-	-	-	5,53,078	29,83,162
<b>Total</b>	<b>1,77,26,646</b>	<b>17,02,40,298</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,77,26,646</b>	<b>17,02,40,298</b>
<b>Inter Corporate Deposits Received</b>								
Watercare Investments (India) Limited	34,25,000	28,00,000	-	-	-	-	34,25,000	28,00,000
Aqua Investments (India) Limited	41,00,000	34,50,000	-	-	-	-	41,00,000	34,50,000
<b>Total</b>	<b>75,25,000</b>	<b>62,50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,25,000</b>	<b>62,50,000</b>
<b>Inter Corporate Deposits Repaid</b>								
Watercare Investments (India) Limited	34,25,000	28,00,000	-	-	-	-	34,25,000	28,00,000
Aqua Investments (India) Limited	41,00,000	34,50,000	-	-	-	-	41,00,000	34,50,000
<b>Total</b>	<b>75,25,000</b>	<b>62,50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,25,000</b>	<b>62,50,000</b>
<b>Dividend Received</b>								
Ion Exchange Services Limited	-	-	5,89,750	5,89,750	-	-	5,89,750	5,89,750
Aquanomics Systems Limited	-	-	9,20,000	4,60,000	-	-	9,20,000	4,60,000
Ion Exchange Infrastructure Limited	10,20,000	10,20,000	-	-	-	-	10,20,000	10,20,000
Astha Technical Services Limited	-	-	-	5,20,000	-	-	-	5,20,000
<b>Total</b>	<b>10,20,000</b>	<b>10,20,000</b>	<b>15,09,750</b>	<b>15,69,750</b>	<b>-</b>	<b>-</b>	<b>25,29,750</b>	<b>25,89,750</b>
<b>Backcharges on Contract</b>								
Ion Exchange Environment Management (BD) Limited, Bangladesh	27,81,820	-	-	-	-	-	27,81,820	-
<b>Total</b>	<b>27,81,820</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>27,81,820</b>	<b>-</b>

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## SCHEDULE - 17 (Contd.)

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

Amount (in Rupees)

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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Dividend Paid</b>								
Watercare Investments (India) Limited	2,45,850	1,63,900	-	-	-	-	2,45,850	1,63,900
Aqua Investments (India) Limited	2,46,000	1,64,000	-	-	-	-	2,46,000	1,64,000
Ion Exchange Services Limited	-	-	4,30,587	2,87,058	-	-	4,30,587	2,87,058
Mr. Rajesh Sharma	-	-	-	-	9,38,154	5,05,436	9,38,154	5,05,436
Mr. Dinesh Sharma	-	-	-	-	5,62,650	2,75,100	5,62,650	2,75,100
Mr. Aankur Patni	-	-	-	-	3,52,002	1,34,668	3,52,002	1,34,668
Relatives of Key Management Personnel	-	-	-	-	8,60,481	4,83,654	8,60,481	4,83,654
<b>Total</b>	<b>4,91,850</b>	<b>3,27,900</b>	<b>4,30,587</b>	<b>2,87,058</b>	<b>27,13,287</b>	<b>13,98,858</b>	<b>36,35,724</b>	<b>20,13,816</b>
<b>Sales Commission</b>								
Arkepp and Associates	-	-	-	-	37,93,172	38,10,933	37,93,172	38,10,933
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37,93,172</b>	<b>38,10,933</b>	<b>37,93,172</b>	<b>38,10,933</b>
<b>Remuneration</b>								
Mr. Rajesh Sharma	-	-	-	-	1,57,61,851	1,09,67,436	1,57,61,851	1,09,67,436
Mr. Dinesh Sharma	-	-	-	-	83,26,665	59,52,568	83,26,665	59,52,568
Mr. Aankur Patni	-	-	-	-	81,78,000	70,56,000	81,78,000	70,56,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,22,66,516</b>	<b>2,39,76,004</b>	<b>3,22,66,516</b>	<b>2,39,76,004</b>
<b>Sale of ownership Block (incl. furniture and fixture)</b>								
Mr. Rajesh Sharma	-	-	-	-	4,30,00,000	-	4,30,00,000	-
Mr. Dinesh Sharma	-	-	-	-	-	4,55,00,000	-	4,55,00,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,30,00,000</b>	<b>4,55,00,000</b>	<b>4,30,00,000</b>	<b>4,55,00,000</b>
<b>Purchase of Ownership Block</b>								
Ion Exchange Services Limited	-	-	1,30,00,000	-	-	-	1,30,00,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,30,00,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,30,00,000</b>	<b>-</b>
<b>Shares allotted under Employee Stock Option Scheme (ESOS)</b>								
Mr. Rajesh Sharma	-	-	-	-	1,20,000	-	1,20,000	-
Mr. Dinesh Sharma	-	-	-	-	1,00,000	-	1,00,000	-
Mr. Aankur Patni	-	-	-	-	1,00,000	-	1,00,000	-
Relatives of Key Management Personnel	-	-	-	-	90,000	-	90,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,10,000</b>	<b>-</b>	<b>4,10,000</b>	<b>-</b>
<b>Outstanding Receivables (Net of Payable)</b>								
Ion Exchange Enviro Farms Limited	4,17,31,669	3,46,00,496	-	-	-	-	4,17,31,669	3,46,00,496
IEI Environmental Management (M) Sdn. Bhd., Malaysia	14,45,748	8,32,390	-	-	-	-	14,45,748	8,32,390
Ion Exchange Asia Pacific Pte. Limited, Singapore	3,50,00,804	6,78,33,648	-	-	-	-	3,50,00,804	6,78,33,648
Ion Exchange & Company LLC, Oman	7,64,21,194	4,87,52,726	-	-	-	-	7,64,21,194	4,87,52,726
Ion Exchange Asia Pacific (Thailand) Limited	83,23,978	97,76,504	-	-	-	-	83,23,978	97,76,504
Ion Exchange LLC, USA	8,44,73,117	8,10,57,533	-	-	-	-	8,44,73,117	8,10,57,533
Ion Exchange Environment Management (BD) Limited, Bangladesh	55,37,903	72,97,656	-	-	-	-	55,37,903	72,97,656
Ion Exchange WTS (Bangladesh) Limited	16,27,239	-	-	-	-	-	16,27,239	-
Total Water Management Services (I) Limited	-	-	13,952	-	-	-	13,952	-
Ion Exchange Waterleau Limited	-	-	16,94,05,616	13,51,88,143	-	-	16,94,05,616	13,51,88,143
Aquanomics Systems Limited	-	-	4,75,59,077	3,86,37,047	-	-	4,75,59,077	3,86,37,047
IEI Water-Tech (M) Sdn. Bhd., Malaysia	-	-	2,03,282	-	-	-	2,03,282	-
Ion Exchange Financial Products Pvt. Limited**	-	-	29,38,334	29,38,334	-	-	29,38,334	29,38,334
Ion Exchange Services Limited	-	-	17,34,91,425	22,54,17,199	-	-	17,34,91,425	22,54,17,199
Global Composites and Structurals Limited	-	-	18,17,238	-	-	-	18,17,238	-
Ion Foundation	-	-	-	-	96,351	86,351	96,351	86,351
<b>Total</b>	<b>25,45,61,652</b>	<b>25,01,50,953</b>	<b>39,54,28,924</b>	<b>40,21,80,723</b>	<b>96,351</b>	<b>86,351</b>	<b>65,00,86,927</b>	<b>65,24,18,027</b>



**SCHEDULE - 17 (Contd.)**

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

Amount (in Rupees)

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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Outstanding Payables (Net of Receivable)</b>								
Astha Technical Services Limited	-	-	7,71,647	6,36,774	-	-	7,71,647	6,36,774
Global Composites and Structurals Limited	-	-	-	96,13,073	-	-	-	96,13,073
Ion Exchange Infrastructure Limited	8,38,28,798	5,96,80,434	-	-	-	-	8,38,28,798	5,96,80,434
Total Water Management Services (I) Limited	-	-	-	1,71,433	-	-	-	1,71,433
Arkepp and Associates	-	-	-	-	44,02,312	38,81,742	44,02,312	38,81,742
<b>Total</b>	<b>8,38,28,798</b>	<b>5,96,80,434</b>	<b>7,71,647</b>	<b>1,04,21,280</b>	<b>44,02,312</b>	<b>38,81,742</b>	<b>8,90,02,757</b>	<b>7,39,83,456</b>
<b>Investments made during the year</b>								
Ion Exchange WTS (Bangladesh) Limited	2,45,000	-	-	-	-	-	2,45,000	-
Ion Exchange Infrastructure Limited	2,61,00,000	-	-	-	-	-	2,61,00,000	-
Ion Exchange Enviro Farms Limited (in Debentures)	-	15,00,00,000	-	-	-	-	-	15,00,00,000
Ion Exchange & Company LLC, Oman	75,08,340	-	-	-	-	-	75,08,340	-
Ion Exchange Waterleau Limited	-	-	1,11,00,000	-	-	-	1,11,00,000	-
Aquanomics Systems Limited	-	-	-	23,00,000	-	-	-	23,00,000
<b>Total</b>	<b>3,38,53,340</b>	<b>15,00,00,000</b>	<b>1,11,00,000</b>	<b>23,00,000</b>	<b>-</b>	<b>-</b>	<b>4,49,53,340</b>	<b>15,23,00,000</b>
<b>Investment in Equity Shares / Debentures</b>								
Ion Exchange Enviro Farms Limited ***	15,54,70,000	15,54,70,000	-	-	-	-	15,54,70,000	15,54,70,000
Aqua Investments (India) Limited	1,76,00,000	1,76,00,000	-	-	-	-	1,76,00,000	1,76,00,000
Watercare Investments (India) Limited	1,77,00,000	1,77,00,000	-	-	-	-	1,77,00,000	1,77,00,000
Ion Exchange Asia Pacific Pte. Limited, Singapore	1,37,73,853	1,37,73,853	-	-	-	-	1,37,73,853	1,37,73,853
IEI Environmental Management (M) Sdn. Bhd., Malaysia	18,10,111	18,10,111	-	-	-	-	18,10,111	18,10,111
Ion Exchange Infrastructure Limited	3,12,00,000	51,00,000	-	-	-	-	3,12,00,000	51,00,000
Ion Exchange LLC, USA	43,33,000	43,33,000	-	-	-	-	43,33,000	43,33,000
Ion Exchange & Company LLC, Oman	1,80,85,140	1,05,76,800	-	-	-	-	1,80,85,140	1,05,76,800
Ion Exchange Environment Management (BD) Limited, Bangladesh	7,00,000	7,00,000	-	-	-	-	7,00,000	7,00,000
Ion Exchange WTS (Bangladesh) Limited	2,45,000	-	-	-	-	-	2,45,000	-
Aquanomics Systems Ltd	-	-	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Ion Exchange Waterleau Limited	-	-	2,49,95,000	1,38,95,000	-	-	2,49,95,000	1,38,95,000
Astha Technical Services Limited	-	-	13,00,000	13,00,000	-	-	13,00,000	13,00,000
Total Water Management Services (I) Limited	-	-	2,40,000	2,40,000	-	-	2,40,000	2,40,000
Ion Exchange Services Limited	-	-	9,20,948	9,20,948	-	-	9,20,948	9,20,948
Global Composites & Structurals Limited	-	-	20,00,000	20,00,000	-	-	20,00,000	20,00,000
<b>Total</b>	<b>26,09,17,104</b>	<b>22,70,63,764</b>	<b>3,40,55,948</b>	<b>2,29,55,948</b>	<b>-</b>	<b>-</b>	<b>29,49,73,052</b>	<b>25,00,19,712</b>
<b>Corporate Guarantees Given</b>								
Aquanomics Systems Ltd	-	-	2,00,00,000	-	-	-	2,00,00,000	-
Ion Exchange Infrastructure Limited	12,09,00,000	10,41,00,000	-	-	-	-	12,09,00,000	10,41,00,000
<b>Total</b>	<b>12,09,00,000</b>	<b>10,41,00,000</b>	<b>2,00,00,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,09,00,000</b>	<b>10,41,00,000</b>
<b>Corporate Guarantees Discharged</b>								
Ion Exchange Enviro Farms Limited	-	5,18,00,000	-	-	-	-	-	5,18,00,000
Ion Exchange Waterleau Limited	-	-	6,00,00,000	21,00,00,000	-	-	6,00,00,000	21,00,00,000
<b>Total</b>	<b>-</b>	<b>5,18,00,000</b>	<b>6,00,00,000</b>	<b>21,00,00,000</b>	<b>-</b>	<b>-</b>	<b>6,00,00,000</b>	<b>26,18,00,000</b>
<b>Corporate Guarantees</b>								
Ion Exchange Asia Pacific Pte. Limited, Singapore	6,47,42,500	6,54,53,000	-	-	-	-	6,47,42,500	6,54,53,000
Ion Exchange Infrastructure Limited	22,50,00,000	10,41,00,000	-	-	-	-	22,50,00,000	10,41,00,000
Ion Exchange Environment Management (BD) Ltd., Bangladesh	75,00,000	75,00,000	-	-	-	-	75,00,000	75,00,000
Aquanomics Systems Ltd	-	-	7,00,00,000	5,00,00,000	-	-	7,00,00,000	5,00,00,000
Ion Exchange Waterleau Limited	-	-	8,00,00,000	14,00,00,000	-	-	8,00,00,000	14,00,00,000
<b>Total</b>	<b>29,72,42,500</b>	<b>17,70,53,000</b>	<b>15,00,00,000</b>	<b>19,00,00,000</b>	<b>-</b>	<b>-</b>	<b>44,72,42,500</b>	<b>36,70,53,000</b>

\* 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

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## SCHEDULE - 17 (Contd.)

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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
IEI Shareholding Trusts	<b>23,50,56,000</b>	23,82,77,000	-	-	<b>32,21,000</b>	19,01,500	39,94,371	26,62,914

III. Stock Options granted and outstanding to Key Management Personnel during the year : Nil (2009-2010: 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 2011	Maximum Balance in 2010-2011	As at 31st March 2010	Maximum Balance in 2009-2010
Ion Exchange Enviro Farms Limited	Subsidiary	<b>4,05,62,592</b>	<b>4,05,62,592</b>	3,31,16,178	18,98,88,217
Ion Exchange Environment Management (BD) Limited, Bangladesh	100% Subsidiary	<b>27,05,835</b>	<b>28,24,007</b>	27,35,529	30,90,179
Ion Exchange LLC, USA	100% Subsidiary	<b>2,68,12,411</b>	<b>2,79,70,114</b>	2,73,42,485	3,09,76,287

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 loanee in the shares of the Company

Name of the Related Party	No. of shares as at	
	31st March 2011	31st March 2010
IEI Shareholding Trusts	<b>26,62,914</b>	26,62,914

7. a) Sundry Debtors include following amounts due from Companies under the Same Management:

Amount (in Rupees)

Sr. No.	Name of the Related Party	As at 31st March 2011	As at 31st March 2010
1.	Ion Exchange Asia Pacific Pte. Limited	<b>3,23,01,041</b>	8,57,27,374
2.	Ion Exchange Services Limited	<b>17,91,93,327</b>	22,99,93,968
3.	IEI Environmental Management (M) Sdn. Bhd.	<b>14,45,748</b>	8,32,390
4.	Ion Exchange Environment Management (BD) Limited	<b>28,32,068</b>	42,12,127
5.	Ion Exchange LLC	<b>5,76,60,706</b>	5,37,15,048
6.	Ion Exchange Waterleau Limited	<b>6,90,81,486</b>	6,89,72,139
7.	Ion Exchange Infrastructure Limited	<b>43,29,179</b>	1,76,23,606
8.	Aquanomics Systems Limited	<b>4,85,45,141</b>	4,25,22,242
9.	Global Composites and Structurals Limited	<b>10,61,678</b>	26,83,444
10.	Ion Exchange Water-Tech (M) Sdn. Bhd.	<b>2,03,282</b>	-
11.	Ion Exchange Asia Pacific (Thailand) Limited	<b>83,23,978</b>	97,76,504
12.	Ion Exchange & Company LLC	<b>7,52,98,604</b>	4,68,41,182
13.	Ion Exchange Enviro Farms Limited	<b>11,69,077</b>	14,84,318
14.	Ion Exchange WTS (Bangladesh) Limited	<b>16,27,239</b>	-

**SCHEDULE - 17 (Contd.)**

b) Loans and Advances include following amounts due from Companies under the Same Management:

Amount (in Rupees)

Sr. No.	Name of the Related Party	As at 31st March 2011	As at 31st March 2010
1.	Ion Exchange Enviro Farms Limited	4,05,62,592	3,31,16,178
2.	Ion Exchange Asia Pacific Pte. Limited	26,99,763	17,29,941
3.	Ion Exchange Waterleau Limited	8,40,24,130	6,62,10,421
4.	Ion Exchange Environment Management (BD) Limited	27,05,835	27,35,529
5.	Ion Exchange & Company LLC	11,22,590	19,11,544
6.	Ion Exchange LLC	2,68,12,411	2,73,42,485
7.	Ion Exchange Financial Products Pvt. Limited	29,38,334	29,38,334
8.	Total Water Management Services (I) Limited	13,952	2,44,907
9.	Ion Exchange Services Limited	-	2,50,821
10.	Ion Foundation	96,351	86,351
11.	Aquanomics Systems Limited	1,205	1,858

8. Earnings Per Share:

Particulars		31st March 2011	31st March 2010
I	Profit Computation for both Basic and Diluted Earnings per Share of Rs. 10 each		
	Net Profit as per Profit and Loss Account available for Equity Shareholders (In Rupees)	12,12,98,895	6,61,22,415
II	Weighted average number of equity shares for Earnings per Share computation		
	A) For Basic Earnings per Share	1,32,80,356	1,27,07,411
	B) For Diluted Earnings per Share		
	No. of shares for Basic EPS as per IIA	1,32,80,356	1,27,07,411
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	6,83,682	9,27,495
	No. of Shares for Diluted Earnings per Share	1,39,64,038	1,36,34,906
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	9.13	5.20
	Diluted	8.69	4.85

9. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2011 is Rs. 23,50,56,000 (2009–2010 : Rs. 23,82,77,000). 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.
10. The Company has an investment of Rs. 54,70,000 in Equity Shares and 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 2011 and it has also granted Loans and Advances aggregating Rs. 4,05,62,592 (2009–2010 : Rs. 3,31,16,178) as at 31st March 2011 to IEEFL. As at 31st March 2011, 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 being secured by way of mortgage of office premises. Also, the Supreme Court of India has admitted IEEFL's appeal against the Security Appellate Tribunal Order of refunding monies to investors with return and winding-up of scheme. In the month of March 2008, the matter was listed for filing reply by SEBI. SEBI did not file their reply and asked for time. The matter was adjourned thereafter. SEBI has since filed their reply and the matter will come up for hearing in due course. IEEFL has been legally advised that it has got a fair chance of successfully contesting the appeal. 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.
11. Capital expenditure incurred on Research and Development during the year is Rs. 24,57,441 (2009–2010 : Rs. 3,16,846). Revenue expenditure of Rs. 3,47,39,727 (2009-2010 : Rs. 2,91,13,882) incurred on Research and Development has been expensed to Profit and Loss Account under various expense heads.

**SCHEDULE - 17 (Contd.)**

## 12. Joint Venture Disclosure:

## 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 as certified by the Director of the Joint Venture are:

Amount (in Rupees)

		31st March 2011	31st March 2010
I	ASSETS		
	1) Fixed Assets	13,44,682	15,38,537
	2) Current Assets, Loans and Advances		
	a) Inventories	75,84,342	85,36,790
	b) Sundry Debtors	5,23,54,857	5,96,01,537
	c) Cash and Bank Balances	43,19,958	56,93,735
	d) Loans and Advances	5,08,86,075	5,14,19,448
	3) Deferred Tax Assets (Net)	-	-
II	LIABILITIES		
	1) Loan Funds	-	2,44,80,873
	2) Current Liabilities and Provisions		
	a) Liabilities	11,19,38,295	10,51,52,421
	b) Provisions	1,90,531	2,51,906
3) Deferred Tax Liability (Net)	-	-	
III	INCOME	1,14,00,654	1,52,53,453
IV	EXPENSES		
	1) Cost of Sales	47,69,346	1,36,35,422
	2) Operation and Other Expenses	1,00,77,013	1,23,27,759
	3) Depreciation	1,98,056	1,97,855
	4) Deferred Tax	-	-
	5) Provision for taxation	-	5,180
V	OTHER MATTERS		
	1) Capital Commitments	-	-
	2) Contingent Liabilities	-	-

## 13. Contingent Liabilities not provided for:

## (a) Guarantees given by the Company on behalf of :

- i) Subsidiaries – Rs. 29,72,42,500 (2009– 2010 : Rs. 17,70,53,000)
- ii) Associate – Rs. 7,00,00,000 (2009– 2010 : Rs. 5,00,00,000)
- iii) Joint Venture – Rs. 8,00,00,000 (2009–2010 : Rs. 14,00,00,000)
- iv) Others – Rs. 38,88,000 (2009–2010 : Rs. 38,88,000)

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

- i) Income Tax – Rs. 1,89,38,294 (2009–2010 : Rs. 1,89,38,294)
- ii) Excise Duty – Rs. 30,52,000 (2009–2010 : Rs. 30,52,000)
- iii) Service Tax – Rs. 41,33,445 (2009–2010 : Rs. 39,12,061)
- iv) Sales Tax – Rs. Nil (2009–2010 : Rs. 22,39,166)
- v) Customs Duty (to the extent ascertainable) – Rs. 22,58,117 (2009–2010 : Rs. 24,53,117)

**SCHEDULE - 17 (Contd.)**

(c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 1,88,82,928 (2009–2010 : Rs. 3,73,95,985).

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

14. Capital Commitment:

Estimated amount of contracts (net of advances) remaining to be executed on Capital Account not provided for is Rs. 2,96,97,595 (2009–2010 : Rs. 18,81,094).

15. Managerial Remuneration:

	Amount (in Rupees)	
	2010–2011	2009–2010
Salaries and Allowances	<b>2,64,29,290</b>	1,83,48,903
Contribution to Provident and other Funds	<b>45,36,000</b>	38,88,000
Perquisites	<b>13,01,226</b>	17,39,101
Total	<b><u>3,22,66,516</u></b>	<u>2,39,76,004</u>

Notes:

1. The remuneration to the Executive Directors for the year ended 31st March 2011 has exceeded the limit prescribed under the Companies Act, 1956. The Company had filed an application with the Central Government for approval of the remuneration to be paid to the Executive Directors in excess of the limits prescribed by the Companies Act. The excess remuneration paid to the Executive Directors for the year ended 31st March 2011 amounts to Rs. 2,50,66,516.
2. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Executive Directors is not ascertainable and therefore not included above.

16. Auditors' Remuneration:

	Amount (in Rupees)	
	2010–2011	2009–2010
As Auditor	<b>13,75,000</b>	13,75,000
As Advisor, or in any other capacity in respect of		
- Tax Audit	<b>3,00,000</b>	3,00,000
- Any other manner	<b>10,35,000</b>	7,55,000
- Out of Pocket Expenses	<b>50,517</b>	57,021
Total	<b><u>27,60,517</u></b>	<u>24,87,021</u>

17. Sales include services rendered Rs. 45,48,19,744 (2009-2010 : Rs. 36,36,85,284) net of service tax of Rs. 4,46,43,589.

Excise duty on sales amounting to Rs. 19,81,91,028 (2009-2010 : Rs. 13,29,24,375) has been reduced from sales in Profit and Loss Account and Excise duty on increase/decrease in stock amounting to Rs. 48,29,265 (2009-2010 : Rs. 50,38,213) has been considered as expenses/(income) in Schedule 15 of financial statements.

18. (i) The Company manufactures the following products. The relevant information in quantities and values is as follows:

	Ion Exchange Resins		Water Treatment Plants & Accessories	
	2010–2011	2009–2010	2010–2011	2009–2010
Licensed /Registered Capacity per annum (Note 1)	<b>Not Applicable</b>	Not Applicable	<b>Not Applicable</b>	Not Applicable
Installed Capacity per annum (Note 3)	<b>13,200 M3</b>	13,200 M3	<b>Not Applicable</b>	Not Applicable
Actual Production	<b>13,505 M3</b>	11,366 M3	<b>52,926 Nos.</b>	80,863 Nos.
Opening Stock of Finished Goods	<b>352 M3</b>	376 M3	<b>5,523 Nos.</b>	5,513 Nos.
	<b>Rs. 2,84,79,692</b>	Rs. 1,83,19,417	<b>Rs. 95,01,465</b>	Rs. 58,61,141
Closing Stock of Finished Goods	<b>271 M3</b>	352 M3	<b>102 Nos.</b>	5,523 Nos.
	<b>Rs. 2,09,12,005</b>	Rs. 2,84,79,692	<b>Rs. 53,22,838</b>	Rs. 95,01,465
Sales (Note 6)	<b>13,586 M3</b>	11,390 M3	<b>58,347 Nos.</b>	80,853 Nos.
	<b>Rs. 66,58,61,823</b>	Rs. 56,51,65,435	<b>Rs. 3,09,95,07,301</b>	Rs. 2,89,89,06,540

# ANNUAL REPORT 2010-11

## SCHEDULE - 17 (Contd.)

	Chemical Additives		Consumer Products	
	2010-2011	2009-2010	2010-2011	2009-2010
Licensed/Registered Capacity per annum (Note 1)	<b>Not Applicable</b>	Not Applicable	<b>Not Applicable</b>	Not Applicable
Installed Capacity per annum (Note 2)	<b>10,000 Tonnes</b>	10,000 Tonnes	<b>Not Applicable</b>	Not Applicable
Actual Production	<b>10,918 Tonnes</b>	8,001 Tonnes	<b>Refer Note 5 below</b>	
Opening Stock of Finished Goods	<b>200 Tonnes</b> <b>Rs. 1,31,38,531</b>	138 Tonnes Rs. 75,60,467	---	---
Closing Stock of Finished Goods	<b>242 Tonnes</b> <b>Rs. 1,75,49,223</b>	200 Tonnes Rs. 1,31,38,531	---	---
Sales (Note 6)	<b>10,876 Tonnes</b> <b>Rs. 80,89,98,697</b>	7,939 Tonnes Rs. 53,67,81,696	---	---
			<b>Rs. 1,56,70,326</b>	Rs. 3,49,83,254
			<b>Rs. 43,92,826</b>	Rs. 1,56,70,326
			<b>Rs. 19,47,33,267</b>	Rs. 25,16,83,076

Notes:

- Licensing has been abolished vide Press Note 9 dated 2nd August 1991 and Notification No. S.C.477 (E) dated 25th July 1991 issued by the Government of India.
- Installed Capacities mentioned above have been determined based on single shift by the Company's technical officials and have been accepted by the auditors without verification, as it is a technical matter.
- Installed Capacities mentioned above have been determined based on Three shift by the Company's technical officials and have been accepted by the auditors without verification, as it is a technical matter.
- There are licenses for other items for which there are no manufactured goods.
- Due to innumerable types of consumer products manufactured by the Company, each being less than 10%, quantitative information has not been furnished.
- Sales quantity of Ion Exchange Resins, Chemical Additives and Water Treatment Plants include quantity utilised for captive consumption.

(ii) The Company traded in the following products. The relevant information in quantities and values is as follows:

Description	Unit of Measurement	Opening Balance 1st April 2010		Purchases		Sales		Closing Balance 31st March 2011	
		Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Consumer Products	Nos.	26,428 (46,521)	3,67,12,108 (4,01,46,462)	1,92,834 (1,11,978)	21,95,03,898 (18,60,37,173)	1,97,561 (1,32,017)	41,85,38,318 (35,69,05,261)	21,701 (26,428)	3,05,77,408 (3,67,12,108)
Activated Carbon	Kgs.	3,114 (5,264)	7,32,824 (12,11,187)	26,292 (5,760)	52,26,240 (11,52,000)	25,932 (7,910)	64,69,459 (24,52,100)	3,474 (3,114)	6,95,081 (7,32,824)
Others	Nos.	- -	- -	1,56,646 -	2,46,87,606 -	1,56,646 -	2,64,72,946 -	- -	- -
Total			3,74,44,932 (4,13,57,649)		24,94,17,744 (18,71,89,173)		45,14,80,723 (35,93,57,361)		3,12,72,489 (3,74,44,932)

Note: Figures shown in brackets pertain to previous year.

(iii) Consumption of Raw Materials and Components:

	2010-2011		2009-2010	
	Quantity	Value (Rupees)	Quantity	Value (Rupees)
Styrene	27,56,161 Kgs.	17,62,04,305	21,86,158 Kgs.	13,11,66,457
Divinyl Benzene	2,59,314 Kgs.	5,05,45,445	1,85,335 Kgs.	3,31,65,438
Dimethylethanolamine	47,526 Kgs.	50,30,169	48,140 Kgs.	52,03,159
Paraformaldehyde	1,08,000 Kgs.	43,63,181	80,350 Kgs.	26,03,835
Ethylene Dichloride	4,61,917 Kgs.	1,40,79,488	3,76,445 Kgs.	87,87,609
Others *		3,53,98,54,594		3,12,60,53,761
		3,79,00,77,182		3,30,69,80,259

**SCHEDULE - 17 (Contd.)**

The quantity and 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 quantitative 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.

(iv) Value of all imported and indigenous Raw Materials and Spare Parts consumed:

	2010-2011		2009-2010	
	Value Rupees	% of total consumption	Value Rupees	% of total consumption
Imported : Raw materials	<b>82,60,40,879</b>	<b>21.78</b>	51,22,27,776	15.47
Indigenous : Raw materials	<b>2,96,40,36,303</b>	<b>78.15</b>	2,79,47,52,483	84.43
Indigenous : Spares parts	<b>26,32,744</b>	<b>0.07</b>	30,63,736	0.10
	<b>3,79,27,09,926</b>	<b>100.00</b>	3,31,00,43,995	100.00

(v) Value of imports calculated on C.I.F Basis:

	Amount (in Rupees)	
	2010-2011	2009-2010
Raw Materials	<b>66,11,78,219</b>	48,59,69,277

(vi) Expenditure in foreign currency (Cash basis):

	Amount (in Rupees)	
	2010-2011	2009-2010
Foreign Travel	<b>2,75,72,758</b>	2,02,99,053
Legal and Professional Fees	<b>31,95,667</b>	25,69,787
Other Expenses	<b>5,22,88,976</b>	5,58,65,743

(vii) Earnings in foreign exchange (Accrual basis):

	Amount (in Rupees)	
	2010-2011	2009-2010
Exports of goods calculated on F.O.B basis (Excluding exports to Bhutan and Nepal in Indian Rupees)	<b>91,06,47,579</b>	74,69,88,284
Freight and other Recoveries	<b>70,25,079</b>	66,37,221

19. During the year 6,19,650 (2009-2010 : 13,000) equity shares were allotted to employees and directors under ESOS 2005 and ESOS 2008 on 24th May 2010 and 27th July 2010. Accordingly, dividend of Rs. 1.50 per share (15%) declared at the Annual General Meeting held on 21st September 2010 was also paid to those shareholders (book closure date being 7th September 2010).

20. Backcharges represents reimbursement of costs incurred by customers on the Company's behalf in the course of contract execution.

21. Derivative Instruments and Unhedged Foreign Currency Exposure:

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative	
	2010-2011	2009-2010
Hedge of Import Creditors	<b>Buy USD 6,72,750</b> <b>Buy EUR 5,10,450</b>	Buy USD 3,94,258



**SCHEDULE - 17 (Contd.)**

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	2010-2011		2009-2010	
	Amount (Rs.)	Foreign Currency	Amount (Rs.)	Foreign Currency
Import Creditors	<b>10,75,63,613</b>	<b>USD 20,92,640 EUR 2,16,933 JPY 2,90,000 GBP 3,500</b>	10,46,66,591	USD 20,39,404 EUR 1,70,281 JPY 11,25,000 GBP 25,734
Export Debtors	<b>36,74,44,656</b>	<b>USD 62,87,172 EUR 1,00,392 OMR 99,360 KWD 14,433 AED 54,63,144</b>	43,50,66,805	USD 84,31,197 EUR 1,23,365 OMR 15,461 KWD 8,604 AED 33,49,617 GBP 16,306 SAR 1,11,075
Foreign Currency Bank Accounts	<b>1,00,54,425</b>	<b>USD 40,035 AED 6,79,281</b>	1,52,97,689	USD 17,734 AED 11,82,158
Commission payable	<b>3,22,22,639</b>	<b>USD 6,04,890 AED 3,87,274 EUR 540 OMR 1,482 SAR 24,437</b>	3,83,02,260	USD 7,39,257 AED 3,46,801 EUR 540 OMR 3,077 SAR 24,437
Advance received from customers	<b>1,98,11,092</b>	<b>USD 3,04,544 AED 4,64,665 GBP 7,761</b>	2,09,05,351	USD 1,35,186 AED 12,00,571
Cash in Hand	<b>4,46,326</b>	<b>AED 36,674</b>	-	-
Advance to suppliers	<b>3,57,81,903</b>	<b>USD 5,95,667 AED 6,99,366 JPY 12,47,900</b>	27,08,088	USD 44,960 AED 55,036
Advance to Subsidiaries	<b>3,33,40,599</b>	<b>USD 6,86,245 SGD 75,252</b>	3,35,90,268	USD 7,40,187 SGD 5,374
Investments	<b>3,89,47,104</b>	<b>USD 1,00,000 SGD 4,60,000 MYR 1,50,000 OMR 1,53,000 BDT 13,84,555</b>	3,11,93,764	USD 1,00,000 SGD 4,60,000 MYR 1,50,000 OMR 90,000 BDT 10,00,000

**SCHEDULE - 17 (Contd.)**

22. 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 salary) for each completed year of service. The Scheme is funded to a separate Trust duly recognized by Income tax authorities.

The following table summarise the components of net benefit expense recognized in the Profit and Loss Account and the funded status and amounts recognized in the Balance Sheet for the Gratuity Plan.

Amount (in Rupees)

	<b>Particulars</b>	<b>2010-2011</b>	<b>2009-2010</b>
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	<b>54,89,060</b>	45,79,921
	2. Interest cost on benefit obligation	<b>40,51,150</b>	33,06,454
	3. Expected return on plan assets	<b>(41,44,103)</b>	(35,60,490)
	4. Net actuarial Loss / (Gain) recognized in the year	<b>8,79,005</b>	6,74,115
	Net benefit expenses	<b>62,75,112</b>	50,00,000
	Actual return on plan assets	<b>27,33,277</b>	47,74,364
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	<b>(5,18,55,318)</b>	(4,74,53,695)
	2. Fair value of Plan Assets	<b>5,22,31,181</b>	4,74,53,695
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	<b>(4,74,53,695)</b>	(4,13,32,921)
	2. Interest cost	<b>(40,51,150)</b>	(33,06,454)
	3. Current service cost	<b>(54,89,060)</b>	(45,79,921)
	4. Benefits paid	<b>46,06,766</b>	36,53,590
	5. Actuarial gains / (losses) on obligation	<b>5,31,821</b>	(18,87,989)
	Closing defined benefit obligation	<b>(5,18,55,318)</b>	(4,74,53,695)
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	<b>4,74,53,695</b>	4,13,32,921
	2. Expected returns	<b>41,44,103</b>	35,60,490
	3. Contributions by Employer	<b>66,50,975</b>	50,00,000
	4. Benefits paid	<b>(46,06,766)</b>	(36,53,590)
	5. Actuarial Gains / (Losses)	<b>(14,10,826)</b>	12,13,874
	6. Closing Fair value of Plan assets	<b>5,22,31,181</b>	4,74,53,695
V	Actuarial Assumptions:		
	1. Discount Rate	<b>8.50%</b>	8%
	2. Expected rate of Salary increase [Refer Note (b) below]	<b>6%</b>	6%
	3. Mortality	<b>LIC (1994-96) Ultimate</b>	LIC (1994-96) Ultimate
	4. Attrition Rate	<b>2%</b>	2%

**SCHEDULE - 17 (Contd.)**

The Company expects to contribute Rs. 64,75,328 to gratuity in 2011-2012.

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	
		2010-2011	2009-2010
1	Central & State Government Bonds	22%	30%
2	Public Sector Undertaking	14%	15%
3	HDFC Std. Life Ins. Co. Ltd.	64%	55%

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.

Amounts for the current and previous periods are as follows:

	2010-2011	2009-2010	2008-2009	2007-2008
Defined Benefit obligation	<b>(5,18,55,318)</b>	(4,74,53,695)	(4,13,32,921)	(3,79,88,671)
Plan assets	<b>5,22,31,181</b>	4,74,53,695	4,13,32,921	3,79,88,671
Surplus / (deficit)	<b>3,75,863</b>	Nil	Nil	Nil
Experience adjustments on plan liabilities	<b>24,00,079</b>	1,62,808	(13,71,436)	31,75,724
Experience adjustments on plan assets	<b>(14,10,826)</b>	12,13,874	(17,08,489)	(6,54,558)

Notes:

a) Amounts recognized as an expense and included in Schedule 15:

(i) Leave Encashment in "Salaries, Wages and Bonus" Rs. 1,80,75,232 (2009-2010 : Rs. 1,24,61,685)

(ii) Gratuity in "Contribution to Provident & Other Funds" Rs. 62,75,112 (2009-2010 : Rs. 50,00,000)

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 Schedule 15 – "Contribution to Provident and Other Funds" of Profit and Loss Account Rs. 3,53,53,735 (2009-2010 : Rs. 2,82,59,673)

23. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under the "Micro, Small and Medium Enterprises Development Act, 2006". The suppliers are not registered wherever the confirmation are received and in other cases, the Company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.

24. Book values of certain long term unquoted investments, aggregating to Rs. 4,51,01,853 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.

25. Discontinuing Operations:

The Board of Directors of the Company at their meeting held on 22nd February 2011, have, subject to the approval of the shareholders, accorded their approval for the proposal to sell its Project Division (covering domestic turnkey projects) as a going concern under a 'Slump Sale' basis to Ion Exchange Projects and Engineering Limited, a wholly owned subsidiary company being incorporated. Subsequent to the above, 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. The Company is in the process of completing all the necessary formalities for the above mentioned transfer. The Project Division is being reported as a part of Engineering segment under Segment disclosures as given in note 5 of Schedule 17.

**SCHEDULE - 17 (Contd.)**

The details of the discontinuing operation are as under:

<b>Particulars</b>	<b>31st March 2011</b>	<b>31st March 2010</b>
Total Assets	<b>1,11,19,99,991</b>	1,09,05,15,857
Total Liabilities	<b>94,40,45,028</b>	97,64,15,758
Total Revenue	<b>1,32,46,97,521</b>	1,41,68,94,135
Total Expenses	<b>1,41,00,08,398</b>	1,48,08,39,235
Loss for the year	<b>8,53,10,877</b>	6,39,45,100

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

<b>Particulars</b>	<b>2010-2011</b>	<b>2009-2010</b>
Operating	<b>(12,33,59,056)</b>	17,25,43,813
Investing	<b>(19,62,805)</b>	(17,63,009)
Financing	<b>(1,38,40,329)</b>	(4,39,53,444)

26. Ion Exchange & Company LLC, Oman, a subsidiary company, Ion Exchange Infrastructure Limited, a subsidiary company and Ion Exchange Waterleau Limited, a Joint Venture company have during the year allotted 63,000, 21,00,000 and 11,10,000 shares respectively against the advances given by the Company in earlier years.
27. Certain Office Premises are obtained on operating lease. There are escalation clauses in the lease agreement. All the lease agreements are cancellable and there are no restrictions imposed by the lease arrangements. There are no sub-leases.
28. The Company has leased out part of a building on operating lease. The lease term is for five years with an option available to the lessee to cancel the lease. There are no restrictions imposed by the lease agreement.
29. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to this year's classification.

As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No. : 36738

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

**Cash Flow Statement for the year ended 31st March 2011**

			2009 - 2010	
	Rupees	Rupees	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net Profit Before Taxation</b>		<b>19,39,54,607</b>		10,21,03,223
Adjustment for:				
Depreciation	<b>5,99,73,421</b>		5,82,35,216	
(Profit) / Loss on Assets sold / discarded (Net)	<b>(2,48,76,502)</b>		(11,30,842)	
Employee Compensation Expense / (Income)	<b>(16,23,778)</b>		1,31,62,047	
Interest Expense	<b>5,96,29,507</b>		9,13,04,289	
Dividend received	<b>(26,74,251)</b>		(27,19,677)	
Interest received	<b>(1,52,71,023)</b>		(1,22,74,896)	
Bad Debts written off	<b>5,53,00,869</b>		4,28,70,783	
Backcharges on Contracts	<b>63,35,606</b>		2,21,32,123	
Doubtful advances, deposits and claims written off	<b>2,99,97,436</b>		4,99,97,094	
Amount set aside for liabilities, no longer required, written back	<b>(153,666)</b>		-	
Unrealised Exchange Loss / (Gain)	<b>(19,40,883)</b>		3,91,30,352	
		<b>16,46,96,736</b>		30,07,06,489
<b>Operating Profit Before Working Capital Changes</b>		<b>35,86,51,343</b>		40,28,09,712
Movements in Working Capital:				
(Increase) / Decrease in Trade and Other Receivables	<b>(32,61,99,577)</b>		(37,41,65,374)	
(Increase) / Decrease in Inventories	<b>93,81,360</b>		(1,75,45,902)	
(Decrease) / Increase in Trade and Other Payables	<b>28,06,34,898</b>		47,45,58,655	
(Increase) / Decrease in Other Current Assets	<b>(3,24,954)</b>		(5,349)	
(Increase) / Decrease in Loans and Advances	<b>(5,75,30,781)</b>		(4,86,44,150)	
		<b>(9,40,39,054)</b>		3,41,97,880
<b>Cash Generated From Operations</b>		<b>26,46,12,289</b>		43,70,07,592
Taxes Paid		<b>(2,88,52,863)</b>		(1,65,86,987)
<b>Net Cash From Operating Activities</b>		<b>23,57,59,426</b>		42,04,20,605
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	<b>(7,36,46,262)</b>		(5,01,67,118)	
Proceeds from sale of Fixed Assets	<b>4,40,10,334</b>		4,65,05,381	
Investments made in Subsidiaries & Associates (Refer Note 26 on Schedule 17)	<b>(53,90,540)</b>		(23,00,000)	
Proceeds from Sale / Redemption of Investments	-		3,25,200	
Deposit (with maturity more than three months)	<b>(4,72,820)</b>		(1,88,07,306)	
Dividend received	<b>26,74,251</b>		27,19,677	
Interest received	<b>1,63,48,648</b>		1,19,76,582	
<b>Net Cash Used in Investing Activities</b>		<b>(1,64,76,389)</b>		(97,47,584)

**Cash Flow Statement - (Contd.)**

	2009 - 2010	
	Rupees	Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from issuance of share capital on exercise of options	4,09,65,710	18,95,779
Repayment of Borrowings / Term Loans	(36,27,01,249)	(40,69,04,071)
Proceeds from Borrowings / Term Loans	25,33,64,000	12,51,96,000
Dividend Paid	(2,00,18,267)	(1,27,05,461)
Dividend Tax Paid	(32,28,755)	(21,59,293)
Interest Paid	(5,93,22,373)	(9,24,51,135)
<b>Net Cash Used in Financing Activities</b>	<b>(15,09,40,934)</b>	<b>(38,71,28,181)</b>
Net Increase in Cash and Cash Equivalents	6,83,42,103	2,35,44,840
Cash and Cash Equivalents as at the beginning of the year	4,75,29,355	2,39,84,515
Cash and Cash Equivalents as at the end of the year	11,58,71,458	4,75,29,355
<b>CASH AND CASH EQUIVALENTS COMPRISES OF:</b>		
<b>Cash in hand</b>	<b>14,95,452</b>	<b>13,35,714</b>
<b>Balance with Banks</b> (Refer Notes 3, 4 and 5 below)	<b>11,43,76,006</b>	<b>4,61,93,641</b>
<b>TOTAL</b>	<b>11,58,71,458</b>	<b>4,75,29,355</b>

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- Figures in bracket indicate cash outgo.
- Cash and Cash Equivalents excludes the following Balances with Bank:
  - On Deposit Account [Earmarked under Rule 3A of Companies (Acceptance of Deposits) Rules, 1975] Rs. 27,00,000 (2009-2010 : Rs. 77,94,298)
  - On Margin Money Account Rs. 5,00,75,168 (2009-2010 : Rs. 4,45,08,050)
- Balances with bank includes Rs. 37,50,133 (2009-2010 : Rs. 34,55,079) being Unclaimed Dividend and Unclaimed Interest on Fixed Deposits which are not available for use by the company as they represent corresponding Unpaid Liabilities.
- Includes Unrealised exchange gain Rs. 8,89,777 (2009-2010 : Rs. 5,05,111)
- Previous year's figures have been regrouped/rearranged to conform with current year's classifications.

As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No. : 36738

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

**Additional Information pursuant to Part IV of Schedule VI to The Act.  
Balance Sheet Abstract and Company's General Business Profile.**

**I. Registration Details**

Registration No.  State Code   
 Balance Sheet Date     
 Date Month Year

**II. Capital Raised During the Year (Amount in Rs. Thousands)**

Public Issue  Rights Issue   
 Bonus Issue  Private Placement\*

\* Issue of Shares under Employees Stock Option Plan

**III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)**

Sources of Funds  
 Total Liabilities   
 Total Assets   
 Paid-up Capital  Reserves & Surplus   
 Secured Loans  Unsecured Loans   
 Application of Funds  
 Net Fixed Assets  Investments   
 Net Current Assets #  Miscellaneous Expenditure   
 (Please tick appropriate box + for Positive, - for Negative)  
 + -   # excludes Deferred Tax Liability Rs. 45,095

**IV. Performance of Company (Amount in Rs. Thousands)**

Turnover\*\*  Total Expenditure   
 (Please tick appropriate box + for Profit, - for Loss) (Please tick appropriate box + for Profit, - for Loss)  
 Profit / Loss before tax  Profit / Loss after tax     
 (Please tick appropriate box + for Positive, - for Negative)  
 Earnings per Share (in Rs.)  
 Basic    Dividend Rate %   
 Diluted

**V. Generic Names of Principal Products/Services of Company (as per monetary terms)**

Item Code No. (ITC Code)	Product Description
<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="1"/> <input type="text" value="4"/>	Ion Exchangers
<input type="text" value="3"/> <input type="text" value="9"/> <input type="text" value="0"/> <input type="text" value="6"/>	Water Treatment Chemicals
<input type="text" value="8"/> <input type="text" value="4"/> <input type="text" value="2"/> <input type="text" value="1"/> <input type="text" value="2"/> <input type="text" value="1"/>	Water Filter - Zero B

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011



## 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 Investment (India) Ltd.	Ion Exchange Asia Pacific Pte. Ltd.	Ion Exchange Asia Pacific (Thailand) Ltd.*	IEI Environmental Management (M) Sdn. Bhd.
2 Financial Year of subsidiary Company ended	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011
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	4,60,000 Equity Shares of SGD 1 each	30,000 Equity Shares of THB 100 each	1,50,000 Equity Shares of MYR 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	4,60,000 Equity Shares of SGD 1 each	30,000 Equity Shares of THB 100 each	2,50,000 Equity Shares of MYR 1 each
5 Percentage of shares held in subscribed capital of subsidiary Company	78.74 %	99.43 %	99.42 %	100.00 %	100.00 %	60.00 %
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 2011.	INR (46,55,880)	INR 5,24,070	INR 6,50,284	USD (2,58,913)	THB 7,77,604	MYR 4,146
ii) for its previous financial years	INR (8,89,85,699)	INR (54,27,634)	INR (50,40,202)	USD (1,93,820)	THB 16,25,219	MYR (1,04,045)
	INR (9,36,41,579)	INR (49,03,564)	INR (43,89,918)	USD (4,52,733)	THB 24,02,823	MYR (99,899)
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 2011.	INR Nil	INR Nil	INR Nil	USD Nil	THB Nil	MYR Nil
ii) for its previous financial years	INR Nil	INR Nil	INR Nil	USD Nil	THB Nil	MYR Nil
	INR Nil	INR Nil	INR Nil	USD Nil	THB Nil	MYR 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 Environment Management (BD) Ltd.	Ion Exchange WTS (Bangladesh) Ltd.	Ion Exchange LLC	Ion Exchange & Company LLC	Ion Exchange Infrastructure Ltd.
2 Financial Year of subsidiary Company ended	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011	1st April 2010 to 31st March 2011
3 Number of shares held in subsidiary Company	10,000 Equity Shares of BDT 100 each	27,469 Equity Shares of BDT 100 each	1,00,000 Equity Shares of USD 1 each	1,53,000 Equity Shares of OMR 1 each	31,20,000 Equity Shares of INR 10 each
4 Total issued share capital of subsidiary Company	10,000 Equity Shares of BDT 100 each	27,469 Equity Shares of BDT 100 each	1,00,000 Equity Shares of USD 1 each	3,00,000 Equity Shares of OMR 1 each	41,00,000 Equity Shares of INR 10 each
5 Percentage of shares held in subscribed capital of subsidiary Company	100.00 %	100.00 %	100.00 %	51.00 %	76.10 %
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 2011	BDT 74,389	BDT (76,327)	USD (92,170)	OMR 13,973	INR 10,72,102
ii) for its previous financial years	BDT 85,12,822	BDT Nil	USD (4,41,447)	OMR (9,284)	INR 3,18,09,534
	BDT 85,87,211	BDT (76,327)	USD (5,33,617)	OMR 4,689	INR 3,28,81,636
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 2011.	BDT Nil	BDT Nil	USD Nil	OMR Nil	INR Nil
ii) for its previous financial years	BDT Nil	BDT Nil	USD Nil	OMR Nil	INR 25,50,000
	BDT Nil	BDT Nil	USD Nil	OMR Nil	INR 25,50,000

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

## Auditors' Report

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

1. We have audited the attached Consolidated Balance Sheet of Ion Exchange (India) Limited Group as at 31st March 2011, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 91,38,53,218 as at 31st March 2011, the total revenue of Rs. 1,00,95,45,607 and cash flows amounting to Rs. 5,98,43,476 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Ion Exchange (India) Limited's Management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures [notified pursuant to the Companies (Accounting Standards) Rules, 2006, (as amended)].
5. Without qualifying our opinion we draw attention to note 27 (1) of schedule 17 of the financial statements. The remuneration paid to the Executive Directors is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 by Rs. 2,50,66,516 for which steps are being taken by the Company to obtain Central Government approval. Pending the final outcome of the Company's application, no adjustments have been made to the financial statements.

6. The Auditors of Ion Exchange Enviro Farms Limited, a subsidiary company have qualified their audit report in respect of the matters stated below:
  - a. *As stated in Note 10 in Schedule 17, Ion Exchange Enviro Farms Limited has filed an appeal with the Hon'ble Supreme Court of India against the order of Securities Appellate Tribunal for winding up of the Collective Investment Schemes and refunding the monies to investors with returns. For the reasons stated therein, pending the outcome of this appeal, the liability, if any, arising on this account is presently not ascertainable.*
  - b. *As stated in Note 11 in Schedule 17, maintenance expenses aggregating Rs. 4,36,76,153 (net of provision) is considered as fully recoverable by Ion Exchange Enviro Farms Limited. However, in view of the significant uncertainties involved, the amount of provision for eventual non-recovery of maintenance expenses, if any, is presently not ascertainable.*

*We are unable to comment on the effect of the above matters on the accompanying consolidated financial statements. Our audit report on the consolidated financial statements for the year ended 31st March 2010 was also modified in respect of the matters stated above.*
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, *subject to the matters stated in paragraph 6 above, the effect of which is presently not ascertainable*, 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 Ion Exchange (India) Limited Group as at 31st March 2011;
  - (b) in the case of the Consolidated Profit and Loss Account, 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.

**For S. R. Batliboi & Co.**  
Firm Registration No. : 301003E  
Chartered Accountants

**per Vijay Maniar**  
Partner  
Membership No. : 36738

Place : Mumbai  
Date : 27th May 2011

### CONSOLIDATED BALANCE SHEET as at 31st March 2011

	Schedules			31st March 2010	
		Rupees	Rupees	Rupees	Rupees
<b>I. SOURCES OF FUNDS</b>					
SHAREHOLDERS' FUNDS					
Share Capital	1a	13,09,80,110		12,39,79,610	
Stock Options Outstanding	1b	2,79,75,171		4,32,14,841	
Reserves and Surplus	2	1,15,74,25,733		1,04,09,86,619	
			1,31,63,81,014		1,20,81,81,070
MINORITY INTEREST			4,47,14,119		4,46,41,246
LOAN FUNDS	3				
Secured Loans		21,29,23,079		45,99,77,343	
Unsecured Loans		26,08,43,000		13,05,58,001	
			47,37,66,079		59,05,35,344
DEFERRED TAX LIABILITY (NET) (Refer Note 12 on Schedule 17)			4,62,97,717		3,69,84,898
<b>TOTAL</b>			<b>1,88,11,58,929</b>		<b>1,88,03,42,558</b>
<b>II. APPLICATION OF FUNDS</b>					
FIXED ASSETS	4				
Gross Block		1,37,43,48,700		1,33,58,17,842	
Less: Accumulated Depreciation / Amortization		76,89,73,453		71,35,78,599	
Net Block		60,53,75,247		62,22,39,243	
Capital Work-in-Progress, including capital advances		9,04,11,514		6,32,58,109	
			69,57,86,761		68,54,97,352
INVESTMENTS	5		4,65,12,054		4,34,08,353
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	6	56,10,02,951		48,50,08,741	
Sundry Debtors	7	2,69,08,18,349		2,47,77,04,760	
Cash and Bank Balances	8	30,71,30,136		17,98,45,514	
Other Current Assets	9	22,96,100		31,35,451	
Loans and Advances	10	71,73,37,781		75,70,81,573	
(A)		4,27,85,85,317		3,90,27,76,039	
Less: CURRENT LIABILITIES AND PROVISIONS	11				
Current Liabilities		3,04,94,09,227		2,68,27,35,169	
Provisions		9,03,15,976		6,86,04,017	
(B)		3,13,97,25,203		2,75,13,39,186	
NET CURRENT ASSETS (A - B)			1,13,88,60,114		1,15,14,36,853
<b>TOTAL</b>			<b>1,88,11,58,929</b>		<b>1,88,03,42,558</b>
Notes to Accounts	17				

The schedules referred to above forms an integral part of the Consolidated Balance Sheet.

As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No. : 36738

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

**CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March 2011**

	Schedules	Rupees	Rupees	2009 - 2010 Rupees
<b>INCOME</b>				
Sales and Services (Gross)	12	6,26,65,17,687		5,36,05,10,233
Less: Excise Duty Recovered on Sales (Refer Note 23 on Schedule 17)		19,81,91,028		13,29,24,375
Sales and Services (Net)			6,06,83,26,659	5,22,75,85,858
Other Income	13		9,32,26,031	4,81,43,596
Share of Earning of Associates (Net)			47,51,890	67,64,327
<b>TOTAL</b>			<b>6,16,63,04,580</b>	<b>5,28,24,93,781</b>
<b>EXPENDITURE</b>				
Cost of Goods Sold	14		4,28,43,16,730	3,56,08,94,719
Operation and Other Expenses	15		1,58,52,78,059	1,44,80,48,937
Interest	16		6,81,96,471	9,85,90,478
Depreciation / Amortization	4	6,85,75,937		6,40,71,544
Less: Transfer from Revaluation Reserve		28,470		28,470
			6,85,47,467	6,40,43,074
<b>TOTAL</b>			<b>6,00,63,38,727</b>	<b>5,17,15,77,208</b>
<b>PROFIT BEFORE TAX</b>			<b>15,99,65,853</b>	<b>11,09,16,573</b>
[including loss from operation relating to discontinuing operation amounting to Rs. 8,53,10,877 (2009-2010 : Rs. 6,39,45,100)]				
Provision for Taxation				
- Current Tax		6,49,42,255		5,16,98,056
- Deferred Tax charge (Refer Note 12 on Schedule 17)		93,12,819		27,76,191
Total Tax expenses			7,42,55,074	5,44,74,247
[including tax relating to loss from operation of discontinuing operation amounting to Rs. Nil (2009-2010 : Rs. Nil)]				
<b>PROFIT AFTER TAX</b>			<b>8,57,10,779</b>	<b>5,64,42,326</b>
[including loss of Rs. 8,53,10,877 (2009-2010 : Rs. 6,39,45,100) for discontinuing operation]				
Less: Minority Interest			19,86,100	1,51,64,684
Profit After Minority Interest			8,37,24,679	4,12,77,642
Balance brought forward from Previous Year			6,77,77,751	6,22,90,194
<b>PROFIT AVAILABLE FOR APPROPRIATION</b>			<b>15,15,02,430</b>	<b>10,35,67,836</b>
<b>APPROPRIATIONS</b>				
Dividend (Refer Note 24 on Schedule 17)		9,29,475		13,000
Tax on Dividend		(15,385)		2,209
			9,14,090	15,209
Proposed Final Dividend		2,61,96,022		1,85,96,942
Tax on Proposed Dividend		44,59,752		35,84,040
			3,06,55,774	2,21,80,982
Transfer to Legal Reserve			3,21,279	1,93,894
Transfer to General Reserve			1,22,00,000	1,34,00,000
<b>SURPLUS CARRIED FORWARD TO BALANCE SHEET</b>			<b>10,74,11,287</b>	<b>6,77,77,751</b>
<b>EARNINGS PER SHARE</b>				
[Nominal value of shares Rs. 10 (2009-2010 : Rs. 10)] (Refer Note 20 on Schedule 17)				
Basic			6.46	3.33
Diluted			6.14	3.10
Notes to Accounts	17			

The schedules referred to above forms an integral part of the Consolidated Profit and Loss Account.  
As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

per VIJAY MANIAR  
Partner  
Membership No. : 36738

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011

**SCHEDULE - 1a**  
**SHARE CAPITAL**

Authorised:

1,50,00,000 (2009-2010 : 1,50,00,000) Equity Shares of Rs. 10 each.

Issued, Subscribed and Paid-up:

1,30,98,011 (2009-2010 : 1,23,97,961) Equity Shares of Rs. 10 each, fully paid-up.

Rupees	31st March 2010 Rupees
<u>15,00,00,000</u>	<u>15,00,00,000</u>
<u>13,09,80,110</u>	<u>12,39,79,610</u>
<u>13,09,80,110</u>	<u>12,39,79,610</u>

Of the above:

- 10,000 (2009-2010 : 10,000) Equity Shares of Rs. 10 each are allotted as fully paid-up, pursuant to a contract, for consideration other than cash.
- 20,65,184 (2009-2010 : 20,65,184) Equity Shares of Rs. 10 each are allotted as fully paid-up Bonus Shares by capitalisation of Revenue Reserve/ Share Premium.
- 9,600 (2009-2010 : 9,600) Equity Shares of Rs. 10 each, fully paid-up, have been allotted to the shareholders of erstwhile Hydranautics Membranes India Limited (HMIL) at the meeting of Board of Directors held on 15th May 2000, pursuant to the Scheme of Amalgamation of the erstwhile HMIL with the Company.
- 6,71,700 (2009-2010 : 6,66,700) Equity Shares, 5,78,675 (2009-2010 : 5,78,675) Equity Shares, 7,28,000 (2009-2010 : 7,14,500) Equity Shares and 7,01,950 (2009-2010 : 20,400) Equity Shares have been allotted to the directors and employees under Employees Stock Options Scheme – ESOS - 2001, ESOS - 2003, ESOS - 2005 and ESOS - 2008 respectively upto 31st March 2011. Also, Refer Note 8 on Schedule 17.
- The subsidiaries Aqua Investments (India) Limited and Watercare Investments (India) Limited hold 1,64,000 (2009-2010 : 1,64,000) and 1,63,900 (2009-2010 : 1,63,900) shares respectively in the Holding Company which have been eliminated during consolidation.

**SCHEDULE - 1b****STOCK OPTIONS OUTSTANDING**

(Refer Notes 3(x) and 8 on Schedule 17)

Employee Stock Options Outstanding

Less: Deferred Employee Compensation Outstanding

	Rupees	Rupees	31st March 2010 Rupees
Employee Stock Options Outstanding		2,81,76,618	4,47,77,397
Less: Deferred Employee Compensation Outstanding		<u>2,01,447</u>	<u>15,62,556</u>
		<u>2,79,75,171</u>	<u>4,32,14,841</u>
<b>SCHEDULE - 2</b>			
<b>RESERVES AND SURPLUS</b>			
Capital Reserve		26,67,745	26,67,745
Capital Reserve on Consolidation	1,26,15,164		1,05,52,873
Add: Adjustment on change in Investment in Subsidiaries and Associates	<u>1,60,38,153</u>		<u>20,62,291</u>
		2,86,53,317	1,26,15,164
Special Reserve		16,00,060	16,00,060
(As per Section 45 - 1C of the Reserve Bank of India Act)			
Revaluation Reserve			
(Refer Note 3 (i) on Schedule 17)			
Balance as at 1 <sup>st</sup> April	11,34,270		11,62,740
Less: Transfer to Profit and Loss Account	<u>28,470</u>		<u>28,470</u>
		11,05,800	11,34,270
Contingency Reserve			
Balance as at 1 <sup>st</sup> April	4,00,00,000		4,00,00,000
Less: Transfer to General Reserve	<u>4,00,00,000</u>		<u>-</u>
		-	4,00,00,000
General Reserve			
Balance as at 1 <sup>st</sup> April	16,54,64,297		15,20,64,297
Add: Transfer from Contingency Reserve	4,00,00,000		-
Add: Transfer from Profit & Loss Account	<u>1,22,00,000</u>		<u>1,34,00,000</u>
		21,76,64,297	16,54,64,297
Legal Reserve (In accordance with Commerical Companies Law of Oman, 1974)			
Balance as at 1 <sup>st</sup> April	1,93,894		-
Add: Transfer form Profit & Loss Account.	<u>3,21,279</u>		<u>1,93,894</u>
		5,15,173	1,93,894
Security Premium Account			
Balance as at 1 <sup>st</sup> April	75,01,75,474		74,79,83,004
Add: Received on account of Employee Stock Option Plan	<u>4,75,81,102</u>		<u>21,92,470</u>
		79,77,56,576	75,01,75,474
Foreign Currency Translation Reserve			
Balance as at 1 <sup>st</sup> April	(6,42,036)		15,29,467
Add: Foreign Currency Translation profit / (loss) during the year	<u>6,93,514</u>		<u>(21,71,503)</u>
		51,478	(6,42,036)
Profit and Loss Account			
Group's Share in Joint Venture	12,80,50,199		8,47,72,904
	<u>(2,06,38,912)</u>		<u>(1,69,95,153)</u>
		<u>10,74,11,287</u>	<u>6,77,77,751</u>
		<u>1,15,74,25,733</u>	<u>1,04,09,86,619</u>

### Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011

SCHEDULE - 3	Rupees	31st March 2010 Rupees
<b>LOAN FUNDS</b>		
<b>1. SECURED LOANS</b>		
A. Working Capital Loans from Banks (including working capital demand loan) <b>Primary Security:</b> Secured by joint hypothecation of Book Debts and Stocks. <b>Collateral Security:</b> By way of first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru. Further, by way of second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa.	<b>11,09,55,078</b>	31,73,50,075
B. Working Capital Loans from Bank Secured by joint hypothecation of Book Debts and Stocks and Corporate Guarantee of Holding Company	<b>92,29,816</b>	-
C. Overdraft from Banks Secured by a charge on the Fixed Deposit and Corporate Guarantee of Holding Company	<b>1,35,68,465</b>	84,18,173
D. Overdraft from a Bank Secured by Letter of Comfort / Guarantee of a bank of Holding Company	<b>28,07,073</b>	9,80,235
E. Overdraft from a Bank Secured by joint hypothecation of Book Debts and Joint and several guarantee of Directors of a Subsidiary Company.	<b>4,33,68,121</b>	4,05,55,750
F. Term Loan from a Bank Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future. [Due within one year Rs. Nil (2009-2010 : Rs. 1,62,50,000)]	-	1,62,50,000
G. Term Loan from a Bank Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future. [Due within one year Rs. 1,41,16,000 (2009-2010 : Rs. 1,41,16,000)]	<b>2,11,81,000</b>	3,52,97,000
H. Vehicle finance from Banks Secured by hypothecation of vehicles. [Due within one year Rs. 46,40,343 (2009-2010 : Rs. 48,89,098)]	<b>1,18,13,526</b>	1,66,45,237
Group's Share in Secured Loan of Joint Venture	-	2,44,80,873
	<b><u>21,29,23,079</u></b>	<b><u>45,99,77,343</u></b>
<b>2. UNSECURED LOANS</b>		
A. Fixed Deposits [Due within one year Rs. 1,37,16,000 (2009-2010 : Rs. 1,24,04,000)]	<b>4,58,33,000</b>	4,50,58,000
B. Inter Corporate Deposits [Due within one year Rs. Nil (2009-2010 : Rs. 1,05,00,000)]	-	1,05,00,000
C. Loan from Banks [Due within one year Rs. 21,50,10,000 (2009-2010 : Rs. 7,50,00,001)]	<b>21,50,10,000</b>	7,50,00,001
	<b><u>26,08,43,000</u></b>	<b><u>13,05,58,001</u></b>





## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011

SCHEDULE - 5	Rupees	31st March 2010 Rupees
<b>INVESTMENTS - Long Term (at cost)</b>		
<b>A. TRADE AND UNQUOTED</b>		
<b>INVESTMENT IN ASSOCIATES</b>		
Shares in Ion Exchange Services Limited 3,44,625 (2009-2010 : 3,44,625) Equity Shares of Rs. 10 each, fully paid-up [Includes Capital Reserve aggregating Rs. 38,50,408 (2009-2010 : Rs. 38,50,408)]	<b>1,77,03,065</b>	1,41,83,210
Shares in Total Water Management Services (India) Limited 24,000 (2009-2010 : 24,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill aggregating Rs. Nil (2009-2010 : Rs. Nil)]	<b>1,58,001</b>	2,43,955
Shares in Aquanomics Systems Limited 4,60,000 (2009-2010 : 4,60,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill Rs. Nil (2009-2010 : Rs. Nil)]	<b>1,46,17,482</b>	1,18,20,676
Shares in Astha Technical Services Limited 2,28,000 (2009-2010 : 2,28,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Capital Reserve Rs. 21,78,006 (2009-2010 : 21,78,006)]	<b>47,35,356</b>	79,74,070
Shares in IEI Water-Tech (M) Sdn. Bhd., Malaysia 3,00,000 (2009-2010 : 3,00,000) Shares of MYR 1 each, fully paid-up. [Includes Goodwill Rs. Nil (2009-2010 : Rs. Nil)]	<b>37,18,539</b>	36,52,371
Shares in Ion Exchange Financial Products Private Limited 2,450 (2009-2010 : 2,450) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill aggregating Rs. Nil (2009-2010 : Rs. Nil)]	-	-
Shares in Global Composites & Structural Limited 2,00,000 (2009-2010 : 2,00,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill aggregating Rs. Nil (2009-2010 : Rs. Nil)]	-	-
<b>OTHERS</b>		
Shares in IEK Plastics Limited 6,000 (2009-2010 : 6,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 60,000 (2009-2010 : Rs. 60,000)]	-	-
Shares in IEI Mansel Services Limited 15,300 (2009-2010 : 15,300) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,53,000 (2009-2010 : Rs. 1,53,000)]	-	-
Shares in Patancheru Enviro-tech Limited 113 (2009-2010 : 113) Equity Shares of Rs. 10 each, fully paid-up	<b>1,130</b>	1,130
Shares in Bharuch Enviro Infrastructure Limited 10,500 (2009-2010 : 10,500) Equity Shares of Rs. 10 each, fully paid-up	<b>1,05,000</b>	1,05,000
Shares in HMG Industries Limited 75,000 (2009-2010 : 75,000) 14.25% Preference Shares of Rs. 100 each, fully paid-up [Net of provision for diminution in the value: Rs. 74,50,000 (2009-2010 : Rs. 74,50,000)]	<b>50,000</b>	50,000
Shares in Bharuch Eco-Aqua Infrastructure Limited 3,52,500 (2009-2010 : 3,52,500) Equity Shares of Rs. 10 each, fully paid-up	<b>35,25,000</b>	35,25,000
Shares of Global Procurement Consultants Limited 21,518 (2009-2010 : 20,000) Equity Shares of Rs. 10 each, fully paid-up	<b>2,45,540</b>	2,00,000
<b>Aggregate value of Unquoted Investments (A)</b>	<b>4,48,59,113</b>	4,17,55,412

### Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011

SCHEDULE - 5 (Contd.)	Rupees	31st March 2010 Rupees
<b>B. NON-TRADE AND QUOTED</b>		
Shares of Sterlite Technologies Limited 5,875 (2009-2010 : 5,875) Equity Shares of Rs. 2 each, fully paid-up	<b>2,05,000</b>	2,05,000
Shares of Jain Irrigation Systems Limited 3,570 Equity Shares of Rs. 2 each (2009-2010 : 714 Equity Shares of Rs. 10 each), fully paid-up [Net of provision for diminution in the value: Rs. 3,178 (2009-2010 : Rs. 3,178)]	<b>89,356</b>	89,356
Shares of Canara Bank 8,100 (2009-2010 : 8,100) Equity Shares of Rs. 10 each, fully paid-up	<b>2,83,500</b>	2,83,500
Shares of Fairdeal Filaments Limited 83,600 (2009-2010 : 83,600) Equity Shares of Rs. 10 each, fully paid-up	<b>2,94,070</b>	2,94,070
Shares of Thambi Modern Spinning Mills Limited 6,100 (2009-2010 : 6,100) Equity Shares of Rs. 10 each, fully paid-up	<b>12,265</b>	12,265
Shares of Somani Swiss Industries Limited 87,000 (2009-2010 : 87,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,09,295 (2009-2010 : Rs. 1,09,295)]	-	-
Shares of Nova Steels Industries Limited 29,700 (2009-2010 : 29,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 32,835 (2009-2010 : Rs. 32,835)]	-	-
Shares of Rajinder Pipes Limited 4,500 (2009-2010 : 4,500) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 7,240 (2009-2010 : Rs. 7,240)]	-	-
Shares of Mardia Steels Limited 3,700 (2009-2010 : 3,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 6,880 (2009-2010 : Rs. 6,880)]	-	-
Shares of MTZ Polyester Limited 3,75,000 (2009-2010 : 3,75,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. Nil (2009-2010 : Rs. Nil)]	<b>7,68,750</b>	7,68,750
Aggregate value of Quoted Investments (B)	<b>16,52,941</b>	16,52,941
<b>TOTAL (A+B)</b>	<b>4,65,12,054</b>	4,34,08,353
Market value of Quoted Investments as on 31st March 2011 is Rs. 83,09,541 (2009-2010 : Rs. 65,37,622)		

**Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011**

**SCHEDULE - 6**

**INVENTORIES**

(Refer Notes 3 (iv) and (v) on Schedule 17)

	Rupees	Rupees	31st March 2010 Rupees
Raw Materials and Components		19,30,51,509	14,39,13,232
Raw Material-in-Transit		2,02,49,488	4,77,78,890
Work-in-Progress (Refer Note below)		7,09,57,474	3,51,33,448
Finished Goods		19,10,28,854	15,46,42,908
Finished Goods-in-Transit		1,62,79,990	1,44,50,640
Stores and Spare Parts		2,27,55,488	3,05,28,649
Contract Work-in-Progress		3,90,95,806	5,00,24,184
Group's Share in Inventories of Joint Venture		<u>75,84,342</u>	<u>85,36,790</u>
		<u>56,10,02,951</u>	<u>48,50,08,741</u>

Note: Work-in-Progress includes Project Development Rs. 15,33,562 (2009-2010 : Rs. 8,20,728)

**SCHEDULE - 7**

**SUNDRY DEBTORS**

Unsecured, considered good:

Debts outstanding over six months (Refer Note 1 below)	1,17,35,77,215		1,10,01,57,570
Other Debts (Refer Note 2 below)	<u>1,46,48,86,277</u>		<u>1,31,79,45,653</u>
		2,63,84,63,492	2,41,81,03,223

Unsecured, considered doubtful:

Debts outstanding over six months	1,05,64,933		1,05,64,933
Less: Provision for Doubtful Debts	<u>1,05,64,933</u>		<u>1,05,64,933</u>

Group's Share in Sundry Debtors of Joint Venture (Refer Note 3 below)		-	-
		<u>5,23,54,857</u>	<u>5,96,01,537</u>
		<u>2,69,08,18,349</u>	<u>2,47,77,04,760</u>

(Refer Note 16 on Schedule 17 for dues from companies under the same Management)

Notes:

1. Includes Rs. 46,49,66,624 (2009-2010 : Rs. 28,62,78,065) Retention Money not due.
2. Includes Rs. 11,21,50,080 (2009-2010 : Rs. 11,31,75,294) Retention Money not due.
3. Includes Rs. 3,32,08,718 (2009-2010 : Rs. 3,80,75,361) Retention Money not due.

**SCHEDULE - 8**

**CASH AND BANK BALANCES**

Cash on Hand		19,87,222	16,47,413
Balance with Scheduled Banks:			
- On Current Accounts		14,99,66,478	7,01,04,653
- On Exchange Earner's Foreign Currency Accounts [USD 14,885 (2009-2010 : USD 14,885)]		6,64,634	6,71,928
- On Deposit Account		22,13,222	2,47,81,415
- On Deposit Account [Earmarked under Rule 3A of Companies (Acceptances of Deposits) Rules, 1975]		27,00,000	77,94,298
- On Margin Money Account		13,22,23,737	5,11,20,983
- On Unclaimed Dividend Account		19,09,447	17,08,179
- On Unclaimed Interest on Fixed Deposits		18,40,686	17,46,900
Balance with Non-Scheduled Bank:			
- On Current Accounts (*)		93,04,752	1,45,76,010
Group's Share in Cash and Bank balance of Joint Venture		<u>43,19,958</u>	<u>56,93,735</u>
		<u>30,71,30,136</u>	<u>17,98,45,514</u>

(\*) Balance with Non-Scheduled Bank maintained with National Bank of Dubai : Rs. 93,04,752 (2009-2010 : Rs. 1,45,76,010) Maximum amount outstanding during the year : Rs. 2,67,75,550 (2009-2010 : Rs. 2,70,50,857)

## Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011

	Rupees	Rupees	31st March 2010 Rupees
<b>SCHEDULE - 9</b>			
<b>OTHER CURRENT ASSETS</b>			
Interest accrued but not due		19,65,797	31,30,102
Rent receivable			
- Considered good	3,30,303		5,349
- Considered doubtful	17,05,011		17,05,011
Less: Provision for Doubtful Rent	17,05,011		17,05,011
		3,30,303	5,349
		22,96,100	31,35,451
<b>SCHEDULE - 10</b>			
<b>LOANS AND ADVANCES</b>			
A. Secured, Considered good:			
Advances recoverable in cash or in kind or for value to be received		4,720	1,29,605
B. Unsecured, Considered good, unless otherwise stated:			
Advances recoverable in cash or in kind or for value to be received			
- Considered good	53,27,90,722		54,18,57,164
(Refer Note below and Note 9 on Schedule 17)			
- Considered doubtful	1,15,35,373		1,15,35,373
Less: Provision for Doubtful Advances	1,15,35,373		1,15,35,373
		53,27,90,722	54,18,57,164
Advance Tax and Tax Deducted at Source [Net of provision for taxation aggregating Rs. 30,19,21,859 (2009-2010 : Rs. 25,31,32,835)]		7,43,023	2,92,77,157
Tender, Security and other Deposits [Includes Security Deposit for Land Rs. 2,32,23,485 (2009-2010 : Rs. 2,32,23,485)]			
- Considered good	5,30,84,532		52,158,715
- Considered doubtful	63,53,762		63,53,762
Less: Provision for Doubtful Deposits	63,53,762		63,53,762
		5,30,84,532	5,21,58,715
Balances with Excise Authorities		12,02,391	8,05,051
Inter Corporate Deposits			
- Considered good	25,00,000		25,00,000
- Considered doubtful	57,07,290		57,07,290
Less: Provision for Doubtful Inter Corporate Deposits	57,07,290		57,07,290
		25,00,000	25,00,000
Maintenance Expenses Recoverable (Refer Note 11 on Schedule 17)			
- Considered good	4,36,76,153		4,79,69,345
- Considered doubtful	1,14,25,000		1,14,25,000
Less: Provision	1,14,25,000		1,14,25,000
		4,36,76,153	4,79,69,345
Advances for Repurchases (Refer Note 18 on Schedule 17)		3,24,50,165	3,09,65,088
Group's Share in Loans and Advances of Joint Venture		5,08,86,075	5,14,19,448
		71,73,37,781	75,70,81,573

Note:

Advances recoverable in cash or kind or for value to be received include:  
Loans due from IEI Shareholding Trusts Rs. 23,50,56,000 (2009-2010 : Rs. 23,82,77,000)  
[Maximum amount outstanding Rs. 23,82,77,000 (2009-2010 : Rs. 24,01,78,500)]

**Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011**

	Rupees	Rupees	31st March 2010 Rupees
<b>SCHEDULE - 11</b>			
<b>CURRENT LIABILITIES AND PROVISIONS</b>			
<b>A. Current Liabilities:</b>			
Sundry Creditors			
- Micro and Small Enterprises (Refer Note 29 on Schedule 17)	-		-
- Other than Micro and Small Enterprises	<b>2,21,82,51,065</b>		1,88,65,87,486
		<b>2,21,82,51,065</b>	1,88,65,87,486
Other Liabilities		<b>2,66,11,760</b>	2,61,03,579
Interest accrued but not due		<b>16,16,612</b>	13,09,478
Investor Education and Protection Fund shall be credited by the following amounts namely *			
- Unclaimed Dividends	<b>19,09,447</b>		17,08,179
- Unclaimed Interest on Fixed Deposits	<b>18,40,686</b>		17,46,900
- Unclaimed Matured Deposits	<b>24,97,000</b>		27,73,000
		<b>62,47,133</b>	62,28,079
Acceptances		<b>11,30,26,177</b>	16,72,11,766
Deposits		<b>9,05,88,051</b>	8,34,38,270
Commitment Deposit Under Employees Stock Option Scheme (Refer Note 8 on Schedule 17)		<b>30,248</b>	82,428
Advance from Customers and Progress Claims [Includes advances in respect of engineering contracts Rs. 41,92,82,377 (2009-2010 : Rs. 35,03,12,211)]		<b>48,10,99,886</b>	40,66,21,662
Group's Share in Current Liabilities of Joint Venture		<b>11,19,38,295</b>	10,51,52,421
<b>TOTAL (A)</b>		<b>3,04,94,09,227</b>	2,68,27,35,169
<b>B. Provisions:</b>			
Provision for Fringe Benefit Tax [Net of Advance Tax Rs. 4,81,12,305 (2009-2010 : Rs. 4,89,02,382)]		<b>19,87,695</b>	21,22,891
Provision for Leave Encashment		<b>5,67,07,012</b>	4,41,30,310
Provision for Gratuity		<b>7,74,964</b>	2,57,828
Proposed Dividend		<b>2,61,96,022</b>	1,85,96,942
Tax on Proposed Dividend		<b>44,59,752</b>	32,44,140
Group's Share in Provisions of Joint Venture		<b>1,90,531</b>	2,51,906
<b>TOTAL (B)</b>		<b>9,03,15,976</b>	6,86,04,017
<b>TOTAL (A + B)</b>		<b>3,13,97,25,203</b>	2,75,13,39,186

\* As at 31st March 2011, there are no amounts due to be credited to Investor Education and Protection Fund.

**Schedules forming part of the Consolidated Profit and Loss Account  
for the year ended 31st March 2011**

SCHEDULE - 12	Rupees	Rupees	2009- 2010 Rupees
<b>SALES AND SERVICES</b>			
Sales (Refer Note 23 on Schedule 17)		<b>6,21,61,92,501</b>	5,31,79,32,548
[Tax deducted at source Rs. 1,39,08,048 (2009-2010 : Rs. 1,76,43,804)]			
Income from Input/Projects		<b>52,74,915</b>	13,36,812
Income from Intercrops		<b>1,17,416</b>	3,35,570
Commission		-	14,31,141
Income from Contract Farming/Produce Marketing		<b>24,55,791</b>	24,51,620
Management Fees		<b>3,14,90,136</b>	2,22,26,797
[Tax deducted at source Rs. 34,73,362 (2009-2010 : Rs. 28,11,459)]			
Group's Share of Sales and Service Income in Joint Venture		<b>1,09,86,928</b>	1,47,95,745
[Tax deducted at source Rs. Nil (2009-2010 : Rs. 22,018)]			
		<b>6,26,65,17,687</b>	5,36,05,10,233
<b>SCHEDULE - 13</b>			
<b>OTHER INCOME</b>			
Scrap Sales		<b>66,82,302</b>	36,52,974
Rent		<b>3,95,76,504</b>	3,12,50,737
[Tax deducted at source Rs. 29,75,384 (2009-2010 : Rs. 49,32,507)]			
Dividend Income (Refer Note below)		<b>2,52,151</b>	2,36,177
Amount set aside for liabilities, no longer required, written back		<b>1,53,666</b>	-
Interest from Banks		<b>36,34,494</b>	40,29,297
[Tax deducted at source Rs. 4,07,549 (2009-2010 : Rs. 6,94,491)]			
Interest from Others		<b>6,48,282</b>	4,66,778
[Tax deducted at source Rs. 26,717 (2009-2010 : Rs. 59,312)]			
Exchange Gain (Net)		<b>55,85,044</b>	-
Profit on Assets sold/discarded (Net)		<b>2,48,25,748</b>	10,68,907
Miscellaneous Income		<b>1,14,54,113</b>	69,81,018
Group's Share of Other Income in Joint Venture		<b>4,13,727</b>	4,57,708
[Tax deducted at source Rs. 59,445 (2009-2010 : Rs. 49,335)]			
		<b>9,32,26,031</b>	4,81,43,596
Note: Includes Rs. 60,500 (2009-2010 : Rs. 60,500) received from trade investments.			
<b>SCHEDULE - 14</b>			
<b>COST OF GOODS SOLD</b>			
A. Raw Materials and Components Consumed*		<b>4,09,25,27,750</b>	3,41,21,67,377
B. Purchase of Traded Goods		<b>24,94,17,744</b>	18,71,89,173
C. Increase/(Decrease) in Stocks:			
Closing Stocks:			
- Work-in-Progress		<b>6,94,23,912</b>	3,43,12,720
- Finished Goods		<b>19,10,28,854</b>	15,46,42,908
- Finished Goods-in-Transit		<b>1,62,79,990</b>	1,44,50,640
- Contract Work-in-Progress		<b>3,90,95,806</b>	5,00,24,184
		<b>31,58,28,562</b>	25,34,30,452
Less: Opening Stocks:			
- Work-in-Progress		<b>3,43,12,720</b>	1,69,29,482
- Finished Goods		<b>15,46,42,908</b>	16,12,23,567
- Finished Goods-in-Transit		<b>1,44,50,640</b>	4,60,651
- Contract Work-in-Progress		<b>5,00,24,184</b>	2,27,19,500
		<b>25,34,30,452</b>	20,13,33,200
		<b>6,23,98,110</b>	5,20,97,252
D. Group's Share in Cost of Goods Sold in Joint Venture **		<b>47,69,346</b>	1,36,35,421
Cost of Goods Sold (A + B - C + D)		<b>4,28,43,16,730</b>	3,56,08,94,719

\* Includes direct expenses incurred on contracts Rs. 6,55,49,648 (2009-2010 : Rs. 6,28,25,628)

\*\* Includes direct expenses incurred on contracts Rs. 1,52,475 (2009-2010 : Rs. 1,45,343)



**Schedules forming part of the Consolidated Profit and Loss Account  
for the year ended 31st March 2011**

	Rupees	Rupees	2009-2010 Rupees
<b>SCHEDULE - 15</b>			
<b>OPERATION AND OTHER EXPENSES</b> (Refer Note 21 on Schedule 17)			
Employee costs (Refer Note 28 on Schedule 17)			
- Salaries, Wages and Bonus	56,19,62,787		45,42,92,348
- Contribution to Provident and Other Funds	4,46,23,515		3,44,36,508
- Staff Welfare	3,50,22,068		2,87,28,881
- Employee Compensation Expense / (Income)	<u>(16,23,778)</u>		<u>1,31,62,047</u>
		<b>63,99,84,592</b>	53,06,19,784
Stores and Spare Parts consumed		26,32,744	30,63,736
Power and Fuel		6,60,72,803	5,82,41,560
Repairs and Maintenance - Buildings		34,67,644	35,51,337
- Plant and Machinery		1,48,50,325	1,59,71,602
- Others		1,62,63,287	1,45,74,765
Rent (Net of recoveries)		3,56,35,171	2,89,00,381
Rates and Taxes		2,90,74,990	3,14,05,108
Insurance (Net of recoveries)		42,36,985	30,49,806
Travelling and Conveyance		19,90,97,471	15,87,62,540
Excise Duty (Net of recoveries) (Refer Note 23 on Schedule 17)		48,29,265	50,38,213
Freight (Net of recoveries)		10,50,67,014	8,69,99,785
Packing (Net of recoveries)		2,35,40,265	1,65,02,990
Advertisement and Publicity		5,55,39,486	5,22,16,047
Commission to Agents and Discount		1,64,92,371	2,95,82,611
Legal and Professional Charges		3,81,05,266	3,11,06,462
Telephone and Telex		2,57,04,689	2,56,05,618
Intercrop Expenses		1,19,386	1,13,008
Project maintenance expenses		56,22,930	-
Bad Debts written off		5,61,55,201	4,39,73,141
Doubtful advances, deposits and claims written off	2,99,97,436		7,93,17,493
Less: Withdrawn from provision for doubtful advances and deposits	-		<u>2,93,20,399</u>
		<b>2,99,97,436</b>	4,99,97,094
Project maintenance expenses written off		41,97,154	8,79,676
Auditors' Remuneration		27,60,517	24,87,021
Directors' Fees		17,80,000	16,00,000
Bank Charges		3,36,75,175	2,75,39,856
Exchange Loss (Net)		-	3,55,47,978
Unrealized Profit on Inventories		67,46,665	63,99,928
Backcharges on Contracts (Refer Note 25 on Schedule 17)		63,35,606	2,21,32,123
Establishment and Other Miscellaneous Expenses		14,88,71,413	15,31,30,373
Group's Share in Operations and Other Expenses of Joint Venture		<u>84,22,208</u>	<u>90,56,394</u>
		<b><u>1,58,52,78,059</u></b>	<b><u>1,44,80,48,937</u></b>
<b>SCHEDULE - 16</b>			
<b>INTEREST</b>			
On Fixed Loans		2,96,52,986	3,26,03,858
On Others		3,67,90,921	6,27,15,255
Group's Share in Interest Expenses of Joint Venture		<u>17,52,564</u>	<u>32,71,365</u>
		<b><u>6,81,96,471</u></b>	<b><u>9,85,90,478</u></b>

**Schedules forming part of the Consolidated Balance Sheet as at 31st March 2011 and  
Consolidated Profit and Loss Account for the year ended on that date**

**SCHEDULE – 17****NOTES TO ACCOUNTS**

## 1. a. Accounting Conventions:

The financial statements have been prepared under historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The financial statements comply in all material respects with the Accounting Standards notified by Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 of India (the "Act"). The accounting policies have been consistently applied by the Company.

## b. Principles of Consolidation:

The consolidated financial statements relate to Ion Exchange (India) Limited, its Subsidiary Companies, Associates and Interest in Jointly Controlled Entity, ('the Group') mentioned in Paragraphs 4, 5 and 6 below. 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 is 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.

## 2. The Company has made further investments in the following Subsidiaries and Jointly Controlled Entity during the year, which are considered for consolidation:

a. Subsidiaries	Ion Exchange WTS (Bangladesh) Limited Ion Exchange Infrastructure Limited Ion Exchange & Company LLC
b. Jointly controlled Entity	Ion Exchange Waterleau Limited

## 3. 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 as per 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

## SCHEDULE – 17 (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, except for the following:

- Farm Equipments are depreciated @15%.
- Site equipments are depreciated over 3 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 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 Profit and Loss Account.

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 comprise of Non-Compete Arrangement and Goodwill. Non-Compete Fee is recorded at its cost and is amortized over the period of arrangement on straight-line basis.

#### (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 Profit and Loss Account. 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 and all the resulting exchange differences are accumulated in foreign exchange fluctuation reserve until disposal of the net investment.

#### (iii) Investments:

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

#### (iv) Inventories:

Inventories are valued at lower of Cost and Net Realisable Value. Cost for raw materials, 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 for Work-in-Progress includes raw material cost, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 for Finished Goods includes raw material cost, cost of conversion, other costs incurred in bringing the inventories to their present location/ condition and excise duty.

Cost of traded goods is computed on First-in-First-out basis.

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.

## SCHEDULE – 17 (Contd.)

- (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 & Other Employee Benefits:
- Retirement Benefits in the form of Provident Fund and Superannuation Fund are defined contribution schemes and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective Trusts.
  - 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.
  - 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.
  - Actuarial gains/losses are immediately taken to Profit and Loss Account 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. Sales and income from sale of inputs, intercroops, contract farming and produce marketing activities are recognized when the property and all significant risks and reward of ownership are 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, expected 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.  
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:  
Provision for current taxation has been made in accordance with the Indian Income tax laws prevailing for the relevant assessment years.  
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.

**SCHEDULE – 17 (Contd.)**

- (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 the 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.
- (xii) **Derivative Instruments:**  
The Company uses derivative financial instruments such as forward exchange contracts to hedge its risk associated with foreign currency fluctuations. Accounting policy for forward exchange contracts is given in 3 (ii).
- (xiii) **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 equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.
- (xiv) **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 competitive prices.  
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.
- (xv) **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.
- (xvi) **Leases:**  
Assets given on operating leases by the Company are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.  
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 Profit and Loss Account on a straight-line basis over the lease term.
- (xvii) **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.
- (xviii) **Use of estimates:**  
The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent

**SCHEDULE – 17 (Contd.)**

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.

4. The Subsidiary Companies considered in the consolidated financial statements are:

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2011	31st March 2010
Aqua Investments (India) Limited	India	99.42	99.42
Watercare Investments (India) Limited	India	99.43	99.43
Ion Exchange Enviro Farms Limited (IEEFL)	India	79.60	79.60
Ion Exchange Asia Pacific Pte. Limited	Singapore	100.00	100.00
IEI Environmental Management (M) Sdn. Bhd.	Malaysia	60.00	60.00
Ion Exchange Environment Management (BD) Limited	Bangladesh	100.00	100.00
Ion Exchange Infrastructure Limited	India	76.00	51.00
Ion Exchange LLC	USA	100.00	100.00
Ion Exchange & Company LLC	Oman	51.00	60.00
Ion Exchange Asia Pacific (Thailand) Limited *	Thailand	100.00	100.00
Ion Exchange WTS (Bangladesh) Limited	Bangladesh	100.00	-

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

5. 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 2011	31st March 2010
Ion Exchange Waterleau Limited	India	50.00	50.00

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2011	31st March 2010
Total Water Management Services (I) Limited	India	48.00	48.00
Ion Exchange Services Limited *	India	41.58	41.58
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
Global Composites and Structurals Limited	India	22.73	22.73

\* Inclusive of holding through Subsidiary companies – Aqua Investments (India) Limited and Watercare Investments (India) Limited.

\*\* 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 Watercare Investments (India) Limited.

7. The audited financial statements of the following Company drawn up for the year ended 31st December 2010 have been considered for consolidation. There are no significant transactions which have occurred between the date of financial statement of that Company and the date on which the financial year of the parent Company ended.

Name of the Company	Country of Incorporation	Relationship
IEI Water-Tech (M) Sdn. Bhd. *	Malaysia	Associate

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

8. Employee Stock Option Scheme (ESOS):

ESOS 2001

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 27th September 2000, the Company has introduced ESOS for its directors and employees. The ESOS Compensation Committee formed for implementation of the scheme, in its meeting held on 20th July 2001, granted 3,84,500 options to eligible directors and employees of the Company at a price of Rs. 12.50 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. Under the scheme, 25% of the granted options shall vest and become exercisable in July every year. Pursuant to this, Fourth 25% of the options vested in July 2005. The vested options are exercisable upto 20th July 2009.



## SCHEDULE – 17 (Contd.)

The Employee Stock Compensation Committee in its meeting held on 8th August 2002, further granted 5,36,100 options to directors and other employees at a price of Rs. 19.00 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 August every year. Pursuant to this, the Fourth 25% of the options vested in August 2006. The vested options are exercisable upto 8th August 2010.

The Employee Stock Compensation Committee in its meeting held on 5th June 2007, further 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 will vest in June 2012. The vested options are exercisable upto 5th June 2016.

### ESOS 2003

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 25th September 2003, the Employee Stock Compensation Committee in its meeting on 2nd April 2004 implemented the Second Employees Stock Options Scheme (ESOS 2003) and granted 6,50,000 options to directors and other employees at a price of Rs. 19.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of two weeks high and low of the share traded on The Stock Exchange, Mumbai prior to the date of the grant. Under the scheme 25% of these options shall vest and become exercisable in April every year. Pursuant to this, the Second 25% of the options vested in April 2006. Further, pursuant to Shareholders' approval at the Annual General Meeting held on 4th August 2006, the Employee Stock Compensation Committee decided to advance the date of vesting of balance 50% option. Pursuant to this, the Third and Fourth 25% (in all 50%) of the options vested in October 2006. The vested options are exercisable upto 26th October 2010.

The Employee Stock Compensation Committee in its meeting held on 5th June 2007, further 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 will vest in June 2012. The vested options are exercisable upto 5th June 2016.

### ESOS 2005

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 29th September 2005, the Employee Stock Compensation Committee at its meeting on 29th March 2006 implemented the Third Employees Stock Options Scheme (ESOS 2005) and granted 5,00,000 options to directors and other employees at a price of Rs. 67.00 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 are exercisable upto 29th March 2011.

The Employee Stock Compensation Committee in its meeting held on 24th July 2006, further granted 5,00,000 options to directors and others employees at a price of Rs. 54.50 per share, which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. As in the case of the First grant, the options shall vest after one year from the date of the grant. The vested options are exercisable upto 24th July 2011.

### 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 are 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 (1st, 2nd & 3rd Grant)	2003 (1st & 2nd Grant)	2005 (1st & 2nd Grant)	2008 (1st Grant)	Total
Options outstanding as at 31st March 2010	2,67,000 (2,85,000)	3,39,250 (3,52,250)	2,05,500 (2,60,500)	11,38,100 (12,00,000)	19,49,850 (20,97,750)
Granted during the year	- -	- -	- -	- -	- -
Lapsed during the year	2,000 (18,000)	12,250 (13,000)	1,22,000 (42,000)	9,500 (41,500)	1,45,750 (1,14,500)
Exercised/ Allotted during the year	5,000 -	- -	13,500 (13,000)	6,81,550 (20,400)	7,00,050 (33,400)
Outstanding as at 31st March 2011	2,60,000 (2,67,000)	3,27,000 (3,39,250)	70,000 (2,05,500)	4,47,050 (11,38,100)	11,04,050 (19,49,850)
Exercisable as at 31st March 2011	1,95,000	2,45,250	70,000	4,47,050	9,57,300

Figures in bracket denote previous year figures.



As at 31st March 2011, the Company has received Commitment Deposit of Rs. 30,248 (2009-2010 : Rs. 82,428) from its directors and employees under ESOS 2001, ESOS 2003, ESOS 2005 and ESOS 2008.

**Stock Option granted:**

The weighted average fair value of stock options granted during the year was Rs. Nil (2009-2010 : Rs. Nil). The Black Scholes valuation model has been used for computing the weighted average fair value considering the followings inputs:

Particulars	ESOS Scheme 2001 3rd Grant	ESOS Scheme 2003 2nd Grant	ESOS Scheme 2008 1st Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	172.52	172.52	172.52
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:

Particulars	Amount (in Rupees)
Profit as reported	8,37,24,679
Add : Employee stock compensation under intrinsic value method	(16,23,778)
Less: Employee stock compensation under fair value method	21,78,651
Pro forma profit	7,99,22,250
<b>Earnings Per Share</b>	
Basic - As reported	6.46
- Pro forma	6.17
Diluted - As reported	6.14
- Pro forma	5.86

9. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2011 is Rs. 23,50,56,000 (2009-2010: Rs. 23,82,77,000). 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.

10. In response to the SEBI (Collective Investment Schemes) Regulations, 1999 (the "Guidelines"), notified by Securities and Exchange Board of India (SEBI) on 15th October 1999, Ion Exchange Enviro Farms Limited (IEEFL) had applied for registration to SEBI on 14th December 1999. In response, SEBI had granted provisional registration to IEEFL on 13th February 2001, subject to certain conditions. The provisional registration was subsequently extended and expired on 13th February 2003.

IEEFL applied to SEBI seeking exemptions from provisions of the regulations, because it was not able to comply with certain requirements of SEBI (CIS) Regulations, 1999. The SEBI did not grant exemption and further vide letter dated 7th January 2003, SEBI called upon IEEFL to show cause why the provisional registration granted to it should not be revoked. After hearing IEEFL's submission, SEBI vide order dated 27th November 2003 directed IEEFL to wind-up the scheme and refund the monies with returns to investors.

Against the aforesaid order IEEFL filed an appeal before Securities Appellate Tribunal (SAT) which vide its order pronounced on 5th May 2006 upheld that SEBI order in so far as it relates to refund the monies alongwith the return to the investors by IEEFL and to wind-up of the scheme.

IEEFL has filed appeal against the order of SAT in Hon'ble Supreme Court of India on 4th July 2006. The Supreme Court has admitted IEEFL's appeal. The Management has been legally advised that IEEFL has got a fair chance of successfully contesting the appeal. Consequently no provision has been considered necessary for any liability that may arise, pending the final disposition of IEEFL's appeal by Hon'ble Supreme Court of India. In the month of March 2008, the matter was listed for filing reply by SEBI. SEBI did not file their reply and asked for time. The matter was adjourned thereafter. SEBI has since filed their reply and the matter will come up for hearing in due course.

**SCHEDULE – 17 (Contd.)**

11. Maintenance expenses recoverable represent expenses incurred on sites sold under the scheme, which are to be recovered from future income generated by sale of intercrop and main crop. The recovery is dependant on farm activities. The Management expects that there will be sufficient future returns from crop sales to completely recover all these expenses.

However, having regard to various factors such as climatic conditions and matter stated in Note 10 above, the recoverability of Maintenance expenses is subject to significant uncertainties.

As a matter of prudence, based on the analysis by an independent expert, no provision is considered necessary by the Management for the balance as at the year end of Rs. 4,36,76,153 (2009-2010 : Rs. 4,79,69,347) as future returns from crop sales will be available to recover the same.

12. Deferred tax Liability (Net):

The break up of net Deferred Tax Liability/Assets is as under:

Amount (in Rupees)

Particulars	As at 31st March 2011		As at 31st March 2010	
	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset
Difference between book and tax depreciation	8,07,67,339	-	7,72,51,410	-
Provision for doubtful debts	-	34,09,536	-	35,01,649
Provision for other doubtful advances	-	58,55,661	-	61,34,502
Effect of expenditure allowable for the Tax Purposes in following years	-	2,48,44,256	-	3,03,37,074
Business Losses and depreciation	-	1,45,514	-	1,30,160
Provision for leave encashment and gratuity	-	1,49,849	-	1,49,849
Preliminary expenses	-	64,806	-	13,278
Total	8,07,67,339	3,44,69,622	7,72,51,410	4,02,66,512
Deferred Tax Liability (Net)	4,62,97,717		3,69,84,898	

Deferred Tax Assets and Deferred Tax Liability across various countries of operations are not set off against each other as the Company does not have a legal right to do so.

13. Contracts in Progress (CIP):

Amount (in Rupees)

Sr. No.	Particulars	2010-2011	2009-2010
A.	Aggregate amount recognized as Contract Revenue	2,62,05,40,092	2,17,79,35,628
B.	In respect of Contracts in Progress as on 31st March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	2,31,35,24,589	1,99,73,55,589
	2) Amount of Customer Advance received	11,74,93,809	27,61,88,223
	3) Amount of Retentions	43,91,55,223	38,73,83,620
C.	Gross amount due from customers for contract work	5,76,35,875	10,59,68,171
D.	Gross amount due to customers for contract work	6,17,25,257	-

## SCHEDULE - 17 (Contd.)

14. Consolidated Segment information for the year ended 31st March 2011

I. Information about Primary Business Segments

(in Rupees)

	Engineering		Chemicals		Consumer Products		Other Business		Unallocated		Total	
	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010	31.03.2011	31.03.2010
<b>Revenue</b>												
External Sales (Gross)	3,83,57,97,687	3,34,27,03,161	1,56,82,35,475	1,27,75,84,454	82,56,90,153	71,38,71,820	53,04,237	41,24,002	3,14,90,135	2,22,26,796	6,26,65,17,687	5,36,05,10,233
Less: Excise duty recovered	6,54,37,076	4,52,30,573	12,73,70,840	8,29,95,559	53,83,112	46,98,243	-	-	-	-	19,81,91,028	13,29,24,375
External Sales (Net)	3,77,03,60,611	3,29,74,72,588	1,44,08,64,635	1,19,45,88,895	82,03,07,041	70,91,73,577	53,04,237	41,24,002	3,14,90,135	2,22,26,796	6,06,83,26,659	5,22,75,85,858
Inter-segmental Sales	18,06,09,357	14,50,61,725	8,95,35,042	5,96,45,242	6,54,376	23,94,631	-	-	-	-	27,07,98,775	20,71,01,598
Other Income	93,01,641	27,24,435	88,19,004	41,31,191	1,06,794	(5,35,423)	1,68,36,012	90,47,867	5,86,31,694	3,50,43,778	9,36,95,145	5,04,11,848
Total Revenue	3,96,02,71,609	3,44,52,58,748	1,53,92,18,681	1,25,83,65,328	82,10,69,211	71,10,32,785	2,21,40,249	1,31,71,869	9,01,21,829	5,72,70,574	6,43,28,20,579	5,48,90,99,304
Less: Eliminations												
Add : Interest Income									42,82,776	44,96,075	42,82,776	44,96,075
Total Enterprise Revenue									42,82,776	44,96,075	42,82,776	44,96,075
<b>Result</b>												
Segment Results	5,25,55,549	7,09,75,315	15,08,48,275	17,86,34,759	66,60,182	(12,03,203)	47,17,802	(7,75,116)	-	-	21,47,81,808	24,76,31,755
Unallocated Expenditure net of unallocated Income									90,97,740	(4,26,20,779)	90,97,740	(4,26,20,779)
Interest Expenses									(6,81,96,471)	(9,85,90,478)	(6,81,96,471)	(9,85,90,478)
Interest Income									42,82,776	44,96,075	42,82,776	44,96,075
Profit before Taxation									(5,48,15,955)	(13,67,15,182)	15,99,65,853	11,09,16,573
<b>Other Information</b>												
Segment Assets	3,01,11,38,208	2,63,26,57,615	91,09,51,652	91,91,83,504	26,04,98,832	28,76,65,056	13,21,38,638	14,76,04,762	70,61,56,802	64,45,70,807	5,02,08,84,132	4,63,16,81,744
Segment Liabilities	2,34,92,91,689	2,03,34,87,858	47,15,82,036	39,93,49,355	14,09,88,157	13,79,32,440	4,05,74,526	4,42,54,640	70,20,69,710	80,84,76,381	3,70,45,03,118	3,42,35,00,674
Capital Expenditure	1,53,28,901	2,18,84,270	2,77,91,902	3,48,62,872	8,99,713	16,36,043	1,40,170	1,24,859	2,69,64,108	76,99,183	7,11,24,794	6,82,07,227
Depreciation	1,36,20,275	1,04,81,356	3,81,18,629	3,62,67,665	45,49,192	45,48,956	6,32,835	6,64,295	1,16,26,536	1,20,80,802	6,85,47,467	6,40,43,074
Non Cash Expenditure other than Depreciation	7,57,08,853	10,09,45,236	1,55,55,645	87,61,560	1,50,36,645	1,75,15,023	41,97,154	3,67,049	(10,46,922)	1,28,27,954	10,94,51,375	14,04,16,822

II. Information about Secondary Geographical Segments

(in Rupees)

	India		Outside India		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
	External Revenue (Net)	4,55,95,85,491	4,13,49,67,835	1,50,87,41,168	1,09,26,18,023	6,06,83,26,659
Carrying amount of segment assets	4,16,21,13,519	3,77,03,85,818	85,87,70,613	86,12,95,926	5,02,08,84,132	4,63,16,81,744
Additions to fixed assets	6,51,93,774	5,62,44,894	59,31,020	99,62,333	7,11,24,794	6,62,07,227

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.

**SCHEDULE – 17 (Contd.)**

15. Related Party Disclosures (As identified by the Management):

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

\* Associate Companies of Subsidiaries.

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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Sale of Goods *</b>						
Ion Exchange Services Limited	28,80,57,556	28,77,27,889	-	-	28,80,57,556	28,77,27,889
Aquanomics Systems Limited	10,94,66,684	8,43,82,155	-	-	10,94,66,684	8,43,82,155
Ion Exchange Waterleau Limited	4,97,399	2,38,103	-	-	4,97,399	2,38,103
IEI Water-Tech (M) Sdn. Bhd., Malaysia	1,35,54,164	2,86,89,146	-	-	1,35,54,164	2,86,89,146
<b>Total</b>	<b>41,15,75,803</b>	<b>40,10,37,293</b>	<b>-</b>	<b>-</b>	<b>41,15,75,803</b>	<b>40,10,37,293</b>
<b>Management Fees</b>						
Ion Exchange Services Limited	2,47,81,390	2,22,26,797	-	-	2,47,81,390	2,22,26,797
Aquanomics Systems Limited	67,08,746	-	-	-	67,08,746	-
<b>Total</b>	<b>3,14,90,136</b>	<b>2,22,26,797</b>	<b>-</b>	<b>-</b>	<b>3,14,90,136</b>	<b>2,22,26,797</b>
<b>Rental Income</b>						
Ion Exchange Waterleau Limited	10,95,000	10,95,000	-	-	10,95,000	10,95,000
<b>Total</b>	<b>10,95,000</b>	<b>10,95,000</b>	<b>-</b>	<b>-</b>	<b>10,95,000</b>	<b>10,95,000</b>
<b>Services Rendered</b>						
Ion Exchange Waterleau Limited	45,23,717	36,59,158	-	-	45,23,717	36,59,158
Total Water Management Services (I) Limited	4,54,383	4,54,072	-	-	4,54,383	4,54,072
Aquanomics Systems Limited	9,035	17,484	-	-	9,035	17,484
<b>Total</b>	<b>49,87,135</b>	<b>41,30,714</b>	<b>-</b>	<b>-</b>	<b>49,87,135</b>	<b>41,30,714</b>
<b>Purchase of Goods/ Materials</b>						
Aquanomics Systems Limited	88,33,090	1,29,97,871	-	-	88,33,090	1,29,97,871
Global Composites & Structurals Limited	12,38,54,331	9,67,55,402	-	-	12,38,54,331	9,67,55,402
Ion Exchange Waterleau Limited	-	19,985	-	-	-	19,985
<b>Total</b>	<b>13,26,87,421</b>	<b>10,97,73,258</b>	<b>-</b>	<b>-</b>	<b>13,26,87,421</b>	<b>10,97,73,258</b>
<b>Services Received</b>						
Ion Exchange Services Limited	8,59,87,910	6,05,56,103	-	-	8,59,87,910	6,05,56,103
Total Water Management Services (I) Limited	3,67,760	9,19,400	-	-	3,67,760	9,19,400
Astha Technical Services Limited	76,71,452	2,22,95,709	-	-	76,71,452	2,22,95,709
Global Composites & Structurals Limited	82,725	-	-	-	82,725	-
Relatives of Key Management Personnel	-	-	55,14,996	43,01,700	55,14,996	43,01,700
<b>Total</b>	<b>9,41,09,847</b>	<b>8,37,71,212</b>	<b>55,14,996</b>	<b>43,01,700</b>	<b>9,96,24,843</b>	<b>8,80,72,912</b>

**SCHEDULE – 17 (Contd.)**

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e) and (f) above		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Reimbursement of Expenses</b>						
IEI Water-Tech (M) Sdn. Bhd., Malaysia	41,54,234	47,80,795	-	-	41,54,234	47,80,795
<b>Total</b>	<b>41,54,234</b>	<b>47,80,795</b>	<b>-</b>	<b>-</b>	<b>41,54,234</b>	<b>47,80,795</b>
<b>Rental Expense</b>						
Ion Exchange Services Limited	28,80,000	14,40,000	-	-	28,80,000	14,40,000
<b>Total</b>	<b>28,80,000</b>	<b>14,40,000</b>	<b>-</b>	<b>-</b>	<b>28,80,000</b>	<b>14,40,000</b>
<b>Sales Commission</b>						
Arkepp and Associates	-	-	37,93,172	38,10,933	37,93,172	38,10,933
<b>Total</b>	<b>-</b>	<b>-</b>	<b>37,93,172</b>	<b>38,10,933</b>	<b>37,93,172</b>	<b>38,10,933</b>
<b>Advances Given</b>						
Total Water Management Services (I) Limited	8,640	2,16,080	-	-	8,640	2,16,080
Ion Exchange Waterleau Limited	2,73,08,000	1,39,77,855	-	-	2,73,08,000	1,39,77,855
Aquanomics Systems Limited	-	20,502	-	-	-	20,502
Ion Exchange Services Limited	1,81,975	3,85,278	-	-	1,81,975	3,85,278
Ion Foundation	-	-	10,000	86,351	10,000	86,351
<b>Total</b>	<b>2,74,98,615</b>	<b>1,45,99,715</b>	<b>10,000</b>	<b>86,351</b>	<b>2,75,08,615</b>	<b>1,46,86,066</b>
<b>Advances Repaid</b>						
Total Water Management Services (I) Limited	2,39,595	19,46,350	-	-	2,39,595	19,46,350
Ion Exchange Services Limited	-	1,34,457	-	-	-	1,34,457
Aquanomics Systems Limited	-	20,502	-	-	-	20,502
<b>Total</b>	<b>2,39,595</b>	<b>21,01,309</b>	<b>-</b>	<b>-</b>	<b>2,39,595</b>	<b>21,01,309</b>
<b>Dividend Received</b>						
Ion Exchange Services Limited	6,89,250	6,89,250	-	-	6,89,250	6,89,250
Aquanomics Systems Limited	9,20,000	4,60,000	-	-	9,20,000	4,60,000
Astha Technical Services Limited	-	5,20,000	-	-	-	5,20,000
<b>Total</b>	<b>16,09,250</b>	<b>16,69,250</b>	<b>-</b>	<b>-</b>	<b>16,09,250</b>	<b>16,69,250</b>
<b>Dividend Paid</b>						
Ion Exchange Services Limited	4,30,587	2,87,058	-	-	4,30,587	2,87,058
Mr. Rajesh Sharma	-	-	9,58,154	5,25,436	9,58,154	5,25,436
Mr. Dinesh Sharma	-	-	5,82,650	2,95,100	5,82,650	2,95,100
Mr. Aankur Patni	-	-	3,72,002	1,54,668	3,72,002	1,54,668
Relatives of Key Management Personnel	-	-	8,80,481	5,03,654	8,80,481	5,03,654
<b>Total</b>	<b>4,30,587</b>	<b>2,87,058</b>	<b>27,93,287</b>	<b>14,78,858</b>	<b>32,23,874</b>	<b>17,65,916</b>
<b>Remuneration</b>						
Mr. Rajesh Sharma	-	-	1,57,61,851	1,09,67,436	1,57,61,851	1,09,67,436
Mr. Dinesh Sharma	-	-	83,26,665	59,52,568	83,26,665	59,52,568
Mr. Aankur Patni	-	-	81,78,000	70,56,000	81,78,000	70,56,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>3,22,66,516</b>	<b>2,39,76,004</b>	<b>3,22,66,516</b>	<b>2,39,76,004</b>
<b>Director Sitting Fees</b>						
Mr. Rajesh Sharma	-	-	30,000	40,000	30,000	40,000
Mr. Dinesh Sharma	-	-	30,000	30,000	30,000	30,000
Mr. Aankur Patni	-	-	40,000	40,000	40,000	40,000
Relatives of Key Management Personnel	-	-	40,000	40,000	40,000	40,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>1,40,000</b>	<b>1,50,000</b>	<b>1,40,000</b>	<b>1,50,000</b>
<b>Shares allotted under Employee Stock Option Scheme (ESOS) and Private Placement</b>						
Mr. Rajesh Sharma	-	-	2,55,000	-	2,55,000	-
Mr. Dinesh Sharma	-	-	2,35,000	-	2,35,000	-
Mr. Aankur Patni	-	-	2,35,000	-	2,35,000	-
Relatives of Key Management Personnel	-	-	2,25,000	-	2,25,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>9,50,000</b>	<b>-</b>	<b>9,50,000</b>	<b>-</b>

**SCHEDULE – 17 (Contd.)**

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e) and (f) above		Total	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
<b>Sale of Ownership Block (including Furniture and Fixture)</b>						
Mr. Rajesh Sharma	-	-	4,30,00,000	-	4,30,00,000	-
Mr. Dinesh Sharma	-	-	-	4,55,00,000	-	4,55,00,000
<b>Total</b>	-	-	<b>4,30,00,000</b>	<b>4,55,00,000</b>	<b>4,30,00,000</b>	<b>4,55,00,000</b>
<b>Purchase of Ownership Block</b>						
Ion Exchange Services Limited	1,30,00,000	-	-	-	1,30,00,000	-
<b>Total</b>	<b>1,30,00,000</b>	-	-	-	<b>1,30,00,000</b>	-
<b>Outstanding Receivables (Net of Payable)</b>						
Total Water Management Services (I) Limited	13,952	-	-	-	13,952	-
Ion Exchange Waterleau Limited	16,94,05,616	13,51,88,143	-	-	16,94,05,616	13,51,88,143
Aquanomics Systems Limited	4,75,59,077	3,86,37,047	-	-	4,75,59,077	3,86,37,047
IEI Water-Tech (M) Sdn. Bhd., Malaysia	1,62,36,561	6,08,34,921	-	-	1,62,36,561	6,08,34,921
Ion Exchange Financial Products Pvt. Limited **	29,38,334	29,38,334	-	-	29,38,334	29,38,334
Ion Exchange Services Limited	17,34,91,425	22,53,72,563	-	-	17,34,91,425	22,53,72,563
Global Composites & Structurals Limited	18,17,238	-	-	-	18,17,238	-
Ion Foundation	-	-	96,351	86,351	96,351	86,351
<b>Total</b>	<b>41,14,62,203</b>	<b>46,29,71,008</b>	<b>96,351</b>	<b>86,351</b>	<b>41,15,58,554</b>	<b>46,30,57,359</b>
<b>Outstanding Payables (Net of Receivable)</b>						
Astha Technical Services Limited	7,71,647	12,90,044	-	-	7,71,647	12,90,044
Global Composites and Structurals Limited	-	1,55,80,173	-	-	-	1,55,80,173
Total Water Management Services (I) Limited	-	1,71,433	-	-	-	1,71,433
Arkepp and Associates	-	-	44,02,312	38,81,742	44,02,312	38,81,742
<b>Total</b>	<b>7,71,647</b>	<b>1,70,41,650</b>	<b>44,02,312</b>	<b>38,81,742</b>	<b>51,73,959</b>	<b>2,09,23,392</b>
<b>Investments made during the year</b>						
Aquanomics Systems Limited	-	23,00,000	-	-	-	23,00,000
Astha Technical Services Limited	-	9,83,800	-	-	-	9,83,800
Ion Exchange Waterleau Limited	1,11,00,000	-	-	-	1,11,00,000	-
<b>Total</b>	<b>1,11,00,000</b>	<b>32,83,800</b>	-	-	<b>1,11,00,000</b>	<b>32,83,800</b>
<b>Investment in Equity Shares</b>						
Aquanomics Systems Ltd	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Ion Exchange Waterleau Limited	2,49,95,000	1,38,95,000	-	-	2,49,95,000	1,38,95,000
Astha Technical Services Limited	22,83,800	22,83,800	-	-	22,83,800	22,83,800
Total Water Management Services (I) Limited	2,40,000	2,40,000	-	-	2,40,000	2,40,000
Ion Exchange Services Limited	10,79,473	10,79,473	-	-	10,79,473	10,79,473
Global Composites & Structurals Limited	20,00,000	20,00,000	-	-	20,00,000	20,00,000
IEI Water-Tech (M) Sdn. Bhd., Malaysia	36,52,371	36,52,371	-	-	36,52,371	36,52,371
Ion Exchange Financial Products Pvt. Limited	24,500	24,500	-	-	24,500	24,500
<b>Total</b>	<b>3,88,75,144</b>	<b>2,77,75,144</b>	-	-	<b>3,88,75,144</b>	<b>2,77,75,144</b>
<b>Corporate Guarantee Given</b>						
Aquanomics Systems Ltd	2,00,00,000	-	-	-	2,00,00,000	-
<b>Total</b>	<b>2,00,00,000</b>	-	-	-	<b>2,00,00,000</b>	-
<b>Corporate Guarantee Discharged</b>						
Ion Exchange Waterleau Limited	6,00,00,000	21,00,00,000	-	-	6,00,00,000	21,00,00,000
<b>Total</b>	<b>6,00,00,000</b>	<b>21,00,00,000</b>	-	-	<b>6,00,00,000</b>	<b>21,00,00,000</b>
<b>Corporate Guarantees</b>						
Aquanomics Systems Ltd	7,00,00,000	5,00,00,000	-	-	7,00,00,000	5,00,00,000
Ion Exchange Waterleau Limited	8,00,00,000	14,00,00,000	-	-	8,00,00,000	14,00,00,000
<b>Total</b>	<b>15,00,00,000</b>	<b>19,00,00,000</b>	-	-	<b>15,00,00,000</b>	<b>19,00,00,000</b>

\* Gross Sales amount has been considered.

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

## SCHEDULE – 17 (Contd.)

- 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	
	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010	2010-2011	2009-2010
IEI Shareholding Trusts	<b>23,50,56,000</b>	23,82,77,000	-	-	<b>32,21,000</b>	19,01,500	<b>39,94,371</b>	26,62,914

- III. Stock Options granted and outstanding to Key Management Personnel during the year : Nil (2009-2010: Nil).

- IV. Disclosure pursuant to Clause 32 of the listing agreement:

Investment made by the loanee in the shares of the Company

Name of the Related Party	No. of shares as at	
	31st March 2011	31st March 2010
IEI Shareholding Trusts	<b>26,62,914</b>	26,62,914

16. a) Sundry Debtors include following amounts due from Companies under the Same Management :

Amount (in Rupees)

Sr. No.	Name of the Related Party	As at 31st March 2011	As at 31st March 2010
1.	Ion Exchange Services Limited	<b>17,91,93,327</b>	22,99,93,968
2.	Ion Exchange Waterleau Limited	<b>6,90,81,486</b>	6,89,72,139
3.	Aquanomics Systems Limited	<b>4,85,45,141</b>	4,25,22,242
4.	Global Composites and Structural Limited	<b>10,61,678</b>	26,83,444
5.	IEI Water-Tech (M) Sdn. Bhd.	<b>1,62,36,561</b>	6,08,34,921

- b) Loans and Advances include following amounts due from Companies under the Same Management:

Amount (in Rupees)

Sr. No.	Name of the Related Party	As at 31st March 2011	As at 31st March 2010
1.	Ion Exchange Waterleau Limited	<b>8,40,24,130</b>	6,62,10,421
2.	Ion Exchange Financial Products Pvt. Limited	<b>29,38,334</b>	29,38,334
3.	Total Water Management Services (I) Limited	<b>13,952</b>	2,44,907
4.	Ion Exchange Services Limited	-	2,50,821
5.	Ion Foundation	<b>96,351</b>	86,351
6.	Aquanomics Systems Limited	<b>1,205</b>	1,858

17. Security Deposit for land represents amounts paid by IEEFL for acquiring agricultural land, inclusive of stamp duty and registration charges, which are unsold as at 31st March 2011. IEEFL has conducted valuation of land and accordingly, provision of Rs. 55,82,922 (2009-2010 : Rs. 55,82,922) has been made as at 31st March 2011.

18. Advances for repurchase represents amounts paid to investors for purchase of sites sold to them in earlier years, at prices announced by IEEFL from time to time. These amounts are paid to investors on their execution of an irrevocable Power of Attorney in favour of IEEFL's nominees for sale thereof at future date.

19. Contingent Liabilities not provided for:

- (a) Guarantees given by the Company on behalf of :

- Associate – Rs. 7,00,00,000 (2009– 2010 : Rs. 5,00,00,000)
- Joint Venture – Rs. 8,00,00,000 (2009–2010 : Rs. 14,00,00,000)
- Others – Rs. 38,88,000 (2009–2010 : Rs. 38,88,000)

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

- Income Tax – Rs. 1,89,38,294 (2009–2010 : Rs. 1,89,38,294).
- Excise Duty – Rs. 30,52,000 (2009–2010 : Rs. 30,52,000)
- Service Tax – Rs. 41,33,445 (2009–2010 : Rs. 39,12,061)
- Sales Tax – Rs. Nil (2009–2010 : Rs. 22,39,166)
- Customs Duty (to the extent ascertainable) – Rs. 22,58,117 (2009–2010 : Rs. 24,53,117)

- (c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 21,25,12,484 (2009–2010 : Rs. 3,73,95,985).

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



**SCHEDULE – 17 (Contd.)**

20. Earnings Per Share :

		31st March 2011	31st March 2010
I	Profit Computation for both Basic and Diluted Earnings per Share of Rs. 10 each		
	Net Profit/ (Loss) as per Profit and Loss Account available for Equity Shareholders (In Rupees)	<b>8,37,24,679</b>	4,12,77,642
II	Weighted average number of equity shares for Earnings per Share computation		
	A) For Basic Earnings per Share	<b>1,29,52,456</b>	1,23,79,511
	B) For Diluted Earnings per Share		
	No. of shares for Basic EPS as per II A	<b>1,29,52,456</b>	1,23,79,511
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	<b>6,83,682</b>	9,27,495
	No. of Shares for Diluted Earnings per Share	<b>1,36,36,138</b>	<b>1,33,07,006</b>
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	<b>6.46</b>	3.33
	Diluted	<b>6.14</b>	3.10

21. Capital expenditure incurred on Research and Development during the year is Rs. 24,57,441 (2009–2010 : Rs. 3,16,846). Revenue expenditure of Rs. 3,47,39,727 (2009-2010 : Rs. 2,91,13,882) incurred on Research and Development has been expensed to Profit and Loss Account under various expense heads.

22. Capital Commitment:

Estimated amount of contracts (net of advances) remaining to be executed on Capital Account not provided for is Rs. 2,97,60,728 (2009–2010 : Rs. 18,81,094).

23. Sales include services rendered Rs. 73,88,91,111 (2009–2010 : Rs. 55,88,61,877) net of service tax.

Excise duty on sales amounting to Rs. 19,81,91,028 (2009-2010 : Rs. 13,29,24,375) has been reduced from sales in Profit and Loss Account and Excise duty on increase/decrease in stock amounting to Rs. 48,29,265 (2009-2010 : Rs. 50,38,213) has been considered as expenses/(income) in Schedule 15 of financial statements.

24. During the year 6,19,650 (2009-2010 : 13,000) equity shares were allotted to employees and directors under ESOS 2005 and ESOS 2008 on 24th May 2010 and 27th July 2010. Accordingly, dividend of Rs. 1.50 per share (15%) declared at the Annual General Meeting held on 21st September 2010 was also paid to those shareholders (book closure date being 7th September 2010).

25. Backcharges represents reimbursement of costs incurred by customers on the Company's behalf in the course of contract execution.

26. Derivative Instruments and Unhedged Foreign Currency Exposure:

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative	
	2010-2011	2009-2010
Hedge of Import Creditors	<b>Buy USD 6,72,750</b> <b>Buy EUR 5,10,450</b>	Buy USD 3,94,258

**SCHEDULE – 17 (Contd.)**

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	2010-2011		2009-2010	
	Amount (Rs.)	Foreign Currency	Amount (Rs.)	Foreign Currency
Import Creditors	10,75,63,613	USD 20,92,640 EUR 2,16,933 JPY 2,90,000 GBP 3,500	8,51,26,998	USD 16,04,675 EUR 1,71,670 JPY 11,25,000 GBP 25,734
Export Debtors	36,76,70,783	USD 62,92,172 EUR 1,00,392 OMR 99,360 KWD 14,433 AED 54,63,144	23,52,17,824	USD 40,40,689 EUR 1,23,365 OMR 15,461 KWD 8,604 AED 32,14,927 GBP 16,306 SAR 1,11,075
Foreign Currency Bank Accounts	1,00,54,425	USD 40,035 AED 6,79,281	1,52,97,689	USD 17,734 AED 11,82,158
Commission payable	3,22,22,639	USD 6,04,890 AED 3,87,274 EUR 540 OMR 1,482 SAR 24,437	3,83,02,260	USD 7,39,257 AED 3,46,801 EUR 540 OMR 3,077 SAR 24,437
Advance received from customers	2,00,33,577	USD 3,04,544 AED 4,64,665 GBP 7,761 EUR 3,485	2,07,18,339	USD 1,28,776 AED 11,91,759 EUR 3,485
Cash in Hand	4,46,326	AED 36,674	-	-
Advance to suppliers	3,57,81,903	USD 5,95,667 AED 6,99,366 JPY 12,47,900	27,08,088	USD 44,960 AED 55,036
Investment	44,85,900	MYR 3,00,000	41,38,380	MYR 3,00,000

## 27. Managerial Remuneration:

Amount (in Rupees)

	2010-2011	2009-2010
Salaries and Allowances	2,64,29,290	1,83,48,903
Contribution to Provident and other Funds	45,36,000	38,88,000
Perquisites	13,01,226	17,39,101
Total	<u>3,22,66,516</u>	<u>2,39,76,004</u>

Notes:

- The remuneration to the Executive Directors for the year ended 31st March 2011 has exceeded the limit prescribed under the Companies Act, 1956. The Company had filed an application with the Central Government for approval of the remuneration to be paid to the Executive Directors in excess of the limits prescribed by the Companies Act. The excess remuneration paid to the Executive Directors for the year ended 31st March 2011 amounts to Rs. 2,50,66,516.
- As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Executive Directors is not ascertainable and therefore not included above.

## 28. Employee Benefits:

- 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 salary) for each completed year of service.

The following table summarise the components of net benefit expense recognized in the Profit and Loss Account and the funded status and amounts recognized in the Balance Sheet for the Gratuity Plan.

		Amount (in Rupees)	
	Particulars	2010-2011	2009-2010
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	56,21,509	46,92,217
	2. Interest cost on benefit obligation	40,69,576	33,18,094
	3. Expected return on plan assets	(41,86,818)	(35,85,411)
	4. Net actuarial Loss / (Gain) recognized in the year	9,25,404	6,35,011
	Net benefit expenses	64,29,671	50,59,911
	Actual return on plan assets	27,75,992	47,99,285
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	(5,22,82,919)	(4,76,84,022)
	2. Fair value of Plan Assets	5,27,80,044	4,77,34,145
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	(4,76,84,022)	(4,14,78,416)
	2. Interest cost	(40,69,576)	(33,18,094)
	3. Current service cost	(56,21,509)	(46,92,217)
	4. Benefits paid	46,06,766	36,53,590
	5. Actuarial gains / (losses) on obligation	4,85,422	(18,48,885)
	Closing defined benefit obligation	(5,22,82,919)	(4,76,84,022)
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	4,77,34,145	4,15,41,857
	2. Expected returns	41,86,818	35,83,149
	3. Contributions by Employer	68,76,673	50,48,855
	4. Benefits paid	(46,06,766)	(36,53,590)
	5. Actuarial Gains / (Losses)	(14,10,826)	12,13,874
	6. Closing Fair value of Plan assets	5,27,80,044	4,77,34,145
V	Actuarial Assumptions:		
	1. Discount Rate	8% – 8.5%	8%
	2. Expected rate of Salary increase [Refer Note (b) below]	5% - 6%	3% - 6%
	3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	4. Attrition Rate	1% - 3%	1% - 3%

The Company expects to contribute Rs. 65,90,112 to gratuity in 2011-2012.

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	
		2010-2011	2009-2010
1	Central & State Government Bonds	22%	30%
2	Public Sector Undertaking	14%	15%
3	HDFC Std. Life Ins. Co. Ltd.	63%	54%
4	Life Insurance Corporation of India - Pension & Group Scheme	1%	1%

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.

Amounts for the current and previous periods are as follows:

	2010-2011	2009-2010	2008-2009	2007-2008
Defined Benefit obligation	(5,22,82,919)	(4,76,84,022)	(4,14,78,416)	(3,81,15,604)
Plan assets	5,27,80,044	4,77,34,145	4,15,41,857	3,79,88,671
Surplus / (deficit)	4,97,125	50,123	63,441	(1,26,933)
Experience adjustments on plan liabilities	24,00,079	1,62,808	(13,71,436)	31,75,724
Experience adjustments on plan assets	(14,10,826)	12,13,874	(17,08,489)	(6,54,558)

Notes :

a) Amounts recognized as an expense and included in Schedule 15 :

(i) Leave Encashment in "Salaries, Wages and Bonus" Rs. 1,85,58,962 (2009-2010 : Rs. 1,30,00,066)

(ii) Gratuity in "Contribution to Provident & Other Funds" Rs. 64,43,112 (2009-2010 : Rs. 51,04,331)

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 Schedule 15 – "Contribution to Provident and Other Funds" of Profit and Loss Account Rs. 3,67,15,072 (2009-2010 : Rs. 2,93,03,657).

29. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under the " Micro, Small and Medium Enterprises Development Act, 2006". The suppliers are not registered wherever the confirmation are received and in other cases, the Company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.

30. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to this year's classification.

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As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No. : 36738

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

### Consolidated Cash Flow Statement for the year ended 31st March 2011

	2009 - 2010	
	Rupees	Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>Net Profit Before Taxation</b>	<b>15,99,65,853</b>	11,09,16,573
Adjustment for:		
Depreciation	6,85,47,467	6,40,43,074
(Profit) / Loss on Assets sold / discarded (Net)	(2,48,25,748)	(10,68,907)
Employee Compensation Expense / (Income)	(16,23,778)	1,31,62,047
Interest Expense	6,81,96,471	9,85,90,478
Share of Earning in Associates	(47,51,890)	(67,64,327)
Dividend received	(2,52,151)	(2,36,177)
Interest received	(42,82,776)	(44,96,075)
Bad Debts written off	5,61,55,201	4,39,73,141
Backcharges on Contracts	63,35,606	2,21,32,123
Doubtful advances, deposits and claims written off	2,99,97,436	4,99,97,094
Amount set aside for liabilities, no longer required, written back	(1,53,666)	-
Unrealized Profit on Inventories	67,46,665	63,99,928
Unrealized Exchange Loss / (Gain)	(7,63,102)	3,69,58,849
	<u>19,93,25,735</u>	<u>32,26,91,248</u>
<b>Operating Profit Before Working Capital Changes</b>	<b>35,92,91,588</b>	43,36,07,821
Movements in Working Capital:		
(Increase) / Decrease in Trade and Other Receivables	(28,03,06,046)	(27,79,89,845)
(Increase) / Decrease in Inventories	(8,27,40,875)	(5,21,02,849)
(Decrease) / Increase in Trade and Other Payables	38,67,22,408	43,29,47,383
(Increase) / Decrease in Other Current Assets	(3,24,954)	(5,349)
(Increase) / Decrease in Loans and Advances	(1,97,98,867)	(2,48,66,992)
	<u>35,51,666</u>	<u>7,79,82,348</u>
<b>Cash Generated From Operations</b>	<b>36,28,43,254</b>	51,15,90,169
Taxes Paid	(3,65,43,317)	(4,15,31,216)
<b>Net Cash From Operating Activities</b>	<b>32,62,99,937</b>	47,00,58,953
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(9,81,36,998)	(12,26,70,716)
Proceeds from sale of Fixed Assets	4,40,97,400	4,65,48,313
(Increase) / Decrease in Investments made in Associates (Net)	16,02,649	(30,53,103)
Purchase of Investments	45,540	-
Proceeds from Sale / Redemption of Investments	-	3,25,200
Deposit (with maturity more than three months)	(5,34,40,263)	(2,32,80,283)
Dividend received	2,52,151	2,36,177
Interest received	54,47,081	45,78,937
<b>Net Cash Used in Investing Activities</b>	<b>(10,01,32,440)</b>	(9,73,15,475)

## Consolidated Cash Flow Statement - (Contd.)

	Rupees	Rupees	Rupees	2009- 2010 Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issuance of share capital on exercise of options	4,09,65,710			18,95,779
Increase in Minority Interest	(19,13,227)			(9,80,000)
Increase in Capital Reserve	1,60,38,153			20,62,291
Repayment of Borrowings / Term Loans	(38,91,52,582)			(41,68,91,625)
Proceeds from Borrowings / Term Loans	27,23,83,317			17,94,53,183
Dividend Paid	(1,95,26,417)			(1,23,77,561)
Dividend Tax Paid	(32,28,755)			(24,99,193)
Interest Paid	(6,78,89,337)			(9,97,78,791)
<b>Net Cash Generated / (Used) in Financing Activities</b>		<b>(15,23,23,138)</b>		<b>(34,91,15,917)</b>
Net Increase in Cash and Cash Equivalents		<b>7,38,44,359</b>		<b>2,36,27,561</b>
Cash and Cash Equivalents as at the beginning of the year		<b>9,61,48,818</b>		<b>7,25,21,257</b>
Cash and Cash Equivalents as at the end of the year		<b>16,99,93,177</b>		<b>9,61,48,818</b>
<b>CASH AND CASH EQUIVALENTS COMPRISES OF:</b>				
<b>Cash in hand</b>		<b>19,87,222</b>		<b>16,47,413</b>
<b>Balance with Banks (Refer Notes 3 and 4 below)</b>		<b>16,80,05,955</b>		<b>9,45,01,405</b>
<b>TOTAL</b>		<b>16,99,93,177</b>		<b>9,61,48,818</b>

### Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard- 3 on Cash Flow Statements.
- Figures in bracket indicate cash outgo.
- Cash and Cash Equivalents excludes the following Balances with Bank:
  - On Deposit Account [Earmarked under Rule 3A of Companies (Acceptance of Deposits) Rules, 1975] Rs. 27,00,000 (2009-2010 : Rs. 77,94,298)
  - On Deposit Account Rs. 22,13,222 (2009-2010 : Rs. 2,47,81,415)
  - On Margin Money Account Rs. 13,22,23,737 (2009-2010 : Rs. 5,11,20,983)
- Balances with bank includes Rs. 37,50,133 (2009-2010 : Rs. 34,55,079) being Unclaimed Dividend and Unclaimed Interest on Fixed Deposits which are not available for use by the Company as they represent corresponding Unpaid Liabilities.
- Previous year's figures have been regrouped/rearranged to conform with current year's classifications.

As per our report of even date

For S. R. BATLIBOI & CO.  
Firm Registration No. : 301003E  
Chartered Accountants

per VIJAY MANIAR  
Partner  
Membership No. : 36738

For and on behalf of the Board of Directors of  
ION EXCHANGE (INDIA) LIMITED

G. S. RANGANATHAN  
Chairman

RAJESH SHARMA  
Vice Chairman & Managing Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 27th May 2011

Place : Mumbai  
Date : 27th May 2011

## Summarised statement of financials of Subsidiary Companies under Section 212(8) of the Companies Act, 1956

(Rs. in lacs)

Sr. No.	Particulars	Ion Exchange Enviro Farms Ltd.		Watercare Investments (India) Ltd.		Aqua Investments (India) Ltd.		Ion Exchange Asia Pacific Pte. Ltd. *		Ion Exchange Asia Pacific (Thailand) Ltd.		IEI Environmental Management (M) Sdn. Bhd.	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1.	Capital	69.47	69.47	178.02	178.02	177.02	177.02	135.11	148.11	44.71	41.93	37.38	34.49
2.	Reserves	(1,190.86)	(1,131.73)	(49.32)	(54.59)	(44.16)	(50.70)	(202.14)	(99.95)	35.81	22.72	(13.91)	(13.79)
3.	Total Assets	1,201.46	1,225.87	134.56	128.13	137.40	129.90	868.75	1,375.84	266.62	257.58	68.07	89.71
4.	Total Liabilities	2,322.85	2,288.13	5.86	4.70	4.54	3.58	935.78	1,327.68	186.10	192.93	44.60	69.01
5.	Investments (Long Term) (excluding investment in subsidiary)												
	Trade Investments (Unquoted)	-	-	0.41	0.41	1.42	1.42	42.23	42.02	-	-	-	-
	Non Trade Investments												
	(1) Government Securities	-	-	-	-	-	-	-	-	-	-	-	-
	(2) Unquoted Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-
	(3) Quoted Equity Shares	-	-	70.97	70.97	82.65	82.65	-	-	-	-	-	-
6.	Total Turnover (Including Other Income)	247.57	151.56	6.69	5.48	7.74	6.46	1,012.38	725.39	418.65	303.08	51.96	66.99
7.	Profit / (Loss) Before Tax	(59.13)	(96.17)	6.48	5.30	7.54	6.29	(118.00)	(105.61)	13.85	4.37	1.07	0.64
8.	Provision for Taxation	-	-	1.21	1.10	1.00	0.87	-	-	2.53	0.91	0.07	0.31
9.	Profit / (Loss) After Tax	(59.13)	(96.17)	5.27	4.20	6.54	5.42	(118.00)	(105.61)	11.32	3.46	1.00	0.33
10.	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	-	-	-	-
11.	Original Currency	INR	INR	INR	INR	INR	INR	USD	USD	THB	THB	MYR	MYR
12.	Exchange rate as on 31st March in INR	-	-	-	-	-	-	44.65	45.14	1.49	1.40	14.95	13.79

\* During the year, the Company 'Ion Exchange Asia Pacific Pte. Ltd.' has changed its functional and presentation currency from SGD to USD.

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.



## Summarised statement of financials of Subsidiary Companies under Section 212(8) of the Companies Act, 1956 (Contd.)

(Rs. in lacs)

Sr. No.	Particulars	Ion Exchange Environment Management (BD) Ltd.		Ion Exchange WTS (Bangladesh) Ltd. **		Ion Exchange LLC		Ion Exchange & Company LLC		Ion Exchange Infrastructure Ltd.	
		2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10	2010-11	2009-10
1.	Capital	6.13	6.63	16.83	-	44.65	45.14	351.89	176.12	410.00	100.00
2.	Reserves	52.63	56.47	(19.65)	-	(238.26)	(199.27)	13.99	(18.17)	631.82	617.74
3.	Total Assets	232.56	234.36	0.05	-	767.14	765.46	2,632.40	1,046.92	3,009.60	2,987.62
4.	Total Liabilities	173.80	171.26	2.87	-	960.75	919.59	2,266.52	888.97	1,967.78	2,269.88
5.	Investments (Long Term) (excluding investment in subsidiary)										
	Trade Investments (Unquoted)	-	-	-	-	-	-	-	-	9.84	9.84
	Non Trade Investments										
	(1) Government Securities	-	-	-	-	-	-	-	-	-	-
	(2) Unquoted Equity Shares	-	-	-	-	-	-	-	-	-	-
	(3) Quoted Equity Shares	-	-	-	-	-	-	-	-	-	-
6.	Total Turnover (Including Other Income)	500.93	543.42	3.83	-	1,530.79	1,430.53	2,493.54	410.47	3,881.66	6,077.90
7.	Profit / (Loss) Before Tax	5.29	40.45	(0.46)	-	(42.01)	18.09	32.69	20.57	19.68	462.60
8.	Provision for Taxation	4.82	24.20	0.03	-	-	-	0.36	-	5.59	159.61
9.	Profit / (Loss) After Tax	0.47	16.25	(0.49)	-	(42.01)	18.09	32.33	20.57	14.09	302.99
10.	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	-	20.00
11.	Original Currency	BDT	BDT	BDT	NA	USD	USD	OMR	OMR	INR	INR
12.	Exchange rate as on 31st March in INR	0.61	0.66	0.61	NA	44.65	45.14	117.30	117.41	-	-

\*\* Subsidiary w.e.f. 1st April 2010, hence figures for 2009-10 are not applicable.

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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**Range of RO Products**



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Zero B Heptapure  
Technology”**

Name of Customer.....

Address.....

Contact Details.....

Product.....

.....  
Purchaser's signature

\*Valid up to 31.03.2012

**Ion Exchange (India) Ltd.**



\*T&C Apply

**Note:**

- This offer is valid only for Zero B RO Products.
- Present this coupon at the time of purchase to avail the discount.
- No other offer or discount can be clubbed with this offer.
- This coupon can only be redeemed at your nearest Zero B branch or call our customer care help desk no. 1800 3018 1818

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**ION EXCHANGE (INDIA) LTD / (BRANCHES)**

**WEST:** Mumbai: Mahalaxmi - (022) 30472117 Vashi - (022) 39132226, 39132227 Andheri - (022) 27860588 Thane - (022) 39132247 • Pune - (020) 30680070/71 • Gujarat: Baroda - (0265) 2386354 • Ahmedabad - (0793) 32212121 • **NORTH:** Delhi: Bhikaji Cama Place - (011) 32024249 Mayapuri - (011) 28115663 Okhla - (011) 32086034 • **Gurgaon:** (0124) 3291006, 4272661, 4272662, 4035946 • **Noida:** (0120) 4249325 • **SOUTH:** Mysore: (0821) 2566868 • Bangalore: Mission Road - (080) 40912516 R.T. Nagar - (080) 41244224 Ring Road - (080) 32516205 Indiranagar - (080) 25274395 25263904 • Chennai: (044) 28150973, 28154974 • Hyderabad: (040) 30663130, 30663133 • Kolkata: (033) 30433419, 30433439.

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Zero B POU Softener

Zero B D-Ferrous

NGS Softener

**Zero B Water Purifier**



Zero B Suraksha

Zero B Suraksha Plus

Zero B Solar

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Vashi, Navi Mumbai - 400705, INDIA. Ph.: 022-39132226/27, Fax: 022-27889839. E-mail: pristine@ionexchange.co.in • www.zerobonline.com

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\*Terms & conditions apply

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7-stage RO Water Purifier • Heptapure Technology removes bacteria, viruses, pesticides, harmful chemicals, heavy metals & other physical impurities from water • Equipped with Activated Bacteriostatic Carbon • Gives energized water for healthy & active life • Improves the taste of pure water & makes it sweeter • Resin carbon cartridge acts as a back up for double purification • High capacity membrane helps the tank to fill up fast • Stylish and elegant looks • Membrane life enhanced by automatic cleaning at regular intervals  
**Product water meets international USEPA drinking water standards and IS 10500**

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SMS ZEROB to 53030 or E-mail at: [marketing.cpd@ionexchange.co.in](mailto:marketing.cpd@ionexchange.co.in), Website: [www.zerobonline.com](http://www.zerobonline.com)

Zero B Water Purifier Follow us on twitter at [http://twitter.com/ZeroB\\_India](http://twitter.com/ZeroB_India)



## ECS MANDATE FORM

M/s. TSR Darashaw Ltd.  
Unit : ION EXCHANGE (INDIA) LTD.  
6-10, Haji Moosa Patrawala Industrial Estate,  
20, Dr. E. Moses Road, Mahalaxmi,  
Mumbai - 400 011.

Dear Sirs,

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)





Registered Office : Ion House, Dr. E. Moses Road, Mahalaxmi, Mumbai 400 011.

### PROXY

I/We \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_  
being member/members of the above named Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ in the district of \_\_\_\_\_ as my/our proxy to vote for me/us on my/our behalf  
at the FORTY SEVENTH ANNUAL GENERAL MEETING of the Company to be held on Tuesday, the 27th September, 2011  
at 11.00 a.m. and at any adjournment thereof.

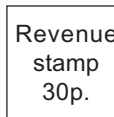
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2011

Regd. Folio No. \_\_\_\_\_

DP ID \_\_\_\_\_

Client ID \_\_\_\_\_

No. of Shares \_\_\_\_\_



Members' Signature

- Notes: 1. The Proxy form must be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the time fixed for holding the Meeting.  
2. A Proxy need not be a Member.



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)

Regd. Folio No. \_\_\_\_\_ DP ID \_\_\_\_\_ Client ID \_\_\_\_\_ No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
Name of the attending Member (in BLOCK letters)

\_\_\_\_\_  
Name of Proxy (in BLOCK letters)

(To be filled-in if the Proxy attends instead of the Member)

I hereby record my presence at the FORTY SEVENTH ANNUAL GENERAL MEETING at Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Haji Ali, Mumbai-400 034 on 27th September, 2011.

\_\_\_\_\_  
Signature of Member/Proxy

- Notes: 1. Interested Joint Shareholders may obtain attendance slips from the Registered Office of the Company.  
2. Shareholders/Joint Shareholders and Proxy are requested to bring the attendance slip with them. Duplicate slips will not be issued at the entrance of the meeting venue.





NOTES

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**NOTES**

## 10 Years at a Glance

(Rs. in lacs)

	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02
Income *	59975	51840	45474	50979	44486	32457	26105	21532	19457	19005
Profit Before Tax	1940	1021	374	1567	1033	703	501	265	296	580
Tax (excluding Fringe Benefit Tax)	727	360	118	335	337	74	21	69	116	113
Fringe Benefit Tax	-	-	112	167	98	124	-	-	-	-
Profit After Tax	1213	661	144	1065	598	505	480	196	180	467
Dividend #	322	223	149	307	211	131	127	124	122	107
Dividend (%)	20%	15%	10%	20%	15%	10%	10%	10%	10%	10%
Retained Earnings	891	438	(5)	758	387	374	353	72	58	360
Fixed Assets **	5820	5873	6407	6503	4925	4234	4208	4454	4640	4880
Investments	2994	2544	1024	917	642	416	308	301	285	284
Net Current Assets ***	9886	10091	13305	12735	11506	13526	13316	12221	12676	10793
Miscellaneous Expenditure	-	-	-	-	-	20	47	76	111	95
Share Capital	1343	1273	1269	1266	1199	1141	1113	1099	1082	1075
Reserves & Surplus **	13381	12166	11581	11409	10199	9582	9168	8769	8679	8607
Borrowings	3976	5069	7886	7480	5675	7473	7598	7184	7951	6370

\* Sales is inclusive of excise.

\*\* Figures excluding fixed assets revaluation.

\*\*\* Includes Net Deferred Tax Assets / Liabilities.

# Includes tax on dividend, if any.



## ION FOUNDATION

Initiate • Organise • Nurture

### Vision

To create opportunities, enabling the underprivileged to become productive members of society

### Mission

#### **Initiate**

- To create awareness for the need to uplift the underprivileged sections of society
- To encourage employee involvement by creating opportunities for meaningful contact with beneficiaries

#### **Organise**

- To support projects responding to a 'felt need' and having long term impact-relating to education, health, hygiene
- To offer specialized expertise, as Facilitators

#### **Nurture**

- To provide assistance to first generation learners, drop-outs, talented needy children
- To integrate through holistic support, the underprivileged and special population, into mainstream society

Right from co-funding the salaries of teachers to donating stationeries, supplying drinking water, infrastructural support, to providing holistic support to school-going children, the year 2010-2011 indeed, has been a year of significant contribution by Ion Foundation towards the objective of providing education, health & hygiene.

We have touched the lives of 673 students which includes children from Paragon Charitable Trust-Project Muktagan & Chetna Learning Centre, Mumbai, SOCARE Ind. (Society's Care for the Indigent) Bangalore, Sarangpur Prathamik Shala, Ankleshwar and Chitkul Primary School, Patancheru.

Our gesture at Patancheru has motivated the poor village children to join the school and within a short span of time, the school strength has almost doubled!

In another significant step, four ITI effluent treatment operators from SEWA (Society for Education, Welfare and Action) have been employed at our Ankleshwar Unit by Ion Exchange Services on a fixed term contract.



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Zero B Water Purifier



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