

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



45th Annual Report 2008-09

CELEBRATING
45
YEARS

Water is an increasingly scarce and precious resource, essential for all human activities and for life itself. At Ion Exchange, we treat water to meet the requirements of society. We provide solutions that purify water, conserve it by recycling, recover valuable products for reuse, minimise the discharge of pollutants into our seas, rivers and lakes and reduce the load on the environment. We also offer solutions for solid waste management and generation of energy from waste. We are amongst few companies worldwide, with such a wide range of technologies, enabling us to provide integrated, innovative total solutions for every sector - municipal, infrastructure, institutions, industrial, homes and communities, urban and rural.

Every business company has an inherent obligation and responsibility towards society of which it is a part. We are indeed privileged that our business, by its very nature, is of such essential and beneficial service to every segment of society. Giving us the opportunity to use technology to improve the quality of people's lives and the environment.

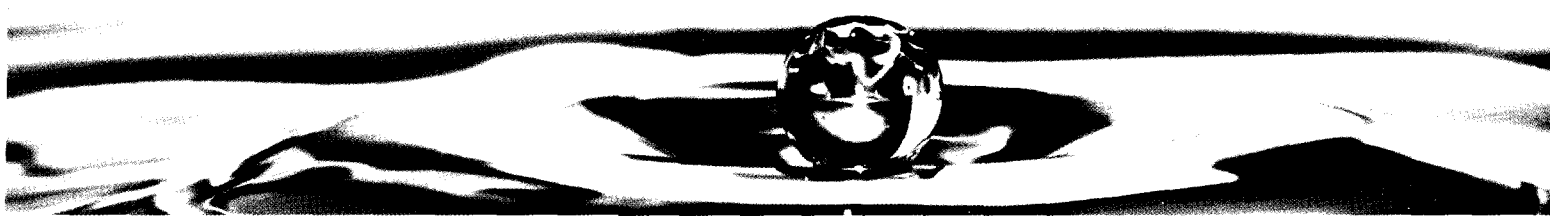
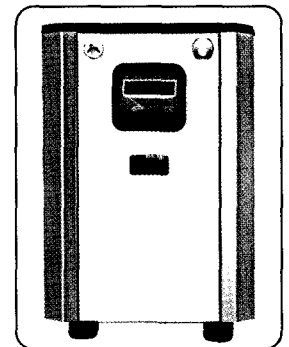
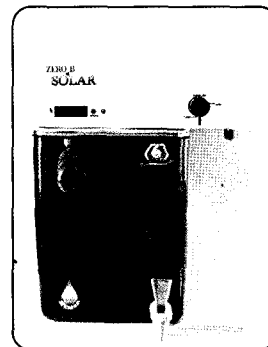
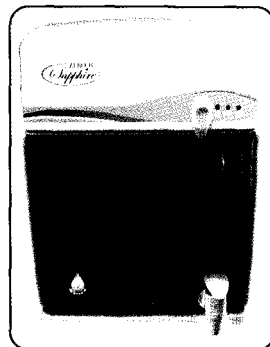
ZERO B™ Innovation PURE WATER SOLUTIONS

Our Home Water Solutions division has launched several unique Zero B drinking water purifiers

The elegant Zero B Sapphire, with its 7-stage purification process, removes bacteria, viruses, pesticides, harmful salts and chemicals, assuring pure and natural tasting water.

Zero B Solar, the first 6-stage purifier with solar intelligence, is a non-electric, storage-cum-online wall mount purifier which provides pure and energized water while also removing heavy metal contaminants.

Zero B Intello is a water purifier that "talks to you" with its interactive backlit panel which displays key parameters, while its Electronic Sanitizer System guarantees purification by sanitizing the system completely at regular intervals.



OUR VISION

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

At Ion Exchange, we specialise in environment management, with particular focus on water and waste management.

Apart from our vast expertise in drinking water purification and process water treatment, we have developed important new markets related to environmental engineering, for the treatment and recycle of waste water and sewage, and recovery of by-products, for reuse. We keenly advocate alternative renewable energy, by undertaking waste to energy projects for industry and municipalities to convert biomass and solid waste into energy. We also, a few years ago, entered the infrastructure sector to participate in urban and rural developmental projects for water supply, sewage treatment, disposal & recycle, and sea water desalination.

We believe that our industry must not limit itself to just treatment, but that we must also concern ourselves with the sustainability of water and other natural non-renewable resources. In doing so, we will be working to meet the basic needs of people – our market, and protecting the environment on which life and business depend. Future generations depend on us to help promote the wise use and the good management of our planet's resources. We are proud of our role in this vital mission.

BOARD OF DIRECTORS

Mr. G. S. Ranganathan Chairman
 Mr. R. Sharma Vice Chairman & Managing Director
 Mr. Dinesh Sharma Executive Director
 Mr. Aankur Patni Executive Director
 Mr. M. R. Menon Director
 Dr. V. N. Gupchup Director
 Mr. M. P. Patni Director
 Mr. T. M. M. Nambiar Director
 Mr. A. K. Marfatia Director
 Mr. P. Sampathkumar Director
 Mr. Abhiram Seth Director

SENIOR MANAGEMENT

Mr. R. Sharma Vice Chairman & Managing Director
 Mr. Dinesh Sharma Executive Director
 Mr. Aankur Patni Executive Director
 Mr. A. Papat Sr. Vice President-Corporate Marketing
 Mr. L. V. Keshav Sr. Vice President-R&D, Corporate
 Quality & Systems
 Mr. R. S. Rajan Sr. Vice President-Community and
 Commercial Water Solutions
 Mr. N. M. Ranadive Vice President-Finance
 Dr. S. V. Mehendale Vice President-Operations, Resin &
 Standard Systems Division
 Mr. S. N. Iyengar Vice President-Medium Industry Segment
 Mr. Anil Khera Vice President-Chemicals Division
 Mr. J. P. Pathare Vice President-International Division
 Mr. Jayant Pimpale Vice President-Materials
 Mr. Prashant K. Chitnis Vice President-Technology
 Mr. Sridharan Mahadevan Vice President-Human Resources
 Mr. Manoj G. Shivdasani Vice President-Projects
 Mr. Souvik Ghosh Vice President-Heavy Industry Segement

COMPANY SECRETARY

Mr. Milind Puranik

REGISTRAR & SHARE TRANSFER AGENT

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
 Website : www.tsrdarashaw.com

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
 Website : 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
 Indian Overseas Bank

AUDITORS

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

ADVOCATE & SOLICITORS

Crawford Bayley & Co.

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

NOTICE

NOTICE is hereby given that the Forty Fifth Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Thursday, 24th September, 2009 at 11.00 a.m. at Amar Gian Grover Auditorium, Lala Lajpatrai Memorial Trust, Lala Lajpatrai Marg, Haji Ali, Mumbai - 400 034 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2009, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. M.R. Menon who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Akhil Marfatia who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Dr. V.N. Gupchup who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

7. To 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 appointment of Mr. Dinesh Sharma as Executive Director for a period of 5 years commencing from 1st April, 2009 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr.Dinesh Sharma.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include the 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.Dinesh Sharma, as it considers appropriate and / or as may be required by the Central

Government in accordance with any provision under the Act, for the time being in force (including any statutory modification(s) or re-enactment(s) thereof).

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

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

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 appointment of Mr. Aankur Patni as Executive Director for a period of 5 years commencing from 1st April, 2009 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr. Aankur Patni.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include the 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. Aankur Patni, as it considers appropriate and / or as may be required by the Central Government in accordance with any provision under the Act, for the time being in force (including any statutory modification(s) or re-enactment(s) thereof).

RESOLVED FURTHER THAT in the event of absence or inadequacy of profits in any financial year during the tenure of the Executive Director, Mr. Aankur Patni, the Company shall pay him remuneration by way of salary

and perquisite as set out in the explanatory statement annexed to this Notice.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to vary or increase the remuneration payable to the Executive Director, Mr. Aankur Patni, to the extent the Board may consider appropriate and as permitted in accordance with any provision under the Act read with Schedule 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 Executive Director, Mr. Aankur Patni does not exceed the maximum

permissible under the relevant Act, rules and regulations that are for the time being in force including any statutory modification or re-enactment thereof.

By Order of the Board

Milind Puranik
Company Secretary

Registered Office:
Ion House
Dr. E. Moses Road
Mahalaxmi, Mumbai 400 011
Mumbai, 19th June, 2009

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the time fixed for holding the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 17th September, 2009 to Thursday, 24th September, 2009 (both days inclusive).
4. Details of Directors seeking appointment / re-appointment as required under clause 49(VI)(A) of the listing agreement entered with The Stock Exchange, Mumbai, are as below:

Name	Dr.V.N.Gupchup	Mr. M.R.Menon	Mr. Akhil Marfatia	Mr.Aankur Patni	Mr.Dinesh Sharma
Date of Birth	08.01.1937	08.10.1924	10.12.1938	14.03.1971	20.11.1964
Date of Appointment	17.07.1995	23.03.1990	05.05.2003	24.01.2006	24.01.2006
Qualification	B.E.(Civil), S.M., SC.D.	B.Sc., [Engineering]	B.Sc. [Economics]	B.Com., ACA,CISA	B.Sc.
Expertise	Dr Gupchup has been active in the field of technical education for more than 40 years and has provided leadership in this field in the state of Maharashtra. He has contributed to various aspects of the development of technical education at the National level. He has been the Principal of the VJTI and Pro Vice Chancellor of the University of Mumbai. Presently he is the Chairman of Civil Engineering Safety Committee of the Atomic Energy Regulatory Board and also of the Structural Engineering Research Centre of CSIR in Chennai.	Mr.M.R.Menon in his previous position as Managing Director and subsequently Chairman of M/s. Davy Powergas India Limited has been closely associates with the growth of Davy Powergas operation in India in the field of engineering contracting for the chemical process industries. Presently Mr.Menon is Corporate Advisor to Indo British Development Consortium and is actively involved in the operations of Total Water Management Services (India) Ltd.	Mr. Marfatia has about 46 years of rich and varied professional experience in the field of Marketing and Management.	Mr. Patni has experience in Finance Management & Information Technology. He was earlier associated with SBI Capital Market as AVP and currently is director on board of various other companies.	Mr. Sharma has varied experience in the field of Marketing and Management. Presently he is the Chairman of M/s. Ultrapure Technology & Appliances India Ltd., specialised in manufacture and marketing of kitchen appliances. Besides being on the Board of various other Companies.
Chairman/Director of Other Companies	4	3	2	9	13

Name	Dr.V.N.Gupchup	Mr. M.R.Menon	Mr. Akhil Marfatia	Mr.Aankur Patni	Mr.Dinesh Sharma
Chairman/Member of the committees of the Company and other Company(s)	5	4	none	none	1
Number of shares held in the Company	1,07,336	1,00,000	20,000	1,34,668	2,75,100

5. Dividend, if declared at the meeting will be paid on or before 29th September, 2009 to those members (holding shares in physical form) whose names appear on the Register of members as on 24th September, 2009 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 1999-2000 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 2001-2002 and subsequent years are advised to write to our R&T.
8. All correspondence relating to holdings, change of address, bank particulars, non receipt of dividend or interest, etc. should be addressed to our R&T, M/s.TSRDL.
9. Nomination form can be obtained from our R&T, M/s.TSRDL. This form will have to be used by only those shareholders, holding in physical form & the same should be submitted to our R&T for registration. For shareholders, holding in dematerialized form, the nomination form prescribed by the Depository will have to be used and submitted with the Depository Participant.
10. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature(s) registered with the Company for admission to the meeting venue.

By Order of the Board

Milind Puranik
 Company Secretary

Registered Office:
 Ion House
 Dr. E. Moses Road
 Mahalaxmi, Mumbai 400 011
 Mumbai, 19th June, 2009

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

Item No. 7

The Board of Directors at its meeting held on 25th March, 2009 appointed Mr. Dinesh Sharma as Executive Director for a period of 5 years commencing from 1st April, 2009. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 25th March, 2009. 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. 3,00,000/- (Rupees Three Lacs) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1st April 2009) the basic salary shall stand increased by Rs.50,000/- per month.

Commission : Payment of Commission shall be based on net profits of the company in a particular 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 Executive Director will be subject to the ceiling of 60% of the salary over and above 10% payable by the Executive Director.
iii) In case no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance subject to a ceiling of 60% of basic salary.

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

Superannuation: 15% of the Basic Salary

Gratuity : 15 days Basic Salary for each completed 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 : For the Executive Director and his family, once a year incurred in accordance with the rules specified by the Company.

Educational Allowance : Rs. 2,000 per month.

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

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

The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall not exceed Rs. 1,00,000/- per annum.

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

In case when in any financial year during the current tenure of the Executive Director, the Company has no profits or profits are inadequate, remuneration will be payable to the Executive Director as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956, as amended from time to time.

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

1. Mr. Dinesh Sharma shall be entrusted with powers of management of the business of the Company. He shall faithfully and diligently serve the Company as Executive Director and exercise such other powers and functions as may be conferred on him by the Managing Director and/or Board.
2. Mr. Dinesh Sharma shall be posted in Mumbai.
3. Any discovery, invention made by Mr. Dinesh Sharma shall belong to the Company.
4. Mr. Dinesh Sharma shall maintain secrecy in regard to the affairs of the Company.
5. Mr. Dinesh Sharma shall not engage in any other business during the tenure of the Agreement.

6. The Company will reimburse Mr. Dinesh Sharma expenses incurred by him for traveling and entertainment in connection with the business of the Company.
7. So long as Mr. Dinesh Sharma functions as the Executive Director, he shall not be interested directly or indirectly in any selling agency of the Company.
8. Mr. Dinesh Sharma shall not be liable to retire by rotation.
9. Should Mr. Dinesh Sharma by reason of ill-health or accident remain absent for a period of 180 days in a period of twelve consecutive months, the Company will be entitled to terminate his Agreement.
10. The Company shall be entitled to determine the Agreement, should Mr. Dinesh 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.
12. After the termination of Mr. Dinesh 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. Rajesh Sharma as relative and Mr. Dinesh Sharma as the resolution is for his appointment and remuneration payment.

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

Item No. 8

The Board of Directors at its meeting held on 25th March, 2009 appointed Mr. Aankur Patni as Executive Director for a period of 5 years commencing from 1st April, 2009. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 25th March, 2009. 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. 3,00,000/- (Rupees Three Lacs) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1st April 2009) the basic salary shall stand increased by Rs.50,000/- per month.

- Commission** : Payment of Commission shall be based on net profits of the company in a particular 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 Executive Director will be subject to the ceiling of 60% of the salary over and above 10% payable by the Executive Director.
 iii) In case no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance subject to a ceiling of 60% of basic salary.
- Provident Fund** : 12% of the Basic Salary or as per the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and relevant rules thereof, in force.
- Superannuation**: 15% of the Basic Salary
- Gratuity** : 15 days Basic Salary for each completed 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** : For the Executive Director and his family, once a year incurred in accordance with the rules specified by the Company.
- Educational Allowance** : Rs.2,000 per month.
- Medical Benefits** : Reimbursement of medical expenses for the Executive Director, spouse and dependant children.
- Club Fees** : Fees of clubs subject to a maximum of two clubs.
 This will not include admission and life membership fees.

The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall not exceed Rs. 1,00,000/- per annum.

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

In case when in any financial year during the current tenure of the Executive Director, the Company has no profits or profits are inadequate, remuneration will be payable to the Executive Director as specified in Section II of Part II of Schedule XIII to the Companies Act, 1956, as amended from time to time.

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

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

8. Mr. Aankur Patni shall not be liable to retire by rotation.
9. Should Mr. Aankur Patni by reason of ill-health or accident remain absent for a period of 180 days in a period of twelve consecutive months, the Company will be entitled to terminate his Agreement.
10. The Company shall be entitled to determine the Agreement, should Mr. Aankur Patni 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.
12. After the termination of Mr. Aankur Patni'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. M.P. Patni as relative and Mr. Aankur Patni as the resolution is for his appointment and remuneration payment.

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

By Order of the Board

Milind Puranik
Company Secretary

Registered Office:

Ion House
Dr. E. Moses Road
Mahalaxmi, Mumbai 400 011
Mumbai, 19th June, 2009

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 45th Annual Report and Accounts for the year ended 31st March, 2009.

FINANCIAL RESULTS

The highlights of the financial results are as follows :

	Year ended March 2009 (Rs. in Lacs)	Year ended March 2008 (Rs. in Lacs)
Profit before taxation	374	1,567
Less: Provision for taxation :		
Current tax	78	283
Deferred tax	40	52
Fringe benefit tax	112	167
Profit after tax	144	1,065
Balance in Profit & Loss Account brought forward from Previous Year	2,005	1,327
Profit balance available for appropriation	2,149	2,392
Appropriations:		
Dividend including Proposed Dividend	127	262
Tax on dividend	22	45
Transfer to General Reserve	—	80
Balance in Profit & Loss Account Carried Forward to Balance Sheet	2,000	2,005

OPERATIONS

During the financial year ended 31st March, 2009, the net profit after tax of the company was Rs.144 lacs, as compared to previous year's net profit after tax of Rs. 1,065 lacs. The turnover was lower at Rs. 445 crores as compared to Rs. 503 crores of the previous year, showing a marginal decrease of 11.5 %.

DIVIDEND

The Directors are pleased to recommend a dividend of Re. 1 [10%] per equity share for the financial year ended 31st March, 2009.

FUTURE OUTLOOK

While major economies globally are still under recession, there are signs of revival in the Indian economy. Investor and business confidence is gradually getting restored and investments that were put on hold on account of slowdown in demand, are beginning to pick up pace.

Volatility in raw material prices adversely affected the performance of the industry, the prices have now stabilized. The risk of another round of volatility will, however, remain till the global economy gets normalized.

The water and environment industry, by its very nature of business is highly sustainable. Increasing water scarcity and fresh water contamination due to untreated municipal sewage and industrial waste will require advanced technologies in water and waste water treatment. Recycle of waste water is becoming mandatory for housing complexes and industries.

The industry continues to attract increasing competition from new entrants, which tends to affect margins.

More than ever before, the challenge for your Company is to continuously explore new means and avenues to retain its edge as the premier player in the industry. We are sure that your Company's focus on continuous technological upgradation, improved quality and service will help it to maintain its leadership.

Contingent on the improvement in the global economy, your Company should be in a better position this year to reap the benefits of our infrastructure, technological edge and wider reach.

Therefore, while the outlook for this fiscal is undoubtedly moderated, your Company continues to be optimistic about the future of the industry and its business.

FINANCIAL RESOURCES

Share Capital

Under Employees' Stock Option Scheme – ESOS - 2005, the Employees' Stock Option Compensation Committee (ESOCC) allotted 2,000 equity shares [6,99,500 equity shares under ESOS – 2005] to the directors and employees of the Company. The paid-up equity capital of the company increased from Rs.12,69,04,610/- to Rs.12,69,24,610/-, after allotment.

Fixed Deposits

As on 31st March, 2009, 226 fixed deposits amounting to Rs.44,22,000/- remained unclaimed. 63 Deposits amounting to Rs.10, 99,000/- 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.

AUDITORS' REPORT

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

SUBSIDIARY COMPANIES**Aqua Investments (India) Ltd. and Watercare Investments (India) Ltd.**

During the year ended 31st March, 2009, the Subsidiary companies M/s.Aqua Investments (India) Limited posted profit of Rs.7.13 lacs compared to Rs.6.07 lacs of the previous year and M/s. Water care Investments (India) Ltd. posted profit of Rs.5.73 lacs compared to Rs.4.44 lacs of the previous year.

Ion Exchange Enviro Farms Limited (IEEFL)

Although cost effective organic farming techniques were implemented in the farms, IEEFL could not capitalize on the gains due to very erratic climatic conditions, which affected the mango crop in the entire Konkan belt.

Pursuing with its objectives of enhancing returns through value added products, the company undertook mango Pulping and Vacuum Packing for improved shelf life and explore marketing opportunities. The product has been very well received, which has encouraged the company to initiate such activities in future.

The manufacture and sale of organic inputs showed a steady improvement and the company is planning to launch more products to cater to specific segments through sustained R&D efforts.

With right strategies and systematic approach IEEFL is expected to have a very favourable impact on company's performance in the near future.

Ion Exchange Infrastructure Limited

This was the second full year of operation. The turnover achieved was Rs.3,634.98 lacs as compared to Rs.3,032.08 lacs for the previous year. The profit after tax was at Rs.257.11 lacs compared to Rs.112.58 lacs for the previous year.

The Company has been established with a view to provide integrated solutions for Water treatment encompassing industrial effluent and sewage treatment and recycle etc. The Company will also provide comprehensive technical and process assistance services such as consultancy, design, detailed engineering, turnkey contracting etc.

Ion Exchange Asia Pacific Pte Ltd., Singapore

The Company achieved a consolidated turnover of Rs.1,834.03 lacs for the year under review.

The performance of the Company picked up during the year as the Company has started to cater multiple geographical areas. The Company has strengthened its resources in terms of manpower and increased presence in other countries.

IEI Environmental Management [M] SDN.BHD, Malaysia

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

The business in Bangladesh showed a marked improvement in the year under review. The Company has started local assembly of Plants which will help the company to increase the business and consolidate its position in Bangladesh.

Ion Exchange & Co. LLC, Oman

The Company is set up to address the needs of middle east market especially Oman. The Company has started generating good business.

The Company is now registered with PDO (OMAN). This will benefit the Company in future for bidding in local projects. This will help to further consolidate the company's position in Oman.

Ion Exchange LLC, USA

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 from USA is on the rise. There are some significant breakthroughs for specialty applications. However due to recessionary trends in USA the business was affected during the last three months of the year.

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

Central Government approval under Section 212 (8) of the Companies Act 1956.

The Company has made an application to Central Government under sub-section 8 of section 212 of the Companies Act 1956, seeking exemption from attaching the subsidiaries annual reports with the Company's annual report. The Central Government is in the process of granting approval to the Company under the said section.

CONSOLIDATED FINANCIAL STATEMENTS

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

DIRECTORS

Mr M. R. Menon, Mr. A. K. Marfatia and Dr. V. N. Gupchup retire by rotation and being eligible offer themselves for re-appointment.

At the Board meeting held on 25th March 2009 Mr. Dinesh Sharma and Mr. Aankur Patni were appointed as Executive Directors with effect from 1st April 2009. The appointments

of Mr. Dinesh Sharma and Mr. Aankur Patni as Executive Directors are being proposed by resolutions which form part of the Notice of Annual General Meeting.

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, 2009, 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, 2009 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, 2009 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 and forming part of this report are given in Annexure II.

QUALITY INITIATIVES

The Balanced Scorecard activities which were initiated last year, gained momentum during the current year.

Corporate Quality worked closely with the various Divisions of IEI to establish their financial Goals and Objectives for the next three years.

Achieving financial objectives, based on the Balanced Score Card, implies the following:

Understanding customer requirements and perceptions, in detail.

Aligning & strengthening internal processes in order to deliver to customer requirements.

Building Human Resources and capabilities to drive Internal Processes and thereby meet customer expectations.

Corporate Quality team facilitated the entire process of establishing the Balanced Scorecard for the organizations linking divisional goals to initiatives, action plans and KRAs of individuals.

Corporate Quality team continued with its other activities of detailed process mapping and establishing and tracking Quality Objectives. System audits of Regional Offices, Manufacturing locations, O&M and Project sites was another important area which helped the organization to monitor and improve systems.

AUDITORS

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

G. S. Ranganathan
Chairman

Mumbai

Date : 19th June, 2009

Note:

The Company has received the Central Government's approval dated 26th June 2009 granting exemption from attaching the subsidiaries annual reports with the Company's Annual report. The Company undertakes that the annual accounts of the subsidiary Companies and the related detailed information will be made available to the shareholders seeking such information at any point of time. The annual accounts of the subsidiary companies will also be kept for inspection by any shareholder at the Company's Head office and that of Subsidiary Companies concerned.

ANNEXURE TO THE DIRECTORS' REPORT 2009

ANNEXURE I

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

(A) CONSERVATION OF ENERGY

- (a) energy conservation measures taken
 - 1. Higher plant capacity utilisation.
 - 2. Installation of booster pump (1.5 H.P.) in the cooling water circuit.
 - 3. Installation of membrane diffuser in operation Tank of ETP.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:
The above measures have resulted in variable overhead reduction.
- (d) total energy consumption and energy consumption per unit of production : Details as per Form – A of the Annexure.

(B) TECHNOLOGY ABSORPTION

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- (f) activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans:

The Foreign Exchange earnings increased by 42.5 % over last year. 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. 58,43,22,146/-
Earned	Rs. 98,59,22,570/-

G. S. Ranganathan
Chairman

Mumbai

Date : 19th June 2009

FORM - A

(FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY)

A. POWER AND FUEL CONSUMPTION :

1. ELECTRICITY :

a) Purchase

SL. NO. ITEMS	CURRENT YEAR (2008 - 2009)		PREVIOUS YEAR (2007- 2008)	
	ANKLESHWAR	PATANCHERU	ANKLESHWAR	PATANCHERU
1 TOTAL UNITS(Kwh)	3674318	433222	2983486	551540
2 TOTAL AMOUNT(Rs.)	21044400	2021696	14675342	2400148
3 RATE / UNIT(Rs.)	5.73	4.68	4.92	4.36

b) OWN GENERATION :

I. Through diesel generator :

SL. NO. ITEMS	ANKLESHWAR		PATANCHERU	
	ANKLESHWAR	PATANCHERU	ANKLESHWAR	PATANCHERU
1 TOTAL UNITS(Kwh)	158240	47100	102993	24879
2 UNITS / LTRS OF FUEL(Kwh)	2.54	2.71	2.10	2.08
3 COST / UNIT(Rs.)	15.75	13.20	16.87	18.45

II. Thro' steam turbine / generator :

1 TOTAL UNITS(Kwh)	NIL	NIL	NIL	NIL
2 UNITS / LTRS OF FUEL(Kwh)	NIL	NIL	NIL	NIL
3 COST / UNIT(Rs.)	NIL	NIL	NIL	NIL
2. Coal :	NIL	NIL	NIL	NIL
3. Furnace Oil	NIL	NIL	NIL	NIL
4. Others / internal generation :	NIL	NIL	NIL	NIL

B. CONSUMPTION PER UNIT OF PRODUCTION :

Products : chemicals resins
 unit of production : MT M³

	STANDARDS (IF ANY)	Current Year (2008 - 2009)	Previous Year (2007- 2008)
ELECTRICITY	(Units / MT)	49.51	52.88
	(Units / M ³)	354	392
FURNACE OIL		NIL	NIL
COAL (SPECIFY QUALITY)		NIL	NIL
OTHERS (SPECIFY)		NIL	NIL

FORM B

(Form for Disclosure of Particulars with respect to Absorption)

RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which Chemical R&D has been carried out by the company are as follows:
 - a) Development of specialty resin for biotech application.
 - b) Reduction of cost of Ion exchange resin synthesis process.
 - c) Validation of Indion test kits.
 - d) Development and seed marketing of Organic Input for Plants.
 - e) Pilot plant trials for BSR resin.
 - f) Development of Specialty Resins for Specific applications.
 - g) Application studies of resins for biodiesel application.
2. Benefits derived as a result of the above R&D work.
 - a. Development of new ranges of specialty resin for biotechnology application opened up the international market.
 - b. The process improvements have been helpful in reducing the production cost, in specific areas thereby providing a competitive edge.
 - c. The validation of test kits improves the technical specification of the product. These kits can be marketed effectively against other international test kits.
 - d. The Organic Inputs could open up new market in the agricultural sector.
 - e. Application studies proved that our resin can be utilized for the bio-diesel production application, thus creating a new market area for this specialty resins in Bio-Diesel production.
3. Expenditure on R&D
 - a. Capital : Rs. 11,42,998/-
 - b. Revenue : Rs. 2,84,91,588/-
 - c. Total : Rs. 2,96,34,586/-
 - d. Total R&D Expenditure as a percentage of turnover : 0.69%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief made towards technology absorption, adaptation and innovation.
 - a) Zero-B Intello – Electronic Sanitizing System
 - b) Zero-B Solar
 - c) Indion ASM (Arsenic Selective Media)
2. Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.
 - a) Zero-B Intello is premium product with built-in unique Electronic System Sanitizer (ESS) which prevents slime formation in entire system components; enhances RO membrane life and keeps purified water tank bacteria free. It avoids use of sanitizing chemicals. It prevents foul smell of water; ensures fresh water at all time and give high shelf life to water. ESS is an international breakthrough in drinking water system which gives an edge over other RO based water purifiers.
 - b) Zero B Solar is a non-electric online wall mounted storage water purifier with solar powered functions. It has an unique electronic life indicator which indicates purifier's life. In addition to germ free water, it also removes heavy metals from water. Option for online dispensing of water through diverter valve is available.

Purified water also goes online through diverter valve for external use such as a refrigerator, coffeemaker, etc. It is an eco-friendly product as it avoids use of electricity.

- c) Indion ASM can selectively remove arsenic from ground water without affecting other water quality parameters. This technology is robust and can handle greater arsenic load per cubic feet of media at high concentration of arsenic (Max. 3000ppb) The media has extremely high static adsorption capacity 30 mg/g of resin. Exhausted media is safe for disposal as it has passed TCLP test as per EPA 1311. Its superiority ensures tremendous potential in global market.
3. In case of imported technology (imported during the last 5 years reckon from the beginning of the financial year)
- | | |
|---|--------|
| Technology imported | : None |
| Year of import | : N.A. |
| Has technology been fully absorbed | : N.A. |
| If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action | : N.A. |

ANNEXURE - II
ANNEXURE TO THE DIRECTORS' REPORT, 2009

Information as per Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2009.

Name	Designation/ nature of duties	Remuneration Received Gross (Rs.)	Qualifications	Experience (years)	Age (years)	Date of commencement of Employment	Previous Employment	Designation
Mr. Sharma Rajesh	Vice Chairman & Managing Director	99,91,330	B.Sc., LL.B.	35	54	08.01.1974	-	-

- Notes :
1. Gross Remuneration includes Salary, Allowances, Employer's contribution to Provident fund, Gratuity, Leave travel allowance and Medical reimbursement.
 2. Nature of employment of Mr. Sharma Rajesh is contractual.
 3. The appointment is subject to the rules and regulations of the Company in force from time to time..
 4. Mr.Sharma is related to Mr. Dinesh Sharma, Director of the Company.

G.S. Ranganathan
Chairman

Mumbai

Date : 19th June 2009

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry Structure and development

The global economic meltdown during the financial year under review has been unprecedented in our times, with major economies of US, Europe and Japan experiencing severe contraction, despite country-wise stimulus packages and G-20 agreement to inject an additional \$1 trillion to prevent deeper depression.

The Indian economy too was impacted, with growth slowing down from 9% to 7%, creating an uncertain macro economic environment for almost all business sectors, including those your Company operates in. Fiscal initiatives by Government have played a key role in restoring business confidence in India. The overall economic environment of India is now showing signs of relative improvement with the Reserve Bank of India revising the forecasted GDP growth rate upwards from 6.5 to 7%. The coming months are expected to show improved demand from the industrial sector also.

Stimulus packages for infrastructure projects announced by Government include initiatives to augment the water infrastructure in the country. Large investments are planned in power, sanitation, water, ports & aviation. Rural India is emerging as a major market, with a huge consumer base. All this offers promising business prospects for your Company. Participation in Government programmes such as Jalmani, Swajaldhara, JNRUM and Rajiv Gandhi Drinking Water Mission offer scope to expand our presence in the vast rural market.

The focus on water infrastructure along with increased demand from the industrial and retail segments has generated an unprecedented interest from entrepreneurs – big, small and micro. The business environment has therefore become increasingly more competitive and margins are under pressure in quite a few areas.

Your Company's continual intrinsic focus on technological innovation through research, development and strategic technology tie-ups, its wide range of technologies that enable total solutions, its operations across all segments – municipal, infrastructure, industrial, institutional and residential, urban and rural, its geographical expansion and increased resin & engineering manufacturing capacities, and the growing awareness and demand worldwide for safe drinking water and a cleaner environment - these are all factors that will stand your Company in good stead to maintain the premier position it enjoys in the water & environment industry.

b. Highlights of Performance

Gross turnover for the year 2008-2009 was Rs. 445 crores. Profit after tax was Rs. 144 lakhs as compared to Rs. 1065 lakhs in the previous year.

Profits could have been much higher but for steep rise in the raw material costs in first half of the year and sudden slow down of the business in third quarter, which resulted in loss of profits.

c. Segmentwise Operational Performance

The business of your company can be segmented into:

1. Engineering
2. Chemicals
3. Consumer Products

ENGINEERING

The segment designs, manufactures and sells medium and large size equipment for water & waste water treatment plants.

The economic downturn resulted in deceleration of projects by most business sectors, this affected the performance of the Engineering Segment which achieved turnover of Rs. 265 crores as compared to Rs.321 crores for the previous year. Margins were badly eroded due to steep rise in raw material cost in the first half of the year. With the revival of projects evident in many sectors, we expect an improved performance for this segment in the coming year.

CHEMICALS

The economic slump particularly in the global markets, affected business of this segment which nevertheless was able to maintain its performance, achieving a turnover of Rs. 131 crores compared to Rs. 130 crores of the previous year.

Sales in the domestic market increased, but exports got adversely affected due to slow down in North America and Europe. However, the Company continues to develop new customers in Asia and East European countries. Ion exchange resins manufactured by your Company are being well accepted in these markets. Various application related studies are being jointly conducted with several customers and the full potential of the same is likely to be realised in the next two years. Prestigious international certification of some of the products is further facilitating business overseas. The capacity expansion project has been completed and the benefits of the same will be seen in the coming years.

The outlook for this segment is positive.

CONSUMER PRODUCTS

The segment achieved a turnover of Rs. 68 crores as compared to Rs. 72 crores of the previous year.

This division caters to the urban consumers as well as rural homes and communities, and also to the water

treatment requirements of the institutional segment, through direct, retail and channels. The operating structure of the division is being continuously synchronised with market demand and opportunities to ensure consumer needs are met with utmost satisfaction.

The year under review saw a transformation in the domestic water purifier category which continues to generate great interest and is seeing a large number of entrants, thus throwing up new challenges and opportunities. Your Company continues to invest in its Zero B brand, which is firmly established as a key player in the domestic water purification market. The brand was conferred the "Best Domestic Water Purifier" award in the RO water purifier category by Water Digest in association with UNESCO, for the third consecutive year. In keeping with our commitment to provide safe drinking water to every segment and income strata, the division launched several products like Suraksha Plus for lower income consumers.

In the current year, the thrust will be on increasing market share with enhanced customer services and innovative products to meet evolving needs of customers

This segment also offers a wide range of solutions for the rural market, with point-of-use units, hand pump attachments to community level systems for drinking water purification & disinfection.

By successfully adapting many of our technologies and products to suit rural needs in terms of appropriateness, cost, operation and maintenance, we are able to address the needs of rural India with respect to safe drinking water and sewage treatment. In doing this, while participating in a vast rural market, your Company is also working concurrently contributing to the upliftment of the rural populace through providing safe water and sanitation.

EXPORTS

Exports grew by 40.6 % from Rs. 69 crores to Rs. 97 crores largely due to engineering projects.

During the year the Company has successfully penetrated the Middle East market through its facility in UAE. The Company has started focusing on other unexplored markets which will help further improve its export performance in the current year.

d. Risks, Threats , Concerns and Risk Mitigation

Risk mitigation has been a priority of the Management's agenda. A structured method of evaluating risk and impact, evolving a mitigation plan and continuous monitoring of performance against the plan is operational.

Industry as a whole has witnessed volatility in prices of both global as well as local raw materials such as steel, cement, petroleum products, etc. caused mainly due to

the global recession which started during the latter part of the year 2008-09. This has led to significant adverse impact across a large segment of industries including the water industry. The management has pursued timely action to curtail the impact but still due to unprecedented volatility of prices some adverse effect on the margins could not be prevented.

With changing macro-economic scenario and changes in the water treatment industry, your Company remains vigilant of its market share with continued focus & reinforcement on credibility, quality, service and technology to ensure competitiveness vis-à-vis major Indian and global players. Mitigation plan includes undertaking cost reduction, value engineering without compromising the quality and tying up with the vendors for assured supplies at competitive prices on back to back payment terms wherever possible.

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

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

Fluctuations in exchange rate has been also identified as one of the risks which could impact the export earnings as well as raw material imports. However, the company has adequate hedging methods in place to mitigate this risk. Company has conservative forex management policy and does not speculate in forex market.

e. Human Resources & Training

Companies are built on the strength of people who work for it. At Ion Exchange we believe that the success of our Company is dependent on dedicated and loyal performers.

The thrust is on Balance Score Card implementation, performance management, building competencies, team work and employee satisfaction to attract, develop and retain talent.

High performers are identified and groomed to take up challenging responsibilities. Employees are regularly given training to improve and excel in their jobs and to develop new skills that open up opportunities for growth.

Being a technology-driven organization, besides general and executive development programmes, we offer regular technical training in all aspects of environment management.

At IEI, we practice career progression. Many of our top managers have risen from the ranks. Employees are thus motivated to work with dedication as there is tangible proof of recognition of outstanding performance.

Our strength lies in the fact that we still work like a family – an extended family - comprising employees, stakeholders, dealers and suppliers. Emphasis on team work has resulted in synergy and better understanding the importance of satisfying internal and external customers and increased productivity.

Our understanding of customer needs and expectations has led us to a major change in our customer approach. We are now into understanding the business processes of our customer, to add more value to them.

f. Internal controls

Control framework within the company is adequate and comprehensive. The existing review mechanism provides reasonable assurance of the efficacy of the Internal control framework within the Company.

The company has an in-house internal audit department staffed with qualified and experienced professionals. The Audit plan for the year is presented to the Audit committee and is also approved on presentation. The audit plan takes into account the risk priorities assigned by the management. The Audit committee meets at regular intervals to review the audit observations and the progress of implementation of recommendations agreed by the Senior Management personnel. The statutory auditors too review the audit observations and make suitable recommendations.

g. Social responsibility initiatives

In keeping with its vision “To be the leader in our business which is so vital to people’s lives and the environment, your Company continues to engage in various corporate socially and environmentally responsible initiatives.

CSR activities include facilitating under privileged schoolgoing children in the pursuit of education and the Company is supporting two such centres in Mumbai and Bangalore. The Company has also started this year two water treatment operator diploma courses in association with Mars Trust in Chennai, Trinity College of Education in Pune besides on-going diploma course in water management in collaboration with Babasaheb Ambedkar College to provide practical and theoretical training and employment generation to students, and assisting technically qualified unemployed rural candidates to develop a career in water and waste water management.

CSR measures in the area of safe drinking water include the donation, by our Consumer Products division, of 5000 Jal Shudhi disinfectant tablets, a Zero B Water Vending Station and 500 units of Zero B Suraksha drinking water purifiers to the Nargis Dutt Memorial Trust, for Bihar flood victims. Other initiatives in this area continue such as adapting technology for safe drinking water to rural needs, developing low cost water purification devices for lower income strata to make drinking water increasing available to the masses.

Cautionary Statement

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

On behalf of the Board of Directors

G.S. Ranganathan
Chairman

Mumbai
Date : 19th June 2009

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy On Code Of Corporate Governance

Company's philosophy on corporate governance is aimed at assisting the top management of your Company in conducting its business in an efficient transparent manner and in meeting its obligations to shareholder and other stake holders.

The Company adheres to good corporate practices and is constantly striving to better them and adopt the emerging best practices. The Company will continue to focus its resources, strengths and strategies to achieve its vision of becoming a truly global water treatment company while upholding the core values of transparency, integrity, honesty and accountability.

At the heart of Company's Corporate Governance policy is the ideology of transparency and openness in the effective working of the management and Board. It is believed that the imperative for a good corporate governance lies not merely in drafting a code of Corporate Governance but in practicing it. Your Company confirms the compliance of Corporate Governance as contained in Clause 49 of the Listing Agreement, the details of which are given below:

2. Board of Directors (The Board)

i. Composition & Category of Directors [as on 31st March, 2009]

The Board comprises of Eleven Directors, of whom Eight Directors including Chairman are non-executive and Five directors are independent. The Composition of Board is given below:

Name	Category
Mr. G.S. Ranganathan	Non-Executive Chairman (Promoter)
Mr. Rajesh Sharma	Executive - Vice Chairman & Managing Director
Mr. M.R. Menon	Non-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. Sampath Kumar	Non-Executive, Independent
Mr. Dinesh Sharma	Executive
Mr. Aankur Patni	Executive
Mr. Abhiram Seth*	Non-Executive, Independent

*Mr. Abhiram Seth was appointed as additional director at the Board meeting held on 25th July 2008 and the members approved his appointment as director at the Annual General Meeting held on 26th September 2008.

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

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

The Company held Six Board Meetings on 17.06.2008, 25.07.2008, 26.09.2008, 24.10.2008, 21.01.2009 and 25.03.2009. At every board meeting, the matters specified under clause 49(IV), Annexure 1 of the Listing Agreement were placed and discussed.

The previous Annual General Meeting (AGM) of the Company held on 26th September, 2008 was attended by all the Directors except Mr. Akhil Marfatia.

The attendance of directors at the Board meeting, their Directorships in other Companies and Membership / Chairmanship in the Committees constituted by other Companies are given below:

Name	Number of Board Meetings Attended	Directorships in other Company(s) (as on 31/3/09)	Member/ Chairman of the committees of other company(s) (as on 31/3/09)
Mr. G. S. Ranganathan	6	3 (includes 1 Chairmanship)	-
Mr. Rajesh Sharma	6	12	-
Mr. M. R. Menon	6	3 (includes 1 Chairmanship)	-
Dr. V. N. Gupchup	6	4	-
Mr. M. P. Patni	6	12	-
Mr. T. M. M. Nambiar	6	2	3 (includes 1 Chairmanship)
Mr. A. Marfatia	5	2	-
Mr. P Sampath Kumar	4	1	-
Mr. Dinesh Sharma	5	13 (includes 1 Chairmanship)	1 (chairman)
Mr. Aankur Patni	5	9	-
Mr. Abhiram Seth	5	4	-

iii. Code of Conduct

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

A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct in respect of the Financial Year 2008-09.

Rajesh Sharma
Vice Chairman & Managing Director

3. Audit Committee

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

The Committee held five meetings during the year on 17.06.2008, 25.07.2008, 24.10.08, 21.01.2009 and 25.03.2009.

Name	Number of Audit Committee meetings attended
Mr. T.M.M.Nambiar	5
Mr. M.R.Menon	5
Dr. V.N.Gupchup	5

The Audit Committee is headed by Mr. T.M.M. Nambiar, a chartered accountant. All the members of the Committee, Mr. T. M. M. Nambiar, Mr. M. R. Menon and Dr. V. N. Gupchup are independent and non-executive except Mr. M R Menon, who is not independent. The Company Secretary acts as the Secretary to the Committee.

4. Remuneration Committee

The remuneration policy of the company determines the remuneration package of the directors (executive and non-executive) and statutory compensation payment. The Remuneration Committee is headed by Dr. V. N. Gupchup (Non-executive and independent) along with the members of the Committee are Mr. M. R. Menon and Mr. M. P. Patni (Non-executive).

The remuneration paid to Managing Director

Mr.Rajesh Sharma during the financial year 2008-2009 is given hereunder.

The remuneration paid to Managing Director Mr. Rajesh Sharma during the financial year 2007-2008 is given hereunder.

Name	Salary & Allowances (Rs.)	Contribution to Provident & other funds (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr.Rajesh Sharma	67,08,000/-	21,00,780/-	11,82,550/-	99,91,330/-

During the year pursuant to Shareholders' and Central Government approval the Company has paid remuneration of Rs.19,20,000/- each to Mr.Dinesh Sharma and Mr. Aankur Patni.

During the year, the Company paid Rs.16,60,000/- 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	2,55,000
Mr. M. R. Menon	2,55,000
Dr. V. N. Gupchup	2,60,000
Mr. T. M. M. Nambiar	2,40,000
Mr. M. P. Patni	1,60,000
Mr. A. Marfatia	1,00,000
Mr. P. Sampathkumar	90000
Mr. Abhiram Seth	1,00,000
Mr. Dinesh Sharma	1,00,000
Mr. Aankur Patni	1,00,000
	16,60,000

EMPLOYEES' STOCK OPTION SCHEMES (As on 31st March, 2009)

		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)	First grant - 12,00,000 (13.10.2008)
B.	Pricing formula	First grant @ Rs.12.50 Second grant @ Rs. 19.00 Third grant @ Rs. 94.00 Computed on the average of the weekly closing prices on The Stock Exchange, Mumbai during the 13 weeks prior to the date of grant or the closing price on the date of	First grant @ Rs.19.00 Second grant @ Rs. 94.00 Computed on the average of two weeks high and low price of the shares traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing price on the date of the grant whichever is lower or	First grant @ Rs.67.00 Second grant @ Rs.54.50 Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price	First grant @ Rs.58.20 Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price shall be at a discount not exceeding 25% on

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
	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)	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)	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)	the average price or the closing market price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant – First grant Rs.77.55)
C. Options vested	First grant – 3,84,500 Second grant – 5,36,100	First Grant – 6,50,000	First Grant - 4,80,000 Second Grant - 5,00,000	Nil
D. Options exercised	First grant – 2,77,000 Second grant – 3,89,700	First Grant – 5,78,675	First Grant – 3,18,500 Second Grant – 3,83,000	Nil
E. The total no. of shares arising as a result of exercise of option	First grant – 2,77,000 Second grant – 3,89,700	First Grant – 5,78,675	First Grant – 3,18,500 Second Grant – 3,83,000	Nil
F. Options lapsed	First grant – 1,07,500 Second grant – 1,44,400 Third grant – 17,000	First Grant – 58,075 Second grant – 11,000	First Grant – 30,000 Second grant – 8,000	None
G. Variation of terms of options	Pursuant to the approval of shareholders at 44th Annual General Meeting, the Employees' Stock Option Compensation Committee has decided to amend the vesting period for the options granted so that the date of vesting of all the options granted which were to be vested in tranches be advanced and all the options not vested as yet be vested simultaneously	i) Pursuant to the approval of shareholders at 42nd Annual General Meeting the Employees' Stock Option Compensation Committee has decided to advance the date of vesting of options so that options not vested as yet be vested immediately. ii) Pursuant to the approval of shareholders at 44th Annual General Meeting, the Employees' Stock Option Compensation Committee has decided to amend the vesting period for the	None	None

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
		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		
H. Money realised by exercise of options	First grant – Rs.34,62,500/- Second grant - Rs.74,04,300/-	First Grant – Rs.1,09,94,825/-	First grant- Rs.2,13,39,500/- Second grant - Rs.2,08,73,600/-	None
I. Total number of options in force	Second grant – 2,000 Third grant – 2,83,000	First Grant – 13,250 Second Grant – 3,39,000	First Grant – 1,51,500 Second Grant – 1,09,000	First Grant - 12,00,000
J. Employee wise details of options granted to :				
i) Senior managerial personnel	<p>First grant :</p> <p>To Directors: Mr.Rajesh Sharma – 50,000 (Vice Chairman & Managing Director) Mr.M.R.Menon-25,000 Mr.D.G.Rao-25,000 Dr.V.N.Gupchup-25,000</p> <p>To Vice presidents : Mr.L.V.Keshav –15,000 Mr.Ajay Popat –15,000</p> <p>Second grant :</p> <p>To Directors : Mr.M.P.Patni – 50,000 Mr.M.R.Menon - 25,000 Mr.D.G.Rao - 25,000 Dr.V.N.Gupchup – 25,000</p> <p>To Vice Presidents: Mr. L. V. Keshav – 15,000 Mr. Ajay Popat – 15,000 Mr. R. S. Rajan – 18,000</p> <p>To Directors of Subsidiary : Mr.V.G.Rajadhyaksha – 25,000 Mr.Abhiram Seth – 25,000</p>	<p>First grant</p> <p>To Directors : Mr.Rajesh Sharma – 75,000 (Vice Chairman & Managing Director) Mr.M.R.Menon-50,000 Mr.D.G.Rao-50,000 Dr.V.N.Gupchup 50,000 Mr.M.P.Patni – 50,000 Mr.T.M.M.Nambiar – 25,000</p> <p>To Vice presidents : Mr.R.S.Rajan – 15,000 Mr.Ajay Popat – 15,000 Mr.N.M.Ranadive – 10,000</p> <p>To Directors of Subsidiary : Mr.V.G.Rajadhyaksha – 25,000 Mr.Abhiram Seth – 25,000</p> <p>Second Grant :</p> <p>To Directors: Mr.Rajesh Sharma – 25,000 (Vice Chairman & Managing Director) Mr.M.P. Patni – 50,000 Mr.M.R.Menon – 40,000</p>	<p>First grant :</p> <p>To Directors : Mr.Rajesh Sharma – 75,000 (Vice Chairman & Managing Director) Mr.M.R.Menon - 40,000 Mr.M.P.Patni – 45,000 Mr.T.M.M.Nambiar – 40,000 Mr.Dinesh Sharma - 50,000 Mr.Aankur Patni – 50,000 Mr.P.SampathKumar – 20,000 Mr.A. K. Marfatia – 10,000</p> <p>To Vice presidents : Mr.R.S.Rajan – 25,000 Mr.Ajay Popat – 25,000 Mr.Nitin Samant – 20,000 Mr.N.M.Ranadive – 20,000</p> <p>Second Grant:</p> <p>To Directors : Mr.Rajesh Sharma – 90,000 (Vice Chairman & Managing Director)</p>	<p>To Directors: Mr. Rajesh Sharma - 1,20,000 (Vice Chairman & Managing Director) Mr. M.R. Menon - 25,000 Mr.M.P.Patni - 90,000 Mr.T.M.M.Nambiar - 25,000 Mr. Aankur Patni - 1,00,000 Mr. Dinesh Sharma - 1,00,000 Mr. Akhil Marfatia - 25,000 Mr. P.SampathKumar - 25,000 Mr.Abhiram Seth - 25,000 Dr. V.N.Gupchup - 25,000</p> <p>To Sr. Vice Presidents: Mr. Ajay Popat - 25,000 Mr. R.S. Rajan - 25,000 Mr.L.V.Keshav - 25,000</p> <p>To Vice Presidents: Mr.N.M.Ranadive - 25,000 Dr.S.V.Mehendale - 20,000 Mr.S.N.Iyengar- 25,000 Mr.J.P.Pathare - 25,000 Mr.Anil Khera - 24,000 Mr.Jayant Pimpale - 15,000</p>

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
	Third Grant: To Directors: Mr.T.M.M. Nambiar – 20,000 Mr. Aankur Patni – 45,000 Mr. Dinesh Sharma – 45,000 Mr. P.Sampathkumar – 10,000 Mr. A.K.Marfatia – 5,000 To Vice Presidents: Mr. Ajay Popat – 15,000 Mr. L.V. Keshav – 10,000 Mr. R.S. Rajan – 12,000 Mr.N.M.Ranadive – 10,000	Mr.T.M.M. Nambiar – 20,000 Mr. Aankur Patni – 45,000 Mr.Dinesh Sharma – 45,000 Mr.P.Sampathkumar – 10,000 Mr.A.K.Marfatia – 5,000 To Vice Presidents: Mr. Ajay Popat – 5,000 Mr. L.V. Keshav – 5,000 Mr. R.S. Rajan – 8,000 Mr.N.M.Ranadive – 5,000	Mr.M.R.Menon - 40,000 Mr.M.P.Patni – 51,000 Mr.T.M.M.Nambiar – 45,000 Mr. Dinesh Sharma – 57,000 Mr. Aankur Patni – 57,000 Mr. P SampathKumar – 20,000 Mr. A. K. Marfatia – 10,000 To Vice presidents : Mr.R.S.Rajan – 25,000 Mr.Ajay Popat – 25,000 Mr.N M.Ranadive – 25,000	
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
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.1.11				
L. where the company has calculated the employee compensation cost	N.A.	N.A.	N.A.	Please refer Schedule 17, Note 2

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
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.				
M. Weighted average exercise prices and weighted average fair value of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price of the stock.	N.A.	N.A.	N.A.	Please refer Schedule 17, Note 2
N. A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information: i. Risk-free interest rate ii. Expected life iii. Expected volatility iv. Expected dividends, and v. The price of the underlying share in market at the time of option granted.	N.A.	N.A.	N.A.	Please refer Schedule 17, Note 2

5. Shareholders / Investors Grievance Committee

The members of the Committee are Mr. G. S. Ranganathan (Non Executive), Dr. V. N. Gupchup (Non- executive and Independent), Mr. M. R. Menon (Non Executive) 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
i. Non receipt of Dividend / Interest warrants :	01	01
ii. Enquiry on non-receipt of shares sent for transfer :	04	04
iii. Enquiry on dematerialisation: of shares :	05	05
iv. Name Correction :	02	02
v. Letters received from SEBI and other statutory bodies :	01	01
vi. Change of address :	62	62
vii. ECS Mandate registration :	41	41
viii Loss of Shares :	53	53
ix. Split/Consolidation/ Renewal/Duplicate/ Subdivision/ Exchange of Shares :	02	02
x. Request for Nomination Forms :	01	01
xi. Transmission of Securities:	10	10
xii. Exchange/ Sub Division of shares :	10	10
xiii. Dividend / Interest queries: including request for changes in live warrants :	137	137
xiv Document Registration :	11	11
xv Redemption :	01	01
xvi Others (Miscellaneous) :	44	44

One Complaint received from Gunvantrai Bhaichand Mehta through Bombay Stock Exchange Ltd. regarding non receipt of dividend has been replied to. No complaint received through SEBI/NSDL/CDSL/ Department of Company Affairs during the financial year. All complaints are resolved to the satisfaction of investors / shareholders and there are no complaints pending for more than 30 days. The meeting of share transfer committee is held once in a fortnight.

6. Annual General Meetings

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

Year	Date	Time	Location
2005-2006	04.08.2006	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai - 400 034
2006-2007	26.09.2007	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai - 400 034
2007-2008	26.09.2008	11.00 a.m.	Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai - 400 034

Special Resolution Passed Through Postal Ballot:

During the year a special resolution was passed on 15th January 2009 by the Company's members through Postal Ballot under SEBI (Employee stock option scheme and employee stock purchase scheme) guidelines, 1999 for re-pricing the 6,50,000 options granted to employees on 5th June 2007 under ESOS - 2001 and ESOS - 2003. Details of the aforesaid special resolution passed through postal ballot are as under:

- i) Person who conducted the postal ballot exercise: The Board appointed Mr. Virendra Bhatt, Practising Company Secretary, as scrutinizer to conduct postal ballot voting process. Mr.Bhatt conducted the process and submitted his report to the Chairman.
- ii) Procedure followed: The Postal Ballot Notice and accompanying documents were dispatched to shareholders under certificate of posting. A calender of events was submitted to the Registrar of Companies, Maharashtra, Mumbai.
- ii) Details of voting pattern: After scrutinizing all the ballot forms received, the scrutinizer reported that the shareholders representing 99.71% of the total voting strength voted in favour of the resolution, based on which the results were declared and the resolution was carried with majority.

7. Disclosures

- i) The financial and commercial transactions entered into by Directors, their relatives and subsidiaries with the Company were not in conflict with the interests of the Company. The transactions with related parties are disclosed in the Notes to Accounts under Item no. 6.
- ii) The Company has complied with all the Statutory requirements and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other authority on any matter related to capital markets during the last three years.
- iii) The Company had laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

8. 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 SEBI (Securities & Exchange Board of India)'s EDIFAR (Electronic Data Information File and Retrieval) website www.sebidifar.nic.in and our company's website (www.ionindia.com).

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

9. 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.

10. General Shareholder Information

i) Annual General Meeting

Date : 24th September 2009
 Time : 11.00 a.m.
 Venue : Amar Gian Grover Auditorium,
 Lala Lajpat Rai Marg, Haji Ali,
 Mumbai - 400 034

ii) Financial calendar year 2009-10

Financial year	1st April to 31st March
Quarter ending June 30, 2009	Last week of July, 2009
Quarter ending September 30, 2009	Last week of October, 2009
Quarter ending December 31, 2009	Last week of January, 2010
Year ending March 31, 2010	Last week of June, 2010

iii) Book closure date

The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, 17th September, 2009 to Thursday 24th September, 2009 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31st March, 2009, if declared at the Annual general meeting,

iv) Dividend payment date

Dividend, if declared shall be paid on or before 29th September, 2009

v) Listing on Stock Exchange

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

vi) Stock code and ISIN Number

The Stock Exchange, Mumbai - 500214.

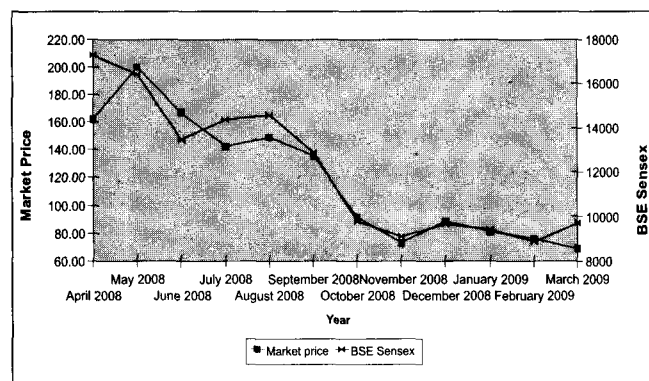
ISIN Number - INE570A01014.

The Stock Exchange, Mumbai

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

Month	High (Rs.)	Low (Rs.)
Month	High (Rs.)	Low (Rs.)
April, 2008	193.90	130.15
May, 2008	233.80	166.10
June, 2008	195.45	138.60
July, 2008	160.25	124.00
August, 2008	157.85	140.00
September, 2008	158.00	113.00
October, 2008	117.50	65.00
November, 2008	91.00	55.00
December, 2008	112.00	65.25
January, 2009	97.00	65.15
February, 2009	86.00	66.50
March, 2009	79.95	58.30

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 15 days of receipt, provided the documents are clear in all respects. During the financial year 2008-2009 the share transfer committee held 24 meetings. Mr. G.S. Ranganathan (non-executive), Mr. M.R. Menon (non executive), Dr. V.N. Gupchup (non-executive) and Mr. Rajesh Sharma are the members of the Committee. The Company Secretary is the compliance officer.

Distribution of Shareholding as on 31st March, 2009

No. of Shares	No. of Shareholders	%	Holdings	%
Less than 500	11,284	87.56	13,90,407	10.95
501 - 1000	823	6.39	6,24,141	4.92
1001 - 2000	391	3.03	5,61,581	4.42
2001 - 3000	91	0.71	2,30,329	1.81
3001 - 4000	39	0.30	1,41,975	1.12
4001 - 5000	41	0.32	1,90,915	1.50
5001 - 10000	90	0.70	6,53,260	5.15
10001 & above	128	0.99	88,99,853	70.12
TOTAL	12,887	100.00	1,26,92,461	100.00

Shareholding Pattern as on 31st March, 2009

Category	Holdings	%
Promoter & Promoter Group	50,81,843	40.04
Mutual Funds & UTI	5,42,887	4.28
Banks, Financial Institutions & Insurance Companies	2,96,307	2.33
FII's	1,47,211	1.16
Domestic Companies	10,19,789	8.03
Public	55,54,876	43.77
NRIs/OCBs	49,548	0.39
TOTAL	1,26,92,461	100.00

Dematerialisation of Shares and Liquidity

The Company's Equity Shares are in compulsory demat i.e. electronic mode and as on 31st March, 2009, 68.31% of the equity capital were held in dematerialised form.

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

Plant Locations

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

Address for correspondence:

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

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

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

To the Members of Ion Exchange (India) Limited

We have examined the compliance of the conditions of Corporate Governance by Ion Exchange (India) Limited for the year ended 31st March, 2009, 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: June 19, 2009

Auditors' Report

To
The Members of Ion Exchange (India) Limited

1. We have audited the attached Balance Sheet of Ion Exchange (India) Limited ('the Company') as at 31st March 2009 and also the Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. *In view of the factors discussed in Note 10 in Schedule 17 to the financial statements, the Management has not considered any provision in respect of Investments of Rs. 54.70 lacs (Previous Year Rs. 54.70 lacs) in and advances of Rs.1,668.04 lacs (Previous Year Rs.1,451.86 lacs) to Ion Exchange Enviro Farms Limited, a subsidiary company. Consequently, the effect, if any, on the carrying value of investments and advances given are currently unascertainable. Our audit report on the Financial Statements for the year ended 31st March 2008 was also modified in respect of the matter stated above.*
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - v. On the basis of the written representations received from the directors, as on 31st March 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
 - vi. *Subject to the matter stated in paragraph 4 above, the effect of which is currently unascertainable, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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 2009;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Chartered Accountants

per Vijay Maniar
Partner
Membership No.:36738

Place : Mumbai
Date : 19th June 2009

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

- | | |
|--|--|
| <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. As informed, no material discrepancies were noticed on such verification.</p> <p>(c) There was no substantial disposal of fixed assets during the year.</p> | <p>or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clause (f) & (g) of the order are not applicable to the Company.</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 certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.</p> |
| <p>(iii) (a) The Company has granted unsecured loan to a company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 16,68,04,270 and the year end balance of loans granted to such party was Rs. 16,68,04,270.</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 such loan are not prima facie prejudicial to the interest of the Company.</p> <p>(c) The loan granted is re-payable on demand. As informed, the Company has not demanded repayment of the said loan during the year, thus, there has been no default on the part of the party to whom the money has been lent. <i>The payment of interest has not been regular, where applicable</i> (Refer Note 10 in Schedule 17).</p> <p>(d) There is no overdue amount of loan granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.</p> <p>(e) The Company has not taken any loans, secured or unsecured from companies, firms</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 respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lacs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.</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 relevant provisions of the Companies Act, 1956 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.</p> <p>(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.</p> <p>(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.</p> |

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, or employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess have generally been regularly deposited with the appropriate authorities *though there has been a slight delay in a 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 undisputed 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, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty and Penalty	30,52,000	2004-05	Commissioner of Central Excise
Sales Tax Act for the following states- Maharashtra, Gujarat	Disallowance on account of non submission of required forms	2,58,682	1991-92	Sales Tax Tribunal
		41,36,435	1993-94 and 1994-95	Sales Tax Tribunal
		57,94,502	1995-96	Dy.Commissioner Appeals
		23,11,602	1996-97	Sales Tax Tribunal
		1,05,172	1997-98	Sales Tax Tribunal
		8,46,990	1997-98	Assistant Commissioner Appeals
		4,11,495	1998-99	Sales Tax Tribunal
		13,84,217	1998-99	Assistant Commissioner Appeals
		3,09,79,413	1999-00	Sales Tax Tribunal
		14,15,690	1999-00	Assistant Commissioner Appeals
		33,99,447	2000-01	Sales Tax Tribunal
		24,48,136	2000-01	Assistant Commissioner Appeals
		3,71,382	2000-01	Joint Commissioner of Sales Tax
		7,10,550	2001-02	Sales Tax Tribunal
		4,15,070	2001-02	Assistant Commissioner Appeals
		9,28,816	2003-04	Assistant Commissioner Appeals
The Customs Act,1962	Liability on account of additional duty, interest and difference in valuation (to the extent ascertainable)	24,53,117	1998, 2002 and 2005	Custom, Excise and Service Tax Appellate Tribunal.

- (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 or bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records

produced to 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 Companies (Auditor's Report) Order, 2003 (as amended) 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 Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantees for loans taken by subsidiaries and a joint venture from banks, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- (xvi) Based on information and explanations given to us by the Management, term loans were applied for the purpose for which they 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 Companies Act, 1956.
- (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 course of our audit.

For S. R. Batliboi & Co.
Chartered Accountants

per Vijay Maniar
Partner
Membership No.:36738

Place : Mumbai
Date : 19th June 2009

BALANCE SHEET as at 31st March 2009

	Schedules			31st March 2008	
		Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1a	12,69,24,610		12,65,69,110	
Stock Options Outstanding	1b	3,06,83,485		1,51,62,441	
Reserves and Surplus	2	1,12,86,19,689		1,12,69,02,908	
			1,28,62,27,784		1,26,86,34,459
LOAN FUNDS	3				
Secured Loans		54,95,84,574		61,01,96,567	
Unsecured Loans		23,90,24,000		13,77,85,000	
			78,86,08,574		74,79,81,567
DEFERRED TAX LIABILITY (NET) (Refer Note 3 on Schedule 17)			3,33,58,855		2,94,32,474
TOTAL			2,10,81,95,213		2,04,60,48,500
II. APPLICATION OF FUNDS					
FIXED ASSETS	4				
Gross Block		1,26,74,93,557		1,21,62,83,894	
Less: Accumulated Depreciation		63,12,44,732		57,89,39,583	
Net Block		63,62,48,825		63,73,44,311	
Capital Work-in-Progress, including capital advances		56,63,461		1,40,61,541	
			64,19,12,286		65,14,05,852
INVESTMENTS	5		10,24,15,088		9,17,29,769
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	6	37,60,00,954		47,73,08,793	
Sundry Debtors	7	2,12,95,53,299		1,98,58,29,026	
Cash and Bank Balances	8	5,74,79,557		7,75,02,955	
Other Current Assets	9	24,92,988		15,59,635	
Loans and Advances	10	81,27,04,691		70,68,93,294	
(A)		3,37,82,31,489		3,24,90,93,703	
Less: CURRENT LIABILITIES AND PROVISIONS	11				
Current Liabilities		1,95,75,07,340		1,87,68,52,136	
Provisions		5,68,56,310		6,93,28,688	
(B)		2,01,43,63,650		1,94,61,80,824	
NET CURRENT ASSETS (A - B)			1,36,38,67,839		1,30,29,12,879
TOTAL			2,10,81,95,213		2,04,60,48,500
Notes to Accounts	17				

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

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Place : Mumbai
Date : 19th June 2009

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2009

	Schedules	Rupees	Rupees	2007 - 2008 Rupees
INCOME				
Sales and Services (Gross)	12	4,45,25,35,686		5,03,34,10,786
Less: Excise Duty Recovered on Sales (Refer Note 17 on Schedule 17)		18,26,29,891		27,76,05,040
Sales and Services (Net)			4,26,99,05,795	4,75,58,05,746
Other Income	13		9,48,72,359	6,44,50,357
TOTAL			4,36,47,78,154	4,82,02,56,103
EXPENDITURE				
Cost of Goods Sold	14		2,95,90,30,359	3,50,67,50,345
Operation and Other Expenses	15		1,21,23,47,057	1,04,23,84,442
Interest	16		10,18,37,930	6,95,72,540
Depreciation	4	5,42,27,687		4,48,87,942
Less: Transfer from Revaluation Reserve		28,470		28,470
			5,41,99,217	4,48,59,472
TOTAL			4,32,74,14,563	4,66,35,66,799
PROFIT BEFORE TAX			3,73,63,591	15,66,89,304
Provision for Taxation				
- Current Tax		78,00,000		2,83,00,000
- Deferred Tax charge (Refer Note 3 on Schedule 17)		39,26,381		52,09,696
- Fringe Benefit Tax		1,12,00,000		1,67,00,000
			2,29,26,381	5,02,09,696
PROFIT AFTER TAX			1,44,37,210	10,64,79,608
Balance brought forward from Previous Year			20,04,98,615	13,26,82,076
PROFIT AVAILABLE FOR APPROPRIATION			21,49,35,825	23,91,61,684
APPROPRIATIONS				
Dividend (Refer Note 19 on Schedule 17)		67,100		8,95,050
Tax on Dividend		11,404		1,52,113
			78,504	10,47,163
Proposed Final Dividend		1,26,92,461		2,53,13,822
Tax on Proposed Dividend		21,57,084		43,02,084
			1,48,49,545	2,96,15,906
Transfer to General Reserve			-	80,00,000
SURPLUS CARRIED FORWARD TO BALANCE SHEET			20,00,07,776	20,04,98,615
EARNINGS PER SHARE				
[Nominal value of shares Rs. 10 (2007-2008 : Rs. 10)] (Refer Note 8 on Schedule 17)				
Basic			1.13	8.63
Diluted			1.11	8.12
Notes to Accounts	17			

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

For S. R. BATLIBOI & CO.
 Chartered Accountants

per VIJAY MANIAR
 Partner
 Membership No. : 36738

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

G. S. RANGANATHAN
 Chairman

RAJESH SHARMA
 Vice Chairman & Managing Director

MILIND PURANIK
 Company Secretary

Place : Mumbai
 Date : 19th June 2009

Place : Mumbai
 Date : 19th June 2009

Schedules forming part of the Balance Sheet as at 31st March 2009

SCHEDULE - 1a	Rupees	31st March 2008 Rupees	
SHARE CAPITAL			
Authorised:			
1,50,00,000 (2007-2008 : 1,50,00,000) Equity Shares of Rs. 10 each.	<u>15,00,00,000</u>	<u>15,00,00,000</u>	
Issued, Subscribed and Paid-up:			
1,26,92,461 (2007-2008 : 1,26,56,911) Equity Shares of Rs. 10 each, fully paid-up.	<u>12,69,24,610</u>	<u>12,65,69,110</u>	
	<u>12,69,24,610</u>	<u>12,65,69,110</u>	
Of the above:			
1. 10,000 (2007-2008 : 10,000) Equity Shares of Rs. 10 each are allotted as fully paid-up, pursuant to a contract, for consideration other than cash.			
2. 20,65,184 (2007-2008 : 20,65,184) Equity Shares of Rs. 10 each are allotted as fully paid-up Bonus Shares by capitalisation of Revenue Reserve/ Share Premium.			
3. 9,600 (2007-2008 : 9,600) Equity Shares of Rs. 10 each, fully paid-up, have been allotted to the shareholders of erstwhile Hydranautics Membranes India Limited (HMIL) at the meeting of Board of Directors held on 15th May 2000, pursuant to the Scheme of Amalgamation of the erstwhile HMIL with the Company.			
4. 6,66,700 (2007-2008 : 6,66,700) Equity Shares, 5,78,675 (2007-2008 : 5,78,675) Equity Shares and 7,01,500 (2007-2008 : 6,65,950) Equity Shares have been allotted to the directors and employees under Employees Stock Options Scheme – ESOS - 2001, ESOS - 2003 and ESOS - 2005 respectively upto 31st March 2009. Also, Refer Note 2 on Schedule 17.			
SCHEDULE - 1b	Rupees	Rupees	31st March 2008 Rupees
STOCK OPTIONS OUTSTANDING (Refer Notes 1(x) and 2 on Schedule 17)			
Employee Stock Options Outstanding		4,79,97,363	2,66,76,023
Less: Deferred Employee Compensation Outstanding		<u>1,73,13,878</u>	<u>1,15,13,582</u>
		<u>3,06,83,485</u>	<u>1,51,62,441</u>
SCHEDULE - 2			
RESERVES AND SURPLUS			
Capital Reserve		26,67,745	26,67,745
Special Reserve (As per Section 45 - 1C of the Reserve Bank of India Act)		16,00,060	16,00,060
Revaluation Reserve (Refer Note 1(i) on Schedule 17)			
Balance as at 1st April	11,91,210		12,19,680
Less: Transfer to Profit and Loss Account	<u>28,470</u>		<u>28,470</u>
		11,62,740	11,91,210
Contingency Reserve		4,00,00,000	4,00,00,000
General Reserve			
Balance as at 1st April	13,51,98,364		12,71,98,364
Add: Transfer from Profit and Loss Account	-		80,00,000
		13,51,98,364	13,51,98,364
Security Premium Account			
Balance as at 1st April	74,57,46,914		69,88,90,254
Add: Received on account of Employee Stock Option Plan	<u>22,36,090</u>		<u>4,68,56,660</u>
		74,79,83,004	74,57,46,914
Profit and Loss Account		20,00,07,776	20,04,98,615
		<u>1,12,86,19,689</u>	<u>1,12,69,02,908</u>

Schedules forming part of the Balance Sheet as at 31st March 2009

SCHEDULE - 3

LOAN FUNDS

1. SECURED LOANS

A. Cash Credit from Banks (including working capital demand loan)

31,10,48,186

31st March 2008
Rupees

19,05,96,825

Primary Security: Secured by joint hypothecation of Book Debts and Stocks.
Collateral Security: By way of first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru. Further, by way of second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa.

B. Cash Credit from Banks

-

7,67,46,679

Secured by hypothecation of Book Debts and Stocks pertaining to a project.

C. Packing Credit Loan from Banks

14,58,66,442

19,87,09,255

Primary Security: Secured by joint hypothecation of Book Debts and Stocks.
Collateral Security: By way of first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru. Further, by way of second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa.

D. Term Loan from a Bank

3,25,00,000

4,87,50,000

Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future.

[Due within one year Rs. 1,62,50,000 (2007-2008 : Rs. 1,62,50,000)]

E. Term Loan from a Bank

4,94,13,000

6,00,00,000

Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future.

[Due within one year Rs. 1,41,16,000 (2007-2008 : Rs. 1,05,87,000)]

F. Loan from a Bank

-

2,20,00,000

Secured by First Charge by way of mortgage of immovable property situated at Mumbai

[Due within one year Rs. Nil (2007-2008 : Rs. 2,20,00,000)]

G. Vehicle finance from Banks

1,07,56,946

1,33,93,808

Secured by hypothecation of vehicles.

[Due within one year Rs. 28,96,330 (2007-2008 : Rs. 24,14,755)]

54,95,84,574

61,01,96,567

2. UNSECURED LOANS

A. Fixed Deposits

6,18,58,000

9,66,85,000

[Due within one year Rs. 4,19,73,000 (2007-2008 : Rs. 4,92,37,000)]

B. Inter Corporate Deposit

1,05,00,000

1,35,00,000

[Due within one year Rs. 1,05,00,000 (2007-2008 : Rs. 1,35,00,000)]

C. Loan from Banks

16,66,66,000

2,76,00,000

[Due within one year Rs. 16,66,66,000 (2007-2008 : Rs. 2,76,00,000)]

23,90,24,000

13,77,85,000

Schedules forming part of the Balance Sheet as at 31st March 2009

SCHEDULE - 4

FIXED ASSETS

(in Rupees)

Particulars	Gross Block				Depreciation				Net Block	
	As at 1st April 2008	Additions during the year	Deductions/ Adjustments during the year	As at 31st March 2009	As at 1st April 2008	Depreciation during the year	Deductions/ Adjustments during the year	As at 31st March 2009	As at 31st March 2009	As at 31st March 2008
Land (Freehold)	87,01,593	-	-	87,01,593	-	-	-	-	87,01,593	87,01,593
Land (Leasehold)	2,11,32,011	28,52,430	-	2,39,84,441	49,23,380	3,02,992	-	52,26,372	1,87,58,069	1,62,08,631
Buildings on Leasehold Land	21,15,80,236	69,80,821	-	21,85,61,057	6,66,18,106	66,01,184	-	7,32,19,290	14,53,41,767	14,49,62,130
Buildings on Freehold Land (Refer Notes 1, 2 and 3 below)	16,98,77,179	39,77,789	-	17,38,54,968	3,09,20,189	24,67,210	-	3,33,87,399	14,04,67,569	13,89,56,990
Plant and Machinery (including Electrical Installation)	55,88,88,442	2,60,99,137	2,43,400	58,47,44,179	32,88,54,923	2,79,96,610	2,43,400	35,66,08,133	22,81,36,046	23,00,33,519
Vehicles	2,88,71,150	14,83,277	30,55,902	2,72,98,525	96,19,797	23,91,629	15,16,030	1,04,95,396	1,68,03,129	1,92,51,353
Furniture, Fixture and Office Equipments	21,72,33,283	1,34,07,318	2,91,807	23,03,48,794	13,80,03,188	1,44,68,062	1,63,108	15,23,08,142	7,80,40,652	7,92,30,095
	1,21,62,83,894	5,48,00,772	35,91,109	1,26,74,93,557	57,89,39,583	5,42,27,687	19,22,538	63,12,44,732	63,62,48,825	63,73,44,311
Previous Year	96,10,66,256	26,25,06,130	72,88,492	1,21,62,83,894	53,78,61,479	4,48,87,942	38,09,838	57,89,39,583		
Capital Work-in-Progress (Refer Note 4 below) (Including advance on capital account Rs. 22,16,208 (2007-2008 : Rs. 60,37,610))									56,63,461	1,40,61,541
									64,19,12,286	65,14,05,852

Notes:

- Includes Ownership blocks, the cost of which includes:
 - Rs. 250 (2007-2008 : 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 (2007-2008 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
- Includes Ownership blocks acquired at Mumbai, the Society formation of which is in progress.
- Includes Ownership blocks comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.
- Capital Work-in-Progress includes amount of Rs. 25,33,481 (2007-2008 : Rs. 25,33,481) paid for acquiring furnished office premises, the ownership of which is under legal dispute and Rs. Nil (2007-2008 : Rs. 20,00,000) in respect of premise at Mumbai, for which transfer formalities are in progress.
- Buildings on Freehold Land includes buildings given on operating lease :
 - Gross Book Value Rs. 3,55,08,539 (2007-2008 : Rs. 3,55,08,539)
 - Accumulated depreciation Rs. 73,45,945 (2007-2008 : Rs. 67,30,787)
 - Depreciation for the year Rs. 6,15,158 (2007-2008 : Rs. 6,15,158)
 - Net book value Rs. 2,81,62,594 (2007-2008 : Rs. 2,87,77,752)

Schedules forming part of the Balance Sheet as at 31st March 2009

SCHEDULE - 5

INVESTMENTS - Long Term (at cost)

A. IN SUBSIDIARY COMPANIES (UNQUOTED)

	Rupees	31st March 2008 Rupees
Shares in Aqua Investments (India) Limited 17,60,000 (2007-2008 : 17,60,000) Equity Shares of Rs. 10 each, fully paid-up	1,76,00,000	1,76,00,000
Shares in Watercare Investments (India) Limited 17,70,000 (2007-2008 : 17,70,000) Equity Shares of Rs. 10 each, fully paid-up	1,77,00,000	1,77,00,000
Shares in Ion Exchange Enviro Farms Limited (Refer Note 10 on Schedule 17) 5,47,000 (2007-2008 : 5,47,000) Equity Shares of Rs. 10 each, fully paid-up [Certificates for 3,000 (2007-2008 : 3,000) Equity Shares are physically not available]	54,70,000	54,70,000
Shares in Ion Exchange Asia Pacific Pte. Limited 4,60,000 (2007-2008 : 1,60,000) Equity Shares of Singapore Dollar 1 each, fully paid-up	1,37,73,853	42,79,634
Shares in IEI Environmental Management (M) Sdn. Bhd. 1,50,000 (2007-2008 : 1,50,000) Equity Shares of Malaysian Ringgit 1 each, fully paid-up	18,10,111	18,10,111
Shares in Ion Exchange LLC, USA 1,00,000 (2007-2008 : 1,00,000) Equity Shares of United State Dollar 1 each, fully paid-up	43,33,000	43,33,000
Shares in Ion Exchange & Company LLC, Oman 90,000 (2007-2008 : 90,000) Equity Shares of Omani Rial 1 each, fully paid-up	1,05,76,800	1,05,76,800
Shares in Ion Exchange Environment Management (BD) Limited 10,000 (2007-2008 : 10,000) Equity Shares of Bangladeshi Taka 100 each, fully paid-up	7,00,000	7,00,000
Shares in Ion Exchange Infrastructure Limited 5,10,000 (2007-2008 : 2,55,000) Equity Shares of Rs. 10 each, fully paid-up	51,00,000	25,50,000
	<u>7,70,63,764</u>	<u>6,50,19,545</u>

B. NON-TRADE AND UNQUOTED

6 Year National Savings Certificates	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

C. TRADE AND UNQUOTED

Shares in Ion Exchange Services Limited 2,94,875 (2007-2008 : 2,94,875) Equity Shares of Rs. 10 each, fully paid-up	9,20,948	9,20,948
Shares in Global Composites & Structurals Limited 2,00,000 (2007-2008 : 2,00,000) Equity Shares of Rs. 10 each, fully paid-up	20,00,000	20,00,000
Shares in Ion Exchange Waterleau Limited 13,89,500 (2007-2008 : 13,89,500) Equity Shares of Rs. 10 each, fully paid-up	1,38,95,000	1,38,95,000
Shares in Total Water Management Services (India) Limited 24,000 (2007-2008 : 24,000) Equity Shares of Rs. 10 each, fully paid-up	2,40,000	2,40,000
Share in Aquanomics Systems Limited 2,30,000 (2007-2008 : 2,30,000) Equity Shares of Rs. 10 each, fully paid-up	23,00,000	23,00,000
Shares in Astha Technical Services Limited 1,30,000 (2007-2008 : 62,400) Equity Shares of Rs. 10 each, fully paid-up	13,00,000	6,24,000
Shares in IEK Plastics Limited 6,000 (2007-2008 : 6,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 60,000 (2007-2008 : Rs. 60,000)]	-	-
Shares in IEI Mansel Services Limited 15,000 (2007-2008 : 15,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,50,000 (2007-2008 : Rs. 1,50,000)]	-	-

Carried Forward

	<u>2,06,55,948</u>	<u>1,99,79,948</u>
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Schedules forming part of the Balance Sheet as at 31st March 2009**SCHEDULE - 5 (Contd.)**

	Rupees	31st March 2008 Rupees
Brought Forward	2,06,55,948	1,99,79,948
Shares in Patancheru Enviro-tech Limited 113 (2007-2008 : 113) Equity Shares of Rs. 10 each, fully paid-up	1,130	1,130
Shares in Bharuch Enviro Infrastructure Limited 10,500 (2007-2008 : 10,500) Equity Shares of Rs. 10 each, fully paid-up	1,05,000	1,05,000
Shares in HMG Industries Limited 75,000 (2007-2008 : 75,000) 14.25% Preference Shares of Rs. 100 each, fully paid-up [Net of provision for diminution in the value Rs. 74,50,000 (2007-2008 : Rs. 74,50,000)]	50,000	50,000
Shares in Bharuch Eco-Aqua Infrastructure Limited 3,52,500 (2007-2008 : 2,75,000) Equity Shares of Rs. 10 each, fully paid-up	35,25,000	27,50,000
Shares of Global Procurement Consultants Limited 20,000 (2007-2008 : 20,000) Equity Shares of Rs. 10 each, fully paid-up	2,00,000	2,00,000
	2,45,37,078	2,30,86,078
Aggregate value of Unquoted Investments (A+B+C)	10,16,10,842	8,81,15,623
D. NON-TRADE AND QUOTED		
6.75% Tax Free US - 64 Bonds Nil (2007-2008 : 26,299) Bonds of Rs. 100 each, fully paid-up [All Units earmarked under Rule 3A of Companies (Acceptance of Deposits) Rules, 1975]	-	26,29,900
Units of Master Plus of Unit Trust of India 5,000 (2007-2008 : 5,000) Units of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. 1,800 (2007-2008 : Rs. 1,800)]	75,200	75,200
Shares of Sterlite Technologies Limited 1,175 (2007-2008 : 1,175) Equity Shares of Rs. 5 each, fully paid-up	2,05,000	2,05,000
Shares of Jain Irrigation Systems Limited 14 (2007-2008 : 14) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. 3,178 (2007-2008 : Rs. 3,178)]	546	546
Shares of Canara Bank 8,100 (2007-2008 : 8,100) Equity Shares of Rs. 10 each, fully paid-up	2,83,500	2,83,500
11.25% Bonds of Gujarat Urja Vikas Nigam Limited 6 (2007-2008 : 6) Bonds of Rs. 40,000 each (2007-2008 : Rs. 70,000 each), fully paid-up	2,40,000	4,20,000
Aggregate value of Quoted Investments (D)	8,04,246	36,14,146
TOTAL (A+B+C+D)	10,24,15,088	9,17,29,769
Market value of Quoted Investments as on 31st March 2009 is Rs. 18,94,097 (2007-2008 : Rs. 54,74,241)		

SCHEDULE - 6**INVENTORIES**

(Refer Notes 1 (iv) and (v) on Schedule 17)

Raw Materials and Components	17,82,10,938	30,77,51,236
Raw Material-in-Transit	3,61,43,489	3,84,60,966
Work-in-Progress	1,66,47,605	1,47,23,832
Finished Goods	10,80,81,927	7,98,88,706
Finished Goods-in-Transit	1,16,738	6,02,942
Stores and Spare Parts	1,40,80,757	1,06,64,055
Contract Work-in-Progress	2,27,19,500	2,52,17,056
	37,60,00,954	47,73,08,793

Schedules forming part of the Balance Sheet as at 31st March 2009

SCHEDULE - 10	Rupees	Rupees	31st March 2008 Rupees
LOANS AND ADVANCES			
A. Secured, Considered good:			
Advances recoverable in cash or in kind or for value to be received		2,63,462	2,53,770
B. Unsecured, Considered good, unless otherwise stated:			
Loans and Advances to subsidiaries (Refer Notes 6 (IV) and 10 on Schedule 17)		20,21,28,002	16,82,66,032
Advances recoverable in cash or in kind or for value to be received			
- Considered good (Refer Note below and Note 9 on Schedule 17)	53,47,31,488		47,81,37,500
- Considered doubtful	3,54,82,346		3,65,94,336
Less: Provision for Doubtful Advances	<u>3,54,82,346</u>		<u>3,65,94,336</u>
		53,47,31,488	47,81,37,500
Advance Tax and Tax Deducted at Source [Net of provision for taxation aggregating Rs. 18,71,15,936 (2007-2008 : Rs. 17,93,15,936)]		4,71,05,119	3,61,09,832
Share Application Money (towards investment in subsidiary company)		3,50,000	3,50,000
Unamortized Premium on Forward Contracts		5,26,667	4,27,489
Tender, Security and other Deposits			
- Considered good	2,73,53,989		2,26,58,934
- Considered doubtful	44,73,714		44,73,714
Less: Provision for Doubtful Deposits	<u>44,73,714</u>		<u>44,73,714</u>
		2,73,53,989	2,26,58,934
Balances with Excise Authorities		2,45,964	6,89,737
Inter Corporate Deposits			
- Considered doubtful	57,07,290		57,07,290
Less: Provision for Doubtful Inter Corporate Deposits	<u>57,07,290</u>		<u>57,07,290</u>
		-	-
		<u>81,27,04,691</u>	<u>70,68,93,294</u>

Note:

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

Loans due from IEI Shareholding Trusts Rs. 24,01,78,500

(2007-2008 : Rs. 24,42,94,500)

[Maximum amount outstanding Rs. 24,42,94,500

(2007-2008 : Rs. 24,73,78,000)]

Schedules forming part of the Balance Sheet as at 31st March 2009

SCHEDULE - 11

CURRENT LIABILITIES AND PROVISIONS

A. Current Liabilities:

Sundry Creditors

- From Subsidiary Companies
- Micro and Small Enterprises
(Refer Note 23 on Schedule 17)
- Other than Micro and Small Enterprises

Other Liabilities

Interest accrued but not due

Investor Education and Protection Fund shall be credited by the following amounts namely *

- Unclaimed Dividends
- Unclaimed Interest on Fixed Deposits
- Unclaimed Matured Deposits

Acceptances

Deposits

Commitment Deposit Under Employees Stock Option Scheme
(Refer Note 2 on Schedule 17)

Advance from Customers and Progress Claims
[Includes advances in respect of engineering contracts Rs. 21,80,04,282
(2007-2008 : Rs. 18,62,46,813)]

TOTAL (A)

B. Provisions:

Provision for Fringe Benefit Tax
[Net of Advance Tax Rs. 4,33,33,093 (2007-2008 : Rs. 2,76,74,447)]

Provision for Leave Encashment

Proposed Dividend

Tax on Proposed Dividend

TOTAL (B)

TOTAL (A + B)

	Rupees	Rupees	31st March 2008 Rupees
			-
	28,53,597		-
	1,45,44,91,003		1,42,38,40,396
		1,45,73,44,600	1,42,38,40,396
		1,29,45,012	1,14,29,935
		24,56,324	36,00,393
			11,21,416
	15,37,931		31,70,119
	22,35,233		36,85,000
	44,22,000		79,76,535
		81,95,164	16,60,70,089
		16,27,15,783	5,73,34,642
		6,12,82,081	4,11,548
		30,048	20,61,88,598
		25,25,38,328	1,87,68,52,136
		1,95,75,07,340	1,12,25,553
		67,66,907	2,84,87,229
		3,52,39,858	2,53,13,822
		1,26,92,461	43,02,084
		21,57,084	6,93,28,688
		5,68,56,310	1,94,61,80,824
		2,01,43,63,650	

* As at 31st March 2009, there are no amounts due to be credited to Investor Education and Protection Fund.

Schedules forming part of the Profit and Loss Account for the year ended 31st March 2009

SCHEDULE - 12

SALES AND SERVICES

Sales (Refer Note 17 on Schedule 17)
[Tax deducted at source Rs. 69,19,113 (2007-2008 : Rs. 1,64,30,375)]
Commission
Management Fees
[Tax deducted at source Rs. 36,20,070 (2007-2008 : Rs. 31,86,985)]

Rupees	2007 - 2008 Rupees
4,41,81,20,908	5,00,36,81,803
39,02,179	16,86,066
3,05,12,599	2,80,42,917
<u>4,45,25,35,686</u>	<u>5,03,34,10,786</u>

SCHEDULE - 13

OTHER INCOME

Scrap Sales
Rent
[Tax deducted at source Rs. 56,41,876 (2007-2008 : Rs. 51,22,102)]
Dividend Income (Refer Note below)
Amount set aside for liabilities, no longer required, written back
Interest from Subsidiary
[Tax deducted at source Rs. 14,34,065 (2007-2008 : Rs. 12,44,421)]
Interest from Banks
[Tax deducted at source Rs. 6,83,756 (2007-2008 : Rs. 5,38,682)]
Interest from Others
[Tax deducted at source Rs. 19,918 (2007-2008 : Rs. 15,056)]
Exchange Gain (Net)
Miscellaneous Income
Write-back of diminution in value of Investments (Net)

50,76,109	55,77,213
2,54,39,052	2,16,41,941
19,89,150	9,00,459
69,23,343	10,81,020
69,61,482	60,40,878
31,27,932	21,78,446
2,98,028	4,72,314
4,33,75,190	70,62,396
16,82,073	17,64,675
-	1,77,31,015
<u>9,48,72,359</u>	<u>6,44,50,357</u>

Note: Includes Rs. 9,96,625 (2007-2008 : Rs. 8,40,750) received from trade investments.

SCHEDULE - 14

COST OF GOODS SOLD

A. Raw Materials and Components Consumed*
B. Purchase of Traded Goods
C. Increase/(Decrease) in Stocks:

2,80,75,93,900	3,31,36,82,938
17,85,69,693	20,13,59,269

Closing Stocks:

- Work-in-Progress
- Finished Goods
- Finished Goods-in-Transit
- Contract Work-in-Progress

1,66,47,605	1,47,23,832
10,80,81,927	7,98,88,706
1,16,738	6,02,942
2,27,19,500	2,52,17,056
14,75,65,770	12,04,32,536

Less: Opening Stocks:

- Work-in-Progress
- Finished Goods
- Finished Goods-in-Transit
- Contract Work-in-Progress

1,47,23,832	91,81,489
7,98,88,706	6,39,08,788
6,02,942	17,52,651
2,52,17,056	3,72,97,746
12,04,32,536	11,21,40,674
2,71,33,234	82,91,862

<u>2,95,90,30,359</u>	<u>3,50,67,50,345</u>
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Cost of Goods Sold (A + B - C)

* Includes direct expenses incurred on contracts Rs. 3,16,88,504 (2007-2008 : Rs. 4,00,14,730)

Schedules forming part of the Profit and Loss Account for the year ended 31st March 2009

SCHEDULE - 15

OPERATION AND OTHER EXPENSES (Refer Note 11 on Schedule 17)

Employee costs (Refer Note 22 on Schedule 17)

- Salaries, Wages and Bonus
- Contribution to Provident and Other Funds
- Staff Welfare
- Employee Compensation Expense

Stores and Spare Parts consumed

Power and Fuel

Repairs and Maintenance - Buildings

- Plant and Machinery

- Others

Rent (Net of recoveries)

Rates and Taxes

Insurance (Net of recoveries)

Travelling and Conveyance

Excise Duty (Net of recoveries) (Refer Note 17 on Schedule 17)

Freight (Net of recoveries)

Packing (Net of recoveries)

Advertisement and Publicity

Commission to Agents and Discount

Legal and Professional Charges

Telephone and Telex

Bad Debts written off

Provision for doubtful advances and deposits

Auditors' Remuneration (Refer Note 16 on Schedule 17)

Directors' Fees

Bank Charges

Loss on Assets sold/discarded (Net)

Backcharges on Contracts (Refer Note 20 on Schedule 17)

Establishment and Other Miscellaneous Expenses

SCHEDULE - 16

INTEREST

On Fixed Loans

On Others

	Rupees	Rupees	2007 - 2008 Rupees
	34,25,94,390		32,29,68,288
	3,17,47,684		3,12,10,736
	1,98,54,016		2,05,31,246
	1,61,68,284		1,15,24,817
		41,03,64,374	38,62,35,087
		40,70,594	45,60,133
		5,89,77,337	4,43,23,925
		22,32,667	21,96,121
		1,02,99,969	1,24,63,698
		1,07,79,807	1,20,11,715
		1,77,58,213	1,26,17,969
		3,32,26,556	1,52,27,072
		22,91,850	28,36,511
		13,10,69,813	12,16,61,557
		28,01,240	51,87,173
		11,59,41,162	9,26,79,521
		1,67,71,074	1,26,69,907
		6,89,19,161	5,28,78,006
		6,56,34,092	3,96,71,593
		2,92,06,585	1,74,04,000
		2,16,42,539	2,42,50,248
		1,89,83,341	2,77,62,209
		3,18,000	-
		24,29,249	24,78,649
		16,60,000	16,65,000
		2,58,67,074	2,37,23,612
		10,92,968	12,99,158
		6,01,10,447	3,98,66,708
		9,98,98,945	8,67,14,870
		1,21,23,47,057	1,04,23,84,442
		3,57,79,908	2,61,06,382
		6,60,58,022	4,34,66,158
		10,18,37,930	6,95,72,540

Schedules forming part of the Balance Sheet as at 31st March 2009 and Profit and Loss Account for the year ended on that date

SCHEDULE - 17**NOTES TO ACCOUNTS**

1. Significant Accounting Policies:

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

(i) Fixed Assets, Depreciation and Impairment:

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

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

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

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

Site equipments are depreciated over 3 years.

Leasehold land 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. 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. 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 Transaction:

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

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

SCHEDULE - 17 (Contd.)

(iii) **Investments:**

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

(iv) **Inventories:**

Inventories are valued at lower of Cost and Net Realisable Value. Cost for Raw Materials, Stores and Spares are computed on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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

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

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

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

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

(v) **Accounting for CENVAT:**

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

(vi) **Research and Development:**

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

(vii) **Retirement & Other Employee Benefits :**

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

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

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

d) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

(viii) **Revenue Recognition:**

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

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

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

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

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

Income from Services:

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

SCHEDULE - 17 (Contd.)

Interest:

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

Dividends:

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

(ix) Taxation:

- a) Provision for current taxation and Fringe Benefit tax 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.

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 Option Scheme:

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

(xi) Provisions and Contingent Liabilities:

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

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

(xii) Derivative Instruments:

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

(xiii) Earnings Per Share:

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

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

(xiv) Segments 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.

SCHEDULE - 17 (Contd.)

Inter-segment Transfers:

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

Allocation of common costs:

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

Unallocated costs:

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

Segment policies:

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

(xv) Cash and Cash Equivalents :

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

(xvi) Leases:

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

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

(xvii) Use of estimates:

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

2. Employee Stock Option Scheme (ESOS):

ESOS 2001

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 27th September 2000, the Company has introduced ESOS for its directors and employees. The ESOS Compensation Committee formed for implementation of the scheme, in its meeting held on 20th July 2001, granted 3,84,500 options to eligible directors and employees of the Company at a price of Rs. 12.50 per share which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on The Stock Exchange, Mumbai for 13 weeks prior to the date of the grant. Under the scheme, 25% of the granted options shall vest and become exercisable in July every year. Pursuant to this, Fourth 25% of the options vested in July 2005. The vested options are exercisable upto 20th July 2009.

The Employee Stock Compensation Committee in its meeting on 8th August 2002, further granted 5,36,100 options to directors and other employees at a price of Rs. 19.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on The Stock Exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of First grant, 25% of these options shall vest and become exercisable in August every year. Pursuant to this, the Fourth 25% of the options vested in August 2006. The vested options are exercisable upto 8th August 2010.

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

ESOS 2003

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

SCHEDULE - 17 (Contd.)

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

ESOS 2005

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 29th September 2005, the Employee Stock Compensation Committee at its meeting on 29th March 2006 implemented the Third Employees Stock Options Scheme (ESOS 2005) and granted 5,00,000 options to directors and other employees at a price of Rs. 67.00 per share, which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. Under the scheme, the options shall vest after one year from the date of the grant. The vested options are exercisable upto 29th March 2011.

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

ESOS 2008

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

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

Details of options granted are as follows:

Particulars	ESOS Schemes				
	2001 (1st, 2nd & 3rd Grant)	2003 (1st & 2nd Grant)	2005 (1st & 2nd Grant)	2008 (1st Grant)	Total
Options outstanding as at 31st March 2008	3,02,650 (3,450)	3,64,550 (16,875)	3,14,050 (9,80,000)	- -	9,81,250 (10,00,325)
Granted during the year	- (3,00,000)	- (3,50,000)	- -	12,00,000 -	12,00,000 (6,50,000)
Lapsed during the year	17,650 (800)	12,300 (2,325)	18,000 -	- -	47,950 (3,125)
Exercised/ Allotted during the year	- -	- -	35,550 (6,65,950)	- -	35,550 (6,65,950)
Outstanding as at 31st March 2009	2,85,000 (3,02,650)	3,52,250 (3,64,550)	2,60,500 (3,14,050)	12,00,000 -	20,97,750 (9,81,250)
Exercisable as at 31st March 2009	72,750	98,000	2,60,500	-	4,31,250

Figures in bracket denote previous year figures.

As at 31st March 2009, the Company has received Commitment Deposit of Rs. 30,048 (2007-2008: Rs. 4,11,548) from its directors and employees under ESOS 2001, ESOS 2003 and ESOS 2005.

Stock Option granted:

The weighted average fair value of stock options granted during the year was Rs. 11,79,72,000. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs :

Particulars	ESOS Scheme 2001 3rd Grant	ESOS Scheme 2003 2nd Grant	ESOS Scheme 2008 1st Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	117.82	117.82	117.82
Expected Volatility *	63.9%	63.9%	63.9%
Life of the options granted (Vesting and exercise period) in years	4	4	1
Expected Dividends	2	2	2
Average risk-free interest rate	7.5%	7.5%	7.5%
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; the Company expects the volatility of its share price to reduce as it matures.

SCHEDULE - 17 (Contd.)

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

Particulars	Amount (in Rupees)
Profit as reported	1,44,37,210
Add : Employee stock compensation under intrinsic value method	1,61,68,284
Less : Employee stock compensation under fair value method	3,20,13,382
Pro forma profit	(14,07,888)
Earnings Per Share	
Basic - As reported	1.13
- Pro forma	(0.11)
Diluted - As reported	1.11
- Pro forma	(0.11)

3. Deferred Tax Liability (Net):

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

Particulars	Amount (in Rupees)			
	As at 31st March 2009		As at 31st March 2008	
	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset
Difference between book and tax depreciation	7,40,49,388	-	6,57,00,034	-
Provision for doubtful debts	-	20,26,482	-	20,26,482
Provision for doubtful advances	-	1,61,00,506	-	1,64,10,491
Effect of expenditure allowable for the Tax Purposes in following years	-	2,25,63,545	-	1,78,30,587
Total	7,40,49,388	4,06,90,533	6,57,00,034	3,62,67,560
Deferred Tax Liability (Net)	3,33,58,855		2,94,32,474	

4. Contracts in Progress (CIP):

Sr. No.	Particulars	Amount (in Rupees)	
		2008-2009	2007-2008
A.	Aggregate amount recognized as Contract Revenue	1,47,93,05,210	1,86,01,86,294
B.	In respect of Contracts in Progress as on 31st March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	1,02,45,09,480	1,89,63,96,053
	2) Amount of Customer Advance received	12,45,32,157	8,39,24,000
	3) Amount of Retentions	29,93,38,267	31,71,80,000
C.	Gross amount due from customers for contract work	6,94,74,480	20,41,33,000

SCHEDULE - 17 (Contd.)**5. Segment Information for the year ended 31st March 2009****I. Information about Primary Business Segments**

(in Rupees)

	Engineering		Chemicals		Consumer Products		Unallocated		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Revenue										
External Sales (Gross)	2,51,75,24,870	3,06,48,25,023	1,22,07,89,410	1,22,06,47,169	68,37,47,843	71,98,95,677	3,04,73,563	2,80,42,917	4,45,25,35,686	5,03,34,10,786
Less: Excise duty recovered	(6,09,99,699)	(11,52,63,790)	(11,75,83,445)	(15,23,71,364)	(40,46,747)	(99,69,886)	-	-	(18,26,29,891)	(27,76,05,040)
External Sales (Net)	2,45,65,25,171	2,94,95,61,233	1,10,32,05,965	1,06,82,75,805	67,97,01,096	70,99,25,791	3,04,73,563	2,80,42,917	4,26,99,05,795	4,75,58,05,746
Inter-segmental Sales	12,84,42,551	14,45,13,841	8,88,12,133	7,81,33,552	-	-	-	-	21,72,54,684	22,26,47,393
Other Income	4,58,77,439	44,28,696	1,23,05,380	75,91,687	6,97,773	4,90,988	2,56,04,325	4,32,47,348	8,44,84,917	5,57,58,719
Total Revenue	2,63,08,45,161	3,09,85,03,770	1,20,43,23,478	1,15,40,01,044	68,03,98,869	71,04,16,779	5,60,77,888	7,12,90,265	4,57,16,45,396	5,03,42,11,858
Less: Eliminations									(21,72,54,684)	(22,26,47,393)
Add: Interest Income							1,03,87,442	86,91,638	1,03,87,442	86,91,638
Total Enterprise Revenue									4,36,47,78,154	4,82,02,56,103
Result										
Segment Results	2,45,37,568	2,78,60,270	14,72,11,978	17,92,46,328	(80,09,514)	1,38,84,218	-	-	16,37,40,032	22,09,90,816
Unallocated Expenditure net of unallocated Income							(3,49,25,953)	(34,20,610)	(3,49,25,953)	(34,20,610)
Interest Expenses							(10,18,37,930)	(6,95,72,540)	(10,18,37,930)	(6,95,72,540)
Interest Income							1,03,87,442	86,91,638	1,03,87,442	86,91,638
Profit before Taxation							(12,63,76,441)	(6,43,01,513)	3,73,63,591	15,66,89,304
Other Information										
Segment Assets	2,03,76,29,872	1,99,19,78,092	87,43,15,670	85,43,84,251	29,58,56,864	33,15,44,492	91,47,56,457	81,43,22,489	4,12,25,58,863	3,99,22,29,324
Segment Liabilities	1,39,17,49,626	1,30,46,00,203	34,49,38,980	33,43,80,116	11,96,75,008	12,58,28,766	97,99,67,465	95,87,85,780	2,83,63,31,079	2,72,35,94,865
Capital Expenditure	95,90,461	56,84,974	2,75,37,575	17,89,47,819	64,13,133	36,22,100	1,12,59,603	7,42,51,237	5,48,00,772	26,25,06,130
Depreciation	74,28,445	80,99,802	3,14,35,551	2,20,77,046	47,80,133	42,87,562	1,05,55,088	1,03,95,062	5,41,99,217	4,48,59,472
Non Cash Expenditure other than Depreciation	6,87,39,219	4,01,28,892	1,87,33,419	1,30,10,119	63,12,912	1,74,23,615	1,28,77,123	2,51,91,120	10,66,62,673	9,57,53,746

II. Information about Secondary Geographical Segments

(in Rupees)

	India		Outside India		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
External Revenue (Net)	3,29,72,52,256	4,07,03,51,551	97,26,53,539	68,54,54,195	4,26,99,05,795	4,75,58,05,746
Carrying amount of segment assets	3,70,12,40,843	3,70,20,60,406	42,13,18,020	29,01,68,918	4,12,25,58,863	3,99,22,29,324
Additions to fixed assets	5,29,16,242	26,05,94,098	18,84,530	19,12,032	5,48,00,772	26,25,06,130

III. Notes:

(a) The Company organised its operations into three business segments, namely:

Engineering Division – comprising of water treatment plants, spares and services in connection with the plants.

Chemicals – comprising of resins, water treatment chemicals, sugar chemicals and paper chemicals.

Consumer Products – comprising of domestic water purifiers.

(b) The Segment Revenue in the geographical segments considered for disclosure are as follows :

Revenue within India includes sales to customers located within India and earnings in India. Revenue outside India includes sales to customers located outside India and earnings outside India.

SCHEDULE - 17 (Contd.)

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

Where control exists

- a) **Subsidiary Companies**
- Ion Exchange Enviro Farms Limited
 - Watercare Investments (India) Limited
 - Aqua Investments (India) Limited
 - Ion Exchange Asia Pacific Pte. Ltd., Singapore
 - Ion Exchange Asia Pacific (Thailand) Limited
 - IEI Environmental Management (M) Sdn. Bhd., Malaysia
 - Ion Exchange Environment Management (BD) Limited, Bangladesh
 - Ion Exchange Infrastructure Limited
 - Ion Exchange LLC, USA
 - Ion Exchange & Company LLC, Oman

Others

- b) **Associates**
- Ion Exchange Services Limited
 - Aquanomics Systems Limited
 - IEI Water-Tech (M) Sdn. Bhd., Malaysia *
 - Astha Technical Services Limited
 - Total Water Management Services (I) Limited
 - Ion Exchange Financial Products Pvt. Limited *
 - Global Composites and Structurals Limited
- c) **Joint Venture**
- d) **Entity having significant influence**
- e) **Key Management Personnel**
- f) **Relatives of Key Management Personnel**
- Ion Exchange Waterleau Limited
 - IEI Shareholding Trusts
 - Mr. Rajesh Sharma - Vice Chairman & Managing Director
 - Mrs. Aruna Sharma - Wife
 - Mr. Dinesh Sharma - Brother
 - Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma
 - Ms. Pallavi Sharma – Daughter

* Associate Companies of Subsidiaries

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e) and (f) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Sale of Goods *								
Ion Exchange Services Limited	-	-	25,24,93,910	28,26,10,508	-	-	25,24,93,910	28,26,10,508
Aquanomics Systems Limited	-	-	11,96,34,551	10,13,22,515	-	-	11,96,34,551	10,13,22,515
Ion Exchange Waterleau Limited	-	-	16,76,68,223	6,13,50,877	-	-	16,76,68,223	6,13,50,877
Global Composites and Structurals Limited	-	-	40,05,734	2,33,950	-	-	40,05,734	2,33,950
Ion Exchange Asia Pacific Pte. Limited, Singapore	6,95,38,565	1,67,05,752	-	-	-	-	6,95,38,565	1,67,05,752
Ion Exchange Asia Pacific (Thailand) Limited	1,35,01,445	-	-	-	-	-	1,35,01,445	-
IEI Environmental Management (M) Sdn. Bhd., Malaysia	12,35,250	-	-	-	-	-	12,35,250	-
Ion Exchange LLC, USA	11,18,10,191	5,01,04,262	-	-	-	-	11,18,10,191	5,01,04,262
Ion Exchange & Company LLC, Oman	37,24,708	57,34,183	-	-	-	-	37,24,708	57,34,183
Ion Exchange Environment Management (BD) Limited, Bangladesh	1,88,71,507	1,40,83,545	-	-	-	-	1,88,71,507	1,40,83,545
Ion Exchange Infrastructure Limited	2,69,46,288	3,88,17,385	-	-	-	-	2,69,46,288	3,88,17,385
Sub-Total	24,56,27,954	12,54,45,127	54,38,02,418	44,55,17,850	-	-	78,94,30,372	57,09,62,977

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SCHEDULE - 17 (Contd.)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e) and (f) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Management Fees								
Ion Exchange Services Limited	-	-	2,05,12,599	2,40,42,917	-	-	2,05,12,599	2,40,42,917
Ion Exchange Infrastructure Limited	1,00,00,000	40,00,000	-	-	-	-	1,00,00,000	40,00,000
Sub-Total	1,00,00,000	40,00,000	2,05,12,599	2,40,42,917	-	-	3,05,12,599	2,80,42,917
Rental Income								
Ion Exchange Waterleau Limited	-	-	10,17,766	8,00,080	-	-	10,17,766	8,00,080
Sub-Total	-	-	10,17,766	8,00,080	-	-	10,17,766	8,00,080
Interest Income on Loans and Advances								
Ion Exchange Enviro Farms Limited	69,61,482	60,40,878	-	-	-	-	69,61,482	60,40,878
Sub-Total	69,61,482	60,40,878	-	-	-	-	69,61,482	60,40,878
Services Rendered								
Ion Exchange Waterleau Limited	-	-	50,43,480	68,17,689	-	-	50,43,480	68,17,689
Sub-Total	-	-	50,43,480	68,17,689	-	-	50,43,480	68,17,689
Purchase of Goods/ Materials								
Aquanomics Systems Limited	-	-	1,33,82,462	1,01,38,024	-	-	1,33,82,462	1,01,38,024
Global Composites & Structurals Limited	-	-	14,56,77,850	10,68,39,174	-	-	14,56,77,850	10,68,39,174
Ion Exchange Asia Pacific Pte. Limited, Singapore	3,18,29,982	-	-	-	-	-	3,18,29,982	-
Ion Exchange Infrastructure Limited	1,09,32,600	-	-	-	-	-	1,09,32,600	-
Sub-Total	4,27,62,582	-	15,90,60,312	11,69,77,198	-	-	20,18,22,894	11,69,77,198
Purchase of Miscellaneous items								
Ion Exchange Enviro Farms Limited	18,35,138	14,06,760	-	-	-	-	18,35,138	14,06,760
Sub-Total	18,35,138	14,06,760	-	-	-	-	1,835,138	14,06,760
Services Received								
Ion Exchange Services Limited	-	-	6,22,60,141	4,87,44,310	-	-	6,22,60,141	4,87,44,310
Total Water Management Services (I) Limited	-	-	-	9,00,000	-	-	-	9,00,000
Astha Technical Services Limited	-	-	1,25,94,876	80,55,177	-	-	1,25,94,876	80,55,177
Sub-Total	-	-	7,48,55,017	5,76,99,487	-	-	7,48,55,017	5,76,99,487
Interest Paid on Deposits								
Watercare Investments (India) Limited	1,74,312	1,24,967	-	-	-	-	1,74,312	1,24,967
Aqua Investments (India) Limited	2,05,720	1,44,803	-	-	-	-	2,05,720	1,44,803
Sub-Total	3,80,032	2,69,770	-	-	-	-	3,80,032	2,69,770
Loans and Advances Given								
Ion Exchange Enviro Farms Limited	1,79,26,057	1,13,23,146	-	-	-	-	1,79,26,057	1,13,23,146
Ion Exchange Asia Pacific Pte. Limited, Singapore	5,37,453	5,68,184	-	-	-	-	5,37,453	5,68,184
Total Water Management Services (I) Limited	-	-	3,78,311	5,99,751	-	-	3,78,311	5,99,751
Ion Exchange Waterleau Limited	-	-	4,41,49,265	14,56,830	-	-	4,41,49,265	14,56,830
Aquanomics Systems Limited	-	-	2,86,855	11,83,654	-	-	2,86,855	11,83,654
Astha Technical Services Limited	-	-	1,78,715	26,429	-	-	1,78,715	26,429

SCHEDULE - 17 (Contd.)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e) and (f) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Loans and Advances Given (Contd.)								
Ion Exchange Services Limited	-	-	2,44,396	-	-	-	2,44,396	-
Ion Exchange Financial Products Pvt. Limited	-	-	11,047	-	-	-	11,047	-
Global Composites & Structurals Limited	-	-	-	51,159	-	-	-	51,159
Ion Exchange Environment Management (BD) Limited, Bangladesh	14,76,150	2,73,965	-	-	-	-	14,76,150	2,73,965
Ion Exchange Infrastructure Limited	5,88,884	36,54,583	-	-	-	-	5,88,884	36,54,583
IEI Environmental Management (M) Sdn. Bhd., Malaysia	-	1,29,800	-	-	-	-	-	1,29,800
Ion Exchange & Company LLC, Oman	5,000	3,000	-	-	-	-	5,000	3,000
Ion Exchange LLC, USA	1,51,31,280	2,78,83,161	-	-	-	-	1,51,31,280	2,78,83,161
Sub-Total	3,56,64,824	4,38,35,839	4,52,48,589	33,17,823	-	-	8,09,13,413	4,71,53,662
Loans and Advances Repaid								
Ion Exchange Enviro Farms Limited	-	9,49,397	-	-	-	-	-	9,49,397
Total Water Management Services (I) Limited	-	-	14,50,000	30,50,000	-	-	14,50,000	30,50,000
Ion Exchange Waterleau Limited	-	-	56,28,892	60,56,315	-	-	56,28,892	60,56,315
Ion Exchange Services Limited	-	-	2,44,396	-	-	-	2,44,396	-
Aquanomics Systems Limited	-	-	3,78,858	10,91,651	-	-	3,78,858	10,91,651
Astha Technical Services Limited	-	-	1,78,715	-	-	-	1,78,715	-
Global Composites & Structurals Limited	-	-	1,39,660	-	-	-	1,39,660	-
Ion Exchange Financial Products Pvt. Limited	-	-	11,047	-	-	-	11,047	-
Ion Exchange Infrastructure Limited	50,08,331	39,58,795	-	-	-	-	50,08,331	39,58,795
Ion Exchange Environment Management (BD) Limited, Bangladesh	-	3,04,200	-	-	-	-	-	3,04,200
Ion Exchange LLC, USA	80,000	1,19,82,250	-	-	-	-	80,000	1,19,82,250
Sub-Total	50,88,331	1,71,94,642	80,31,568	1,01,97,966	-	-	1,31,19,899	2,73,92,608
Inter Corporate Deposits Received								
Watercare Investments (India) Limited	24,00,000	15,75,000	-	-	-	-	24,00,000	15,75,000
Aqua Investments (India) Limited	28,50,000	18,25,000	-	-	-	-	28,50,000	18,25,000
Sub-Total	52,50,000	34,00,000	-	-	-	-	52,50,000	34,00,000
Inter Corporate Deposits Repaid								
Watercare Investments (India) Limited	24,00,000	15,75,000	-	-	-	-	24,00,000	15,75,000
Aqua Investments (India) Limited	28,50,000	18,25,000	-	-	-	-	28,50,000	18,25,000
Sub-Total	52,50,000	34,00,000	-	-	-	-	52,50,000	34,00,000
Dividend Received								
Ion Exchange Services Limited	-	-	8,84,625	5,89,750	-	-	8,84,625	5,89,750
Aquanomics Systems Limited	-	-	4,60,000	2,30,000	-	-	4,60,000	2,30,000

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SCHEDULE - 17 (Contd.)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e) and (f) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Dividend Received (Contd.)								
Ion Exchange Infrastructure Limited	5,10,000	-	-	-	-	-	5,10,000	-
Sub-Total	5,10,000	-	13,44,625	8,19,750	-	-	18,54,625	8,19,750
Dividend Paid								
Watercare Investments (India) Limited	3,27,800	2,45,850	-	-	-	-	3,27,800	2,45,850
Aqua Investments (India) Limited	3,28,000	2,46,000	-	-	-	-	3,28,000	2,46,000
Ion Exchange Services Limited	-	-	5,45,018	3,48,750	-	-	5,45,018	3,48,750
Mr. Rajesh Sharma	-	-	-	-	10,10,872	7,58,154	10,10,872	7,58,154
Relatives of Key Management Personnel	-	-	-	-	6,78,500	4,90,125	6,78,500	4,90,125
Sub-Total	6,55,800	4,91,850	5,45,018	3,48,750	16,89,372	12,48,279	28,90,190	20,88,879
Remuneration								
Mr. Rajesh Sharma	-	-	-	-	99,91,330	95,78,839	99,91,330	95,78,839
Mr. Dinesh Sharma	-	-	-	-	19,20,000	19,20,000	19,20,000	19,20,000
Sub-total	-	-	-	-	1,19,11,330	1,14,98,839	1,19,11,330	1,14,98,839
Shares allotted under Employee Stock Option Scheme (ESOS)								
Mr. Rajesh Sharma	-	-	-	-	-	1,65,000	-	1,65,000
Mr. Dinesh Sharma	-	-	-	-	-	1,07,000	-	1,07,000
Sub-total	-	-	-	-	-	2,72,000	-	2,72,000
Director Sitting Fees								
Mr. Dinesh Sharma	-	-	-	-	1,00,000	1,00,000	1,00,000	1,00,000
Sub-total	-	-	-	-	1,00,000	1,00,000	1,00,000	1,00,000
Outstanding Receivables (Net of Payable)								
Ion Exchange Enviro Farms Limited	16,68,04,270	14,51,85,934	-	-	-	-	16,68,04,270	14,51,85,934
IEI Environmental Management (M) Sdn. Bhd., Malaysia	1,51,900	16,14,184	-	-	-	-	1,51,900	16,14,184
Ion Exchange Asia Pacific Pte. Limited, Singapore	2,76,94,442	2,00,21,587	-	-	-	-	2,76,94,442	2,00,21,587
Ion Exchange Asia Pacific (Thailand) Limited	1,00,20,770	-	-	-	-	-	1,00,20,770	-
Ion Exchange LLC, USA	8,05,47,812	4,51,14,528	-	-	-	-	8,05,47,812	4,51,14,528
Ion Exchange Environment Management (BD) Limited, Bangladesh	94,78,059	84,38,026	-	-	-	-	94,78,059	84,38,026
Ion Exchange Infrastructure Limited	2,70,84,305	1,78,38,670	-	-	-	-	2,70,84,305	1,78,38,670
Total Water Management Services (I) Limited	-	-	15,66,417	17,31,023	-	-	15,66,417	17,31,023
Ion Exchange Waterleau Limited	-	-	11,75,71,679	23,62,627	-	-	11,75,71,679	23,62,627
Aquanomics Systems Limited	-	-	5,03,81,081	4,10,16,580	-	-	5,03,81,081	4,10,16,580
IEI Water-Tech (M) Sdn. Bhd., Malaysia	-	-	2,03,282	2,70,623	-	-	2,03,282	2,70,623
Ion Exchange Financial Products Pvt. Limited**	-	-	29,38,334	29,38,334	-	-	29,38,334	29,38,334
Ion Exchange Services Limited	-	-	18,45,50,906	17,22,00,468	-	-	18,45,50,906	17,22,00,468
Global Composites and Structurals Limited	-	-	35,91,630	18,87,843	-	-	35,91,630	18,87,843
Sub-total	32,17,81,558	23,82,12,929	36,08,03,329	22,24,07,498	-	-	68,25,84,887	46,06,20,427
Outstanding Payables (Net of Receivable)								
Astha Technical Services Limited	-	-	4,40,418	1,16,365	-	-	4,40,418	1,16,365

SCHEDULE - 17 (Contd.)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e) and (f) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Outstanding Payables (Net of Receivable) (Contd.)								
Ion Exchange & Company LLC, Oman	94,71,299	54,73,744	-	-	-	-	94,71,299	54,73,744
Sub-total	94,71,299	54,73,744	4,40,418	1,16,365	-	-	99,11,717	55,90,109
Investments made during the year								
Ion Exchange Asia Pacific Pte. Limited, Singapore	94,94,219	-	-	-	-	-	94,94,219	-
Ion Exchange Infrastructure Limited	25,50,000	-	-	-	-	-	25,50,000	-
Ion Exchange Enviro Farms Limited	-	10,000	-	-	-	-	-	10,000
IEI Environmental Management (M) Sdn. Bhd., Malaysia	-	6,00,000	-	-	-	-	-	6,00,000
Ion Exchange Waterleau Limited	-	-	-	89,00,000	-	-	-	89,00,000
Astha Technical Services Limited	-	-	6,76,000	4,94,000	-	-	6,76,000	4,94,000
Sub-total	1,20,44,219	6,10,000	6,76,000	93,94,000	-	-	1,27,20,219	1,00,04,000
Investment in Equity Shares								
Ion Exchange Enviro Farms Limited	54,70,000	54,70,000	-	-	-	-	54,70,000	54,70,000
Aqua Investments (India) Limited	1,76,00,000	1,76,00,000	-	-	-	-	1,76,00,000	1,76,00,000
Watercare Investments (India) Limited	1,77,00,000	1,77,00,000	-	-	-	-	1,77,00,000	1,77,00,000
Ion Exchange Asia Pacific Pte. Limited, Singapore	1,37,73,853	42,79,634	-	-	-	-	1,37,73,853	42,79,634
IEI Environmental Management (M) Sdn. Bhd., Malaysia	18,10,111	18,10,111	-	-	-	-	18,10,111	18,10,111
Ion Exchange Infrastructure Limited	51,00,000	25,50,000	-	-	-	-	51,00,000	25,50,000
Ion Exchange LLC, USA	43,33,000	43,33,000	-	-	-	-	43,33,000	43,33,000
Ion Exchange & Company LLC, Oman	1,05,76,800	1,05,76,800	-	-	-	-	1,05,76,800	1,05,76,800
Ion Exchange Environment Management (BD) Limited, Bangladesh	7,00,000	7,00,000	-	-	-	-	7,00,000	7,00,000
Aquanomics Systems Ltd	-	-	23,00,000	23,00,000	-	-	23,00,000	23,00,000
Ion Exchange Waterleau Limited	-	-	1,38,95,000	1,38,95,000	-	-	1,38,95,000	1,38,95,000
Astha Technical Services Limited	-	-	13,00,000	6,24,000	-	-	13,00,000	6,24,000
Total Water Management Services (I) Limited	-	-	2,40,000	2,40,000	-	-	2,40,000	2,40,000
Ion Exchange Services Limited	-	-	9,20,948	9,20,948	-	-	9,20,948	9,20,948
Global Composites & Structurals Limited	-	-	20,00,000	20,00,000	-	-	20,00,000	20,00,000
Sub-total	7,70,63,764	6,50,19,545	2,06,55,948	1,99,79,948	-	-	9,77,19,712	8,49,99,493
Share Application Money								
Ion Exchange Environment Management (BD) Limited, Bangladesh	3,50,000	3,50,000	-	-	-	-	3,50,000	3,50,000
Global Composites & Structurals Limited	-	-	400,000	400,000	-	-	4,00,000	4,00,000
Sub-total	3,50,000	3,50,000	4,00,000	4,00,000	-	-	7,50,000	7,50,000

* Gross Sales amount has been considered.

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

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SCHEDULE - 17 (Contd.)

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

Amount (in Rupees)

Name of the Related Party	Outstanding Receivable		Loan given during the year		Loans repaid during the year		Dividend paid during the year	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
IEI Shareholding Trusts	24,01,78,500	24,42,94,500	3,000	-	41,19,000	30,83,500	53,25,828	39,94,371

III. Stock Options granted and outstanding to Key Management Personnel: 2,05,000 (2007-2008: 25,000).

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

(a) Loans and Advances in the nature of loans

Amount (in Rupees)

Name of the Related Party		As at 31st March 2009	Maximum Balance in 2008-2009	As at 31st March 2008	Maximum Balance in 2007-2008
Ion Exchange Enviro Farms Limited	Subsidiary	16,68,04,270	16,68,04,270	14,51,85,934	14,51,85,934

Notes:

- Loans and advances shown above to the Subsidiary 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 Subsidiary 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 2009	31st March 2008
IEI Shareholding Trusts	26,62,914	26,62,914

7. Sundry Debtors include following amounts due from Companies under the same Management :

Amount (in Rupees)

Sr. No.	Name of the Related Party	As at 31st March 2009	As at 31st March 2008
1.	Ion Exchange Asia Pacific Pte. Limited	2,61,30,267	1,89,94,865
2.	Ion Exchange Services Ltd	18,75,16,640	17,64,40,477
3.	IEI Environmental Management (M) Sdn. Bhd.	1,51,900	9,87,683
4.	Ion Exchange Environment Management (BD) Limited	67,37,880	71,73,997
5.	Ion Exchange LLC, USA	4,95,95,621	2,92,13,617
6.	Ion Exchange Waterleau Limited	7,00,93,271	-
7.	Ion Exchange Infrastructure Limited	2,98,78,715	1,35,79,735
8.	Aquanomics Systems Limited	5,04,09,194	4,21,55,602
9.	Global Composites and Structurals Limited	40,05,734	-
10.	Ion Exchange Water-Tech (M) Sdn. Bhd.	2,03,282	-
11.	Ion Exchange Asia Pacific (Thailand) Ltd.	1,00,20,770	-

8. Earnings Per Share:

Particulars		31st March 2009	31st March 2008
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)	1,44,37,210	10,64,79,608
II	Weighted average number of equity shares for Earnings per Share computation		
	A) For Basic Earnings per Share	1,27,48,146	1,23,33,208
	B) For Diluted Earnings per Share		
	No. of shares for Basic EPS as per IIA	1,27,48,146	1,23,33,208
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	2,07,919	7,85,726
	No. of Shares for Diluted Earnings per Share	1,29,56,065	1,31,18,934
III	Earnings Per Share in Rupees (Weighted Average)		
	Basic	1.13	8.63
	Diluted	1.11	8.12

SCHEDULE - 17 (Contd.)

9. In early 90s, the Company had given loans to Employees' IEL Shareholding Trusts. The amount outstanding as at 31st March 2009 is Rs. 24,01,78,500 (2007-2008: Rs. 24,42,94,500). The Company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the Trusts as on the Balance Sheet date and future opportunities, the Management does not anticipate any ultimate loss arising out of these loans.
10. The Company has an investment of Rs. 54,70,000 in Equity Shares of Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company, as at 31st March 2009 and it has also granted Loans and Advances aggregating Rs. 16,68,04,270 (2007-2008: Rs. 14,51,85,934) as at 31st March 2009 to IEEFL. As at 31st March 2009, 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 office premises. Also, the Supreme Court of India has admitted IEEFL's appeal against the Security Appellate Tribunal Order of refunding monies to investors with return and winding-up of scheme. In the month of March 2008, the matter was listed for filing reply by SEBI. SEBI did not file their reply and asked for time. The matter was adjourned thereafter. IEEFL has been legally advised that it has got a fair chance of successfully contesting the appeal. In view of the foregoing, the Management is of the opinion, that there is no permanent diminution in value of investment and the advances are fully recoverable. Hence, presently no provision is considered necessary.
11. Capital expenditure incurred on Research and Development during the year is Rs. 11,42,998 (2007-2008 : Rs. 3,38,952). Revenue expenditure of Rs. 2,84,91,588 (2007-2008 : Rs. 1,93,95,378) incurred on Research and Development has been expensed to Profit and Loss Account under various expense heads.
12. Joint Venture Disclosure:

- i) Jointly Controlled Entity by the Company:

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

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

		Amount (in Rupees)	
		31st March 2009	31st March 2008
I.	ASSETS		
	1) Fixed Assets	17,33,299	16,52,644
	2) Current Assets, Loans and Advances		
	a) Inventories	86,27,078	93,64,308
	b) Sundry Debtors	6,16,65,473	7,78,16,020
	c) Cash and Bank Balances	49,13,461	72,58,520
	d) Loans and Advances	5,23,50,125	1,15,61,183
	3) Deferred Tax Assets – Net	-	-
II.	LIABILITIES		
	1) Loan Funds	2,41,12,008	1,17,59,660
	2) Current Liabilities and Provisions		
	a) Liabilities	9,69,49,571	7,93,89,787
	b) Provisions	4,10,247	7,03,215
	3) Deferred Tax – Net (Liability)	-	25,408
III.	INCOME	19,13,46,560	18,88,37,092
IV.	EXPENSES		
	1) Cost of Sales	18,09,82,406	17,02,30,210
	2) Operation and Other Expenses	1,79,34,670	1,37,36,129
	3) Depreciation	2,07,984	2,12,196
	4) Deferred Tax	(25,408)	4,05,215
	5) Provision for taxation	2,03,905	13,54,914
V.	OTHER MATTERS		
	1) Capital Commitments	-	13,125
	2) Contingent Liabilities	-	-

SCHEDULE - 17 (Contd.)

13. Contingent Liabilities not provided for:

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

- i) Subsidiaries – Rs. 12,56,77,500 (2007– 2008 : Rs. 10,97,56,500)
- ii) Associate – Rs. 5,00,00,000 (2007– 2008 : Rs. 5,00,00,000)
- iii) Joint Venture – Rs. 35,00,00,000 (2007–2008 : Rs. 21,00,00,000)
- iv) Others – Rs. 38,88,000 (2007–2008 : Rs. 38,88,000)

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

- i) Income Tax – Rs. 1,89,38,294 (2007–2008 : Rs. 1,89,38,294).
- ii) Excise Duty – Rs. 30,52,000 (2007–2008 : Rs. 30,52,000)
- iii) Service Tax – Rs. 41,05,224 (2007–2008 : Rs. Nil)
- iv) Sales Tax – Rs. 62,79,459 (2007–2008 : Rs. 1,89,04,209)
- v) Customs Duty (to the extent ascertainable) – Rs. 24,53,117 (2007–2008 : Rs. 24,53,117)

(c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 4,65,74,595 (2007–2008 : Rs. 3,53,79,245).

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

14. Capital Commitment:

Estimated amount of contracts (net of advances) remaining to be executed on Capital Account not provided for is Rs. 27,84,469 (2007–2008 : Rs. 86,85,999).

15. Managerial Remuneration:

	Amount (in Rupees)	
	2008–2009	2007–2008
Salaries and Allowances	1,05,48,000	1,03,48,000
Contribution to Provident and other Funds	21,00,780	19,09,800
Perquisites	11,82,550	11,61,039
Total	<u>1,38,31,330</u>	<u>1,34,18,839</u>

Note:

1. The Managerial Remuneration paid has been approved by the Central Government.
2. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

16. Auditors' Remuneration:

	Amount (in Rupees)	
	2008–2009	2007–2008
Statutory Audit	13,75,000	13,75,000
Tax Audit	3,00,000	3,00,000
Any other capacity (certification work)	6,85,000	7,15,000
Out of Pocket Expenses	69,249	88,649
Total	<u>24,29,249</u>	<u>24,78,649</u>

17. Sales include services rendered Rs. 27,27,63,625 (2007-2008 : Rs. 17,83,56,738) net of service tax.

Excise duty on sales amounting to Rs. 18,26,29,891 (2007-2008 : Rs. 27,76,05,040) has been reduced from sales in Profit and Loss Account and Excise duty on increase/decrease in stock amounting to Rs. 28,01,240 (2007-2008 : Rs. 51,87,173) has been considered as (income)/expenses in Schedule 15 of financial statements.

SCHEDULE - 17 (Contd.)

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

	Ion Exchange Resins		Water Treatment Plants	
	2008-2009	2007-2008	2008-2009	2007-2008
Licensed /Registered Capacity per annum (Note 1)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Installed Capacity per annum (Note 2)	13,200 M3	7,869 M3	Not Applicable	Not Applicable
Actual Production	10,368 M3	8,577 M3	36,841 Nos.	53,572 Nos.
Opening Stock of Finished Goods	134 M3	92 M3	5,531 Nos.	11,213 Nos.
	Rs. 1,02,48,762	Rs. 75,42,818	Rs. 54,21,624	Rs. 49,50,750
Closing Stock of Finished Goods	376 M3	134 M3	687 Nos.	5,531 Nos.
	Rs. 1,83,19,417	Rs. 1,02,48,762	Rs. 58,61,141	Rs. 54,21,624
Sales (Note 5)	10,126 M3	8,535 M3	41,685 Nos.	59,254 Nos.
	Rs. 57,18,58,292	Rs. 50,15,24,804	Rs. 2,33,78,95,524	Rs. 2,80,66,73,654

	Chemical Additives		Consumer Products	
	2008-2009	2007-2008	2008-2009	2007-2008
Licensed/Registered Capacity per annum (Note 1)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Installed Capacity per annum (Note 2)	10,000 Tonnes	10,000 Tonnes	Not Applicable	Not Applicable
Actual Production	7,505 Tonnes	8,921 Tonnes	Refer Note 4 below	
Opening Stock of Finished Goods	231 Tonnes	333 Tonnes	—	—
	Rs. 1,22,48,795	Rs. 1,44,58,910	Rs. 2,27,60,665	Rs. 1,68,57,244
Closing Stock of Finished Goods	138 Tonnes	231 Tonnes	—	—
	Rs. 75,60,467	Rs. 1,22,48,795	Rs. 3,49,83,254	Rs. 2,27,60,665
Sales (Note 5)	7,598 Tonnes	9,023 Tonnes	—	—
	Rs. 49,55,55,936	Rs. 57,64,90,798	Rs. 25,92,94,706	Rs. 32,69,51,724

Notes:

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

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

Description	Opening Balance 1st April 2008		Purchases		Sales		Closing Balance 31st March 2009	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Consumer Products	12,071 (15,113)	2,72,74,730 (2,02,73,597)	1,22,947 (2,68,569)	17,55,06,393 (19,17,40,406)	88,497 (2,71,611)	29,14,62,584 (32,29,29,575)	46,521 (12,071)	4,01,46,462 (2,72,74,730)
Activated Carbon	16,677 (11,002)	25,37,072 (15,78,120)	19,215 (75,575)	30,63,300 (96,18,863)	30,629 (69,900)	66,60,351 (1,31,49,470)	5,263 (16,677)	12,11,187 (25,37,072)
Total		2,98,11,802 (2,18,51,717)		17,85,69,693 (20,13,59,269)		29,81,22,935 (33,60,79,045)		4,13,57,649 (2,98,11,802)

Note: Figures shown in brackets pertain to previous year.

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SCHEDULE - 17 (Contd.)

(iii) Consumption of Raw Materials and Components:

	2008-2009		2007-2008	
	Quantity	Value (Rupees)	Quantity	Value (Rupees)
Styrene	19,79,527 Kgs.	13,50,98,052	17,54,594 Kgs.	11,31,56,002
Divinyl Benzene	2,68,920 Kgs.	5,49,09,347	2,38,162 Kgs.	4,78,08,339
Dimethylethanolamine	45,044 Kgs.	50,74,739	54,558 Kgs.	54,75,629
Paraformaldehyde	1,40,150 Kgs.	63,40,766	1,69,000 Kgs.	59,21,858
Ethylene Dichloride	3,77,953 Kgs.	92,63,395	3,59,226 Kgs.	84,42,150
Others		2,56,52,19,097		3,09,28,64,230
		2,77,59,05,396		3,27,36,68,208

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

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

	2008-2009		2007-2008	
	Value Rupees	% of total consumption	Value Rupees	% of total consumption
Imported : Raw materials	34,26,83,223	12.33	56,41,24,854	17.21
Indigenous : Raw materials	2,43,32,22,173	87.53	2,70,95,43,354	82.65
Indigenous : Spares parts	40,70,594	0.14	45,60,133	0.14
	2,77,99,75,990	100.00	3,27,82,28,341	100.00

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

	Amount (in Rupees)	
	2008-2009	2007-2008
Raw Materials	49,07,46,260	54,33,81,472

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

	Amount (in Rupees)	
	2008-2009	2007-2008
Foreign Travel	1,34,37,190	1,00,82,157
Royalty	-	13,14,945
Other Expenses	5,01,38,696	2,55,15,412

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

	Amount (in Rupees)	
	2008-2009	2007-2008
Exports of goods calculated on F.O.B basis (Excluding exports to Bhutan and Nepal in Indian Rupees)	97,20,15,265	65,41,45,730
Freight and other Recoveries	1,32,69,031	3,62,02,011
Commission Received	6,38,274	16,86,066

19. During the year 33,550 (2007-2008 : 5,96,700) equity shares were allotted to employees and directors under ESOS 2005 on 17th June 2008. Accordingly, dividend of Rs. 2.00 per share (20%) declared at the Annual General Meeting held on 26th September 2008 was also paid to those shareholders (book closure date being 16th September 2008).

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

21. Derivative Instruments and Unhedged Foreign Currency Exposure:

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative	
	2008-2009	2007-2008
Hedge of Foreign Currency Loans	Buy USD 10,00,000	Buy USD 32,72,818
Hedge of Import Creditors	Buy USD 2,20,350	Buy USD 4,12,128
Hedge of Import Creditors	-	Buy JPY 3,27,39,100

SCHEDULE - 17 (Contd.)

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	2008-2009		2007-2008	
	Amount (Rs.)	Foreign Currency	Amount (Rs.)	Foreign Currency
Import Creditors	8,79,98,907	USD 14,68,649, Euro 1,48,974, JPY 60,12,100	10,59,72,214	USD 9,13,072, Euro 1,27,539, JPY 15,32,69,060
Export Debtors	35,95,89,338	USD 65,85,082, Euro 27,045, OMR 15,461, UAE DH 14,18,235	28,24,84,137	USD 69,20,175, Euro 67,559, OMR 15,596
Foreign Currency Bank Account	2,49,422	USD 4,895	1,36,944	USD 3,426
Investments	3,11,93,764	USD 1,00,000, SGD 4,60,000, MYR 1,50,000, OMR 90,000, BDT 10,00,000	2,16,99,545	USD 1,00,000, SGD 1,60,000, MYR 1,50,000, OMR 90,000, BDT 10,00,000

22. Employee Benefits:

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

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

		Amount (in Rupees)	
	Particulars	2008-2009	2007-2008
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	40,57,350	40,57,350
	2. Interest cost on benefit obligation	31,29,591	28,15,634
	3. Expected return on plan assets	(34,05,003)	(30,99,358)
	4. Net actuarial Loss / (Gain) recognized in the year	37,18,062	38,30,282
	Net benefit expenses	75,00,000	76,03,908
	Actual return on plan assets	28,77,693	27,42,191
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	(4,13,32,921)	(3,79,88,671)
	2. Fair value of Plan Assets	4,13,32,921	3,79,88,671
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	(3,79,88,671)	(3,43,36,175)
	2. Interest cost	(31,29,591)	(28,15,634)
	3. Current service cost	(40,57,350)	(40,57,350)
	4. Benefits paid	58,52,264	63,96,212
	5. Actuarial Gains / (Losses) on obligation	(20,09,573)	(31,75,724)
	Closing defined benefit obligation	(4,13,32,921)	(3,79,88,671)
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	3,79,88,671	3,43,36,175
	2. Expected returns	34,05,003	30,99,358
	3. Contributions by Employer	75,00,000	76,03,908
	4. Benefits paid	(58,52,264)	(63,96,212)
	5. Actuarial Gains / (Losses)	(17,08,489)	(6,54,558)
	6. Closing Fair value of Plan assets	4,13,32,921	3,79,88,671

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SCHEDULE - 17 (Contd.)

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 (Contd.)

	Particulars	2008-2009	2007-2008
V	Actuarial Assumptions:		
	1. Discount Rate	7.5%	8%
	2. Expected rate of Salary increase [Refer Note (b) below]	5%	5%
	3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	4. Attrition Rate	2%	2%

The Company expects to contribute Rs. 52,95,161 to gratuity in 2009-2010.

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	
		2008-2009	2007-2008
1	Central & State Government Bonds	31%	51%
2	Public Sector Undertaking	21%	28%
3	HDFC Std. Life Ins. Co. Ltd. / Bank Deposits	48%	21%

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 year are as follows:

	2008-2009	2007-2008
Defined Benefit obligation	(4,13,32,921)	(3,79,88,671)
Plan assets	4,13,32,921	3,79,88,671
Surplus / (deficit)	Nil	Nil
Experience adjustments on plan liabilities	(13,71,436)	31,75,724
Experience adjustments on plan assets	(17,08,489)	(6,54,558)

Notes:

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

- (i) Leave Encashment in "Salaries, Wages and Bonus" Rs. 1,25,11,424 (2007-2008 : Rs. 1,96,26,074)
- (ii) Gratuity in "Contribution to Provident & Other Funds" Rs. 75,00,000 (2007-2008 : Rs. 76,03,908)

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

B) Defined Contribution Plan:

Amount recognized as an expense and included in the Schedule 15 – "Contribution to Provident and Other Funds" of Profit and Loss Account Rs. 2,43,55,628 (2007-2008 : Rs. 2,42,43,218)

23. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under the "Micro, Small and Medium Enterprises Development Act, 2006". The suppliers are not registered wherever the confirmation are received and in other cases, the Company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.
24. Book values of certain long-term unquoted investments, aggregating to Rs. 1,82,28,000, are lower than its cost. Considering the strategic and long-term nature of the aforesaid investments, and asset base and business plan of the investee companies; in the opinion of the Management, the decline in the book value of the aforesaid investments is of temporary nature, requiring no provision.
25. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to this year's classification.

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Place : Mumbai
Date : 19th June 2009

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

I. Registration Details

Registration No. State Code
Balance Sheet Date
Date Month Year

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

Public Issue Rights Issue
Bonus Issue Private Placement*

* Issue of Shares under Employees Stock Option Plan

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

<p>Total Liabilities <input type="text" value="4"/><input type="text" value="1"/><input type="text" value="2"/><input type="text" value="2"/><input type="text" value="5"/><input type="text" value="5"/><input type="text" value="9"/></p> <p>Sources of Funds</p> <p>Paid-up Capital <input type="text" value="1"/><input type="text" value="2"/><input type="text" value="6"/><input type="text" value="9"/><input type="text" value="2"/><input type="text" value="5"/></p> <p>Secured Loans <input type="text" value="5"/><input type="text" value="4"/><input type="text" value="9"/><input type="text" value="5"/><input type="text" value="8"/><input type="text" value="5"/></p> <p>Application of Funds</p> <p>Net Fixed Assets <input type="text" value="6"/><input type="text" value="4"/><input type="text" value="1"/><input type="text" value="9"/><input type="text" value="1"/><input type="text" value="2"/></p> <p>(Please tick appropriate box + for Positive, - for Negative)</p> <p>Net Current Assets # <input type="text" value="1"/><input type="text" value="3"/><input type="text" value="3"/><input type="text" value="0"/><input type="text" value="5"/><input type="text" value="0"/><input type="text" value="9"/></p> <p># excludes Deferred Tax Liability Rs. 33,359</p>	<p>Total Assets <input type="text" value="4"/><input type="text" value="1"/><input type="text" value="2"/><input type="text" value="2"/><input type="text" value="5"/><input type="text" value="5"/><input type="text" value="9"/></p> <p>Reserves & Surplus <input type="text" value="1"/><input type="text" value="1"/><input type="text" value="5"/><input type="text" value="9"/><input type="text" value="3"/><input type="text" value="0"/><input type="text" value="3"/></p> <p>Unsecured Loans <input type="text" value="2"/><input type="text" value="3"/><input type="text" value="9"/><input type="text" value="0"/><input type="text" value="2"/><input type="text" value="4"/></p> <p>Investments <input type="text" value="1"/><input type="text" value="0"/><input type="text" value="2"/><input type="text" value="4"/><input type="text" value="1"/><input type="text" value="5"/></p> <p>Miscellaneous Expenditure <input type="text" value="N"/><input type="text" value="I"/><input type="text" value="L"/></p>
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IV. Performance of Company (Amount in Rs. Thousands)

<p>Turnover** <input type="text" value="4"/><input type="text" value="3"/><input type="text" value="6"/><input type="text" value="4"/><input type="text" value="7"/><input type="text" value="7"/><input type="text" value="8"/></p> <p>** including other income Rs. 94,872</p> <p>(Please tick appropriate box + for Profit, - for Loss)</p> <p>Profit / Loss before tax <input type="text" value="3"/><input type="text" value="7"/><input type="text" value="3"/><input type="text" value="6"/><input type="text" value="4"/></p> <p>(Please tick appropriate box + for Positive, - for Negative)</p> <p>Earning per Share (in Rs.)</p> <p>Basic <input type="text" value="1"/><input type="text" value="."/><input type="text" value="1"/><input type="text" value="3"/></p> <p>Diluted <input type="text" value="1"/><input type="text" value="."/><input type="text" value="1"/><input type="text" value="1"/></p>	<p>Total Expenditure <input type="text" value="4"/><input type="text" value="3"/><input type="text" value="2"/><input type="text" value="7"/><input type="text" value="4"/><input type="text" value="1"/><input type="text" value="5"/></p> <p>(Please tick appropriate box + for Profit, - for Loss)</p> <p>Profit / Loss after tax <input type="text" value="1"/><input type="text" value="4"/><input type="text" value="4"/><input type="text" value="3"/><input type="text" value="7"/></p> <p>Dividend Rate % <input type="text" value="1"/><input type="text" value="0"/></p>
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V. Generic Names of Principal Products/Services of Company (as per monetary terms)

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

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Cash Flow Statement for the year ended 31st March 2009

			2007 - 2008	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Taxation		3,73,63,591		15,66,89,304
Adjustment for:				
Depreciation	5,41,99,217		4,48,59,472	
Loss on Assets sold / discarded (Net)	10,92,968		12,99,158	
Employee Compensation Expense	1,61,68,284		1,15,24,817	
Write-back of diminution in value of Investments (Net)	-		(1,77,31,015)	
Interest Expense	10,18,37,930		6,95,72,540	
Dividend received	(19,89,150)		(9,00,459)	
Interest received	(1,03,87,442)		(86,91,638)	
Bad Debts written off	1,89,83,341		2,77,62,209	
Backcharges on Contracts	6,01,10,447		3,98,66,708	
Provision for doubtful advances	3,18,000		-	
Amount set aside for liabilities, no longer required, written back	(69,23,343)		(10,81,020)	
Unrealized Exchange Loss / (Gain)	(4,69,09,541)		(15,98,854)	
		18,65,00,711		16,48,81,918
Operating Profit Before Working Capital Changes		22,38,64,302		32,15,71,222
Movements in Working Capital:				
(Increase) / Decrease in Trade and Other Receivables	(16,80,38,455)		(22,58,41,129)	
(Increase) / Decrease in Inventories	10,13,07,839		(17,45,59,161)	
(Decrease) / Increase in Trade and Other Payables	8,73,93,910		19,80,52,082	
(Increase) / Decrease in Loans and Advances	(9,51,34,110)		(4,26,32,437)	
		(7,44,70,816)		(24,49,80,645)
Cash Generated From Operations		14,93,93,486		7,65,90,577
Taxes Paid (Income Tax, Wealth Tax and Fringe Benefit Tax)		(3,42,42,663)		(3,35,40,767)
Net Cash From Operating Activities		11,51,50,823		4,30,49,810
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(4,64,02,692)		(20,59,80,139)	
Proceeds from sale of Fixed Assets	5,75,603		21,79,496	
Investments made in Subsidiaries & Associates	(1,34,95,219)		(1,00,04,000)	
Proceeds from Sale / Redemption of Investments	28,09,900		1,80,000	
Deposit (with maturity more than three months)	12,68,805		26,44,259	
Dividend received	19,89,150		9,00,459	
Interest received	94,54,089		96,24,946	
Net Cash Used in Investing Activities		(4,38,00,364)		(20,04,54,979)

Cash Flow Statement - Continued

			2007 - 2008	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital on exercise of options	19,44,350		4,02,68,650	
Repayment of Bank borrowings / Term Loans	(34,98,24,354)		(15,48,64,181)	
Proceeds from Bank borrowings / Term Loans	39,04,51,361		34,10,63,536	
Dividend Paid	(2,53,80,922)		(1,88,81,492)	
Dividend Tax Paid	(43,13,488)		(32,08,909)	
Interest Paid	(10,29,81,999)		(7,01,04,668)	
Net Cash Generated / (Used) in Financing Activities		(9,01,05,052)		13,42,72,936
Net (Decrease) in Cash and Cash Equivalents		(1,87,54,593)		(2,31,32,233)
Cash and Cash Equivalents as at the beginning of the year		4,27,39,108		6,58,71,341
Cash and Cash Equivalents as at the end of the year		2,39,84,515		4,27,39,108
CASH AND CASH EQUIVALENTS COMPRISES OF:				
Cash in Hand		11,54,267		11,16,408
Balance with Banks (Refer Note 3 below)		2,28,30,248		4,16,22,700
TOTAL		2,39,84,515		4,27,39,108

Notes:

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- 2 Figures in bracket indicate cash outgo.
- 3 Cash and Cash Equivalents excludes the following Balances with Bank:
 - (a) On Deposit Account [Earmarked under Rule 3A of Companies (Acceptance of Deposits) Rules, 1975] Rs. 86,00,000 (2007-2008 : Rs. 46,00,000)
 - (b) On Margin Money Account Rs. 2,48,95,042 (2007-2008 : Rs. 3,01,63,847)
- 4 Previous year's figures have been regrouped/rearranged to conform with current year's classifications.

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Place : Mumbai
Date : 19th June 2009

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) Limited.	Aqua Investments (India) Limited.	Ion Exchange Asia Pacific Pte. Ltd. (Consolidated)	IEI Environmental Management (M) Sdn. Bhd.	Ion Exchange Environment Management (BD) Limited	Ion Exchange LLC	Ion Exchange & Company LLC	Ion Exchange Infrastructure Limited
2 Financial Year of subsidiary Company ended	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009	1st April 2008 to 31st March 2009
3 Number of shares held in Subsidiary Company	5,47,000 Equity Shares of INR 10 each	17,70,000 Equity Shares of INR 10 each	17,60,000 Equity Shares of INR 10 each	4,60,000 Equity Shares of SGD 1 each	1,50,000 Equity Shares of MYR 1 each	10,000 Equity Shares of 100 BDT each	1,00,000 Equity Shares of USD 1 each	90,000 Equity Shares of OMR 1 each	5,10,000 Equity Shares of INR 10 each
4 Total issued share capital of Subsidiary Company	6,94,700 Equity Shares of INR 10 each	17,80,200 Equity Shares of INR 10 each	17,70,200 Equity Shares of INR 10 each	4,60,000 Equity Shares of SGD 1 each	2,50,000 Equity Shares of MYR 1 each	10,000 Equity Shares of 100 BDT each	1,00,000 Equity Shares of USD 1 each	1,50,000 Equity Shares of OMR 1 each	10,00,000 Equity Shares of INR 10 each
5 Percentage of shares held in subscribed capital of Subsidiary Company	78.74%	99.43%	99.42%	100.00%	60.00%	100.00%	100.00%	60.00%	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 2009.	INR (79,53,723)	INR 5,69,264	INR 7,08,617	SGD 30,761	MYR 6,110	BDT 40,19,906	USD (2,04,793)	OMR (6,971)	INR 1,31,12,723
ii) for its previous financial years	INR (7,34,59,406)	INR (64,14,132)	INR (62,87,231)	SGD 32,064	MYR (1,11,855)	BDT 21,83,574	USD (2,74,534)	OMR (5,719)	INR 52,84,263
	INR (8,14,13,129)	INR (58,44,868)	INR (55,78,614)	SGD 62,825	MYR (1,05,745)	BDT 62,03,480	USD (4,79,327)	OMR (12,690)	INR 1,83,96,986
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's financial year ended 31st March 2009.	INR Nil	INR Nil	INR Nil	SGD Nil	MYR Nil	BDT Nil	USD Nil	OMR Nil	INR Nil
ii) for its previous financial years	INR Nil	INR Nil	INR Nil	SGD Nil	MYR Nil	BDT Nil	USD Nil	OMR Nil	INR 5,10,000
	INR Nil	INR Nil	INR Nil	SGD Nil	MYR Nil	BDT Nil	USD Nil	OMR Nil	INR 5,10,000

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Auditors' Report

To
The Board of Directors
Ion Exchange (India) Limited

1. We have audited the attached Consolidated Balance Sheet of Ion Exchange (India) Limited and its Subsidiaries, Associates and Joint Venture ('the Group'), as at 31st March 2009, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of Ion Exchange (India) Limited's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries, whose financial statements reflect total assets of Rs. 62,99,77,102 as at 31st March 2009, the total revenue of Rs. 78,73,16,509 and net cash flows amounting to Rs. 2,08,34,096 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. We report that the consolidated financial statements have been prepared by the Ion Exchange (India) Limited's Management in accordance with the requirements of Accounting Standards (AS) 21, Consolidated financial statements, Accounting Standards (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements and Accounting Standard (AS) 27, Financial Reporting of Interests in Joint Ventures [notified pursuant to the Companies (Accounting Standards) Rules, 2006].
5. *As stated in Note 10 in Schedule 17, Ion Exchange Enviro Farms Limited, a subsidiary company, has filed an appeal with the Hon'ble Supreme Court of India against the order of Securities Appellate Tribunal for winding up of the Collective Investment Schemes and refunding the monies to investors with returns. Pending the final outcome of this matter, we are unable to comment on the liability, if any, required to be made to the accompanying financial statements. Our audit report on the consolidated financial statements for the year ended 31st March 2008 was also modified in respect of the matter stated above.*
6. *As stated in Note 11 in Schedule 17, maintenance expenses aggregating Rs. 5,20,72,166 is considered as fully recoverable by Ion Exchange Enviro Farms Limited. However, in view of the significant uncertainties involved, the amount of provision for eventual non-recovery of maintenance expenses, if any, is presently not ascertainable. Our audit report on the consolidated financial statements for the year ended 31st March 2008 was also modified in respect of the matter stated above.*
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, *subject to our remarks in paragraphs 5 and 6 above, the effect of which is presently not ascertainable, give a true and fair view in conformity with the accounting principles generally accepted in India:*
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2009;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For S. R. Batliboi & Co.
Chartered Accountants

per Vijay Maniar
Partner

Membership No. : 36738

Place : Mumbai
Date : 19th June 2009

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CONSOLIDATED BALANCE SHEET as at 31st March 2009

	Schedules	Rupees		31st March 2008	
				Rupees	Rupees
I. SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1a	12,36,45,610		12,32,90,110	
Stock Options Outstanding	1b	3,06,83,485		1,51,62,441	
Reserves and Surplus	2	1,01,98,50,380		1,01,22,46,130	
			1,17,41,79,475		1,15,06,98,681
MINORITY INTEREST			3,04,56,561		1,59,40,318
LOAN FUNDS					
Secured Loans	3	58,89,49,786		65,59,06,200	
Unsecured Loans		23,90,24,000		13,77,85,000	
			82,79,73,786		79,36,91,200
DEFERRED TAX LIABILITY (NET) (Refer Note 12 on Schedule 17)			3,42,08,708		2,99,00,191
TOTAL			2,06,68,18,530		1,99,02,30,390
II. APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	1,31,96,09,962		1,25,83,43,368	
Less: Accumulated Depreciation / Amortization		65,29,85,141		59,53,06,502	
Net Block		66,66,24,821		66,30,36,866	
Capital Work-in-Progress, including capital advances		57,52,765		1,40,61,541	
			67,23,77,586		67,70,98,407
INVESTMENTS	5		3,39,16,123		2,74,44,950
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	6	43,93,05,820		55,55,76,367	
Sundry Debtors	7	2,30,89,91,653		2,12,59,51,289	
Cash and Bank Balances	8	13,29,37,670		13,44,72,031	
Other Current Assets	9	32,12,964		15,59,635	
Loans and Advances	10	80,15,66,555		69,39,42,497	
(A)		3,68,60,14,662		3,51,15,01,819	
Less: CURRENT LIABILITIES AND PROVISIONS	11				
Current Liabilities		2,26,78,26,555		2,15,43,11,334	
Provisions		5,76,63,286		7,15,03,452	
(B)		2,32,54,89,841		2,22,58,14,786	
NET CURRENT ASSETS	(A - B)		1,36,05,24,821		1,28,56,87,033
TOTAL			2,06,68,18,530		1,99,02,30,390
Notes to Accounts	17				

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

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Place : Mumbai
Date : 19th June 2009

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March 2009

	Schedules	Rupees	Rupees	2007 - 2008 Rupees
INCOME				
Sales and Services (Gross)	12	5,11,49,38,214		5,58,55,71,100
Less: Excise Duty Recovered on Sales (Refer Note 25 on Schedule 17)		18,26,29,891		27,76,05,040
Sales and Services (Net)			4,93,23,08,323	5,30,79,66,060
Other Income	13		10,25,70,455	5,84,66,274
Share of Earning of Associates (Net)			71,95,423	98,29,184
TOTAL			5,04,20,74,201	5,37,62,61,518
EXPENDITURE				
Cost of Goods Sold	14		3,44,92,22,656	3,94,84,20,620
Operation and Other Expenses	15		1,35,83,07,664	1,14,76,59,219
Interest	16		10,68,59,272	7,29,40,871
Depreciation / Amortization	4	5,86,90,647		4,84,53,970
Less: Transfer from Revaluation Reserve		28,470		28,470
TOTAL			5,86,62,177	4,84,25,500
			4,97,30,51,769	5,21,74,46,210
PROFIT BEFORE TAX			6,90,22,432	15,88,15,308
Provision for Taxation				
- Current Tax		2,40,55,236		3,66,72,262
- Deferred Tax charge (Refer Note 12 on Schedule 17)		43,08,517		59,71,522
- Fringe Benefit Tax		1,20,40,405		1,73,35,759
			4,04,04,158	5,99,79,543
PROFIT AFTER TAX			2,86,18,274	9,88,35,765
Less: Minority Interest			1,21,06,243	53,44,593
Profit After Minority Interest			1,65,12,031	9,34,91,172
Balance brought forward from Previous Year			6,53,78,312	1,60,73,719
PROFIT AVAILABLE FOR APPROPRIATION			8,18,90,343	10,95,64,891
APPROPRIATIONS				
Dividend (Refer Note 26 on Schedule 17)		67,100		8,95,050
Tax on Dividend		11,404		1,52,113
			78,504	10,47,163
Proposed Final Dividend		1,23,64,561		2,56,66,022
Tax on Proposed Dividend		21,57,084		44,73,394
			1,45,21,645	3,01,39,416
Transfer to General Reserve			50,00,000	1,30,00,000
SURPLUS CARRIED FORWARD TO BALANCE SHEET			6,22,90,194	6,53,78,312
EARNINGS PER SHARE				
[Nominal value of shares Rs. 10 (2007-2008 : Rs. 10)] (Refer Note 20 on Schedule 17)				
Basic			1.33	7.79
Diluted			1.31	7.31
Notes to Accounts	17			

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

For S. R. BATLIBOI & CO.
 Chartered Accountants

per VIJAY MANIAR
 Partner
 Membership No. : 36738

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

G. S. RANGANATHAN
 Chairman

RAJESH SHARMA
 Vice Chairman & Managing Director

MILIND PURANIK
 Company Secretary

Place : Mumbai
 Date : 19th June 2009

Place : Mumbai
 Date : 19th June 2009

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

**SCHEDULE - 1a
SHARE CAPITAL**

Authorised:
1,50,00,000 (2007-2008 : 1,50,00,000) Equity Shares of Rs. 10 each.
Issued, Subscribed and Paid-up:
1,23,64,561 (2007-2008 : 1,23,29,011) Equity Shares of Rs. 10 each, fully paid-up.

Rupees	31st March 2008 Rupees
15,00,00,000	15,00,00,000
12,36,45,610	12,32,90,110
12,36,45,610	12,32,90,110

Of the above:

- 10,000 (2007-2008 : 10,000) Equity Shares of Rs. 10 each are allotted as fully paid-up, pursuant to a contract, for consideration other than cash.
- 20,65,184 (2007-2008 : 20,65,184) Equity Shares of Rs. 10 each are allotted as fully paid-up Bonus Shares by capitalisation of Revenue Reserve/ Share Premium.
- 9,600 (2007-2008 : 9,600) Equity Shares of Rs. 10 each, fully paid-up, have been allotted to the shareholders of erstwhile Hydranautics Membranes India Limited (HMIL) at the meeting of Board of Directors held on 15th May 2000, pursuant to the Scheme of Amalgamation of the erstwhile HMIL with the Company.
- 6,66,700 (2007-2008 : 6,66,700) Equity Shares, 5,78,675 (2007-2008 : 5,78,675) Equity Shares and 7,01,500 (2007-2008 : 6,65,950) Equity Shares have been allotted to the directors and employees under Employees Stock Options Scheme – ESOS - 2001, ESOS - 2003 and ESOS - 2005 respectively upto 31st March 2009. Also, Refer Note 8 on Schedule 17.
- The subsidiaries Aqua Investments (India) Limited and Watercare Investments (India) Limited hold 1,64,000 (2007-2008 : 1,64,000) and 1,63,900 (2007-2008 : 1,63,900) shares respectively in the Holding Company which have been eliminated during consolidation.

SCHEDULE - 1b

STOCK OPTIONS OUTSTANDING

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

Employee Stock Options Outstanding

Less: Deferred Employee Compensation Outstanding

	Rupees	Rupees	31st March 2008 Rupees
		4,79,97,363	2,66,76,023
		1,73,13,878	1,15,13,582
		3,06,83,485	1,51,62,441
SCHEDULE - 2			
RESERVES AND SURPLUS			
Capital Reserve		26,67,745	26,67,745
Capital Reserve on Consolidation		1,05,52,873	1,05,52,873
Special Reserve (As per Section 45 - 1C of the Reserve Bank of India Act)		16,00,060	16,00,060
Revaluation Reserve (Refer Note 3(i) on Schedule 17)			
Balance as at 1st April	11,91,210		12,19,680
Less: Transfer to Profit and Loss Account	28,470		28,470
		11,62,740	11,91,210
Contingency Reserve		4,00,00,000	4,00,00,000
General Reserve			
Balance as at 1st April	14,70,64,297		13,40,64,297
Add: Transfer from Profit & Loss Account	50,00,000		1,30,00,000
		15,20,64,297	14,70,64,297
Security Premium Account			
Balance as at 1st April	74,57,46,914		69,88,90,254
Add: Received on account of Employee Stock Option Plan	22,36,090		4,68,56,660
		74,79,83,004	74,57,46,914
Foreign Currency Translation Reserve			
Balance as at 1st April	(19,55,281)		(77,467)
Add: Foreign Currency Translation Profit / (Loss) during the year	34,84,748		(18,77,814)
		15,29,467	(19,55,281)
Profit and Loss Account	6,83,72,585		6,35,03,706
Group's Share in Joint Venture	(60,82,391)		18,74,606
		6,22,90,194	6,53,78,312
		1,01,98,50,380	1,01,22,46,130

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

SCHEDULE - 3	Rupees	31st March 2008 Rupees
LOAN FUNDS		
1. SECURED LOANS		
A. Cash Credit from Banks (including working capital demand loan)	31,10,48,186	19,29,27,876
<p>Primary Security: Secured by joint hypothecation of Book Debts and Stocks. Collateral Security: By way of first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru. Further, by way of second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa.</p>		
B. Cash Credit from Banks	-	7,67,46,679
Secured by hypothecation of Book Debts and Stocks pertaining to a project.		
C. Packing Credit Loan from Banks	14,58,66,442	19,87,09,255
<p>Primary Security: Secured by joint hypothecation of Book Debts and Stocks. Collateral Security: By way of first charge on all immovable and movable properties and plant and machinery situated at Hosur and Patancheru. Further, by way of second charge on movable and immovable properties situated at Mumbai (Office Premises), Vashi and Goa.</p>		
D. Overdraft from a Bank	-	36,69,570
Secured by a charge on the fixed deposit		
E. Term Loan from a Bank	1,32,99,073	2,65,42,355
Secured by way of hypothecation of all movable fixed assets; mortgage of all immovable properties, both present and future, of a subsidiary. [Includes interest accrued and due Rs. 3,49,073 (2007-2008 : Rs. 6,42,355)] [Due within one year Rs. 1,00,61,573 (2007-2008 : Rs. 1,35,92,355)]		
F. Term Loan from a Bank	3,25,00,000	4,87,50,000
Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future. [Due within one year Rs. 1,62,50,000 (2007-2008 : Rs. 1,62,50,000)]		
G. Term Loan from a Bank	4,94,13,000	6,00,00,000
Secured by First Charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future. [Due within one year Rs. 1,41,16,000 (2007-2008 : Rs. 1,05,87,000)]		
H. Loan from a Bank	-	2,20,00,000
Secured by First Charge by way of mortgage of immovable property situated at Mumbai [Due within one year Rs. Nil (2007-2008 : Rs. 2,20,00,000)]		
I. Vehicle finance from Banks	1,27,11,077	1,48,00,805
Secured by hypothecation of vehicles. [Due within one year Rs. 37,21,326 (2007-2008 : Rs. 28,22,823)]		
Group's Share in Secured Loan of Joint Venture	2,41,12,008	1,17,59,660
	58,89,49,786	65,59,06,200
2. UNSECURED LOANS		
A. Fixed Deposits	6,18,58,000	9,66,85,000
[Due within one year Rs. 4,19,73,000 (2007-2008 : Rs. 4,92,37,000)]		
B. Inter Corporate Deposit	1,05,00,000	1,35,00,000
[Due within one year Rs. 1,05,00,000 (2007-2008 : Rs. 1,35,00,000)]		
C. Loan from Banks	16,66,66,000	2,76,00,000
[Due within one year Rs. 16,66,66,000 (2007-2008 : Rs. 2,76,00,000)]		
	23,90,24,000	13,77,85,000

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

SCHEDULE - 4												
FIXED ASSETS												
(in Rupees)												
Particulars	Gross Block					Depreciation / Amortization				Net Block		
	As at 1st April 2008	Additions during the year	Deductions/ Adjustments during the year	Add : Exchange Gain / (Loss)	As at 31st March 2009	As at 1st April 2008	Depreciation / Amortization during the year	Deductions/ Adjustments during the year	Add : Exchange (Gain) / Loss	As at 31st March 2009	As at 31st March 2009	As at 31st March 2008
Tangible Assets												
Land (Freehold)	87,01,593	-	-	-	87,01,593	-	-	-	-	-	87,01,593	87,01,593
Land (Leasehold)	2,11,32,011	28,52,430	-	-	2,39,84,441	49,23,380	3,02,992	-	-	52,26,372	1,87,58,069	1,62,08,631
Buildings on Leasehold Land	21,15,80,236	69,80,821	-	-	21,85,61,057	6,66,18,106	66,01,184	-	-	7,32,19,290	14,53,41,767	14,49,62,130
Buildings on Freehold Land (Refer Notes 1, 2 and 3 below)	17,89,90,988	39,77,789	-	-	18,29,68,777	3,25,43,329	26,16,302	-	-	3,51,59,631	14,78,09,146	14,64,47,659
Plant and Machinery (including Electrical Installation)	56,34,60,364	2,64,65,234	2,43,400	4,589	58,96,86,787	33,32,21,817	2,81,14,161	2,43,400	8,091	36,11,00,669	22,85,86,118	23,02,38,547
Vehicles	3,42,87,334	33,48,392	30,55,902	2,37,241	3,48,17,065	1,33,24,959	30,86,262	15,16,030	1,73,612	1,50,68,803	1,97,48,262	2,09,62,375
Furniture, Fixture and Office Equipments	23,01,08,766	1,82,17,264	2,91,807	3,03,171	24,83,37,394	14,25,07,447	1,59,03,169	1,63,108	87,639	15,83,35,147	9,00,02,247	8,76,01,319
Intangible Asset												
Non-Compete Fee	80,07,867	-	-	21,82,133	1,01,90,000	17,45,900	18,58,593	-	6,41,188	42,45,681	59,44,319	62,61,967
Total (A)	1,25,62,69,159	6,18,41,930	35,91,109	27,27,134	1,31,72,47,114	59,48,84,938	5,84,82,663	19,22,538	9,10,530	65,23,55,593	66,48,91,521	66,13,84,221
Group's Share in Joint Venture (B)	20,74,209	2,88,639	-	-	23,62,848	4,21,564	2,07,984	-	-	6,29,548	17,33,300	16,52,645
Total (A) + (B)	1,25,83,43,368	6,21,30,569	35,91,109	27,27,134	1,31,96,09,962	59,53,06,502	5,86,90,647	19,22,538	9,10,530	65,29,85,141	66,66,24,821	66,30,36,866
Previous Year	99,02,11,151	27,50,56,198	72,88,492	3,64,511	1,25,83,43,368	55,02,77,547	4,84,53,970	38,09,835	3,84,820	59,53,06,502		
Capital Work-in-Progress (Refer Note 4 below) (Including advance on capital account Rs. 22,16,208 (2007-2008 : Rs. 62,86,985))											57,52,765	1,40,61,541
											67,23,77,586	67,70,98,407

Notes:

- Includes Ownership blocks, the cost of which includes:
 - Rs. 250 (2007-2008 : 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 (2007-2008 : Rs. 3,500) being the value of 70 Shares (unquoted) of Rs. 50 each, fully paid up in Usha Milan Co-operative Society Limited.
- Includes Ownership blocks acquired at Mumbai, the Society formation of which is in progress.
- Includes Ownership blocks comprising of 2 LIG flats (Nos. B-16 and B-17) and 1 MIG flat (No. B-14) at Hosur, the title deeds of which are awaited from authorities.
- Capital Work-in-Progress includes amount of Rs. 25,33,481 (2007-2008 : Rs. 25,33,481) paid for acquiring furnished office premises, the ownership of which is under legal dispute and Rs. Nil (2007-2008 : Rs.20,00,000) in respect of premise at Mumbai, for which transfer formalities are in progress.
- Buildings on Freehold Land includes buildings given on operating lease :
 - Gross Book Value Rs. 4,16,72,449 (2007-2008 : Rs. 4,16,72,449)
 - Accumulated depreciation Rs. 86,18,591 (2007-2008 : Rs. 79,02,961)
 - Depreciation for the year Rs. 7,15,630 (2007-2008 : Rs. 7,15,630)
 - Net book value Rs. 3,30,53,858 (2007-2008 : Rs. 3,37,69,488)

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

SCHEDULE - 5 (Contd.)

C. NON-TRADE AND QUOTED

	Rupees	31st March 2008 Rupees
6.75% Tax Free US - 64 Bonds Nil (2007-2008 : 26,299) Bonds of Rs. 100 each, fully paid-up [All Units earmarked under Rule 3A of Companies (Acceptance of Deposits) Rules, 1975]	-	26,29,900
Units of Master Plus of Unit Trust of India 5,000 (2007-2008 : 5,000) Units of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,800 (2007-2008 : Rs. 1,800)]	75,200	75,200
Shares of Sterlite Technologies Limited 1,175 (2007-2008 : 1,175) Equity Shares of Rs. 5 each, fully paid-up [Net of provision for diminution in the value: Rs. Nil (2007-2008 : Rs. Nil)]	2,05,000	2,05,000
Shares of Jain Irrigation Systems Limited 7,414 (2007-2008 : 7,414) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 3,178 (2007-2008 : Rs. 3,178)]	89,356	89,356
Shares of Canara Bank 8,100 (2007-2008 : 8,100) Equity Shares of Rs. 10 each, fully paid-up	2,83,500	2,83,500
Shares of Fairdeal Filaments Limited 83,600 (2007-2008 : 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 (2007-2008 : 6,100) Equity Shares of Rs. 10 each, fully paid-up	12,265	12,265
Shares of Somani Swiss Industries Limited 87,000 (2007-2008 : 87,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,09,295 (2007-2008 : Rs. 1,09,295)]	-	-
Shares of Nova Steels Industries Limited 29,700 (2007-2008 : 29,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 32,835 (2007-2008 : Rs. 32,835)]	-	-
Shares of Rajinder Pipes Limited 4,500 (2007-2008 : 4,500) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 7,240 (2007-2008 : Rs. 7,240)]	-	-
Shares of Mardia Steels Limited 3,700 (2007-2008 : 3,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 6,880 (2007-2008 : Rs. 6,880)]	-	-
Shares of MTZ Polyester Limited 3,75,000 (2007-2008 : 3,75,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. Nil (2007-2008 : Rs. Nil)]	7,68,750	7,68,750
11.25% Bonds of Gujarat Urja Vikas Nigam Limited 6 Bonds of Rs. 40,000 each (2007-2008 : 6 Bonds of Rs. 70,000 each), fully paid-up	2,40,000	4,20,000
Aggregate value of Quoted Investments (C)	19,68,141	47,78,041
TOTAL (A+B+C)	3,39,16,123	2,74,44,950

Market value of Quoted Investments as on 31st March 2009 is Rs. 32,96,897
(2007-2008 : Rs. 83,82,389)

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

SCHEDULE - 6

INVENTORIES

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

	Rupees	31st March 2008 Rupees
Raw Materials and Components	17,83,32,338	30,81,22,257
Raw Material-in-Transit	3,61,43,489	3,84,60,966
Work-in-Progress (Refer Note below)	1,77,18,440	1,55,12,790
Finished Goods	16,12,23,567	14,76,31,993
Finished Goods-in-Transit	4,60,651	6,02,942
Stores and Spare Parts	1,40,80,757	1,06,64,055
Contract Work-in-Progress	2,27,19,500	2,52,17,056
Group's Share in Inventories of Joint Venture	86,27,078	93,64,308
	43,93,05,820	55,55,76,367

Note : Work-in-Progress includes Project Development Rs. 7,88,958
(2007-2008 : Rs. 7,88,958)

SCHEDULE - 7

SUNDRY DEBTORS

Unsecured, considered good:

Debts outstanding over six months (Refer Note 1 below)	1,11,84,00,391	86,62,80,185
Other Debts (Refer Note 2 below)	1,12,89,25,789	1,18,18,55,084
	2,24,73,26,180	2,04,81,35,269

Unsecured, considered doubtful:

Debts outstanding over six months	1,05,64,933	1,05,64,933
Less: Provision for Doubtful Debts	1,05,64,933	1,05,64,933

Group's Share in Sundry Debtors of Joint Venture (Refer Note 3 below)

	6,16,65,473	7,78,16,020
	2,30,89,91,653	2,12,59,51,289

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

Notes:

1. Includes Rs. 26,15,23,137 (2007-2008 : Rs. 20,95,45,965) Retention Money not due.
2. Includes Rs. 5,30,95,667 (2007-2008 : Rs. 10,29,17,287) Retention Money not due.
3. Includes Rs. 3,39,93,093 (2007-2008 : Rs. 1,83,72,009) Retention Money not due.

SCHEDULE - 8

CASH AND BANK BALANCES

Cash on Hand	18,68,767	13,49,876
Remittance in Transit	-	-
Balance with Scheduled Banks:		
- On Current Accounts	6,13,10,858	7,13,37,657
- On Exchange Earner's Foreign Currency Accounts [USD 4,895 (2007-2008 : USD 3,426)]	2,49,421	1,36,945
- On Deposit Account	59,07,348	57,17,487
- On Deposit Account [Earmarked under Rule 3A of Companies (Acceptances of Deposits) Rules, 1975]	86,00,000	46,00,000
- On Margin Money Account	4,59,09,065	3,92,92,511
- On Unclaimed Dividend Account	15,37,931	11,21,416
- On Unclaimed Interest on Fixed Deposits	22,35,233	31,70,119
Balance with Non-Scheduled Bank:		
- On Current Account (*)	4,05,586	4,87,500
Group's Share in Cash and Bank balance of Joint Venture	49,13,461	72,58,520
	13,29,37,670	13,44,72,031

(*) Balance with Non-Scheduled Bank maintained with
National Bank of Dubai : Rs. 4,05,586 (2007-2008 : Rs. 4,87,500)
Maximum amount outstanding during the year : Rs. 5,77,60,929
(2007-2008 : Rs.11,43,450)

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

SCHEDULE - 9	Rupees	Rupees	31st March 2008 Rupees
OTHER CURRENT ASSETS			
Interest accrued but not due		32,12,964	15,59,635
Rent receivable			
Considered doubtful	17,05,011		17,05,011
Less: Provision for Doubtful Rent	17,05,011		17,05,011
		-	-
		32,12,964	15,59,635
SCHEDULE - 10			
LOANS AND ADVANCES			
A. Secured, Considered good:			
Advances recoverable in cash or in kind or for value to be received		2,80,409	26,38,882
B. Unsecured, Considered good, unless otherwise stated:			
Advances recoverable in cash or in kind or for value to be received			
- Considered good (Refer Note below and Note 9 on Schedule 17)	56,59,22,448		51,00,54,404
- Considered doubtful	3,71,52,898		3,82,64,888
Less: Provision for Doubtful Advances	3,71,52,898		3,82,64,888
		56,59,22,448	51,00,54,404
Advance Tax and Tax Deducted at Source [Net of provision for taxation aggregating Rs. 20,93,49,002 (2007-2008 : Rs.18,61,22,358)]		4,42,18,567	4,04,87,977
Unamortized Premium on Forward Contracts		5,26,667	4,27,489
Tender, Security and other Deposits [Includes Security Deposit for Land Rs.2,32,23,485 (2007-2008 : Rs.2,32,23,485)]			
- Considered good	5,28,70,120		4,75,20,283
- Considered doubtful	1,00,56,636		1,00,56,636
Less: Provision for Doubtful Deposits	1,00,56,636		1,00,56,636
		5,28,70,120	4,75,20,283
Balances with Excise Authorities		2,45,964	6,89,737
Inter Corporate Deposits			
- Considered good	25,00,000		25,00,000
- Considered doubtful	57,07,290		57,07,290
Less: Provision for Doubtful Inter Corporate Deposits	57,07,290		57,07,290
		25,00,000	25,00,000
Maintenance Expenses Recoverable (Refer Note 11 on Schedule 17)			
- Considered good	5,20,72,166		4,84,23,994
- Considered doubtful	1,14,25,000		1,50,00,000
Less: Provision	1,14,25,000		1,50,00,000
		5,20,72,166	4,84,23,994
Advances for Repurchases (Refer Note 18 on Schedule 17)		3,05,80,088	2,96,38,548
Group's Share in Loans and Advances of Joint Venture		5,23,50,126	1,15,61,183
		80,15,66,555	69,39,42,497

Note:

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

Loans due from IEI Shareholding Trusts Rs. 24,01,78,500 (2007-2008 : Rs. 24,42,94,500)

[Maximum amount outstanding Rs. 24,42,94,500 (2007-2008 : Rs. 24,73,78,000)]

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009

	Rupees	Rupees	31st March 2008 Rupees
SCHEDULE - 11			
CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities:			
Sundry Creditors			-
- Micro and Small Enterprises (Refer Note 30 on Schedule 17)			-
- Other than Micro and Small Enterprises	1,59,49,27,415		1,55,73,93,295
Sundry Creditors		1,59,49,27,415	1,55,73,93,295
Other Liabilities		3,71,16,400	1,75,45,941
Interest accrued but not due		24,97,791	36,75,033
Investor Education and Protection Fund shall be credited by the following amounts namely *			
- Unclaimed Dividends	15,37,931		11,21,416
- Unclaimed Interest on Fixed Deposits	22,35,233		31,70,119
- Unclaimed Matured Deposits	44,22,000		36,85,000
		81,95,164	79,76,535
Acceptances		16,27,15,783	16,60,70,089
Deposits		6,60,93,772	6,16,55,833
Commitment Deposit Under Employees Stock Option Scheme (Refer Note 8 on Schedule 17)		30,048	4,11,548
Advance from Customers and Progress Claims [Includes advances in respect of engineering contracts Rs. 23,93,15,580 (2007-2008 : Rs. 21,00,77,645)]		29,93,00,611	26,01,93,274
Group's Share in Current Liabilities of Joint Venture		9,69,49,571	7,93,89,786
TOTAL (A)		2,26,78,26,555	2,15,43,11,334
B. Provisions:			
Provision for Fringe Benefit Tax [Net of Advance Tax Rs. 4,44,82,812 (2007-2008 : Rs. 2,80,74,089)]		68,97,461	1,16,60,813
Provision for Leave Encashment		3,56,00,701	2,88,11,030
Provision for Gratuity		2,33,232	1,88,978
Proposed Dividend		1,23,64,561	2,56,66,022
Tax on Proposed Dividend		21,57,084	44,73,394
Group's Share in Provisions of Joint Venture		4,10,247	7,03,215
TOTAL (B)		5,76,63,286	7,15,03,452
TOTAL (A + B)		2,32,54,89,841	2,22,58,14,786

* As at 31st March 2009, there are no amounts due to be credited to Investor Education and Protection Fund.

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Schedules forming part of the Consolidated Profit and Loss Account for the year ended 31st March 2009

	Rupees	Rupees	2007 - 2008 Rupees
SCHEDULE - 12			
SALES AND SERVICES			
Sales (Refer Note 25 on Schedule 17)		4,89,69,42,667	5,36,82,03,184
[Tax deducted at source Rs. 83,78,437 (2007-2008 : Rs. 2,24,18,270)]			
Income from Input/Projects		5,27,324	17,16,292
Income from Intercrops		3,38,674	2,73,430
Commission		39,02,179	16,86,066
Income from Contract Farming/Produce Marketing		19,22,726	14,50,438
Management Fees		2,05,12,599	2,40,42,917
[Tax deducted at source Rs. 23,24,078 (2007-2008 : Rs. 27,24,062)]			
Group's Share of Sales and Services Income in Joint Venture		19,07,92,045	18,81,98,773
[Tax deducted at source Rs. 10,55,449 (2007-2008 : Rs. 5,14,178)]			
		5,11,49,38,214	5,58,55,71,100
SCHEDULE - 13			
OTHER INCOME			
Scrap Sales		50,76,109	55,77,213
Rent		3,52,13,872	3,03,44,341
[Tax deducted at source Rs. 59,56,932 (2007-2008 : Rs. 70,18,181)]			
Dividend Income (Refer Note below)		7,50,565	1,86,609
Amount set aside for liabilities, no longer required, written back		69,33,673	10,81,020
Interest from Banks		33,17,894	26,09,457
[Tax deducted at source Rs. 8,93,912 (2007-2008 : Rs. 5,38,682)]			
Interest from Others		5,07,637	6,72,314
[Tax deducted at source Rs. 66,118 (2007-2008 : Rs. 56,256)]			
Exchange Gain (Net)		4,68,38,709	77,50,766
Miscellaneous Income		33,77,480	95,24,785
Write-back of diminution in value of Investments (Net)		-	81,450
Group's Share of Other Income in Joint Venture		5,54,516	6,38,319
[Tax deducted at source Rs. 1,17,242 (2007-2008 : Rs. 1,04,025)]			
		10,25,70,455	5,84,66,274
Note: Includes Rs. 66,000 (2007-2008 : Rs. 21,000) received from trade investments.			
SCHEDULE - 14			
COST OF GOODS SOLD			
A. Raw Materials and Components Consumed*		3,10,28,27,934	3,64,72,46,865
B. Purchase of Traded Goods		17,85,69,693	20,13,59,269
C. Increase/(Decrease) in Stocks:			
Closing Stocks:			
- Work-in-Progress		1,69,29,482	1,47,23,832
- Finished Goods		16,12,23,567	14,76,31,993
- Finished Goods-in-Transit		4,60,651	6,02,942
- Contract Work-in-Progress		2,27,19,500	2,52,17,056
		20,13,33,200	18,81,75,823
Less: Opening Stocks:			
- Work-in-Progress		1,47,23,832	91,81,489
- Finished Goods		14,76,31,993	6,95,28,212
- Finished Goods-in-Transit		6,02,942	17,52,651
- Contract Work-in-Progress		2,52,17,056	3,72,97,746
		18,81,75,823	11,77,60,098
		1,31,57,377	7,04,15,725
D. Group's Share in Cost of Goods Sold in Joint Venture **		18,09,82,406	17,02,30,211
Cost of Goods Sold (A + B - C + D)		3,44,92,22,656	3,94,84,20,620

* Includes direct expenses incurred on contracts Rs. 3,16,88,504 (2007-2008 : Rs. 4,00,14,730)

** Includes direct expenses incurred on contracts Rs. 18,15,722 (2007-2008 : Rs. 24,56,376)

**Schedules forming part of the Consolidated Profit and Loss Account
 for the year ended 31st March 2009**

SCHEDULE - 15

OPERATION AND OTHER EXPENSES (Refer Note 21 on Schedule 17)

Employee costs (Refer Note 29 on Schedule 17)

- Salaries, Wages and Bonus
- Contribution to Provident and Other Funds
- Staff Welfare
- Employee Compensation Expense

Stores and Spare Parts consumed

Power and Fuel

Repairs and Maintenance - Buildings

- Plant and Machinery

- Others

Rent (Net of recoveries)

Rates and Taxes

Insurance (Net of recoveries)

Travelling and Conveyance

Excise Duty (Net of recoveries) (Refer Note 25 on Schedule 17)

Freight (Net of recoveries)

Packing (Net of recoveries)

Advertisement and Publicity

Commission to Agents and Discount

Legal and Professional Charges

Telephone and Telex

Intercrop Expenses

Bad Debts written off

Less: Withdrawn from provision for doubtful debts

Provision for doubtful advances and deposits

Project maintenance expenses written off

Less: Withdrawn from provision

Auditors' Remuneration (Refer Note 24 on Schedule 17)

Directors' Fees

Bank Charges

Loss on Assets sold/discarded (Net)

Amortization of Goodwill on Investment in Associates

Unrealized Profit on Inventories

Backcharges on Contract (Refer Note 27 on Schedule 17)

Establishment and Other Miscellaneous Expenses

Group's Share in Operations and Other Expenses of Joint Venture

SCHEDULE - 16

INTEREST

On Fixed Loans

On Others

Group's Share in Interest Expenses of Joint Venture

	Rupees	Rupees	2007-2008 Rupees
			35,26,78,468
	39,14,28,724		3,20,91,328
	3,32,53,758		2,08,35,980
	2,21,58,162		1,15,24,817
	1,61,68,284		41,71,30,593
		46,30,08,928	45,60,133
		40,70,594	4,48,45,688
		5,98,04,399	21,96,121
		22,56,125	1,24,63,698
		1,02,99,969	1,24,58,434
		1,10,42,210	1,82,48,456
		2,57,43,012	1,56,84,187
		4,18,25,067	37,05,522
		28,92,007	13,47,09,637
		15,31,50,202	51,87,173
		28,01,240	9,53,17,979
		11,84,34,531	1,26,69,907
		1,68,07,955	5,45,81,644
		6,95,01,156	4,23,89,922
		6,90,17,320	3,34,45,306
		3,86,85,236	2,79,35,773
		2,51,62,644	1,91,088
		1,20,347	3,04,28,829
	1,92,10,215		(26,66,620)
		-	2,77,62,209
		1,92,10,215	-
		3,18,000	-
	35,75,000		-
	35,75,000		-
		-	-
		24,29,249	24,78,649
		18,35,000	18,95,000
		2,79,75,413	2,58,44,354
		10,92,968	12,99,158
		-	1,45,277
		55,63,632	9,58,850
		6,01,10,447	3,98,66,708
		11,05,02,685	9,61,74,632
		1,46,47,113	1,35,13,121
		1,35,83,07,664	1,14,76,59,219
		3,76,02,931	2,90,05,276
		6,59,68,784	4,37,12,586
		32,87,557	2,23,009
		10,68,59,272	7,29,40,871

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2009 and Consolidated Profit and Loss Account for the year ended on that date

SCHEDULE – 17

NOTES TO ACCOUNTS

1. a. Accounting Conventions:
The financial statements have been prepared under historical cost convention on accrual basis except in case of assets for which revaluation is carried out. The financial statements comply in all material respects with the Notified Accounting Standards by Companies Accounting Standard Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956 of India (the "Act"). The accounting policies have been consistently applied by the Company.
- b. Principles of Consolidation:
The consolidated financial statements relate to Ion Exchange (India) Limited, its Subsidiary Companies, Associates and Interest in Jointly Controlled Entity, ('the Group') mentioned in Paragraphs 4, 5 and 6 below. The consolidated financial statements have been prepared on the following basis:
 - The financial statements of the Company and its Subsidiary Companies have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits. Unrealized losses are eliminated unless costs cannot be recovered.
 - Subsidiaries are consolidated from the date on which effective control is transferred to the Group and are no longer consolidated from the date of disposal.
 - The difference between the cost of investment in the subsidiaries over the Company's portion of equity of the subsidiary is recognized in the financial statements as Goodwill or Capital Reserve.
 - Goodwill on consolidation is amortized over a period of 5 years.
 - Investments of the Company in Associates is accounted as per the Equity Method prescribed under Notified Accounting Standard 23 – 'Accounting for Investments in Associates in Consolidated Financial Statements' under Companies Accounting Standard Rules, 2006 (as amended).
 - Interest in Jointly Controlled Entity is accounted as per the Proportionate Consolidation Method prescribed under Notified Accounting Standard 27 – 'Financial Reporting of Interests in Joint Venture in Consolidated Financial Statements' under Companies Accounting Standard Rules, 2006 (as amended).
 - Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority shareholders at the dates on which investments are made by the Company in the subsidiary companies and further movements in their shares in the equity, subsequent to the dates of investments as stated above.
2. The Company has made further investments in the following Subsidiaries and Associates during the year, which are considered for consolidation:
 - a. Subsidiaries
 - Ion Exchange Asia Pacific Pte. Limited – Singapore
 - Ion Exchange Infrastructure Limited
 - b. Associates
 - Astha Technical Services Limited
 - IEI Water-Tech (M) Sdn. Bhd. - Malaysia**
 - Ion Ex change Asia Pacific Pte. Limited - Singapore

** Additional investment through Subsidiary Company - Ion Exchange Asia Pacific Pte. Limited, Singapore

3. Significant Accounting Policies:
 - (i) Fixed Assets, Depreciation and Impairment:

Tangible Assets:

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

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

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

SCHEDULE – 17 (Contd.)

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

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

Intangible asset comprises of Non-compete Arrangement. It 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. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(iv) Inventories:

Inventories are valued at lower of Cost and Net Realisable Value. Cost for Raw Materials, Stores and Spares are computed on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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

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

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

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

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

SCHEDULE – 17 (Contd.)

(v) Accounting for CENVAT:

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

(vi) Research and Development:

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

(vii) Retirement & Other Employees Benefits:

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

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

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

d) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

(viii) Revenue Recognition:

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

Sales are accounted for inclusive of Excise duty but excluding Sales tax. Sales and income from sale of inputs, intercrops, contract farming and produce marketing activities are recognized when the property and all significant risks and reward of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods.

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

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

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

Income from Services:

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

Interest:

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

Dividends:

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

(ix) Taxation:

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

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

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

SCHEDULE – 17 (Contd.)

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 Option Scheme:

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 3 (ii).

(xiii) Earnings Per Share:

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

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

(xiv) Segment Reporting Policies:

Identification of segments:

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

Inter-segment Transfers:

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

Allocation of common costs:

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

Unallocated costs:

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

Segment policies:

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

(xv) Cash and Cash Equivalents:

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

(xvi) Leases:

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

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

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SCHEDULE – 17 (Contd.)

(xvii) Use of estimates:

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

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2009	31st March 2008
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	51.00	50.60
Ion Exchange LLC	USA	100.00	100.00
Ion Exchange & Company LLC	Oman	60.00	60.00
Ion Exchange Asia Pacific (Thailand) Limited*	Thailand	100.00	100.00

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

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2009	31st, March 2008
Ion Exchange Waterleau Limited	India	50.00	50.00
Ion Exchange Dynamics Pte Limited – Singapore*	Singapore	-	50.00

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

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2009	31st, March 2008
Total Water Management Services (I) Limited	India	48.00	48.00
Ion Exchange Services Limited *	India	41.58	42.19
IEI Water-Tech (M) Sdn. Bhd. **	Malaysia	30.00	9.00
Astha Technical Services Limited	India	26.53	26.00
Aquanomics Systems Limited	India	48.61	48.61
Ion Exchange Financial Products Pvt. Limited ***	India	24.02	24.02
Global Composites and Structurals Limited	India	22.73	22.73

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

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

*** Holding through Subsidiary Companies – Aqua Investments (India) Limited and Watercare Investments (India) Limited

7. The audited financial statements of the following Company drawn up for the year ended 31st December 2008 have been considered for consolidation. There are no significant transactions which have occurred between the date of financial statement of the Company and the date on which the financial year of the parent Company ended.

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

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

SCHEDULE – 17 (Contd.)

8. Employee Stock Option Scheme (ESOS):

ESOS 2001

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 27th September 2000, the Company has introduced ESOS for its directors and employees. The ESOS Compensation Committee formed for implementation of the scheme, in its meeting held on 20th July 2001, granted 3,84,500 options to eligible directors and employees of the Company at a price of Rs. 12.50 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on The Stock Exchange, Mumbai for 13 weeks prior to the date of the grant. Under the scheme, 25% of the granted options shall vest and become exercisable in July every year. Pursuant to this, Fourth 25% of the options vested in July 2005. The vested options are exercisable upto 20th July 2009.

The Employee Stock Compensation Committee in its meeting on 8th August 2002, further granted 5,36,100 options to directors and other employees at a price of Rs. 19.00 per share which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on The Stock Exchange, Mumbai for 13 weeks prior to the date of the grant. As in the case of First grant, 25% of these options shall vest and become exercisable in August every year. Pursuant to this, the Fourth 25% of the options vested in August 2006. The vested options are exercisable upto 8th August 2010.

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

ESOS 2003

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

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

ESOS 2005

Pursuant to the resolution passed by the shareholders at the Annual General Meeting held on 29th September 2005, the Employee Stock Compensation Committee at its meeting on 29th March 2006 implemented the Third Employees Stock Options Scheme (ESOS 2005) and granted 5,00,000 options to directors and other employees at a price of Rs. 67.00 per share, which constituted a discount of approximately 25% of the closing market price prior to the date of the grant. Under the scheme, the options shall vest after one year from the date of the grant. The vested options are exercisable upto 29th March 2011.

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

ESOS 2008

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

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

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SCHEDULE – 17 (Contd.)

Details of options granted are as follows:

Particulars	ESOS Schemes				
	2001 (1st, 2nd & 3rd Grant)	2003 (1st & 2nd Grant)	2005 (1st & 2nd Grant)	2008 (1st Grant)	Total
Options outstanding as at 31st March 2008	3,02,650	3,64,550	3,14,050	-	9,81,250
	(3,450)	(16,875)	(9,80,000)	-	(10,00,325)
Granted during the year	-	-	-	12,00,000	12,00,000
	(3,00,000)	(3,50,000)	-	-	(6,50,000)
Lapsed during the year	17,650	12,300	18,000	-	47,950
	(800)	(2,325)	-	-	(3,125)
Exercised/ Allotted during the year	-	-	35,550	-	35,550
	-	-	(6,65,950)	-	(6,65,950)
Outstanding as at 31st March 2009	2,85,000	3,52,250	2,60,500	12,00,000	20,97,750
	(3,02,650)	(3,64,550)	(3,14,050)	-	(9,81,250)
Exercisable as at 31st March 2009	72,750	98,000	2,60,500	-	4,31,250

Figures in bracket denote previous year figures.

As at 31st March 2009, the Company has received Commitment Deposit of Rs. 30,048 (2007–2008: Rs. 4,11,548) from its directors and employees under ESOS 2001, ESOS 2003 and ESOS 2005.

Stock Option granted:

The weighted average fair value of stock options granted during the year was Rs. 11,79,72,000. The Black Scholes valuation model has been used for computing the weighted average fair value considering the followings inputs:

	ESOS Scheme 2001 3rd Grant	ESOS Scheme 2003 2nd Grant	ESOS Scheme 2008 1st Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	117.82	117.82	117.82
Expected Volatility *	63.9%	63.9%	63.9%
Life of the options granted (Vesting and exercise period) in years	4	4	1
Expected Dividends	2	2	2
Average risk-free interest rate	7.5%	7.5%	7.5%
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; the Company expects the volatility of its share price to reduce as it matures.

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

Particulars	Amount (in Rupees)
Profit as reported	1,65,12,032
Add : Employee stock compensation under intrinsic value method	1,61,68,284
Less : Employee stock compensation under fair value method	3,20,13,382
Pro forma profit	6,66,934
Earnings Per Share	
Basic - As reported	1.33
- Pro forma	0.05
Diluted - As reported	1.31
- Pro forma	0.05

9. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2009 is Rs. 24,01,78,500 (2007-2008: Rs. 24,42,94,500). The Company has carried out valuation of the assets held by the Trusts. Considering the valuation, book value of the corpus of the Trust as on the Balance Sheet date and future opportunities, the Management does not anticipate any ultimate loss arising out of these loans.

SCHEDULE – 17 (Contd.)

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

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

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

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

11. Maintenance expenses recoverable represent expenses incurred on sites sold under the scheme, which are to be recovered from future income generated by sale of 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 10 above, the recoverability of Maintenance Expenses is subject to significant uncertainties.

As a matter of prudence, based on the analysis by an independent expert, no provision is considered necessary by the Management for the balance as at the year end of Rs. 5,20,72,166 (2007-2008 : Rs. 4,84,23,994) as future returns from crop sales will be available to recover the same.

12. Deferred tax Liability (Net):

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

Amount (in Rupees)

Particulars	As at 31st March 2009		As at 31st March 2008	
	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset
Difference between book and tax depreciation	7,66,82,596	-	6,80,37,911	-
Provision for doubtful debts	-	35,01,649	-	34,31,313
Provision for other doubtful advances	-	1,61,00,506	-	1,64,10,491
Effect of expenditure allowable for the Tax purposes in following years	-	2,25,63,546	-	1,82,55,156
Business Losses and depreciation	-	1,31,165	-	-
Provision for leave encashment and gratuity	-	1,49,849	-	-
Others	-	27,174	-	40,760
Total	7,66,82,596	4,24,73,889	6,80,37,911	3,81,37,720
Deferred Tax Liability (Net)	3,42,08,707		2,99,00,191	

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

13. Contracts in Progress (CIP):

Amount (in Rupees)

Sr. No.	Particulars	2008-2009	2007-2008
A.	Aggregate amount recognized as Contract Revenue	1,67,00,97,254	2,04,83,85,068
B.	In respect of Contracts in Progress as on 31st March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	1,02,48,82,833	2,03,58,17,643
	2) Amount of Customer Advance received	12,94,82,157	9,37,74,731
	3) Amount of Retentions	29,93,68,267	33,12,90,574
C.	Gross amount due from customers for contract work	9,75,13,208	27,62,45,013

SCHEDULE - 17 (Contd.)

14. Consolidated Segment information for the year ended 31st March 2009.

I. Information about Primary Business Segments

(in Rupees)

	Engineering		Chemicals		Consumer Products		Other Business		Unallocated		Total	
	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008	31.03.2009	31.03.2008
Revenue												
External Sales (Gross)	3,16,41,96,493	3,58,95,73,728	1,24,70,44,400	1,24,56,22,171	68,22,70,172	72,02,98,884	9,53,586	20,33,400	2,04,73,563	2,80,42,917	5,11,49,38,214	5,58,55,71,100
Less: Excise duty recovered	(6,09,99,699)	(11,52,63,790)	(11,75,83,445)	(15,23,71,364)	(40,46,747)	(99,69,886)	-	-	-	-	(18,26,29,891)	(27,76,05,040)
External Sales (Net)	3,10,31,96,794	3,47,43,09,938	1,12,94,60,955	1,09,32,50,807	67,82,23,425	71,03,28,998	9,53,586	20,33,400	2,04,73,563	2,80,42,917	4,93,23,08,323	5,30,79,66,060
Inter-segmental Sales	12,84,42,551	14,45,13,841	8,88,12,133	7,81,33,552	-	-	-	-	-	-	21,72,54,684	22,26,47,393
Other Income	5,28,90,047	59,03,501	1,05,88,886	1,06,83,014	6,36,385	4,90,988	1,07,49,961	1,34,99,407	3,10,75,068	3,44,36,777	10,59,40,347	6,50,13,687
Total Revenue	3,28,45,29,392	3,62,47,27,279	1,22,88,61,974	1,18,20,67,374	67,88,59,810	71,08,19,986	1,17,03,547	1,55,32,807	5,15,48,631	6,24,79,694	5,25,55,03,354	5,59,56,27,140
Less: Eliminations											(21,72,54,684)	(22,26,47,393)
Add : Interest Income									38,25,531	32,81,771	38,25,531	32,81,771
Total Enterprise Revenue											5,04,20,74,201	5,37,62,61,518
Result												
Segment Results	9,91,80,319	6,16,09,069	12,57,31,835	15,83,13,720	(1,16,67,626)	1,39,42,556	(21,34,512)	55,87,868	-	-	21,11,10,016	23,94,53,213
Unallocated Expenditure net of Unallocated Income									(3,90,53,843)	(1,09,78,805)	(3,90,53,843)	(1,09,78,805)
Interest Expenses									(10,68,59,272)	(7,29,40,871)	(10,68,59,272)	(7,29,40,871)
Interest Income									38,25,531	32,81,771	38,25,531	32,81,771
Profit before Taxation									(14,20,87,584)	(8,06,37,905)	6,90,22,432	15,88,15,308
Other Information												
Segment Assets	2,39,22,76,760	2,28,34,65,171	89,26,81,445	88,60,80,813	29,67,97,547	33,17,96,588	15,05,93,390	14,39,70,305	65,99,59,229	57,07,32,299	4,39,23,08,371	4,21,60,45,176
Segment Liabilities	1,66,06,93,006	1,53,95,01,244	37,08,53,952	36,32,66,775	12,01,02,323	12,59,45,408	5,63,83,488	6,25,62,770	1,01,00,96,127	97,40,70,298	3,21,81,28,896	3,06,53,46,495
Capital Expenditure	1,62,55,642	1,04,92,955	2,78,47,600	18,66,43,610	64,79,940	36,30,140	2,87,784	38,256	1,12,59,603	7,42,51,237	6,21,30,569	27,50,56,198
Depreciation	93,80,977	92,37,438	3,32,51,770	2,38,03,296	47,92,591	42,89,306	6,81,752	7,00,398	1,05,55,087	1,03,95,062	5,86,62,177	4,84,25,500
Non Cash Expenditure other than Depreciation	6,95,11,927	4,01,57,753	1,87,33,419	1,30,20,954	63,12,912	1,74,26,217	37,051	3,000	1,28,77,123	2,51,91,120	10,74,72,432	9,57,99,044

II. Information about Secondary Geographical Segments

(in Rupees)

	India		Outside India		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
External Revenue (Net)	3,59,61,97,614	4,42,23,61,541	1,33,61,10,709	88,56,04,519	4,93,23,08,323	5,30,79,66,060
Carrying amount of segment assets	3,72,85,19,755	3,74,43,33,347	66,37,88,616	47,17,11,829	4,39,23,08,371	4,21,60,45,176
Additions to fixed assets	5,86,79,021	26,44,54,591	34,51,548	1,06,01,607	6,21,30,569	27,50,56,198

III. Notes:

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

SCHEDULE – 17 (Contd.)

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

- | | |
|--|--|
| a) Associates | Ion Exchange Services Limited
Aquanomics Systems Limited
IEI Water-Tech (M) Sdn. Bhd., Malaysia
Astha Technical Services Limited
Total Water Management Services (I) Limited
Ion Exchange Financial Products Pvt. Limited
Global Composites and Structural Limited |
| b) Joint Venture | Ion Exchange Waterleau Limited
Ion Exchange Dynamics Pte. Limited, Singapore * |
| c) Entity having significant influence | IEI Shareholding Trusts |
| d) Key Management Personnel | Mr. Rajesh Sharma – Vice Chairman & Managing Director |
| e) Relatives of Key Management Personnel | Mrs. Aruna Sharma - Wife
Mr. Dinesh Sharma - Brother
Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma
Ms. Pallavi Sharma – Daughter |

* Joint Venture of Subsidiary Company – Ion Exchange Asia Pacific Pte. Limited, Singapore.

- 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) and (e) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Sale of Goods *						
Ion Exchange Services Limited	25,25,16,460	28,26,28,358	-	-	25,25,16,460	28,26,28,358
Aquanomics Systems Limited	11,96,34,551	10,13,22,515	-	-	11,96,34,551	10,13,22,515
Ion Exchange Waterleau Limited	16,76,68,223	6,13,50,877	-	-	16,76,68,223	6,13,50,877
Global Composites and Structural Limited	40,05,734	2,33,950	-	-	40,05,734	2,33,950
IEI Water-Tech (M) Sdn. Bhd., Malaysia	3,75,43,984	2,30,30,839	-	-	3,75,43,984	2,30,30,839
Sub-Total	58,13,68,952	46,85,66,539	-	-	58,13,68,952	46,85,66,539
Management Fees						
Ion Exchange Services Limited	2,05,12,599	2,40,42,917	-	-	2,05,12,599	2,40,42,917
Sub-Total	2,05,12,599	2,40,42,917	-	-	2,05,12,599	2,40,42,917
Rental Income						
Ion Exchange Waterleau Limited	10,17,766	8,00,080	-	-	10,17,766	8,00,080
Sub-Total	10,17,766	8,00,080	-	-	10,17,766	8,00,080
Services Rendered						
Ion Exchange Waterleau Limited	67,48,839	2,16,68,528	-	-	67,48,839	2,16,68,528
Sub-Total	67,48,839	2,16,68,528	-	-	67,48,839	2,16,68,528
Purchase of Goods/ Materials						
Aquanomics Systems Limited	1,33,82,462	1,01,38,024	-	-	1,33,82,462	1,01,38,024
Global Composites & Structural Limited	15,26,95,851	10,68,39,174	-	-	15,26,95,851	10,68,39,174
Ion Exchange Services Limited	24,11,832	-	-	-	24,11,832	-
Ion Exchange Waterleau Limited	14,625	1,89,80,357	-	-	14,625	1,89,80,357
Sub-Total	16,85,04,770	13,59,57,555	-	-	16,85,04,770	13,59,57,555
Services Received						
Ion Exchange Services Limited	6,75,32,401	4,89,96,159	-	-	6,75,32,401	4,89,96,159
Total Water Management Services (I) Limited	-	9,00,000	-	-	-	9,00,000
Astha Technical Services Limited	1,63,23,871	1,54,37,586	-	-	1,63,23,871	1,54,37,586
Global Composites & Structural Limited	53,93,280	-	-	-	53,93,280	-
Sub-Total	8,92,49,552	6,53,33,745	-	-	8,92,49,552	6,53,33,745

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SCHEDULE – 17 (Contd.)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d) and (e) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Reimbursement of Expenses						
IEI Water-Tech (M) Sdn. Bhd., Malaysia	9,44,055	9,59,678	-	-	9,44,055	9,59,678
Sub-Total	9,44,055	9,59,678	-	-	9,44,055	9,59,678
Loans and Advances Given						
Total Water Management Services (I) Limited	3,78,311	5,99,751	-	-	3,78,311	5,99,751
Ion Exchange Waterleau Limited	4,41,49,265	82,74,519	-	-	4,41,49,265	82,74,519
Aquanomics Systems Limited	2,86,855	11,83,654	-	-	2,86,855	11,83,654
Astha Technical Services Limited	1,78,715	26,429	-	-	1,78,715	26,429
Ion Exchange Services Limited	2,44,396	-	-	-	2,44,396	-
Ion Exchange Financial Products Pvt. Limited	11,047	-	-	-	11,047	-
Global Composites & Structural Limited	-	51,159	-	-	-	51,159
Sub-Total	4,52,48,589	1,01,35,512	-	-	4,52,48,589	1,01,35,512
Loans and Advances Repaid						
Total Water Management Services (I) Limited	14,50,000	30,50,000	-	-	14,50,000	30,50,000
Ion Exchange Waterleau Limited	56,28,892	60,56,315	-	-	56,28,892	60,56,315
Ion Exchange Services Limited	2,44,396	-	-	-	2,44,396	-
Aquanomics Systems Limited	3,78,858	10,91,651	-	-	3,78,858	10,91,651
Astha Technical Services Limited	1,78,715	-	-	-	1,78,715	-
Global Composites & Structural Limited	1,39,660	-	-	-	1,39,660	-
Ion Exchange Financial Products Pvt. Limited	11,047	-	-	-	11,047	-
Sub-Total	80,31,568	1,01,97,966	-	-	80,31,568	1,01,97,966
Dividend Received						
Ion Exchange Services Limited	10,33,850	6,89,250	-	-	10,33,850	6,89,250
Aquanomics Systems Limited	4,60,000	2,30,000	-	-	4,60,000	2,30,000
Sub-Total	14,93,850	9,19,250	-	-	14,93,850	9,19,250
Dividend Paid						
Ion Exchange Services Limited	5,45,018	3,48,750	-	-	5,45,018	3,48,750
Mr. Rajesh Sharma	-	-	10,18,872	7,58,154	10,18,872	7,58,154
Relatives of Key Management Personnel	-	-	6,86,500	4,90,125	6,86,500	4,90,125
Sub-Total	5,45,018	3,48,750	17,05,372	12,48,279	22,50,390	15,97,029
Remuneration						
Mr. Rajesh Sharma	-	-	99,91,330	95,78,839	99,91,330	95,78,839
Mr. Dinesh Sharma	-	-	19,20,000	19,20,000	19,20,000	19,20,000
Sub-total	-	-	1,19,11,330	1,14,98,839	1,19,11,330	1,14,98,839
Shares allotted under Employee Stock Option Scheme (ESOS)						
Mr. Rajesh Sharma	-	-	-	1,65,000	-	1,65,000
Mr. Dinesh Sharma	-	-	-	1,07,000	-	1,07,000
Sub-total	-	-	-	2,72,000	-	2,72,000
Director Sitting Fees						
Mr. Rajesh Sharma	-	-	40,000	50,000	40,000	50,000
Mr. Dinesh Sharma	-	-	1,30,000	1,50,000	1,30,000	1,50,000
Sub-total	-	-	1,70,000	2,00,000	1,70,000	2,00,000
Outstanding Receivables (Net of Payable)						
Total Water Management Services (I) Limited	15,66,417	17,31,023	-	-	15,66,417	17,31,023
Ion Exchange Waterleau Limited	11,65,67,151	38,36,364	-	-	11,65,67,151	38,36,364

SCHEDULE – 17 (Contd.)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d) and (e) above		Total	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
Outstanding Receivables (Net of Payable) (Contd.)						
Aquanomics Systems Limited	5,03,81,081	4,10,16,580	-	-	5,03,81,081	4,10,16,580
IEI Water-Tech (M) Sdn. Bhd., Malaysia	3,89,75,386	2,34,02,143	-	-	3,89,75,386	2,34,02,143
Ion Exchange Financial Products Pvt. Limited **	29,38,334	29,38,334	-	-	29,38,334	29,38,334
Ion Exchange Services Limited	18,25,07,238	17,19,53,191	-	-	18,25,07,238	17,19,53,191
Global Composites and Structurals Limited	-	24,03,648	-	-	-	24,03,648
Sub-total	39,29,35,607	24,72,81,283	-	-	39,29,35,607	24,72,81,283
Outstanding Payables (Net of Receivables)						
Astha Technical Services Limited	4,42,842	16,10,809	-	-	4,42,842	16,10,809
Global Composites and Structurals Limited	10,86,309	-	-	-	10,86,309	-
Sub-total	15,29,151	16,10,809	-	-	15,29,151	16,10,809
Investments made during the year						
Ion Exchange Waterleau Limited	-	89,00,000	-	-	-	89,00,000
Astha Technical Services Limited	6,76,000	4,94,000	-	-	6,76,000	4,94,000
IEI Water-Tech (M) Sdn. Bhd., Malaysia	27,71,537	-	-	-	27,71,537	-
Sub-total	34,47,537	93,94,000	-	-	34,47,537	93,94,000
Investment in Equity Shares						
Aquanomics Systems Ltd	23,00,000	23,00,000	-	-	23,00,000	23,00,000
Ion Exchange Waterleau Limited	1,38,95,000	1,38,95,000	-	-	1,38,95,000	1,38,95,000
Astha Technical Services Limited	13,00,000	6,24,000	-	-	13,00,000	6,24,000
Total Water Management Services (I) Limited	2,40,000	2,40,000	-	-	2,40,000	2,40,000
Ion Exchange Services Limited	10,79,473	10,79,473	-	-	10,79,473	10,79,473
Global Composites & Structurals Limited	20,00,000	20,00,000	-	-	20,00,000	20,00,000
IEI Water-Tech (M) Sdn. Bhd., Malaysia	38,73,329	11,01,792	-	-	38,73,329	11,01,792
Sub-total	2,46,87,802	2,12,40,265	-	-	2,46,87,802	2,12,40,265
Share Application Money						
Global Composites & Structurals Limited	4,00,000	4,00,000	-	-	4,00,000	4,00,000
Sub-total	4,00,000	4,00,000	-	-	4,00,000	4,00,000

* Gross Sales amount has been considered.

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

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

Amount (in Rupees)

Name of the Related Party	Outstanding Receivable		Loan given during the year		Loans repaid during the year		Dividend paid during the year	
	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008	2008-2009	2007-2008
IEI Shareholding Trusts	24,01,78,500	24,42,94,500	3,000	-	41,19,000	30,83,500	53,25,828	39,94,371

- III. Stock Options granted and outstanding to Key Management Personnel: 2,05,000 (2007-2008: 25,000).

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

Investment made by the loanee in the shares of the Company

Name of the Related Party	No. of shares as at	
	31st March 2009	31st March 2008
IEI Shareholding Trusts	26,62,914	26,62,914

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SCHEDULE – 17 (Contd.)

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

Sr. No.	Name of Related Party	Amount (in Rupees)	
		As at 31st March 2009	As at 31st March 2008
1.	Ion Exchange Services Limited	18,75,16,640	17,64,40,477
2.	Ion Exchange Waterleau Limited	7,00,93,271	-
3.	Aquanomics Systems Limited	5,04,09,194	4,21,55,602
4.	Global Composites and Structural Limited	40,05,734	-
5.	Ion Exchange Water-Tech (M) Sdn. Bhd.	3,89,69,661	-

17. Security Deposit for Land represents amounts paid by IEEFL for acquiring agricultural land, inclusive of stamp duty and registration charges, which are unsold as at 31st March 2009. IEEFL has conducted valuation of land and accordingly, provision of Rs. 55,82,922 (2007-2008 : Rs. 55,82,922) has been made as at 31st March 2009.

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

19. Contingent Liabilities not provided for :

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

- i) Associate – Rs. 5,00,00,000 (2007–2008 : Rs. 5,00,00,000)
- ii) Joint Venture – Rs. 35,00,00,000 (2007–2008 : Rs. 21,00,00,000)
- iii) Others – Rs. 38,88,000 (2007–2008 : Rs. 38,88,000)

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

- i) Income Tax – Rs. 1,89,38,294 (2007–2008 : Rs. 1,89,38,294).
- ii) Excise Duty – Rs. 30,52,000 (2007–2008 : Rs. 30,52,000)
- iii) Service Tax – Rs. 41,05,224 (2007–2008 : Rs. Nil)
- iv) Sales Tax – Rs. 62,79,459 (2007–2008 : Rs. 1,89,04,209)
- v) Customs Duty (to the extent ascertainable) – Rs. 24,53,117 (2007–2008 : Rs. 24,53,117)

(c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 4,65,74,595 (2007-2008 : Rs. 3,53,79,245).

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

20. Earnings Per Share :

		31st March 2009	31st March 2008
I	Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 10 each		
	Net Profit/ (Loss) as per Profit and Loss Account available for Equity Shareholders (In Rupees)	1,65,12,032	9,34,91,172
II	Weighted average number of equity shares for Earnings per Share computation		
	A) For Basic Earnings per Share	1,24,20,246	1,20,05,308
	B) For Diluted Earnings per Share		
	No. of shares for Basic EPS as per II A	1,24,20,246	1,20,05,308
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	2,07,919	7,85,726
	No. of Shares for Diluted Earnings per Share	1,26,28,165	1,27,91,034
III	Earnings Per Share in Rupees (Weighted Average)		
	Basic	1.33	7.79
	Diluted	1.31	7.31

21. Capital expenditure incurred on Research and Development during the year is Rs. 11,42,998 (2007–2008 : Rs. 3,38,952). Revenue expenditure of Rs. 2,84,91,588 (2007-2008 : Rs. 1,93,95,378) incurred on Research and Development has been expensed to Profit and Loss Account under various expense heads.

SCHEDULE – 17 (Contd.)

22. Capital Commitment:

Estimated amount of contracts (net of advances) remaining to be executed on Capital Account not provided for is Rs. 27,84,469 (2007–2008 : Rs. 86,99,124).

23. Managerial Remuneration:

	Amount (in Rupees)	
	2008-2009	2007-2008
Salaries and Allowances	1,05,48,000	1,03,48,000
Contribution to Provident and other Funds	21,00,780	19,09,800
Perquisites	11,82,550	11,61,039
Total	1,38,31,330	1,34,18,839

Note:-

1. The Managerial Remuneration paid has been approved by the Central Government.
2. As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.

24. Auditors' Remuneration:

	Amount (in Rupees)	
	2008-2009	2007-2008
Statutory Audit	13,75,000	13,75,000
Tax Audit	3,00,000	3,00,000
Any other capacity (certification work)	6,85,000	7,15,000
Out of Pocket Expenses	69,249	88,649
Total	24,29,249	24,78,649

25. Sales include services rendered Rs. 33,94,73,676 (2007–2008 : Rs. 30,34,10,006) net of service tax.

Excise duty on sales amounting to Rs. 18,26,29,891 (2007-2008 : Rs. 27,76,05,040) has been reduced from sales in Profit and Loss Account and excise duty on increase/decrease in stock amounting to Rs. 28,01,240 (2007 - 2008 : Rs. 51,87,173) has been considered as (income)/expenses in Schedule 15 of financial statements.

26. During the year 33,550 (2007-2008 : 5,96,700) equity shares were allotted to employees and directors under ESOS 2005 on 17th June 2008. Accordingly, dividend of Rs. 2.00 per share (20%) declared at the Annual General Meeting held on 26th September 2008 was also paid to those shareholders (book closure date being 16th September 2008).

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

28. Derivative Instruments and Unhedged Foreign Currency Exposure

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative	
	2008-2009	2007-2008
Hedge of Foreign Currency Loans	Buy USD 10,00,000	Buy USD 32,72,818
Hedge of Import Creditors	Buy USD 2,20,350	Buy USD 4,12,128
Hedge of Import Creditors	-	Buy JPY 3,27,39,100

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	2008-2009		2007-2008	
	Amount (Rs.)	Foreign Currency	Amount (Rs.)	Foreign Currency
Import Creditors	8,81,09,591	USD 14,68,649, Euro 1,50,616, JPY 60,12,100	10,59,72,214	USD 9,13,072, Euro 1,27,539, JPY 15,32,69,060
Export Debtors	35,98,42,539	USD 65,90,082, Euro 27,045, OMR 15,461, UAE DH 14,18,235	28,24,84,137	USD 69,20,175, Euro 67,559, OMR 15,596
Foreign Currency Bank Account	2,49,422	USD 4,895	1,36,944	USD 3,426
Investment	38,81,003	MYR 3,00,000	9,20,273	MYR 90,000

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SCHEDULE – 17 (Contd.)

29. Employee Benefits :

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

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

		Amount (in Rupees)	
	Particulars	2008-2009	2007-2008
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	40,57,350	40,57,350
	2. Interest cost on benefit obligation	31,29,591	28,15,634
	3. Expected return on plan assets	(34,05,003)	(30,99,358)
	4. Net actuarial Loss / (Gain) recognized in the year	37,18,062	38,30,282
	Net benefit expenses	75,00,000	76,03,908
	Actual return on plan assets	28,77,693	27,42,191
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	(4,13,32,921)	(3,79,88,671)
	2. Fair value of Plan Assets	4,13,32,921	3,79,88,671
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	(3,79,88,671)	(3,43,36,175)
	2. Interest cost	(31,29,591)	(28,15,634)
	3. Current service cost	(40,57,350)	(40,57,350)
	4. Benefits paid	58,52,264	63,96,212
	5. Actuarial gains / (losses) on obligation	(20,09,573)	(31,75,724)
	Closing defined benefit obligation	(4,13,32,921)	(3,79,88,671)
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	3,79,88,671	3,43,36,175
	2. Expected returns	34,05,003	30,99,358
	3. Contributions by Employer	75,00,000	76,03,908
	4. Benefits paid	(58,52,264)	(63,96,212)
	5. Actuarial Gains / (Losses)	(17,08,489)	(6,54,558)
	6. Closing Fair value of Plan assets	4,13,32,921	3,79,88,671
V	Actuarial Assumptions:		
	1. Discount Rate	7.5%	8%
	2. Expected rate of Salary increase [Refer note (b) below]	5%	5%
	3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	4. Attrition Rate	2%	2%

The Company expects to contribute Rs. 52,95,161 to gratuity in 2009-2010.

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	
		2008-2009	2007-2008
1	Central & State Government Bonds	31%	51%
2	Public Sector Undertaking	21%	28%
3	HDFC Std. Life Ins. Co. Ltd. / Bank Deposits	48%	21%

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.

SCHEDULE – 17 (Contd.)

Amounts for the current and previous year are as follows:

	2008-2009	2007-2008
Defined Benefit obligation	(4,13,32,921)	(3,79,88,671)
Plan assets	4,13,32,921	3,79,88,671
Surplus / (deficit)	Nil	Nil
Experience adjustments on plan liabilities	(13,71,436)	31,75,724
Experience adjustments on plan assets	(17,08,489)	(6,54,558)

Notes :

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

- (i) Leave Encashment in "Salaries, Wages and Bonus" Rs. 1,29,51,820 (2007-2008 : Rs. 1,98,03,662)
- (ii) Gratuity in "Contribution to Provident & Other Funds" Rs. 77,16,784 (2007-2008 : Rs. 77,80,613)

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

B) Defined Contribution Plan:

Amount recognized as an expense and included in the Schedule 15 – "Contribution to Provident and Other Funds" of Profit and Loss Account Rs. 2,52,44,510 (2007-2008 : Rs. 2,49,82,405).

- 30. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under the " Micro, Small and Medium Enterprises Development Act, 2006". The suppliers are not registered wherever the confirmation are received and in other cases, the Company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.
- 31. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to this year's classification.

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Place : Mumbai
Date : 19th June 2009

Consolidated Cash Flow Statement for the year ended 31st March 2009

			2007 - 2008	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Taxation		6,90,22,432		15,88,15,308
Adjustment for:				
Depreciation	5,86,62,177		4,84,25,500	
Loss on Assets sold / discarded (Net)	10,92,968		12,99,158	
Employee Compensation Expense	1,61,68,284		1,15,24,817	
Write-back of diminution in value of Investments (Net)	-		(81,450)	
Interest Expense	10,68,59,272		7,29,40,871	
Share of Earnings in Associates	(71,95,423)		(98,29,184)	
Dividend received	(7,50,565)		(1,86,609)	
Interest received	(38,25,531)		(32,81,771)	
Bad Debts written off	1,92,10,215		2,77,62,209	
Backcharges on Contracts	6,01,10,447		3,98,66,708	
Provision for doubtful advances and deposits	3,18,000		-	
Goodwill written off	-		1,45,277	
Amount set aside for liabilities, no longer required, written back	(69,33,673)		(10,81,020)	
Unrealized Profit on Inventories	55,63,632		9,58,850	
Unrealized Exchange Loss / (Gain)	(4,34,24,793)		(34,76,668)	
		20,58,55,010		18,49,86,688
Operating Profit Before Working Capital Changes		27,48,77,442		34,38,01,996
Movements in Working Capital:				
(Increase) / Decrease in Trade and Other Receivables	(20,75,81,420)		(35,32,14,356)	
(Increase) / Decrease in Inventories	11,07,06,915		(24,59,94,428)	
(Decrease) / Increase in Trade and Other Payables	12,02,97,028		40,94,85,530	
(Increase) / Decrease in Loans and Advances	(10,42,11,468)		(5,63,03,319)	
		(8,07,88,945)		(24,60,26,573)
Cash Generated From Operations		19,40,88,497		9,77,75,423
Taxes Paid		(4,45,89,583)		(4,64,72,968)
Net Cash From Operating Activities		14,94,98,914		5,13,02,455
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(5,56,38,394)		(21,85,09,897)	
Proceeds from sale of Fixed Assets	5,75,600		21,79,498	
Investments made in Associates (Net)	(20,85,650)		(6,42,299)	
Proceeds from Sale / Redemption of Investments	28,09,900		1,80,000	
Deposit (with maturity more than three months)	(1,06,16,554)		(64,84,405)	
Dividend received	7,50,565		1,86,609	
Interest received	21,72,202		42,15,079	
Net Cash Used in Investing Activities		(6,20,32,331)		(21,88,75,415)

Consolidated Cash Flow Statement - (Contd.)

			2007 - 2008	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital on exercise of options	19,44,350		4,02,68,650	
Increase in Minority Interest	24,10,000		7,75,318	
Repayment of Long term borrowings	(36,61,90,072)		(16,57,16,098)	
Proceeds from Long term borrowings	40,04,72,658		35,78,55,579	
Dividend Paid	(2,57,33,122)		(1,83,89,642)	
Dividend Tax Paid	(44,84,798)		(32,08,909)	
Interest Paid	(10,80,36,514)		(7,35,06,926)	
Net Cash Generated / (Used) in Financing Activities		(9,96,17,498)		13,80,77,972
Net (Decrease) in Cash and Cash Equivalents		(1,21,50,915)		(2,94,94,988)
Cash and Cash Equivalents as at the beginning of the year		9,05,79,520		12,00,74,508
Cash and Cash Equivalents as at the end of the year		7,84,28,605		9,05,79,520
CASH AND CASH EQUIVALENTS COMPRISES OF:				
Cash in Hand		18,68,767		13,49,876
Balance with Banks (Refer Note 3 below)		7,65,59,838		8,92,29,644
TOTAL		7,84,28,605		9,05,79,520

Notes:

- 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- 2 Figures in bracket indicate cash outgo.
- 3 Cash and Cash Equivalents excludes the following Balances with Bank:
 - (a) On Deposit Account [Earmarked under Rule 3A of Companies (Acceptance of Deposits) Rules, 1975] Rs. 86,00,000 (2007-2008 : Rs. 46,00,000)
 - (b) On Margin Money Account Rs. 4,59,09,065 (2007-2008 : Rs. 3,92,92,511)
- 4 Previous year's figures have been regrouped/rearranged to conform with current year's classifications.

As per our report of even date

For S. R. BATLIBOI & CO.
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 19th June 2009

Place : Mumbai
Date : 19th June 2009

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

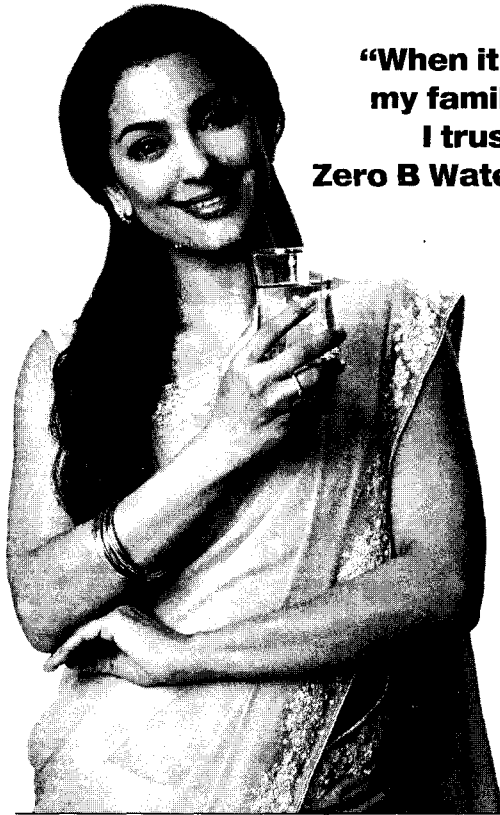
Rs. in lacs

Sr. No.	Particulars	Ion Exchange Enviro Farms Limited		Watercare Investments (India) Limited		Aqua Investments (India) Limited		Ion Exchange Asia Pacific Pte. Ltd. (Consolidated)		IEI Environmental Management (M) Sdn. Bhd.		Ion Exchange Environment Management (BD) Limited		Ion Exchange LLC		Ion Exchange & Company LLC		Ion Exchange Infrastructure Limited	
		2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08	2008-09	2007-08
1.	Capital	69.47	69.47	178.02	178.02	177.02	177.02	157.88	46.25	35.78	31.63	7.71	5.90	50.95	39.97	203.86	156.04	100.00	50.40
2.	Reserves	(1,035.56)	(934.55)	(58.78)	(64.51)	(56.11)	(63.24)	14.60	8.54	(14.71)	(14.30)	47.86	12.89	(244.22)	(109.73)	(28.74)	(9.95)	338.15	104.43
3.	Total Assets	1,265.49	1,212.11	122.77	116.05	123.56	115.71	1,704.40	1,123.27	61.14	85.28	236.59	84.04	802.39	481.64	241.83	161.74	1,969.58	1,111.94
4.	Total Liabilities	2,231.58	2,077.19	3.53	2.54	2.65	1.93	1,531.92	1,068.48	40.07	67.95	181.02	65.25	995.66	551.40	66.71	15.65	1,531.43	957.11
5.	Investments (Long Term) (excluding investment in subsidiary)																		
	Trade Investments (Unquoted)	-	-	0.41	0.41	1.42	1.42	38.81	9.20	-	-	-	-	-	-	-	-	-	-
	Non Trade Investments																		
	(1) Government Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(2) Unquoted Equity Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(3) Quoted Equity Shares	-	-	70.97	70.97	82.65	82.65	-	-	-	-	-	-	-	-	-	-	-	-
6.	Total Turnover (Including other income)	126.37	161.85	6.89	5.49	8.02	6.78	1,859.03	1,153.92	51.89	73.17	514.75	204.18	1,534.59	748.77	114.09	71.88	3,651.29	3,033.34
7.	Profit / (Loss) Before Tax	(100.37)	(27.23)	6.71	5.28	7.85	6.59	14.83	18.75	1.92	3.09	38.99	20.30	(95.16)	(98.51)	(14.08)	(6.17)	411.00	177.69
8.	Provision for Taxation	0.64	2.06	0.98	0.84	0.72	0.52	4.92	(0.13)	0.54	3.43	11.25	8.11	-	-	-	-	153.89	65.11
9.	Profit / (Loss) After Tax	(101.01)	(29.29)	5.73	4.44	7.13	6.07	9.91	18.88	1.38	(0.34)	27.74	12.19	(95.16)	(98.51)	(14.08)	(6.17)	257.11	112.58
10.	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	20.00	10.08
11.	Original Currency	INR	INR	INR	INR	INR	INR	SGD	SGD	MYR	MYR	BDT	BDT	USD	USD	OMR	OMR	INR	INR
12.	Exchange rate as on 31st March in INR	-	-	-	-	-	-	34.32	28.91	14.31	12.65	0.77	0.59	50.95	39.97	135.91	104.03	-	-

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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Product.....

Purchaser's signature

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DIRECT SELLING ASSOCIATES (DSA)

WEST: Bhavnagar: Rahul Muljibhai Moradiya - 9825688499, 9825727227, Ahmedabad: Unix Sales Incorporation - 9377214684 Tiku Sales & Marketing - (079) 222113233 Shakti Technology - 9825350263 Umiya Enterprise - 9898006123 Raj Sales & Marketing - 9377176910 Ghanshyam Agency - 9924500469, Mehsana: Ketan Cold Live Engineering - 9426070878, Godhra: Mahavir Corporation - 9377341654, Palanpur: Arbuda Sales Agency - (02742) 256108, 9426330770, Surat: Heem Aquatech Solutions - 9376855515, 9374719389 Balwant J. Patel - 9824100268 Sai Agency - 9898082878 Siyaram Sons - 9924305030 Shivam Electncals - 9825859960, Bhopal: Vaishnavi Entp. 9301922769, Pune: Raja Electronics & Automobiles - 9823168011 Pratham Marketing - 9823045615 S. T. Enterprises - 9325012928 Pune Aqua Services - 9823103301 S. M. T. Engineers (S&S) - 9326826256 Shri Gundutt Enterprises - 9096931111, Jalna: Sanjay G. I. Products - 9422215592, Jalgaon: Avenue Marketing - 9890507058, Latur: Ajinkya Motors - 9822076703, Aurangabad: Laimar Air Technology - 9225313058 Shreeji Ceramics - 9420881925 Rishikesh Entp. - 9423040071 Alankar Steel Home - 9422172848 Soni Agency - 9881711211 Malani Traders - 2350074, Nashik: Ravindras Energy Solutions - 9225134814 Beed - Somani Electrical - (02446) 249401, Marathwada: Parli Vajinath: Mathura Sales Corp. - (02446) 222696, Beed: Jain Agency - 9422240898, Ahmednagar: Quality Enterprises - 9822479579, Mumbai: ARB - 9324578183 Kale & Company - 9892561661 • Aqua N. Cafe Vending Solutions - 28161961 Han Om Enterprises - 9833688803 Fresh Air Trading - 9320555800 PBS Electronics - 32939718 Associate Services - 9967766699 Pure Life - 9324042186 Gajanan Enterprises - 9220649195, Thane: Impact Inverter - 9823015295 Health Plus Solution - 9821063847 Sky Dth Services - 9322810103 • NORTH: Ghaziabad: Disha Enterprises - 9899170571 Shri Radha Govind Marketing Co. - 9310971754 Tarun Water Care Services, Greater Noida: 9868585204 Innovative Enterprises - 9810665597, Bareilly: Gyanendra Trading Company - 9837918888, Mathura: Agarwal Water Solution - 9319338356, Gwalior: Vishi Sales - 9301107871, Agra: National Radio & Sound Services - 9837433023, Etawah: Gayatri Enterprises - 9219551102, Firozabad: Gupta Brothers Teleservices - 9219608400, Amritsar: Gurjeet Singh & Co. - 9872591900 Shub Sales - 9812461750, Ludhiana: Instant Telecom Solutions - 9855805193 Gautam Steels - 9316623102, Jalanchar: Pronex Impex - 9316124084, Aay Jay Appliances - 9316302180, Batala: Ganpati Enterprises - 941261750, Moga: Mangla Trading Co. - 9316894837, Allahabad: Reliable Kitchen Gallery - 9305342828, Gorakhpur: Prem Associate - 9336441030, Bhopal: Pratham Enterprises - 9827077265, Meerut: New Marwellous Marketing Co. - 9837776137, Moradabad: Agarwal Sales - 9127050727, Saharanpur: Gaurav Enterprises - 9719831690, Lucknow: K.K. Enterprises - 9415790237 Ocean Traders - 9335914266 Subhga Enterprises - 9415031310 Suraj Seva Sansthan - 9919671497 Himalayan Iron & Steel Udyog - 3019401, Sitapur: Bery Electronics - 9793255344, Hardoi: Shri Sai Traders - 9935105766, Kanpur: City Water - 9839530645 Kumar Agencies - (0512) 3049694, Raebareilly: Gupta Traders - 9415071592, Gurgaon: Safeguard Services - 9891284330 Water Solution - 9818108420, Delhi: Creative Enterprises - (011) 27481653 Narayan White Goods - 9818346655 Kusam Aqua (011) 26673341 Fairdeal Technologies Pvt. Ltd. - (011) 25771900, Faridabad: Narayan White Goods - 9911053838, Jaipur: Fairdeal Technologies Pvt. Ltd. - (0141) 2378069, (0142) 2378069 Shree Nakada Sales - (01472) 240308, Serohi: Pradeep Enterprises - (02972) 220352, Dungaapur: R.K. Water Solution - 2964234653, Baswara: Khanna Tractors - 9414102036 Bahubali Enterprises - 9414101310, Bhillwara: Tulsi Enterprises - (01482) 237108, Sawai, Madhopur: Surendra Traders - 7462220970, Udaipur: J.R.D. Distributor - 9314162103, Bharatpur: Instrumentation Enterprises - (05644) 2364161, Kota: Jyoti Sales - 9887262323, Alwar: Shri Balaji Sales & Marketing - 9214183499, Bandekui: Rawat Sanitary Wares - 9414273993, Bikaner: Sanjay Enterprises - 9352243283 • SOUTH: Bangalore: Ion Water Solution, Kasturnagar - 9880256144 Sri Lakshmi Venkateshwara Enterprises - 379188501 Anjali Innovation - 94448484194 Shree Laxmi Water Solution - 9900860868 Ion Water Solution - 9880686731 Vigneshwar Enterprises - 9482013230 Pioneer Water Solution - 9845076377 • Spaceline Associates - 9008003109 Shud Water Ent. - 9343642508 Eco-water Solutions - 9816279549 Shrujani Infotech - 9845352382 H2O Water Solutions - 9945266108 Ion Water World - 9980777903 Ion Water Solutions - 2974239447 S.V.N. 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RETAIL

SOUTH: Hyderabad: Bright Engineering Works - (040) 23774648 Gamet Marketing - (0400) 27016323 Gayatri Home Needs - 9392416767 Veerabhadra Collection Sangeetha Electronics - 9885407369 Kundan's (040) 65162111 Mira's - 9849842740 Venkateswar Electronic (040) 24026587 Venkateswar Furnitures (040) 24022261 Vishal Shopping - (040) 65764481 Casa Marketing - (040) 64525354, Mahavir's House of Elect. - (040) 27701254 Sri Guru Enterprises - (040) 66331131 Sana Collections - (040) 27713102 Preeti Sewing Machines - (040) 27700679 Sri Mahalakshmi Steelpalace - (040) 23538186 Rohithome Needs - (040) 23317463 Sneha Electron Ics - (040) 23300815 Deccan Iron Works - (040) 27704621 Omni Refrigeration - (040) 27901473 Swati Refrigeration - 9848602282 SLV Kitchen World - 9290008000 Wardhaman Kitchen World - 9246544633 General Airconditioners - 9246524620 Tea Time - (040) 27542847 • Chennai Distributors: Shree Distributors - 9941197337, 25321523 Ceebeer - 96400190838 Kassim Enterprises - 245345348, 42048091 • Direct Dealers: Viveks Adyar - 42952500 Viveks - 42952700 Viveks - 42952900 Viveks - 42952100 Viveks - 42952800 Viveks - 42952200 Viveks - 42952600 Viveks - 42952300 Viveks Vadapalani - 42952400 Santosh Super Store - 42955000 Abirami Home Appliances - 24995710 Bath Fantasy - 9940611414 Bath Paradise - 42115403 Cucime Art - 9840041445 East India Company - 42624786, 43557220, 25225023, 42625658 Hateemy Sales Corporation - 9385228967 Inteno Dekoware - 42051797 Kitchen Concepts - 42103232 Kitch-innova - 984158008 Kitchen Plaza - 9840092205 Khuzema Mammualia & Co. Pvt. Ltd. - 9841135002 Mobacco's Enterprises - 9840296589 Vijaya Hardwares - 28152787 Gunaa Marketing - 9840070368 Eagle Electronics - 22551348 Sekar Stores Home Mart - 26376951 Sekar Stores Home Mart - 24843252 Sekar Stores Home Centre - 22781843 Bharatham Stores - 26742062, 24801118 M.A. Ethirajulu Naidu - 42161555 New Sekar Emporium - 24811818 Balasubramania Metals - 22336668 Ratna Firm - 24327200 Revathi Home Needs - 25514146 Vijay Agencies - 22293977 Rahman Plaza - 42155200 New Sm Agencies - 22472120 Jayarams - 22445168 Chandra Traders - 22430210 Omega TV Centre - 23643110 Standard Electric Co. - 9444042173 Rakhwala - 25391775 Kassim Enterprises - 24345348, 42048091 Kanchi Plaza - 24333084 Saravana Stores - 24346078 Ponny - 24346106 V.G. Pannerdas & Co. - 25354640 TVS & Co. - 25375980 New Indira Stores - 24843554 Indra Stainless Steel Stores - 24951143 Ambika Metals - 24992554 Anjai Stores - 24116522 Sri Ambal Stores - 42150345, Omega TV Centre - 23643110 Santosh Metal, Surya Firm - 22433746 Latha Stores 24866065, Home Needs - 24867900 Alpha Enterprises - 9862747975 Lingham Stores - 23776331 Elahi & Co., Balaji Agencies - 23700442 • Bangalore Distributors: DCM & Co. - 560039, 26753119, 65975119 Yuhika Marketing - 9448512521 Crystal Cool Cvare - 32471103 Anupama Enterprises - 41301544, 22454756 Dev International - 9890469521 Mutha Electricals & Home Appliances - 28451996 Sri Raghavendra Traders - 28397438, Sai Galaxy - 23572322 Nagina Electronics - 42197398 Panjag Electronics - 26679184 J.D. Electronics - 22874413 Ashok Combines - 2266659 Maruthi's - 5651263, 5655719 Anand Home World - 3632259 Kaveri Enterprises - 23494194 Shah Gift & Home Appliances - 3371928 S.N. Home World - 22922490 Swan Enterprises - 9866017475 T.

ECS MANDATE FORM

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

Dear Sirs,

I/We hereby authorise you to make payments directly to the bank account given below in respect of my/our holdings in ION EXCHANGE (INDIA) LTD.:

1. Name of the Sole / First holder Mr./Mrs./Ms. _____
Name of the Joint holder (if any) Mr./Mrs./Ms. _____
2. Folio No. _____
3. No. of Shares _____
4. Name of the Bank, branch and address _____

5. Account No. _____
6. Type of Account
(Current/ Savings / Others) _____
7. Ledger Folio No. of the A/c
(as in cheque book) _____
8. Nine digit code of the Bank
(Please enclose copy of blank
cancelled cheque) _____

I/We hereby declare that the particulars furnished above are correct. If for reason due to incorrect or incomplete information credit is not effected, I/We would not hold the Company responsible.

Date:

(Signature of Sole/First holder)

(Signature of Joint holder)

Certificate of Shareholder's Bank

(To be given only if photocopy of blank cancelled cheque is not enclosed)

Certified that the particulars furnished above are correct as per our records.

Date:

Stamp:

(Signature of Authorised official of the Bank)



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

PROXY

I/We _____ of _____
_____ in the district of _____
being member/members of the above named Company hereby appoint _____
of _____ in the district of _____
or failing him _____ of _____
_____ in the district of _____ as my/our proxy to vote for me/us on my/our behalf
at the FORTY FIFTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, the 24th September, 2009 at
11.00 a.m. and at any adjournment thereof.

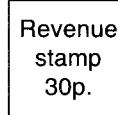
Signed this _____ day of _____ 2009

Regd. Folio No. _____

DP ID _____

Client ID _____

No. of Shares _____



Members' Signature

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



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

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting Venue)

Regd. Folio No. _____ DP ID _____ Client ID _____ No. of Shares held _____

Name of the attending Member (in BLOCK letters)

Name of Proxy (in BLOCK letters)

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

I hereby record my presence at the FORTY FIFTH ANNUAL GENERAL MEETING at Amar Gian Grover Auditorium, Lala Lajpatrai Marg, Haji Ali, Mumbai-400 034 on 24th September, 2009.

Signature of Member/Proxy

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

10 Years at a Glance

(Rs. in lacs)

Year	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01	1999-00
Income *	45474	50979	44486	32457	26105	21532	19457	19005	17180	18430
Profit / (Loss) Before Tax	374	1567	1033	703	501	265	296	580	(462)	(504)
Tax (Excluding Fringe Benefit Tax)	118	335	337	74	21	69	116	113	6	6
Fringe Benefit Tax	112	167	98	124	-	-	-	-	-	-
Profit / (Loss) After Tax	144	1065	598	505	480	196	180	467	(468)	(510)
Dividend #	149	307	211	131	127	124	122	107	-	131
Dividend (%)	10%	20%	15%	10%	10%	10%	10%	10%	-	10%
Retained Earnings	(5)	758	387	374	353	72	58	360	(468)	(641)
Fixed Assets **	6407	6503	4925	4234	4208	4454	4640	4880	5026	5406
Investments	1024	917	642	416	308	301	285	284	458	586
Net Current Assets ***	13305	12735	11506	13526	13316	12221	12676	10793	10910	13042
Miscellaneous Expenditure	-	-	-	20	47	76	111	95	212	329
Share Capital	1269	1266	1199	1141	1113	1099	1082	1075	1075	1075
Reserves & Surplus **	11581	11409	10199	9582	9168	8769	8679	8607	8082	9933
Borrowings	7886	7480	5675	7473	7598	7184	7951	6370	7449	8355

* Sales is inclusive of excise.

** Figures excluding fixed assets revaluation.

*** Includes Net Deferred Tax Assets / Liabilities.

Includes tax on dividend, if any.

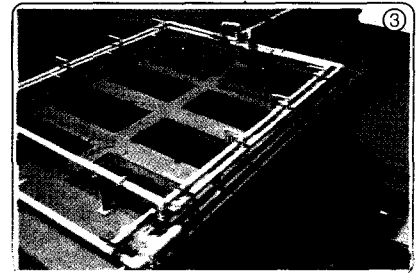
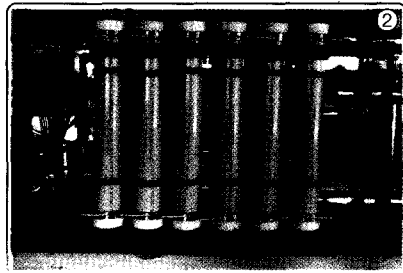
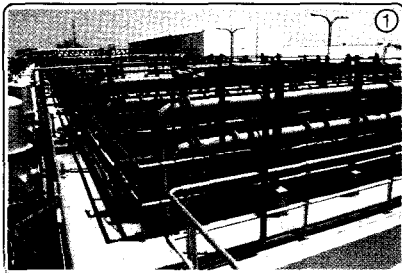
NOTES



Water Conservation - Need of the Hour

Ion Exchange has supplied a large number of membrane based plants for treatment and recycle of industrial effluent as well as sewage, reducing fresh water consumption as well as discharge of waste into the environment. Some of these are featured below.

- 10 MLD (million litres/day) zero discharge system at Angeripalayam Common Effluent Treatment Plant, Tirupur, Tamil Nadu treats & recycles effluent from around 80 bleaching and dyeing units.¹
- Effluent recycle at our ion exchange resin manufacturing facility at Ankleshwar, Gujarat, recovers water for reuse.²
- Membrane bio-reactor for construction company Wade Adams, at Jebel Ali, Dubai treats sewage water from labour accommodation for reuse for concrete curing and mixing at construction sites.³



- 900 m³/day membrane bio-reactor for the 112 acre Vrindavan Tech Village & SEZ, Bangalore being developed by Vikas Telecom; treated water is being used for gardening, toilet flushing, etc.
- Fluidised media reactor at a premium 480 flat housing complex at Thane, Maharashtra recycles water for flushing and gardening; an annual saving of 55000 cu.m. fresh water which would have otherwise been used for low end purposes, with an annual cost saving of Rs. 21 lakhs on tanker water.

The use of desalinated sea water as an alternate source of water for process and potable use is increasing. Here are some of our prestigious contracts for Sea Water Reverse Osmosis (SWRO) plants from the refinery and power sectors.

19.8 MLD SWRO plant, the largest for a power project in India, for joint venture of National Thermal Power Corporation and Tamil Nadu Energy Company, at Vallur, Tamil Nadu.

26.4 MLD SWRO plant for Chennai Petroleum Corporation at Kattupalli, Tamil Nadu for supply of desalinated to its Manali refinery.



First SWRO plant in power sector at Gujarat Electricity Board, Sikka, operating for the past 12 years.



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Website: www.ionindia.com