

**49<sup>th</sup>**

**ANNUAL REPORT  
2012-13**

The torch you lit  
we shall keep burning bright  
The values you planted  
we shall cherish and keep alive  
The flag you unfurled  
will always fly high  
The reputation you built  
we will protect and enhance  
Your vision will be our mission...  
This is our pledge, our commitment.



**G. S. RANGANATHAN**

- Founder

14.02.1926 - 18.03.2013

## G. Shankar Ranganathan, Founder and Chairman Emeritus



From small beginnings, with pioneering and entrepreneurial spirit, Mr. Ranganathan created the strong Ion Exchange edifice and raised it into a global player with a vision. In the 1930s J. Stone, a Calcutta based British Company, was Permutit's agent in India. Their main business was from the Indian railways and textile mills. In 1952, because of dwindling sales, Permutit planned to shut shop in India but were persuaded by J. Stone to give it a last chance. A young Ranganathan joined J. Stone - with a staff of just two commissioning engineers and a steno-typist. Business picked up and Permutit accepted Ranganathan's recommendation to form a subsidiary company and in 1964 Ion Exchange (India) Ltd., was registered with 60% equity by Permutit, 40% Indian. In 1984 when Permutit divested their holding, he advocated and set up employee welfare trusts, a pioneering concept for India and Ion Exchange became a wholly Indian company.

Ranganathan expanded the company's technology base through R&D, joint ventures, licensing and representative agreements making Ion Exchange one of the few companies worldwide with the entire spectrum of technologies, products and services. This would, he believed, enable the company to offer total and integrated solutions for all sectors - industry, communities and homes, urban and rural. He also established an impressive countrywide infrastructure of factories, sales offices, dealers and service network. Under his visionary leadership, the company attained its pre-eminent position in water and environment in India and globally. Constantly scanning the environment and quick to recognise opportunities, very early on Ranganathan took Ion Exchange into new market avenues such as desalination, water conservation and recycle, rural water treatment, services and exports.

Ranganathan was convinced that people are an organisation's greatest asset and had a unique ability to nurture and empower people and inspire lasting loyalty. He was extremely zealous about customer satisfaction, service and quality and laid a strong foundation for the company through R&D, training and development, systems and quality standards. All those who met him were impressed with his wide perspective and open-mindedness.

Long before these became buzz words, Ranganathan was passionate in promoting the importance of sustainable development, environmental protection and corporate social responsibility. An ardent environmentalist and prolific writer, he strongly believed that "what is ecologically wrong is not economically sustainable for long. Poverty and environmental degradation can be solved by revegetating our wastelands...generating employment for millions, creating wealth from waste, improving the environment".

Greatly loved, respected and revered by the entire Ion Exchange family, its associates and stakeholders, Ranganathan shall be missed deeply. However, his vision and values will continue to inspire us and lead us into the progressive future he foresaw.

# Taking the Vision Forward

We are indeed privileged to build upon and carry forward the legacy, guided by a powerful vision that has, at its heart, sustainable development; and are fortunate that our business is of such beneficial service to society and the environment.

Our core business relates to water - an increasingly scarce and precious resource, essential for all human activity and for life itself. We now serve every sector of society - infrastructure, industrial, institutional, municipal, homes and communities. Over the years we have extended our solutions to encompass entire environment management - air pollution control, solid waste management and recovery of energy.

Our water recycle solutions for industrial effluent and domestic sewage include advanced processes that help conserve vast volumes of water while protecting the environment by reducing pollution. Our range of Zero B water purifiers serve all consumer segments, providing safe drinking water to millions. We have successfully adapted our technologies to meet rural needs where 70 percent of our country's population resides. Innovative products developed by us help remove fluoride, iron, nitrate and arsenic from water, providing relief to many segments in rural India.

Our service network has been expanded to become one of the largest in the water treatment industry. With the aim to create a new paradigm of customer satisfaction, we have introduced industry specific verticals to enable us to provide tailor-made, integrated and innovative solutions for complete customer benefit.

We have substantially broadened our geographical footprint and are today Asia's leading water and environment solutions provider with a strong presence globally.

Under the aegis of the Ion Foundation, our corporate social responsibility programme encompasses educational, vocational, health and hygiene initiatives, touching the lives of the underprivileged and less fortunate.

Our commitment to lead in this business to conserve earth's most precious resources and improve the quality of life motivates us onward to realise your Company's vision:

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

**Rajesh Sharma**  
Chairman & Managing Director

**BOARD OF DIRECTORS**

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

**SENIOR MANAGEMENT**

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

**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., LLP

**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 Ninth Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Tuesday, 24th September, 2013 at 11.00 a.m. at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai 400 025 to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013, 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. T.M.M. Nambiar who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Abhiram Seth who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P. SampathKumar 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 consider and if thought fit to pass with or without modification the following Resolution as an Ordinary Resolution:  
"RESOLVED that pursuant to provisions of section 228 and other applicable provisions, if any, of the Companies Act, 1956 as amended or re-enacted from time to time, M/s. Charantimath Associates, Chartered Accountants (M No. – 23441), be and are hereby appointed as the Branch Auditors of the Company for auditing the books of accounts maintained by Ion Exchange Services (Division of Ion Exchange (India) Limited) from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting of the Company, and the Board of Directors be and are hereby authorized to fix their remuneration."

8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government, consent of the members be and is hereby accorded to the Re-appointment of Mr.Rajesh Sharma as Chairman & Managing Director for a period of 5 years commencing from 1<sup>st</sup> April, 2013 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr.Rajesh Sharma.

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

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

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

**Registered Office:**  
Ion House  
Dr. E. Moses Road, Mahalaxmi  
Mumbai 400 011  
Mumbai, 30th May 2013

By Order of the Board

Milind Puranik  
Company Secretary

## 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 Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 12th September 2013 to Tuesday, 24th September 2013 (both days inclusive).
3. Details of Directors seeking appointment / re-appointment as required under clause 49(VI)(A) of the listing agreement entered with The Stock Exchange, Mumbai, are as below:

Name	Mr. Rajesh Sharma	Mr. T.M.M. Nambiar	Mr. Abhiram Seth	Mr. P. SampathKumar
Date of Birth	23.09.1954	25.05.1937	09.12.1951	27.12.1938
Date of Appointment	26.03.1996	29.01.2003	25.07.2008	22.03.2005
Qualification	B.Sc., LLB	A.C.A.	B.A. (Hons) Economics, MMS	Chartered Engineer, U. K. Marine Engineer
Expertise	Mr. Rajesh Sharma joined the Company in 1974 and during his career with the Company has held a number of sales, marketing and management positions. Before taking up the office of Managing Director from April 2000, Mr. Sharma has held position as Deputy Managing Director	Mr. Nambiar has vast experience in Finance and General Management. He had occupied senior positions in Associated Cement Company Ltd. and was the Managing Director of Associated Cement Company Ltd. from 1996 - 2002.	Mr. Abhiram Seth has more than three decades rich and varied professional experience in the area of sales and marketing including exports. Mr. Seth worked for Hindustan Lever and Pepsico India. He was the Chairman of Water Committee of FICCI and Food Regulatory Committee of CII and currently is director on the Board of various other companies.	Mr. P. Sampathkumar till recently was holding the position of Chief Executive Officer of Gayatri Hitech Hotels. Prior to that he was President of Project Management & Implementation at Makers Development Services Pvt. Ltd. He was also in charge of developing the Bandra Kurla Maker Township consisting of High Tech office buildings, entertainment centre, shopping malls etc. He has held senior positions in Taj Group of Hotels, Grand Hyatt, Oberoi Hotels and served in other capacities at Glaxo and Great Eastern Shipping.
Chairman/Director of Other Companies	1. Watercare Investments (India) Ltd. 2. Ion Exchange Enviro Farms Ltd. 3. Power Water Financial Services Pvt. Ltd. 4. Ion Exchange Asia Pacific pte. Ltd. 5. Aqua Investments (India) Limited 3. Ion Exchange Waterleau Ltd. 7. IEI Environmental Management (M) Sdn.Bhd. 8. Ion Exchange Services Ltd. 9. IEI WaterTech (M) Sdn.Bhd. 10. Ion Exchange Infrastructure Ltd. 11. Ion Exchange & Co. LLC 12. Ion Exchange LLC 13. Ion Exchange Projects & Engineering Ltd. 14. Ion Foundation 15. Ion Exchange PSS Ltd. 16. Ion Exchange Safic (Pty.) Ltd.	1. Navin Fluorine International Ltd. 2. Hospital and Nursing Home Benefit Association 3. Ion Exchange Projects & Engineering Ltd.	1. ATS Services Pvt. Ltd. 2. Motor General & Finance Ltd. 3. Aquagiri Processing Pvt. Ltd. 4. Ion Exchange Enviro Farms Ltd. 5. Emaar MGF Land Limited 6. APT Biotech Pvt. Ltd. 7. Daawat Foods Pvt. Ltd. 8. Daawat Fresh Cuisines Pvt. Ltd. 9. Cards Services India Pvt. Ltd. 10. Network Advertising Pvt. Ltd. 11. Ion Exchange Projects & Engineering Ltd. 12. Aquagiri Green Tech Pvt. Ltd.	1. Ion Exchange Infrastructure Ltd.

Name	Mr. Rajesh Sharma	Mr. T.M.M. Nambiar	Mr. Abhiram Seth	Mr. P. SampathKumar
Chairman/Member of the committees of the Company and other Company(s)	Member of the following committees of Ion Exchange (India) Ltd. 1. Share Transfer Committee 2. Investor Grievance Committee	Member of the following committees of Ion Exchange (India) Ltd. 1. Audit Committee (C) 2. Employee Stock Option Compensation Committee Member of the following Committees of Navin Fluorine International Ltd. 1. Audit Committee (C) 2. Investor Grievance Committee	Member of the following committees of Ion Exchange (India) Ltd. 1. Audit Committee 2. Remuneration Committee	Member of the following committees of Ion Exchange (India) Ltd. 1. Employee Stock Option Compensation Committee
Number of shares held in the Company	6,25,436	1,36,200	75,000	25,000

5. Dividend, if declared at the meeting will be paid on or before 1st October, 2013 to those members (holding shares in physical form) whose names appear on the Register of members as on 24th September 2013 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 2004-2005 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 2005-2006 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. TSR Darashaw Pvt. Ltd..
9. Nomination form can be obtained from our R&T, M/s. TSR Darashaw Pvt. Ltd. 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.

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

Mumbai, 30th May 2013

By Order of the Board

Milind Puranik  
Company Secretary

**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****Item No. 7**

Pursuant to the amalgamation of Ion Exchange Services Limited with the Company, Ion Exchange Services will be doing business as a Division of the Company. It is therefore necessary to appoint branch auditors to conduct the Audit of Ion Exchange Services Division.

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

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

The Board recommends the resolution for your approval.

None of the Directors of the Company are interested or concerned in the resolution.

**Item No. 8**

The Board of Directors at its meeting held on 15th March, 2013 re-appointed Mr. Rajesh Sharma as Chairman & Managing Director for a further period of 5 years commencing from 1st April, 2013. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 15th March, 2013. The appointment is subject to the provisions of Sections 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII and approval of the Central Government. The main terms and conditions of the appointment are as under :

**Basic Salary :** Rs.10,75,000/- (Rupees Ten Lacs Seventy Five Thousand only) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1st April 2013) the basic salary shall stand increased by Rs.1,25,000/- (Rupees One Lac Twenty Five Thousand only) per month.

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

**Housing :**

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

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

**Superannuation :** 15% of the Basic Salary

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

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

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

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

**Medical Benefits :** Reimbursement of medical expenses for the Managing Director, spouse and dependant children.

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

The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules,



1962 and shall not exceed Rs.2,00,000/- (Rupees Two Lacs) per annum.

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

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

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

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

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

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

The terms and conditions as stated above may also be treated as an abstract under Section 302 of the Companies Act, 1956.

None of the director is concerned or interested in the said Resolution, except Mr. Dinesh Sharma as relative and Mr. Rajesh Sharma as the resolution is for his appointment and remuneration payment.

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

**Registered Office:**  
Ion House  
Dr. E. Moses Road, Mahalaxmi  
Mumbai 400 011  
Mumbai, 30th May 2013

By Order of the Board

Milind Puranik  
Company Secretary

## DIRECTORS' REPORT

Your Directors have pleasure in presenting the 49<sup>th</sup> Annual Report and Accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS

The highlights of the financial results are as follows:

	Year ended March 2013 (Rs. in Lacs)	Year ended March 2012 (Rs. in Lacs)
Profit before taxation	3,248	2,562
Less: Provision for taxation :		
Current tax	823	905
Deferred tax	276	(98)
Profit after tax	2,149	1,755
Balance in Profit & Loss Account brought forward from Previous Year	4,480	3,173
Profit balance available for appropriation	6,629	4,928
Appropriations:		
Dividend including Proposed Dividend	290	273
Tax on dividend	49	43
Transfer to General Reserve	162	132
Balance in Profit & Loss Account Carried Forward to Balance Sheet	6,128	4,480

### OPERATIONS

During the financial year ended 31st March, 2013, the net profit after tax of the company was Rs. 2,149 lacs, as compared to previous year's net profit after tax of Rs. 1,755 lacs. The turnover was higher at Rs. 795 crores as compared to Rs. 673 crores of the previous year, showing a increase of 18 %.

### DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 2.00 [20%] per equity share for the financial year ended 31st March, 2013.

### FUTURE OUTLOOK

We feel that the downside risk of the global economy has reduced and we expect the Indian economic scenario also to show a substantial improvement in the next couple of years.

The water treatment industry can look forward to a period of growth powered by demand from the expanding municipal and industrial sectors. This industry which your company deals with is likely to be the focus of public and private investment for years to come. The average growth of the water treatment industry in India over the next few years is expected to be about 12%. Globally it is expected to grow by about 7.4%.

This optimism is only tempered by the adverse effect which volatile commodities and raw material prices and exchange rate can have over the short term. These two parameters coupled with probable changes in taxation may affect industrial and commodity margins.

Enhanced investment in NRDWP -Rajiv Gandhi National Rural Drinking Water Mission: National Rural Drinking Water Programme and HPCL -Barmer projects give out a strong message of India's undeterred growth & development amidst the stringent economic backdrop. We expect more such policies which will benefit the water treatment industry as water is a key focus area for the Government. The water industry also finds favour with other influencers of the policy making process, as it impacts all segments of society across urban & rural India. The prospects of our industry will be positively reinforced by continued pattern of uneven rainfall, depleting water table across urban & rural and directions issued by the government for treating and re-using of water for industrial, commercial and domestic purposes.

The key business opportunity in future would be Wastewater Treatment, Desalination & Zero Liquid Discharge process catering to industrial as well as municipal domains.

In the field of waste water treatment more than 60% business being unorganized, we expect consolidation to take place with customers moving towards technology which provides high end solutions as well as high quality of service. Your company has an advantage on both these fronts which will help it to expand its business. We expect it to be a challenging period for smaller players and new entrants.

Apart from waste water treatment, service management is a challenging and crucial parameter for client acquisition and relationship management. Your company has one of the largest and most extensive network of service personnel with an unparalleled ability to serve retail as well as large industrial customers.

Your company also enjoys competitive advantage in key areas such as - extensive production facilities, superior human capital, emphasis on innovative technology, research & development and high quality services. We will continue to augment these strengths with further investments in our in house research & development programs and by forging partnerships with leading global technological innovators. This will help the company to continue managing the risk of the uncertain and volatile business environment and maintain its standing as a leader in this field.

We remain committed to continuing our endeavour to remain the premier water treatment company in India with a focus to deliver value to the society as well as to all its stakeholders.

## FINANCIAL RESOURCES

### Share Capital

Under Employees' Stock Option Scheme – ESOS - 2008, the Employees' Stock Option Compensation Committee (ESOCC) allotted 29,300 equity shares [1,31,950 equity shares] to the employees of the Company. The paid-up equity capital of the Company increased from 13,56,18,610/- to Rs.13,59,11,610/- after allotment.

### Fixed Deposits

As on 31st March 2013, 104 fixed deposits amounting to Rs. 21,21,000/- remained unclaimed. 8 Deposits amounting to Rs.1,80,000/- 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

Pursuant to the Shareholders' approval for the proposal to sell the Project Division (covering domestic turnkey projects) on a going concern basis the Company has transferred its Project Division (covering domestic turnkey projects) to Ion Exchange Projects and Engineering Limited, a wholly owned subsidiary company, with effect from 1<sup>st</sup> August 2012, vide Business Transfer Agreement dated 29<sup>th</sup> October 2012. The above results reflect the position after considering the transfer of the Project Division.

The amalgamation of Ion Exchange Services Limited (an associate) with your Company was approved by the shareholders in their meeting on 31<sup>st</sup> January 2013. Subsequently the amalgamation was approved by the Bombay High Court vide its order dated 10<sup>th</sup> May 2013. The above results reflect the position after considering the amalgamation of the said Company w.e.f. 1<sup>st</sup> April 2012.

## SUBSIDIARY COMPANIES

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

During the year ended 31st March, 2013, the Subsidiary companies M/s.Aqua Investments (India) Limited posted profit of Rs.8.52 lacs compared to Rs. 8.29 lacs of the previous year and M/s. Watercare Investments (India) Ltd. posted profit of Rs. 7.21 lacs compared to Rs. 6.55 lacs of the previous year.

## Ion Exchange Enviro Farms Limited (IEEFL)

The company achieved higher turnover of Rs 127.03 Lacs during the year under review as against Rs. 108.25 Lacs in the previous year. However, severe drought conditions prevailing in most parts and extremely limited water availability coupled with other environmental factors affected the operational performance.

Sales volumes of input product –ENVIRO REACH were affected due to new spraying technologies entering in to the Indian agriculture where the usage of Water has been drastically reduced in grape market leading to lower utilization of input product. However, we could successfully introduce this product in new markets like Gujarat for different segments like Chillies, pomegranate and leafy vegetables. We now plan to enter in to other geographies where these products are cultivated in large quantities, to enable improve volumes and margins.

During the year Company's appeal in the Supreme Court regarding applicability of provisions of "SEBI- Collective Investment Scheme (CIS) Regulations, 1999" was turned down on 26<sup>th</sup> February 2013. Consequently, company has approached SEBI to facilitate modalities for compliance of SEBI regulations in this regard.

## Ion Exchange Infrastructure Limited

The Company achieved turnover of Rs. 3,064.45 lacs as compared to Rs. 4,498.34 lacs for the previous year. The profit after tax was at Rs. 71.42 lacs compared to Rs. 10.71 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 turn key 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. 1055.22 lacs for the year under review as compared to 843.72 lacs for the previous year.

The performance of the Company improved during the year as the Company initiated reorganization of geographies and optimization of manpower to support new initiatives. Company has also embarked on cost control and cost reduction programme. All these initiatives have started yielding positive results in terms of containing losses and increased turnover.

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

The Company achieved a turnover of Rs. 161.54 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. 555.99 lacs for the year under review.

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

External conditions of business environment were not conducive hence the performance of the Company was in line with the previous year despite various initiatives undertaken by the Company to improve performance. The Company hopes to improve performance in the coming year with stability in external business environment.

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

The Company achieved a turnover of Rs. NIL 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. 1654.28 lacs for the year under review.

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

As the Company did not have any major EPC contract for the year under review there was a fall in the Turnover of the Company. The Company is approved by PDO (OMAN). It is proposed to enter into Chemical market in Oman which will help in strengthening Company's position in middle east market particularly Oman.

**Ion Exchange LLC, USA**

The Company achieved a turnover of Rs. 1,838.92 lacs for the year under review.

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

The resin business showed positive trend during the period with the US economy showing signs of recovery the Company hopes to consolidate its position in the coming year. It is also proposed to expand our presence by catering to the needs of eastern US Market in the coming year.

**Ion Exchange Projects and Engineering Limited**

The Company achieved a turnover of Rs. 2,682.60 lacs for the year under review.

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

**Global Composites and Structurals Limited**

The Company achieved a turnover of Rs. 2,519.90 lacs for the year under review.

The Company is in the business of providing integrated

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

**Ion Exchange Safic (Pty) Limited, South Africa**

The Company achieved a turnover of Rs. 114.11 lacs for the year under review.

The Company is a Joint venture Company set up in South Africa with Safic (Pty) Ltd. which is part of Accentuate Group. One of the objectives of setting up the JV is to enter into new market segments and have greater market share of the water treatment business. The JV will market water treatment equipment, chemicals and resins through out South Africa and SADC..

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**

The Board deeply regrets to inform shareholders of the sad demise of Mr. G. S. Ranganathan Chairman Emeritus and the founder Director of Ion Exchange (India) Limited on 18th March 2013. Mr. Ranganathan raised the strong 'Ion Exchange' edifice into a global player with his vision and pioneering and entrepreneurial spirit. The Directors have placed on record their deep sorrow and appreciation of the valuable contribution, advice and guidance rendered by Mr. G. S. Ranganathan.

At the Board meeting held on 15th March 2013, Mr. Rajesh Sharma was re-appointed as Chairman and Managing Director with effect from 1st April 2013. The re-appointment of Mr. Rajesh Sharma as Chairman and Managing Director is being proposed by resolution which form part of the Notice of Annual General Meeting.

Mr. T. M. M. Nambiar, Mr. Abhiram Seth and Mr. P. Sampath Kumar retire by rotation and being eligible offer themselves for re-appointment.

**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, 2013, the applicable accounting standards have been followed along with proper explanation given relating to material departures;
- (ii) appropriate accounting policies have been selected and applied consistently and judgments and estimates were made that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period ;
- (iii) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities have been taken to the best of their knowledge ;
- (iv) the annual accounts have been prepared for the financial year ended 31st March, 2013 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, 2013 is given in Annexure I.

## **PARTICULARS OF EMPLOYEES**

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

## **QUALITY INITIATIVES**

The Management of the company has always been committed to the safety and occupational health of employees. In view of this there have been concentrated efforts in the past, which continued during this year. The integrated Occupational Health system, the Quality Management System namely ISO 9001 : 2008 and Environmental Management Systems namely ISO 14001 : 2004 is operational in the Chemical Factory.

During the year, the Resin facility at Ankleshwar has received Good Manufacturing Practices Certificate from the Food and

Drugs Control Administration. Similar certification has been received from Foods, Drug and Cosmetics of Majelis Ulama Indonesia. In addition, the Quality Management System namely ISO 9001 : 2008 and Environmental Management Systems namely ISO 14001 : 2004 is also operational.

Goa SSD facility has been awarded Quality Brands India Award . All the other facilities are also covered by the Quality Management Systems.

Balanced Scorecard, the tool used for implementing and monitoring the success of the business strategies, has been the mainstay for performance evaluation.

All other initiatives such as Quality Improvement Projects to solve chronic problems, monitoring of Quality objectives, System audits of Marketing, Execution, Projects and O&M sites continue.

## **AUDITORS**

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

## **Branch Auditors**

At the Board Meeting held on 30th May 2013, M/s Charantimath Associates, Chartered Accountants were appointed as Branch Auditors for conducting Audit of Ion Exchange Services [A division of Ion Exchange (India) Limited], Bangalore. The appointment of Branch Auditors is being proposed by resolution which forms part of Notice of Annual General Meeting, The Company has received letter from M/s Charantimath Associates, to the effect that their appointment, if made, would be within the limits specified under Section 224(1B) of the Companies Act, 1956.

## **Cost Audit**

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and with the approval of the Central Government, M/s. Kishore Bhatia & Associates, has been appointed to conduct audit of cost records of engineering and chemical products for the financial year ended 31st March, 2013. The Cost Audit Reports would be submitted to the Central Government within the prescribed time.

## **ACKNOWLEDGEMENTS**

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

On behalf of the Board of Directors

Rajesh Sharma  
Chairman & Managing Director

Mumbai  
Date : 30th May 2013



**ANNEXURE TO THE DIRECTORS' REPORT 2013****ANNEXURE I**

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

**(A) CONSERVATION OF ENERGY**

- (a) Energy Conservation measures taken
- Increased batches sizes for certain products using the same reactors and in certain products reduced batch cycle times by making process improvements.  
However, the effect of these measures is not evident in the energy consumed per unit of production on account of installation and operation of Humidity and Temperature Controlling Systems (HVAC Systems) in the Pharma Resin Manufacturing & Testing Facility.
  - Installed anaerobic UASB system in effluent treatment which requires minimum electricity for operation.
- (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. 82,46,88,397/-   |
| Earned | : | Rs. 1,12,60,33,375/- |

Mumbai  
Date : 30th May 2013

Rajesh Sharma  
Chairman & Managing Director

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

## a) Purchase

Sr. No.	Item	Current Year 2012-2013		Previous Year 2011-2012	
		Ankleshwar	Patancheru	Ankleshwar	Patancheru
1	Total Units (Kwh)	54,34,410	5,85,248	42,65,830	7,95,012
2	Total amount (Rs.)	3,64,11,434	43,69,912	2,66,00,327	43,00,425
3	Rate/Unit (Rs.)	6.70	7.47	6.24	5.41

## b) Own generation

## i) Through diesel generator :

Sr. No.	Item				
1	Total Units (Kwh)	81,232	2,40,400	73,648	77,938
2	Unit/Ltrs. of Fuel (Kwh)	2.60	3.25	2.75	3.02
3	Cost/Unit (Rs.)	19.21	15.24	16.26	14.77

## ii) Through steam Turbine/Generator :

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

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

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

## B. CONSUMPTION PER UNIT OF PRODUCTION

Products : Chemicals Resins

Unit of production : MT M<sup>3</sup>

Standard (if any)

Electricity : (Units/MT)  
(Units/M<sup>3</sup>)

Furnace Oil

Coal (Specify Quality)

Others (Specify)

Current Year 2012-2013	Previous Year 2011-2012
58.52	72.22
331.89	297.52
NIL	NIL
NIL	NIL
NIL	NIL

## FORM B

(Form for Disclosure of Particulars with respect to Absorption)

### RESEARCH AND DEVELOPMENT (R&D)

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

- Ion exchange resin synthesis**  
Development of microcarrier beads and fine grade polymeric adsorbant resin. These products are used in microbiological application and PA600SS and separation technologies respectively.
- Water treatment chemicals**  
Development of two types of antiscalent chemicals by synthetic methodology. They will be useful intermediates for RO formulations. R&D also developed a turbidity test kit.
- Development of a simple Laboratory water maker system
- Development of commercial RO systems with High recovery of water
- Development of a Resin based De-chlorinating media

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

- The micro carrier beads are specific resins coated with nutrients for microbiological applications. They have got a very high potential for export market. The fine grade polymeric adsorbant is a specific adsorbant grade product used in pharmaceutical and chromatographic applications.
- The two antiscalents developed by R&D is now equivalent to some of the imported products which are being used by us. This product not only saves foreign exchange but gives comfort on the bottom line of certain products.
- The Laboratory water maker is a simple low cost high purity water maker that produces water suitable for Biomedical and Analytical application. This compact model competes well in pricing with other similar models from overseas manufacturers.
- The commercial RO systems of capacity 50 / 100 / 150 LPH has a product water recovery better than 70%, Commercial RO systems in competition have a low water recovery of around 30%. This compact competitively priced RO system is much ahead of similar products in the Indian market in terms of other supporting USP's.
- This resin based chlorine removal media has much improved kinetics compared to activated carbon, This is intended to be used as a pre-treatment to DM systems and RO systems and also as a catalyst for conversion of chlorine to chlorides

#### 3) Expenditure on R&D

		Location	
		Patancheru	Vashi, Navi Mumbai
		Rs.	Rs.
a.	Capital Expenditure	3,22,638	75,64,536
b.	Revenue Expenditure	1,42,19,425	2,40,19,489
c.	<b>Total</b>	<b>1,45,42,063</b>	<b>3,15,84,025</b>
d.	<b>Total R&amp;D Expenditure as percentage of Turnover : 0.60%</b>		

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### A. INDUSTRY STRUCTURE AND DEVELOPMENT

#### Global Economy

Four years after the global financial crisis some of the dark clouds threatening the global economy have started to lift. There are indications that growth is picking up in Japan and the United States. However, the global economy continues to be fragile and sluggish. Developing countries were responsible for more than half of the global growth in 2012 and will continue to be the growth engines for the next few years. India and China still outperform most of the countries in terms of growth. While there are hopes of the global economy recovering, the crisis is still not over with even India and China witnessing a substantial slowdown.

#### Indian Economy

The Indian economy grew at the rate of 5% in 2012 -13 which was the slowest for the decade. Over the past few months the slowdown has become more widespread. It now affects core industries, infrastructure and even the services sector. Growth continues to be hampered by the global economy slowdown, inflation, tight monetary policy, high interest rates and policy bottlenecks. The volatility in the exchange rates has added to the burden faced by the economy. Although, policy measures were taken by the Government and the RBI to reign in the situation, its impact was not immediate. We expect the benefits to flow over a period of time.

#### Indian Engineering Industry

The Indian engineering industry is now challenged with a dwindling pipeline of orders as new project investments are getting deferred and existing projects are being slowed down. Investments in the industrial segment such as the steel sector and electricity generation were substantially hit. The slowdown coupled with the tight monetary policy has also had an adverse impact on the cash liquidity in the industry. In spite of the subdued investment scenario we are still witnessing influx of funds through Government and public sector enterprises. We have managed to brave the tough environment because of adequate order bank which was available at the start of the financial year.

#### Services and Chemical Business Segments

These segments were less impacted by the slowdown in the economy. While growth in the market size was limited, the volume of business from existing customers did not witness too much shrinkage. Major players in this segment focused on retaining existing business and prevent erosion in margins. The segment continues to be difficult for new entrants and change in the competitive landscape was more due to internal reorganizations of the major players. Although, margins

in the services and chemical business were under pressure, these segments fared better than the engineering industry with respect to both cash flows and margins.

#### Adverse Impact on Margins

The restricted set of opportunities and the state of the economy has led to intense competition in the industry and consequently a downward pressure on margins. Another factor having an adverse impact on prices was raw material prices. Volatility in the raw material prices reduced during the year under review but, the high prices continued to put downward pressure on margins.

#### The Silver Lining

Even with substantial impediments to growth the Indian water treatment market grew at 10% in 2012-13 and is expected to grow at a CAGR of 12% till 2017. Further, in spite of the challenging environment, your company's emphasis on total water management solutions with a reputation to provide cost effective and best technological solutions has helped your company to expand its presence in the Indian as well as the global market.

### B. HIGHLIGHTS OF PERFORMANCE

Gross turnover for the year 2012-2013 was Rs. 795 crores. Profit after tax was Rs.2,149 lakhs as compared to Rs.1,755 lakhs in the previous year.

The Turnover for the year jumped by more than 18% and the profit after Tax showed a marked improvement of more than 22%.

### 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. 477 crores compared to Rs. 411 crores for the previous year.

In spite of higher turnover the performance of the segment was affected due to Global economic slow down, inflation, tight monetary policy, high interest rates and policy bottlenecks. The segment faced challenges due to postponement of investment in Infrastructure projects and slow down of investment in existing projects. Good order bank available at the start of the

financial year helped the segment to tide over the challenge.

The emphasis of the Company on total water management solutions and company's strength to provide high quality technological solutions will provide additional opportunity for growth in the coming year.

### **Chemicals**

The segment achieved Sales turnover of Rs.234 Crores as compared to Rs. 181 Crores of the previous year with a growth of 29 %.

During the year domestic Sales increased for Conventional and Specialty Resins, Water Treatment Chemicals, RO chemicals, Mining and Refinery Chemicals business. The new Refinery process chemical business made a good start this year.

Exports of resins to US, Europe and Far East have shown a marked improvement; the exports of resin have grown by 53% over the previous year. New customers developed in Europe and Korea are likely to further enhance the exports of resins in the next financial year. Also the focus given to International Markets in FY 2012-13 is likely to increase export business for Water Treatment and RO Chemicals in the next financial year.

Margins in the chemicals business remained under pressure due to increase in raw material prices and depreciation of Rupee. Company has started in house manufacturing of few intermediates and Raw Materials i.e. Polyamines, Polydadmac, which will bring down the cost.

The New Pharma facility in Ankleshwar is operational and the Company has started manufacturing both excipients and drug actives in this facility. Various customers from US and Europe have audited the facility as a first step to start business with us in this segment. Drug Actives have large potential in the US and European Market. We have also obtained WHO-GMP certification for this facility. The outlook for this segment is positive.

### **Consumer Products**

The Home Water Solutions (HWS) division achieved a turnover of Rs 59.06 crores. The division showed positive signs of recovery with a net profit of Rs.0.02 crore as compared to a loss of Rs 5.46 crores in the previous year. The revenue per employee also showed an increase of Rs. 0.37 lacs during this period.

The Canteen Sales Division (CSD) business which was activated in this year brought in sales worth Rs 1.32 crores.

Zero B launched Eco RO - an innovative eco friendly water purifier. Eco RO recovers 70% of water compared to 25% recovery from other ROs. This helps save water up to 80%. For this technological innovation Zero B Eco RO won the prestigious Water Digest – Water Awards

2012-13 in association with UNESCO for 'Best Water R&D & Technological Breakthrough'.

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

The institutional division which primarily focuses on segments like construction, hotels & hospitals, educational institutes, corporate offices and PSUs like defense establishments, railways, state transport corporations etc showed improved productivity during this fiscal. The productivity levels have gone up by almost 25% during this period.

Growing demand for Sewage treatment in the construction segment and market demand for the newly introduced 'Membranes Bio Reactor' (MBR) technology has witnessed changes in the buying pattern of the customers in this segment. The division has already won prestigious projects for MBR in the education segment and will continue to focus on MBR prospects in the future. This division has concentrated on growing the network of authorized dealers to improve the company's market reach which has resulted in improved performance. In the near future this division plans to grow the network strength to over 100 dealers targeting 35% growth in sales over this year's achievement.

This segment has also expanded its product offering by adding the swimming pool range and allied accessories which offer large prospects across India. The pre-fab pool an innovative concept introduced in India by your company is yet another revolutionary product which will offer cost effective solution for tier II & III cities.

The needs of the rural communities is being met by partnering with PHEDs (Public Health Engineering Departments) across the country in order to make available efficient, affordable, easy to use & maintain products and technologies. Expanding the local distribution network in order to reach the remote areas was another important focus area during the year.

New fluoride removal hand pump attachment units were launched in this year in collaboration with NGOs and PHEDs.

In the current year, your company will continue to increase its reach in the rural market through the expansion of its network and introduction of products which are suitable for the rural customers.

### **Exports**

During the year under review, your Company has achieved export turnover of Rs. 111 crores. The major growth was seen in business from Africa, Middle East and resin business from developed nations like Europe, Japan etc. The African market is showing good acceptability to Indian products as well as concern to

environment issues, which resulted in good business from the region. The Market in Middle East specially in UAE is showing signs of revival. The focus to expand the market for Ion Exchange resins has resulted in increased business from developed countries.

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

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

Post financial crisis in 2008-09, the Indian Economy rebounded strongly in 2009-10 and 2010-11. However, the years 2011-12 and 2012-13 have seen slowdown thereby inducing inflationary trends affecting the country's economic development. The slow down has been attributable to crisis in European economies and uncertainties of US fiscal policies. The fuel prices have been volatile and so have been the interest cost. The entire industry has been affected. Your management has been pro-active in realising the impact of economic indicators and has exercised due caution in selection of the business opportunities and also giving commitments.

With the volatile 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 quality 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 that provide regulatory compliance assurance has been evolved to mitigate legal compliance 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. Investment in the research and development, new technology and technology upgradation has always been your management's priority.

Fluctuation in exchange rates has been also identified as one of the risks that could impact export earning 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**

Human Resource is the greatest asset of an Organization. In today's competitive environment, every

Organization is looking for ways to enhance the quality of the human capital, to improve their productivity and ultimately boost the company's bottom line.

In a world where only change is constant, it is imperative for employees to develop the requisite skills and attitudes necessary at the workplace. We recognize that talent management is a constantly evolving discipline but your Company make all efforts to ensure that proper recruitment process is in place, key employees are identified and also ensure that individual career plans and Management Succession Plans go as far as possible together.

HR provides an energizing and empowering work environment to encourage employees bring in their full creativity and talent to the business. We will continue to empower our talent pool and improve productivity of the workforce to ensure we maintain competitive edge and sustain growth.

The Employee Satisfaction Survey enabled us identify a few systems and processes that require immediate attention. A 360° feedback exercise that was conducted by highly renowned professionals helped us in enhancing personal effectiveness at the workplace.

Your Company's Human Resource team along with the support of Business Managers, is fully committed to building a conducive and performance-oriented work environment.

#### **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 controls 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**

Your Company continues to uphold and surge ahead in its belief to be there for every community where Company operates in and have supported projects relating to Education, Health and Hygiene, working closely with NGOs and community leaders who assist in assessing community needs.

To this end, your Company has provided remedial education to first generation learners, sponsorship of school fees to talented, needy students, sponsorship of teachers salaries, "Running for a Cause" at the Standard Chartered Mumbai Marathon, installation of drinking



water treatment systems, water purifiers, construction & maintenance of washrooms, provision of school books, uniforms, stationery items, tree plantation in school compounds.

Under the aegis of Ion Foundation, your Company has succeeded in extending Corporate Social Responsibility not only around Company's execution units but at other locations as well. Your Company takes pride in stating that within a span of three years, it has reached out to over 5000 underprivileged school children.

Company believes in not just sponsoring projects but bonding with the children by making periodic visits and joining them in the celebration of important festivals. The cascading effect is evident, from better health conditions, to increase in number of enrolments at school, to regular attendance, a learning environment that is more collaborative than competitive.

Through Company's on-going support, Company is committed to making a difference to many more in the society. We strongly believe that together, we can change the world for the better.

#### **Cautionary Statement**

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

On behalf of the Board of Directors

Rajesh Sharma  
Chairman & Managing Director

Mumbai  
Date : 30th May 2013

## REPORT ON CORPORATE GOVERNANCE

### 1. Company's Philosophy on Code of Corporate Governance

Corporate Governance ensures best management practices, compliances of laws, rules and regulations in the Company and also provides appropriate framework for the Board and its committees, to achieve objectives of the Company for the benefit of the Company and its stakeholders. Since inception our Company is committed to good Corporate Governance. Requirement of Clause 49 of the Listing Agreement with Stock Exchanges, Code of Conduct on prevention of Insider Trading and also Code of Conduct for Directors and Senior management are fully complied by our Company.

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

#### i. Composition & Category of Directors [as on 31st March, 2013]

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

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

Mr. G.S. Ranaganathan Non – Executive Chairman Emeritus (Promoter) died on 18<sup>th</sup> March 2013.

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

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

The Company held eight Board Meetings on 25.05.2012, 25.07.2012, 06.08.2012, 07.09.2012, 26.09.2012, 30.10.2012, 25.01.2013 and 15.03.2013. At every board meeting, the matters specified under clause 49(IV), Annexure 1 of the Listing Agreement were placed and discussed.

The previous Annual General Meeting (AGM) of the Company was held on 26<sup>th</sup> September, 2012 was attended by nine 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 (31/3/13)	Member/ Chairman of committees of other company(s) (as on 31/3/13)
Mr. Rajesh Sharma	8	16	2
Mr. Dinesh Sharma	8	12	1 (chairman)
Mr. Aankur Patni	8	6	-
Dr. V. N. Gupchup	8	6	5 (includes 2 Chairmanships)
Mr. M. P. Patni	8	13	2
Mr. T. M. M. Nambiar	8	3	4 (includes 2 Chairmanships)
Mr. A. Marfatia	2	2	-
Mr. P. SampathKumar	4	1	1
Mr. Abhiram Seth	7	12	2
Mr. Shishir Tamotia	7	1	-
Mrs. K.J. Udeshi	6	5	4 (includes 1 chairmanships)

#### 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 2012-13.

**Rajesh Sharma**  
Chairman & Managing Director

### 3. Audit Committee

The Audit Committee regularly reviews and analyses the adequacy of internal control system, the financial and risk management policies of the Company and other matters as laid down under clause 49(II) of the Listing Agreement with the Stock Exchange. The Internal Auditor submits reports periodically to the Committee and suggestions are given for effective functioning of the internal control system.

The Committee held four meetings during the year on 25.05.2012, 25.07.2012, 29.10.2012 and 25.01.2013.

Name	Number of the Audit Committee meetings attended
Mr. T.M.M.Nambiar	4
Dr. V.N.Gupchup	4
Mr. Abhiram Seth	2

### 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 2012-2013 is given hereunder.

Name	Salary & Allowances (Rs.)	Contribution to Provident & other funds (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Rajesh Sharma	1,82,40,000	36,26,340	6,78,835	2,25,45,175
Mr. Dinesh Sharma	89,40,000	17,17,740	2,09,354	1,08,67,094
Mr. Aankur Patni	92,40,000	17,17,740	24,000	1,09,81,740

During the year, the Company paid Rs. 15,65,000/- 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	1,00,000
Dr. V. N. Gupchup	3,65,000
Mr. M. P. Patni	1,90,000
Mr. T. M. M. Nambiar	2,80,000
Mr. A. K. Marfatia	40,000
Mr. P. Sampath Kumar	1,00,000
Mr. Abhiram Seth	2,30,000
Mr. S.L. Tamotia	1,40,000
Ms. K.J. Udeshi	1,20,000
<b>Total *</b>	<b>15,65,000</b>

\* Excludes Rs. 1,40,000 paid to directors of Ion Exchange Services Ltd. which was merged with the Company w.e.f. 01.04.2012

### 5. Employee Stock Option Compensation Committee (ESOCC)

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

The details of Employees' Stock Option Schemes ESOS – 2001, ESOS – 2003, ESOS - 2005 and ESOS - 2008 as required to be given under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, are given hereunder (As on 31st March 2013):

		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>ESOS-2001</b>	<b>ESOS-2003</b>	<b>ESOS - 2005</b>	<b>ESOS - 2008</b>
B.	Pricing Formula	<p>First grant @ Rs.12.50 Second grant @ Rs.19.00 Third grant @ Rs.94.00</p> <p>Computed on the average of the weekly closing prices on The Stock Exchange, Mumbai during the 13 weeks prior to the date of grant or the closing price on the date of the grant whichever is lower or with a discount not exceeding 25% on the price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant – First grant Rs. 13.70, Second grant Rs. 24.50, Third grant Rs. 125.10)</p>	<p>First grant @ Rs.19.00 Second grant @ Rs. 94.00</p> <p>Computed on the average of two weeks high and low price of the shares traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing price on the date of the grant whichever is lower or with a discount not exceeding 25% on the price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The Closing market price on BSE as on the date of grant – First grant Rs. 29.65, Second grant Rs.125.10)</p>	<p>First grant @ Rs.67.00 Second grant @ Rs.54.50</p> <p>Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price shall be at a discount not exceeding 25% on the average price or the closing market price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant – First grant Rs. 96.65, Second grants Rs.72.65)</p>	<p>First grant @ Rs.58.20</p> <p>Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price shall be at a discount not exceeding 25% on the average price or the closing market price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant – First grant Rs.77.55)</p>
C.	Options Vested	<p>First grant – 3,84,500 Second grant – 5,36,100 Third grant – 3,00,000</p>	<p>First Grant – 6,50,000 Second Grant – 3,50,000</p>	<p>First Grant – 4,80,000 Second Grant – 5,00,000</p>	12,00,000
D.	Options Exercised	<p>First grant – 2,77,000 Second grant – 3,89,700 Third grant – 5,000</p>	<p>First Grant – 5,78,675 Second Grant - Nil</p>	<p>First Grant – 3,26,000 Second Grant – 4,06,000</p>	8,63,200
E.	The total no. of shares arising as a result of exercise of option	<p>First grant – 2,77,000, Second grant – 3,89,700 Third grant - 5,000</p>	<p>First Grant – 5,78,675 Second Grant - Nil</p>	<p>First Grant – 3,26,000 Second Grant – 4,06,000</p>	8,63,200
F.	Options Lapsed	<p>First grant – 1,07,500 Second grant – 1,46,400 Third grant – 45,000</p>	<p>First Grant – 71,325 Second grant – 68,000</p>	<p>First Grant – 1,74,000 Second grant – 94,000</p>	76,200

		ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
G.	Variations of terms of options	Pursuant to the approval of shareholders at 44 <sup>th</sup> 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	<p>i) Pursuant to the approval of shareholders at 42<sup>nd</sup> 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.</p> <p>ii) Pursuant to the approval of shareholders at 44<sup>th</sup> 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</p>	None	None
H.	Money realised by exercise of options	First grant – Rs.34,62,500/- Second grant – Rs.74,04,300/- Third grant - 4,70,000	First Grant – Rs.1,09,94,825/- Second grant - Nil	First grant- Rs. 2,18,42,000/- Second Grant- Rs.2,21,27,000/-	Rs.5,02,38,240/-
I.	Total number of options in force	First grant – Nil Second grant – Nil Third grant – 2,50,000	First Grant – Nil Second Grant – 2,82,000	First Grant – Nil Second Grant – Nil	2,60,600
J.	Employee wise details of options granted to: i Senior Management Personnel	Nil	Nil	Nil	Nil



		ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None	None	None	None
	iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None	None	None	None
		Note: No fresh options were granted during the year			
K.	Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 earning per share – Rs. 14.56				
L.	where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognized if it had used the fair value of the options, shall be disclosed. The impact of this difference on profits and on EPS of the Company shall also be disclosed.	N.A.	N.A.	N.A.	Please refer Note 29 of Financial statements

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

**6. Shareholders / Investors Grievance Committee**

The members of the Committee are Dr. V. N. Gupchup (Nonexecutive and Independent), 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	74	73
	1A) Warrants Already Paid	00	00
	1B) Requests Pertaining to outdated, duplicate warrants and changes on live warrants	73	72
	1C) Reply sent giving warrant details (Reconciliation in process)	01	01
2.	Transfer of Securities	02	02
3.	Dematerialisation of Securities	03	03
4.	Name Correction	07	07
5.	Letters received from SEBI and other Statutory bodies	01	01
6.	Change of address requests	38	37
7.	ECS / Mandate requests	21	21
8.	Loss of Securities	61	59
9.	Split / Consolidation / renewal/ duplicate issue of securities	31	31
10.	Nomination requests	01	01
11.	Transmission of securities	08	08
12.	Exchange / Sub – division of old shares	12	12
13.	Dividend / Interest queries	68	68
14.	Document Registration	11	11
15.	Redemption	01	01
16.	Other (miscellaneous)	46	45

One Complaint received from Virendra Lunawat through NSDL regarding dematerialization of shares has been replied to.

**7. Annual General Meetings**

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

Year	Date	Time	Location
2009-2010	21.09.2010	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034
2010-2011	27.09.2011	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034
2011-2012	26.09.2012	11.00 a.m.	Ravindra Natya Mandir, P. L. Deshpande, Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Raod, Prabhadevi, Mumbai – 400 025

**Court Convened Meeting**

During the year, a Court Convened Meeting was held on 31<sup>st</sup> January, 2013 to consider and approve the Scheme of Amalgamation & Arrangement of Ion Exchange Services Limited with Ion Exchange (India) Limited in accordance with the Hon'ble High Court order dated 21<sup>st</sup> December 2012. Accordingly the Resolution for approval of Scheme of Amalgamation & Arrangement was passed by the requisite majority of shareholders, present and voting, representing 99.97% shares.

**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 financial statements under Note no. 32.
- 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 : 24th September 2013

Time : 11.00 a.m.

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

### ii) Financial calendar year 2013-14

Financial year : 1st April to 31st March

Quarter ending : Last week of July, 2013  
June 30, 2013

Quarter ending : Last week of October,  
September 30, 2013 2013

Quarter ending : Last week of January,  
December 31, 2013 2014

Year ending : Last week of May, 2014  
March 31, 2014

### iii) Book closure date

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 12th September, 2013 to Tuesday, 24th September, 2013 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31st March, 2013, if declared at the Annual general meeting,

### iv) Dividend payment date

Dividend, if declared shall be paid on or before 1st October, 2013

### v) Listing on Stock Exchange

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

### vi) Stock code and ISIN Number

The Stock Exchange, Mumbai - 500214.

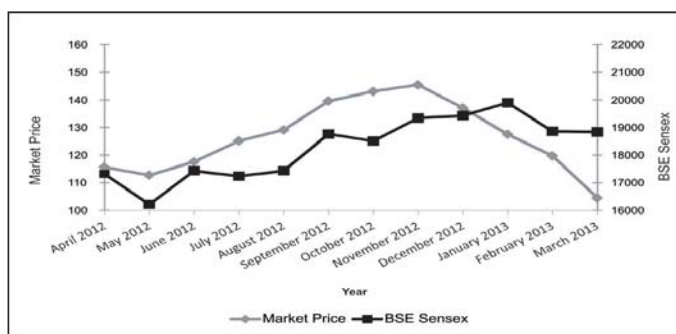
ISIN Number - INE570A01014.

## The Stock Exchange, Mumbai

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

Month	High Price (Rs.)	Low Price (Rs.)
April 2012	123.00	108.25
May 2012	125.45	100.00
June 2012	131.00	104.10
July 2012	138.00	112.20
August 2012	141.00	117.20
September 2012	155.00	124.15
October 2012	155.00	131.05
November 2012	159.30	131.55
December 2012	142.70	131.50
January 2013	139.00	116.00
February 2013	131.40	108.05
March 2013	112.00	97.05

### Market Price v/s. BSE Sensex



## Share Transfer System

All activities relating to processing of share transfers in physical mode & dematerialization activities are undertaken at the Company's Registrar & Transfer Agents, M/s. TSR Darashaw Ltd. The approval for transfers in physical mode and confirmation to the depositories on Demat requests are given within 10 days of receipt, provided the documents are clear in all respects. During the financial year 2012-2013 the share transfer committee held 35 meetings. 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 HOLDINGS AS ON 31/03/2013

DESCRIPTION	NO. OF HOLDERS	%	NO. OF SHARES	%
Less than - 500	12,179	87.05	15,06,955	11.12
501 - 1000	911	6.51	7,10,489	5.18
1001 - 2000	431	3.08	6,27,267	4.63
2001 - 3000	124	0.89	3,17,781	2.51
3001 - 4000	53	0.38	1,92,975	1.55
4001 - 5000	52	0.37	2,44,298	1.41
5001 - 10000	103	0.74	7,47,153	5.61
10001 - 999999999	137	0.98	92,44,243	67.99
<b>TOTAL</b>	<b>13,990</b>	<b>100.00</b>	<b>1,35,91,161</b>	<b>100.00</b>

### Shareholding Pattern as on 31<sup>st</sup> March 2013

Category	Holdings	%
Promoter & Promoter Group	55,17,393	40.60
Mutual Funds & UTI	5,234	0.04
Banks, Financial Institutions & Insurance Companies	1,66,607	1.22
FII's	50	0
Domestic Companies	14,61,098	10.75
Public	63,67,307	46.85
NRIs/OCBs	73,472	0.54
<b>Total</b>	<b>1,35,91,161</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, 2013, 73.63 % of the equity capital were held in dematerialised form.

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

### Plant Locations

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

### Address for correspondence:

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

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



## **CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE**

To the Members of Ion Exchange (India) Limited.

We have examined the compliance of the conditions of Corporate Governance by Ion Exchange (India) Limited for the year ended 31<sup>st</sup> March, 2013, as stipulated in Clause 49 of the listing Agreement of the Company with the Stock Exchange in India.

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

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

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

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

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

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

Place: Mumbai  
Date : 30th May, 2013

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Ion Exchange (India) Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the 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 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from Ion Exchange Services Division not visited by us;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from Ion Exchange Services Division not visited by us;
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - (e) On the basis of written representations received from the directors as on 31st March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

### Other Matter

We did not audit total assets of Rs. 46,57,45,106 as at 31st March 2013, total revenues of Rs. 73,83,45,965 and net cash inflows amounting to Rs. 1,09,99,632 for the year then ended, included in the accompanying financial statements in respect of Ion Exchange Services Division not visited by us, whose financial statements and other financial information have been audited by other auditors and whose report has been furnished to us. Our opinion, in so far as it relates to the affairs of the Ion Exchange Services Division is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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

**per Vijay Maniar**  
Partner

Place : Mumbai  
Date : 30th May 2013

Membership No. 36738

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

- |   |   |
|---|---|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(c) There was no disposal of a substantial part of fixed assets during the year.</p>  | <p>repayment of any such loan during the year, and thus, there has been no default on the part of the parties to whom the money has been lent. <i>The payment of interest has not been regular.</i></p> <p>(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.</p> <p>(e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.</p>  |
| <p>(ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.</p> <p>(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.</p> <p>(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.</p>   | <p>(iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that purchases of certain items of inventories and certain fixed assets are of proprietary nature for which alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.</p>  |
| <p>(iii) (a) The Company has granted unsecured loans to five Companies (two being wholly owned subsidiaries and three being subsidiaries) covered in the register maintained under section 301 of the Act. The maximum amount involved during the year for subsidiaries was Rs. 9,57,03,203 and year end balance of the loan was Rs. 9,19,93,137. The maximum amount involved during the year for wholly owned subsidiaries was Rs. 4,76,44,984 and the year end balance of loans granted to such parties was Rs. 73,24,279.</p> <p>(b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for loan granted to subsidiaries are not prima facie prejudicial to the interest of the Company. The Company has made interest-free loans to wholly-owned subsidiaries. According to the information and explanations given to us, and having regard to management's representation that the interest free loans are given to wholly-owned subsidiaries of the Company in the interest of the Company's business, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.</p> <p>(c) The loans granted are re-payable on demand. We are informed that the Company has not demanded</p> | <p>(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.</p> <p>(b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time except in respect of transactions involving items of unique and specialized nature, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.</p> <p>(vi) In respect of deposits accepted, in our opinion and according to the information and explanations given to us, directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA or any other</p> |

relevant provisions of the Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules made by the Central Government for maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there have been slight delays in few cases.*

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(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 ( in Rs)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty and Penalty	16,78,600	2004-2005	Customs, Excise and Service Tax Appellate Tribunal
Sales Tax/VAT Act for Maharashtra, Gujarat, Andhra Pradesh and Goa states	Disallowance on account of non submission of required forms	26,31,863	1993-1994	Joint Commissioner Appeals
		51,14,792	1995-1996	Joint Commissioner Appeals
		3,09,79,413	1999-2000	Joint Commissioner Appeals
		33,99,447	2000-2001	Joint Commissioner Appeals
		26,21,528	2006-2007	Assistant Commissioner Appeals
		6,97,121	2007-2008	Assistant Commissioner Appeals
		5,94,428	2008-2009	Assistant Commissioner Appeals
		5,48,123	2008-2009	Deputy Commissioner Appeals
Finance Act, 1994 – Service Tax	Disallowance of service tax taken on input services	5,14,560	2007-2009	Assistant Commissioner of Central Excise
Finance Act, 1994 – Service Tax	Disallowance of service tax taken on input services	3,40,796	2006-2009	Additional Commissioner of Central Excise
The Customs Act, 1962	Liability on account of additional duty, interest and difference in valuation (to the extent ascertainable)	22,58,117	1998, 2002 and 2005	Joint Director General of Foreign Trade

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced before us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

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

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

Place : Mumbai  
Date : 30th May 2013



**BALANCE SHEET as at 31st March 2013**

	Notes	31st March 2013 Rupees	31st March 2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
(a) Share capital	3	13,30,41,030	13,56,18,610
(b) Share capital suspense account	51	1,18,02,560	-
(c) Reserves and surplus	4	1,69,48,59,673	1,48,67,63,940
		<u>1,83,97,03,263</u>	<u>1,62,23,82,550</u>
<b>NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	5	4,77,96,314	2,33,32,081
(b) Other Long term liabilities	6	3,95,96,832	6,11,65,823
(c) Deferred tax liabilities (Net)	7	6,68,50,167	3,53,22,800
(d) Long-term provisions	8	4,81,08,280	4,71,10,787
		<u>20,23,51,593</u>	<u>16,69,31,491</u>
<b>CURRENT LIABILITIES</b>			
(a) Short-term borrowings	9	44,21,49,835	33,89,13,960
(b) Trade payables	10 (a)	2,60,36,63,282	2,74,89,49,503
(c) Other current liabilities	10 (b)	49,77,48,938	77,14,92,036
(d) Short-term provisions	8	16,11,81,200	16,40,29,439
		<u>3,70,47,43,255</u>	<u>4,02,33,84,938</u>
<b>TOTAL</b>		<b><u>5,74,67,98,111</u></b>	<b><u>5,81,26,98,979</u></b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible Assets	11 (a)	83,13,43,463	57,56,94,407
(ii) Intangible Assets	11 (b)	-	-
(iii) Capital Work In Progress [refer note 11 (a) (4)]		1,70,98,724	13,27,58,792
(b) Non-current investments	12	52,10,08,858	35,28,24,377
(c) Long-term loans and advances	13	58,05,17,250	50,34,22,364
(d) Trade Receivables	14	10,51,03,213	10,05,89,966
(e) Other non-current assets	15	3,06,170	4,30,528
		<u>2,05,53,77,678</u>	<u>1,66,57,20,434</u>
<b>CURRENT ASSETS</b>			
(a) Current investments	16	4,89,046	4,89,046
(b) Inventories	17	43,16,54,029	41,09,38,302
(c) Trade receivables	14	2,66,85,04,644	3,32,60,34,130
(d) Cash and Bank balances	18	15,25,49,077	10,43,06,631
(e) Short-term loans and advances	13	43,66,25,873	30,34,37,879
(f) Other current assets	15	15,97,764	17,72,557
		<u>3,69,14,20,433</u>	<u>4,14,69,78,545</u>
<b>TOTAL</b>		<b><u>5,74,67,98,111</u></b>	<b><u>5,81,26,98,979</u></b>
Summary of Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date

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

per VIJAY MANIAR  
Partner  
Membership No.: 36738

Place : Mumbai  
Date : 30th May 2013

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

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 30th May 2013

**STATEMENT OF PROFIT AND LOSS for the year ended 31st March 2013**

	Notes	31st March 2013 Rupees	31st March 2012 Rupees
<b>REVENUE</b>			
Revenue from operations (Gross)	19	7,94,90,05,100	6,73,70,90,872
Less: Excise Duty	19	27,56,31,440	21,17,52,265
Revenue from operations (Net)	19	7,67,33,73,660	6,52,53,38,607
Other income	20	5,87,64,827	9,03,20,685
<b>TOTAL REVENUE</b>		<b>7,73,21,38,487</b>	<b>6,61,56,59,292</b>
<b>EXPENSES</b>			
Cost of materials consumed	21	5,14,97,82,187	4,42,39,39,250
Purchases of Traded Goods	22	29,79,89,117	28,69,11,343
(Increase)/decrease in inventories of Finished Goods, Work-in-Progress and Traded Goods	22	(2,99,44,042)	(3,95,09,857)
Employee benefits expense	23	77,98,73,133	61,66,94,233
Finance costs	24	11,99,11,065	8,85,41,166
Depreciation and amortization	25	7,90,84,521	6,49,70,064
Other expenses	26	1,01,06,02,650	91,78,92,533
<b>TOTAL EXPENSES</b>		<b>7,40,72,98,631</b>	<b>6,35,94,38,732</b>
<b>PROFIT BEFORE TAX</b>		<b>32,48,39,856</b>	<b>25,62,20,560</b>
[including loss from operation relating to discontinuing operation amounting to Rs. 2,27,91,041 (2011-2012 : Rs. 5,61,71,953)] (Refer note 49)			
<b>TAX EXPENSE</b>			
Current tax		8,23,50,000	9,05,00,000
Deferred Tax (Refer note 7)		2,75,64,823	(97,72,575)
<b>TOTAL TAX EXPENSE</b>		<b>10,99,14,823</b>	<b>8,07,27,425</b>
[including tax relating to loss from operation of discontinuing operation amounting to Rs. Nil (2011-2012 : Rs. Nil)]			
<b>PROFIT AFTER TAX</b>		<b>21,49,25,033</b>	<b>17,54,93,135</b>
[including loss of Rs. 2,27,91,041 (2011-2012 : Rs. 5,61,71,953) for discontinuing operation.]			
<b>EARNINGS PER EQUITY SHARE:</b>			
[Nominal value of shares Rs. 10 (2011-2012 : Rs. 10)] (Refer Note 27)			
Basic		14.85	12.98
Diluted		14.56	12.75

Summary of Significant accounting policies

2

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

per VIJAY MANIAR  
Partner  
Membership No.: 36738

Place : Mumbai  
Date : 30th May 2013

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

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 30th May 2013

**CASH FLOW STATEMENT for the year ended 31st March 2013**

	31st March 2013 Rupees	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2012 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net Profit before tax as per Profit and Loss Account</b>		<b>32,48,39,856</b>		<b>25,62,20,560</b>
Adjustment to reconcile profit before tax to net cash flows:				
Depreciation and Amortization Expense	7,90,84,521		6,49,70,064	
(Profit) / Loss on Assets sold / discarded (Net)	10,41,538		7,83,327	
Employee Compensation Income	(3,80,521)		(28,14,053)	
Finance Cost	11,99,11,065		8,85,41,166	
Dividend received	(21,90,552)		(1,38,42,786)	
Interest received	(4,07,34,920)		(2,99,41,776)	
Bad Debts written off	2,47,69,487		3,29,89,535	
Backcharges on Contracts	1,05,50,957		1,76,17,024	
Doubtful advances, deposits and claims written off	-		2,00,00,000	
Amount set aside for liabilities, no longer required, written back	(96,326)		(4,45,357)	
Unrealized Exchange Loss / (Gain)	(1,59,85,140)		(3,36,31,480)	
		17,59,70,109		14,42,25,664
<b>Operating Profit Before Working Capital Changes</b>		<b>50,08,09,965</b>		<b>40,04,46,224</b>
Movements in Working Capital:				
(Increase) / Decrease in Trade Receivables	(80,77,45,387)		(82,58,38,666)	
(Increase) / Decrease in Inventories	3,18,71,282		(2,67,72,806)	
(Increase) / Decrease in Loans and Advances	(24,61,31,335)		(8,20,18,787)	
(Increase) / Decrease in Other Current Assets	(35,171)		41,498	
(Decrease) / Increase in Trade Payables	91,40,66,329		56,44,59,699	
(Decrease) / Increase in Other liabilities	(6,74,37,623)		15,00,66,671	
(Decrease) / Increase in Provisions	(97,14,591)		1,55,47,405	
		(18,51,26,496)		(20,45,14,986)
<b>Cash Generated From Operations</b>		<b>31,56,83,469</b>		<b>19,59,31,238</b>
Taxes Paid		(8,44,13,028)		(6,34,96,004)
<b>Net Cash from Operating Activities</b>		<b>23,12,70,441</b>		<b>13,24,35,234</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(16,42,89,447)		(17,49,62,721)	
Proceeds from sale of Fixed Assets	7,97,655		5,77,283	
Investments made in Subsidiaries (Refer note 50)	(40,66,949)		(1,29,26,698)	
Investments made in Others	-		(10,000)	
Deposit made during the year (with maturity more than three months)	(3,81,58,078)		(4,20,87,710)	
Deposit matured during the year (with maturity more than three months)	2,51,77,887		3,02,84,353	
Dividend received	21,90,552		1,38,42,786	
Interest received	4,08,32,545		2,97,41,173	
<b>Net Cash Used in Investing Activities</b>		<b>(13,75,15,835)</b>		<b>(15,55,41,534)</b>

**Cash Flow Statement (Contd.)**

	31st March 2013 Rupees	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2012 Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from issuance of share capital on exercise of options	17,05,260		78,97,491	
Repayment of Borrowings	(4,90,57,409)		(24,11,02,395)	
Proceeds from Borrowings	12,31,23,708		29,96,65,470	
Dividend Paid	(2,71,58,322)		(2,70,48,322)	
Dividend Tax Paid	(44,05,759)		(43,23,044)	
Finance Cost	(11,92,50,366)		(8,82,59,477)	
<b>Net Cash Used in Financing Activities</b>		<b>(7,50,42,888)</b>		<b>(5,31,70,277)</b>
Net Increase in Cash and Cash Equivalents		1,87,11,718		(7,62,76,577)
Effect of exchange difference on cash and cash equivalent held in foreign currency		5,28,414		1,33,225
Cash and Cash Equivalents as at the beginning of the year		3,97,28,106		11,58,71,458
Cash and Cash Equivalents acquired on Merger of Ion Exchange Services Limited (refer note 51)		29,58,868		-
<b>Cash and Cash Equivalents as at the end of the year</b>		<b>6,19,27,106</b>		<b>3,97,28,106</b>
<b>Cash and Cash Equivalent Comprises of :</b>				
<b>Cash in hand</b>		<b>18,46,949</b>		<b>15,19,861</b>
<b>Balance with Banks (Refer Notes 3 and 4 below)</b>		<b>6,00,80,157</b>		<b>3,82,08,245</b>
<b>Total</b>		<b>6,19,27,106</b>		<b>3,97,28,106</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 Rules 3A of Companies (Acceptance of Deposits) Rule, 1975] Rs. 39,00,000 (2011-2012 : Rs. 37,00,000)
  - On Margin Money Account Rs. 8,67,21,971(2011-2012 : Rs. 6,08,78,525)
- Balances with bank includes Rs. 37,73,360 (2011-2012 : Rs. 39,35,485) being Unclaimed Dividend and Unclaimed Interest on Fixed Deposits which are not available for use by the company as they represent corresponding Unpaid Liabilities.
- The figures of the current year include changes in the cash flow of the erstwhile Ion Exchange Services Limited (Refer note 51), which was amalgamated with the Company w.e.f. 1st April 2012 and are therefore to that extent not comparable with previous year's figures.
- The amalgamation of Ion Exchange Services Limited (Refer note 51) with the Company is a non cash transaction and hence, has no impact on the Company's cash flow for the year.
- Previous years' figures have been regrouped/rearranged to conform with current years' classifications.

As per our report of even date

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

per VIJAY MANIAR  
Partner  
Membership No.: 36738

Place : Mumbai  
Date : 30th May 2013

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

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 30th May 2013

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013****1. Basis of Preparation:**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared under historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The financial statements comply in all material respects with the Accounting Standards notified under the Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 of India (the "Act"). The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

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

**2. Significant Accounting Policies:****(i) Fixed Assets, Depreciation and Impairment:**

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

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

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

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

Site equipments are depreciated over 3 years.

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

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

The incremental depreciation attributable to the revalued amount is transferred from the Revaluation Reserve to the 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.



**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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

(iii) Investments:

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

(iv) Inventories:

Inventories are valued at lower of Cost and Net 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. Cost is computed on weighted average basis.

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

Cost 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 is computed on weighted average basis.

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 Benefit in the form of Superannuation Fund is a defined contribution scheme and the contribution is charged to the Profit and Loss Account of the year when the contribution to the fund is due. There is no other obligation other than the contribution payable.

b) Gratuity Liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year.

c) Short Term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. Long Term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The Company has an unconditional contractual right to defer leaves.

d) Provident Fund scheme managed by trust is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit method.

e) 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.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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

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

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

Income from Services:

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

Interest:

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

Dividends:

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

(ix) Taxation:

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

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

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

(x) Employee Stock Compensation cost:

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

(xi) Provisions and Contingent Liabilities:

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

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

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

(xii) Earnings Per Share:

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

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

(xiii) Segment Reporting Policies:

Identification of segments:

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

Inter-segment Transfers:

The Company accounts for inter-segment sales and transfers at market 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.

(xiv) Cash and Cash Equivalents:

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

(xv) Leases:

Where the Company is the Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets given on operating leases by the Company are included in fixed assets. Lease income is recognized in the 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.

Where the Company is lessee

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

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

(xvi) Borrowing costs:

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

(xvii) Use of estimates:

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

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****3. SHARE CAPITAL**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Authorised shares: 1,70,00,000 (2011-2012 : 1,50,00,000) Equity Shares of Rs. 10 each. (refer note 51)	17,00,00,000	15,00,00,000
Issued, Subscribed and fully paid-up shares: 1,33,04,103 (2011-2012 : 1,35,61,861) Equity Shares of Rs. 10 each. (refer note 51 for details of shares reserved for issue under the scheme of amalgamation)	13,30,41,030	13,56,18,610
	<b>13,30,41,030</b>	<b>13,56,18,610</b>

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

Equity Shares

	<b>31st March 2013</b>		<b>31st March 2012</b>	
	<b>No. of Shares</b>	<b>Rupees</b>	<b>No. of Shares</b>	<b>Rupees</b>
At the beginning of the period	1,35,61,861	13,56,18,610	1,34,25,911	13,42,59,110
Add: Issued during the period - ESOS	29,300	2,93,000	1,35,950	13,59,500
Less: Shares extinguished as per scheme of Amalgamation (refer note 51)	2,87,058	28,70,580	-	-
Outstanding at the end of the period	<b>1,33,04,103</b>	<b>13,30,41,030</b>	<b>1,35,61,861</b>	<b>13,56,18,610</b>

(b) Terms/rights attached to equity shares

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

During the year ended 31st March 2013, the amount of per share dividend recognized as distribution to equity shareholders is Rs. 2 (2011-2012 : Rs. 2)

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

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

	<b>31st March 2013</b>		<b>31st March 2012</b>	
	<b>No. of Shares</b>	<b>% of holding</b>	<b>No. of Shares</b>	<b>% of holding</b>
Rakesh Jhunjhunwala	8,75,000	6.58%	8,75,000	6.45%

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

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

The company has issued 9,34,250 shares (2011-2012 : 15,70,900) during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services.

(e) Shares reserved for issued under ESOS

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

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**4. RESERVES AND SURPLUS**

	31st March 2013 Rupees	31st March 2012 Rupees
<u>Capital Reserve</u>		
Balance as at April 1	26,67,745	26,67,745
Add: Transfer from General Reserve (Refer note 51)	1,59,16,760	-
Less: Extinguishment of cross holding investments and excess of share capital credited by the Company over the Share Capital of Ion Exchange Services Limited (note 51)	1,85,84,505	-
	<u>-</u>	<u>26,67,745</u>
<u>Security Premium Account</u>		
Balance as at April 1	80,69,20,399	79,77,56,576
Add: Received on exercise of Employee Stock Option Scheme	19,79,215	91,63,823
	<u>80,88,99,614</u>	<u>80,69,20,399</u>
<u>Revaluation Reserve [Refer note 2(i)]</u>		
Balance as at April 1	10,77,330	11,05,800
Less: Transfer to Profit and Loss Account	28,470	28,470
	<u>10,48,860</u>	<u>10,77,330</u>
<u>Employee Stock Options Outstanding [Refer note 2(x) and note 29]</u>		
Employee Stock Options Outstanding	2,15,87,810	2,25,35,286
Less: Deferred Employee Compensation Outstanding	-	-
	<u>2,15,87,810</u>	<u>2,25,35,286</u>
<u>Special Reserve (As per Section 45 - 1C of the Reserve Bank of India Act)</u>		
	<u>16,00,060</u>	<u>16,00,060</u>
<u>General Reserve</u>		
Balance as at April 1	20,39,98,364	19,07,98,364
Add: Reserves and Surplus transferred on Amalgamation (Refer note 51)	4,46,84,101	-
Less: Transfer to Capital Reserve (Refer note 51)	1,59,16,760	-
Add: Transfer from Profit and Loss Account	1,62,00,000	1,32,00,000
	<u>24,89,65,705</u>	<u>20,39,98,364</u>
<u>Surplus in the statement of Profit and Loss Account</u>		
Balance as per last financial statements	44,79,64,756	31,72,55,281
Profit for the year	21,49,25,033	17,54,93,135
Less : Appropriations		
Dividend [Refer note 46]	34,600	1,96,500
Tax on dividend [Refer note 46]	5,613	(1,36,708)
Proposed final dividend [(amount per share Rs. 2 (2011-2012 : Rs. 2)]	2,89,68,718	2,71,23,722
Tax on proposed final dividend	49,23,234	44,00,146
Transfer to General Reserve	1,62,00,000	1,32,00,000
Net Surplus in the statement of Profit and Loss Account	<u>61,27,57,624</u>	<u>44,79,64,756</u>
<b>Total Reserves and Surplus</b>	<b><u>1,69,48,59,673</u></b>	<b><u>1,48,67,63,940</u></b>



**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****5. LONG-TERM BORROWINGS:**

	Non-current portion		Current maturities	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
<u>Term Loans from Banks (Secured)</u>				
Indian rupee loan from bank	-	-	-	70,65,000
Indian rupee loan from bank [see Note (a) below]	-	-	10,00,00,000	6,00,00,000
Indian rupee loan from financial institution [see Note (b) below]	1,45,25,000	-	70,00,000	-
Indian rupee Vehicle loan from banks and finance company [see Note (c) below]	52,95,939	25,13,988	24,13,259	23,91,697
<u>Other Loans and Advances</u>				
Finance Lease obligation (Secured) [see Note (d) below]	1,19,27,375	40,46,093	62,08,471	16,09,591
Deposits (Unsecured) [see Note (e) below]				
Deposit from Shareholders	3,51,000	65,000	40,000	2,15,000
Deposit from Public	1,56,97,000	1,67,07,000	1,06,33,000	2,25,99,000
	<b>4,77,96,314</b>	<b>2,33,32,081</b>	<b>12,62,94,730</b>	<b>9,38,80,288</b>
<u>The above amount includes</u>				
Secured borrowings	3,17,48,314	65,60,081	11,56,21,730	7,10,66,288
Unsecured borrowings	1,60,48,000	1,67,72,000	1,06,73,000	2,28,14,000
Amount disclosed under the head "Other current Liabilities" (refer note 10)	-	-	(12,62,94,730)	(9,38,80,288)
	<b>4,77,96,314</b>	<b>2,33,32,081</b>	<b>-</b>	<b>-</b>

- (a) Indian rupees loan from bank taken for a specific project carries interest @ 11.75% to 13.00% p.a. Indian rupees loan from bank is repayable within 20 months from the date of first disbursement being 21.09.2011 or out of excess contract proceeds whichever is earlier. The loan is secured by pari passu first charge on project specific current Assets, both present and future.
- (b) Indian rupees loan from bank taken from a financial institution carries interest @ 15.00% p.a. The loan is secured by first charge on property situated at Mahedevapura Industrial Estate, Bangalore and is repayable in 6 years.
- (c) Indian rupee vehicle loans from banks and finance company carries interest @ 9.50% to 14.60% p.a. The loans are repayable in equal monthly installments along with interest, from the various dates of disbursements. The loans are secured by hypothecation of vehicles.
- (d) Finance lease obligation is secured by hypothecation of equipment's taken on lease.
- (e) Deposits from Shareholders and Public carry interest @7.00% to 8.00% p.a for deposits repayable after 1 year to 3 years from the respective dates of deposits.

**6. OTHER LONG TERM LIABILITIES**

	31st March 2013 Rupees	31st March 2012 Rupees
Deposits	3,92,56,396	3,76,56,908
Trade Payables	-	2,30,46,128
Interest accrued but not due	3,40,436	4,62,787
	<b>3,95,96,832</b>	<b>6,11,65,823</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**7. DEFERRED TAX LIABILITY (NET)**

Particulars	31st March 2013		31st March 2012	
	Deferred Tax Liability	Deferred Tax Assets	Deferred Tax Liability	Deferred Tax Assets
	Rupees	Rupees	Rupees	Rupees
Difference between book and tax depreciation	10,58,40,575	-	7,51,04,054	-
Provision for doubtful debts	-	20,26,482	-	19,34,369
Provision for doubtful advances	-	58,38,581	-	56,98,204
Effect of expenditure allowable for the Tax Purposes in following years	-	3,11,25,345	-	3,21,48,681
<b>Total</b>	<b>10,58,40,575</b>	<b>3,89,90,408</b>	<b>7,51,04,054</b>	<b>3,97,81,254</b>
<b>Deferred Tax Liability (Net)</b>	<b>6,68,50,167</b>		<b>3,53,22,800</b>	

**8. PROVISIONS**

	Long-term		Short-term	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Provision for Income Tax	-	-	10,92,90,912	10,60,56,846
Provision for Fringe Benefit Tax	-	-	-	19,87,695
Provision for Leave Encashment	4,81,08,280	4,71,10,787	1,52,98,336	2,44,61,030
Provision for warranties	-	-	27,00,000	-
Proposed Dividend	-	-	2,89,68,718	2,71,23,722
Tax on Proposed Dividend	-	-	49,23,234	44,00,146
	<b>4,81,08,280</b>	<b>4,71,10,787</b>	<b>16,11,81,200</b>	<b>16,40,29,439</b>

**Provision for warranties**

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

	31st March 2013 Rupees	31st March 2012 Rupees
At the beginning of the year	-	-
Arising during the year	27,00,000	-
Utilised during the year	-	-
Unused amounts reversed	-	-
<b>At the end of the year</b>	<b>27,00,000</b>	<b>-</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****9. SHORT TERM BORROWINGS**

	31st March 2013 Rupees	31st March 2012 Rupees
Working Capital Loan from Banks (Secured) - [Note (a) below]	33,94,19,791	28,63,02,009
Buyers Credit from Bank (Secured) - [Note (a) below]	4,41,78,278	5,26,11,951
Working Capital Loan from Bank (Secured) - [Note (b) below]	5,85,51,766	-
	<b>44,21,49,835</b>	<b>33,89,13,960</b>
<u>The above amount includes:</u>		
Secured borrowings	44,21,49,835	33,89,13,960
Unsecured borrowings	-	-
	<b>44,21,49,835</b>	<b>33,89,13,960</b>

- (a) Working Capital Loan and Buyers Credit is secured by joint hypothecation of Book Debts and Stocks and collateral security by way of pari passu first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru and pari passu second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa. The Working Capital Loan is repayable on demand.
- (b) Working capital Loans from bank of amalgamated company - Ion Exchange Services Limited is secured by joint hypothecation of Book debts and Stock of amalgamated company - Ion Exchange Services Limited and collateral security by way of first charge on the immovable property situated at Kolkata and second charge of immovable property situated at Bangalore apart from Fixed deposit of Rs. 1,62,68,111. The working Capital loan is repayable on demand.

**10. OTHER CURRENT LIABILITIES**

	31st March 2013 Rupees	31st March 2012 Rupees
10 (a) <u>Trade payable (including acceptances)</u> Refer note 41 for details of dues to Micro and small enterprises	2,60,36,63,282	2,74,89,49,503
	<b>2,60,36,63,282</b>	<b>2,74,89,49,503</b>
10 (b) <u>Other Current Liabilities</u>		
Current maturities of long term borrowings (refer note 5)	12,62,94,730	9,38,80,288
Interest accrued but not due	6,52,464	14,35,514
Deposits	-	3,54,65,178
Creditors for Capital Goods	69,12,255	2,91,85,599
Investor Education and Protection Fund will be credited by following amounts (as and when due):		
- Unpaid Dividend	24,16,215	21,92,853
- Unclaimed Interest on Fixed Deposit	13,57,145	17,42,632
- Unclaimed Matured Deposit	21,21,000	24,50,000
Advance from Customers	29,78,83,943	55,37,63,878
Unearned revenue on AMC services	2,97,58,769	3,87,62,045
Taxes ( Service tax, Sales Tax, TDS )	2,47,26,494	74,10,937
Others Liabilities	56,25,923	52,03,112
	<b>49,77,48,938</b>	<b>77,14,92,036</b>
	<b>3,10,14,12,220</b>	<b>3,52,04,41,539</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**
**11. (a) TANGIBLE ASSETS**

	Amount (in Rupees)									
	Land (Freehold)	Land (Leasehold)	Building On Leasehold Land	Building On Freehold Land	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Total	
<b>Gross Block</b>										
As at 1st April 2011	87,01,593	2,39,84,441	23,07,88,691	13,24,31,725	63,57,65,966	8,66,23,014	2,46,52,872	15,89,87,858	1,30,19,36,160	
Addition during the year	-	-	12,94,518	1,20,44,559	3,88,57,789	26,74,871	39,66,225	1,49,89,621	7,38,27,583	
Disposal during the year	-	-	-	-	2,50,000	-	19,53,090	91,710	22,94,800	
<b>As at 31st March 2012</b>	<b>87,01,593</b>	<b>2,39,84,441</b>	<b>23,20,83,209</b>	<b>14,44,76,284</b>	<b>67,43,73,755</b>	<b>8,92,97,885</b>	<b>2,66,66,007</b>	<b>17,38,85,769</b>	<b>1,37,34,68,943</b>	
Addition on Amalgamation of Ion Exchange Services Limited (Refer Note 51)	1,17,27,460	-	-	8,51,67,563	62,83,228	27,80,104	23,23,575	1,15,96,182	11,98,78,112	
Addition during the year	-	-	4,57,69,820	1,54,91,306	15,10,43,091	85,74,420	58,95,363	3,19,70,372	25,87,44,372	
Disposal during the year	-	-	-	-	2,34,49,704	17,56,124	55,86,190	1,57,72,432	4,65,64,450	
<b>As at 31st March 2013</b>	<b>2,04,29,053</b>	<b>2,39,84,441</b>	<b>27,78,53,029</b>	<b>24,51,35,153</b>	<b>80,82,50,370</b>	<b>9,88,96,285</b>	<b>2,92,98,755</b>	<b>20,16,79,891</b>	<b>1,70,55,26,977</b>	
<b>Depreciation/Amortisation</b>										
As at 1st April 2011	-	58,32,382	8,65,91,166	3,23,09,025	41,51,11,090	5,85,04,237	1,25,37,726	12,28,24,566	73,37,10,192	
Depreciation during the year	-	3,02,993	67,21,290	26,04,883	3,69,65,167	45,96,700	18,15,458	1,19,92,043	6,49,98,534	
Deduction during the year	-	-	-	-	1,79,622	-	7,30,991	23,577	9,34,190	
<b>As at 31st March 2012</b>	<b>-</b>	<b>61,35,375</b>	<b>9,33,12,456</b>	<b>3,49,13,908</b>	<b>45,18,96,635</b>	<b>6,31,00,937</b>	<b>1,36,22,193</b>	<b>13,47,93,032</b>	<b>79,77,74,536</b>	
Addition on Amalgamation of Ion Exchange Services Limited (Refer Note 51)	-	-	-	98,56,285	34,09,425	23,51,261	12,52,512	84,59,470	2,53,28,953	
Charge for the year (Refer Note 51)	-	3,02,993	76,07,260	(4,85,300)	4,53,25,958	45,34,812	26,84,558	1,65,00,912	7,64,71,193	
Deduction during the year	-	-	-	-	52,50,995	12,75,718	33,58,724	1,55,05,732	2,53,91,169	
<b>As at 31st March 2013</b>	<b>-</b>	<b>64,38,368</b>	<b>10,09,19,716</b>	<b>4,42,84,893</b>	<b>49,53,81,023</b>	<b>6,87,11,292</b>	<b>1,42,00,539</b>	<b>14,42,47,682</b>	<b>87,41,83,513</b>	
<b>Net Block</b>										
As at 31st March 2012	87,01,593	1,78,49,066	13,87,70,753	10,95,62,376	22,24,77,120	2,61,96,948	1,30,43,814	3,90,92,737	57,56,94,407	
As at 31st March 2013	2,04,29,053	1,75,46,073	17,69,33,313	20,08,50,260	31,28,69,347	3,01,84,993	1,50,98,216	5,74,32,209	83,13,43,463	

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****11. (a) TANGIBLE ASSETS (contd...)**

1. Buildings on Freehold Land Includes Ownership blocks, the cost of which includes:
  - Rs. 250 (2011-2012 : 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 (2011-2012 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
2. Buildings on Freehold Land Includes Ownership blocks acquired at Mumbai, the Society formation of which is in progress.  
Gross Book Value Rs. 62,16,250 (2011-2012 : Rs. 62,16,250)  
Net book value Rs. 44,23,529 (2011-2012 : Rs. 45,24,854)
3. Buildings on Freehold Land Includes Ownership blocks comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.  
Gross Book Value Rs. 76,882 (2011-2012 : Rs. 76,882)  
Net book value Rs. Nil (2011-2012 : Rs. Nil)
4. Capital Work in Progress includes amount of Rs. 25,33,481 (2011-2012 : 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.
5. Buildings on Freehold Land includes office premises given on operating lease :  
Gross Book Value Rs. 2,29,34,730 (2011-2012 : Rs. 3,33,03,610)  
Accumulated depreciation Rs. 80,01,292 (2011-2012 : Rs. 78,95,036)  
Depreciation for the year Rs. 5,16,263 (2011-2012 : Rs. 5,15,035)  
Net book value Rs. 1,49,33,438 (2011-2012 : Rs. 2,54,08,574)
6. Office Equipment includes data processing items taken on finance lease :  
Gross Book Value Rs. 2,17,75,889 (2011-2012 : Rs. 59,50,081)  
Depreciation for the year Rs. 28,06,332 (2011-2012 : Rs. 2,59,020)  
Net book value Rs. 1,87,10,558 (2011-2012 : Rs. 56,91,061)
7. Fixed assets pertaining to discontinued operations includes:  
Gross Book Value Rs. Nil (2011-2012: Rs. 5,05,67,568)  
Accumulated depreciation Rs. Nil (2011-2012: Rs. 2,91,92,080)  
Net book value Rs. Nil (2011-2012: Rs. 2,13,75,489)

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**11. (b) INTANGIBLE ASSETS**

	Amount (in Rupees)
<b><u>Gross Block</u></b>	
As at 1st April 2011	-
Addition during the year	-
Disposal during the year	-
<b>As at 31st March 2012</b>	<b>-</b>
Addition on Amalgamation of Ion Exchange Services Limited (Refer Note 51)	1,46,76,658
Addition during the year	-
Disposal during the year	-
<b>As at 31st March 2013</b>	<b>1,46,76,658</b>
<b><u>Depreciation / Amortisation</u></b>	
As at 1st April 2011	-
Depreciation during the year	-
Deduction during the year	-
<b>As at 31st March 2012</b>	<b>-</b>
Addition on Amalgamation of Ion Exchange Services Limited (Refer Note 51)	1,20,34,860
Charge for the year (Refer Note 51)	26,41,798
Deduction during the year	-
<b>As at 31st March 2013</b>	<b>1,46,76,658</b>
<b><u>Net Block</u></b>	
<b>As at 31st March 2012</b>	<b>-</b>
<b>As at 31st March 2013</b>	<b>-</b>



**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****12. NON CURRENT INVESTMENTS**

	<b>31st March 2013</b> <b>Rupees</b>	<b>31st March 2012</b> <b>Rupees</b>
<b>TRADE INVESTMENTS (Valued at cost unless stated otherwise)</b>		
<b>EQUITY INSTRUMENTS (UNQUOTED)</b>		
<b>INVESTMENT IN SUBSIDIARIES</b>		
17,60,000 (2011-2012 : 17,60,000) Equity Shares of Rs. 10 each, fully paid-up in Aqua Investments (India) Limited	1,76,00,000	1,76,00,000
17,70,000 (2011-2012 : 17,70,000) Equity Shares of Rs. 10 each, fully paid-up in Watercare Investments (India) Limited	1,77,00,000	1,77,00,000
5,47,000 (2011-2012 : 5,47,000) Equity Shares of Rs. 10 each, fully paid-up in Ion Exchange Enviro Farms Limited (refer note 34)	54,70,000	54,70,000
19,53,211 (2011-2012 : 12,83,474) Equity Shares of Singapore Dollars 1 each, fully paid up in Ion Exchange Asia Pacific Pte Ltd.	7,70,24,565	4,76,88,508
1,50,000 (2011-2012 : 1,50,000) Equity Shares of Malaysian Ringgit 1 each, fully paid up in IEI Environmental Management (M) Sdn. Bhd	18,10,111	18,10,111
7,00,000 (2011-2012 : 1,00,000) Equity Shares of United State Dollar 1 each, fully paid up in Ion Exchange LLC, USA	3,72,01,000	43,33,000
1,53,000 (2011-2012 : 1,53,000) Equity Shares of Omani Rial 1 each, fully paid up in Ion Exchange & Company LLC, Oman	1,80,85,140	1,80,85,140
55,862 (2011-2012 : 10,000) Equity Shares of Bangladeshi Taka 100 each, fully paid up in Ion Exchange Environment Management (BD) Limited	35,74,493	7,00,000
27,469 (2011-2012 : 27,469) Equity Shares of Bangladeshi Taka 100 each, fully paid up in Ion Exchange WTS (Bangladesh) Limited	2,45,000	2,45,000
31,20,000 (2011-2012 : 31,20,000) Equity Shares of Rs. 10 each, fully paid up in Ion Exchange Infrastructure Limited	3,12,00,000	3,12,00,000
21,70,000 (2011-2012 : 21,50,000) Equity Shares of Rs. 10 each, fully paid up in Global Composite & Structural Limited	2,17,00,000	2,15,00,000
1,00,00,000 (2011-2012 : 50,000) Equity Shares of Rs. 10 each, fully paid up in Ion Exchange Projects and Engineering Limited	10,00,00,000	5,00,000
600 (2011-2012 : Nil) Equity Shares of ZAR 1 each, fully paid up in Ion Exchange Safic Pty Ltd.	40,66,949	-
49,933 (2011-2012 : 24,000) Equity Shares of Rs. 10 each, fully paid-up in Total Water Management Services (India) Limited *	4,99,930	-
(A)	33,61,77,188	16,68,31,759
<b>INVESTMENT IN JOINT VENTURES</b>		
24,99,500 (2011-2012 : 24,99,500) Equity Shares of Rs. 10 each, fully paid-up in Ion Exchange Waterleau Limited	2,49,95,000	2,49,95,000
(B)	2,49,95,000	2,49,95,000
<b>INVESTMENT IN ASSOCIATES</b>		
Nil (2011-2012 : 2,94,875) Equity Shares of Rs. 10 each, fully paid up in Ion Exchange Services Limited (refer note 51)	-	9,20,948
49,933 (2011-2012 : 24,000) Equity Shares of Rs. 10 each, fully paid-up in Total Water Management Services (India) Limited *	-	2,40,000

\* On account of merger of Ion Exchange Services Limited w.e.f. 01.04.2012, company's holding has increased from 48.00% to 99.87%.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**12. NON-CURRENT INVESTMENTS (contd..)**

	31st March 2013 Rupees	31st March 2012 Rupees
<b>INVESTMENT IN ASSOCIATES (contd...)</b>		
4,60,000 (2011-2012 : 4,60,000) Equity Shares of Rs. 10 each, fully paid-up in Aquanomics Systems Limited	46,00,000	46,00,000
1,30,000 (2011-2012 : 1,30,000) Equity Shares of Rs. 10 each, fully paid-up in Astha Technical Services Limited	13,00,000	13,00,000
(C)	59,00,000	70,60,948
<b>INVESTMENT IN OTHERS</b>		
6,000 (2011-2012 : 6,000) Equity Shares of Rs. 10 each, fully paid-up in IEK Plastics Limited [At cost less provision for other than temporary diminution in the value: Rs. 60,000 (2011-2012 : Rs. 60,000)]	-	-
15,000 (2011-2012 : 15,000) Equity Shares of Rs. 10 each, fully paid-up in IEI Mansel Services Limited [At cost less provision for other than temporary diminution in the value: Rs. 1,50,000 (2011-2012 : Rs. 1,50,000)]	-	-
113 (2011-2012 : 113) Equity Shares of Rs. 10 each, fully paid-up in Patancheru Enviro-tech Limited	1,130	1,130
10,500 (2011-2012 : 10,500) Equity Shares of Rs. 10 each, fully paid-up in Bharuch Enviro Infrastructure Limited	1,05,000	1,05,000
3,52,500 (2011-2012 : 3,52,500) Equity Shares of Rs. 10 each, fully paid-up in Bharuch Eco-Aqua Infrastructure Limited	35,25,000	35,25,000
21,518 (2011-2012 : 21,518) Equity Shares of Rs. 10 each, fully paid-up in Global Procurement Consultants Limited	2,45,540	2,45,540
1,000 (2011-2012 : 1,000) Equity Shares of Rs. 10 each, fully paid-up in Ion Foundation	10,000	10,000
(D)	38,86,670	38,86,670
<b>PREFERENCE SHARES (UNQUOTED)</b>		
<b>INVESTMENT IN OTHERS</b>		
75,000 (2011-2012 : 75,000) 14.25% Preference Shares of Rs. 100 each, fully paid-up in HMG Industries Limited [At cost less provision for other than temporary diminution in the value Rs. 74,50,000 (2011-2012 : Rs. 74,50,000)]	50,000	50,000
(E)	50,000	50,000
<b>DEBENTURES (UNQUOTED)</b>		
<b>INVESTMENT IN SUBSIDIARIES</b>		
15,00,000 (2011-2012 : 15,00,000) 7% Secured Redeemable Non-Convertible Debenture of Rs. 100 each, fully paid up in Ion Exchange Enviro Farms Limited	15,00,00,000	15,00,00,000
(F)	15,00,00,000	15,00,00,000
<b>Total Non Current Investments</b>	<b>(A+B+C+D+E+F)</b> <b>52,10,08,858</b>	<b>35,28,24,377</b>
Aggregate amount of quoted Investments	-	-
Aggregate amount of unquoted Investments	52,10,08,858	35,28,24,377
Aggregate provision for diminution in value of investments	76,60,000	76,60,000

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****13. LOANS AND ADVANCES**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
<u>Capital advances</u>				
Unsecured, considered good	21,82,526	32,50,727	-	-
(A)	21,82,526	32,50,727	-	-
<u>Tender, Security and other Deposits</u>				
Unsecured, considered good	2,74,84,588	2,49,38,295	1,12,86,334	34,34,760
Doubtful	6,08,733	9,94,041	-	-
	2,80,93,321	2,59,32,336	1,12,86,334	34,34,760
Less: Provision for doubtful deposits	6,08,733	9,94,041	-	-
(B)	2,74,84,588	2,49,38,295	1,12,86,334	34,34,760
<u>Loans and advances to related parties</u> [refer note 32 (I) and (II)]				
Unsecured, considered good	42,78,97,912	37,34,24,976	15,11,83,703	6,58,46,782
Doubtful	27,15,134	27,15,134	-	-
	43,06,13,046	37,61,40,110	15,11,83,703	6,58,46,782
Less: Provision for doubtful Loans and advances	27,15,134	27,15,134	-	-
(C)	42,78,97,912	37,34,24,976	15,11,83,703	6,58,46,782
<u>Advance to suppliers</u>				
Unsecured, considered good	-	-	8,62,41,047	7,58,06,210
Unsecured, considered good - related parties [refer note 32(I)]	-	-	2,98,07,829	2,42,21,013
Unsecured, considered doubtful	14,19,526	14,19,526	-	-
	14,19,526	14,19,526	11,60,48,876	10,00,27,223
Less: Provision for doubtful advances	14,19,526	14,19,526	-	-
(D)	-	-	11,60,48,876	10,00,27,223
<u>Other Loans and advances</u> (Unsecured, considered good unless otherwise stated)				
- Prepaid Expenses	-	-	2,54,36,190	4,46,11,010
- Claims Receivables	-	-	97,24,488	2,53,22,795
- Balances with Statutory Authorities	7,64,77,216	6,90,85,132	11,33,63,206	5,91,01,433
- Loans & Advance to Employees	50,000	2,38,333	95,83,076	50,93,876
- Income tax Paid (net of provision for taxation)	4,64,25,008	3,24,84,901	-	-
- Inter Corporate Deposits (doubtful)	57,07,289	57,07,289	-	-
Other Loans and Advances (doubtful)	55,06,962	55,06,962	-	-
	1,12,14,251	1,12,14,251	-	-
Less: Provision for doubtful advances	1,12,14,251	1,12,14,251	-	-
(E)	12,29,52,224	10,18,08,366	15,81,06,960	13,41,29,114
<b>Total</b>	<b>(A+B+C+D+E)</b> <b>58,05,17,250</b>	<b>50,34,22,364</b>	<b>43,66,25,873</b>	<b>30,34,37,879</b>
Loans and advances due by directors or other officers etc.				
Loans and advances to employees includes due from directors	-	-	2,58,151	1,03,672

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**
**14. TRADE RECEIVABLES**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured Considered good	10,51,03,213	10,05,89,966	44,93,51,322	93,98,76,949
- Doubtful	59,61,994	59,61,994	-	-
	11,10,65,207	10,65,51,960	44,93,51,322	93,98,76,949
Less: Provision for doubtful receivable	59,61,994	59,61,994	-	-
(A)	10,51,03,213	10,05,89,966	44,93,51,322	93,98,76,949
Other receivables				
- Unsecured, considered good	-	-	2,21,91,53,322	2,38,61,57,181
- Doubtful	-	-	-	-
	-	-	2,21,91,53,322	2,38,61,57,181
Less: Provision for doubtful receivables	-	-	-	-
(B)	-	-	2,21,91,53,322	2,38,61,57,181
<b>Total</b>	<b>(A + B) 10,51,03,213</b>	<b>10,05,89,966</b>	<b>2,66,85,04,644</b>	<b>3,32,60,34,130</b>

**15. OTHER ASSETS**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Unsecured, considered good				
<u>Others</u>				
Interest Accrued on Margin Money	3,06,170	4,30,528	15,10,485	14,83,752
Rent Receivables	-	-	87,279	2,88,805
Rent Receivables (Doubtful)	17,05,011	17,05,011	-	-
	20,11,181	21,35,539	15,97,764	17,72,557
Less: Provision	17,05,011	17,05,011	-	-
	<b>3,06,170</b>	<b>4,30,528</b>	<b>15,97,764</b>	<b>17,72,557</b>

**16. CURRENT INVESTMENTS**

	31st March 2013 Rupees	31st March 2012 Rupees
Current investments (valued at lower of cost or fair value unless stated otherwise)		
<u>Non Trade and Quoted</u>		
Shares of Sterlite Technologies Limited 5,875 (2011-2012 : 5,875) Equity Shares of Rs. 2 each, fully paid-up	2,05,000	2,05,000
Shares of Jain Irrigation Systems Limited 70 Equity Shares of Rs. 2 each (2011-2012 : 70 Equity Shares of Rs. 2 each), fully paid-up [Net of provision for diminution in the value Rs. 3,178 (2011-2012 : Rs. 3,178)]	546	546
Shares of Canara Bank 8,100 (2011-2012 : 8,100) Equity Shares of Rs. 10 each, fully paid-up	2,83,500	2,83,500
	<b>4,89,046</b>	<b>4,89,046</b>
Aggregate amount of quoted investments [(Market value Rs. 32,56,126 (2011-2012 : Rs. 40,74,369)]	4,89,046	4,89,046
Aggregate provision for diminution in value of investments	3,178	3,178

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****17. INVENTORIES** (valued at lower of cost and net realizable value)

	31st March 2013 Rupees	31st March 2012 Rupees
Raw Materials and components [includes in transit Rs. 2,41,54,240 (2011-2012 : Rs. 1,81,92,483)] (refer note 21)	17,84,29,203	19,67,23,285
Work-in-Progress (refer note 22)	2,50,74,109	3,79,90,023
Finished goods (refer note 22)	10,72,90,809	7,53,82,717
Traded goods (refer note 22)	5,41,26,352	3,88,74,952
Stores and spares	3,55,17,250	2,64,51,483
Contract Work-in-Progress (refer note 22)	3,12,16,306	3,55,15,842
	<b>43,16,54,029</b>	<b>41,09,38,302</b>

**18. CASH AND BANK BALANCES**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Cash and Cash Equivalents				
<u>Balances with banks:</u>				
- On current accounts	-	-	5,55,97,202	3,28,69,824
- On Exchange Earner's Foreign Currency Accounts	-	-	7,09,595	14,02,936
- On Unclaimed Dividend Account	-	-	24,16,215	21,92,853
- On Unclaimed Interest on Fixed Deposits	-	-	13,57,145	17,42,632
<u>Cash on Hand</u>	-	-	18,46,949	15,19,861
(A)	-	-	6,19,27,106	3,97,28,106
<u>Other bank balances</u>				
On Deposit Account with original maturity for more than 12 months	-	-	39,00,000	37,00,000
On Margin Money Account (note a and b)	-	-	8,67,21,971	6,08,78,525
(B)	-	-	9,06,21,971	6,45,78,525
<b>Total</b>	<b>(A) + (B)</b>	<b>-</b>	<b>15,25,49,077</b>	<b>10,43,06,631</b>

a) Margin money deposit given as security

Margin money deposits with a carrying amount of Rs. 7,04,53,860 (2011-2012 : Rs. 6,08,78,525) are subject to first charge to secure bank guarantees issued by bank on our behalf.

## b) Margin money includes fixed deposit of Rs. 1,62,68,111, being security towards Working capital of the Company.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**
**19. REVENUE FROM OPERATIONS**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Revenue from Operations		
<u>Sale of Products</u>		
Finished Goods	6,93,66,24,050	5,74,22,41,508
Traded Goods	45,67,00,315	48,45,75,139
<u>Sale of services</u>	54,08,12,239	47,77,04,059
<u>Others operating revenue</u>		
Scrap Sale	1,13,68,496	1,06,19,840
Management Fees	35,00,000	2,19,50,326
<b>Revenue from operations (gross)</b>	<b>7,94,90,05,100</b>	<b>6,73,70,90,872</b>
Less: Excise Duty *	27,56,31,440	21,17,52,265
<b>Revenue from operations (net)</b>	<b>7,67,33,73,660</b>	<b>6,52,53,38,607</b>

\* Excise duty on sales amounting to Rs. 27,56,31,440 (2011-2012 : Rs. 21,17,52,265) has been reduced from sales in Profit and Loss Account and Excise duty on (increase)/decrease in stock amounting to Rs. 53,77,519 (2011-2012 : Rs. 38,91,917) has been considered as (income)/expenses in Note 26 of financial statements.

**DETAILS OF PRODUCT SOLD**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<u>Finished goods</u>		
Ion Exchange Resins	1,16,26,98,186	86,93,59,193
Water Treatments Plants & Accessories	4,20,88,21,612	3,54,75,97,872
Chemicals Additives	1,08,34,25,427	85,61,32,818
Consumer Products	20,60,47,385	25,73,99,360
	<u>6,66,09,92,610</u>	<u>5,53,04,89,243</u>
<u>Traded goods</u>		
Consumer Products	42,91,87,451	46,35,58,063
Activated Carbon	7,91,750	17,88,250
Spares	46,38,581	-
Others	2,20,82,533	1,92,28,826
	<u>45,67,00,315</u>	<u>48,45,75,139</u>
	<u>7,11,76,92,925</u>	<u>6,01,50,64,382</u>

**DETAILS OF SERVICES RENDERED**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Civil, Errection and Commissioning	15,17,83,446	16,26,95,142
Operation and Maintenance	31,82,36,940	23,95,77,083
Annual Maintenance Contracts	7,07,91,853	7,54,31,834
	<u>54,08,12,239</u>	<u>47,77,04,059</u>



**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****20. OTHER INCOME**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Interest Income		
- From Banks	89,02,970	50,38,834
- From Subsidiary	1,72,13,873	1,25,53,471
- From Joint Venture	1,40,55,589	1,20,61,957
- From Others	5,62,488	2,87,514
Rent	64,45,389	2,94,93,371
Dividend Income on		
- Investment in subsidiaries	-	1,22,30,428
- Current investments	90,936	92,108
- Long-term investments	20,99,616	15,20,250
Amount set aside for liabilities, no longer required, written back	96,326	4,45,357
Exchange Gain (Net)	64,93,712	1,55,28,201
Other non operating Income	28,03,928	10,69,194
	<b>5,87,64,827</b>	<b>9,03,20,685</b>

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

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Inventory at the beginning of the year	19,67,23,285	21,31,56,331
Add: Purchases*	5,13,14,88,105	4,40,75,06,204
Less: Inventory at the end of the year	17,84,29,203	19,67,23,285
Cost of Raw Material and components consumed **	<b>5,14,97,82,187</b>	<b>4,42,39,39,250</b>
* Includes direct expenses incurred on contracts Rs. 16,11,34,092 (2011-2012 : Rs. 6,24,95,686)		
<u>Details of raw material and components consumed</u>		
Styrene	29,65,67,373	21,82,02,129
Divinyl Benzene	7,76,52,456	6,94,85,342
Dimethylethanolamine	91,79,713	98,76,575
Paraformaldehyde	71,58,656	39,83,791
Ethylene Dichloride	95,11,383	1,29,30,571
Others #	4,58,85,78,514	4,04,69,65,156
	<b>4,98,86,48,095</b>	<b>4,36,14,43,564</b>
<u>Details of Inventory</u>		
<u>Raw materials and components:</u>		
Styrene	31,41,177	33,34,096
Divinyl Benzene	33,29,649	40,79,759
Dimethylethanolamine	11,33,438	10,48,099
Ethylene Dichloride	6,45,844	4,54,286
Others #	17,01,79,095	18,78,07,045
	<b>17,84,29,203</b>	<b>19,67,23,285</b>

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

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

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**22. (INCREASE)/DECREASE IN INVENTORIES**

	<b>31st March 2013</b>	<b>31st March 2012</b>	<b>(Increase) /Decrease</b>
	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
<u>Inventories at the end of the year</u>			
Traded Goods	5,41,26,352	3,88,74,952	(1,52,51,400)
Work-in-Progress	2,50,74,109	3,79,90,023	1,29,15,914
Finished Goods	10,72,90,809	7,53,82,717	(3,19,08,092)
Contract Work-in-Progress	3,12,16,306	3,55,15,842	42,99,536
	<u>21,77,07,576</u>	<u>18,77,63,534</u>	<u>(2,99,44,042)</u>
<u>Inventories at the beginning of the year</u>			
Traded Goods	3,88,74,952	3,12,72,489	(76,02,463)
Work-in-Progress	3,79,90,023	2,83,55,307	(96,34,716)
Finished Goods	7,53,82,717	4,95,30,075	(2,58,52,642)
Contract Work-in-Progress	3,55,15,842	3,90,95,806	35,79,964
	<u>18,77,63,534</u>	<u>14,82,53,677</u>	<u>(3,95,09,857)</u>
	<u><b>(2,99,44,042)</b></u>	<u><b>(3,95,09,857)</b></u>	

Details of purchase of traded goods

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Consumer products	21,65,63,002	26,70,96,906
Activated Carbon	3,12,000	17,98,665
Spares	4,86,42,187	-
Others	3,24,71,928	1,80,15,772
	<u><b>29,79,89,117</b></u>	<u><b>28,69,11,343</b></u>

Details of Inventory

Traded Goods

Consumer products	3,17,54,936	3,77,59,535
Activated Carbon	6,25,540	11,15,417
Spares	1,94,76,347	-
Others	22,69,529	-
	<u>5,41,26,352</u>	<u>3,88,74,952</u>

Work-in-progress

Resins	1,28,76,788	1,34,78,284
Water Treatment Plants	1,21,97,321	2,45,11,739
	<u>2,50,74,109</u>	<u>3,79,90,023</u>

Finished goods

Resins	3,61,62,211	2,60,17,037
Water Treatments Plants & Accessories	2,98,35,620	2,29,64,060
Chemicals Additives	3,49,40,994	1,75,96,995
Consumer Products	63,51,984	88,04,625
	<u>10,72,90,809</u>	<u>7,53,82,717</u>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****23. EMPLOYEE BENEFITS EXPENSE** (refer note 28)

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Salaries, Wages and Bonus	68,91,93,689	54,09,97,617
Contribution to Provident and Other Funds	5,81,29,174	4,28,53,827
Employee Compensation Expense / (Income)	(3,80,521)	(28,14,053)
Staff Welfare Expense	3,29,30,791	3,56,56,842
	<b>77,98,73,133</b>	<b>61,66,94,233</b>

**24. FINANCE COSTS**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Interest	10,93,92,839	7,53,82,707
Other Borrowing Costs	1,05,18,226	1,31,58,459
	<b>11,99,11,065</b>	<b>8,85,41,166</b>

**25. DEPRECIATION AND AMORTIZATION EXPENSE**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Depreciation of Tangible Assets [refer note 11 (a) and 51]	7,64,71,193	6,49,98,534
Amortization of Intangible Assets [refer note 11 (b) and 51]	26,41,798	-
Less: Recoupment from Revaluation Reserve	28,470	28,470
	<b>7,90,84,521</b>	<b>6,49,70,064</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**26. OTHER EXPENSES** (refer note 36)

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Stores and Spare Parts Consumed	17,75,565	25,06,348
Power and Fuel	10,89,68,345	7,90,72,948
Repairs and Maintenance - Buildings	40,81,022	34,72,152
- Plant and Machinery	1,89,40,032	1,45,58,439
- Others	1,95,49,223	1,31,91,435
Rent (Net of recoveries)	2,55,46,409	2,62,15,347
Rates and Taxes	3,49,79,377	2,90,69,625
Insurance (Net of recoveries)	57,36,961	41,69,736
Travelling and Conveyance	20,01,46,979	18,52,97,737
Excise Duty (Net of recoveries) (refer note 19)	53,77,519	38,91,917
Freight (Net of recoveries)	16,82,74,054	14,95,86,397
Packing (Net of recoveries)	3,06,08,262	2,67,69,431
Advertisement and Publicity	6,71,60,142	7,62,06,878
Commission	1,35,62,301	1,11,39,369
Legal and Professional Charges	5,75,35,523	2,92,63,749
Telephone and Telex	2,15,06,825	2,18,48,656
Bad Debts written off	2,47,69,487	3,29,89,535
Doubtful advances, deposits and claims written off	-	2,00,00,000
Auditors' Remuneration (refer note 26.1)	40,28,982	27,14,025
Directors' Fees	17,05,000	14,75,000
Bank Charges	1,53,06,069	1,39,15,857
Loss on Fixed Assets sold/discarded (Net)	10,41,538	7,83,327
Backcharges on Contracts (refer note 47)	1,05,50,957	1,76,17,024
Establishment and Other Miscellaneous Expenses	16,94,52,078	15,21,37,601
	<b>1,01,06,02,650</b>	<b>91,78,92,533</b>

**26.1 AUDITORS' REMUNERATION**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
As Auditor		
- Audit Fees	16,00,000	14,75,000
- Tax Audit Fees	3,00,000	3,00,000
- Limited Review	5,25,000	5,25,000
In other capacity:		
- Other Services (Certification Fees)	14,30,000	3,55,000
Reimbursement of Expenses	1,73,982	59,025
	<b>40,28,982</b>	<b>27,14,025</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****27. EARNINGS PER SHARE (EPS)**

Particulars		31st March 2013	31st March 2012
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)	21,49,25,033	17,54,93,135
II	Weighted average number of equity shares for Earnings per Share computation		
	A) For Basic Earnings per Share		
	No. of Equity Share outstanding	1,32,90,952	1,35,17,745
	Add: No. of Equity Share in Share Capital suspense account (Refer note no. 51)	11,80,256	-
	No. of Shares for Basic Earnings per Share	1,44,71,208	1,35,17,745
	B) For Diluted Earnings per Share		
	No. of shares for Basic EPS as per IIA	1,44,71,208	1,35,17,745
Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	2,86,156	2,44,441	
No. of Shares for Diluted Earnings per Share	1,47,57,364	1,37,62,186	
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	14.85	12.98
	Diluted	14.56	12.75

**28. EMPLOYEE BENEFITS**

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

The 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		2012-2013	2011-2012
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	62,52,608	56,00,001
	2. Interest cost on benefit obligation	56,71,293	44,07,702
	3. Expected return on plan assets	(58,82,745)	(41,78,494)
	4. Net actuarial Loss / (Gain) recognized in the year	94,10,831	19,97,261
	Net benefit expenses	1,54,51,987	78,26,470
Actual return on plan assets	60,43,638	43,05,686	
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	(7,82,25,032)	(6,13,50,389)
	2. Fair value of Plan Assets	7,97,32,275	6,14,99,782
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	(6,70,56,758)	(5,18,55,318)
	2. Interest cost	(56,71,293)	(44,07,702)
	3. Current service cost	(62,52,608)	(56,00,001)
	4. Benefits paid	1,09,21,115	26,37,085
	5. Actuarial gains / (losses) on obligation	(1,01,65,488)	(21,24,453)
Closing defined benefit obligation	(7,82,25,032)	(6,13,50,389)	
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	6,77,18,805	5,22,31,181
	2. Expected returns	58,82,745	41,78,494
	3. Contributions by Employer	1,62,97,183	76,00,000
	4. Benefits paid	(1,09,21,115)	(26,37,085)
	5. Actuarial Gains / (Losses)	7,54,657	1,27,192
Closing Fair value of Plan assets	7,97,32,275	6,14,99,782	

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**28. EMPLOYEE BENEFITS (contd...)**

Amount (in Rupees)

Particulars		2012-2013	2011-2012
V	Actuarial Assumptions:		
	1. Discount Rate	8.50%	8.50%
	2. Expected rate of Salary increase [Refer Note (b) below]	8%	6.00%
	3. Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate
	4. Attrition Rate	16%	2.00%
	5. Rate of Return on Plan Assets	8.70%	8.60%

The Company expects to contribute Rs. 48,00,813 (2011-2012 : Rs. 50,84,039) to gratuity in 2013-2014.

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	
		2012-2013	2011-2012
1	Central & State Government Bonds	14%	19%
2	Public Sector Undertaking	17%	11%
3	HDFC Std. Life Ins. Co. Ltd.	69%	70%

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:

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Defined Benefit obligation	(7,82,25,032)	(6,13,50,389)	(5,18,55,318)	(4,74,53,695)	(4,13,32,921)
Plan assets	7,97,32,275	6,14,99,782	5,22,31,181	4,74,53,695	4,13,32,921
Surplus / (deficit)	15,07,243	1,49,393	3,75,863	Nil	Nil
Experience adjustments on plan liabilities	23,35,049	21,24,453	24,00,079	1,62,808	(13,71,436)
Experience adjustments on plan assets	7,54,657	1,27,192	(14,10,826)	12,13,874	(17,08,489)

Notes:

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

- (i) Leave Encashment in "Salaries, Wages and Bonus" Rs. 23,40,240 (2011-2012: Rs. 2,07,31,014)
- (ii) Gratuity in "Contribution to Provident & Other Funds" Rs. 1,60,73,795 (2011-2012: Rs. 75,85,876)

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

B) Defined Contribution Plan:

Amount recognized as an expense and included in the note 23 – "Contribution to Provident and Other Funds" of Profit and Loss Account Rs. 2,01,34,402 (2011-2012:Rs. 1,00,59,386)



**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****29. EMPLOYEE STOCK OPTION SCHEME (ESOS)**ESOS 2001

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

ESOS 2003

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

ESOS 2008

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 26th September 2008, the Employee Stock Compensation Committee at its meeting held on 13th October 2008 implemented the Fourth Employees Stock Options Scheme (ESOS 2008) and granted 12,00,000 options to directors and other employees at a price of Rs. 58.20 per share which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. Under the scheme, the options shall vest after one year from the date of the grant. The vested options 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				Total
	2001	2003	2005	2008	
	(1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Grant)	(1 <sup>st</sup> & 2 <sup>nd</sup> Grant)	(1 <sup>st</sup> & 2 <sup>nd</sup> Grant)	(1 <sup>st</sup> Grant)	
Options outstanding as at 31st March 2012	<b>2,50,000</b>	<b>2,82,000</b>	-	<b>2,95,100</b>	<b>8,27,100</b>
	(2,60,000)	(3,27,000)	(70,000)	(4,47,050)	(11,04,050)
Granted during the year	-	-	-	-	-
	-	-	-	-	-
Lapsed during the year	-	-	-	<b>5,200</b>	<b>5,200</b>
	(10,000)	(45,000)	(66,000)	(20,000)	(1,41,000)
Exercised/ Allotted during the year	-	-	-	<b>29,300</b>	<b>29,300</b>
	-	-	(4,000)	(1,31,950)	(1,35,950)
Outstanding as at 31st March 2013	<b>2,50,000</b>	<b>2,82,000</b>	-	<b>2,60,600</b>	<b>7,92,600</b>
	(2,50,000)	(2,82,000)	-	(2,95,100)	(8,27,100)
Exercisable as at 31st March 2013	<b>2,50,000</b>	<b>2,82,000</b>	-	<b>2,60,600</b>	<b>7,92,600</b>

Figures in bracket denote previous year figures.

As at 31st March 2013, the Company has received Commitment Deposit of Rs. 33,348 (2011-2012 : Rs. 31,748) from its directors and employees under ESOS 2001, ESOS 2003, ESOS 2005 and ESOS 2008.

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

Stock Option granted

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

Particulars	ESOS Schemes 2001 3 <sup>rd</sup> Grant	ESOS Schemes 2003 2 <sup>nd</sup> Grant	ESOS Schemes 2008 1 <sup>st</sup> Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	124.32	124.32	124.32
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 earning per share by applying the fair value method:

Particulars	Amount (in Rupees)
Profit as reported	21,49,25,033
Add : Employee stock compensation under intrinsic value method	(3,80,521)
Less : Employee stock compensation under fair value method	51,028
Pro forma profit	21,44,93,484
<b>Earnings Per Share</b>	
Basic - As reported	14.85
- Pro forma	14.82
Diluted - As reported	14.56
- Pro forma	14.53

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

Amount (in Rupees)

Sr. No.	Particulars	2012-2013	2011-2012
A.	Aggregate amount recognized as Contract Revenue	2,87,70,52,287	2,29,04,39,379
B.	In respect of Contracts in Progress as on 31 <sup>st</sup> March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	2,62,26,81,385	2,12,87,42,261
	2) Amount of Customer Advance received	15,18,65,829	40,75,65,922
	3) Amount of Retentions	20,05,76,530	44,33,31,578
C.	Gross amount due from customers for contract work	1,44,10,579	94,63,808

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****31. SEGMENT****I. Information about Primary Business Segments**

	Amount (in Rupees)									
	Engineering		Chemicals		Consumer Products		Unallocated		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
<b>Revenue</b>										
External Sales and Services (Gross)	4,62,17,46,972	3,95,31,92,384	2,43,49,24,433	1,82,04,12,887	88,87,95,820	94,15,09,032	35,37,875	2,19,76,569	7,94,90,05,100	6,73,70,90,872
Less: Excise duty recovered	(6,28,96,967)	(5,91,79,379)	(20,15,42,635)	(14,32,20,997)	(1,11,91,838)	(93,51,889)	-	-	(27,56,31,440)	(21,17,52,265)
External Sales and Services (Net)	4,55,88,50,005	3,89,40,13,005	2,23,33,81,798	1,67,71,91,890	87,76,03,982	93,21,57,143	35,37,875	2,19,76,569	7,67,33,73,660	6,52,53,38,607
Inter-segmental Sales	21,29,17,744	21,36,10,224	11,05,88,874	12,55,88,991	34,000	3,17,955	-	-	32,35,40,618	33,95,17,170
Other Income	22,45,738	26,61,380	(89,007)	82,61,643	2,86,687	2,88,703	1,55,86,489	4,91,67,182	1,80,29,907	6,03,78,908
Total Revenue	4,77,40,13,487	4,11,02,84,609	2,34,38,81,665	1,81,10,42,524	87,79,24,669	93,27,63,801	1,91,24,364	7,11,43,751	8,01,49,44,185	6,92,52,34,685
Less: Eliminations									(32,35,40,618)	(33,95,17,169)
Add : Interest Income							4,07,34,920	2,99,41,776	4,07,34,920	2,99,41,776
Total Enterprise Revenue									7,73,21,38,487	6,61,56,59,292
<b>Result</b>										
Segment Results	19,84,52,600	17,39,68,897	25,67,10,852	17,73,10,423	2,74,91,078	(1,95,15,954)	-	-	48,26,54,530	33,17,63,366
Unallocated Expenditure net of unallocated Income							(7,86,38,528)	(1,69,43,416)	(7,86,38,528)	(1,69,43,416)
Finance Cost							(11,99,11,065)	(8,85,41,166)	(11,99,11,065)	(8,85,41,166)
Interest Income							4,07,34,920	2,99,41,776	4,07,34,920	2,99,41,776
Profit before Taxation							(15,78,14,673)	(7,55,42,806)	32,48,39,856	25,62,20,560
<b>Other Information</b>										
Segment Assets	2,43,99,45,883	3,17,08,24,602	1,55,14,47,159	1,29,02,45,363	28,27,03,244	25,84,09,317	1,47,27,01,826	1,09,32,19,697	5,74,67,98,112	5,81,26,98,979
Segment Liabilities	1,97,72,11,457	2,57,00,29,798	83,53,64,873	65,72,88,614	18,14,23,389	19,27,59,278	91,30,95,129	77,02,38,739	3,90,70,94,848	4,19,03,16,429
Capital Expenditure	2,81,53,595	2,93,70,923	19,71,11,992	2,37,12,203	15,48,373	13,37,663	3,19,30,411	1,94,06,794	25,87,44,371	7,38,27,583
Depreciation	76,99,650	83,15,278	5,19,98,024	3,98,03,398	37,18,898	42,24,730	1,56,67,949	1,26,26,658	7,90,84,521	6,49,70,064
Non Cash Expenditure other than Depreciation	8,25,66,383	6,08,78,304	1,38,72,807	1,00,73,804	1,58,46,813	1,76,77,389	(2,21,15,538)	15,42,721	9,01,70,465	9,01,72,218

**II. Information about Secondary Geographical Segments**

	Amount (in Rupees)					
	India		Outside India		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
External Revenue (net)	6,55,97,23,899	5,59,97,09,701	1,11,36,49,761	92,56,28,906	7,67,33,73,660	6,52,53,38,607
Carrying amount of segment assets	5,01,59,94,524	5,18,07,59,292	73,08,03,587	63,19,39,687	5,74,67,98,111	5,81,26,98,979
Additions to fixed assets	25,75,43,710	7,35,68,087	12,00,662	2,59,496	25,87,44,372	7,38,27,583

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

III. Notes:

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

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

Where control exists

- |    |                      |  |
|----|----------------------|--|
| a) | Subsidiary Companies | Ion Exchange Enviro Farms Limited<br>Watercare Investments (India) Limited<br>Aqua Investments (India) Limited<br>Ion Exchange Asia Pacific Pte. Ltd., Singapore<br>Ion Exchange Asia Pacific (Thailand) Limited<br>IEI Environmental Management (M) Sdn. Bhd., Malaysia<br>Ion Exchange Environment Management (BD) Limited, Bangladesh<br>Ion Exchange Infrastructure Limited<br>Ion Exchange LLC, USA<br>Ion Exchange & Company LLC, Oman<br>Ion Exchange WTS (Bangladesh) Limited<br>Ion Exchange Projects and Engineering Limited (w.e.f. 11.04.2011)<br>Global Composites and Structurals Limited (w.e.f. 29.03.2012)<br>Ion Exchange Safic Pty. Ltd., South Africa (w.e.f. 20.08.2012)<br>Total Water Management Services (I) Limited (w.e.f. 01.04.2012) |
|----|----------------------|--|

Others

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

\* Associate Companies of Subsidiaries

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Sale of Goods *</b>								
Aquanomic Systems Ltd	-	-	18,47,13,159	14,78,88,091	-	-	18,47,13,159	14,78,88,091
Global Composites & Structurals Ltd.	-	76,04,821	-	-	-	-	-	76,04,821
IEI Environmental Management (M) Sdn. Bhd., Malaysia	1,30,34,831	30,29,665	-	-	-	-	1,30,34,831	30,29,665
Ion Exchange Asia Pacific Pte. Ltd, Singapore	2,13,32,363	1,04,22,316	-	-	-	-	2,13,32,363	1,04,22,316
Ion Exchange and Company LLC, Oman	1,93,72,399	16,00,51,518	-	-	-	-	1,93,72,399	16,00,51,518
Ion Exchange Environment Management (BD) Ltd., Bangladesh	1,66,79,343	1,85,84,648	-	-	-	-	1,66,79,343	1,85,84,648
Ion Exchange Infrastructure Ltd.	45,843	2,23,69,440	-	-	-	-	45,843	2,23,69,440
Ion Exchange LLC, USA	11,06,38,026	8,89,76,976	-	-	-	-	11,06,38,026	8,89,76,976
Ion Exchange Services Ltd.	-	-	-	31,27,69,928	-	-	-	31,27,69,928
Ion Exchange Waterleau Ltd.	-	-	2,63,32,190	2,82,88,293	-	-	2,63,32,190	2,82,88,293
Ion Exchange Asia Pacific (Thailand) Ltd	1,03,55,478	1,08,25,191	-	-	-	-	1,03,55,478	1,08,25,191
Ion Exchange Enviro Farms Ltd.	25,31,966	27,72,878	-	-	-	-	25,31,966	27,72,878
Ion Foundation	-	-	-	-	-	3,00,021	-	3,00,021
Ion Exchange Safic pty Ltd., South Africa	1,53,07,167	-	-	-	-	-	1,53,07,167	-
Ion Exchange Projects & Engineering Ltd.	9,78,92,835	-	-	-	-	-	9,78,92,835	-
Ion Exchange PSS Ltd., Thailand	-	-	57,36,970	-	-	-	57,36,970	-
<b>Total</b>	<b>30,71,90,251</b>	<b>32,46,37,453</b>	<b>21,67,82,319</b>	<b>48,89,46,312</b>	<b>-</b>	<b>3,00,021</b>	<b>52,39,72,570</b>	<b>81,38,83,786</b>
<b>Management Fees</b>								
Ion Exchange Services Ltd.	-	-	-	2,19,50,326	-	-	-	2,19,50,326
Aquanomic Systems Ltd	-	-	35,00,000	-	-	-	35,00,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>35,00,000</b>	<b>2,19,50,326</b>	<b>-</b>	<b>-</b>	<b>35,00,000</b>	<b>2,19,50,326</b>
<b>Rental Income</b>								
Ion Exchange Waterleau Ltd.	-	-	11,95,375	10,95,000	-	-	11,95,375	10,95,000
Ion Exchange Infrastructure Ltd.	11,63,712	11,63,712	-	-	-	-	11,63,712	11,63,712
Ion Exchange Projects & Engineering Ltd.	33,12,000	-	-	-	-	-	33,12,000	-
<b>Total</b>	<b>44,75,712</b>	<b>11,63,712</b>	<b>11,95,375</b>	<b>10,95,000</b>	<b>-</b>	<b>-</b>	<b>56,71,087</b>	<b>22,58,712</b>
<b>Interest Income on Debenture and Loans and Advances</b>								
IEI Environmental Management (M) Sdn. Bhd., Malaysia	1,66,098	1,21,500	-	-	-	-	1,66,098	1,21,500
Ion Exchange Enviro Farms Ltd.	1,69,30,673	1,24,31,971	-	-	-	-	1,69,30,673	1,24,31,971
Ion Exchange Waterleau Ltd.	-	-	1,40,55,589	1,20,61,957	-	-	1,40,55,589	1,20,61,957
Ion Exchange Safic pty Ltd., South Africa	1,17,102	-	-	-	-	-	1,17,102	-
<b>Total</b>	<b>1,72,13,873</b>	<b>1,25,53,471</b>	<b>1,40,55,589</b>	<b>1,20,61,957</b>	<b>-</b>	<b>-</b>	<b>3,12,69,462</b>	<b>2,46,15,428</b>
<b>Services Rendered</b>								
Ion Exchange Waterleau Ltd.	-	-	57,06,845	48,00,833	-	-	57,06,845	48,00,833
Total Water Management Services (India) Ltd.	4,70,474	-	-	6,97,799	-	-	4,70,474	6,97,799
Aquanomic Systems Ltd	-	-	6,462	14,463	-	-	6,462	14,463
Ion Exchange Enviro Farms Limited	2,75,010	-	-	-	-	-	2,75,010	-
Ion Exchange Asia Pacific Pte. Ltd, Singapore	-	2,35,800	-	-	-	-	-	2,35,800

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Services Rendered (Contd..)</b>								
Ion Exchange Projects & Engineering Ltd.	60,60,641	-	-	-	-	-	60,60,641	-
Ion Exchange Infrastructure Ltd.	10,36,000	-	-	-	-	-	10,36,000	-
<b>Total</b>	<b>78,42,125</b>	<b>2,35,800</b>	<b>57,13,307</b>	<b>55,13,095</b>	-	-	<b>1,35,55,432</b>	<b>57,48,895</b>
<b>Purchase of Goods/ Materials</b>								
Ion Exchange Infrastructure Ltd.	8,38,71,001	20,37,52,633	-	-	-	-	8,38,71,001	20,37,52,633
Aquanomics Systems Ltd.	-	-	2,20,68,586	2,53,85,395	-	-	2,20,68,586	2,53,85,395
Global Composites & Structurals Ltd.	15,48,47,932	18,77,58,374	-	-	-	-	15,48,47,932	18,77,58,374
Ion Exchange Waterleau Ltd.	-	-	11,73,63,815	6,16,91,051	-	-	11,73,63,815	6,16,91,051
Ion Exchange LLC, USA	-	11,57,770	-	-	-	-	-	11,57,770
<b>Total</b>	<b>23,87,18,933</b>	<b>39,26,68,777</b>	<b>13,94,32,401</b>	<b>8,70,76,446</b>	-	-	<b>37,81,51,334</b>	<b>47,97,45,223</b>
<b>Purchase of Miscellaneous items</b>								
Ion Exchange Enviro Farms Limited	45,36,294	29,03,723	-	-	-	-	45,36,294	29,03,723
<b>Total</b>	<b>45,36,294</b>	<b>29,03,723</b>	-	-	-	-	<b>45,36,294</b>	<b>29,03,723</b>
<b>Rental Expenses</b>								
Ion Exchange Services Ltd.	-	-	-	28,80,000	-	-	-	28,80,000
<b>Total</b>	-	-	-	<b>28,80,000</b>	-	-	-	<b>28,80,000</b>
<b>Services Received</b>								
Ion Exchange Services Ltd.	-	-	-	6,65,02,367	-	-	-	6,65,02,367
Ion Exchange Infrastructure Ltd.	1,32,80,000	1,93,025	-	-	-	-	1,32,80,000	1,93,025
Total Water Management Services (India) Ltd.	-	-	-	2,63,682	-	-	-	2,63,682
Astha Technical Services Ltd.	-	-	2,32,79,613	1,91,39,835	-	-	2,32,79,613	1,91,39,835
Ion Exchange Waterleau Ltd.	-	-	2,26,12,715	-	-	-	2,26,12,715	-
Ion Exchange Projects & Engineering Ltd.	6,84,02,778	-	-	-	-	-	6,84,02,778	-
<b>Total</b>	<b>8,16,82,778</b>	<b>1,93,025</b>	<b>4,58,92,328</b>	<b>8,59,05,884</b>	-	-	<b>12,75,75,106</b>	<b>8,60,98,909</b>
<b>Interest Paid on Deposits</b>								
Watercare Investments (India) Ltd.	4,16,100	3,36,512	-	-	-	-	4,16,100	3,36,512
Aqua Investments (India) Ltd.	5,03,454	4,06,528	-	-	-	-	5,03,454	4,06,528
<b>Total</b>	<b>9,19,554</b>	<b>7,43,040</b>	-	-	-	-	<b>9,19,554</b>	<b>7,43,040</b>
<b>Advances Given</b>								
Astha Technical Services Ltd.	-	-	33,886	-	-	-	33,886	-
Global Composites & Structurals Ltd.	99,561	-	-	-	-	-	99,561	-
IEI Environmental Management (M) Sdn. Bhd., Malaysia	-	13,33,950	-	-	-	-	-	13,33,950
Ion Exchange Asia Pacific Pte. Ltd, Singapore	37,850	48,88,762	-	-	-	-	37,850	48,88,762
Ion Exchange Environment Management (BD) Ltd., Bangladesh	-	5,22,138	-	-	-	-	-	5,22,138
Ion Exchange Infrastructure Ltd.	1,500	2,000	-	-	-	-	1,500	2,000
Ion Exchange Financial Products Pvt. Ltd.	-	-	-	1,800	-	-	-	1,800
Ion Exchange Waterleau Ltd.	-	-	76,21,000	1,09,28,560	-	-	76,21,000	1,09,28,560
Total Water Management Services (India) Ltd.	90,972	-	-	2,28,230	-	-	90,972	2,28,230
Ion Foundation	-	-	-	-	600	3,500	600	3,500



**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Advances Given (contd..)</b>								
Ion Exchange Projects & Engineering Ltd.	11,65,49,279	8,58,081	-	-	-	-	11,65,49,279	8,58,081
Ion Exchange Safic pty Ltd., South Africa	77,22,996	-	-	-	-	-	77,22,996	-
<b>Total</b>	<b>12,45,02,158</b>	<b>76,04,931</b>	<b>76,54,886</b>	<b>1,11,58,590</b>	<b>600</b>	<b>3,500</b>	<b>13,21,57,644</b>	<b>1,87,67,021</b>
<b>Advances Repaid</b>								
Ion Exchange Financial Products Pvt. Ltd.	-	-	-	2,25,000	-	-	-	2,25,000
Ion Exchange Waterleau Ltd.	-	-	87,65,170	1,97,428	-	-	87,65,170	1,97,428
Ion Exchange Projects & Engineering Ltd.	9,69,06,927	-	-	-	-	-	9,69,06,927	-
Ion Foundation	-	-	-	-	600	99,851	600	99,851
Ion Exchange Asia Pacific Pte. Ltd, Singapore	25,57,472	-	-	-	-	-	25,57,472	-
Ion Exchange Safic pty Ltd. , South Africa	40,66,949	-	-	-	-	-	40,66,949	-
Astha Technical Services Ltd.	-	-	33,886	-	-	-	33,886	-
Global Composites & Structural Ltd.	99,561	-	-	-	-	-	99,561	-
Ion Exchange Environment Management (BD) Ltd., Bangladesh	3,18,998	-	-	-	-	-	3,18,998	-
Total Water Management Services (India) Ltd.	36,790	-	-	-	-	-	36,790	-
<b>Total</b>	<b>10,39,86,697</b>	<b>-</b>	<b>87,99,056</b>	<b>4,22,428</b>	<b>600</b>	<b>99,851</b>	<b>11,27,86,353</b>	<b>5,22,279</b>
<b>Loans Given</b>								
Ion Exchange Enviro Farms Ltd.	2,46,86,078	4,03,93,559	-	-	-	-	2,46,86,078	4,03,93,559
Ion Exchange & Company LLC, Oman	36,127	-	-	-	-	-	36,127	-
Ion Exchange LLC, USA	3,07,936	1,22,585	-	-	-	-	3,07,936	1,22,585
<b>Total</b>	<b>2,50,30,141</b>	<b>4,05,16,144</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,50,30,141</b>	<b>4,05,16,144</b>
<b>Loans Repaid</b>								
Ion Exchange Enviro Farms Limited	3,10,000	1,20,50,000	-	-	-	-	3,10,000	1,20,50,000
Ion Exchange LLC, USA	47,792	-	-	-	-	-	47,792	-
<b>Total</b>	<b>3,57,792</b>	<b>1,20,50,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,57,792</b>	<b>1,20,50,000</b>
<b>Inter Corporate Deposits Received</b>								
Watercare Investments (India) Ltd.	47,00,000	40,30,000	-	-	-	-	47,00,000	40,30,000
Aqua Investments (India) Ltd.	56,65,000	48,50,000	-	-	-	-	56,65,000	48,50,000
<b>Total</b>	<b>1,03,65,000</b>	<b>88,80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,03,65,000</b>	<b>88,80,000</b>
<b>Inter Corporate Deposits Repaid</b>								
Watercare Investments (India) Ltd.	47,00,000	40,30,000	-	-	-	-	47,00,000	40,30,000
Aqua Investments (India) Ltd.	56,65,000	48,50,000	-	-	-	-	56,65,000	48,50,000
<b>Total</b>	<b>1,03,65,000</b>	<b>88,80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,03,65,000</b>	<b>88,80,000</b>
<b>Dividend Received</b>								
Ion Exchange Services Ltd.	-	-	-	5,89,750	-	-	-	5,89,750
Aquanomics Systems Ltd.	-	-	9,20,000	9,20,000	-	-	9,20,000	9,20,000
Ion Exchange & Company LLC, Oman	-	1,22,30,428	-	-	-	-	-	1,22,30,428
<b>Total</b>	<b>-</b>	<b>1,22,30,428</b>	<b>9,20,000</b>	<b>15,09,750</b>	<b>-</b>	<b>-</b>	<b>9,20,000</b>	<b>1,37,40,178</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Back Charges on Contract</b>								
Ion Exchange WTS (Bangladesh) Ltd.	-	16,27,239	-	-	-	-	-	16,27,239
<b>Total</b>	-	<b>16,27,239</b>	-	-	-	-	-	<b>16,27,239</b>
<b>Dividend Paid</b>								
Watercare Investments (India) Ltd.	3,27,800	3,27,800	-	-	-	-	3,27,800	3,27,800
Aqua Investments (India) Ltd.	3,28,000	3,28,000	-	-	-	-	3,28,000	3,28,000
Ion Exchange Services Ltd.	-	-	-	5,74,116	-	-	-	5,74,116
Mr. Rajesh Sharma	-	-	-	-	12,50,872	12,50,872	12,50,872	12,50,872
Mr. Dinesh Sharma	-	-	-	-	7,50,200	7,50,200	7,50,200	7,50,200
Mr. Aankur Patni	-	-	-	-	4,69,336	4,69,336	4,69,336	4,69,336
Relatives of Key Management Personnel	-	-	-	-	11,47,308	11,47,308	11,47,308	11,47,308
<b>Total</b>	<b>6,55,800</b>	<b>6,55,800</b>	-	<b>5,74,116</b>	<b>36,17,716</b>	<b>36,17,716</b>	<b>42,73,516</b>	<b>48,47,632</b>
<b>Sales Commission</b>								
Arkepp and Associates	-	-	-	-	60,22,116	21,87,400	60,22,116	21,87,400
<b>Total</b>	-	-	-	-	<b>60,22,116</b>	<b>21,87,400</b>	<b>60,22,116</b>	<b>21,87,400</b>
<b>Remuneration</b>								
Mr. Rajesh Sharma	-	-	-	-	2,25,45,175	2,01,69,170	2,25,45,175	2,01,69,170
Mr. Dinesh Sharma	-	-	-	-	1,08,67,094	97,11,098	1,08,67,094	97,11,098
Mr. Aankur Patni	-	-	-	-	1,09,81,740	95,30,880	1,09,81,740	95,30,880
<b>Total</b>	-	-	-	-	<b>4,43,94,009</b>	<b>3,94,11,148</b>	<b>4,43,94,009</b>	<b>3,94,11,148</b>
<b>Business Transfer (Net of Liabilities transferred) (Refer Note 49)</b>								
Ion Exchange Projects & Engineering Ltd.	21,41,64,390	-	-	-	-	-	21,41,64,390	-
<b>Total</b>	<b>21,41,64,390</b>	-	-	-	-	-	<b>21,41,64,390</b>	-
<b>Director Sitting Fees</b>								
Mr. Mahabir Patni	-	-	-	-	1,90,000	1,70,000	1,90,000	1,70,000
<b>Total</b>	-	-	-	-	<b>1,90,000</b>	<b>1,70,000</b>	<b>1,90,000</b>	<b>1,70,000</b>
<b>Outstanding Advance to Supplier</b>								
Aquanomic Systems Ltd	-	-	-	2,97,000	-	-	-	2,97,000
Ion Exchange Infrastructure Ltd.	88,20,318	1,98,50,319	-	-	-	-	88,20,318	1,98,50,319
Ion Exchange Services Ltd.	-	-	-	15,57,564	-	-	-	15,57,564
Astha Technical Services Ltd.	-	-	-	25,16,130	-	-	-	25,16,130
Global Composites & Structural Ltd.	2,09,87,511	-	-	-	-	-	2,09,87,511	-
<b>Total</b>	<b>2,98,07,829</b>	<b>1,98,50,319</b>	-	<b>43,70,694</b>	-	-	<b>2,98,07,829</b>	<b>2,42,21,013</b>
<b>Outstanding Loans and Advances</b>								
Aquanomic Systems Ltd	-	-	364	10,198	-	-	364	10,198
IEI Environmental Management (M) Sdn. Bhd., Malaysia	19,26,983	16,56,195	-	-	-	-	19,26,983	16,56,195
Ion Exchange Asia Pacific Pte. Ltd, Singapore	73,01,000	92,37,115	-	-	-	-	73,01,000	92,37,115
Ion Exchange & Company LLC, Oman	36,387	-	-	-	-	-	36,387	-
Ion Exchange Enviro Farms Ltd.	8,63,80,524	6,62,65,730	-	-	-	-	8,63,80,524	6,62,65,730
Ion Exchange Environment Management (BD) Ltd., Bangladesh	-	31,00,135	-	-	-	-	-	31,00,135
Ion Exchange Infrastructure Ltd.	3,500	2,000	-	-	-	-	3,500	2,000
Ion Exchange LLC, USA	23,279	3,05,71,124	-	-	-	-	23,279	3,05,71,124

## NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Outstanding Loans and Advances (Contd..)</b>								
Ion Exchange Financial Products Pvt. Ltd.	-	-	27,15,134	27,15,134	-	-	27,15,134	27,15,134
Ion Exchange Waterleau Ltd.	-	-	10,21,54,063	9,62,06,246	-	-	10,21,54,063	9,62,06,246
Total Water Management Services (India) Ltd.	4,41,879	-	-	4,11,934	-	-	4,41,879	4,11,934
Ion Exchange Asia Pacific (Thailand) Ltd	1,08,553	-	-	-	-	-	1,08,553	-
Ion Exchange Projects & Engineering Ltd.	15,01,66,452	8,58,081	-	-	-	-	15,01,66,452	8,58,081
Ion Exchange Safic pty Ltd., South Africa	36,85,630	-	-	-	-	-	36,85,630	-
<b>Total</b>	<b>25,00,74,187</b>	<b>11,16,90,380</b>	<b>10,48,69,561</b>	<b>9,93,43,512</b>	-	-	<b>35,49,43,748</b>	<b>21,10,33,892</b>
<b>Outstanding Receivables (Net of Payable) excluding Loans and Advances</b>								
Aquanomic Systems Ltd	-	-	8,81,38,727	8,80,88,927	-	-	8,81,38,727	8,80,88,927
IEI Environmental Management (M) Sdn. Bhd., Malaysia	1,32,39,999	44,75,413	-	-	-	-	1,32,39,999	44,75,413
IEI Water Tech (M) Sdn. Bhd., Malaysia	-	-	2,03,282	2,03,282	-	-	2,03,282	2,03,282
Ion Exchange Asia Pacific Pte. Ltd, Singapore	28,55,149	1,50,80,034	-	-	-	-	28,55,149	1,50,80,034
Ion Exchange & Company LLC, Oman	5,68,97,408	9,58,46,404	-	-	-	-	5,68,97,408	9,58,46,404
Ion Exchange Enviro Farms Ltd.	37,16,937	19,97,684	-	-	-	-	37,16,937	19,97,684
Ion Exchange Environment Management (BD) Ltd., Bangladesh	58,44,098	37,98,790	-	-	-	-	58,44,098	37,98,790
Ion Exchange LLC, USA	9,80,85,639	7,36,99,645	-	-	-	-	9,80,85,639	7,36,99,645
Ion Exchange Services Ltd.	-	-	-	19,98,82,640	-	-	-	19,98,82,640
Ion Exchange Waterleau Ltd.	-	-	-	7,32,79,070	-	-	-	7,32,79,070
Ion Exchange Asia Pacific (Thailand) Ltd	2,40,09,897	1,91,37,838	-	-	-	-	2,40,09,897	1,91,37,838
Ion Exchange Projects & Engineering Ltd.	2,87,21,210	-	-	-	-	-	2,87,21,210	-
Ion Exchange Safic pty Ltd., South Africa	87,14,707	-	-	-	-	-	87,14,707	-
Ion Exchange PSS Ltd., Thailand	-	-	41,80,502	-	-	-	41,80,502	-
<b>Total</b>	<b>24,20,85,044</b>	<b>21,40,35,808</b>	<b>9,25,22,511</b>	<b>36,14,53,919</b>	-	-	<b>33,46,07,555</b>	<b>57,54,89,727</b>
<b>Outstanding Payables (Net of Receivable) excluding Loans and Advances</b>								
Arkepp & Associates	-	-	-	-	40,09,338	21,22,152	40,09,338	21,22,152
Global Composites & Structural Ltd.	2,36,07,086	2,35,84,650	-	-	-	-	2,36,07,086	2,35,84,650
Ion Exchange Infrastructure Ltd.	97,33,585	9,77,75,088	-	-	-	-	97,33,585	9,77,75,088
Ion Exchange Waterleau Ltd.	-	-	4,96,61,795	-	-	-	4,96,61,795	-
Total Water Management Services (India) Ltd.	20,790	-	-	20,790	-	-	20,790	20,790
Astha Technical Services Ltd.	-	-	7,99,862	26,05,307	-	-	7,99,862	26,05,307
<b>Total</b>	<b>3,33,61,461</b>	<b>12,13,59,738</b>	<b>5,04,61,657</b>	<b>26,26,097</b>	<b>40,09,338</b>	<b>21,22,152</b>	<b>8,78,32,456</b>	<b>12,61,07,987</b>
<b>Investments made during the year</b>								
Global Composites & Structural Ltd.	-	1,95,00,000	-	-	-	-	-	1,95,00,000
Ion Exchange Asia Pacific Pte. Ltd, Singapore	2,93,36,057	3,39,14,655	-	-	-	-	2,93,36,057	3,39,14,655
Ion Foundation	-	-	-	-	-	10,000	-	10,000
Ion Exchange Projects & Engineering Ltd.	9,95,00,000	5,00,000	-	-	-	-	9,95,00,000	5,00,000

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Investments made during the year (Contd.)</b>								
Ion Exchange Safic pty Ltd., South Africa	40,66,949	-	-	-	-	-	40,66,949	-
Ion Exchange Environment Management (BD) Ltd., Bangladesh	28,74,493	-	-	-	-	-	28,74,493	-
Ion Exchange LLC, USA	3,28,68,000	-	-	-	-	-	3,28,68,000	-
<b>Total</b>	<b>16,86,45,499</b>	<b>5,39,14,655</b>	-	-	-	<b>10,000</b>	<b>16,86,45,499</b>	<b>5,39,24,655</b>
<b>Investment in Equity Shares / Debentures</b>								
Aqua Investments (India) Ltd.	1,76,00,000	1,76,00,000	-	-	-	-	1,76,00,000	1,76,00,000
Aquanomics Systems Ltd.	-	-	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Astha Technical Services Ltd.	-	-	13,00,000	13,00,000	-	-	13,00,000	13,00,000
Global Composites & Structurals Ltd.	2,17,00,000	2,15,00,000	-	-	-	-	2,17,00,000	2,15,00,000
IEI Environmental Management (M) Sdn. Bhd., Malaysia	18,10,111	18,10,111	-	-	-	-	18,10,111	18,10,111
Ion Exchange Asia Pacific Pte. Ltd, Singapore	7,70,24,565	4,76,88,508	-	-	-	-	7,70,24,565	4,76,88,508
Ion Exchange & Company LLC, Oman	1,80,85,140	1,80,85,140	-	-	-	-	1,80,85,140	1,80,85,140
Ion Exchange Enviro Farms Ltd. ***	15,54,70,000	15,54,70,000	-	-	-	-	15,54,70,000	15,54,70,000
Ion Exchange Environment Management (BD) Ltd., Bangladesh	35,74,493	7,00,000	-	-	-	-	35,74,493	7,00,000
Ion Exchange WTS (Bangladesh) Ltd.	2,45,000	2,45,000	-	-	-	-	2,45,000	2,45,000
Ion Exchange Infrastructure Ltd.	3,12,00,000	3,12,00,000	-	-	-	-	3,12,00,000	3,12,00,000
Ion Exchange LLC, USA	3,72,01,000	43,33,000	-	-	-	-	3,72,01,000	43,33,000
Ion Exchange Services Ltd.	-	-	-	9,20,948	-	-	-	9,20,948
Ion Exchange Waterleau Ltd.	-	-	2,49,95,000	2,49,95,000	-	-	2,49,95,000	2,49,95,000
Total Water Management Services (India) Ltd.	4,99,930	-	-	2,40,000	-	-	4,99,930	2,40,000
Watercare Investments (India) Ltd.	1,77,00,000	1,77,00,000	-	-	-	-	1,77,00,000	1,77,00,000
Ion Exchange Projects & Engineering Ltd.	10,00,00,000	5,00,000	-	-	-	-	10,00,00,000	5,00,000
Ion Foundation	-	-	-	-	10,000	10,000	10,000	10,000
Ion Exchange Safic pty Ltd., South Africa	40,66,949	-	-	-	-	-	40,66,949	-
<b>Total</b>	<b>48,61,77,188</b>	<b>31,68,31,759</b>	<b>3,08,95,000</b>	<b>3,20,55,948</b>	<b>10,000</b>	<b>10,000</b>	<b>51,70,82,188</b>	<b>34,88,97,707</b>
<b>Corporate Guarantees Given</b>								
Aquanomics Systems Ltd.	-	-	4,00,00,000	-	-	-	4,00,00,000	-
Global Composites & Structurals Ltd.	10,00,00,000	-	-	-	-	-	10,00,00,000	-
Ion Exchange PSS Ltd., Thailand	-	-	5,55,60,000	-	-	-	5,55,60,000	-
Ion Exchange Projects & Engineering Ltd.	8,83,00,000	-	-	-	-	-	8,83,00,000	-
<b>Total</b>	<b>18,83,00,000</b>	-	<b>9,55,60,000</b>	-	-	-	<b>28,38,60,000</b>	-
<b>Outstanding Corporate Guarantees</b>								
Aquanomics Systems Ltd.	-	-	11,00,00,000	7,00,00,000	-	-	11,00,00,000	7,00,00,000
Ion Exchange Infrastructure Ltd.	22,50,00,000	22,50,00,000	-	-	-	-	22,50,00,000	22,50,00,000
Ion Exchange Asia Pacific Pte. Ltd, Singapore	7,88,64,485	7,41,76,925	-	-	-	-	7,88,64,485	7,41,76,925

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Outstanding Corporate Guarantees (Contd..)</b>								
Ion Exchange Environment Management (BD) Ltd., Bangladesh	82,42,000	75,00,000	-	-	-	-	82,42,000	75,00,000
Global Composites & Structural Ltd.	10,00,00,000	-	-	-	-	-	10,00,00,000	-
Ion Exchange PSS Ltd., Thailand	-	-	5,55,60,000	-	-	-	5,55,60,000	-
Ion Exchange Projects & Engineering Ltd.	8,83,00,000	-	-	-	-	-	8,83,00,000	-
Ion Exchange Waterleau Ltd.	-	-	8,00,00,000	8,00,00,000	-	-	8,00,00,000	8,00,00,000
<b>Total</b>	<b>50,04,06,485</b>	<b>30,66,76,925</b>	<b>24,55,60,000</b>	<b>15,00,00,000</b>	-	-	<b>74,59,66,485</b>	<b>45,66,76,925</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.

## 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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
IEI Shareholding Trusts	22,68,53,000	23,09,53,000	-	-	41,00,000	41,03,000	53,25,828	53,25,828

## III. Stock Options granted to Key Management Personnel during the year : Nil (2011-2012: 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	Maximum	As at	Maximum
		31st March 2013	Balance in 2012-2013	31st March 2012	Balance in 2011 - 2012
Ion Exchange Enviro Farms Ltd.	Subsidiary	8,63,80,524	8,86,66,359	6,62,65,730	7,13,90,730
Ion Exchange Environment Management (BD) Ltd., Bangladesh	100% Subsidiary	-	34,12,382	31,00,135	32,34,204
Ion Exchange LLC, USA	100% Subsidiary	23,279	3,37,98,313	3,05,71,124	3,21,27,300
Ion Exchange Asia Pacific Pte. Ltd, Singapore	100% Subsidiary	73,01,000	1,04,34,289	92,37,115	1,70,60,155
IEI Environmental Management (M) Sdn. Bhd., Malaysia	Subsidiary	19,26,983	19,39,601	16,56,195	16,56,195
Ion Exchange Safic Pty Ltd., South Africa	Subsidiary	36,85,630	50,97,243	-	-
Ion Exchange Projects & Engineering Ltd.	100% Subsidiary	15,01,66,452	47,38,25,473	8,58,081	13,55,540
Ion Exchange Waterleau Ltd.	Joint Venture	10,21,54,063	10,62,15,854	9,62,06,246	12,68,08,213

Notes:

- 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'.
  - 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 2013	31st March 2012
IEI Shareholding Trusts	26,62,914	26,62,914

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

33. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2013 is Rs. 22,68,53,000 (2011-2012 : Rs. 23,09,53,000). The Company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the Trusts as on the Balance Sheet date and future opportunities, the Management does not anticipate any ultimate loss arising out of these loans.
34. The Company has an investment of Rs. 54,70,000 (2011-2012 : Rs. 54,70,000) in Equity Shares and 15,00,000 (2011-2012 : 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 2013 and it has also granted Loans and Advances aggregating Rs. 8,63,80,524 (2011-2012 : Rs. 6,62,65,730) as at 31st March 2013 to IEEFL. As at 31st March 2013, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital. IEEFL has undertaken various cost reduction programs and it expects better returns in the coming years from its organic farming activities, bio-pesticides and bio-fertilizers marketing. Moreover, IEEFL has adequate assets in the form of developed and undeveloped land and the Redeemable Non-Convertible Debentures are secured by way of mortgage of office premises. The Hon'ble Supreme Court of India had dismissed the company's appeal on 26th February, 2013. IEEFL in order to comply with SAT order dated 5th May 2006 has submitted a letter on 17th May 2013 to SEBI seeking its directions to comply with the SAT order. In view of the foregoing, the Management is of the opinion, that there is no diminution, other than temporary, in value of investment and the advances are fully recoverable. Hence, presently no provision is considered necessary.

**35. INTEREST IN JOINT VENTURE**

- i) Jointly Controlled Entity by the Company:

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

- ii) Company's share of each of the Assets, Liabilities, Income and Expenses with respect to Jointly Controlled Entity, based on the financial information of the Joint Venture are:

	31st March 2013	31st March 2012
	Rupees	Rupees
Current Assets	10,67,27,136	10,50,98,587
Non Current Assets	34,05,199	2,44,02,495
Current Liabilities	(14,53,44,299)	(14,98,38,879)
Non current Liabilities	(3,97,876)	(1,91,112)
<b>Equity</b>	<b>(3,56,09,840)</b>	<b>(2,05,28,909)</b>
Revenue	19,24,06,562	5,55,55,922
Cost of Material consumed	(14,24,05,586)	(4,14,35,934)
Depreciation	(2,35,945)	(2,16,151)
Employee benefit expenses	(56,44,093)	(36,58,630)
Other Expenses	(5,92,01,867)	(3,52,96,448)
<b>Profit/(loss) before tax</b>	<b>(1,50,80,929)</b>	<b>(2,50,51,241)</b>
Income tax expense / Adjustment	Nil	1,61,242
<b>Profit/(loss) after tax</b>	<b>(1,50,80,929)</b>	<b>(2,48,89,999)</b>

36. Capital expenditure incurred on Research and Development during the year is Rs. 78,87,174 (2011-2012 :Rs. 36,07,067). Revenue expenditure of Rs. 3,82,38,914 (2011-2012 :Rs. 3,81,42,618) incurred on Research and Development has been expensed to Profit and Loss Account under various expense heads. Locationwise details are as follows :

Amount (in Rupees)

Nature	2012-2013			2011-2012		
	Location		Total	Location		Total
	Patancheru	Vashi		Patancheru	Vashi	
Capital Expenditure	3,22,638	75,64,536	78,87,174	32,71,108	3,35,959	36,07,067
Revenue Expenditure	1,42,19,425	2,40,19,489	3,82,38,914	1,12,77,179	2,68,65,438	3,81,42,617

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****37. LEASE**

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

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Total minimum lease payments at the year end	33,65,361	4,57,383
Less : amount representing finance charges	1,58,983	23,718
Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 6.8% p.a.)	<b>32,06,378</b>	<b>4,33,665</b>
Minimum Lease Payments:		
Not later than one year [Present value Rs.62,08,471 as on 31.03.2013 (Rs.16,09,591 as on 31.03.2012)]	64,54,453	17,68,574
Later than one year but not later than five years [Present value Rs.1,19,26,590 as on 31.03.2013 (Rs.39,06,826 as on 31.03.2012)]	1,30,07,644	47,83,509

- b. 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.

**38. CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts (net of advances) remaining to be executed on Capital Account not provided for is Rs. 1,92,08,722 (2011-2012 : Rs. 1,98,81,429).

**39. CONTINGENT LIABILITIES**

Contingent Liabilities not provided for:

- (a) Guarantee given by the Company on behalf of :
- i) Subsidiaries – Rs. 50,04,06,485 (2011-2012 : Rs. 30,66,76,925)
  - ii) Associates – Rs. 16,55,60,000 (2011-2012 : Rs. 7,00,00,000)
  - iii) Joint Venture – Rs. 8,00,00,000 (2011-2012 : Rs. 8,00,00,000)
  - iv) Others – Rs. 38,88,000 (2011-2012 : Rs. 38,88,000)
- (b) Demand raised by authorities against which the Company has filed an appeal.
- i) Income Tax – Rs.63,13,907 (2011-2012 : Rs. 83,01,220)
  - ii) Excise Duty – Rs. 16,78,600 (2011-2012 : Rs. 16,78,600)
  - iii) Service Tax – Rs. 8,55,356 (2011-2012 : Rs. 16,74,395)
  - iv) Customs Duty (to the extent ascertainable) – Rs. 22,58,117 (2011-2012 : Rs. 22,58,117)
- (c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 2,68,40,673 (2011-2012 : Rs. 1,94,94,696).

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



**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**40. UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative			
	2012-2013		2011-2012	
	Type	Amount	Type	Amount
Hedge of Import Creditors	-	-	Buy	USD 3,00,000

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	Particulars of Derivative			
	2012-2013		2011-2012	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Buyer's Credit	4,41,78,278	USD 8,12,250	5,26,11,951	USD 10,28,381
Import Creditors	15,18,48,939	USD 25,12,443 Euro 2,14,395 GBP 3,500	20,44,64,407	USD 30,24,913 Euro 7,14,685 GBP 10,742
Export Debtors	54,26,80,635	USD 64,71,082 Euro 1,02,868 OMR 27,656 AED 70,42,867 BHD 48,117 QR 42,320 GBP 7,07,604 SAR 6,52,647 -	48,26,11,801	USD 63,45,849 Euro 1,06,688 OMR 1,25,723 AED 49,23,247 BHD 65,002 QR 10,800 GBP 4,56,255 SAR 15,70,135 KWD 852
Foreign Currency Bank Account	1,27,72,770	USD 31,632 AED 3,63,473 BHD 8,694 Euro 63,453	1,57,85,416	USD 28,128 AED 7,37,409 BHD 29,999 -
Foreign Currency in hand	3,09,109	AED 20,731 BHD 13	2,46,103	AED 17,070 BHD 60
Commission Payable	2,27,20,175	USD 2,68,864 AED 2,36,439 SAR 3,04,131 QR 8,492 Euro 809	2,42,39,702	USD 3,57,261 AED 1,30,211 SAR 3,04,131 - -
Advances to subsidiaries	1,30,81,832	USD 2,40,519	4,44,43,069	USD 8,68,767
Investments	14,20,07,258	USD 7,00,000 SGD 19,53,211 MYR 1,50,000 OMR 1,53,000 BDT 59,70,755 ZAR 6,00,000	7,28,61,759	USD 1,00,000 SGD 12,83,474 MYR 1,50,000 OMR 1,53,000 BDT 13,84,555 -

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****41. Details of dues to Micro and Small Enterprises as defined under the MSMED Act, 2006 (on the basis of the information and records available with Management)**

	31st March 2013 Rupees	31st March 2012 Rupees
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	9,77,149	1,88,599
Interest due on above	1,06,576	12,753
	<b>10,83,725</b>	<b>2,01,352</b>
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	3,08,850	45,673
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

**42. VALUE OF IMPORTS CALCULATED ON CIF BASIS**

Amount (in Rupees)

	2012-2013	2011-2012
Raw Materials	70,29,31,871	70,39,68,363
Traded Goods	52,96,478	Nil
Capital Goods	Nil	1,03,80,682

**43. EXPENDITURE IN FOREIGN CURRENCY (Accrual Basis)**

Amount (in Rupees)

	2012-2013	2011-2012
Foreign Travel	3,07,62,352	3,49,33,811
Legal and Professional Fees	2,97,15,652	67,69,184
Other Expenses	5,59,82,044	6,01,96,856

**44. IMPORTED AND INDIGENOUS RAW MATERIALS AND SPARE PARTS**

	2012-2013		2011-2012	
	Value Rupees	% of total Consumption	Value Rupees	% of total consumption
Imported: Raw materials	79,50,86,984	15.93	71,02,92,876	16.28
Indigenous: Raw materials	4,19,35,61,111	84.03	3,65,11,50,688	83.67
Indigenous: Spares parts	17,75,565	0.04	25,06,348	0.05
	<b>4,99,04,23,660</b>	<b>100.00</b>	<b>4,36,39,49,912</b>	<b>100.00</b>

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**45. EARNING IN FOREIGN CURRENCY (Accrual Basis)**

Amount (in Rupees)

	2012-2013	2011-2012
Exports of goods calculated on F.O.B basis (Excluding exports to Bhutan and Nepal in Indian Rupees)	1,11,36,49,761	91,39,17,194
Freight and other Recoveries	1,21,00,414	69,02,954
Dividend	Nil	1,22,30,428
Interest	2,83,200	1,21,500

46. During the year 17,300 (2011-2012: 98,250) equity shares were allotted to employees and directors under ESOS 2008 on 25<sup>th</sup> May, 2012 and 25<sup>th</sup> July, 2012. Accordingly, dividend of Rs. 2.00 per share (20%) declared at the Annual General Meeting held on 26th September 2012 was also paid to those shareholders (book closure date being 26th September 2012).

47. Back charges represent reimbursement of costs incurred by customers on the Company's behalf in the course of contract execution.

48. Book values of certain long term unquoted investments, aggregating to Rs.28,58,67,625 (2011-2012 :Rs.14,25,36,619) are lower than its cost.

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

**49. DISCONTINUED OPERATIONS**

The Board of Directors of the Company at their meeting held on 22nd February 2011, had accorded their approval for the proposal to sell its 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. On 11th April 2011, the Company has received approval of the shareholders for the transfer of the Project Division (covering domestic turnkey projects) by way of postal ballot, accordingly the Company has transferred the Project Division (covering domestic turnkey projects) with effect from 31st July, 2012 on completion of necessary formalities. The Company has transferred the assets and liabilities of Project Division (covering domestic turnkey projects) at book values. The Project Division is being reported as a part of Engineering segment under Segment disclosures as given in note 31.

The details of the discontinued operations are as under:

Amount (in Rupees)

Particulars	Period ended on 31st July 2012	For the year ended on 31st March 2012
Total Assets	1,52,91,93,577	1,68,88,96,924
Total Liabilities	1,31,50,29,187	1,52,66,08,369
Total Revenue	56,11,29,387	1,71,92,17,187
Total Expenses	58,39,20,428	1,77,53,89,140
Loss for the period	2,27,91,041	5,61,71,953

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

Amount (in Rupees)

Particulars	Period ended on 31st July 2012	For the year ended on 31st March 2012
Operating	(3,71,12,065)	(62,85,090)
Investing	97,53,463	(1,83,51,114)
Financing	(10,69,39,144)	4,56,17,006

50. The details of shares allotted to the company during the financial year 2012-13 by the following companies against the receivables/ advances are given below.

Name of Company	Relation	Number of Shares	
		2012-2013	2011-2012
Ion Exchange Asia Pacific Pte. Ltd., Singapore	Subsidiary	6,69,737	7,61,000
Ion Exchange LLC, USA	Subsidiary	6,00,000	Nil
Ion Exchange Environmental Management BD Ltd., Bangladesh	Subsidiary	45,862	Nil
Ion Exchange Projects and Engineering Ltd.	Subsidiary	99,50,000	Nil
Global Composites and Structural Ltd.	Subsidiary	Nil	9,53,368

**NOTES TO FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****51. AMALGAMATION**

The Honorable High Court of Bombay, on 24th May 2013, sanctioned the "scheme of amalgamation" ("the Scheme") under sections 391 to 394 of the Companies Act, 1956. In accordance with the Scheme, Ion Exchange Services Limited (transferor company) merges with Ion Exchange (India) Limited ("the Company") with effect from 1st April 2012. The transferor company was engaged in the business of providing total water solutions for industry, homes and communities. The amalgamation is expected to channelize synergies and lead to better utilization of available resources and result in greater economies of scale.

Pursuant to the Scheme, the Assets and Liabilities of transferor Company were transferred to and vested in the Company with effect from 1st April 2012. Accordingly, the Scheme has been given effect to in these accounts.

The Company discharged the purchase consideration through issuing 42 fully paid up Equity shares of Rs. 10 each against every 19 Equity shares of the transferor Company. Equity shares were not allotted by 31st March 2013.

The Amalgamation has been accounted for under the "Pooling of interest" method as prescribed under AS -14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly the accounting treatment has been given as under –

- i. The assets, liabilities, reserves and credit balance of profit and loss of the transferor company as at 1st April 2012 have been incorporated at their book values in the financial statements of the company.
  - ii. 8,28,800 equity shares of Rs. 10 each fully paid up of transferor company stands cancelled. Further, 2,87,058 equity shares of Rs. 10 each fully paid up of the Company held by the transferor company also stands cancelled.
  - iii. Consequent to this amalgamation and after considering the extinguishment of shares held in transferor company by the Company, 11,80,256 Equity Shares of Rs. 10 each, aggregating to Rs. 1,18,02,560, of the company are to be issued to the share holders of the transferor company. Pending allotment of the said equity shares, such amount of Rs. 1,18,02,560 has been included in the share capital suspense account as at 31st March 2013.
  - iv. The excess of the book value of the investment held by transferor company in the equity share capital of Company amounts to Rs.1,41,48,997, Investment held by company in the Equity share capital of transferor Company amounts to Rs.9,20,948 and the excess of share capital of transferor company over the amount credited by the company to the share capital suspense account amounts to Rs. 35,14,560 and accordingly the net amount of Rs. 1,85,84,505 has been adjusted to the Capital Reserves of the Company.
  - v. Consequently, the financial statement for the year ended on 31st March 2013 includes the operations of transferor company with effect from 1st April 2012.
  - vi. The Company has as per AS-14, during the current year, changed (with retrospective effect) the method of providing depreciation on fixed assets, from Written Down Value ('WDV') method to Straight line method (SLM) method at the rates prescribed in Schedule XIV of the Companies Act, 1956 in respect of assets held by transferor company to ensure that uniform set of accounting policies are followed after amalgamation. Had the Company continued to use the earlier basis of providing depreciation, the charge to the Profit and loss account for the current period would have been higher by Rs.47,48,129 and net block of fixed assets would correspondingly have been lower by Rs.47,48,129.
52. Pursuant to the amalgamation of Ion Exchange Services Limited (Refer note 51) and discontinued operations (refer note 49), the figures of the current year are strictly not comparable to those of the previous year. Previous year figures have been regrouped / reclassified wherever necessary, to confirm to current year's classification.

As per our report of even date

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

per VIJAY MANIAR  
Partner  
Membership No.: 36738

Place : Mumbai  
Date : 30th May 2013

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

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 30th May 2013

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

1	Name of subsidiary Company	Ion Exchange Enviro Farms Ltd.	Watercare Investments (India) Ltd	Aqua Investments (India) Ltd.	Ion Exchange Asia Pacific Pte. Ltd.	Ion Exchange Asia Pacific (Thailand) Ltd.*
2	Financial Year of subsidiary Company ended	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013
3	Number of shares held in subsidiary Company	5,47,000 Equity Shares of INR 10 each	17,70,000 Equity Shares of INR 10 each	17,60,000 Equity Shares of INR 10 each	19,53,211 Equity Shares of SGD 1 each	30,000 Equity Shares of THB 100 each
4	Total issued share capital of subsidiary Company	6,94,700 Equity Shares of INR 10 each	17,80,200 Equity Shares of INR 10 each	17,70,200 Equity Shares of INR 10 each	19,53,211 Equity Shares of SGD 1 each	30,000 Equity Shares of THB 100 each
5	Percentage of shares held in subscribed capital of subsidiary Company	78.74 %	99.43 %	99.42 %	100.00 %	100.00 %
6	Net aggregate amount of subsidiary's profit / (losses) so far as relates to Holding Company not dealt with Holding Company's Accounts:					
	i) for the subsidiary's financial year ended 31st March 2013.	INR (1,54,45,294)	INR 7,16,989	INR 8,46,725	USD (12,505)	THB (37,66,720)
	ii) for its previous financial years	INR (9,78,63,167)	INR (42,52,741)	INR (35,66,142)	USD (12,23,941)	THB (44,13,863)
		INR (11,33,08,461)	INR (35,35,752)	INR (27,19,417)	USD (12,36,446)	THB (81,80,583)
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 2013.	INR Nil	INR Nil	INR Nil	USD Nil	THB Nil
	ii) for its previous financial years	INR Nil	INR Nil	INR Nil	USD Nil	THB Nil
		INR Nil	INR Nil	INR Nil	USD Nil	THB 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	IEI Environmental Management (M) Sdn. Bhd.	Ion Exchange Environment Management (BD) Ltd.	Ion Exchange WTS (Bangladesh) Ltd.	Ion Exchange LLC	Ion Exchange & Company LLC
2	Financial Year of subsidiary Company ended	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013
3	Number of shares held in subsidiary Company	1,50,000 Equity Shares of MYR 1 each	55,862 Equity Shares of BDT 100 each	27,469 Equity Shares of BDT 100 each	7,00,000 Equity Shares of USD 1 each	1,53,000 Equity Shares of OMR 1 each
4	Total issued share capital of subsidiary Company	2,50,000 Equity Shares of MYR 1 each	55,862 Equity Shares of BDT 100 each	27,469 Equity Shares of BDT 100 each	7,00,000 Equity Shares of USD 1 each	3,00,000 Equity Shares of OMR 1 each
5	Percentage of shares held in subscribed capital of subsidiary Company	60.00 %	100.00 %	100.00 %	100.00 %	51.00 %
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 2013.	MYR (61,471)	BDT 7,24,307	BDT (18,250)	USD (2,86,219)	OMR 16,155
	ii) for its previous financial years	MYR (5,778)	BDT 90,51,777	BDT (93,002)	USD (7,06,961)	OMR 83,752
		MYR (67,249)	BDT 97,76,084	BDT (1,11,252)	USD (9,93,180)	OMR 99,907
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 2013.	MYR Nil	BDT Nil	BDT Nil	USD Nil	OMR Nil
	ii) for its previous financial years	MYR Nil	BDT Nil	BDT Nil	USD Nil	OMR 91,800
		MYR Nil	BDT Nil	BDT Nil	USD Nil	OMR 91,800

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

1	Name of subsidiary Company	Ion Exchange Infrastructure Ltd.	Ion Exchange Projects and Engineering Ltd.	Global Composites & Structurals Ltd.	Total Water Management Services (I) Ltd.	Ion Exchange Safic Pty. Ltd.
2	Financial Year of subsidiary Company ended	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st April 2012 to 31st March 2013	1st July 2012 to 31st March 2013
3	Number of shares held in subsidiary Company	31,20,000 Equity Shares of INR 10 each	1,00,00,000 Equity Shares of INR 10 each	21,70,000 Equity Shares of INR 10 each	49,993 Equity Shares of INR 10 each	600 Equity Shares of ZAR 1 each
4	Total issued share capital of subsidiary Company	41,00,000 Equity Shares of INR 10 each	1,00,00,000 Equity Shares of INR 10 each	28,30,000 Equity Shares of INR 10 each	50,000 Equity Shares of INR 10 each	1,000 Equity Shares of ZAR 1 each
5	Percentage of shares held in subscribed capital of subsidiary Company	76.10 %	100.00 %	76.68 %	99.87 %	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 2013.	INR 54,35,197	INR (57,56,971)	INR (2,75,383)	INR (1,37,436)	ZAR (8,65,926)
	ii) for its previous financial years	INR 3,36,96,480	INR (9,76,465)	INR Nil	INR Nil	ZAR Nil
		INR 3,91,31,677	INR (67,33,436)	INR (2,75,383)	INR (1,37,436)	ZAR (8,65,926)
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 2013.	INR Nil	INR Nil	INR Nil	INR Nil	ZAR Nil
	ii) for its previous financial years	INR 25,50,000	INR Nil	INR Nil	INR Nil	ZAR Nil
		INR 25,50,000	INR Nil	INR Nil	INR Nil	ZAR Nil



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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying consolidated financial statements of Ion Exchange (India) Limited ("the Company") and its subsidiaries, Joint venture and Associates, which comprise the consolidated Balance Sheet as at 31st March 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Basis for Qualified Opinion

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

- a. As stated in note 40, the Hon'ble Supreme Court of India has dismissed IEEFL's appeal against the order of Securities Appellate Tribunal for refunding monies to investors with return and winding up of scheme. For reasons stated therein, the liability, if any, arising on this account is presently not ascertainable
- b. As stated in note 41, maintenance expenses aggregating Rs.3,74,04,913/- (net of provision) is considered as fully recoverable by IEEFL. However, in view of the significant uncertainties involved, the amount of provisions for eventual non-recovery of maintenance expense, if any is presently not ascertainable.

We are unable to comment on the effect of the above matters on the accompanying consolidated financial statements. Our audit report on the consolidated financial statements for the year ended 31st March 2012 was also modified in respect of the matters stated above.

### Qualified opinion

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

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31st March 2013;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

### Other Matter

We did not audit the financial statement of certain subsidiaries, whose financial statements reflect total assets of Rs. 1,27,68,49,852 as at 31st March 2013, total revenues of Rs. 1,10,46,75,345 and net cash inflows amounting to Rs. 1,34,24,242 for the year then ended and certain associates whose financial statements reflect a total loss (net) of Rs. 45,27,075 for the year ended 31st March 2013, the Company's share in the loss (net) of such associates being Rs 12,21,842, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and associates is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

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

**per Vijay Maniar**  
Partner

Membership Number: 36738

Place : Mumbai  
Date : 30th May 2013

**CONSOLIDATED BALANCE SHEET as at 31st March 2013**

	Notes	31st March 2013 Rupees	31st March 2012 Rupees
<b>EQUITY AND LIABILITIES</b>			
<b>SHAREHOLDERS' FUNDS</b>			
(a) Share capital	8	12,97,62,030	13,23,39,610
(b) Share capital suspense account	51	1,18,02,560	-
(c) Reserves and surplus	9	1,36,55,92,128	1,23,95,95,021
		1,50,71,56,718	1,37,19,34,631
<b>MINORITY INTEREST</b>			
		7,59,94,517	7,22,62,976
<b>NON-CURRENT LIABILITIES</b>			
(a) Long-term borrowings	10	11,38,99,402	11,06,98,487
(b) Other Long term liabilities	11	7,16,56,164	6,82,43,605
(c) Deferred tax liabilities (Net)	12	7,50,55,274	4,28,77,814
(d) Long-term provisions	13	5,45,76,084	4,87,15,707
		31,51,86,924	27,05,35,613
<b>CURRENT LIABILITIES</b>			
(a) Short-term borrowings	14	58,96,66,003	44,99,23,089
(b) Trade payables	15 (a)	3,47,84,23,646	3,07,88,57,597
(c) Other current liabilities	15 (b)	69,73,96,283	97,44,12,379
(d) Short-term provisions	13	16,48,87,035	17,02,37,333
		4,93,03,72,967	4,67,34,30,398
<b>TOTAL</b>		<b>6,82,87,11,126</b>	<b>6,38,81,63,618</b>
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
(a) Fixed assets			
(i) Tangible assets	16	1,00,21,91,003	74,03,35,799
(ii) Intangible assets	17	86,42,094	61,20,087
(iii) Capital Work In Progress		1,70,98,724	15,15,57,251
(b) Non-current investments	18	2,52,76,131	4,71,36,016
(c) Deferred tax assets (Net)	12	47,74,130	6,99,433
(d) Long-term loans and advances	19	50,16,11,374	57,20,40,899
(e) Trade Receivables	20	21,60,11,437	15,65,30,180
(f) Other non-current assets	21	7,32,891	40,44,654
		1,77,63,37,784	1,67,84,64,319
<b>CURRENT ASSETS</b>			
(a) Current investments	22	16,52,941	16,52,941
(b) Inventories	23	72,44,34,117	66,00,05,122
(c) Trade receivables	20	3,57,85,03,307	3,52,24,40,277
(d) Cash and Bank balances	24	26,01,02,917	18,82,61,162
(e) Short-term loans and advances	19	48,57,33,616	33,54,67,458
(f) Other current assets	21	19,46,444	18,72,339
		5,05,23,73,342	4,70,96,99,299
<b>TOTAL</b>		<b>6,82,87,11,126</b>	<b>6,38,81,63,618</b>

Summary of Significant accounting policies

7

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

As per our report of even date

For S. R. BATLIBOI & CO. LLP  
ICAI 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

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 30th May 2013

Place : Mumbai  
Date : 30th May 2013

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS ACCOUNT for the year ended 31st March 2013**

	Notes	31st March 2013 Rupees	31st March 2012 Rupees
<b>REVENUE</b>			
Revenue from operations (Gross)	25	8,87,28,40,483	7,43,97,04,185
Less: Excise Duty	25	30,00,04,205	21,17,52,265
Revenue from operations (Net)	25	8,57,28,36,278	7,22,79,51,920
Other income	26	4,70,08,564	8,81,83,557
Share of Profit / (Loss) of Associates (Net)		(12,21,842)	52,08,977
<b>TOTAL REVENUE</b>		<b>8,61,86,23,000</b>	<b>7,32,13,44,454</b>
<b>EXPENSES</b>			
Cost of materials consumed	27	5,58,97,78,652	4,83,99,17,567
Purchases of Traded Goods	28	29,79,89,117	28,69,11,343
(Increase)/decrease in inventories of Finished Goods, Work-in-Progress and Traded Goods	28	(5,04,44,306)	(3,17,83,135)
Employee benefits expense	29	98,00,48,421	74,84,16,065
Finance costs	30	15,62,10,399	11,74,77,409
Depreciation and amortization	31	12,29,80,160	8,68,89,000
Other expenses	32	1,26,31,55,717	1,06,85,30,452
<b>TOTAL EXPENSES</b>		<b>8,35,97,18,160</b>	<b>7,11,63,58,701</b>
<b>PROFIT BEFORE TAX</b>		<b>25,89,04,840</b>	<b>20,49,85,753</b>
<b>TAX EXPENSE</b>			
Current tax		8,57,67,387	9,85,60,666
Deferred Tax (Refer note 12)		2,77,47,744	(1,07,44,168)
<b>TOTAL TAX EXPENSE</b>		<b>11,35,15,131</b>	<b>8,78,16,498</b>
<b>PROFIT AFTER TAX</b>		<b>14,53,89,709</b>	<b>11,71,69,255</b>
Less : Minority Interest		39,29,139	2,07,48,857
<b>PROFIT AFTER MINORITY INTEREST</b>		<b>14,14,60,570</b>	<b>9,64,20,398</b>
<b>EARNINGS PER EQUITY SHARE:</b>			
[Nominal value of shares Rs. 10 (2011-2012 : Rs. 10)] (Refer Note 33)			
Basic		10.00	7.31
Diluted		9.80	7.18

Summary of Significant accounting policies 7  
The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

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

per VIJAY MANIAR  
Partner  
Membership No.: 36738

Place : Mumbai  
Date : 30th May 2013

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

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 30th May 2013

**CONSOLIDATED CASH FLOW STATEMENT for the year ended 31st March 2013**

	31st March 2013 Rupees	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2012 Rupees
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>				
<b>Net Profit before tax as per Profit and Loss Account</b>		<b>25,89,04,840</b>		<b>20,49,85,753</b>
Adjusted for:				
Depreciation and Amortisation Expense	12,29,80,160		8,68,89,000	
(Profit) / Loss on Assets sold / discarded (Net)	8,94,229		8,09,289	
Employee Compensation Income	(3,80,521)		(28,14,053)	
Finance Cost	15,62,10,399		11,74,77,409	
Share of (Earning)/Loss in Associates	12,21,842		(52,08,977)	
Dividend received	(15,53,228)		(2,10,608)	
Interest received	(2,50,74,388)		(1,84,51,252)	
Bad Debts written off	2,47,69,487		3,29,89,535	
Backcharges on Contracts	1,05,50,957		1,76,17,024	
Doubtful advances, deposits and claims written off	-		2,00,00,000	
Amount set aside for liabilities, no longer required, written back	(2,50,229)		(4,45,357)	
Unrealised Profit on Inventories	1,28,72,288		85,80,751	
Unrealised Exchange Loss / (Gain)	(1,14,07,534)		(3,41,41,425)	
		<u>29,08,33,462</u>		<u>22,30,91,336</u>
<b>Operating Profit Before Working Capital Changes</b>		<b>54,97,38,302</b>		<b>42,80,77,089</b>
Movements in Working Capital:				
(Increase) / Decrease in Trade Receivables	(15,60,40,443)		(94,14,07,836)	
(Increase) / Decrease in Inventories	(1,86,41,921)		(2,54,01,994)	
(Increase) / Decrease in Loans and Advances	(3,84,28,340)		(4,34,43,831)	
(Increase) / Decrease in Other Current Assets	29,16,225		6,18,448	
(Decrease) / Increase in Trade Payables	39,26,25,820		59,51,82,962	
(Decrease) / Increase in Other liabilities	(31,14,00,215)		18,52,40,700	
(Decrease) / Increase in Provisions	(35,63,931)		1,57,07,923	
		<u>(13,25,32,805)</u>		<u>(21,35,03,628)</u>
<b>Cash Generated From Operations</b>		<b>41,72,05,497</b>		<b>21,45,73,461</b>
Taxes Paid		(10,70,47,085)		(6,94,61,184)
<b>Net Cash from Operating Activities</b>		<b>31,01,58,412</b>		<b>14,51,12,277</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Purchase of Fixed Assets	(17,77,73,654)		(19,35,71,108)	
Proceeds from sale of Fixed Assets	7,16,572		5,80,281	
(Increase)/Decrease in Investments made in Associates (Net)	-		26,50,955	
Deposit made during the year (with maturity more than three months)	(4,83,61,634)		(6,30,96,432)	
Deposit matured / received during the year (with maturity more than three months)	2,78,92,586		11,46,11,155	
Dividend received	15,53,228		2,10,608	
Interest received	2,53,95,821		1,79,03,699	
<b>Net Cash Used in Investing Activities</b>		<b>(17,05,77,081)</b>		<b>(12,07,10,842)</b>

**Cash Flow Statement (contd...)**

	31st March 2013	31st March 2013	31st March 2012	31st March 2012
	Rupees	Rupees	Rupees	Rupees
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>				
Proceeds from issuance of share capital on exercise of options	75,79,380		78,97,491	
Repayment of Borrowings	(9,33,70,108)		(25,34,45,695)	
Proceeds from Borrowings	16,99,42,597		31,18,20,149	
Dividend Paid	(2,67,71,550)		(3,65,98,374)	
Dividend Tax Paid	(44,05,759)		(43,23,044)	
Finance Cost	(15,72,05,307)		(11,71,06,213)	
<b>Net Cash Used in Financing Activities</b>		<b>(10,42,30,747)</b>		<b>(9,17,55,686)</b>
Net Increase in Cash and Cash Equivalents		3,53,50,584		(6,73,54,251)
Cash and Cash Equivalents as at the beginning of the year		10,26,38,926		16,99,93,177
Cash and Cash Equivalents acquired on Merger of Ion Exchange Services Limited		29,58,868		-
Cash and Cash Equivalents as at the end of the year		<b>14,09,48,378</b>		<b>10,26,38,926</b>
<b>Cash and Cash Equivalent Comprises of :</b>				
<b>Cash in hand</b>		33,02,065		28,11,116
<b>Balance with Banks (See notes 3 and 4 below)</b>		13,76,46,313		9,98,27,810
<b>Total</b>		<b>14,09,48,378</b>		<b>10,26,38,926</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 Rs. 1,16,61,138 (2011-2012 : Rs. 89,43,312)
  - On Margin Money Account Rs. 10,74,93,401 (2011-2012 : Rs. 7,66,78,924)
- Balances with bank includes Rs. 37,73,360 (2011-2012 : Rs. 39,35,485) being Unclaimed Dividend and Unclaimed Interest on Fixed Deposits which are not available for use by the company as they represent corresponding Unpaid Liabilities.
- The figures of the current year include changes in the cash flow of the erstwhile Ion Exchange Services Limited (Refer note 51), which was amalgamated with the Company w.e.f. 1st April 2012 and are therefore to that extent not comparable with previous year's figures.
- The amalgamation of Ion Exchange Services Limited (Refer note 51) with the Company is a non cash transaction and hence, has no impact on the Company's cash flow for the year.
- Previous years' figures have been regrouped/rearranged to conform with current years' classifications.

As per our report of even date

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

 per VIJAY MANIAR  
 Partner  
 Membership No.: 36738

 Place : Mumbai  
 Date : 30th May 2013

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

 RAJESH SHARMA  
 Chairman & Managing Director

 M. P. PATNI  
 Director

 MILIND PURANIK  
 Company Secretary

 Place : Mumbai  
 Date : 30th May 2013

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013****1. Basis of Preparation:**

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The financial statements have been prepared under historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The financial statements comply in all material respects with the Accounting Standards notified under the 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.

**2. Principles of Consolidation:**

The consolidated financial statements relate to Ion Exchange (India) Limited, its Subsidiary Companies, Interest in Jointly Controlled Entity ('the Group') and Associates, mentioned in note 3, 4 and 5 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.
- The financial statement of the Subsidiaries, Associates and Joint Venture used in the consolidated are drawn up to the same reporting date as that of the company i.e. 31st March, 2013.

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2013	31st March 2012
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	76.00
Ion Exchange LLC	USA	100.00	100.00
Ion Exchange & Company LLC	Oman	51.00	51.00
Ion Exchange Asia Pacific (Thailand) Limited	Thailand	100.00	100.00
Ion Exchange WTS (Bangladesh) Limited	Bangladesh	100.00	100.00
Ion Exchange Projects & Engineering Limited	India	100.00	100.00
Global Composites & Structurals Limited	India	76.78	76.00
Total Water Management Services (I) Limited*	India	99.87	48.00
Ion Exchange Safic Pty. Limited	South Africa	60.00	-

\*Became Subsidiary on account of merger of Ion Exchange Services Limited w.e.f. 01.04.2012 (Refer Note 51)



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2013	31st March 2012
Ion Exchange Waterleau Limited	India	50.00	50.00

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2013	31st March 2012
IEI Water-Tech (M) Sdn. Bhd. *	Malaysia	30.00	30.00
Astha Technical Services Limited **	India	46.53	46.53
Aquanomics Systems Limited	India	48.42	48.42
Ion Exchange Financial Products Pvt. Limited ***	India	24.02	24.02
Ion Exchange PSS Co. Limited *	Thailand	49.00	49.00
Ion Exchange Services Limited (Refer Note 51)****	India	-	41.58

\* 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.

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

**6. The Company has made further investments in the following Subsidiaries during the year, which are considered for consolidation:**

a.	Subsidiaries	<ul style="list-style-type: none"> <li>- Ion Exchange Asia Pacific Pte. Limited</li> <li>- Ion Exchange LLC</li> <li>- Ion Exchange Environment Management (BD) Limited</li> <li>- Ion Exchange Projects and Engineering Limited</li> <li>- Ion Exchange Safic Pty Limited</li> <li>- Global Composites and Structurals Limited *</li> <li>- Total Water Management Services (India) Limited **</li> </ul>
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\* Increase in investment in Global Composites and Structurals Limited is on account of merger with Ion Exchange Services Limited.

\*\* Total Water Management Services (India) Limited was associate in previous year but on account of merger with Ion Exchange Services Limited w.e.f. 01.04.2012, company's holding has increased from 48.00% to 99.87%.

**7. Significant Accounting Policies:**

(i) Fixed Assets, Depreciation and Impairment:

Tangible Assets:

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

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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

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

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

The incremental depreciation attributable to the revalued amount is transferred from the Revaluation Reserve to the 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, Goodwill and Computer Software - SAP. 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. Cost is computed on weighted average basis.

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

Cost 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 is computed on weighted average basis.

Costs of traded goods is computed on First-In-First-Out basis.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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 Benefit in the form of Superannuation Fund is a defined contribution scheme and the contribution is charged to the Profit and Loss Account of the year when the contribution to the funds is due. There is no other obligation other than the contribution payable.

(b) Gratuity Liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year.

(c) Short Term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered. Long Term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The Company has an unconditional contractual right to defer leaves.

(d) Provident Fund scheme managed by trust is a defined benefit plan. The present value of obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit method.

(e) 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, contracted revenue from the contract and the foreseeable losses of completion.

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

Income from Services:

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

Interest:

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

Dividends:

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

(ix) Taxation:

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

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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 note 7 (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 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 market 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:

Where the Company is the Lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets given on operating leases by the Company are included in fixed assets. Lease income is recognized in the Profit and Loss Account on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

the Profit and Loss Account. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Profit and Loss Account.

Where the Company is lessee

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the 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 Indian GAAP requires Management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****8. SHARE CAPITAL**

	<b>31st March 2013</b> <b>Rupees</b>	<b>31st March 2012</b> <b>Rupees</b>
Authorised shares: 1,70,00,000 (2011-2012 : 1,50,00,000) Equity Shares of Rs. 10 each. (refer note 51)	17,00,00,000	15,00,00,000
Issued, Subscribed and fully paid-up shares: 1,29,76,203 (2011-2012 : 1,32,33,961) Equity Shares of Rs. 10 each. (refer note 51)	12,97,62,030	13,23,39,610
	<b>12,97,62,030</b>	<b>13,23,39,610</b>

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

Equity Shares

	<b>31st March 2013</b>		<b>31st March 2012</b>	
	<b>No. of Shares</b>	<b>Rupees</b>	<b>No. of Shares</b>	<b>Rupees</b>
At the beginning of the period	1,32,33,961	13,23,39,610	1,30,98,011	13,09,80,110
Add: Issued during the period - ESOS	29,300	2,93,000	1,35,950	13,59,500
Less: Shares extinguished as per scheme of Amalgamation (refer note 51)	2,87,058	28,70,580	-	-
Outstanding at the end of the period	<b>1,29,76,203</b>	<b>12,97,62,030</b>	<b>1,32,33,961</b>	<b>13,23,39,610</b>

(b) Terms/rights attached to equity shares

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

During the year ended 31st March 2013, the amount of per share dividend recognized as distribution to equity shareholders is Rs. 2 (2011-2012 : Rs. 2)

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

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

	<b>31st March 2013</b>		<b>31st March 2012</b>	
	<b>No. of Shares</b>	<b>% of holding</b>	<b>No. of Shares</b>	<b>% of holding</b>
Rakesh Jhunjhunwala	8,75,000	6.74%	8,75,000	6.61%

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

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

The company has issued 9,34,250 shares (2011-2012 : 15,70,900) during the period of five years immediately preceding the reporting date on exercise of options granted under the Employee Stock Option Scheme (ESOS) wherein part consideration was received in form of employee services.

(e) Shares reserved for issued under ESOS

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**9. RESERVES AND SURPLUS**

	31st March 2013 Rupees	31st March 2012 Rupees
<u>Capital Reserve</u>		
Balance as at April 1	26,67,745	26,67,745
Add: Transfer from General Reserve (Refer note 51)	1,59,16,760	-
Less: Extinguishment of cross holding investments and excess of share capital credited by the Company over the Share Capital of Ion Exchange Services Limited (Refer note 51)	1,85,84,505	-
	<u>-</u>	<u>26,67,745</u>
<u>Capital Reserve on Consolidation</u>		
Balance as at April 1	2,45,08,450	2,86,53,317
Add : Adjustment on change in Investment in Subsidiaries and Associates	1,39,357	(41,44,867)
	<u>2,46,47,807</u>	<u>2,45,08,450</u>
<u>Security Premium Account</u>		
Balance as at April 1	80,69,20,399	79,77,56,576
Add: Received on exercise of Employee Stock Option Scheme	78,53,335	91,63,823
	<u>81,47,73,734</u>	<u>80,69,20,399</u>
<u>Revaluation Reserve [Refer note 7(i)]</u>		
Balance as at April 1	10,77,330	11,05,800
Less: Transfer to Profit and Loss Account	28,470	28,470
	<u>10,48,860</u>	<u>10,77,330</u>
<u>Employee Stock Options Outstanding</u>		
Employee Stock Options Outstanding	2,15,87,810	2,25,35,286
Less: Deferred Employee Compensation Outstanding	-	-
	<u>2,15,87,810</u>	<u>2,25,35,286</u>
<u>Special Reserve (As per Section 45 - 1C of the Reserve Bank of India Act)</u>		
	<u>16,00,060</u>	<u>16,00,060</u>
<u>General Reserve</u>		
Balance as at April 1	23,08,64,297	21,76,64,297
Add: Reserves and Surplus transferred on Amalgamation (Refer note 51)	4,46,84,101	-
Less: Transfer to Capital Reserve (Refer note 51)	1,59,16,760	-
Less: Profit of amalgamated company already considered in consolidated financials of previous years	1,93,52,632	-
Add: Transfer from Profit and Loss Account	1,62,00,000	1,32,00,000
	<u>25,64,79,006</u>	<u>23,08,64,297</u>
<u>Legal Reserve (in accordance with Commercial Companies Law of Oman, 1974)</u>		
The reserve is not available for distribution to the Members		
Balance as at April 1	56,85,741	5,15,173
Add: Transfer from Profit and Loss Account	4,46,118	51,70,568
	<u>61,31,859</u>	<u>56,85,741</u>
<u>Foreign Currency Translation Reserve</u>		
Balance as at April 1	(5,91,692)	51,478
Add: Foreign Currency Translation Profit / (Loss) during the year	40,49,192	(6,43,170)
	<u>34,57,500</u>	<u>(5,91,692)</u>
<u>Surplus in the statement of Profit and Loss Account</u>		
Balance as per last financial statements	14,43,27,405	10,74,11,287
Profit for the year	14,14,60,570	9,64,20,398
Less: Appropriations		
Dividend	34,600	1,04,02,352
Tax on dividend	5,613	(1,36,708)
Proposed final dividend [amount per share Rs. 2 (2011-2012 : Rs. 2)]	2,83,12,918	2,64,67,922
Tax on proposed final dividend	49,23,234	44,00,146
Transfer to Legal Reserve	4,46,118	51,70,568
Transfer to General Reserve	1,62,00,000	1,32,00,000
Net Surplus in the statement of Profit and Loss Account	<u>23,58,65,492</u>	<u>14,43,27,405</u>
<b>Total Reserves and Surplus</b>	<b><u>1,36,55,92,128</u></b>	<b><u>1,23,95,95,021</u></b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****10. LONG-TERM BORROWINGS**

	Non-current portion		Current maturities	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
<u>Term Loans from Banks (Secured)</u>				
Indian rupee loan from bank	-	-	-	70,65,000
Indian rupee loan from bank [See note (a) below]	-	-	10,00,00,000	6,00,00,000
Indian rupee loan from financial institution [See note (b) below]	1,45,25,000	-	70,00,000	-
Indian rupee loans from bank [See note (c) below]	5,55,35,163	5,93,56,906	1,45,04,282	1,93,96,802
Loan from bank [See note (d) below]	1,05,25,168	2,32,41,570	1,38,46,549	1,32,04,467
Indian rupee Vehicle loan from banks [See note (e) below]	53,38,696	72,81,918	25,32,555	40,50,268
<u>Other Loans and Advances</u>				
Finance Lease obligation (Secured) [See note (f) below]	1,19,27,375	40,46,093	62,08,471	16,09,591
<u>Deposits (Unsecured)</u> [See note (g) below]				
Deposit from Shareholders	3,51,000	65,000	40,000	2,15,000
Deposit from Public	1,56,97,000	1,67,07,000	1,06,33,000	2,25,99,000
	<b>11,38,99,402</b>	<b>11,06,98,487</b>	<b>15,47,64,857</b>	<b>12,81,40,128</b>
<u>The above amount includes</u>				
Secured borrowings	9,78,51,402	9,39,26,487	14,40,91,857	10,53,26,128
Unsecured borrowings	1,60,48,000	1,67,72,000	1,06,73,000	2,28,14,000
Amount disclosed under the head "Other current Liabilities" (Refer note 15)			(15,47,64,857)	(12,81,40,128)
	<b>11,38,99,402</b>	<b>11,06,98,487</b>	<b>-</b>	<b>-</b>

- (a) Indian rupees loan from bank taken for a specific project carries interest @ 11.75% to 13.00% p.a. Indian rupees loan from bank is repayable within 20 months from the date of first disbursement being 21.09.2011 or out of excess contract proceeds whichever is earlier. The loan is secured by pari passu first charge on project specific current Assets, both present and future.
- (b) Indian rupees loan from bank taken from a financial institution carries interest @ 15.00% p.a. The loan is secured by first charge on property situated at Mahedevapura Industrial Estate, Bangalore and is repayable in 6 years.
- (c) (i) Term loan from a bank carries interest rate @ 13.35% to 14.00% p.a. The loan is repayable in 75 monthly installments of Rs. 4,18,000 along with interest, from the date of loan. The loan is secured against Hypothecation of Plant & Machinery, tools and equipments, & furniture and fixtures, both present and future.
- (ii) Property loan from a bank carries interest rate @ 13.35% to 14.00% p.a. The loan is repayable in 71 monthly installments of Rs. 5,70,000 along with interest, from the date of loan. The loan is secured against Equitable mortgage of Land and building situated at Village Nichole, Tal. Wada, Dist. Thane.
- (iii) Corporate Loan from a bank carries interest rate @ 13.35% p.a. The loan is repayable in 96 monthly installments of Rs. 9,19,139 along with interest, after six months from the date of loan. The loan is secured against supplementary mortgage of factory land and building situated at Village Nichole, Tal Wada, Dist. Thane.
- (d) Borrowing from a bank has been taken at an interest rate of 7.50% to 8.00% p.a. Interest rate are renewable on quarterly basis at bank's discretion. The bank borrowing is secured by Joint and several guarantees of directors of Ion Exchange & Co. LLC Oman, and assignment of specific receivables and cash margin and corporate guarantee
- (e) Vehicle loans from banks carries interest @ 12.00% to 14.60% p.a. The loans are repayable in equal monthly installments along with interest, from the various dates of disbursements. The loans are secured by hypothecation of vehicles.
- (f) Finance lease obligation is secured by hypothecation of equipment's taken on lease.
- (g) Deposits from Shareholders and Public carry interest @7.00% to 8.00% p.a for deposits repayable after 1 year to 3 years from the respective dates of deposits.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**11. OTHER LONG-TERM LIABILITIES**

	31st March 2013 Rupees	31st March 2012 Rupees
Deposits	3,92,56,396	3,76,56,908
Trade Payables	2,62,71,106	2,30,46,128
Other	57,88,226	70,77,782
Interest accrued but not due	3,40,436	4,62,787
	<b>7,16,56,164</b>	<b>6,82,43,605</b>

**12. DEFERRED TAX LIABILITY (NET)**

	31st March 2013		31st March 2012	
	Deferred Tax Liability Rupees	Deferred Tax Assets Rupees	Deferred Tax Liability Rupees	Deferred Tax Assets Rupees
Difference between book and tax depreciation	11,13,68,243	-	8,30,23,572	-
Provision for doubtful debts	-	20,26,482	-	19,34,369
Provision for doubtful advances	-	61,24,776	-	56,98,204
Effect of expenditure allowable for the tax purposes in following years	-	3,25,60,631	-	3,30,54,533
Business Losses and Depreciation	-	1,58,876	-	1,02,669
Provision for Leave Encashment and Gratuity	-	2,16,334	23,408	66,616
Preliminary Expenses	-	-	-	12,208
	<b>11,13,68,243</b>	<b>4,10,87,099</b>	<b>8,30,46,980</b>	<b>4,08,68,599</b>
	<b>7,02,81,144</b>		<b>4,21,78,381</b>	
<b>Disclosed as under</b>				
<b>Deferred tax liabilities (Net)</b>	<b>7,50,55,274</b>		<b>4,28,77,814</b>	
<b>Deferred tax assets (Net)</b>	<b>47,74,130</b>		<b>6,99,433</b>	
	<b>7,02,81,144</b>		<b>4,21,78,381</b>	

**13. PROVISIONS**

	Long-term		Short-term	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Provision for Income Tax	-	-	11,17,10,421	11,24,06,562
Provision for Fringe Benefit Tax	-	-	-	19,87,695
Provision for Leave Encashment and Gratuity	5,41,78,208	4,81,88,714	1,72,08,787	2,44,79,818
Others	-	3,05,089	-	4,79,316
Provision for warranties	-	-	27,00,000	-
Proposed Dividend	-	-	2,83,12,918	2,64,67,922
Tax on Proposed Dividend	-	-	49,23,234	44,00,146
Group's Share in Provisions of Joint Venture	3,97,876	2,21,904	31,675	15,874
	<b>5,45,76,084</b>	<b>4,87,15,707</b>	<b>16,48,87,035</b>	<b>17,02,37,333</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****13. PROVISIONS (contd...)****Provision for warranties**

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

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
At the beginning of the year	-	-
Arising during the year	27,00,000	-
Utilised during the year	-	-
Unused amounts reversed	-	-
<b>At the end of the year</b>	<b>27,00,000</b>	<b>-</b>

**14. SHORT TERM BORROWINGS**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Working Capital Loan from Banks (Secured) [See note (a), (b), (c) and (d) below]	54,54,87,725	39,48,11,138
Buyers Credit from Bank (Secured) - [See note (a) below]	4,41,78,278	5,26,11,951
Loans from Others - Unsecured	-	25,00,000
	<b>58,96,66,003</b>	<b>44,99,23,089</b>
<u>The above amount includes:</u>		
Secured borrowings	58,96,66,003	44,74,23,089
Unsecured borrowings	-	25,00,000
	<b>58,96,66,003</b>	<b>44,99,23,089</b>

- (a) Includes Working Capital Loan and Buyers Credit secured by joint hypothecation of Book Debts and Stocks and collateral security by way of pari passu first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru and pari passu second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa. The Working Capital Loan is repayable on demand.
- (b) Includes Working Capital Loans from bank of amalgamated company - Ion Exchange Services Limited is secured by joint hypothecation of Book debts and Stock of amalgamated company - Ion Exchange Services Limited and collateral security by way of first charge on the immovable property situated at Kolkata and second charge of immovable property situated at Bangalore apart from Fixed deposit of Rs. 1,62,68,111. The Working Capital loan is repayable on demand.
- (c) Includes Working Capital Loan from banks secured against charges on all stock, trade receivables of the company. Working Capital Loan is repayable on demand and carries interest of 13.00% to 14.50% p.a.
- (d) Includes Working Capital Loan from banks secured against charges on all stock, trade receivables, mortgage of Factory Land and building at Village Nichole, Tal. Wada, Dist. Thane. Working Capital Loan is repayable on demand and carries interest of 13.00% to 14.00% p.a.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**15. OTHER CURRENT LIABILITIES**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
15 (a) <u>Trade payable</u>		
Trade payable (including acceptances)	3,33,77,30,001	2,95,29,36,616
Group's Share in Trade Payable of Joint Venture	14,06,93,645	12,59,20,981
	<b>3,47,84,23,646</b>	<b>3,07,88,57,597</b>
15 (b) <u>Other Current Liabilities</u>		
Current maturities of long term borrowings (Refer note 10)	15,47,64,857	12,81,40,128
Interest accrued but not due	6,52,464	15,25,021
Deposits	-	3,54,65,178
Creditors for Capital Goods	83,22,927	2,91,85,599
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
- Unpaid Dividend	24,16,215	22,12,853
- Unclaimed Interest on Fixed Deposit	13,57,145	17,42,632
- Unclaimed Matured Deposit	21,21,000	24,50,000
Advance from Customers	45,29,90,135	66,89,57,300
Unearned revenue on AMC services	2,97,58,769	3,87,62,045
Taxes (Service tax, Sales Tax, TDS)	3,12,67,121	97,73,736
Others Liabilities	91,26,669	3,23,26,654
Group Share of other current liabilities of Joint Venture	46,18,981	2,38,71,233
	<b>69,73,96,283</b>	<b>97,44,12,379</b>
	<b>4,17,58,19,929</b>	<b>4,05,32,69,976</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)

## 16. TANGIBLE ASSETS

	Land (Freehold)	Land (Leasehold)	Building On Leasehold Land	Building on Freehold Land	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Group's Share in Joint Venture	Total
<b>Gross Block</b>										
As at 1st April 2011	87,01,593	2,39,84,441	23,12,01,778	14,15,45,534	64,17,63,862	9,99,82,234	4,05,28,713	17,48,51,610	23,70,142	1,36,49,29,907
Addition during the year	-	-	14,03,015	1,47,39,159	11,00,06,660	34,84,584	65,16,392	1,66,10,999	3,10,426	15,30,71,235
Other Adjustments - Gross Block of New Subsidiary acquired during the year	-	1,38,34,457	-	2,16,72,923	4,66,33,049	4,48,250	-	25,01,708	-	8,50,90,387
Disposal during the year	-	-	-	-	2,50,000	-	19,53,090	2,22,750	-	24,25,840
Add : Exchange Gain / (Loss)	-	-	6,806	-	1,27,385	4,00,246	14,99,258	5,03,965	-	25,37,660
<b>As at 31st March 2012</b>	<b>87,01,593</b>	<b>3,78,18,898</b>	<b>23,26,11,599</b>	<b>17,79,57,616</b>	<b>79,82,80,956</b>	<b>10,43,15,314</b>	<b>4,65,91,273</b>	<b>19,42,45,532</b>	<b>26,80,568</b>	<b>1,60,32,03,349</b>
Addition during the year	-	-	4,58,41,869	1,54,91,306	17,36,45,316	90,14,988	59,38,423	3,34,65,537	1,37,673	28,35,35,112
Addition on Amalgamation of Ion Exchange Services limited (Refer note 51)	1,17,27,460	-	-	8,51,67,563	62,83,228	27,80,104	23,23,575	1,15,96,182	-	11,98,78,112
Other Adjustments - Gross Block of subsidiary emerged as a result of Amalgamation	-	-	-	-	35,266	43,797	-	3,63,130	-	4,42,193
Disposal during the year	-	-	-	-	16,73,521	-	37,50,484	3,60,471	-	57,84,476
Add : Exchange Gain / (Loss)	-	-	51,736	-	32,75,553	2,07,422	6,75,160	2,91,395	-	45,01,266
<b>As at 31st March 2013</b>	<b>2,04,29,053</b>	<b>3,78,18,898</b>	<b>27,85,05,204</b>	<b>27,86,16,485</b>	<b>97,98,46,798</b>	<b>11,63,61,625</b>	<b>5,17,77,947</b>	<b>23,96,01,305</b>	<b>28,18,241</b>	<b>2,00,57,75,556</b>
<b>Depreciation / Amortisation</b>										
As at 1st April 2011	-	58,32,382	8,66,60,863	3,43,79,442	42,00,77,180	6,31,19,785	2,13,21,738	12,91,66,339	10,25,458	76,15,83,187
Depreciation during the year	-	3,02,993	67,66,545	27,76,150	3,73,68,937	61,36,534	51,72,318	2,48,58,132	2,16,151	8,35,97,760
Other Adjustments	-	-	-	41,38,575	1,09,17,567	1,41,523	-	10,75,785	-	1,62,73,450
Deduction during the year	-	-	-	-	1,79,622	-	7,30,991	1,25,657	-	10,36,270
Add : Exchange (Gain) / Loss	-	-	1,649	-	41,553	1,88,831	10,20,469	11,96,921	-	24,49,423
<b>As at 31st March 2012</b>	<b>-</b>	<b>61,35,375</b>	<b>9,34,29,057</b>	<b>4,12,94,167</b>	<b>46,82,25,615</b>	<b>6,95,86,673</b>	<b>2,67,83,534</b>	<b>15,61,71,520</b>	<b>12,41,609</b>	<b>86,28,67,550</b>
Depreciation for the year	-	3,02,993	76,57,837	4,76,859	7,76,89,667	61,85,794	65,77,092	1,89,22,600	1,92,051	11,80,04,893
Adjustments on Amalgamation of Ion Exchange Services limited (Refer note 51)	-	-	-	98,56,285	34,09,425	23,51,261	12,52,512	84,59,470	-	2,53,28,953
Other Adjustments - Cumulative depreciation of subsidiary emerged as a result of Amalgamation	-	-	-	-	28,911	43,797	-	3,43,665	-	4,16,373
Deduction during the year	-	-	13,256	-	16,69,773	-	21,95,571	2,82,510	-	41,47,854
Add : Exchange (Gain) / Loss	-	-	-	-	85,498	1,03,310	4,39,725	4,72,849	-	11,14,638
<b>As at 31st March 2013</b>	<b>-</b>	<b>64,38,368</b>	<b>10,11,00,150</b>	<b>5,16,27,311</b>	<b>54,77,69,343</b>	<b>7,82,70,835</b>	<b>3,28,57,292</b>	<b>18,40,87,594</b>	<b>14,33,660</b>	<b>1,00,35,84,553</b>
<b>Net Block</b>										
As at 31st March 2012	87,01,593	3,16,83,523	13,91,82,542	13,66,63,449	33,00,55,341	3,47,28,641	1,98,07,739	3,80,74,012	14,38,959	74,03,35,799
As at 31st March 2013	2,04,29,053	3,13,80,530	17,74,05,054	22,69,89,174	43,20,77,455	3,80,90,790	1,89,20,655	5,55,13,711	13,84,581	1,00,21,91,003

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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

1. Buildings on Freehold Land includes Ownership blocks, the cost of which includes:
  - Rs. 250 (2011-2012 : 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 (2011-2012 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
  
2. Buildings on Freehold Land includes Ownership blocks acquired at Mumbai, the Society formation of which is in progress.  
Gross Book Value Rs. 62,16,250 (2011-2012 : Rs. 62,16,250)  
Net book value Rs. 44,23,529 (2011-2012 : Rs. 45,24,854)
  
3. Buildings on Freehold Land includes Ownership blocks comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.  
Gross Book Value Rs. 76,882 (2011-2012 : Rs. 76,882)  
Net book value Rs. Nil (2011-2012 : Rs. Nil)
  
4. Capital Work in Progress includes amount of Rs. 25,33,481 (2011-2012 : 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.
  
5. Buildings on Freehold Land includes office premises given on operating lease :  
Gross Book Value Rs. 2,29,34,730 (2011-2012 : Rs. 3,33,03,610)  
Accumulated depreciation Rs. 80,01,292 (2011-2012 : Rs. 78,95,036)  
Depreciation for the year Rs. 5,16,263 (2011-2012 : Rs. 5,15,035)  
Net book value Rs. 1,49,33,438 (2011-2012 : Rs. 2,54,08,574)
  
6. Office Equipment includes data processing items taken on finance lease :  
Gross Book Value Rs. 2,17,75,889 (2011-2012 : Rs. 59,50,081)  
Depreciation for the year Rs. 28,06,332 (2011-2012 : Rs. 2,59,020)  
Net book value Rs. 1,87,10,558 (2011-2012 : Rs. 56,91,061)

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****17. INTANGIBLE ASSETS**

	Amount (in Rupees)				
	Non Compete Fees	Computer Software - SAP	Goodwill	Group's Share in Joint Venture	Total
<b>Gross Block</b>					
As at 1st April 2011	89,30,000	-	4,88,793	-	94,18,793
Addition during the year	-	-	72,83,515	-	72,83,515
Disposal during the year	-	-	-	-	-
Add : Exchange Gain / (Loss)	13,01,300	-	-	-	13,01,300
<b>As at 31st March 2012</b>	<b>1,02,31,300</b>	<b>-</b>	<b>77,72,308</b>	<b>-</b>	<b>1,80,03,608</b>
Addition during the year	-	3,68,053	40,63,421	4,52,472	48,83,946
Addition on Amalgamation of Ion Exchange Services limited (Refer note 51)	-	1,46,76,658	-	-	1,46,76,658
Disposal during the year	-	-	-	-	-
Add : Exchange Gain / (Loss)	6,46,700	-	-	-	6,46,700
<b>As at 31st March 2013</b>	<b>1,08,78,000</b>	<b>1,50,44,711</b>	<b>1,18,35,729</b>	<b>4,52,472</b>	<b>3,82,10,912</b>
<b>Depreciation / Amortization</b>					
As at 1st April 2011	72,92,507	-	97,759	-	73,90,266
Charge for the year	17,65,248	-	15,54,462	-	33,19,710
Deduction during the year	-	-	-	-	-
Add : Exchange (Gain) / Loss	11,73,545	-	-	-	11,73,545
<b>As at 31st March 2012</b>	<b>1,02,31,300</b>	<b>-</b>	<b>16,52,221</b>	<b>-</b>	<b>1,18,83,521</b>
Depreciation during the year	-	27,01,459	22,58,383	43,895	50,03,737
Addition on Amalgamation of Ion Exchange Services limited (Refer note 51)	-	1,20,34,860	-	-	1,20,34,860
Deduction during the year	-	-	-	-	-
Add : Exchange (Gain) / Loss	6,46,700	-	-	-	6,46,700
<b>As at 31st March 2013</b>	<b>1,08,78,000</b>	<b>1,47,36,319</b>	<b>39,10,604</b>	<b>43,895</b>	<b>2,95,68,818</b>
<b>Net Block</b>					
<b>As at 31st March 2012</b>	<b>-</b>	<b>-</b>	<b>61,20,087</b>	<b>-</b>	<b>61,20,087</b>
<b>As at 31st March 2013</b>	<b>-</b>	<b>3,08,392</b>	<b>79,25,125</b>	<b>4,08,577</b>	<b>86,42,094</b>



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**18. NON-CURRENT INVESTMENTS**

	31st March 2013 Rupees	31st March 2012 Rupees
<b>TRADE INVESTMENTS (Valued at cost unless stated otherwise)</b>		
<b>EQUITY INSTRUMENTS (UNQUOTED)</b>		
<u>INVESTMENT IN ASSOCIATES</u>		
Share in Ion Exchange Services Limited Nil (2011-2012 : 3,44,625) Equity Shares of Rs. 10 each, fully paid up [Includes Capital Reserve aggregating Rs. Nil (2011-2012 : Rs. 38,50,408)] (Refer note 51)	-	2,02,06,689
Share in Total Water Management Services (India) Limited * Nil (2011-2012 : 24,000) Equity Shares of Rs. 10 each, fully paid up [Includes Goodwill Rs. Nil (2011-2012 : Rs. Nil)]	-	3,06,891
Share in Aquanomics Systems Limited 4,60,000 (2011-2012 : 4,60,000) Equity Shares of Rs. 10 each, fully paid-up [includes Goodwill Rs. Nil (2011-2012 : Rs. Nil)]	1,63,67,004	1,66,44,834
Share in Astha Technical Services Limited 2,28,000 (2011-2012 : 2,28,000) Equity Shares of Rs. 10 each, fully paid-up [includes Capital Reserve Rs. 21,78,006 (2011-2012 : Rs. 21,78,006)]	43,97,507	43,38,667
Share in Ion Exchange PSS Co. Limited 9,800 (2011-2012 : 9,800) Equity Shares of Rs. 10 each, fully paid-up.	-	11,27,315
(A)	2,07,64,511	4,26,24,396
* On account of merger of Ion Exchange Services Limited w.e.f. 01.04.2012, company's holding has increased from 48.00% to 99.87%.		
<u>INVESTMENT IN OTHERS</u>		
Shares in IEK Plastics Limited 6,000 (2011-2012 : 6,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 60,000 (2011-2012 : Rs. 60,000)]	-	-
Shares in IEI Mansel Services Limited 15,300 (2011-2012 : 15,300) Equity Shares of Rs. 10 each, fully paid-up. [Net of provision for diminution in the value: Rs. 1,53,000 (2011-2012 : Rs. 1,53,000)]	-	-
Shares in Patancheru Enviro-tech Limited 113 (2011-2012 : 113) Equity Shares of Rs. 10 each, fully paid-up	1,130	1,130
Shares in Bharuch Enviro Infrastructure Limited 10,500 (2011-2012 : 10,500) Equity Shares of Rs. 10 each, fully paid-up	1,05,000	1,05,000
Shares in Bharuch Eco-Aqua Infrastructure Limited 3,52,500 (2011-2012 : 3,52,500) Equity Shares of Rs. 10 each, fully paid-up	35,25,000	35,25,000

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****18. NON-CURRENT INVESTMENTS (contd...)**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<u>INVESTMENT IN OTHERS (contd...)</u>		
Shares of Global Procurement Consultants Limited 21,518 (2011-2012 : 21,518) Equity Shares of Rs. 10 each, fully paid-up	2,45,540	2,45,540
Shares of Ion Foundation 1,000 (2011-2012 : 1,000) Equity Shares of Rs. 10 each, fully paid-up	10,000	10,000
Shares in Process Automation Engineering 750 (2011-2012 : 750) Equity Shares of Rs. 10 each, fully paid-up	75,000	75,000
Shares in The Thane Janta Shakari Banks 9,999 (2011-2012 : 9,999) Equity Shares of Rs. 50 each, fully paid-up	4,99,950	4,99,950
	(B) <u>44,61,620</u>	<u>44,61,620</u>
<b>PREFERENCE SHARES (UNQUOTED)</b>		
<u>Investment in others</u>		
Preference Shares in HMG Industries Limited 75,000 (2011-2012 : 75,000) 14.25% Preference Shares of Rs. 100 each, fully paid-up [At cost less provision for other than temporary diminution in the value Rs. 74,50,000 (2011-2012 : Rs. 74,50,000)]	50,000	50,000
	(C) <u>50,000</u>	<u>50,000</u>
<b>Total Non Current Investments</b>	<b>(A+B+C) <u>2,52,76,131</u></b>	<b><u>4,71,36,016</u></b>
Aggregate amount of quoted Investments	-	-
Aggregate amount of unquoted Investments	2,52,76,131	4,71,36,016
Aggregate provision for diminution in value of investments	76,63,000	76,63,000

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**19. LOANS AND ADVANCES**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
<u>Capital advances</u>				
Unsecured, considered good	28,14,550	32,50,727	-	-
(A)	28,14,550	32,50,727	-	-
<u>Tender, Security and other Deposits</u>				
Unsecured, considered good	3,01,77,501	2,74,60,200	1,40,76,197	44,36,064
Doubtful	6,08,733	9,94,041	-	-
	3,07,86,234	2,84,54,241	1,40,76,197	44,36,064
Less: Provision for doubtful deposits	6,08,733	9,94,041	-	-
(B)	3,01,77,501	2,74,60,200	1,40,76,197	44,36,064
<u>Loans and advances to related parties</u> [refer note 38 (I) and (II)]				
Unsecured, considered good	22,68,53,000	30,74,19,457	10,21,54,427	2,13,79,171
Doubtful	27,15,134	27,15,134	-	-
	22,95,68,134	31,01,34,591	10,21,54,427	2,13,79,171
Less: Provision for doubtful Loans and advances	27,15,134	27,15,134	-	-
(C)	22,68,53,000	30,74,19,457	10,21,54,427	2,13,79,171
<u>Advance to suppliers</u>				
Unsecured, considered good	33,90,392	39,69,777	13,81,26,902	11,79,74,211
Unsecured, considered good - related parties [refer note 38(I)]	-	-	-	43,70,694
Unsecured, considered doubtful	30,90,078	30,90,078	-	-
	64,80,470	70,59,855	13,81,26,902	12,23,44,905
Less: Provision for doubtful advances	30,90,078	30,90,078	-	-
(D)	33,90,392	39,69,777	13,81,26,902	12,23,44,905
<u>Other Loans and advances</u> (Unsecured, considered good unless otherwise stated)				
- Prepaid Expenses	-	43,924	4,19,61,656	4,60,24,863
- Claims Receivables	-	-	1,38,53,038	2,53,22,795
- Balances with Statutory Authorities	8,40,17,722	7,34,11,884	13,26,70,138	6,71,98,659
- Loans & Advance to Employees	50,000	2,38,333	1,14,10,506	53,16,627
- Income tax Paid (net of provision for taxation)	6,13,29,568	3,89,87,353	1,12,44,980	77,56,304
- Inter Corporate Deposits	-	-	25,00,000	25,00,000
Inter Corporate Deposits (doubtful)	57,07,289	57,07,289	-	-
	57,07,289	57,07,289	25,00,000	25,00,000
Less: Provision for doubtful advances	57,07,289	57,07,289	-	-
	-	-	25,00,000	25,00,000
- Other Loans and Advances	9,13,66,599	9,42,95,705	1,33,56,908	2,58,22,245
Other Loans and Advances (doubtful)	2,25,14,884	2,25,14,884	-	-
	11,38,81,483	11,68,10,589	1,33,56,908	2,58,22,245
Less: Provision for doubtful advances	2,25,14,884	2,25,14,884	-	-
	9,13,66,599	9,42,95,705	1,33,56,908	2,58,22,245
(E)	23,67,63,889	20,69,77,199	22,69,97,226	17,99,41,493
Group Share in Loan and Advances of Joint Venture	(F) 16,12,042	2,29,63,539	43,78,864	73,65,825
<b>Total (A+B+C+D+E+F)</b>	<b>50,16,11,374</b>	<b>57,20,40,899</b>	<b>48,57,33,616</b>	<b>33,54,67,458</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****20. TRADE RECEIVABLES**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured Considered good	21,60,11,437	10,76,12,996	65,81,97,038	91,38,32,351
- Doubtful	1,14,91,132	1,05,64,933	-	-
	<u>22,75,02,569</u>	<u>11,81,77,929</u>	<u>65,81,97,038</u>	<u>91,38,32,351</u>
Less: Provision for doubtful receivable	1,14,91,132	1,05,64,933	-	-
(A)	<u>21,60,11,437</u>	<u>10,76,12,996</u>	<u>65,81,97,038</u>	<u>91,38,32,351</u>
Other receivables				
- Unsecured, considered good	-	-	2,82,47,34,039	2,57,98,26,987
- Doubtful	-	-	-	-
	<u>-</u>	<u>-</u>	<u>2,82,47,34,039</u>	<u>2,57,98,26,987</u>
Less: Provision for doubtful receivables	-	-	-	-
(B)	<u>-</u>	<u>-</u>	<u>2,82,47,34,039</u>	<u>2,57,98,26,987</u>
Group's share in Trade Receivable of Joint Venture	-	4,89,17,184	9,55,72,230	2,87,80,939
(C)	<u>-</u>	<u>4,89,17,184</u>	<u>9,55,72,230</u>	<u>2,87,80,939</u>
<b>Total</b>	<b>(A+B+C) <u>21,60,11,437</u></b>	<b><u>15,65,30,180</u></b>	<b><u>3,57,85,03,307</u></b>	<b><u>3,52,24,40,277</u></b>

**21. OTHER ASSETS**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Unsecured, considered good unless stated Otherwise				
Non Current Bank Balances	4,00,139	31,14,838	-	-
(A)	<u>4,00,139</u>	<u>31,14,838</u>	<u>-</u>	<u>-</u>
Others				
- Interest Accrued on Margin Money	3,32,752	9,29,816	18,59,165	15,83,534
- Rent Receivables	-	-	87,279	2,88,805
- Rent Receivables (Doubtful)	17,05,011	17,05,011	-	-
	<u>20,37,763</u>	<u>26,34,827</u>	<u>19,46,444</u>	<u>18,72,339</u>
Less: Provision	17,05,011	17,05,011	-	-
(B)	<u>3,32,752</u>	<u>9,29,816</u>	<u>19,46,444</u>	<u>18,72,339</u>
<b>Total</b>	<b>(A+B) <u>7,32,891</u></b>	<b><u>40,44,654</u></b>	<b><u>19,46,444</u></b>	<b><u>18,72,339</u></b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**22. CURRENT INVESTMENTS**

	31st March 2013 Rupees	31st March 2012 Rupees
Current investments (valued at lower of cost or fair value unless stated otherwise)		
<u>Non Trade and Quoted</u>		
Shares of Sterlite Technologies Limited 5,875 (2011-2012 : 5,875) Equity Shares of Rs. 2 each, fully paid-up	2,05,000	2,05,000
Shares of Jain Irrigation Systems Limited 3,570 (2011-2012: 3,570) Equity Shares of Rs. 2 each, fully paid-up [Net of provision for diminution in the value Rs. 3,178 (2011-2012 : Rs. 3,178)]	89,356	89,356
Shares of Canara Bank 8,100 (2011-2012 : 8,100) Equity Shares of Rs. 10 each, fully paid-up	2,83,500	2,83,500
Shares of Fairdeal Filaments Limited 83,600 (2011-2012 : 83,600) Equity Shares of Rs. 10 each, fully paid-up	2,94,070	2,94,070
Shares of Thambi Modern Spinning Mills Limited 6,100 (2011-2012 : 6,100) Equity Shares of Rs. 10 each, fully paid-up	12,265	12,265
Shares of Somani Swiss Industries Limited 87,000 (2011-2012 : 87,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. 1,09,295 (2011-2012 : Rs. 1,09,295)]	-	-
Shares of Nova Steels Industries Limited 29,700 (2011-2012 : 29,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. 32,835 (2011-2012 : Rs. 32,835)]	-	-
Shares of Rajender Pipes Limited 4,500 (2011-2012 : 4,500) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. 7,240 (2011-2012 : Rs. 7,240)]	-	-
Shares of Mardia Steels Limited 3,700 (2011-2012 : 3,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. 6,880 (2011-2012 : Rs. 6,880)]	-	-
Shares of MTZ Polyester Limited 3,75,000 (2011-2012 : 3,75,000) Equity shares of Rs.10 each, fully paid-up	7,68,750	7,68,750
	<b>16,52,941</b>	<b>16,52,941</b>
Aggregate amount of quoted investments [Market value Rs. 48,39,901 (2011-2012 : Rs. 57,60,159)]	16,52,941	16,52,941
Aggregate provision for diminution in value of investments	1,59,428	1,59,428

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****23. INVENTORIES** (valued at lower of cost and net realizable value)

	31st March 2013 Rupees	31st March 2012 Rupees
Raw Materials and components (Refer note 27)	23,35,39,985	22,46,18,485
Work-in-Progress	12,08,50,489	9,32,75,042
Finished goods	24,21,35,573	21,74,48,890
Traded goods	5,41,26,352	3,88,74,952
Stores and spares	3,87,21,343	2,84,80,861
Contract Work-in-Progress	3,12,16,306	4,82,85,530
Group's Share in Inventories of Joint Venture	38,44,069	90,21,362
	<b>72,44,34,117</b>	<b>66,00,05,122</b>

**24. CASH AND BANK BALANCES**

	Non-current		Current	
	31st March 2013 Rupees	31st March 2012 Rupees	31st March 2013 Rupees	31st March 2012 Rupees
Cash and Cash Equivalents				
<u>Balances with banks:</u>				
- On current accounts	-	-	13,02,31,384	8,34,76,111
- On Exchange Earner's Foreign Currency Accounts	-	-	7,09,595	14,02,936
- On Unclaimed Dividend Account	-	-	24,16,215	21,92,853
- On Unclaimed Interest on Fixed Deposits	-	-	13,57,145	17,42,632
<u>Cash on Hand</u>	-	-	33,02,065	28,11,116
(A)	-	-	13,80,16,404	9,16,25,648
<u>Other bank balances</u>				
On Deposit Account with original maturity for more than 12 months	4,00,139	31,14,838	1,16,61,138	89,43,312
On Margin Money Account	-	-	10,74,93,401	7,66,78,924
(B)	4,00,139	31,14,838	11,91,54,539	8,56,22,236
Group Share in Cash and Bank Balance of Joint Venture	-	-	29,31,974	1,10,13,278
(C)	-	-	29,31,974	1,10,13,278
Amount disclosed under non-current assets	(4,00,139)	(31,14,838)	-	-
(D)	(4,00,139)	(31,14,838)	-	-
<b>Total (A+B+C+D)</b>	<b>-</b>	<b>-</b>	<b>26,01,02,917</b>	<b>18,82,61,162</b>

a) Margin money deposit given as security

Margin money deposits with a carrying amount of Rs. 9,12,25,290 (2011-2012 : Rs. 7,66,78,924) are subject to first charge to secure bank guarantees issued by bank on our behalf.

## b) Margin money includes fixed deposit of Rs. 1,62,68,111 (2011-12 : Rs. Nil) being security towards Working capital of the Company.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**
**25. REVENUE FROM OPERATIONS**

	31st March 2013 Rupees	31st March 2012 Rupees
Revenue from Operations		
<u>Sale of Products</u>		
Finished Goods	7,52,57,51,842	6,11,09,02,298
Traded Goods	45,67,00,315	48,45,75,139
<u>Sale of services</u>	67,01,63,663	74,54,43,570
Group's Share of Sales and Services Income of Joint Venture	19,18,59,763	5,53,87,263
<u>Others operating revenue</u>		
Scrap Sale	1,21,61,689	1,06,19,840
Management Fees	35,00,000	2,19,50,326
Income from Inputs and Contract Farming	1,27,03,211	1,08,25,749
<b>Revenue from operations (gross)</b>	<b>8,87,28,40,483</b>	<b>7,43,97,04,185</b>
Less: Excise Duty*	30,00,04,205	21,17,52,265
<b>Revenue from operations (net)</b>	<b>8,57,28,36,278</b>	<b>7,22,79,51,920</b>

\* Excise duty on sales amounting to Rs. 30,00,04,205 (2011-2012 : Rs. 21,17,52,265) has been reduced from sales in Profit and Loss Account and Excise duty on (increase)/decrease in stock amounting to Rs. 55,75,199 (2011-2012 : Rs. 38,91,917) has been considered as (income)/expenses in note 32 of financial statements.

**26. OTHER INCOME**

	31st March 2013 Rupees	31st March 2012 Rupees
Interest Income		
- From Banks	95,63,198	58,47,503
- From Joint Venture	1,40,55,589	1,20,61,957
- From Others	14,55,601	5,41,792
Rent	19,69,677	3,73,07,443
Dividend Income	15,53,228	2,10,608
Amount set aside for liabilities, no longer required, written back	2,50,229	4,45,357
Exchange Gain (Net)	68,34,633	2,30,33,164
Other non operating Income	1,07,79,610	85,67,075
Group's Share of Other Income of Joint Venture	5,46,799	1,68,658
	<b>4,70,08,564</b>	<b>8,81,83,557</b>

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

	31st March 2013 Rupees	31st March 2012 Rupees
Inventory at the beginning of the year	22,46,18,485	21,33,00,997
Add: Purchases*	5,45,62,94,565	4,80,97,99,121
Less: Inventory at the end of the year	23,35,39,985	22,46,18,485
Group's Share in Cost of Goods Sold of Joint Venture	14,24,05,587	4,14,35,934
<b>Cost of Raw Material and components consumed **</b>	<b>5,58,97,78,652</b>	<b>4,83,99,17,567</b>

\* Includes direct expenses incurred on contracts Rs. 16,11,34,092 (2011-2012 : Rs. 6,24,95,686)

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



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****28. (INCREASE) / DECREASE IN INVENTORIES**

	<b>31st March 2013</b> <b>Rupees</b>	<b>31st March 2012</b> <b>Rupees</b>
<u>Inventories at the end of the year</u>		
Traded Goods	5,41,26,352	3,88,74,952
Work-in-Progress	12,08,50,489	4,45,35,887
Finished Goods	24,21,35,573	21,74,48,890
Contract Work-in-Progress	3,12,16,306	4,82,85,530
	<u>44,83,28,720</u>	<u>34,91,45,259</u>
<u>Inventories at the beginning of the year</u>		
Traded Goods	3,88,74,952	3,12,72,489
Work-in-Progress	9,32,75,042	7,09,57,474
Finished Goods	21,74,48,890	17,60,36,355
Contract Work-in-Progress	4,82,85,530	3,90,95,806
	<u>39,78,84,414</u>	<u>31,73,62,124</u>
	<u><b>(5,04,44,306)</b></u>	<u><b>(3,17,83,135)</b></u>

Details of purchase of traded goods

	<b>31st March 2013</b> <b>Rupees</b>	<b>31st March 2012</b> <b>Rupees</b>
Consumer products	21,65,63,002	26,70,96,906
Activated Carbon	3,12,000	17,98,665
Resins	4,86,42,187	-
Others	3,24,71,928	1,80,15,772
	<u><b>29,79,89,117</b></u>	<u><b>28,69,11,343</b></u>

**29. EMPLOYEE BENEFITS EXPENSE**

	<b>31st March 2013</b> <b>Rupees</b>	<b>31st March 2012</b> <b>Rupees</b>
Salaries, Wages and Bonus	86,50,98,620	65,71,46,463
Contribution to Provident and Other Funds	6,79,33,065	4,82,96,210
Employee Compensation Expense / (Income)	(3,80,521)	(28,14,053)
Staff Welfare Expense	4,17,53,164	4,21,28,815
Group's Share in Employee Benefits Expense	56,44,093	36,58,630
	<u><b>98,00,48,421</b></u>	<u><b>74,84,16,065</b></u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**30. FINANCE COSTS**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Interest	13,51,11,838	9,59,10,157
Other Borrowing Costs	1,40,70,748	1,55,34,025
Group's Share in Finance Costs of Joint Venture	70,27,813	60,33,227
	<b>15,62,10,399</b>	<b>11,74,77,409</b>

**31. DEPRECIATION AND AMORTIZATION EXPENSE**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Depreciation of Tangible Assets (Refer note 16)	11,77,68,948	8,33,81,609
Amortization of Intangible Assets (Refer note 17)	50,03,737	33,19,710
Less: Recoupment from Revaluation Reserve	28,470	28,470
Group's Share in Depreciation and Amortization expense of Joint Venture	2,35,945	2,16,151
	<b>12,29,80,160</b>	<b>8,68,89,000</b>

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

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
Stores and Spare Parts Consumed	91,75,807	25,06,348
Power and Fuel	11,53,45,578	7,95,26,818
Repairs and Maintenance - Buildings	40,81,022	34,72,152
- Plant and Machinery	1,89,40,032	1,45,58,439
- Others	2,39,81,762	1,91,99,126
Rent (Net of recoveries)	4,02,03,372	3,83,06,921
Rates and Taxes	4,69,82,828	3,20,52,396
Insurance (Net of recoveries)	89,86,890	72,05,250
Travelling and Conveyance	24,06,84,035	21,59,14,170
Excise Duty (Net of recoveries) (refer note 25)	55,75,199	38,91,917
Freight (Net of recoveries)	17,40,15,163	14,96,77,765
Packing (Net of recoveries)	3,07,60,742	2,67,69,431
Advertisement and Publicity	7,06,45,596	7,67,91,542
Commission	4,81,71,989	1,11,39,369
Legal and Professional Charges	7,01,59,247	4,06,49,268
Telephone and Telex	2,69,11,429	2,74,72,701
Project Maintenance Expenses	55,00,020	63,63,149
Bad Debts written off	2,47,69,487	3,29,89,535
Doubtful advances, deposits and claims written off	-	2,00,00,000
Auditors' Remuneration (refer note 32.1)	40,28,982	27,14,025
Directors' Fees	17,05,000	16,75,000
Bank Charges	1,83,73,839	1,61,66,573
Unrealized Profit on Inventories	1,28,72,288	85,80,751
Loss on Fixed Assets sold/discarded (Net)	8,94,229	8,09,289
Backcharges on Contracts (refer note 50)	1,05,50,957	1,76,17,024
Impairment Loss on Investment in Associates	-	37,18,539
Establishment and Other Miscellaneous Expenses	19,76,66,169	17,94,99,733
Group's Share in Operations and Other Expenses of Joint Venture	5,21,74,055	2,92,63,221
	<b>1,26,31,55,717</b>	<b>1,06,85,30,452</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****32.1 AUDITORS' REMUNERATION**

	<b>31st March 2013</b>	<b>31st March 2012</b>
	<b>Rupees</b>	<b>Rupees</b>
As Auditor:		
- Audit Fees	16,00,000	14,75,000
- Tax Audit Fees	3,00,000	3,00,000
- Limited Review	5,25,000	5,25,000
In other capacity:		
- Other Services (Certification Fees)	14,30,000	3,55,000
Reimbursement of Expenses	1,73,982	59,025
	<b>40,28,982</b>	<b>27,14,025</b>

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

<b>Particulars</b>		<b>31st March 2013</b>	<b>31st March 2012</b>
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)	14,14,60,570	9,64,20,398
II	Weighted average number of equity shares for Earnings per Share computation		
A)	For Basic Earnings per Share		
	No. of Equity Share outstanding	1,29,63,052	1,31,89,845
	Add: No. of Equity Share in Share Capital suspense account (Refer note no. 51)	11,80,256	-
	No. of Shares for Basic Earnings per Share	1,41,43,308	1,31,89,845
B)	For Diluted Earnings per Share		
	No. of shares for Basic EPS as per IIA	1,41,43,308	1,31,89,845
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	2,86,156	2,44,441
	No. of Shares for Diluted Earnings per Share	1,44,29,464	1,34,34,286
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	10.00	7.31
	Diluted	9.80	7.18

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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

The following table 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		2012-2013	2011-2012
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	65,77,574	59,32,897
	2. Interest cost on benefit obligation	57,52,603	44,81,415
	3. Expected return on plan assets	(59,40,949)	(42,36,698)
	4. Net actuarial Loss / (Gain) recognized in the year	1,07,80,915	21,64,204
	Net benefit expenses	1,71,70,143	83,41,818
	Actual return on plan assets	60,43,638	43,05,686
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	(8,61,20,383)	(6,28,08,122)
	2. Fair value of Plan Assets	8,81,85,547	6,22,21,633
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	(7,45,78,997)	(5,28,10,605)
	2. Interest cost	(57,86,778)	(44,81,415)
	3. Current service cost	(67,13,631)	(59,32,897)
	4. Benefits paid	1,10,98,592	27,08,191
	5. Actuarial gains / (losses) on obligation	(1,09,97,305)	(22,91,396)
	Closing defined benefit obligation	(8,69,78,119)	(6,28,08,122)
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	6,84,40,656	5,27,80,044
	2. Expected returns	59,77,328	42,36,698
	3. Contributions by Employer	2,39,97,483	77,14,784
	4. Benefits paid	(1,09,84,577)	(26,37,085)
	5. Actuarial Gains / (Losses)	7,54,657	1,27,192
	6. Closing Fair value of Plan assets	8,81,85,547	6,22,21,633
V	Actuarial Assumptions:		
	1. Discount Rate	8%-8.50%	8%-8.50%
	2. Expected rate of Salary increase [Refer Note (b) below]	5%-8.00%	5%-6.00%
	3. Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	LIC (1994-96) Ultimate
	4. Attrition Rate	2%-16.00%	2%-3.00%

Amounts for the current and previous periods are as follows:

	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Defined Benefit obligation	(8,69,78,119)	(6,28,08,122)	(5,23,31,234)	(4,76,84,022)	(4,14,78,416)
Plan assets	8,81,85,547	6,22,21,633	5,27,80,044	4,77,34,145	4,15,41,857
Surplus / (deficit)	12,07,428	(5,86,489)	4,48,810	50,123	63,441
Experience adjustments on plan liabilities	35,27,958	21,66,031	23,43,139	1,62,808	(13,71,436)
Experience adjustments on plan assets	7,54,657	1,27,192	(14,10,826)	12,13,874	(17,08,489)

Notes:

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

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****35. EMPLOYEE STOCK OPTION SCHEME (ESOS)**ESOS 2001

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

ESOS 2003

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

ESOS 2008

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 26th September 2008, the Employee Stock Compensation Committee at its meeting held on 13th October 2008 implemented the Fourth Employees Stock Options Scheme (ESOS 2008) and granted 12,00,000 options to directors and other employees at a price of Rs. 58.20 per share which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. Under the scheme, the options shall vest after one year from the date of the grant. The vested options 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 (1 <sup>st</sup> , 2 <sup>nd</sup> & 3 <sup>rd</sup> Grant)	2003 (1 <sup>st</sup> & 2 <sup>nd</sup> Grant)	2005 (1 <sup>st</sup> & 2 <sup>nd</sup> Grant)	2008 (1 <sup>st</sup> Grant)	Total
Options outstanding as at 31st March 2012	<b>2,50,000</b>	<b>2,82,000</b>	-	<b>2,95,100</b>	<b>8,27,100</b>
	(2,60,000)	(3,27,000)	(70,000)	(4,47,050)	(11,04,050)
Granted during the year	-	-	-	-	-
	-	-	-	-	-
Lapsed during the year	-	-	-	<b>5,200</b>	<b>5,200</b>
	(10,000)	(45,000)	(66,000)	(20,000)	(1,41,000)
Exercised/ Allotted during the year	-	-	-	<b>29,300</b>	<b>29,300</b>
	-	-	(4,000)	(1,31,950)	(1,35,950)
Outstanding as at 31st March 2013	<b>2,50,000</b>	<b>2,82,000</b>	-	<b>2,60,600</b>	<b>7,92,600</b>
	(2,50,000)	(2,82,000)	-	(2,95,100)	(8,27,100)
Exercisable as at 31st March 2013	<b>2,50,000</b>	<b>2,82,000</b>	-	<b>2,60,600</b>	<b>7,92,600</b>

Figures in bracket denote previous year figures.

As at 31st March 2013, the Company has received Commitment Deposit of Rs. 33,348 (2011-2012 : Rs. 31,748) from its directors and employees under ESOS 2001, ESOS 2003, ESOS 2005 and ESOS 2008.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**
Stock Option granted

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

Particulars	ESOS Schemes 2001 3 <sup>rd</sup> Grant	ESOS Schemes 2003 2 <sup>nd</sup> Grant	ESOS Schemes 2008 1 <sup>st</sup> Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	124.32	124.32	124.32
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 earning per share by applying the fair value method:

Particulars	Amount (in Rupees)
Profit as reported	14,14,60,570
Add : Employee stock compensation under intrinsic value method	(3,80,521)
Less : Employee stock compensation under fair value method	51,028
Pro forma profit	14,10,29,021
<b>Earnings Per Share</b>	
Basic - As reported	10.00
- Pro forma	9.97
Diluted - As reported	9.80
- Pro forma	9.77

**36. CONTRACTS IN PROGRESS (CIP):**
**Amount (in Rupees)**

Sr. No.	Particulars	2012-2013	2011-2012
A.	Aggregate amount recognized as Contract Revenue	3,52,38,18,377	2,75,59,52,577
B.	In respect of Contracts in Progress as on 31 <sup>st</sup> March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	4,55,01,75,050	3,40,94,74,837
	2) Amount of Customer Advance received	20,16,39,896	50,00,08,632
	3) Amount of Retentions	39,84,58,614	56,64,96,375
C.	Gross amount due from customers for contract work	22,20,80,141	16,20,25,537

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)****37. SEGMENT****I. Information about Primary Business Segments**

	Engineering		Chemicals		Consumer Products		Others Business		Unallocated		Total	
	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012	31.03.2013	31.03.2012
<b>Revenue</b>												
External Sales and Services (Gross)	5,44,61,76,801	4,56,62,69,181	2,52,61,99,697	1,90,12,41,979	88,87,95,820	94,22,94,430	81,30,290	79,22,026	35,37,875	2,19,76,569	8,87,28,40,483	7,43,97,04,185
Less: Excise duty recovered	(8,72,69,732)	(5,91,79,379)	(20,15,42,635)	(14,32,20,997)	(11,191,838)	(93,51,889)	-	-	-	-	(30,00,04,205)	(21,17,52,265)
External Sales and Services (Net)	5,35,89,07,069	4,50,70,89,802	2,32,46,57,062	1,75,80,20,982	87,76,03,982	93,29,42,541	81,30,290	79,22,026	35,37,875	2,19,76,569	8,57,28,36,278	7,22,79,51,920
Inter-segmental Sales	21,29,17,744	21,36,10,223	11,05,88,874	12,55,88,991	34,000	3,17,955	-	-	-	-	32,35,40,618	33,95,17,169
Other Income	42,46,469	58,27,343	33,49,952	1,40,86,363	2,86,687	2,81,336	38,60,289	1,54,70,446	89,68,937	3,92,75,794	2,07,12,334	7,49,41,282
Total Revenue	5,57,60,71,282	4,72,65,27,368	2,43,85,95,888	1,89,76,96,336	87,79,24,669	93,35,41,832	1,19,90,579	2,33,92,472	1,25,06,812	6,12,52,363	8,91,70,89,230	7,64,24,10,371
Less: Eliminations											(32,35,40,618)	(33,95,17,169)
Add : Interest Income									2,50,74,388	1,84,51,252	2,50,74,388	1,84,51,252
Total Enterprise Revenue									2,50,74,388	1,84,51,252	8,61,86,23,000	7,32,13,44,454
<b>Result</b>												
Segment Results	23,04,53,935	21,35,06,579	21,19,29,031	13,54,43,393	2,75,29,372	(1,96,68,912)	(46,07,594)	71,21,169	-	-	46,53,04,744	33,84,02,229
Unallocated Expenditure net of unallocated Income									(7,52,63,893)	(3,23,90,319)	(7,52,63,893)	(3,23,90,319)
Finance Cost									(15,62,10,399)	(11,74,77,409)	(15,62,10,399)	(11,74,77,409)
Interest Income									2,50,74,388	1,84,51,252	2,50,74,388	1,84,51,252
Profit before Taxation									(20,63,99,904)	(13,14,16,476)	25,89,04,840	20,49,85,753
<b>Other Information</b>												
Segment Assets	4,05,95,28,785	3,97,19,95,808	1,64,38,32,658	1,30,04,25,359	28,27,03,244	25,83,93,984	13,22,21,985	13,49,14,766	71,04,24,454	72,24,33,701	6,82,87,11,126	6,38,81,63,618
Segment Liabilities	3,20,90,90,351	3,24,63,33,846	92,83,80,938	71,34,22,669	18,14,23,389	19,32,17,212	1,42,25,882	2,07,09,913	91,24,39,331	77,02,82,371	5,24,55,59,891	4,94,39,66,011
Capital Expenditure	5,12,87,816	10,71,34,112	20,31,84,439	2,41,08,840	15,48,373	13,44,538	4,68,017	83,62,608	3,19,30,411	1,94,04,652	28,84,19,056	16,03,54,750
Depreciation	4,64,56,294	2,76,96,919	5,55,70,669	4,14,28,952	37,18,898	42,30,465	15,66,347	9,06,006	1,56,67,952	1,26,26,658	12,29,80,160	8,68,89,000
Non Cash Expenditure other than Depreciation	13,42,83,996	6,18,51,802	1,38,72,807	1,00,73,804	1,58,46,813	1,76,77,389	(3,01,136)	2,19,178	(2,21,15,538)	15,42,721	14,15,86,942	9,13,64,894

	Amount (in Rupees)		
	India		Total
	31.03.2013	31.03.2012	31.03.2013
External Revenue (net)	6,92,12,45,895	5,60,35,43,652	8,57,28,36,278
Carrying amount of segment assets	5,64,37,91,043	5,29,03,39,173	6,82,87,11,126
Additions to fixed assets	26,09,13,305	8,32,04,361	28,84,19,056



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

III. Notes:

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

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

a)	Associates	Aquanomics Systems Limited IEI Water-Tech (M) Sdn. Bhd., Malaysia * Astha Technical Services Limited Ion Exchange PSS Co. Limited, Thailand * Ion Exchange Financial Products Pvt. Limited * Ion Exchange Services Limited (ceased to become associate w.e.f. 01.04.2012) Total Water Management Services (India) Limited (ceased to become associate w.e.f. 01.04.2012)
b)	Joint Venture	Ion Exchange Waterleau Limited
c)	Entity having significant influence	IEI Shareholding Trusts
d)	Key Management Personnel	Mr. Rajesh Sharma - Chairman & Managing Director Mr. Dinesh Sharma - Executive Director Mr. Aankur Patni - Executive Director
e)	Relatives of Key Management Personnel	Mr. Mahabir Patni - Father of Mr. Aankur Patni Mrs. Nirmala Patni - Mother of Mr. Aankur Patni Mrs. Aruna Sharma - Wife of Mr. Rajesh Sharma Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma Mrs. Nidhi Patni - Wife of Mr. Aankur Patni Ms. Pallavi Sharma - Daughter of Mr. Rajesh Sharma
f)	Enterprise owned or significantly influenced by Key Management Personnel or their Relatives	Arkepp and Associates Ion Foundation

\* Associate Companies of Subsidiaries

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d), (e) and (f) above		Total	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Sale of Goods*</b>						
Aquanomic Systems Ltd	21,14,02,885	16,42,13,267	-	-	21,14,02,885	16,42,13,267
Ion Exchange Waterleau Ltd.	2,93,35,902	3,45,09,919	-	-	2,93,35,902	3,45,09,919
IEI Water-Tech (M) Sdn. Bhd., Malaysia	-	27,21,372	-	-	-	27,21,372
Ion Exchange PSS Co. Ltd., Thailand	1,77,81,516	3,98,372	-	-	1,77,81,516	3,98,372
Ion Foundation	-	-	-	3,00,021	-	3,00,021
Ion Exchange Services Ltd.	-	31,28,06,555	-	-	-	31,28,06,555
<b>Total</b>	<b>25,85,20,303</b>	<b>51,46,49,485</b>	<b>-</b>	<b>3,00,021</b>	<b>25,85,20,303</b>	<b>51,49,49,506</b>
<b>Management Fees</b>						
Ion Exchange Services Ltd.	-	2,19,50,326	-	-	-	2,19,50,326
Aquanomic Systems Ltd	35,00,000	-	-	-	35,00,000	-
<b>Total</b>	<b>35,00,000</b>	<b>2,19,50,326</b>	<b>-</b>	<b>-</b>	<b>35,00,000</b>	<b>2,19,50,326</b>
<b>Rental Income</b>						
Ion Exchange Waterleau Ltd.	11,95,375	10,95,000	-	-	11,95,375	10,95,000
<b>Total</b>	<b>11,95,375</b>	<b>10,95,000</b>	<b>-</b>	<b>-</b>	<b>11,95,375</b>	<b>10,95,000</b>
<b>Interest Income on Loans and Advances</b>						
Ion Exchange Waterleau Ltd.	1,40,55,589	1,20,61,957	-	-	1,40,55,589	1,20,61,957
<b>Total</b>	<b>1,40,55,589</b>	<b>1,20,61,957</b>	<b>-</b>	<b>-</b>	<b>1,40,55,589</b>	<b>1,20,61,957</b>
<b>Services Rendered</b>						
Aquanomic Systems Ltd	6,462	48,00,833	-	-	6,462	48,00,833
Ion Exchange Waterleau Ltd.	87,10,557	6,97,799	-	-	87,10,557	6,97,799
IEI Water-Tech (M) Sdn. Bhd., Malaysia	-	14,463	-	-	-	14,463
Astha Technical Services Ltd.	4,00,787	-	-	-	4,00,787	-
<b>Total</b>	<b>91,17,806</b>	<b>55,13,095</b>	<b>-</b>	<b>-</b>	<b>91,17,806</b>	<b>55,13,095</b>
<b>Purchase of Goods/Materials</b>						
Aquanomic Systems Ltd	2,21,45,312	2,54,97,029	-	-	2,21,45,312	2,54,97,029
Ion Exchange Waterleau Ltd.	11,73,63,815	6,16,91,051	-	-	11,73,63,815	6,16,91,051
<b>Total</b>	<b>13,95,09,127</b>	<b>8,71,88,080</b>	<b>-</b>	<b>-</b>	<b>13,95,09,127</b>	<b>8,71,88,080</b>
<b>Rental Expenses</b>						
Ion Exchange Services Ltd.	-	28,80,000	-	-	-	28,80,000
<b>Total</b>	<b>-</b>	<b>28,80,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,80,000</b>
<b>Services Received</b>						
Ion Exchange Services Ltd.	-	6,65,73,642	-	-	-	6,65,73,642
Total Water Management Services (India) Ltd.	-	2,63,682	-	-	-	2,63,682
Ion Exchange Waterleau Ltd.	2,26,12,715	-	-	-	2,26,12,715	-
Astha Technical Services Ltd.	3,12,58,156	2,29,74,442	-	-	3,12,58,156	2,29,74,442
Relatives of Key Management Personnel	-	-	-	60,66,493	-	60,66,493
<b>Total</b>	<b>5,38,70,871</b>	<b>8,98,11,766</b>	<b>-</b>	<b>60,66,493</b>	<b>5,38,70,871</b>	<b>9,58,78,259</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Advances Given</b>						
Total Water Management Services (India) Ltd.	-	2,28,230	-	-	-	2,28,230
Ion Exchange Waterleau Ltd.	76,21,000	1,09,28,560	-	-	76,21,000	1,09,28,560
Ion Foundation	-	-	600	3,500	600	3,500
Astha Technical Services Ltd.	33,886	-	-	-	33,886	-
Ion Exchange Financial Products Pvt. Ltd.	-	1,800	-	-	-	1,800
<b>Total</b>	<b>76,54,886</b>	<b>1,11,58,590</b>	<b>600</b>	<b>3,500</b>	<b>76,55,486</b>	<b>1,11,62,090</b>
<b>Advances Repaid</b>						
Ion Exchange Waterleau Ltd.	87,65,170	1,97,428	-	-	87,65,170	1,97,428
Ion Foundation	-	-	600	99,851	600	99,851
Astha Technical Services Ltd.	33,886	-	-	-	33,886	-
Ion Exchange Financial Products Pvt. Ltd.	-	2,25,000	-	-	-	2,25,000
<b>Total</b>	<b>87,99,056</b>	<b>4,22,428</b>	<b>600</b>	<b>99,851</b>	<b>87,99,656</b>	<b>5,22,279</b>
<b>Dividend Received</b>						
Ion Exchange Services Ltd.	-	6,89,250	-	-	-	6,89,250
Aquanomics Systems Ltd.	9,20,000	9,20,000	-	-	9,20,000	9,20,000
<b>Total</b>	<b>9,20,000</b>	<b>16,09,250</b>	-	-	<b>9,20,000</b>	<b>16,09,250</b>
<b>Dividend Paid</b>						
Ion Exchange Services Ltd.	-	5,74,116	-	-	-	5,74,116
Mr. Rajesh Sharma	-	-	12,50,872	12,50,872	12,50,872	12,50,872
Mr. Dinesh Sharma	-	-	7,50,200	7,50,200	7,50,200	7,50,200
Mr. Aankur Patni	-	-	4,69,336	4,69,336	4,69,336	4,69,336
Relatives of Key Management Personnel	-	-	11,47,308	11,47,308	11,47,308	11,47,308
<b>Total</b>	-	<b>5,74,116</b>	<b>36,17,716</b>	<b>36,17,716</b>	<b>36,17,716</b>	<b>41,91,832</b>
<b>Sales Commission</b>						
Arkepp and Associates	-	-	60,22,116	21,87,400	60,22,116	21,87,400
<b>Total</b>	-	-	<b>60,22,116</b>	<b>21,87,400</b>	<b>60,22,116</b>	<b>21,87,400</b>
<b>Remuneration</b>						
Mr. Rajesh Sharma	-	-	2,25,45,175	2,01,69,170	2,25,45,175	2,01,69,170
Mr. Dinesh Sharma	-	-	1,08,67,094	97,11,098	1,08,67,094	97,11,098
Mr. Aankur Patni	-	-	1,09,81,740	95,30,880	1,09,81,740	95,30,880
<b>Total</b>	-	-	<b>4,43,94,009</b>	<b>3,94,11,148</b>	<b>4,43,94,009</b>	<b>3,94,11,148</b>
<b>Director Sitting Fees</b>						
Mr. Rajesh Sharma	-	-	-	50,000	-	50,000
Mr. Dinesh Sharma	-	-	-	40,000	-	40,000
Mr. Aankur Patni	-	-	-	40,000	-	40,000
Relatives of Key Management Personnel	-	-	1,90,000	2,00,000	1,90,000	2,00,000
<b>Total</b>	-	-	<b>1,90,000</b>	<b>3,30,000</b>	<b>1,90,000</b>	<b>3,30,000</b>
<b>Outstanding Advance to Supplier</b>						
Total Water Management Services (India) Ltd.	-	15,57,564	-	-	-	15,57,564
Aquanomic Systems Ltd	-	2,97,000	-	-	-	2,97,000
Astha Technical Services Ltd.	-	25,16,130	-	-	-	25,16,130
<b>Total</b>	-	<b>43,70,694</b>	-	-	-	<b>43,70,694</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Outstanding Loans and Advances</b>						
Total Water Management Services (India) Ltd.	-	4,11,934	-	-	-	4,11,934
Aquanomic Systems Ltd	364	10,28,948	-	-	364	10,28,948
Ion Exchange Waterleau Ltd.	10,21,54,063	9,64,04,746	-	-	10,21,54,063	9,64,04,746
Ion Exchange Financial Products Pvt. Ltd.**	27,15,134	27,15,134	-	-	27,15,134	27,15,134
<b>Total</b>	<b>10,48,69,561</b>	<b>10,05,60,762</b>	-	-	<b>10,48,69,561</b>	<b>10,05,60,762</b>
<b>Outstanding Receivables (Net of Payable) excluding Loans and Advances</b>						
Aquanomic Systems Ltd	9,15,56,213	9,15,39,642	-	-	9,15,56,213	9,15,39,642
Ion Exchange Waterleau Ltd.	-	7,50,67,424	-	-	-	7,50,67,424
IEI Water-Tech (M) Sdn. Bhd., Malaysia	21,32,034	1,75,23,575	-	-	21,32,034	1,75,23,575
Ion Exchange PSS Co. Ltd., Thailand	1,30,23,228	3,98,372	-	-	1,30,23,228	3,98,372
Astha Technical Services Ltd.	4,49,375	-	-	-	4,49,375	-
Ion Exchange Services Ltd.	-	19,99,04,345	-	-	-	19,99,04,345
<b>Total</b>	<b>10,71,60,850</b>	<b>38,44,33,358</b>	-	-	<b>10,71,60,850</b>	<b>38,44,33,358</b>
<b>Outstanding Payables (Net of Receivable) excluding Loans and Advances</b>						
Ion Exchange Waterleau Ltd.	4,73,53,307	-	-	-	4,73,53,307	-
Total Water Management Services (India) Ltd.	-	20,790	-	-	-	20,790
Astha Technical Services Ltd.	-	36,75,108	-	-	-	36,75,108
Arkepp & Associates	-	-	-	21,22,152	-	21,22,152
<b>Total</b>	<b>4,73,53,307</b>	<b>36,95,898</b>	-	<b>21,22,152</b>	<b>4,73,53,307</b>	<b>58,18,050</b>
<b>Investments made during the year</b>						
Ion Exchange PSS Co. Ltd., Thailand	-	16,71,129	-	-	-	16,71,129
Ion Foundation	-	-	-	10,000	-	10,000
<b>Total</b>	-	<b>16,71,129</b>	-	<b>10,000</b>	-	<b>16,81,129</b>
<b>Investment in Equity Shares / Debentures</b>						
Aquanomics Systems Ltd.	46,00,000	46,00,000	-	-	46,00,000	46,00,000
Astha Technical Services Ltd.	22,83,800	22,83,800	-	-	22,83,800	22,83,800
Ion Exchange Services Ltd.	-	10,79,473	-	-	-	10,79,473
Ion Exchange Waterleau Ltd.	2,49,95,000	2,49,95,000	-	-	2,49,95,000	2,49,95,000
Total Water Management Services (India) Ltd.	-	2,40,000	-	-	-	2,40,000
Ion Exchange Financial Products Pvt. Ltd.	24,500	24,500	-	-	24,500	24,500
Ion Foundation	-	-	10,000	10,000	10,000	10,000
Ion Exchange PSS Co. Ltd., Thailand	16,71,129	16,71,129	-	-	16,71,129	16,71,129
<b>Total</b>	<b>3,35,74,429</b>	<b>3,48,93,902</b>	<b>10,000</b>	<b>10,000</b>	<b>3,35,84,429</b>	<b>3,49,03,902</b>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (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	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
<b>Corporate Guarantees Given</b>						
Aquanomics Systems Ltd.	4,00,00,000	-	-	-	4,00,00,000	-
Ion Exchange PSS Co. Ltd., Thailand	5,55,60,000	-	-	-	5,55,60,000	-
<b>Total</b>	<b>9,55,60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,55,60,000</b>	<b>-</b>
<b>Outstanding Corporate Guarantees</b>						
Aquanomics Systems Ltd.	11,00,00,000	7,00,00,000	-	-	11,00,00,000	7,00,00,000
Ion Exchange PSS Co. Ltd., Thailand	5,55,60,000	-	-	-	5,55,60,000	-
Ion Exchange Waterleau Ltd.	8,00,00,000	8,00,00,000	-	-	8,00,00,000	8,00,00,000
<b>Total</b>	<b>24,55,60,000</b>	<b>15,00,00,000</b>	<b>-</b>	<b>-</b>	<b>24,55,60,000</b>	<b>15,00,00,000</b>

\* Gross Sales amount has been considered.

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

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

Amount (in Rupees)

Name of the Related Party	Outstanding Receivable		Loan given during the year		Loans repaid during the year		Dividend paid during the year	
	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012	2012-2013	2011-2012
IEI Shareholding Trusts	22,68,53,000	23,09,53,000	-	-	41,00,000	41,03,000	53,25,828	53,25,828

III. Stock Options granted and outstanding to Key Management Personnel during the year : Nil (2011-2012: Nil).

(a) Investment made by the loanee in the shares of the Company

Name of the Related Party	No. of shares as at	
	31st March 2013	31st March 2012
IEI Shareholding Trusts	26,62,914	26,62,914

39. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2013 is Rs. 22,68,53,000 (2011-2012 : Rs. 23,09,53,000). The Company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the Trusts as on the Balance Sheet date and future opportunities, the Management does not anticipate any ultimate loss arising out of these loans.

40. The Company has an investment of Rs. 54,70,000 (2011-2012 : Rs. 54,70,000) in Equity Shares and 15,00,000 (2011-2012 : 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 2013 and it has also granted Loans and Advances aggregating Rs. 8,63,80,524 (2011-2012 : Rs. 6,62,65,730) as at 31st March 2013 to IEEFL. As at 31st March 2013, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital.

IEEFL has undertaken various cost reduction programs and it expects better returns in the coming years from its organic farming activities, bio-pesticides and bio-fertilizers marketing. Moreover, IEEFL has adequate assets in the form of developed and undeveloped land and the Redeemable Non-Convertible Debentures are secured by way of mortgage of office premises. Also, the Company has filed appeal against the Security Appellate Tribunal Order of refunding monies to investors with return and winding-up of scheme with Supreme Court of India on 4th July 2006. The Hon'ble Supreme Court of India has dismissed the company's appeal on 26th February 2013. IEEFL in order to comply with SAT order dated 5th May 2006 has submitted a letter on 17th May 2013 to SEBI seeking its directions to comply with the SAT order. Hence, presently it is unable to ascertain the exact liabilities, if any that may arise for refund of monies to the investors with return and to wind up the scheme. In view of the foregoing, the Management is of the opinion, that there is no diminution, other than temporary, in value of investment and the advances are fully recoverable. Hence, presently no provision is considered necessary.

41. Maintenance expenses recoverable represent expenses incurred on sites sold under the scheme, which are to be recovered from future income generated by sale of inter-crop 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 40 above, the recoverability of Maintenance Expenses is subject to significant uncertainties.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

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. 3,74,04,913 (Previous Year - Rs. 3,74,31,294) as future returns from crop sales will be available to recover the same.

42. 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 2013. IEEFL has conducted valuation of land and accordingly, provision of Rs. 55,82,922 (Previous Year - Rs. 55,82,922) has been made as at 31st March 2013
43. 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.
44. Capital expenditure incurred on Research and Development during the year is Rs. 78,87,174 (2011–2012 :Rs. 36,07,067). Revenue expenditure of Rs. 3,82,38,914 (2011-2012 :Rs. 3,81,42,618) incurred on Research and Development has been expensed to Profit and Loss Account under various expense heads.

**45. LEASE**

(i) Where the Company is a lessee:

a. Finance leases:

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

	31st March 2013 Rupees	31st March 2012 Rupees
Total minimum lease payments at the year end	33,65,361	4,57,383
Less : amount representing finance charges	1,58,983	23,718
Present value of minimum lease payments (Rate of interest: 4.95% p.a. to 6.8% p.a.)	<b>32,06,378</b>	<b>4,33,665</b>
Minimum Lease Payments :		
Not later than one year [Present value Rs.62,08,471 as on 31.03.2013 (Rs.16,09,591 as on 31.03.2012)]	64,54,453	17,68,574
Later than one year but not later than five years [Present value Rs.1,19,26,590 as on 31.03.2013 (Rs.39,06,826 as on 31.03.2012)]	1,30,07,644	47,83,509

(ii) Where the Company is a Lessor:

a) The Company has given certain office premises on non-cancellable operating leases. Future minimum lease payment (MLP) receivable under operating leases together with the present value of the MLP are as follows

	31st March 2013 Rupees	31st March 2012 Rupees
Lease Payment for the year	-	-
<b>Minimum Lease Payments :</b>		
Payable not later than 1 year	96,000	-
Payable later than 1 year and not later than 5 years	88,000	-

**46. CAPITAL AND OTHER COMMITMENTS**

Estimated amount of contracts (net of advances) remaining to be executed on Capital Account not provided for is Rs. 1,92,08,722 (2011–2012 : Rs. 1,98,81,429).

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

**47. CONTINGENT LIABILITIES**

Contingent Liabilities not provided for:

- (a) Guarantee given by the Company on behalf of :
- i) Associates – Rs. 16,55,60,000 (2011-2012 : Rs. 7,00,00,000)
  - ii) Joint Venture – Rs. 8,00,00,000 (2011-2012 : Rs. 8,00,00,000)
  - iii) Others – Rs. 13,30,94,110 (2011-2012 : Rs. 38,88,000)
- (b) Demand raised by authorities against which the Company has filed an appeal.
- i) Income Tax – Rs.63,13,907 (2011-2012 : Rs. 83,01,220)
  - ii) Excise Duty – Rs. 16,78,600 (2011-2012 : Rs. 16,78,600)
  - iii) Service Tax – Rs. 8,55,356 (2011-2012 : Rs. 16,74,395)
  - iv) Sales Tax – Rs. 11,53,416 (2011-2012 : Rs. Nil)
  - v) Customs Duty (to the extent ascertainable) – Rs. 22,58,117 (2011-2012 : Rs. 22,58,117)
- (c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 2,68,40,673 (2011-2012 : Rs. 1,94,94,696).

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

**48. UNHEDGED FOREIGN CURRENCY EXPOSURE**

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative			
	2012-2013		2011-2012	
	Type	Amount	Type	Amount
Hedge of Import Creditors	-	-	Buy	USD 3,00,000

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	Particulars of Derivative			
	2012-2013		2011-2012	
	Amount (Rs.)	Foreign currency	Amount (Rs.)	Foreign currency
Buyer's Credit	4,41,78,278	USD 8,12,250	5,26,11,951	USD 10,28,381
Import Creditors	15,28,12,444	USD 25,12,443 Euro 2,28,250 GBP 3,500	18,98,97,671	USD 27,40,184 Euro 7,14,685 GBP 10,742
Export Debtors	31,57,96,981	USD 23,71,563 Euro 1,02,868 AED 70,42,867 BHD 48,117 QR 42,320 GBP 7,07,604 SAR 6,52,647	24,25,01,966	USD 19,72,599 Euro 1,06,688 OMR 2,626 KWD 852 AED 49,23,247 BHD 65,002 QR 10,800 GBP 4,56,255 SAR 15,70,135
Foreign Currency Bank Account	1,27,72,770	USD 31,632 AED 3,63,473 BHD 8,694 Euro 63,453	1,57,85,416	USD 28,128 AED 7,37,409 BHD 29,999 -
Foreign Currency in hand	3,09,109	AED 20,731 BHD 13	2,46,103	AED 17,070 BHD 60
Commission Payable	2,27,20,175	USD 2,68,864 AED 2,36,439 SAR 3,04,131 QR 8,492	2,42,39,702	USD 3,57,261 AED 1,30,211 SAR 3,04,131 -
Investments	-	-	11,27,315	USD 32,667



**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended 31st March 2013 (contd...)**

49. During the year 17,300 (2011-2012: 98,250) equity shares were allotted to employees and directors under ESOS 2008 on 25th May, 2012 and 25th July, 2012. Accordingly, dividend of Rs. 2.00 per share (20%) declared at the Annual General Meeting held on 26th September 2012 was also paid to those shareholders (book closure date being 26th September 2012).

50. Back charges represent reimbursement of costs incurred by customers on the Company's behalf in the course of contract execution.

**51. AMALGAMATION**

The Honorable High Court of Bombay, on 24th May, 2013, sanctioned the "scheme of amalgamation" ("the Scheme") under sections 391 to 394 of the Companies Act, 1956. In accordance with the Scheme, Ion Exchange Services Limited (transferor company) merges with Ion Exchange (India) Limited ("the Company") with effect from 1st April 2012. The transferor company was engaged in the business of providing total water solutions for industry, homes and communities. The amalgamation is expected to channelize synergies and lead to better utilization of available resources and result in greater economies of scale.

Pursuant to the Scheme, the Assets and Liabilities of transferor Company were transferred to and vested in the Company with effect from 1st April 2012. Accordingly, the Scheme has been given effect to in these accounts.

The Company discharged the purchase consideration through issuing 42 fully paid up Equity shares of Rs. 10 each against every 19 Equity shares of the transferor Company. Equity shares were not allotted by 31st March 2013.

The Amalgamation has been accounted for under the "Pooling of interest" method as prescribed under AS-14 "Accounting for Amalgamations" issued by the Institute of Chartered Accountants of India. Accordingly the accounting treatment has been given as under –

- i. The assets, liabilities, reserves and credit balance of profit and loss of the transferor company as at 1st April 2012 have been incorporated at their book values in the financial statements of the company.
- ii. 8,28,800 equity shares of Rs. 10 each fully paid up of transferor company stands cancelled. Further, 2,87,058 equity shares of Rs. 10 each fully paid up of the Company held by the transferor company also stands cancelled.
- iii. Consequent to this amalgamation and after considering the extinguishment of shares held in transferor company by the Company, 11,80,256 Equity Shares of Rs. 10 each, aggregating to Rs. 1,18,02,560, of the company are to be issued to the share holders of the transferor company. Pending allotment of the said equity shares, such amount of Rs. 1,18,02,560 has been included in the share capital suspense account as at 31st March 2013.
- iv. The excess of the book value of the investment held by transferor company in the equity share capital of Company amounts to Rs.1,41,48,997, Investment held by company in the Equity share capital of transferor Company amounts to Rs.9,20,948 and the excess of share capital of transferor company over the amount credited by the company to the share capital suspense account amounts to Rs. 35,14,560 and accordingly the net amount of Rs. 1,85,84,505 has been adjusted to the General Reserves of the Company.
- v. Consequently, the financial statement for the year ended on 31st March 2013 includes the operations of transferor company with effect from 1st April 2012.
- vii. The Company has as per AS-14, during the current year, changed (with retrospective effect) the method of providing depreciation on fixed assets, from Written Down Value ('WDV') method to Straight line method (SLM) method at the rates prescribed in Schedule XIV of the Companies Act, 1956 in respect of assets held by transferor company to ensure that uniform set of accounting policies are followed after amalgamation. Had the Company continued to use the earlier basis of providing depreciation, the charge to the Profit and loss account for the current period would have been higher by Rs. 47,48,129 and net block of fixed assets would correspondingly have been lower by Rs. 47,48,129.

52. Pursuant to the amalgamation of Ion Exchange Services Limited (Refer note 51) the figures of the current year are strictly not comparable to those of the previous year. Previous year figures have been regrouped / reclassified wherever necessary, to confirm to current year's classification.

As per our report of even date

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

per VIJAY MANIAR  
Partner  
Membership No.: 36738

Place : Mumbai  
Date : 30th May 2013

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

RAJESH SHARMA  
Chairman & Managing Director

M. P. PATNI  
Director

MILIND PURANIK  
Company Secretary

Place : Mumbai  
Date : 30th May 2013

**Summary of Financial Information of Subsidiary Companies under section 212 of the Companies Act, 1956.**

Rs. in Lacs

Sr. no.	Name of the Company	Financial year / period ending on	Reporting currency	Exchange rate as at 31.03.2013	Capital	Reserves	Total Assets	Total Liabilities	Investments (excluding investment in subsidiaries)	Turnover (including Other Income)	Profit / (Loss) Before Tax	Provision for Taxation	Profit / (Loss) After Tax	Proposed Dividend	Country of Incorporation
1	Ion Exchange Enviro Farms Ltd.	31.03.2013	INR	1.00	69.47	(1,440.63)	1,169.34	2,540.50	-	163.56	(196.16)	-	(196.16)	-	India
2	Watercare Investments (India) Ltd.	31.03.2013	INR	1.00	178.02	(35.56)	144.06	1.60	0.42	9.52	8.96	1.75	7.21	-	India
3	Aqua Investments (India) Ltd.	31.03.2013	INR	1.00	177.02	(27.35)	150.80	1.13	12.06	10.68	10.12	1.60	8.52	-	India
4	Ion Exchange Asia Pacific Pte. Ltd.	31.03.2013	USD	54.39	803.36	(672.50)	951.00	820.14	26.65	872.72	(6.79)	-	(6.79)	-	Singapore
5	Ion Exchange Asia Pacific (Thailand) Ltd.	31.03.2013	THB	1.84	55.20	(150.52)	339.83	435.15	-	273.54	(66.29)	-	(66.29)	-	Thailand
6	IEI Environmental Management (M) Sdn. Bhd.	31.03.2013	MYR	17.43	43.58	(61.42)	143.53	161.37	-	163.35	(22.59)	(4.66)	(17.93)	-	Malaysia
7	Ion Exchange Environment Management (BD) Ltd.	31.03.2013	BDT	0.685	38.27	66.97	303.35	198.11	-	555.99	13.69	8.92	4.77	-	Bangladesh
8	Ion Exchange WTS (Bangladesh) Ltd.	31.03.2013	BDT	0.685	18.82	(22.20)	0.02	3.40	-	-	(0.12)	-	(0.12)	-	Bangladesh
9	Ion Exchange LLC	31.03.2013	USD	54.39	380.73	(540.19)	1,084.21	1,243.67	-	1,838.92	(153.55)	1.90	(155.45)	-	USA
10	Ion Exchange & Company LLC	31.03.2013	OMR	140.99	422.97	280.04	1,946.27	1,243.26	-	1,689.22	66.10	21.57	44.53	-	Oman
11	Ion Exchange Infrastructure Ltd.	31.03.2013	INR	1.00	410.00	713.95	3,110.29	1,986.34	9.84	3,075.12	106.29	34.87	71.42	-	India
12	Ion Exchange Projects and Engineering Ltd.	31.03.2013	INR	1.00	1,000.00	(67.33)	9,331.07	8,398.40	-	2,695.50	(57.57)	-	(57.57)	-	India
13	Global Composite & Structurals Ltd.	31.03.2013	INR	1.00	283.00	(138.99)	3,302.01	3,158.00	5.75	2,282.05	2.34	5.93	(3.59)	-	India
14	Total Water Management Services (India) Ltd. *	31.03.2013	INR	1.00	5.00	0.02	10.15	5.13	-	3.81	(1.39)	(0.01)	(1.38)	-	India
15	Ion Exchange Safic Pty. Ltd. **	31.03.2013	ZAR	5.879	58.79	(84.84)	120.75	146.80	-	114.11	(128.08)	(35.86)	(92.22)	-	South Africa

\* Subsidiary w.e.f. 1st April 2012

\*\* Subsidiary w.e.f. 1st July 2012

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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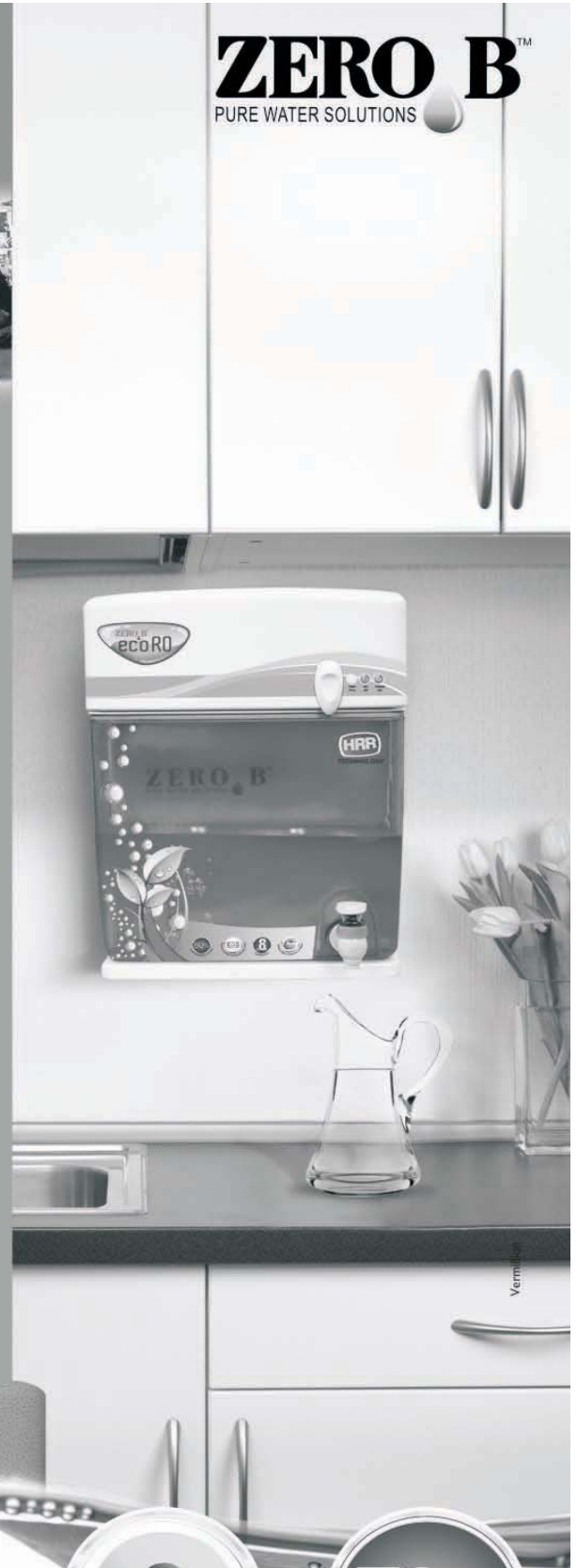
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