

Customised, Sector-Specific
TOTAL ENVIRONMENT SOLUTIONS





Customised, Sector-Specific Total Environment Solutions

With the aim to create a new paradigm of customer satisfaction in our business, we have introduced specific verticals to enable us provide tailor-made, integrated & innovative total, optimal environment solutions for complete customer benefit.

Heavy Segment	Medium Segment	Light Segment
<ul style="list-style-type: none">• Power• Refinery & Petrochemicals• Steel & Metallurgy• Paper• Infrastructure	<ul style="list-style-type: none">• Pharma & Electronics• Sugar• Textiles• Cement & Chemicals• Food & Beverages• Auto & Others	<ul style="list-style-type: none">• Hotels & Hospitals• Builder, Construction & I.T. Park• Builders• Institutions• Rural

The formation of these verticals is helping us to get a much better understanding of each sector's specific processes and needs. It also facilitates innovative product development, to meet evolving customer needs and to generate best value for our customers. In short we are raising the bar of customer satisfaction by creating superior value via a one stop package of customised solutions, quality service and technical support with single-point contact.

ZERO B
Kitchen Mate
Launched



ZeroB Kitchen Mate, which uses reverse osmosis (RO), a globally acclaimed technology, is a first of its kind water purifier with a six-stage purification process that converts salty water to pure and safe drinking water. As the attractive steel finish ZeroB Kitchen Mate can be placed under or above the counter/sink, it is ideal for designer kitchens as well as for kitchens where space is a problem.



OUR VISION

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

It has always been our endeavour to create a bond of trust with our customers by providing suitable, optimal, hassle free customised solutions. Trust that motivates our customers to come back with repeat orders. We continually strive to keep this trust alive through superior, total environment solutions and services, which offer our customers superior value while also helping reduce the burden on the environment.

Availability of water is going to be a major concern in the near future. With increasing population and industry growth, supplies from conventional raw water sources such as rivers, bore wells, open wells, lakes etc. are depleting, and there is an increasing pressure on these sources due to high demand. At Ion Exchange we have pioneered solutions for recycle of industrial effluent and domestic sewage and for desalination of sea water, to conserve fresh water. We constantly seek to enhance our technological capability to provide innovative, cost-effective solutions for all sectors – infrastructure, industrial, institutional, municipal, homes and communities, to improve the quality of life and to protect our earth's most vital resources for a sustainable future.

We will continue to leverage our total water & environment management capability to deliver total solutions that will enhance stakeholder value and enable our customers increase their return on investment (ROI) and improve their business.

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
Mr. Shishir Tamotia	Additional Director

SENIOR MANAGEMENT

Rajesh Sharma	Vice Chairman & Managing Director
Dinesh Sharma	Executive Director
Aankur Patni	Executive Director
L. V. Keshav	Sr. Vice President R&D, Corporate Quality & Systems
Ajay A Popat	Sr. Vice President - Corporate Marketing
Sridharan Mahadevan	Sr. Vice President - Human Resource
N. M. Ranadive	Sr. Vice President - Finance
Pradeep Chapalgaonkar	Sr. Vice President - Heavy Industry
S. V. Mehendale	Vice President - Operations, Resin & Standard Systems Division
S. N. Iyengar	Vice President - Medium Industry Segment
Anil Khera	Vice President - Chemicals Division
J. P. Pathare	Vice President - International Division
Jayant B. Pimpale	Vice President - Materials
Prashant K. Chitnis	Vice President - Technology
Manoj G. Shivdasani	Vice President - Projects
C. K. Sandeep	Vice President - Corporate Marketing
Ramesh Rath	Vice President - Home Water Solutions

COMPANY SECRETARY

Mr. Milind Puranik

REGISTRAR & SHARE TRANSFER AGENT & REGISTRAR FOR FIXED DEPOSITS

M/s. TSR Darashaw Ltd.
(Formerly known as M/s. Tata Share Registry Ltd.)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi, Mumbai - 400 011.
Tel. No. : 6656 8484/94
e-mail : csg-unit@tsrdarashaw.com
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 Sixth Annual General Meeting of the members of Ion Exchange (India) Limited will be held on Tuesday, 21st September, 2010 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, 2010, the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare Dividend on equity shares.
3. To appoint a Director in place of Mr. M.P. Patni who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. T.M. M. Nambiar who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. Abhiram Seth who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

7. To appoint Mr. Shishir Tamotia, as a Director of the Company liable to retire by rotation.
8. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any of the Companies Act, 1956 read with Schedule XIII of the said Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to the approval of Central Government, consent of the members be and is hereby accorded to the Re-appointment of Mr.Rajesh Sharma as Vice Chairman & Managing Director for a period of 5 years commencing from 1stApril, 2010 and to the payment of remuneration as set out in the agreement to be entered into by the Company with Mr.Rajesh Sharma.

RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as ‘the Board’ which term shall be deemed to include the Remuneration Committee constituted by the Board) of the Company be and is hereby authorized to make modification to the terms

of the appointment and / or remuneration and / or agreement with Mr.Rajesh Sharma, as it considers appropriate and / or as may be required by the Central Government in accordance with any provision under the Act, for the time being in force (including any statutory modification(s) or re-enactment(s) thereof).

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

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

By Order of the Board

Milind Puranik
Company Secretary

Registered Office:

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

Mumbai, 24th May, 2010

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 Tuesday, 7th September, 2010 to Friday, 17th September, 2010 (both days inclusive).

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4. Details of Directors seeking appointment / re-appointment as required under clause 49(VI)(A) of the listing agreement entered with The Stock Exchange, Mumbai, are as below:

Name	Mr.M.P.atni	Mr. T.M.M.Nambiar	Mr. Abhiram Seth	Mr.Rajesh Sharma	Mr.Shishir Tamotia
Date of Birth	25.09.1945	25.05.1937	09.12.1951	23.09.1954	05/09/49
Date of Appointment	28.09.2001	29.01.2003	25.07.2008	26.03.1996	24.05.2010
Qualification	B.E. (Mechanical)	A.C.A.	B.A. (Hons) Economics, MMS	B.Sc., LLB	B.E.(Elec.),MBA
Expertise	Mr. Patni has wide range of experience in the marketing of heavy and medium engineering equipments, water treatment plants and allied items since last 44 years. He has considerable exposure in handling large projects of national importance.	Mr.Nambiar has vast experience in Finance and General Management. He had occupied senior positions in Associated Cement Company Ltd. and was the Managing Director of Associated Cement Company Ltd. from 1996 - 2002.	Mr.Abhiram Seth has more than three decades rich and varied professional experience in the area of sales and marketing including exports. Mr. Seth worked for Hindustan Lever and Pepsico India. He is the Chairman of Water Committee of FICCI and Food Regulatory Committee of CII and currently is director on the Board of various other companies.	Mr. Rajesh Sharma joined the Company in 1974 and during his career with the Company has held a number of sales, marketing and management positions. Before taking up the office of Managing Director from april 2000, Mr. Sharma has held position as Deputy Managing Director.	Mr.Shishir Tamotia is currently working as CEO of Ispat Energy Limited - A Company in the business of Gas and Electricity. In his long illustrious career spanning over 30 years Mr. Tamotia has worked in various prestigious organizations such as Mahatransco, Global Energy Project Services, NTPC & PMI - Noida etc.
Chairman/Director of Other Companies	<ol style="list-style-type: none"> 1. Aartus & Associates Pvt. Ltd. 2. Ion Exchange WTS Ltd. 3. Ion Exchange Asia Pacific Pte. Ltd. 4. Labhda Properties Ltd. 5. Ion Exchange Waterleau Ltd. 6. IEI WaterTech (M) SDN. BHD. 7. IEI Environmental Management (M). SDN.BHD. 8. Ion Exchange Services Ltd. 9. Ion Exchange Environment Management (BD) Ltd. 10. Ion Exchange Infrastructure Ltd. 11. Ion Exchange Asia Pacific Ltd. 	<ol style="list-style-type: none"> 1. Navin Fluorine International Ltd. 2. Kamat Hotels (India) Limited 	<ol style="list-style-type: none"> 1. Aquagiri Processing Pvt. Ltd. 2. Emaar MGF Land Limited 3. APT Biotech Pvt. Ltd. 4. Ion Exchange Enviro Farms Ltd. 5. Motor and General Finance Ltd. 6. Daawat Foods Pvt. Ltd. 7. ATS Services Pvt. Ltd. 	<ol style="list-style-type: none"> 1. Watercare Investments (India) Ltd. 2. Ion Exchange Enviro Farms Ltd. 3. Power Water Financial Services Pvt. Ltd. 4. Ion Exchange Asia Pacific pte. Ltd. 5. Aqua Investments (India) Limited 3. Ion Exchange Waterleau Ltd. 7. IEI Environmental Management (M) SDN.BHD. 8. Ion Exchange Services Ltd. 9. IEI WaterTech (M) SDN.BHD. 10. Ion Exchange Infrastructure Ltd. 11. Ion Exchange & Co. LLC 12. Ion Exchange LLC 	<ol style="list-style-type: none"> 1. Ispat Energy Limited 2. Chhattisgarh Energy Limited 3. Central India Power Company Limited 4. Hybrid Renewable Energy Pvt. Ltd.

Chairman/Member of the committees of the Company and other Company(s)	Member of the following committees of Ion Exchange (India) Ltd.	Member of the following committees of Ion Exchange (India) Ltd.	None	Member of the following committees of Ion Exchange (India) Ltd.	Member of the Audit committee of Ispat Energy Limited
	1. Remuneration Committee 2. Employee Stock Option Compensation Committee	1. Audit Committee (C) 2. Employee Stock Option Compensation Committee Member of the following Committees of Navin Fluorine International Ltd. 1. Audit Committee (C) 2. Investor Grievance Committee Member of the following committees of Kamat Hotels Ltd. 1. Audit Committee		1. Share Transfer Committee 2. Investor Grievance Committee	
Number of shares held in the Company	3,97,704	1,11,200	50,000	5,05,436	Nil

5. Dividend, if declared at the meeting will be paid on or before 25th September, 2010 to those members (holding shares in physical form) whose names appear on the Register of members as on 17th September, 2010 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 2001-2002 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 2002-2003 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, 24th May, 2010

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

Item No. 7

At the Board Meeting held on 24th May 2010, Mr. Shishir Tamotia was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 99 of the Articles of Association of the Company. Being Additional Director he holds office only upto the date of the ensuing Annual General Meeting.

Notices pursuant to Section 257 of the Companies Act, 1956 have been received from members of the company signifying their intention to propose the candidature of Mr. Shishir Tamotia to the office of Director.

The Board of Directors recommends appointment of Mr. Shishir Tamotia to the office of Director.

None of the Directors except Mr. Shishir Tamotia is concerned or interested in resolution at Item 7.

Item No. 8

The Board of Directors at its meeting held on 25th March, 2010 re-appointed Mr. Rajesh Sharma as Vice Chairman & Managing Director for a further period of 5 years commencing from 1st April, 2010. The Remuneration Committee and the Board approved the terms of remuneration payment at its meeting held on 25th March, 2010. 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.7,00,000/- (Rupees Seven Lacs) per month. On the expiry of every 12 months from the effective date of this Agreement (i.e. 1st April 2010) the basic salary shall stand increased by Rs.1,25,000/- (Rupees One Lakh Twenty Five Thousand) per month.

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

Housing : i) Free furnished accommodation in case the accommodation is owned by the Company.
ii) In case the accommodation is hired by the Company, expenditure by the Company on hiring furnished accommodation for the Vice Chairman & Managing Director will be subject to the ceiling of 60% of the basic salary

over and above 10% payable by the Managing Director.

iii) In case no accommodation is provided by the Company, the Vice Chairman & Managing Director shall be entitled to House Rent Allowance subject to the ceiling of 60 % of the Basic Salary.

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

Superannuation : 15% of the Basic Salary

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

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

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

Insurance : Provision of term Insurance, Medical and Accident Insurance for self and family. The premium not to exceed Rs.5,00,000/- (Rupees Five Lacs) per annum.

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

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

The Expenditure incurred by the Company on gas, electricity, water and furnishings shall be valued as per the Income Tax Rules, 1962 and shall not exceed Rs.2,00,000/- (Rupees Two Lacs) per annum.

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

In case when in any financial year during the current tenure of the Vice Chairman & Managing Director, the Company has no profits or profits are inadequate, remuneration will be payable to the Vice Chairman & Managing 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. Rajesh Sharma are as under :

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

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

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

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

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

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

By Order of the Board

Milind Puranik
Company Secretary

Registered Office:
Ion House
Dr. E. Moses Road
Mahalaxmi, Mumbai 400 011
Mumbai, 24th May 2010

DIRECTORS' REPORT

Your Directors have pleasure in presenting the 46th Annual Report and Accounts for the year ended 31st March, 2010.

FINANCIAL RESULTS

The highlights of the financial results are as follows :

	Year ended March 2010 (Rs. in Lacs)	Year ended March 2009 (Rs. in Lacs)
Profit before taxation	1021	374
Less: Provision for taxation :		
Current tax	335	78
Deferred tax	25	40
Fringe benefit tax	–	112
Profit after tax	661	144
Balance in Profit & Loss Account brought forward from Previous Year	2,000	2,005
Profit balance available for appropriation	2,661	2,149
Appropriations:		
Dividend including Proposed Dividend	191	127
Tax on dividend	32	22
Transfer to General Reserve	34	–
Balance in Profit & Loss Account Carried Forward to Balance Sheet	2404	2,000

OPERATIONS

During the financial year ended 31st March, 2010, the net profit after tax of the company was Rs. 661 lacs, as compared to previous year's net profit after tax of Rs. 144 lacs. The turnover was higher at Rs. 514 crores as compared to Rs. 445 crores of the previous year, showing a marginal increase of 15.5 %.

DIVIDEND

The Directors are pleased to recommend a dividend of Rs. 1.50 [15%] per equity share for the financial year ended 31st March, 2010.

FUTURE OUTLOOK

The market outlook appears positive with expanding opportunities from industrial and infrastructure segment. We can expect to have much better control of cost, as volatility is much less than experienced in the past two years. Moreover, to ensure that residual price volatility does not overly affect us, we have put in place required measures to cover-up price fluctuation through built in escalation clause in long delivery contracts.

We will continue to expand globally, beyond traditional geographies; however in the current year the focus is on consolidating our position in the overseas markets in which we already exist and to ensure we stabilize returns from these before entering other geographies.

Your company will continue to invest in technology and to explore opportunities for further strategic global alliances.

In order to better serve customer needs, your Company has restructured its internal operations with formation of verticals to address the segment-specific needs in the heavy, medium and light sectors. This will enable us to use our total solutions capability to better address the requirements of the customer and provide tailored package.

We feel we are in much better position to capitalize on market opportunities at home and overseas and expect improvement in overall performance and profitability.

FINANCIAL RESOURCES

Share Capital

Under Employees' Stock Option Scheme – ESOS - 2008, the Employees' Stock Option Compensation Committee (ESOCC) allotted 6,19,050 equity shares and 17,000 equity shares were allotted under ESOS 2005 (2000 equity shares under ESOS 2005) to the directors and employees of the Company. The paid-up equity capital of the company increased from Rs. 12,69,24,610/- to Rs. 13,32,85,110/- after allotment.

Fixed Deposits

As on 31st March, 2010, 152 fixed deposits amounting to Rs. 27,73,000/- remained unclaimed. 31 Deposits amounting to Rs. 5,55,000/- 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, 2010, the Subsidiary companies M/s.Aqua Investments (India) Limited posted profit of Rs 5.42 lacs compared to Rs. 7.13 lacs of the previous year and M/s. Watercare Investments (India) Ltd. posted profit of Rs. 4.20 lacs compared to Rs. 5.73 lacs of the previous year.

Ion Exchange Enviro Farms Limited (IEEFL)

By focusing on select farms the company was able to reduce operating costs while at the same time improve throughput and yields. Apart from Organic Mango and Cashew the company has also developed expertise in growing Organic bananas which have a potential to grow in both sales and profits on a 12 month basis.

However the overall productivity from farm output is yet to reach the optimum levels due to erratic climatic and environmental factors beyond our control. The company also plans to focus on Organic nursery for additional income generation.

The development and sale of farm inputs has further improved with greater acceptance from the market.

Ion Exchange Infrastructure Limited

The Company achieved turnover of Rs. 6,061.16 lacs as compared to Rs. 3,634.98 lacs for the previous year. The profit after tax was at Rs. 302.99 lacs compared to Rs. 257.11 lacs for the previous year.

The Company has been established with a view to undertake projects for intake water, water treatment, distribution and waste management on lump sum turn key basis. The Company will also provide comprehensive technical and process assistance services such as consultancy, design, detailed engineering and turnkey contracting.

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

The Company achieved a consolidated turnover of Rs.1,015.11 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 achieved a turnover of Rs. 66.99 lacs for the year under review.

The Company's main activity is trading in water filtration

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

Ion Exchange Environment Management (BD) Limited, Bangladesh

The Company achieved a turnover of Rs. 543.42 lacs for the year under review.

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

After the successful commissioning of assembly shop in Bangladesh, the local business has shown good growth in turnover and was also able to maintain profit. The Company's major focus has been waste water treatment plants and chemicals in Bangladesh market. The Company plans to enter into infrastructure projects in Bangladesh

Ion Exchange & Co. LLC, Oman

The Company achieved a turnover of Rs. 410.42 lacs for the year under review.

The Company is set up to address the needs of middle east market especially Oman.

The Company is now approved by PDO (OMAN). The Company has performed well during the year under review. The Company has secured two big orders from local petroleum company and European EPC contractor in Oman. One of these jobs, is a 7-year O&M contract for five sea water plants. In order to handle the O&M contract, the company is expanding employee strength which will also be beneficial for further business generation.

Ion Exchange LLC, USA

The Company achieved a turnover of Rs. 1,421.76 lacs for the year under review.

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

The recession in USA has badly hit the local operations as well as profitability. However, the business received in the last quarter of Financial Year has boosted confidence and the company is hopeful that it will turn around the US operations.

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

At the Board meeting held on 25th March 2010 Mr. Rajesh Sharma was re-appointed as Vice Chairman and Managing Director with effect from 1st April 2010. The re-appointment of Mr. Rajesh Sharma as Managing Director is being proposed by resolution which form part of the Notice of Annual General Meeting.

Mr. Shishir Tamotia was appointed as additional director at the Board meeting of the Company held on 24th May 2010. Mr. Tamotia holds office upto the conclusion of the ensuing Annual General Meeting. The Company has received notice in writing from a shareholder signifying his intention to propose Mr. Tamotia's name as a candidate to the office of Director.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that :

- (i) in the preparation of the annual accounts for the year ended 31st March, 2010, 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, 2010 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, 2010 is given in Annexure I.

PARTICULARS OF EMPLOYEES

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

QUALITY INITIATIVES

The concept of Balanced Score Card which was initiated last year has now been implemented at all levels, across the Organisation, to monitor the key strategies and actions plans. The system is now maturing as a useful tool to identify and bridge the gaps based on changes in the business environment.

Corporate Quality is facilitating the task of mapping and strengthening of internal process in the Organisation in order to understand and meet customer requirements more accurately.

Other efforts in the area of systems, audits at all locations, tracking of Quality Objectives etc continue.

AUDITORS

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

ACKNOWLEDGEMENTS

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

On behalf of the Board of Directors

G. S. Ranganathan
Chairman

Mumbai
Date : 24th May, 2010

Note:

The Company has received the Central Government's approval dated 13th August, 2010 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 2010

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. Replacing old and inefficient chilling condenser with a new more efficient condenser.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy : NIL
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on cost of production of goods:

The above measures have resulted in variable overhead reduction.
- (d) total energy consumption and energy consumption per unit of production : Details as per Form – A of the Annexure.

(B) TECHNOLOGY ABSORPTION

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

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

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

In order to strengthen the Company's position in the international market, the Company has set up subsidiaries in USA and Middle East Asia. The Company hopes to garner encouraging response in the coming years.
- (g) Total Foreign exchange:

Used	Rs. 56,47,03,860/-
Earned	Rs. 75,36,25,505/-

G. S. Ranganathan
Chairman

Mumbai

Date : 24th May 2010

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 (2009 - 2010)		PREVIOUS YEAR (2008- 2009)	
	ANKLESHWAR	PATANCHERU	ANKLESHWAR	PATANCHERU
1 TOTAL UNITS (Kwh)	4205510	406460	3674318	433222
2 TOTAL AMOUNT (Rs.)	24320170	1936720	21044400	2021696
3 RATE / UNIT (Rs.)	5.78	4.76	5.73	4.68

b) OWN GENERATION :

i. Through diesel generator :

SL. NO. ITEMS	ANKLESHWAR		PATANCHERU	
	ANKLESHWAR	PATANCHERU	ANKLESHWAR	PATANCHERU
1 TOTAL UNITS (Kwh)	56536	59111	158240	47100
2 UNITS / LTRS OF FUEL (Kwh)	2.86	2.77	2.54	2.71
3 COST / UNIT (Rs.)	12.60	14.16	15.75	13.20

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 (2009 - 2010)	Previous Year (2008- 2009)
ELECTRICITY (Units / MT)	50.80	49.51
(Units / M ³)	370	354
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 new grades of food grade resin
- b. Development of base technology for uniform particle size resin
- c. Development of high surface area polymeric beads (PA600) for speciality application
- d. Development of adjuvant for agricultural application (REACH).
- e. Development of ultra low silica and ultralow chloride test kits.
- f. Development of all amine based boiler treatment product

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

- a. Development of new grades of food grade resin. This is a new resin in company's product range. It has got demand in International market. It also has potential in Indian Pharmaceutical market.
- b. This base technology will be useful for the production of uniform particle size ion exchange resins.
- c. It is helpful for the extraction of phytochemicals from plant origin. It is widely being used in Indian Industries.
- d. This is a new class of product introduced by Ion Exchange, which was accepted in the agricultural market. The use of this product reduces the pesticide consumption and hence it is well received in the market.
- e. Ultra low silica and chloride test kits are new addition to our existing range of test kits. Apart from our own captive consumption, these test kits have a good market potential.
- f. Amine based product for boiler application is a new addition to our existing boiler water treatment product range. It has good potential in medium and low pressure boilers.

3. Expenditure on R&D

- a. Capital : 3,16,846/-
- b. Revenue : 2,91,13,882/-
- c. Total : 2,94,30,728/-
- d. Total R&D expenditure as a percentage of turn over : 0.59%

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts in brief made towards technology absorption, adaptation and innovation.
 - a) Under Carriage Rail purifier.
 - b) Glycol Recovery by Ion Exchange Process
2. Benefits derived as a result of above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.
 - a) This online water purifier incorporating a unique Electrolytic germ buster was designed for the railway's Maharaja Class Tourism trains. The product installed under the carriage of the locomotive needs to treat water under the harsh environment of dust, vibrations and uncertain water storage conditions. The treated germ free water is used for sanitation and bathing.
 - b) The process involve removal of salts from mixture of mono, dia, and triethylene glycol by ion exchange resins. After distillation product can be recovered and reuse.
3. In case of imported technology (imported during the last 5 years reckon from the beginning of the financial year)

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

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry Structure and development

The Indian economy performed better than most economies and afforded much better capital flow into new projects, but rising inflation continued to mar consumer confidence. However the economy on the whole performed well and we expect it only to improve further in coming times.

On the global front, the period of consolidation extended into the financial year under review, after the protracted economic downturn that began in the 3rd quarter 2008. Several countries in fact continue to experience economic aftershocks, while in some, the economic recovery was slightly slower than expected; uncertainties of the economic climate did not completely subside with consequential volatility persisting in demand expectations, currency fluctuations and commodity pricing albeit at a lesser degree than during the core recessionary phase.

Overall, the correction envisaged in commodity pricing did not happen to the extent anticipated, particularly with the lingering possibility of another aftershock; in some cases commodity prices did fall only to gain sharply again. Uncertainties and volatility in project implementation in some sectors continued to pose problems and impact realizations.

On account of the above factors, overseas operations were somewhat adversely hit but we are seeing improvement and should be in a position to once again see growth along with improved profitability from overseas markets.

The water treatment industry scenario, including competitive scenario have not changed dramatically but market demand is picking up, as is the pace at which projects are coming up. On regulatory front, our industry has been able to successfully represent to government at various forums and government cognizance of these views is resulting in changes in compliance and quality regulations that are more favorable to the organized sector, quality conscious and better managed companies like yours can expect to benefit from this.

We continue to be positive over the business environment, expect to garner better share of the market and profitability too is expected to show further improvement.

b. Highlights of Performance

Gross turnover for the year 2009-2010 was Rs. 514 crores. Profit after tax was Rs.661 lakhs as compared to Rs. 144 lakhs in the previous year.

The Turnover for the year jumped by more than 15%. However, the profit after Tax showed a marked improvement of more than 350%.

c. Segmentwise Operational Performance

The business of your company can be segmented into:

1. Engineering
2. Chemicals
3. Consumer Products

ENGINEERING

In this segment the Company designs, manufactures and sells medium and large size equipment for water & waste water treatment plants.

The economic downturn in the previous year had an impact on performance of this Segment. In spite of this the Engineering Segment achieved turnover of Rs. 327 crores as compared to Rs.259 crores for the previous year. Margins were eroded due to unanticipated cost over run in some of the projects. This Segment is expected to grow at a healthy rate as the company has adequate order bank.

CHEMICALS

The segment achieved turnover of Rs.120 crores compared to Rs. 119 crores of the previous year.

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. The margins increased due to better cost control and general reduction in raw material prices. Sales in the domestic market increased, but exports got adversely affected due to slow down in North America and Europe. 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 turnover of Rs. 71 crores as compared to Rs. 68 crores of the previous year. The segment sustained business volume in spite of the slow down in the Institution segment with 10% growth in the domestic segment. The revenue generated in Service business increased by 45%, not only contributing to the topline but also improving the satisfaction levels of our customers in the process.

In the year under review, the domestic water purifier business attracted a large number of new entrants resulting in intense competition and ever-changing dynamics in the market place.

In keeping with our commitment to provide innovative products, the Division launched several cutting-edge products such as Zero B Intello and Zero B Solar.

The Company continues to invest in its "Zero B" brand which has survived the onslaught from aggressive new players in the category. The brand was awarded "The Best Distinguished RO purifier" by Water Digest in

association with UNESCO for the fourth consecutive year.

The operating structure of the Division has been evolved to efficiently tap the ever-increasing opportunities in the market and to ensure high levels of customer satisfaction.

In the current year, the thrust will be on increasing the market share, through revitalization of Sales Channels and enhanced customer services as well as popularization of its innovative products.

With renewed focus in "Hospitality and Health Care" in the Institutional segment and the "Retail business" in the domestic segment, the Division intends to stride ahead with robust growth and profitability.

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

EXPORTS

During the year under review the company achieved export turnover of Rs. 75 crores. The economic downturn in US & European countries affected the performance of this Segment. The Company plans to consolidate the operations in current geographies. The outlook for the segment is positive and company hopes to 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, an evolving mitigation plan and continuous monitoring of performance against the plan is in operation.

As you are aware, throughout 2008-09 and the first half of 2009-10, industry as a whole witnessed volatility in prices of both global as well as local raw materials such as steel, cement, petroleum products etc. This had a significant impact on the operations of most of players in industry including the water industry. The second half of 2009-10 saw the corporate environment recover from recessionary conditions, and prices, though not yet stable, have not negatively impacted operations. Your management pursued timely actions for impact immunisation during 2008-09 and continued the same in 2009-10. Though some adverse impact could not be prevented, the management is watching the market closely prior to any commitment.

With the changing macro-economic scenario and changes in the water treatment industry, your company remains vigilant of its market share with continued focus and reinforcement on credibility, quality, services and technology fronts to ensure competitiveness vis – a – vis major Indian and global players. This year your management, in the wake of the volatile market scenario, has consciously decided to refrain from bidding on certain low margin projects. Other mitigation plans include cost reduction, value engineering without compromising quality, and tie-ups with vendors for

assured supplies at competitive prices.

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

Your company being a technology driven company is continuously on 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 of new technologies.

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

e. Human Resources & Training

Your Company believes in human capital. Hence we strive to foster a positive work environment, where employees are respected and valued for their contribution to the Organization.

Your Company identifies key employees and grooms them up to enable them take up higher responsibilities. This will have a demonstrable effect on young employees as 'growing from within' has lot of advantages. Towards this, your Company experiments mapping of competencies required for various levels of jobs and attempts to enhance the competencies by training and other HR interventions.

Your Company continue to focus on Balance Score Card implementation in order to link personal and organizational goals through a time-bound, structured, key result area approach.

Your Company wants to retain the technology leadership and therefore invest in technical training, in order to serve the customer better. Apart from technical training we also train and develop employees on behavioural competencies through specialized training programmes by proven trainers. We work towards achieving three mandays' training for each and every employee, to sustain leadership in the market.

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

Our strategy of vertical segmentation of customers, to understand them better, has started yielding results. We are strengthening our internal processes to serve the customer faster since we believe 'Speed' and 'Service' are 'Keys to Success'.

f. Internal controls

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

The company has an in-house internal audit department staffed with qualified and experienced professionals. The annual audit plan, which takes into account the risk priorities assigned by the management, is presented to the Audit committee for approval. The Audit committee meets at regular intervals to review 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

Our business improves the lives of people and the environment and your company considers its fortunate and indeed privileged that its business is of such beneficial service to society and the environment.

CSR activities include facilitating under privileged school going 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.

Your company continues the initiatives in this area 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 : 24th May, 2010

REPORT ON CORPORATE GOVERNANCE

1. Company's Philosophy On Code Of Corporate Governance

Corporate Governance basically is a set of standards which aims to improve the company's efficiency, effectiveness and social responsibility. The concept emphasizes on transparency, accountability, independence and integrity of the management, with focus on public interest in particular. It further inspires and strengthens investors' confidence by ongoing commitment to overall growth of the Company.

The Company's Corporate Governance philosophy encompasses not only regulatory & legal requirements but also various voluntary practices at the superior level of business ethics, effective supervision and enhancement of shareholders' value.

The Company believes that timely disclosures, transparent accounting policies and a strong and independent Board go a long way in protecting shareholders trust while maximizing long term corporate value.

Company's philosophy on corporate governance begins with it's Board of Director.

- ➔ Half of the Board of Directors comprises of independent directors.
- ➔ A Non Executive Director – Chairs the Board
- ➔ The Audit Committee is comprised exclusively of independent and /or non – executive directors.
- ➔ The Audit Committee has been established to operate in line with clause 49 of the listing agreement and section 292A of the Companies Act, 1956

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

2. Board of Directors (The Board)

i. Composition & Category of Directors [as on 31st March, 2010]

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

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 19.06.2009, 21.07.2009, 27.10.2009, 24.09.2009, 21.01.2010 and 25.03.2010. 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 24th September, 2009 was attended by all the Directors except Mr. G.S.Ranganathan.

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 31/3/10)	Member/ Chairman of the committees of other company(s) (as on 31/3/10)
Mr. G. S. Ranganathan	4	3 (includes 1 Chairmanship)	-
Mr. Rajesh Sharma	6	12	-
Mr. M. R. Menon	4	3 (includes 1 Chairmanship)	-
Dr. V. N. Gupchup	6	4	-
Mr. M. P. Patni	6	11	-
Mr. T. M. M. Nambiar	6	2	5 (includes 2 Chairmanship)
Mr. A. Marfatia	6	2	-
Mr. P Sampath Kumar	5	1	-
Mr. Dinesh Sharma	6	13 (includes 1 Chairmanship)	1 (chairman)
Mr. Aankur Patni	6	5	-
Mr. Abhiram Seth	5	7	-

iii. Code of Conduct

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

A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct in respect of the Financial Year 2009-10.

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 19.06.2009, 21.07.2009, 27.10.09, 21.01.2010 and 25.03.2010.

Name	Number of Audit Committee meetings attended
Mr. T. M. M.Nambiar	5
Mr. M. R. Menon	3
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 and Executive Directors Mr. Dinesh Sharma and Mr. Aankur Patni during the financial year 2009-2010 is given hereunder.

Name	Salary & Allowances (Rs.)	Contribution to Provident & other funds (Rs.)	Perquisites (Rs.)	Total (Rs.)
Mr. Rajesh Sharma	77,08,000/-	19,44,000/-	13,15,436/-	1,09,67,436/-
Mr. Dinesh Sharma	45,56,903/-	9,72,000/-	4,23,665	59,52,568/-
Mr. Aankur Patni	60,84,000/-	9,72,000/-	-	70,56,000/-

During the year, the Company paid Rs. 14,10,000/- as sitting fees to the non-executive Directors for attending the Board and Committee Meetings. The details are given below:

Name	Amount paid (Rs.)
Mr. G. S. Ranganathan	2,20,000
Mr. M. R. Menon	1,65,000
Dr. V. N. Gupchup	2,65,000
Mr. T. M. M. Nambiar	2,50,000
Mr. M. P. Patni	1,60,000
Mr. A. Marfatia	1,20,000
Mr. P. Sampathkumar	1,30,000
Mr. Abhiram Seth	1,00,000
	14,10,000

5. Employee Stock Option Compensation Committee (ESOCC)

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

The details of Employees' Stock Option Schemes ESOS – 2001, ESOS – 2003, ESOS 2005 and ESOS 2008 as required to be given under SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended, are given here under (As on 31st March, 2010):

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
A. Options granted	First grant - 3,84,500 (20.07.2001) Second grant - 5,36,100 (08.08.2002) Third grant - 3,00,000 (05.06.2007)	First grant - 6,50,000 (02.04.2004) Second grant - 3,50,000 (05.06.2007)	First grant - 5,00,000 (29.03.2006) Second grant - 5,00,000 (24.07.2006)	12,00,000 (13.10.2008)
B. Pricing formula	First grant @ Rs.12.50 Second grant @ Rs.19.00 Third grant @ Rs.94.00 Computed on the average of the weekly closing prices on The Stock Exchange, Mumbai during the 13 weeks prior to the date of grant or the closing price on the date of the grant whichever is lower or with a discount not exceeding 25% on the price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant - First grant Rs. 13.70, Second grant Rs. 24.50, Third grant Rs. 125.10)	First grant @ Rs.19.00 Second grant @ Rs. 94.00 Computed on the average of two weeks high and low price of the shares traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing price on the date of the grant whichever is lower or with a discount not exceeding 25% on the price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The Closing market price on BSE as on the date of grant - First grant Rs. 29.65, Second grant Rs.125.10)	First grant @ Rs.67.00 Second grant @ Rs.54.50 Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price shall be at a discount not exceeding 25% on the average price or the closing market price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant - First grant Rs. 96.65, Second grants Rs.72.65)	@ Rs.58.20 Computed on the average of two weeks high and low price of the share traded on The Stock Exchange, Mumbai, preceding the date of grant of option or the closing market price prior to the date of grant. Exercise price shall be at a discount not exceeding 25% on the average price or the closing market price as computed by the above formula as may be decided by the ESOS Compensation Committee. (The closing market price on BSE as on the date of grant - First grant Rs.77.55)
C. Options vested	First grant - 3,84,500, Second grant - 5,36,100 Third grant - 3,00,000	First Grant - 6,50,000 Second Grant - 3,50,000	First Grant - 4,80,000 Second Grant - 5,00,000	12,00,000
D. Options exercised	First grant - 2,77,000 Second grant - 3,89,700 Third grant - Nil	First Grant - 5,78,675 Second Grant - Nil	First Grant - 3,18,500 Second Grant - 3,96,000	20,400

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	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
E. The total no. of shares arising as a result of exercise of option	First grant - 2,77,000, Second grant - 3,89,700 Third grant - Nil	First Grant - 5,78,675 Second Grant - Nil	First Grant - 3,18,500 Second Grant - 3,96,000	20,400
F. Options lapsed	First grant - 1,07,500 Second grant - 1,44,400 Third grant - 35,000	First Grant - 59,075 Second grant - 23,000	First Grant - 52,000 Second grant - 28,000	41,500
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 options granted so that the date of vesting of all the options granted which were to be vested in tranches be advanced and all the options not vested as yet be vested simultaneously	None	None
H. Money realised by exercise of options	First grant - Rs.34,62,500/- Second grant - Rs.74,04,300/- Third grant - Nil	First Grant - Rs.1,09,94,825/- Second grant - Nil	First grant- Rs.2,13,39,500/- Second Grant- Rs.2,15,82,000/-	Rs.11,87,280/-
I. Total number of options in force	First grant - Nil Second grant - 2,000 Third grant - 2,65,000	First Grant - 12,250 Second Grant - 3,27,000	First Grant - 1,29,500 Second Grant -76,000	11,38,100

	ESOS-2001	ESOS-2003	ESOS - 2005	ESOS - 2008
J. Employee wise details of options granted to :	Nil	Nil	Nil	Nil
i) Senior managerial personnel				
ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year.	None	None	None	None
iii) Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None	None	None	None
	Note: No fresh options were granted during the year.			
K. Diluted earnings per share (EPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 earning per share – Rs. 4.85				
L. where the company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference between the employee compensation cost so computed and the employee	N.A.	N.A.	N.A.	Please refer Schedule 17 Note 2

6. Shareholders / Investors Grievance Committee

The members of the Committee are Mr. G. S. Ranganathan (Non Executive), Dr. V. N. Gupchup (Non-executive and Independent), 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
1. Transfer of shares	03	03
2. Dematerialisation of Securities	07	07
3. Name Correction	08	08
4. Letters received from SEBI and other Statutory bodies	02	02
5. Change of address requests	74	74
6. ECS / Mandate requests	31	31
7. Loss of Securities	31	31
8. Split / Consolidation / renewal / duplicate issue of securities	02	02
9. Nomination requests	02	02
10. Tax Exemption Form / PAN related	00	00
11. Transmission of securities	08	08
12. Exchange / Sub – division of old shares	17	17
13. Dividend / Interest queries	153	152
14. Document Registration	11	10
15. Bonus Issue	00	00
16. Redemption	02	02
17. Other (miscellaneous)	29	29

2 letters received from HDFC Bank Ltd. through NSDL have been replied to. No complaint received through SEBI/CDSL/Department of Company Affairs during the financial year. All complaints are resolved to the satisfaction of investors / shareholders except 2 which were pending for more than 30 days. The meeting of share transfer committee is held once in a fortnight.

7. Annual General Meetings

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

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

8. Disclosures

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

9. Means of Communication

As per the requirements of listing agreement with The Stock Exchange, Mumbai, the quarterly, half yearly and annual financial results of the Company are faxed & sent to the Stock Exchange immediately after the same are approved by the Board. The same is published in English (Free Press Journal) and regional language (Navshakti) newspapers, within 48 hours of approval by the Board and uploaded on SEBI (Securities & Exchange Board of India)'s EDIFAR (Electronic Data Information File and Retrieval) website www.sebiedifar.nic.in and our company's website (www.ionindia.com).

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

10. Risks and concerns and their management

The Company has successfully implemented risk management framework to achieve the following objectives.

- Strategic: High – level goals, aligned with and supporting its mission.
- Operations: Effective and efficient use of its resources
- Reporting: Reliability of financial reporting.
- Compliance: Compliance with applicable laws and regulations.

Risk are assessed and ranked according to the likelihood and impact of them occurring. Existing controls are assessed and mitigation measures discussed.

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

11. General Shareholder Information

i) Annual General Meeting

Date	: 21 st September 2010
Time	: 11.00 a.m.
Venue	: Amar Gian Grover Auditorium, Lala Lajpat Rai Marg, Haji Ali, Mumbai – 400 034

ii) Financial calendar year 2010-11

Financial year	1 st April to 31 st March
Quarter ending June 30, 2010	Last week of July, 2010
Quarter ending September 30, 2010	Last week of October, 2010
Quarter ending December 31, 2010	Last week of January, 2011
Year ending March 31, 2011	Last week of May, 2011

iii) Book closure date

The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 7th September, 2010 to Friday, 17th September, 2010 (both days inclusive) for determining the entitlement of shareholders to receive dividend for the year ended 31st March, 2010, if declared at the Annual general meeting,

iv) Dividend payment date

Dividend, if declared shall be paid on or before 25th September, 2010

v) Listing on Stock Exchange

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

vi) Stock code and ISIN Number

The Stock Exchange, Mumbai - 500214.

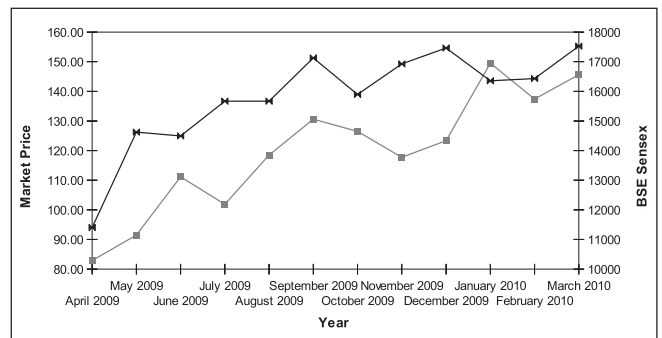
ISIN Number - INE570A01014.

The Stock Exchange, Mumbai

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

Month	High (Rs.)	Low (Rs.)
April, 2009	98.70	67.05
May, 2009	107.00	76.00
June, 2009	126.90	95.45
July, 2009	112.60	91.15
August, 2009	138.00	99.00
September, 2009	141.80	119.40
October, 2009	143.00	110.00
November, 2009	135.00	100.50
December, 2009	140.70	106.00
January, 2010	173.00	126.00
February, 2010	149.80	125.00
March, 2010	159.40	131.80

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 2009-2010 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, 2010

DESCRIPTION	NO. OF HOLDERS	%	NO. OF SHARES	%
LESS THAN 500	11,826	87.30	1,467,418	11.53
501 - 1000	881	6.50	679,928	5.34
1001 - 2000	409	3.02	586,178	4.61
2001 - 3000	122	0.90	312,125	2.45
3001 - 4000	42	0.31	150,219	1.18
4001 - 5000	46	0.34	216,016	1.70
5001 - 10000	98	0.72	714,417	5.61
10001 - 999999999	123	0.91	8,599,560	67.58
TOTAL	13,547	100.00	12,725,861	100.00

Category	Holdings	%
Promoter & Promoter Group	51,01,847	40.09
Mutual Funds & UTI	5,62,243	4.42
Banks, Financial Institutions & Insurance Companies	1,95,140	1.53
FII's	32,565	0.26
Domestic Companies	10,47,711	8.23
Public	55,76,856	43.82
NRI's/OCBs	2,09,499	1.65
Total	1,27,25,861	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, 2010, 69.98% 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, 2010, 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: May 24, 2010

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 2010 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) ('the order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, ('the Act') we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion we draw attention to note 15.1 of Schedule 17 of the financial statements. The remuneration paid to the Executive Directors is in excess of the limits specified in Schedule XIII of the Act by Rs. 82,08,569 for which steps are being taken by the Company to obtain Central Government approval. Pending the final outcome of the Company's application, no adjustments have been made to the financial statements.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

- ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- iii. The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- iv. In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
- v. On the basis of the written representations received from the directors, as on 31st March 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2010;
 - b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

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

per Vijay Maniar
Partner
Membership No. : 36738

Place : Mumbai
Date : 24th May 2010

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

- | | |
|---|--|
| <p>(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.</p> <p>(b) All fixed assets have not been physically verified by the Management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. 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>firms or other parties covered in the register maintained under section 301 of the Act. Hence clauses 4(iii)(f) & 4(iii)(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. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the Company.</p> |
| <p>(iii) (a) The Company has granted unsecured loan to a Company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year was Rs. 18,98,88,217 and the year end balance of loan granted to such party was Rs. 3,31,16,178.</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 loans are not prima facie prejudicial to the interest of the Company.</p> <p>(c) The loans granted are re-payable on demand. As informed, the Company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the party to whom the money has been lent (Refer Note 26 of Schedule 17 of financial statements). <i>The payment of interest has not been regular.</i></p> <p>(d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Act.</p> <p>(e) As informed, the Company has not taken any loans, secured or unsecured from companies,</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 lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.</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 Act and the rules framed there under, to the extent applicable, have been complied with. We are informed by the Management that no order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.</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</p> |

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maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act for the products of the Company.

- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, 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.*

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Act, we are not in a position to comment upon the regularity or otherwise of the Company in

depositing the same.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other 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, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise duty and Penalty	30,52,000	2004-05	Commissioner of Central Excise
Sales Tax Act for Maharashtra, Gujarat and Goa states	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
		51,14,792	1995-96	Dy. Commissioner Appeals
		6,79,710	1995-96	Assistant Commissioner Appeals
		6,93,373	1996-97	Sales Tax Tribunal
		1,047	1997-98	Sales Tax Tribunal
		8,02,949	1997-98	Assistant Commissioner Appeals
		4,11,495	1998-99	Sales Tax Tribunal
		7,79,510	1998-99	Assistant Commissioner Appeals
		3,09,79,413	1999-00	Sales Tax Tribunal
		12,23,330	1999-00	Assistant Commissioner Appeals
		33,99,447	2000-01	Sales Tax Tribunal
17,37,703	2000-01	Assistant Commissioner Appeals		
3,71,382	2000-01	Joint Commissioner of Sales Tax		
Sales Tax Act for the state of Goa	Disallowance on account of non submission of required forms and disallowance of Input Credit	26,21,528	2006-07	Assistant Commissioner Appeals
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, 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 Order are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, 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 the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the Management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

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

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

Place : Mumbai
Date : 24th May 2010

BALANCE SHEET as at 31st March 2010

	Schedules			31st March 2009	
		Rupees	Rupees	Rupees	Rupees
I. SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1a	12,72,58,610		12,69,24,610	
Stock Options Outstanding	1b	4,32,14,841		3,06,83,485	
Reserves and Surplus	2	1,17,45,57,963		1,12,86,19,689	
			1,34,50,31,414		1,28,62,27,784
LOAN FUNDS	3				
Secured Loans		37,63,42,502		54,95,84,574	
Unsecured Loans		13,05,58,001		23,90,24,000	
			50,69,00,503		78,86,08,574
DEFERRED TAX LIABILITY (NET) (Refer Note 3 on Schedule 17)			3,58,39,663		3,33,58,855
TOTAL			1,88,77,71,580		2,10,81,95,213
II. APPLICATION OF FUNDS					
FIXED ASSETS	4				
Gross Block		1,27,02,62,079		1,26,74,93,557	
Less: Accumulated Depreciation		68,66,40,774		63,12,44,732	
Net Block		58,36,21,305		63,62,48,825	
Capital Work-in-Progress, including capital advances		48,19,874		56,63,461	
			58,84,41,179		64,19,12,286
INVESTMENTS	5		25,43,89,888		10,24,15,088
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	6	39,35,46,856		37,60,00,954	
Sundry Debtors	7	2,39,55,44,293		2,12,95,53,299	
Cash and Bank Balances	8	9,98,31,703		5,74,79,557	
Other Current Assets	9	27,96,651		24,92,988	
Loans and Advances	10	63,56,97,804		81,27,04,691	
(A)		3,52,74,17,307		3,37,82,31,489	
Less: CURRENT LIABILITIES AND PROVISIONS	11				
Current Liabilities		2,41,46,55,823		1,95,75,07,340	
Provisions		6,78,20,971		5,68,56,310	
(B)		2,48,24,76,794		2,01,43,63,650	
NET CURRENT ASSETS (A - B)			1,04,49,40,513		1,36,38,67,839
TOTAL			1,88,77,71,580		2,10,81,95,213
Notes to Accounts	17				

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

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

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 24th May 2010

Place : Mumbai
Date : 24th May 2010

PROFIT AND LOSS ACCOUNT for the year ended 31st March 2010

	Schedules	Rupees	Rupees	2008 - 2009 Rupees
INCOME				
Sales and Services (Gross)	12	5,13,56,61,705		4,45,25,35,686
Less: Excise Duty Recovered on Sales (Refer Note 17 on Schedule 17)		<u>13,29,24,375</u>		<u>18,26,29,891</u>
Sales and Services (Net)			5,00,27,37,330	4,26,99,05,795
Other Income	13		<u>4,83,44,975</u>	<u>9,48,72,359</u>
TOTAL			<u>5,05,10,82,305</u>	<u>4,36,47,78,154</u>
EXPENDITURE				
Cost of Goods Sold	14		3,53,30,92,600	2,98,76,77,866
Operation and Other Expenses	15		1,26,63,46,977	1,18,36,99,550
Interest	16		9,13,04,289	10,18,37,930
Depreciation	4	5,82,63,686		5,42,27,687
Less: Transfer from Revaluation Reserve		<u>28,470</u>		<u>28,470</u>
			5,82,35,216	5,41,99,217
TOTAL			<u>4,94,89,79,082</u>	<u>4,32,74,14,563</u>
PROFIT BEFORE TAX			10,21,03,223	3,73,63,591
Provision for Taxation				
- Current Tax		3,35,00,000		78,00,000
- Deferred Tax charge (Refer Note 3 on Schedule 17)		24,80,808		39,26,381
- Fringe Benefit Tax		-		1,12,00,000
			<u>3,59,80,808</u>	<u>2,29,26,381</u>
PROFIT AFTER TAX			6,61,22,415	1,44,37,210
Balance brought forward from Previous Year			<u>20,00,07,776</u>	<u>20,04,98,615</u>
PROFIT AVAILABLE FOR APPROPRIATION			26,61,30,191	21,49,35,825
APPROPRIATIONS				
Dividend (Refer Note 19 on Schedule 17)		13,000		67,100
Tax on Dividend		2,209		11,404
			15,209	78,504
Proposed Final Dividend		1,90,88,792		1,26,92,461
Tax on Proposed Dividend		<u>32,44,140</u>		<u>21,57,084</u>
			2,23,32,932	1,48,49,545
Transfer to General Reserve			<u>34,00,000</u>	<u>-</u>
SURPLUS CARRIED FORWARD TO BALANCE SHEET			<u>24,03,82,050</u>	<u>20,00,07,776</u>
EARNINGS PER SHARE				
[Nominal value of shares Rs. 10 (2008-2009 : Rs. 10)] (Refer Note 8 on Schedule 17)				
Basic			5.20	1.13
Diluted			4.85	1.11
Notes to Accounts	17			

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

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

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 : 24th May 2010

Place : Mumbai
Date : 24th May 2010

Schedules forming part of the Balance Sheet as at 31st March 2010

SCHEDULE - 1a	Rupees	31st March 2009 Rupees
SHARE CAPITAL		
Authorised:		
1,50,00,000 (2008-2009 : 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:		
1,27,25,861 (2008-2009 : 1,26,92,461) Equity Shares of Rs. 10 each, fully paid-up.	<u>12,72,58,610</u>	<u>12,69,24,610</u>
	<u>12,72,58,610</u>	<u>12,69,24,610</u>
Of the above:		
1. 10,000 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 6,66,700) Equity Shares, 5,78,675 (2008-2009 : 5,78,675) Equity Shares, 7,14,500 (2008-2009 : 7,01,500) Equity Shares and 20,400 (2008-2009 : Nil) Equity Shares have been allotted to the directors and employees under Employees Stock Options Scheme – ESOS - 2001, ESOS - 2003, ESOS - 2005 and ESOS - 2008 respectively upto 31st March 2010. Also, Refer Note 2 on Schedule 17.		
SCHEDULE - 1b		
STOCK OPTIONS OUTSTANDING (Refer Notes 1(x) and 2 on Schedule 17)		
Employee Stock Options Outstanding	4,47,77,397	4,79,97,363
Less: Deferred Employee Compensation Outstanding	<u>15,62,556</u>	<u>1,73,13,878</u>
	<u>4,32,14,841</u>	<u>3,06,83,485</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	11,62,740	11,91,210
Less: Transfer to Profit and Loss Account	<u>28,470</u>	<u>28,470</u>
	11,34,270	11,62,740
Contingency Reserve	4,00,00,000	4,00,00,000
General Reserve		
Balance as at 1st April	13,51,98,364	13,51,98,364
Add: Transfer from Profit and Loss Account	<u>34,00,000</u>	<u>-</u>
	13,85,98,364	13,51,98,364
Security Premium Account		
Balance as at 1st April	74,79,83,004	74,57,46,914
Add: Received on account of Employee Stock Option Plan	<u>21,92,470</u>	<u>22,36,090</u>
	75,01,75,474	74,79,83,004
Profit and Loss Account	<u>24,03,82,050</u>	<u>20,00,07,776</u>
	<u>1,17,45,57,963</u>	<u>1,12,86,19,689</u>

Schedules forming part of the Balance Sheet as at 31st March 2010

	Rupees	31st March 2009 Rupees
SCHEDULE - 3		
LOAN FUNDS		
1. SECURED LOANS		
A. Cash Credit from Banks (including working capital demand loan)	17,68,95,188	31,10,48,186
<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. Packing Credit Loan from Banks	14,04,54,887	14,58,66,442
<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>		
C. Term Loan from a Bank	1,62,50,000	3,25,00,000
<p>Secured by first charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future. [Due within one year Rs. 1,62,50,000 (2008-2009 : Rs. 1,62,50,000)]</p>		
D. Term Loan from a Bank	3,52,97,000	4,94,13,000
<p>Secured by first charge by way of mortgage and hypothecation of all movable and immovable properties situated at Vashi, Goa and Ankleshwar, both present and future. [Due within one year Rs. 1,41,16,000 (2008-2009 : Rs. 1,41,16,000)]</p>		
E. Vehicle finance from Banks	74,45,427	1,07,56,946
<p>Secured by hypothecation of vehicles. [Due within one year Rs. 28,61,251 (2008-2009 : Rs. 28,96,330)]</p>		
	37,63,42,502	54,95,84,574
2. UNSECURED LOANS		
A. Fixed Deposits	4,50,58,000	6,18,58,000
[Due within one year Rs. 1,24,04,000 (2008-2009 : Rs. 4,19,73,000)]		
B. Inter Corporate Deposit	1,05,00,000	1,05,00,000
[Due within one year Rs. 1,05,00,000 (2008-2009 : Rs. 1,05,00,000)]		
C. Loan from Banks	7,50,00,001	16,66,66,000
[Due within one year Rs. 7,50,00,001 (2008-2009 : Rs. 16,66,66,000)]		
	13,05,58,001	23,90,24,000

Schedules forming part of the Balance Sheet as at 31st March 2010

	Rupees	31st March 2009 Rupees
SCHEDULE - 5		
INVESTMENTS - Long Term (at cost)		
A. IN SUBSIDIARY COMPANIES (UNQUOTED)		
Shares in Aqua Investments (India) Limited 17,60,000 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 5,47,000) Equity Shares of Rs. 10 each, fully paid-up	54,70,000	54,70,000
Shares in Ion Exchange Asia Pacific Pte. Limited 4,60,000 (2008-2009 : 4,60,000) Equity Shares of Singapore Dollar 1 each, fully paid-up	1,37,73,853	1,37,73,853
Shares in IEI Environmental Management (M) Sdn. Bhd. 1,50,000 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 5,10,000) Equity Shares of Rs. 10 each, fully paid-up	51,00,000	51,00,000
Debentures in Ion Exchange Enviro Farms Limited 15,00,000 (2008-2009 : Nil) 7% Secured Redeemable Non-Convertible Debentures of Rs. 100 each, fully paid-up (Refer Note 26 on Schedule 17)	15,00,00,000	-
	22,70,63,764	7,70,63,764
B. NON-TRADE AND UNQUOTED		
6 Year National Savings Certificates	-	10,000
	-	10,000
C. TRADE AND UNQUOTED		
Shares in Ion Exchange Services Limited 2,94,875 (2008-2009 : 2,94,875) Equity Shares of Rs. 10 each, fully paid-up	9,20,948	9,20,948
Shares in Global Composite & Structural Limited 2,00,000 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 24,000) Equity Shares of Rs. 10 each, fully paid-up	2,40,000	2,40,000
Shares in Aquanomics Systems Limited 4,60,000 (2008-2009 : 2,30,000) Equity Shares of Rs. 10 each, fully paid-up	46,00,000	23,00,000
Shares in Astha Technical Services Limited 1,30,000 (2008-2009 : 1,30,000) Equity Shares of Rs. 10 each, fully paid-up	13,00,000	13,00,000
Shares in IEK Plastics Limited 6,000 (2008-2009 : 6,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 60,000 (2008-2009 : Rs. 60,000)]	-	-
Carried Forward	2,29,55,948	2,06,55,948

Schedules forming part of the Balance Sheet as at 31st March 2010

SCHEDULE - 5 (Contd.)	Brought Forward	Rupees	31st March 2009 Rupees
		2,29,55,948	2,06,55,948
Shares in IEI Mansel Services Limited 15,000 (2008-2009 : 15,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,50,000 (2008-2009 : Rs. 1,50,000)]		-	-
Shares in Patancheru Enviro-tech Limited 113 (2008-2009 : 113) Equity Shares of Rs. 10 each, fully paid-up		1,130	1,130
Shares in Bharuch Enviro Infrastructure Limited 10,500 (2008-2009 : 10,500) Equity Shares of Rs. 10 each, fully paid-up		1,05,000	1,05,000
Shares in HMG Industries Limited 75,000 (2008-2009 : 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 (2008-2009 : Rs. 74,50,000)]		50,000	50,000
Shares in Bharuch Eco-Aqua Infrastructure Limited 3,52,500 (2008-2009 : 3,52,500) Equity Shares of Rs. 10 each, fully paid-up		35,25,000	35,25,000
Shares of Global Procurement Consultants Limited 20,000 (2008-2009 : 20,000) Equity Shares of Rs. 10 each, fully paid-up		2,00,000	2,00,000
		<u>2,68,37,078</u>	<u>2,45,37,078</u>
Aggregate value of Unquoted Investments (A+B+C)		<u>25,39,00,842</u>	<u>10,16,10,842</u>
D. NON-TRADE AND QUOTED			
Units of Master Plus of Unit Trust of India Nil (2008-2009 : 5,000) Units of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. Nil (2008-2009 : Rs. 1,800)]		-	75,200
Shares of Sterlite Technologies Limited 5,875 Equity Shares of Rs. 2 each (2008-2009 : 1,175 Equity Shares of Rs. 5 each), fully paid-up		2,05,000	2,05,000
Shares of Jain Irrigation Systems Limited 14 (2008-2009 : 14) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value Rs. 3,178 (2008-2009 : Rs. 3,178)]		546	546
Shares of Canara Bank 8,100 (2008-2009 : 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 Nil (2008-2009 : 6) Bonds of Rs. 40,000 each, fully paid-up		-	2,40,000
Aggregate value of Quoted Investments (D)		<u>4,89,046</u>	<u>8,04,246</u>
TOTAL (A+B+C+D)		<u>25,43,89,888</u>	<u>10,24,15,088</u>
Market value of Quoted Investments as on 31st March 2010 is Rs. 38,57,777 (2008-2009 : Rs. 18,94,097)			
SCHEDULE - 6			
INVENTORIES			
(Refer Notes 1 (iv) and (v) on Schedule 17)			
Raw Materials and Components		14,37,71,087	17,82,10,938
Raw Material-in-Transit		4,77,78,890	3,61,43,489
Work-in-Progress		1,67,17,284	1,66,47,605
Finished Goods		10,42,34,945	10,80,81,927
Finished Goods-in-Transit		4,91,817	1,16,738
Stores and Spare Parts		3,05,28,649	1,40,80,757
Contract Work-in-Progress		5,00,24,184	2,27,19,500
		<u>39,35,46,856</u>	<u>37,60,00,954</u>

Schedules forming part of the Balance Sheet as at 31st March 2010

	Rupees	Rupees	31st March 2009 Rupees
SCHEDULE - 7			
SUNDRY DEBTORS			
Unsecured, considered good:			
Debts outstanding over six months (Refer Note 1 below)	1,10,21,15,595		1,09,24,64,453
Other Debts (Refer Note 2 below)	<u>1,29,34,28,698</u>		<u>1,03,70,88,846</u>
		2,39,55,44,293	2,12,95,53,299
Unsecured, considered doubtful:			
Debts outstanding over six months	59,61,994		59,61,994
Less: Provision for Doubtful Debts	<u>59,61,994</u>		<u>59,61,994</u>
		<u>—</u>	<u>—</u>
		2,39,55,44,293	2,12,95,53,299
(Refer Note 7 on Schedule 17 for dues from Companies under the same Management)			
Notes:			
1. Includes Rs. 28,62,78,065 (2008-2009 : Rs. 26,15,23,137) Retention Money not due.			
2. Includes Rs. 10,04,42,144 (2008-2009 : Rs. 5,30,95,667) Retention Money not due.			
SCHEDULE - 8			
CASH AND BANK BALANCES			
Cash on Hand		13,35,714	11,54,267
Balance with Scheduled Banks:			
- On Current Accounts		2,74,90,624	1,84,02,077
- On Exchange Earner's Foreign Currency Accounts [USD 14,885 (2008-2009 : USD 4,895)]		6,71,928	2,49,421
- On Deposit Account [Earmarked under Rule 3A of Companies (Acceptances of Deposits) Rules, 1975]		77,94,298	86,00,000
- On Margin Money Account		4,45,08,050	2,48,95,042
- On Unclaimed Dividend Account		17,08,179	15,37,931
- On Unclaimed Interest on Fixed Deposits		17,46,900	22,35,233
Balance with Non-Scheduled Bank:			
- On Current Account (*)		<u>1,45,76,010</u>	<u>4,05,586</u>
		9,98,31,703	5,74,79,557
(*) Balance with Non-Scheduled Bank maintained with National Bank of Dubai : Rs. 1,45,76,010 (2008-2009 : Rs. 4,05,586) Maximum amount outstanding during the year : Rs. 2,70,50,857 (2008-2009 : Rs. 5,77,60,929)			
SCHEDULE - 9			
OTHER CURRENT ASSETS			
Interest accrued but not due		27,91,302	24,92,988
Rent receivable			
- Considered good	5,349		—
- Considered doubtful	17,05,011		17,05,011
Less: Provision for Doubtful Rent	<u>17,05,011</u>		<u>17,05,011</u>
		<u>5,349</u>	<u>—</u>
		27,96,651	24,92,988

Schedules forming part of the Balance Sheet as at 31st March 2010

SCHEDULE - 10	Rupees	Rupees	31st March 2009 Rupees
LOANS AND ADVANCES			
A. Secured, Considered good:			
Advances recoverable in cash or in kind or for value to be received		1,29,605	2,63,462
B. Unsecured, Considered good, unless otherwise stated:			
Loans and Advances to subsidiaries (Refer Notes 6 (IV) and 10 on Schedule 17)		6,64,85,677	20,21,28,002
Advances recoverable in cash or in kind or for value to be received			
- Considered good (Refer Note below and Note 9 on Schedule 17)	51,48,47,273		53,47,31,488
- Considered doubtful	98,64,821		3,54,82,346
Less: Provision for Doubtful Advances	98,64,821		3,54,82,346
		51,48,47,273	53,47,31,488
Advance Tax and Tax Deducted at Source [Net of provision for taxation aggregating Rs. 22,10,28,479 (2008-2009 : Rs. 18,71,15,936)]		2,58,64,646	4,71,05,119
Share Application Money (towards investments in subsidiary company)		3,50,000	3,50,000
Unamortized Premium on Forward Contracts		-	5,26,667
Tender, Security and other Deposits			
- Considered good	2,72,15,552		2,73,53,989
- Considered doubtful	7,70,840		44,73,714
Less: Provision for Doubtful Deposits	7,70,840		44,73,714
		2,72,15,552	2,73,53,989
Balances with Excise Authorities		8,05,051	2,45,964
Inter Corporate Deposits			
- Considered doubtful	57,07,290		57,07,290
Less: Provision for Doubtful Inter Corporate Deposits	57,07,290		57,07,290
		-	-
		63,56,97,804	81,27,04,691

Note:

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

Loans due from IEI Shareholding Trusts Rs. 23,82,77,000
(2008-2009 : Rs. 24,01,78,500)

[Maximum amount outstanding Rs. 24,01,78,500
(2008-2009 : Rs. 24,42,94,500)]

Schedules forming part of the Balance Sheet as at 31st March 2010

	Rupees	Rupees	31st March 2009 Rupees
SCHEDULE - 11			
CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities:			
Sundry Creditors			
- Subsidiary Companies	10,20,56,473		28,53,597
- Micro and Small Enterprises (Refer Note 23 on Schedule 17)	-		-
- Other than Micro and Small Enterprises	1,70,28,55,021		1,45,44,91,003
		1,80,49,11,494	1,45,73,44,600
Other Liabilities		1,20,98,856	1,29,45,012
Interest accrued but not due		13,09,478	24,56,324
Investor Education and Protection Fund shall be credited by the following amounts namely *			
- Unclaimed Dividends	17,08,179		15,37,931
- Unclaimed Interest on Fixed Deposits	17,46,900		22,35,233
- Unclaimed Matured Deposits	27,73,000		44,22,000
		62,28,079	81,95,164
Acceptances		16,72,11,766	16,27,15,783
Deposits		6,66,96,179	6,12,82,081
Commitment Deposit Under Employees Stock Option Scheme (Refer Note 2 on Schedule 17)		82,428	30,048
Advance from Customers and Progress Claims [Includes advances in respect of engineering contracts Rs. 29,70,82,922 (2008-2009 : Rs. 21,80,04,282)]		35,61,17,543	25,25,38,328
TOTAL (A)		2,41,46,55,823	1,95,75,07,340
B. Provisions:			
Provision for Fringe Benefit Tax [Net of Advance Tax Rs. 4,81,12,305 (2008-2009 : Rs. 4,33,33,093)]		19,87,695	67,66,907
Provision for Leave Encashment		4,35,00,344	3,52,39,858
Proposed Dividend		1,90,88,792	1,26,92,461
Tax on Proposed Dividend		32,44,140	21,57,084
TOTAL (B)		6,78,20,971	5,68,56,310
TOTAL (A + B)		2,48,24,76,794	2,01,43,63,650

* As at 31st March 2010, 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 2010

	Rupees	Rupees	2008 - 2009 Rupees
SCHEDULE - 12			
SALES AND SERVICES			
Sales (Refer Note 17 on Schedule 17) [Tax deducted at source Rs. 1,25,11,027 (2008-2009 : Rs. 69,19,113)]		5,10,85,03,767	4,41,81,20,908
Commission		14,31,141	39,02,179
Management Fees [Tax deducted at source Rs. 31,97,509 (2008-2009 : Rs. 36,20,070)]		2,57,26,797	3,05,12,599
		<u>5,13,56,61,705</u>	<u>4,45,25,35,686</u>
SCHEDULE - 13			
OTHER INCOME			
Scrap Sales		36,52,974	50,76,109
Rent [Tax deducted at source Rs. 43,28,856 (2008-2009 : Rs. 56,41,876)]		2,58,15,132	2,54,39,052
Dividend Income (Refer Note below)		27,19,677	19,89,150
Amount set aside for liabilities, no longer required, written back		-	69,23,343
Interest from Subsidiary [Tax deducted at source Rs. 8,10,600 (2008-2009 : Rs. 14,34,065)]		81,05,990	69,61,482
Interest from Banks [Tax deducted at source Rs. 5,34,671 (2008-2009 : Rs. 6,83,756)]		39,02,128	31,27,932
Interest from Others [Tax deducted at source Rs. 39,312 (2008-2009 : Rs. 19,918)]		2,66,778	2,98,028
Exchange Gain (Net)		-	4,33,75,190
Profit on Assets sold/discarded (Net)		11,30,842	-
Miscellaneous Income		27,51,454	16,82,073
		<u>4,83,44,975</u>	<u>9,48,72,359</u>
Note: Includes Rs. 16,30,250 (2008-2009 : Rs. 14,10,625) received from trade investments.			
SCHEDULE - 14			
COST OF GOODS SOLD			
A. Raw Materials and Components Consumed *		3,36,98,05,887	2,83,62,41,407
B. Purchase of Traded Goods		18,71,89,173	17,85,69,693
C. Increase/(Decrease) in Stocks:			
Closing Stocks:			
- Work-in-Progress	1,67,17,284		1,66,47,605
- Finished Goods	10,42,34,945		10,80,81,927
- Finished Goods-in-Transit	4,91,817		1,16,738
- Contract Work-in-Progress	<u>5,00,24,184</u>		<u>2,27,19,500</u>
		17,14,68,230	14,75,65,770
Less: Opening Stocks:			
- 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
- Contract Work-in-Progress	<u>2,27,19,500</u>		<u>2,52,17,056</u>
		14,75,65,770	12,04,32,536
		<u>2,39,02,460</u>	<u>2,71,33,234</u>
Cost of Goods Sold (A + B - C)		<u>3,53,30,92,600</u>	<u>2,98,76,77,866</u>

* Includes direct expenses incurred on contracts Rs. 6,28,25,628 (2008-2009 : Rs. 6,03,36,011)

Schedules forming part of the Profit and Loss Account for the year ended 31st March 2010

	Rupees	Rupees	2008 - 2009 Rupees
SCHEDULE - 15			
OPERATION AND OTHER EXPENSES (Refer Note 11 on Schedule 17)			
Employee costs (Refer Note 22 on Schedule 17)			
- Salaries, Wages and Bonus	39,15,15,456		34,25,94,390
- Contribution to Provident and Other Funds	3,30,83,019		3,17,47,684
- Staff Welfare	2,44,09,212		1,98,54,016
- Employee Compensation Expense	1,31,62,047		1,61,68,284
		46,21,69,734	41,03,64,374
Stores and Spare Parts consumed		30,63,736	40,70,594
Power and Fuel		5,68,42,936	5,89,77,337
Repairs and Maintenance - Buildings		30,42,340	22,32,667
- Plant and Machinery		1,30,97,372	1,02,99,969
- Others		1,31,95,835	1,07,79,807
Rent (Net of recoveries)		1,95,24,881	1,77,58,213
Rates and Taxes		2,70,20,265	3,32,26,556
Insurance (Net of recoveries)		22,93,366	22,91,850
Travelling and Conveyance		13,38,80,888	13,10,69,813
Excise Duty (Net of recoveries) (Refer Note 17 on Schedule 17)		50,38,213	28,01,240
Freight (Net of recoveries)		8,44,14,184	11,59,41,162
Packing (Net of recoveries)		1,63,76,595	1,67,71,074
Advertisement and Publicity		5,30,37,251	6,89,19,161
Commission to Agents and Discount		2,80,17,428	4,00,06,860
Legal and Professional Charges		1,90,56,315	2,92,06,585
Telephone and Telex		2,10,49,588	2,16,42,539
Bad Debts written off		4,28,70,783	1,89,83,341
Doubtful advances, deposits and claims written off	7,93,17,493		3,18,000
Less: Withdrawn from provision for doubtful advances and deposits	2,93,20,399		-
		4,99,97,094	3,18,000
Auditors' Remuneration (Refer Note 16 on Schedule 17)		24,87,021	24,29,249
Directors' Fees		14,10,000	16,60,000
Bank Charges		2,24,90,258	2,28,46,799
Exchange Loss (Net)		2,88,44,012	-
Loss on Assets sold/discarded (Net)		-	10,92,968
Backcharges on Contracts (Refer Note 20 on Schedule 17)		2,21,32,123	6,01,10,447
Establishment and Other Miscellaneous Expenses (Refer Note 25 on Schedule 17)		13,49,94,759	9,98,98,945
		1,26,63,46,977	1,18,36,99,550
SCHEDULE - 16			
INTEREST			
On Fixed Loans		3,12,63,766	3,57,79,908
On Others		6,00,40,523	6,60,58,022
		9,13,04,289	10,18,37,930

**Schedules forming part of the Balance Sheet as at 31st March 2010 and
Profit and Loss Account for the year ended on that date**

SCHEDULE - 17

NOTES TO ACCOUNTS

1. Significant Accounting Policies:

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

(i) Fixed Assets, Depreciation and Impairment:

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

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

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

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

Site equipments are depreciated over 3 years.

Leasehold lands are amortized over the period of lease.

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

The incremental depreciation attributable to the revalued amount is transferred from the Revaluation Reserve to the Profit and Loss Account.

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Carrying amount of assets are reviewed at each Balance Sheet date for any indication of impairment. 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 Transactions:

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

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

SCHEDULE - 17 (Contd.)

(iii) Investments:

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. 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 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 Compensation cost:

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

(xi) Provisions and Contingent Liabilities:

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

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

(xii) Derivative Instruments:

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

(xiii) Earnings Per Share:

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

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of 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.

SCHEDULE - 17 (Contd.)

Allocation of common costs:

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

Unallocated costs:

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

Segment policies:

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

(xv) Cash and Cash Equivalents:

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

(xvi) Leases:

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

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

(xvii) Use of estimates:

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

2. Employee Stock Option Scheme (ESOS):

ESOS 2001

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

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

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

ESOS 2003

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

The Employee Stock Compensation Committee in its meeting held on 5th June 2007, further granted 3,50,000 options to directors and other employees at a price of Rs. 94.00 per share, which constituted a discount of approximately 25% to the price as calculated on the basis of average of weekly closing price on The Stock Exchange, Mumbai for 13 weeks prior to the date of the grant. As in

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SCHEDULE - 17 (Contd.)

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 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)
Granted during the year	– –	– –	– –	– (12,00,000)	– (12,00,000)
Lapsed during the year	18,000 (17,650)	13,000 (12,300)	42,000 (18,000)	41,500 –	1,14,500 (47,950)
Exercised/ Allotted during the year	– –	– –	13,000 (35,550)	20,400 –	33,400 (35,550)
Outstanding as at 31st March 2010	2,67,000 (2,85,000)	3,39,250 (3,52,250)	2,05,500 (2,60,500)	11,38,100 (12,00,000)	19,49,850 (20,97,750)
Exercisable as at 31st March 2010	1,34,500	1,75,750	2,05,500	11,38,100	16,53,850

Figures in bracket denote previous year figures.

As at 31st March 2010, the Company has received Commitment Deposit of Rs. 82,428 (2008–2009 : Rs. 30,048) from its directors and employees under ESOS 2001, ESOS 2003, ESOS 2005 and ESOS 2008.

Stock Option granted:

The weighted average fair value of stock options granted during the year was Rs. Nil (2008–2009 : Rs. 11,79,72,000). The Black Scholes valuation model has been used for computing the weighted average fair value considering the followings inputs:

Particulars	ESOS Scheme 2001 3rd Grant	ESOS Scheme 2003 2nd Grant	ESOS Scheme 2008 1st Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	118.77	118.77	118.77
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	8%	8%	8%
Expected dividend rate	20%	20%	20%

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

SCHEDULE - 17 (Contd.)

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

Particulars	Amount (in Rupees)
Profit as reported	6,61,22,415
Add : Employee stock compensation under intrinsic value method	1,31,62,047
Less : Employee stock compensation under fair value method	4,20,58,813
Pro forma profit	3,72,25,649
Earnings Per Share	
Basic - As reported	5.20
- Pro forma	2.93
Diluted - As reported	4.85
- Pro forma	2.73

3. Deferred Tax Liability (Net):

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

Amount (in Rupees)

Particulars	As at 31st March 2010		As at 31st March 2009	
	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset
Difference between book and tax depreciation	7,43,37,721	-	7,40,49,388	-
Provision for doubtful debts	-	20,26,482	-	20,26,482
Provision for doubtful advances	-	61,34,502	-	1,61,00,506
Effect of expenditure allowable for the Tax Purposes in following years	-	3,03,37,074	-	2,25,63,545
Total	7,43,37,721	3,84,98,058	7,40,49,388	4,06,90,533
Deferred Tax Liability (net)	3,58,39,663		3,33,58,855	

4. Contracts in Progress (CIP):

Amount (in Rupees)

Sr. No.	Particulars	2009-2010	2008-2009
A.	Aggregate amount recognized as Contract Revenue	1,57,88,53,000	1,47,93,05,210
B.	In respect of Contracts in Progress as on 31 st March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	1,40,50,58,400	1,02,45,09,480
	2) Amount of Customer Advance received	20,88,16,600	12,45,32,157
	3) Amount of Retentions	32,16,89,000	29,93,38,267
C.	Gross amount due from customers for contract work	6,31,81,400	6,94,74,480

SCHEDULE - 17 (Contd.)**5. Segment Information for the year ended 31st March 2010****i. Information about Primary Business Segments**

(in Rupees)

	Engineering		Chemicals		Consumer Products		Unallocated		Total	
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009
Revenue										
External Sales (Gross)	3,17,93,19,694	2,51,75,24,870	1,22,67,80,797	1,22,07,89,410	70,98,34,417	68,37,47,843	2,57,26,797	3,04,73,563	5,13,56,61,705	4,45,25,95,686
Less: Excise duty recovered	4,52,30,573	6,09,99,699	8,29,95,559	11,75,83,445	46,98,243	40,46,747	-	-	13,29,24,375	18,26,29,891
External Sales (Net)	3,12,80,89,121	2,45,65,25,171	1,14,37,85,238	1,10,32,05,965	70,51,36,174	67,97,01,096	2,57,26,797	3,04,73,563	5,00,27,37,330	4,26,99,05,795
Inter-segmental Sales	14,50,61,725	12,84,42,551	5,96,45,242	8,88,12,133	23,94,631	-	-	-	20,71,01,598	21,72,54,664
Other Income	5,54,484	4,58,77,439	34,43,902	1,23,05,380	(5,47,891)	6,97,773	3,26,19,564	2,56,04,325	3,60,70,079	8,44,84,917
Total Revenue	3,27,37,05,330	2,63,08,45,161	1,20,68,74,382	1,20,43,23,478	70,69,82,914	68,03,98,869	5,83,46,381	5,60,77,888	5,24,59,09,007	4,57,16,45,396
Less: Eliminations									20,71,01,598	21,72,54,664
Add : Interest Income							1,22,74,896	1,03,87,442	1,22,74,896	1,03,87,442
Total Enterprise Revenue									5,05,10,82,305	4,36,47,78,154
Result										
Segment Results	2,74,63,828	2,45,37,568	19,94,13,321	14,72,11,978	(21,21,825)	(80,09,514)	-	-	22,47,55,324	16,37,40,032
Unallocated Expenditure net of unallocated Income							(4,36,22,708)	(3,49,25,953)	(4,36,22,708)	(3,49,25,953)
Interest Expenses							(9,13,04,289)	(10,18,37,930)	(9,13,04,289)	(10,18,37,930)
Interest Income							1,22,74,896	1,03,87,442	1,22,74,896	1,03,87,442
Profit before Taxation							(12,26,52,101)	(12,63,76,441)	10,21,03,223	3,73,63,591
Other Information										
Segment Assets	2,24,90,76,611	2,03,76,29,872	92,44,91,284	87,43,15,670	28,62,84,484	29,58,56,864	91,03,93,995	91,47,56,457	4,37,02,48,374	4,12,25,58,863
Segment Liabilities	1,73,31,85,032	1,39,17,49,626	38,91,40,151	34,49,38,980	13,70,65,607	11,96,75,008	76,58,26,170	97,99,67,465	3,02,52,16,960	2,83,63,31,079
Capital Expenditure	73,95,905	95,90,461	3,43,46,001	2,75,37,575	15,69,616	64,13,133	76,99,183	1,12,59,603	5,10,10,705	5,48,00,772
Depreciation	72,10,204	74,28,445	3,44,15,565	3,14,35,551	45,28,644	47,80,133	1,20,80,803	1,05,55,088	5,82,35,216	5,41,99,217
Non Cash Expenditure other than Depreciation	9,99,05,168	6,87,39,219	86,05,529	1,87,33,419	1,74,94,890	63,12,912	1,28,27,954	1,28,77,123	13,88,33,541	10,66,62,673

ii. Information about Secondary Geographical Segments

(in Rupees)

	India		Outside India		Total	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
External Revenue (net)	4,25,57,49,046	3,29,72,52,256	74,69,88,284	97,26,53,539	5,00,27,37,330	4,26,99,05,795
Carrying amount of segment assets	3,83,69,44,095	3,63,44,40,534	53,33,04,279	48,81,18,329	4,37,02,48,374	4,12,25,58,863
Additions to fixed assets	5,08,12,686	5,29,16,242	1,98,019	18,84,530	5,10,10,705	5,48,00,772

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 | Ion Exchange Waterleau Limited |
| d) | Entity having significant influence | IEI Shareholding Trusts |
| e) | Key Management Personnel | Mr. Rajesh Sharma - Vice Chairman & Managing Director
Mr. Dinesh Sharma - Executive Director
Mr. Aankur Patni - Executive Director |
| f) | Relatives of Key Management Personnel | Mr. Mahabir Patni - Father of Mr. Aankur Patni
Mrs. Nirmala Patni - Mother of Mr. Aankur Patni
Mrs. Aruna Sharma - Wife of Mr. Rajesh Sharma
Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma
Mrs. Nidhi Patni - Wife of Mr. Aankur Patni
Ms. Pallavi Sharma - Daughter of Mr. Rajesh Sharma |

* Associate Companies of Subsidiaries

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SCHEDULE - 17 (Contd.)

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) above		Parties referred to in (b) and (c) above		Parties referred to in (e) and (f) above		Total	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Sale of Goods *								
Ion Exchange Services Limited	–	–	28,76,95,389	25,24,93,910	–	–	28,76,95,389	25,24,93,910
Aquanomics Systems Limited	–	–	8,43,82,155	11,96,34,551	–	–	8,43,82,155	11,96,34,551
Ion Exchange Waterleau Limited	–	–	2,38,103	16,76,68,223	–	–	2,38,103	16,76,68,223
Global Composites and Structurals Limited	–	–	–	40,05,734	–	–	–	40,05,734
Ion Exchange Asia Pacific Pte. Limited, Singapore	2,92,17,082	6,95,38,565	–	–	–	–	2,92,17,082	6,95,38,565
Ion Exchange Asia Pacific (Thailand) Limited	41,35,061	1,35,01,445	–	–	–	–	41,35,061	1,35,01,445
IEI Environmental Management (M) Sdn. Bhd., Malaysia	6,80,490	12,35,250	–	–	–	–	6,80,490	12,35,250
Ion Exchange LLC, USA	7,91,79,388	11,18,10,191	–	–	–	–	7,91,79,388	11,18,10,191
Ion Exchange & Company LLC, Oman	11,04,21,495	37,24,708	–	–	–	–	11,04,21,495	37,24,708
Ion Exchange Environment Management (BD) Limited, Bangladesh	1,90,63,183	1,88,71,507	–	–	–	–	1,90,63,183	1,88,71,507
Ion Exchange Infrastructure Limited	1,73,62,244	2,69,46,288	–	–	–	–	1,73,62,244	2,69,46,288
Ion Exchange Enviro Farms Limited	14,84,318	–	–	–	–	–	14,84,318	–
Total	26,15,43,261	24,56,27,954	37,23,15,647	54,38,02,418	–	–	63,38,58,908	78,94,30,372
Management Fees								
Ion Exchange Services Limited	–	–	2,22,26,797	2,05,12,599	–	–	2,22,26,797	2,05,12,599
Ion Exchange Infrastructure Limited	35,00,000	1,00,00,000	–	–	–	–	35,00,000	1,00,00,000
Total	35,00,000	1,00,00,000	2,22,26,797	2,05,12,599	–	–	2,57,26,797	3,05,12,599
Rental Income								
Ion Exchange Waterleau Limited	–	–	10,95,000	10,17,766	–	–	10,95,000	10,17,766
Ion Exchange Infrastructure Limited	15,51,616	–	–	–	–	–	15,51,616	–
Total	15,51,616	–	10,95,000	10,17,766	–	–	26,46,616	10,17,766
Interest Income on Loans and Advances								
Ion Exchange Enviro Farms Limited	81,05,990	69,61,482	–	–	–	–	81,05,990	69,61,482
Total	81,05,990	69,61,482	–	–	–	–	81,05,990	69,61,482
Services Rendered								
Ion Exchange Waterleau Limited	–	–	36,59,158	50,43,480	–	–	36,59,158	50,43,480
Total Water Management Services (I) Limited	–	–	4,54,072	–	–	–	4,54,072	–
Total	–	–	41,13,230	5,043,480	–	–	41,13,230	50,43,480
Purchase of Goods/Materials								
Aquanomics Systems Limited	–	–	1,29,97,871	1,33,82,462	–	–	1,29,97,871	1,33,82,462
Global Composites & Structurals Limited	–	–	9,12,98,005	14,56,77,850	–	–	9,12,98,005	14,56,77,850
Ion Exchange Asia Pacific Pte. Limited, Singapore	–	3,18,29,982	–	–	–	–	–	3,18,29,982
Ion Exchange Infrastructure Limited	48,06,43,564	1,09,32,600	–	–	–	–	48,06,43,564	1,09,32,600
Total	48,06,43,564	4,27,62,582	10,42,95,876	15,90,60,312	–	–	58,49,39,440	20,18,22,894

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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Purchase of Miscellaneous items								
Ion Exchange Enviro Farms Limited	23,37,388	18,35,138	-	-	-	-	23,37,388	18,35,138
Total	23,37,388	18,35,138	-	-	-	-	23,37,388	18,35,138
Rental Expenses								
Ion Exchange Services Limited	-	-	14,40,000	-	-	-	14,40,000	-
Total	-	-	14,40,000	-	-	-	14,40,000	-
Services Received								
Ion Exchange Services Limited	-	-	5,98,50,196	6,22,60,141	-	-	5,98,50,196	6,22,60,141
Total Water Management Services (I) Limited	-	-	9,19,400	-	-	-	9,19,400	-
Astha Technical Services Limited	-	-	1,57,82,484	1,25,94,876	-	-	1,57,82,484	1,25,94,876
Total	-	-	7,65,52,080	7,48,55,017	-	-	7,65,52,080	7,48,55,017
Interest Paid on Deposits								
Watercare Investments (India) Limited	2,06,049	1,74,312	-	-	-	-	2,06,049	1,74,312
Aqua Investments (India), Limited	2,54,937	2,05,720	-	-	-	-	2,54,937	2,05,720
Total	4,60,986	3,80,032	-	-	-	-	4,60,986	3,80,032
Advances Given								
Ion Exchange Asia Pacific Pte. Limited, Singapore	1,65,766	5,37,453	-	-	-	-	1,65,766	5,37,453
Total Water Management Services (I) Limited	-	-	2,16,080	3,78,311	-	-	2,16,080	3,78,311
Ion Exchange Waterleau Limited	-	-	1,39,77,855	4,41,49,265	-	-	1,39,77,855	4,41,49,265
Aquanomics Systems Limited	-	-	66,249	2,86,855	-	-	66,249	2,86,855
Astha Technical Services Limited	-	-	-	1,78,715	-	-	-	1,78,715
Ion Exchange Services Limited	-	-	3,85,278	2,44,396	-	-	3,85,278	2,44,396
Ion Exchange Financial Products Pvt. Limited	-	-	-	11,047	-	-	-	11,047
Ion Exchange Environment Management (BD) Limited, Bangladesh	-	14,76,150	-	-	-	-	-	14,76,150
Ion Exchange Infrastructure Limited	7,489	5,88,884	-	-	-	-	7,489	5,88,884
Ion Exchange & Company LLC, Oman	19,03,544	5,000	-	-	-	-	19,03,544	5,000
Ion Exchange LLC, USA	-	1,51,31,280	-	-	-	-	-	1,51,31,280
Total	20,76,799	1,77,38,767	1,46,45,462	4,52,48,589	-	-	1,67,22,261	6,29,87,356
Advances Repaid								
Total Water Management Services (I) Limited	-	-	19,46,350	14,50,000	-	-	19,46,350	14,50,000
Ion Exchange Waterleau Limited	-	-	-	56,28,892	-	-	-	56,28,892
Ion Exchange Services Limited	-	-	1,34,457	2,44,396	-	-	1,34,457	2,44,396
Aquanomics Systems Limited	-	-	64,391	3,78,858	-	-	64,391	3,78,858
Astha Technical Services Limited	-	-	-	1,78,715	-	-	-	1,78,715
Global Composites & Structurals Limited	-	-	-	1,39,660	-	-	-	1,39,660

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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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Advances Repaid (Contd.)								
Ion Exchange Financial Products Pvt. Limited	-	-	-	11,047	-	-	-	11,047
Ion Exchange Infrastructure Limited	66,676	50,08,331	-	-	-	-	66,676	50,08,331
Ion Exchange Environment Management (BD) Limited, Bangladesh	3,54,650	-	-	-	-	-	3,54,650	-
Ion Exchange LLC, USA	29,83,162	80,000	-	-	-	-	29,83,162	80,000
Total	34,04,488	50,88,331	21,45,198	80,31,568	-	-	55,49,686	1,31,19,899
Loans Given								
Ion Exchange Enviro Farms Limited	2,80,45,501	1,79,26,057	-	-	-	-	2,80,45,501	1,79,26,057
Total	2,80,45,501	1,79,26,057	-	-	-	-	2,80,45,501	1,79,26,057
Loans Repaid								
Ion Exchange Enviro Farms Limited	16,69,02,486	-	-	-	-	-	16,69,02,486	-
Total	16,69,02,486	-	-	-	-	-	16,69,02,486	-
Inter Corporate Deposits Received								
Watercare Investments (India) Limited	28,00,000	24,00,000	-	-	-	-	28,00,000	24,00,000
Aqua Investments (India) Limited	34,50,000	28,50,000	-	-	-	-	34,50,000	28,50,000
Total	62,50,000	52,50,000	-	-	-	-	62,50,000	52,50,000
Inter Corporate Deposits Repaid								
Watercare Investments (India) Limited	28,00,000	24,00,000	-	-	-	-	28,00,000	24,00,000
Aqua Investments (India) Limited	34,50,000	28,50,000	-	-	-	-	34,50,000	28,50,000
Total	62,50,000	52,50,000	-	-	-	-	62,50,000	52,50,000
Dividend Received								
Ion Exchange Services Limited	-	-	5,89,750	8,84,625	-	-	5,89,750	8,84,625
Aquanomics Systems Limited	-	-	4,60,000	4,60,000	-	-	4,60,000	4,60,000
Ion Exchange Infrastructure Limited	10,20,000	5,10,000	-	-	-	-	10,20,000	5,10,000
Astha Technical Services Limited	-	-	5,20,000	-	-	-	5,20,000	-
Total	10,20,000	5,10,000	15,69,750	13,44,625	-	-	25,89,750	18,54,625
Dividend Paid								
Watercare Investments (India) Limited	1,63,900	3,27,800	-	-	-	-	1,63,900	3,27,800
Aqua Investments (India) Limited	1,64,000	3,28,000	-	-	-	-	1,64,000	3,28,000
Ion Exchange Services Limited	-	-	2,87,058	5,45,018	-	-	2,87,058	5,45,018
Mr. Rajesh Sharma	-	-	-	-	5,05,436	10,10,872	5,05,436	10,10,872
Mr. Dinesh Sharma	-	-	-	-	2,75,100	-	2,75,100	-
Mr. Aankur Patni	-	-	-	-	1,34,668	-	1,34,668	-
Relatives of Key Management Personnel	-	-	-	-	4,83,654	6,78,500	4,83,654	6,78,500
Total	3,27,900	6,55,800	2,87,058	5,45,018	13,98,858	16,89,372	20,13,816	28,90,190
Remuneration								
Mr. Rajesh Sharma	-	-	-	-	1,09,67,436	96,72,550	1,09,67,436	96,72,550
Mr. Dinesh Sharma	-	-	-	-	59,52,568	19,20,000	59,52,568	19,20,000
Mr. Aankur Patni	-	-	-	-	70,56,000	-	70,56,000	-
Total	-	-	-	-	2,39,76,004	1,15,92,550	2,39,76,004	1,15,92,550

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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Director Sitting Fees								
Mr. Dinesh Sharma	-	-	-	-	-	1,00,000	-	1,00,000
Total	-	-	-	-	-	1,00,000	-	1,00,000
Outstanding Receivables (Net of Payable)								
Ion Exchange Enviro Farms Limited	3,46,00,496	16,68,04,270	-	-	-	-	3,46,00,496	16,68,04,270
IEI Environmental Management (M) Sdn. Bhd., Malaysia	8,32,390	1,51,900	-	-	-	-	8,32,390	1,51,900
Ion Exchange Asia Pacific Pte. Limited, Singapore	6,78,33,648	2,76,94,442	-	-	-	-	6,78,33,648	2,76,94,442
Ion Exchange & Company LLC, Oman	4,87,52,726	-	-	-	-	-	4,87,52,726	-
Ion Exchange Asia Pacific (Thailand) Limited	97,76,504	1,00,20,770	-	-	-	-	97,76,504	1,00,20,770
Ion Exchange LLC, USA	8,10,57,533	8,05,47,812	-	-	-	-	8,10,57,533	8,05,47,812
Ion Exchange Environment Management (BD) Limited, Bangladesh	69,47,656	94,78,059	-	-	-	-	69,47,656	94,78,059
Ion Exchange Infrastructure Limited	-	2,70,84,305	-	-	-	-	-	2,70,84,305
Total Water Management Services (I) Limited	-	-	-	15,66,417	-	-	-	15,66,417
Ion Exchange Waterleau Limited	-	-	13,51,88,143	11,75,71,679	-	-	13,51,88,143	11,75,71,679
Aquanomics Systems Limited	-	-	3,86,37,047	5,03,81,081	-	-	3,86,37,047	5,03,81,081
IEI Water-Tech (M) Sdn. Bhd., Malaysia	-	-	-	2,03,282	-	-	-	2,03,282
Ion Exchange Financial Products Pvt. Limited**	-	-	29,38,334	29,38,334	-	-	29,38,334	29,38,334
Ion Exchange Services Limited	-	-	22,54,17,199	18,45,50,906	-	-	22,54,17,199	18,45,50,906
Global Composites and Structurals Limited	-	-	-	35,91,630	-	-	-	35,91,630
Total	24,98,00,953	32,17,81,558	40,21,80,723	36,08,03,329	-	-	65,19,81,676	68,25,84,887
Outstanding Payables (Net of Receivable)								
Astha Technical Services Limited	-	-	6,36,774	4,40,418	-	-	6,36,774	4,40,418
Ion Exchange & Company LLC, Oman	-	94,71,299	-	-	-	-	-	94,71,299
Global Composites and Structurals Limited	-	-	1,00,13,073	-	-	-	1,00,13,073	-
Ion Exchange Infrastructure Limited	5,96,80,434	-	-	-	-	-	5,96,80,434	-
Total Water Management Services (I) Limited	-	-	1,71,433	-	-	-	1,71,433	-
Total	5,96,80,434	94,71,299	1,08,21,280	4,40,418	-	-	7,05,01,714	99,11,717
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 (in Debentures)	15,00,00,000	-	-	-	-	-	15,00,00,000	-
Astha Technical Services Limited	-	-	-	6,76,000	-	-	-	6,76,000
Aquanomics Systems Limited	-	-	23,00,000	-	-	-	23,00,000	-
Total	15,00,00,000	1,20,44,219	23,00,000	6,76,000	-	-	15,23,00,000	1,27,20,219

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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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Investment in Equity Shares / Debentures								
Ion Exchange Enviro Farms Limited ***	15,54,70,000	54,70,000	-	-	-	-	15,54,70,000	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	1,37,73,853	-	-	-	-	1,37,73,853	1,37,73,853
IEI Environmental Management (M) Sdn. Bhd., Malaysia	18,10,111	18,10,111	-	-	-	-	18,10,111	18,10,111
Ion Exchange Infrastructure Limited	51,00,000	51,00,000	-	-	-	-	51,00,000	51,00,000
Ion Exchange LLC, USA	43,33,000	43,33,000	-	-	-	-	43,33,000	43,33,000
Ion Exchange & Company LLC, Oman	1,05,76,800	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	-	-	46,00,000	23,00,000	-	-	46,00,000	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	13,00,000	-	-	13,00,000	13,00,000
Total Water Management Services (I) Limited	-	-	2,40,000	2,40,000	-	-	2,40,000	2,40,000
Ion Exchange Services Limited	-	-	9,20,948	9,20,948	-	-	9,20,948	9,20,948
Global Composites & Structurals Limited	-	-	20,00,000	20,00,000	-	-	20,00,000	20,00,000
Total	22,70,63,764	7,70,63,764	2,29,55,948	2,06,55,948	-	-	25,00,19,712	9,77,19,712
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	-	-	4,00,000	4,00,000	-	-	4,00,000	4,00,000
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.

*** Includes Rs. 15,00,00,000 investment in debentures.

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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
IEI Shareholding Trusts	23,82,77,000	24,01,78,500	-	3,000	19,01,500	41,19,000	26,62,914	53,25,828

III. Stock Options granted and outstanding to Key Management Personnel during the year : Nil (2008-2009: 2,05,000).

SCHEDULE - 17 (Contd.)

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 2010	Maximum Balance in 2009-2010	As at 31st March 2009	Maximum Balance in 2008-2009
Ion Exchange Enviro Farms Limited	Subsidiary	3,31,16,178	18,98,88,217	16,68,04,270	16,68,04,270

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 2010	31st March 2009
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 2010	As at 31st March 2009
1.	Ion Exchange Asia Pacific Pte. Limited	8,57,27,374	2,61,30,267
2.	Ion Exchange Services Ltd	22,99,93,968	18,75,16,640
3.	IEI Environmental Management (M) Sdn. Bhd.	8,32,390	1,51,900
4.	Ion Exchange Environment Management (BD) Limited	42,12,127	67,37,880
5.	Ion Exchange LLC	5,37,15,048	4,95,95,621
6.	Ion Exchange Waterleau Limited	6,89,72,139	7,00,93,271
7.	Ion Exchange Infrastructure Limited	1,76,23,606	2,98,78,715
8.	Aquanomics Systems Limited	4,25,22,242	5,04,09,194
9.	Global Composites and Structural Limited	26,83,444	40,05,734
10.	Ion Exchange Water-Tech (M) Sdn. Bhd.	-	2,03,282
11.	Ion Exchange Asia Pacific (Thailand) Ltd.	97,76,504	1,00,20,770
12.	Ion Exchange & Company LLC	4,68,41,182	-
13.	Ion Exchange Enviro Farms Limited	14,84,318	-

8. Earnings Per Share:

	Particulars	31st March 2010	31st March 2009
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)	6,61,22,415	1,44,37,210
II	Weighted average number of equity shares for Earnings per Share computation		
	A) For Basic Earnings per Share	1,27,07,411	1,27,48,146
	B) For Diluted Earnings per Share		
	No. of shares for Basic EPS as per IIA	1,27,07,411	1,27,48,146
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	9,27,495	2,07,919
	No. of Shares for Diluted Earnings per Share	1,36,34,906	1,29,56,065
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	5.20	1.13
	Diluted	4.85	1.11

9. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2010 is Rs. 23,82,77,000 (2008-2009 : Rs. 24,01,78,500). 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.

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SCHEDULE - 17 (Contd.)

10. The Company has an investment of Rs. 54,70,000 in Equity Shares and 15,00,000 7% Secured Redeemable Non-Convertible Debentures of Rs. 100 each fully paid up, in Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company, as at 31st March 2010 and it has also granted Loans and Advances aggregating Rs. 3,31,16,178 (2008-2009 : Rs. 16,68,04,270) as at 31st March 2010 to IEEFL. As at 31st March 2010, the accumulated losses of IEEFL have substantially exceeded its paid-up share capital. IEEFL has undertaken various cost reduction programs and it expects better returns in the coming years from its organic farming activities, bio-pesticides and bio-fertilizers marketing. Moreover, IEEFL has adequate assets in the form of developed and undeveloped land and the Redeemable Non-Convertible Debentures are being secured by way of mortgage of office premises. Also, the Supreme Court of India has admitted IEEFL's appeal against the Security Appellate Tribunal Order of refunding monies to investors with return and winding-up of scheme. In the month of March 2008, the matter was listed for filing reply by SEBI. SEBI did not file their reply and asked for time. The matter was adjourned thereafter. IEEFL has been legally advised that it has got a fair chance of successfully contesting the appeal. In view of the foregoing, the Management is of the opinion, that there is no diminution, other than temporary, in value of investment and the advances are fully recoverable. Hence, presently no provision is considered necessary.
11. Capital expenditure incurred on Research and Development during the year is Rs. 3,16,846 (2008-2009 : Rs. 11,42,998). Revenue expenditure of Rs. 2,91,13,882 (2008-2009 : Rs. 2,84,91,588) 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 2010	31st March 2009
I.	ASSETS		
	1) Fixed Assets	15,38,537	17,33,299
	2) Current Assets, Loans and Advances		
	a) Inventories	85,36,790	86,27,078
	b) Sundry Debtors	5,96,01,537	6,16,65,473
	c) Cash and Bank Balances	52,56,494	49,13,461
	d) Loans and Advances	5,18,56,689	5,23,50,125
	3) Deferred Tax Assets (Net)	-	-
II.	LIABILITIES		
	1) Loan Funds	2,44,80,874	2,41,12,008
	2) Current Liabilities and Provisions		
	a) Liabilities	10,51,52,421	9,69,49,571
	b) Provisions	2,51,906	4,10,247
	3) Deferred Tax Liability (Net)	-	-
III.	INCOME	1,52,53,453	19,13,46,560
IV.	EXPENSES		
	1) Cost of Sales	1,42,98,993	18,09,82,406
	2) Operation and Other Expenses	1,16,64,187	1,79,34,670
	3) Depreciation	1,97,855	2,07,984
	4) Deferred Tax	-	(25,408)
	5) Provision for taxation	5,180	2,03,905
V.	OTHER MATTERS		
	1) Capital Commitments	-	-
	2) Contingent Liabilities	-	-

SCHEDULE - 17 (Contd.)

13. Contingent Liabilities not provided for:

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

- i) Subsidiary – Rs. 16,95,53,000 (2008– 2009 : Rs. 12,56,77,500)
- ii) Associates – Rs. 5,00,00,000 (2008– 2009 : Rs. 5,00,00,000)
- iii) Joint Venture – Rs. 14,00,00,000 (2008–2009 : Rs. 35,00,00,000)
- iv) Others – Rs. 38,88,000 (2008–2009 : 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 (2008–2009 : Rs. 1,89,38,294)
- ii) Excise Duty – Rs. 30,52,000 (2008–2009 : Rs. 30,52,000)
- iii) Service Tax – Rs. 39,12,061 (2008–2009 : Rs. 41,05,224)
- iv) Sales Tax – Rs. 22,39,166 (2008–2009 : Rs. 62,79,459)
- v) Customs Duty (to the extent ascertainable) – Rs. 24,53,117 (2008–2009 : Rs. 24,53,117)

(c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 3,73,95,985 (2008–2009 : Rs. 4,65,74,595).

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. 18,81,094 (2008–2009 : Rs. 27,84,469).

15. Managerial Remuneration:

	Amount (in Rupees)	
	2009–2010	2008–2009
Salaries and Allowances	1,83,48,903	1,05,48,000
Contribution to Provident and other Funds	38,88,000	17,82,000
Perquisites	17,39,101	11,82,550
Total	<u>2,39,76,004</u>	<u>1,35,12,550</u>

Note:

1. The remuneration to the Executive Directors for the year ended 31st March 2010 has exceeded the limit prescribed under the Companies Act, 1956. The Company had filed an application with the Central Government for approval of the remuneration to be paid to the Executive Directors in excess of the limits prescribed by the Companies Act. The excess remuneration paid to the Executive Directors for the year ended 31st March 2010 amounts to Rs. 82,08,569.
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 included above.

16. Auditors' Remuneration:

	Amount (in Rupees)	
	2009–2010	2008–2009
Statutory Audit	13,75,000	13,75,000
Tax Audit	3,00,000	3,00,000
Any other capacity (certification work)	7,55,000	6,85,000
Out of Pocket Expenses	57,021	69,249
Total	<u>24,87,021</u>	<u>24,29,249</u>

17. Sales include services rendered Rs. 36,36,85,284 (2008-2009 : Rs. 23,51,99,507) net of service tax.

Excise duty on sales amounting to Rs. 13,29,24,375 (2008-2009 : Rs. 18,26,29,891) has been reduced from sales in Profit and Loss Account and Excise duty on increase/decrease in stock amounting to Rs. 50,38,213 (2008-2009 : Rs. 28,01,240) has been considered as (income)/expenses in Schedule 15 of financial statements.

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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 & Accessories	
	2009-2010	2008-2009	2009-2010	2008-2009
Licensed /Registered Capacity per annum (Note 1)	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Installed Capacity per annum (Note 2)	13,200 M3	13,200 M3	Not Applicable	Not Applicable
Actual Production	11,366 M3	10,368 M3	80,863 Nos.	41,108 Nos.
Opening Stock of Finished Goods	376 M3 Rs. 1,83,19,417	134 M3 Rs. 1,02,48,762	5,513 Nos. Rs. 58,61,141	5,531 Nos. Rs. 54,21,624
Closing Stock of Finished Goods	352 M3 Rs. 2,84,79,692	376 M3 Rs. 1,83,19,417	5,523 Nos. Rs. 95,01,465	5,513 Nos. Rs. 58,61,141
Sales (Note 5)	11,390 M3 Rs. 56,51,65,435	10,126 M3 Rs. 57,18,58,292	80,853 Nos. Rs. 2,89,89,06,540	41,126 Nos. Rs. 2,33,78,95,524

	Chemical Additives		Consumer Products	
	2009-2010	2008-2009	2009-2010	2008-2009
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	8,001 Tonnes	7,505 Tonnes	Refer Note 4 below	
Opening Stock of Finished Goods	138 Tonnes Rs. 75,60,467	231 Tonnes Rs. 1,22,48,795	— Rs. 3,49,83,254	— Rs. 2,27,60,665
Closing Stock of Finished Goods	200 Tonnes Rs. 1,31,38,531	138 Tonnes Rs. 75,60,467	— Rs. 1,56,70,326	— Rs. 3,49,83,254
Sales (Note 5)	7,939 Tonnes Rs. 53,67,81,696	7,598 Tonnes Rs. 49,55,55,936	— Rs. 25,16,83,076	— Rs. 29,68,58,823

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 2009		Purchases		Sales		Closing Balance 31st March 2010	
	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.	Quantity Nos.	Value Rs.
Consumer Products	46,521 (12,071)	4,01,46,462 (2,72,74,730)	1,11,978 (1,22,947)	18,60,37,173 (17,55,06,393)	1,32,017 (88,497)	35,69,05,261 (29,14,62,584)	26,428 (46,521)	3,67,12,108 (4,01,46,462)
Activated Carbon	5,264 (16,677)	12,11,187 (25,37,072)	5,760 (19,215)	11,52,000 (30,63,300)	7,910 (30,628)	24,52,100 (66,60,351)	3,114 (5,264)	7,32,824 (12,11,187)
Total		4,13,57,649 (2,98,11,802)		18,71,89,173 (17,85,69,693)		35,93,57,361 (29,81,22,935)		3,74,44,932 (4,13,57,649)

Note: Figures shown in brackets pertain to previous year.

SCHEDULE - 17 (Contd.)

(iii) Consumption of Raw Materials and Components:

	2009-2010		2008-2009	
	Quantity	Value (Rupees)	Quantity	Value (Rupees)
Styrene	21,86,158 Kgs.	13,11,66,457	19,79,527 Kgs.	13,50,98,052
Divinyl Benzene	1,85,335 Kgs.	3,31,65,438	2,68,920 Kgs.	5,49,09,347
Dimethylethanolamine	48,140 Kgs.	52,03,159	45,044 Kgs.	50,74,739
Paraformaldehyde	80,350 Kgs.	26,03,835	1,40,150 Kgs.	63,40,766
Ethylene Dichloride	3,76,445 Kgs.	87,87,609	3,77,953 Kgs.	92,63,395
Others		3,12,60,53,761		2,56,52,19,097
		3,30,69,80,259		2,77,59,05,396

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:

	2009-2010		2008-2009	
	Value Rupees	% of total consumption	Value Rupees	% of total consumption
Imported : Raw materials	35,13,46,393	10.61	34,26,83,223	12.33
Indigenous : Raw materials	2,95,56,33,866	89.29	2,43,32,22,173	87.53
Indigenous : Spares parts	30,63,736	0.10	40,70,594	0.14
	3,31,00,43,995	100.00	2,77,99,75,990	100.00

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

Amount (in Rupees)

	2009-2010	2008-2009
Raw Materials	48,59,69,277	49,07,46,260

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

Amount (in Rupees)

	2009-2010	2008-2009
Foreign Travel	2,02,99,053	1,34,37,190
Legal and Professional Fees	25,69,787	76,19,283
Other Expenses	5,58,65,743	4,25,19,413

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

Amount (in Rupees)

	2009-2010	2008-2009
Exports of goods calculated on F.O.B basis (Excluding exports to Bhutan and Nepal in Indian Rupees)	74,69,88,284	97,20,15,265
Freight and other Recoveries	66,37,221	1,32,69,031
Commission Received	-	6,38,274

19. During the year 13,000 (2008-2009 : 33,550) equity shares were allotted to employees and directors under ESOS 2005 on 19th June 2009. Accordingly, dividend of Re. 1.00 per share (10%) declared at the Annual General Meeting held on 24th September 2009 was also paid to those shareholders (book closure date being 17th September 2009).

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

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SCHEDULE - 17 (Contd.)

21. Derivative Instruments and Unhedged Foreign Currency Exposure:

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative	
	2009-2010	2008-2009
Hedge of Foreign Currency Loans	-	Buy USD 10,00,000
Hedge of Import Creditors	Buy USD 3,94,258	Buy USD 2,20,350

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	2009-2010		2008-2009	
	Amount (Rs.)	Foreign Currency	Amount (Rs.)	Foreign Currency
Import Creditors	10,46,66,591	USD 20,39,404 EUR 1,70,281 JPY 11,25,000 GBP 25,734	8,79,98,907	USD 14,68,649 EUR 1,48,974 JPY 60,12,100
Export Debtors	43,50,66,805	USD 84,31,197 EUR 1,23,365 OMR 15,461 KWD 8,604 AED 33,49,617 GBP 16,306 SAR 1,11,075	35,95,89,338	USD 65,85,082 EUR 27,045 OMR 15,461 UAE DH 14,18,235
Foreign Currency Bank Account	1,52,97,689	USD 17,734 AED 11,82,158	26,73,260	USD 9,126 AED 1,55,402
Commission payable	3,83,02,260	USD 7,39,257 AED 3,46,801 EUR 540 OMR 3,077 SAR 24,437	4,03,71,294	USD 6,87,227 AED 3,17,672 OMR 7,286 EUR 540
Advance received from customers	2,09,05,351	USD 1,35,186 AED 12,00,571	3,90,28,403	USD 4,86,130 AED 10,14,276 OMR 1,146
Advance to suppliers	27,08,088	USD 44,960 AED 55,036	-	-
Advance to Subsidiaries	3,35,90,268	USD 7,40,187 SGD 5,374	3,56,06,545	USD 6,68,102 SGD 45,575
Investments	3,11,93,764	USD 1,00,000 SGD 4,60,000 MYR 1,50,000 OMR 90,000 BDT 10,00,000	3,11,93,764	USD 1,00,000 SGD 4,60,000 MYR 1,50,000 OMR 90,000 BDT 10,00,000

SCHEDULE - 17 (Contd.)

22. Employee Benefits:

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

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

Amount (in Rupees)

	Particulars	2009-2010	2008-2009
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	45,79,921	40,57,350
	2. Interest cost on benefit obligation	33,06,454	31,29,591
	3. Expected return on plan assets	(35,60,490)	(34,05,003)
	4. Net actuarial Loss / (Gain) recognized in the year	6,74,115	37,18,062
	Net benefit expenses	50,00,000	75,00,000
	Actual return on plan assets	47,74,364	28,77,693
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	(4,74,53,695)	(4,13,32,921)
	2. Fair value of Plan Assets	4,74,53,695	4,13,32,921
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	(4,13,32,921)	(3,79,88,671)
	2. Interest cost	(33,06,454)	(31,29,591)
	3. Current service cost	(45,79,921)	(40,57,350)
	4. Benefits paid	36,53,590	58,52,264
	5. Actuarial gains / (losses) on obligation	(18,87,989)	(20,09,573)
	Closing defined benefit obligation	(4,74,53,695)	(4,13,32,921)
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	4,13,32,921	3,79,88,671
	2. Expected returns	35,60,490	34,05,003
	3. Contributions by Employer	50,00,000	75,00,000
	4. Benefits paid	(36,53,590)	(58,52,264)
	5. Actuarial Gains / (Losses)	12,13,874	(17,08,489)
	6. Closing Fair value of Plan assets	4,74,53,695	4,13,32,921
V	Actuarial Assumptions:		
	1. Discount Rate	8%	7.5%
	2. Expected rate of Salary increase [Refer Note (b) below]	6%	5%
	3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	4. Attrition Rate	2%	2%

The Company expects to contribute Rs. 51,91,062 to gratuity in 2010-2011.

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	
		2009-2010	2008-2009
1	Central & State Government Bonds	30%	31%
2	Public Sector Undertaking	15%	21%
3	HDFC Std. Life Ins. Co. Ltd.	55%	48%

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.

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SCHEDULE - 17 (Contd.)

Amounts for the current and previous periods are as follows:

	2009-2010	2008-2009	2007-2008
Defined Benefit obligation	(4,74,53,695)	(4,13,32,921)	(3,79,88,671)
Plan assets	4,74,53,695	4,13,32,921	3,79,88,671
Surplus / (deficit)	Nil	Nil	Nil
Experience adjustments on plan liabilities	1,62,808	(13,71,436)	31,75,724
Experience adjustments on plan assets	12,13,874	(17,08,489)	(6,54,558)

Notes:

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

(i) Leave Encashment in "Salaries, Wages and Bonus" Rs. 1,24,61,685 (2008-2009 : Rs. 1,25,11,424)

(ii) Gratuity in "Contribution to Provident & Other Funds" Rs. 50,00,000 (2008-2009 : Rs. 75,00,000)

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

B) Defined Contribution Plan:

Amount recognized as an expense and included in the Schedule 15 – "Contribution to Provident and Other Funds" of Profit and Loss Account Rs. 2,82,59,673 (2008-2009 : Rs. 2,43,55,628)

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. 3,20,01,853 are lower than its cost. Considering the strategic and long term nature of the aforesaid investments, and asset base and business plan of the investee companies; in the opinion of the Management, the decline in the book value of the aforesaid investments is of temporary nature, requiring no provision.
25. During the current year, as per the out of court settlement terms agreed with a customer, the Company has paid an amount of Rs. 1,83,60,173.
26. Ion Exchange Enviro Farms Limited (IEEFL), a subsidiary company, has on 31st March 2010 allotted 15,00,000 7% Secured Redeemable Non-Convertible Debentures of Rs. 100 each fully paid-up against the unsecured loan given by the Company in the earlier years. IEEFL is in the process of issuing the Debenture certificate to the Company and also registering the charge with the Registrar of Companies and other concerned authorities.
27. Certain Office Premises are obtained on operating lease. There is no escalation clause in the lease agreement. There are no restrictions imposed by the lease arrangements. There are no sub-leases.
28. Previous year's figures have been regrouped / rearranged, wherever necessary to conform to this year's classification.

As per our report of even date

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

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 24th May 2010

Place : Mumbai
Date : 24th May 2010

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="1"/><input type="text" value="8"/><input type="text" value="5"/><input type="text" value="1"/><input type="text" value="9"/><input type="text" value="3"/><input type="text" value="2"/></p> <p>Sources of Funds</p> <p>Paid-up Capital <input type="text" value="1"/><input type="text" value="2"/><input type="text" value="7"/><input type="text" value="2"/><input type="text" value="5"/><input type="text" value="9"/></p> <p>Secured Loans <input type="text" value="3"/><input type="text" value="7"/><input type="text" value="6"/><input type="text" value="3"/><input type="text" value="4"/><input type="text" value="2"/></p> <p>Application of Funds</p> <p>Net Fixed Assets <input type="text" value="5"/><input type="text" value="8"/><input type="text" value="8"/><input type="text" value="4"/><input type="text" value="4"/><input type="text" value="1"/></p> <p>(Please tick appropriate box + for Positive, - for Negative)</p> <p>+ - Net Current Assets # <input type="text" value="1"/><input type="text" value="0"/><input type="text" value="0"/><input type="text" value="9"/><input type="text" value="1"/><input type="text" value="0"/><input type="text" value="1"/></p> <p><input checked="" type="checkbox"/> <input type="checkbox"/> # excludes Deferred Tax Liability Rs. 35,840</p>	<p>Total Assets <input type="text" value="1"/><input type="text" value="8"/><input type="text" value="5"/><input type="text" value="1"/><input type="text" value="9"/><input type="text" value="3"/><input type="text" value="2"/></p> <p>Reserves & Surplus <input type="text" value="1"/><input type="text" value="2"/><input type="text" value="1"/><input type="text" value="7"/><input type="text" value="7"/><input type="text" value="7"/><input type="text" value="3"/></p> <p>Unsecured Loans <input type="text" value="1"/><input type="text" value="3"/><input type="text" value="0"/><input type="text" value="5"/><input type="text" value="5"/><input type="text" value="8"/></p> <p>Investments <input type="text" value="2"/><input type="text" value="5"/><input type="text" value="4"/><input type="text" value="3"/><input type="text" value="9"/><input type="text" value="0"/></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="5"/><input type="text" value="0"/><input type="text" value="5"/><input type="text" value="1"/><input type="text" value="0"/><input type="text" value="8"/><input type="text" value="2"/></p> <p>** including other income Rs. 48,345</p> <p>(Please tick appropriate box + for Profit, - for Loss)</p> <p>+ - Profit / Loss before tax <input type="text" value="1"/><input type="text" value="0"/><input type="text" value="2"/><input type="text" value="1"/><input type="text" value="0"/><input type="text" value="3"/></p> <p>(Please tick appropriate box + for Positive, - for Negative)</p> <p>+ - Earnings per Share (in Rs.) Basic <input type="text" value="5"/><input type="text" value="."/><input type="text" value="2"/><input type="text" value="0"/></p> <p>+ - Diluted <input type="text" value="4"/><input type="text" value="."/><input type="text" value="8"/><input type="text" value="5"/></p>	<p>Total Expenditure <input type="text" value="4"/><input type="text" value="9"/><input type="text" value="4"/><input type="text" value="8"/><input type="text" value="9"/><input type="text" value="7"/><input type="text" value="9"/></p> <p>(Please tick appropriate box + for Profit, - for Loss)</p> <p>+ - Profit / Loss after tax <input type="text" value="6"/><input type="text" value="6"/><input type="text" value="1"/><input type="text" value="2"/><input type="text" value="2"/></p> <p>Dividend Rate % <input type="text" value="1"/><input type="text" value="5"/></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 : 24th May 2010

Cash Flow Statement for the year ended 31st March 2010

			2008 - 2009	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Taxation		10,21,03,223		3,73,63,591
Adjustment for:				
Depreciation	5,82,35,216		5,41,99,217	
(Profit) / Loss on Assets sold / discarded (Net)	(11,30,842)		10,92,968	
Employee Compensation Expense	1,31,62,047		1,61,68,284	
Interest Expense	9,13,04,289		10,18,37,930	
Dividend received	(27,19,677)		(19,89,150)	
Interest received	(1,22,74,896)		(1,03,87,442)	
Bad Debts written off	4,28,70,783		1,89,83,341	
Backcharges on Contracts	2,21,32,123		6,01,10,447	
Doubtful advances, deposits and claims written off	4,99,97,094		3,18,000	
Amount set aside for liabilities, no longer required, written back	-		(69,23,343)	
Unrealized Exchange Loss / (Gain)	3,91,30,352		(5,35,78,217)	
		30,07,06,489		17,98,32,035
Operating Profit Before Working Capital Changes		40,28,09,712		21,71,95,626
Movements in Working Capital:				
(Increase) / Decrease in Trade and Other Receivables	(37,41,65,374)		(16,80,38,456)	
(Increase) / Decrease in Inventories	(1,75,45,902)		10,13,07,840	
(Decrease) / Increase in Trade and Other Payables	47,45,58,655		8,73,93,910	
(Increase) / Decrease in Other Current Assets	(5,349)		-	
(Increase) / Decrease in Loans and Advances	(4,86,44,150)		(8,84,65,434)	
		3,41,97,880		(6,78,02,140)
Cash Generated From Operations		43,70,07,592		14,93,93,486
Taxes Paid (Income Tax, Wealth Tax and Fringe Benefit Tax)		(1,65,86,987)		(3,42,42,663)
Net Cash From Operating Activities		42,04,20,605		11,51,50,823
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(5,01,67,118)		(4,64,02,692)	
Proceeds from sale of Fixed Assets	4,65,05,381		5,75,603	
Investments made in Subsidiaries & Associates	(23,00,000)		(1,34,95,219)	
Proceeds from Sale / Redemption of Investments	3,25,200		28,09,900	
Deposit (with maturity more than three months)	(1,88,07,306)		12,68,805	
Dividend received	27,19,677		19,89,150	
Interest received	1,19,76,582		94,54,089	
Net Cash Used in Investing Activities		(97,47,584)		(4,38,00,364)

Cash Flow Statement - Continued

			2008 - 2009	
	Rupees	Rupees	Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital on exercise of options	18,95,779		19,44,350	
Repayment of Borrowings / Term Loans	(40,69,04,071)		(36,52,19,354)	
Proceeds from Borrowings / Term Loans	12,51,96,000		40,58,46,361	
Dividend Paid	(1,27,05,461)		(2,53,80,922)	
Dividend Tax Paid	(21,59,293)		(43,13,488)	
Interest Paid	(9,24,51,135)		(10,29,81,999)	
Net Cash Generated / (Used) in Financing Activities		(38,71,28,181)		(9,01,05,052)
Net Increase / (Decrease) in Cash and Cash Equivalents		2,35,44,840		(1,87,54,593)
Cash and Cash Equivalents as at the beginning of the year		2,39,84,515		4,27,39,108
Cash and Cash Equivalents as at the end of the year		4,75,29,355		2,39,84,515
CASH AND CASH EQUIVALENTS COMPRISES OF:				
Cash in hand		13,35,714		11,54,267
Balance with Banks (Refer Notes 3, 4 and 5 below)		4,61,93,641		2,28,30,248
TOTAL		4,75,29,355		2,39,84,515

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. 77,94,298 (2008-2009 : Rs. 86,00,000)
 - (b) On Margin Money Account Rs. 4,45,08,050 (2008-2009 : Rs. 2,48,95,042)
- 4 Balances with bank includes Rs. 34,55,079 (2008-2009 : Rs. 37,73,164) being Unclaimed Dividend and Unclaimed Interest on Fixed Deposits which are not available for use by the Company as they represent corresponding Unpaid Liabilities
- 5 Includes Unrealized exchange gain Rs. 5,05,111 (2008-2009 : Rs. 40,005)
- 6 Previous year's figures have been regrouped/rearranged to conform with current year's classifications.

As per our report of even date

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

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 24th May 2010

Place : Mumbai
Date : 24th May 2010

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

ANNUAL REPORT 2009-10

1	Name of subsidiary Company	Ion Exchange Enviro Frams Ltd.	Watercare Investments (India) Limited	Aqua Investment (India) Limited	Ion Exchange Asia Pacific Pte. Ltd.	Ion Exchange Asia Pacific (Thailand) Ltd.*	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 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010	1st April 2009 to 31st March 2010
3	Number of shares held in subsidiary Company	5,47,000 Equity Shares of INR 10 each	17,70,000 Equity Shares of INR 10 each	17,60,000 Equity Shares of INR 10 each	4,60,000 Equity Shares of SGD 1 each	30,000 Equity Shares of THB 100 each	1,50,000 Equity Shares of MYR 1 each	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	30,000 Equity Shares of THB 100 each	2,50,000 Equity Shares of MYR 1 each	10,000 Equity Shares of BDT 100 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 %	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 2010.	INR (75,72,570)	INR 4,17,234	INR 5,38,412	SGD (3,15,756)	THB 2,43,099	MYR 1,451	BDT 23,09,342	USD 37,880	OMR 9,915	INR 1,54,52,548
	ii) for its previous financial years	INR (8,14,13,129) INR (8,89,85,699)	INR (58,44,868) INR (54,27,634)	INR (55,78,614) INR (50,40,202)	SGD 5,343 SGD (3,10,413)	THB 13,82,120 THB 16,25,219	MYR (1,05,496) MYR (1,04,045)	BDT 62,03,480 BDT 85,12,822	USD (4,79,327) USD (4,41,447)	OMR (19,199) OMR (9,284)	INR 1,73,76,986 INR 3,28,29,534
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 2010.	INR Nil	INR Nil	INR Nil	SGD Nil	THB 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	THB Nil	MYR Nil	BDT Nil	USD Nil	OMR Nil	INR Nil

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

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 : 24th May 2010

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 ('the Company') and its Subsidiaries, Associates and Joint Venture ('the Group'), as at 31st March 2010, and also the Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain Subsidiaries, whose financial statements reflect total assets of Rs. 78,14,31,843 as at 31st March 2010, the total revenue of Rs. 97,06,35,915 and net cash flows amounting to Rs. 37,75,424 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. Without qualifying our opinion we draw attention to note 27 (1) of Schedule 17 of the financial statements. The remuneration paid to the Executive Directors is in excess of the limits specified in Schedule XIII of the Companies Act, 1956 by Rs. 82,08,569 for which steps are being taken by the Company to obtain Central Government approval. Pending final outcome of the Company's application, no adjustments have been made to the financial statements.
6. The Auditors of Ion Exchange Enviro Farms Limited, a subsidiary company have qualified their audit report in respect of the matters stated below:
 - a. As stated in Note 10 in Schedule 17, Ion Exchange Enviro Farms Limited has filed an appeal with the Hon'ble Supreme Court of India against the order of Securities Appellate Tribunal for winding up of the Collective Investment Schemes and refunding the monies to investors with returns. 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.
 - b. As stated in Note 11 in Schedule 17, maintenance expenses aggregating Rs. 4,79,69,347 (net of provision) is considered as fully recoverable by Ion Exchange Enviro Farms Limited. However, in view of the significant uncertainties involved, the amount of provision for eventual non-recovery of maintenance expenses, if any, is presently not ascertainable.

We are unable to comment on the effect of the above matters on the accompanying consolidated financial statements. Our audit report on the consolidated financial statements for the year ended 31st March 2009 was also modified in respect of the matters stated above.
7. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements, subject to the matters stated in paragraph 6 above, the effect of which is presently not ascertainable, give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2010;
 - (b) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

Place : Mumbai
Date : 24th May 2010

CONSOLIDATED BALANCE SHEET as at 31st March 2010

	Schedules	Rupees		31st March 2009	
				Rupees	Rupees
I. SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1a	12,39,79,610		12,36,45,610	
Stock Options Outstanding	1b	4,32,14,841		3,06,83,485	
Reserves and Surplus	2	1,04,09,86,619		1,01,98,50,380	
			1,20,81,81,070		1,17,41,79,475
MINORITY INTEREST			4,46,41,246		3,04,56,561
LOAN FUNDS					
Secured Loans	3	45,99,77,343		58,89,49,786	
Unsecured Loans		13,05,58,001		23,90,24,000	
			59,05,35,344		82,79,73,786
DEFERRED TAX LIABILITY (NET) (Refer Note 12 on Schedule 17)			3,69,84,898		3,42,08,708
TOTAL			1,88,03,42,558		2,06,68,18,530
II. APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	1,33,58,17,842		1,31,96,09,962	
Less: Accumulated Depreciation / Amortization		71,35,78,599		65,29,85,141	
Net Block		62,22,39,243		66,66,24,821	
Capital Work-in-Progress, including capital advances		6,32,58,109		57,52,765	
			68,54,97,352		67,23,77,586
INVESTMENTS	5		4,34,08,353		3,39,16,123
CURRENT ASSETS, LOANS AND ADVANCES					
Inventories	6	48,50,08,741		43,93,05,820	
Sundry Debtors	7	2,47,77,04,760		2,30,89,91,653	
Cash and Bank Balances	8	17,98,45,514		13,29,37,670	
Other Current Assets	9	31,35,451		32,12,964	
Loans and Advances	10	75,70,81,573		80,15,66,555	
(A)		3,90,27,76,039		3,68,60,14,662	
Less: CURRENT LIABILITIES AND PROVISIONS	11				
Current Liabilities		2,68,27,35,169		2,26,78,26,555	
Provisions		6,86,04,017		5,76,63,286	
(B)		2,75,13,39,186		2,32,54,89,841	
NET CURRENT ASSETS (A - B)			1,15,14,36,853		1,36,05,24,821
TOTAL			1,88,03,42,558		2,06,68,18,530
Notes to Accounts	17				

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

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

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 24th May 2010

Place : Mumbai
Date : 24th May 2010

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st March 2010

	Schedules	Rupees	Rupees	2008 - 2009 Rupees
INCOME				
Sales and Services (Gross)	12	5,36,05,10,233		5,11,49,38,214
Less: Excise Duty Recovered on Sales (Refer Note 23 on Schedule 17)		<u>13,29,24,375</u>		<u>18,26,29,891</u>
Sales and Services (Net)			5,22,75,85,858	4,93,23,08,323
Other Income	13		4,81,43,596	10,25,70,455
Share of Earning of Associates (Net)			<u>67,64,327</u>	<u>71,95,423</u>
TOTAL			<u>5,28,24,93,781</u>	<u>5,04,20,74,201</u>
EXPENDITURE				
Cost of Goods Sold	14		3,56,08,94,719	3,47,78,70,163
Operation and Other Expenses	15		1,44,80,48,937	1,32,96,60,157
Interest	16		9,85,90,478	10,68,59,272
Depreciation / Amortization	4	6,40,71,544		5,86,90,647
Less: Transfer from Revaluation Reserve		<u>28,470</u>		<u>28,470</u>
			<u>6,40,43,074</u>	<u>5,86,62,177</u>
TOTAL			<u>5,17,15,77,208</u>	<u>4,97,30,51,769</u>
PROFIT BEFORE TAX			11,09,16,573	6,90,22,432
Provision for Taxation				
- Current Tax		5,16,98,056		2,40,55,236
- Deferred Tax charge (Refer Note 12 on Schedule 17)		27,76,191		43,08,517
- Fringe Benefit Tax		-		1,20,40,405
			<u>5,44,74,247</u>	<u>4,04,04,158</u>
PROFIT AFTER TAX			5,64,42,326	2,86,18,274
Less: Minority Interest			1,51,64,684	1,21,06,243
Profit After Minority Interest			<u>4,12,77,642</u>	<u>1,65,12,031</u>
Balance brought forward from Previous Year			<u>6,22,90,194</u>	<u>6,53,78,312</u>
PROFIT AVAILABLE FOR APPROPRIATION			10,35,67,836	8,18,90,343
APPROPRIATIONS				
Dividend (Refer Note 24 on Schedule 17)		13,000		67,100
Tax on Dividend		2,209		11,404
			15,209	78,504
Proposed Final Dividend		1,85,96,942		1,23,64,561
Tax on Proposed Dividend		<u>35,84,040</u>		<u>21,57,084</u>
			<u>2,21,80,982</u>	<u>1,45,21,645</u>
Transfer to General Reserve			<u>1,34,00,000</u>	<u>50,00,000</u>
SURPLUS CARRIED FORWARD TO BALANCE SHEET			<u>6,79,71,645</u>	<u>6,22,90,194</u>
EARNINGS PER SHARE				
[Nominal value of shares Rs. 10 (2008-2009 : Rs. 10)] (Refer Note 20 on Schedule 17)				
Basic			3.33	1.33
Diluted			3.10	1.31
Notes to Accounts	17			

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

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

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

per VIJAY MANIAR
Partner
Membership No. : 36738

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 24th May 2010

Place : Mumbai
Date : 24th May 2010

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

SCHEDULE - 1a	Rupees		31st March 2009 Rupees
SHARE CAPITAL			
Authorised: 1,50,00,000 (2008-2009 : 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: 1,23,97,961 (2008-2009 : 1,23,64,561) Equity Shares of Rs. 10 each, fully paid-up.	<u>12,39,79,610</u>		<u>12,36,45,610</u>
	<u>12,39,79,610</u>		<u>12,36,45,610</u>
Of the above:			
1. 10,000 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : 6,66,700) Equity Shares, 5,78,675 (2008-2009 : 5,78,675) Equity Shares, 7,14,500 (2008-2009 : 7,01,500) Equity Shares and 20,400 (2008-2009 : Nil) Equity Shares have been allotted to the directors and employees under Employees Stock Options Scheme – ESOS - 2001, ESOS - 2003, ESOS - 2005 and ESOS - 2008 respectively upto 31st March 2010. Also, Refer Note 8 on Schedule 17.			
5. The subsidiaries Aqua Investments (India) Limited and Watercare Investments (India) Limited hold 1,64,000 (2008-2009 : 1,64,000) and 1,63,900 (2008-2009 : 1,63,900) shares respectively in the Holding Company which have been eliminated during consolidation.			
SCHEDULE - 1b	Rupees	Rupees	31st March 2009 Rupees
STOCK OPTIONS OUTSTANDING (Refer Notes 3(x) and 8 on Schedule 17)			
Employee Stock Options Outstanding		4,47,77,397	4,79,97,363
Less: Deferred Employee Compensation Outstanding		<u>15,62,556</u>	<u>1,73,13,878</u>
		<u>4,32,14,841</u>	<u>3,06,83,485</u>
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
Add: Adjustment on Increase of Investment in Associate	<u>20,62,291</u>		<u>-</u>
		1,26,15,164	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	11,62,740		11,91,210
Less: Transfer to Profit and Loss Account	<u>28,470</u>		<u>28,470</u>
		11,34,270	11,62,740
Contingency Reserve		4,00,00,000	4,00,00,000
General Reserve			
Balance as at 1st April	15,20,64,297		14,70,64,297
Add: Transfer from Profit & Loss Account	<u>1,34,00,000</u>		<u>50,00,000</u>
		16,54,64,297	15,20,64,297
Security Premium Account			
Balance as at 1st April	74,79,83,004		74,57,46,914
Add: Received on account of Employee Stock Option Plan	<u>21,92,470</u>		<u>22,36,090</u>
		75,01,75,474	74,79,83,004
Foreign Currency Translation Reserve			
Balance as at 1st April	15,29,467		(19,55,281)
Add: Foreign Currency Translation Profit / (Loss) during the year	<u>(21,71,503)</u>		<u>34,84,748</u>
		(6,42,036)	15,29,467
Profit and Loss Account	8,49,66,798		6,04,15,588
Group's Share in Joint Venture	<u>(1,69,95,153)</u>		<u>18,74,606</u>
		6,79,71,645	6,22,90,194
		<u>1,04,09,86,619</u>	<u>1,01,98,50,380</u>

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

SCHEDULE - 3	Rupees	31st March 2009 Rupees
LOAN FUNDS		
1. SECURED LOANS		
A. Cash Credit from Banks (including working capital demand loan)	17,68,95,188	31,10,48,186
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. Packing Credit Loan from Banks	14,04,54,887	14,58,66,442
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.		
C. Overdraft from Banks	84,18,173	-
Secured by a charge on the Fixed Deposit and Corporate Guarantee of Holding Company		
D. Overdraft from a Bank	9,80,235	-
Secured by Letter of Comfort / Guarantee of a bank of Holding Company		
E. Overdraft from a Bank	4,05,55,750	-
Secured by joint hypothecation of Book Debts and Joint and several guarantee of Directors of a Subsidiary Company.		
F. Term Loan from a Bank	-	1,32,99,073
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. Nil (2008-2009 : Rs. 3,49,073)] [Due within one year Rs. Nil (2008-2009 : Rs. 1,00,61,573)]		
G. Term Loan from a Bank	1,62,50,000	3,25,00,000
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. 1,62,50,000 (2008-2009 : Rs. 1,62,50,000)]		
H. Term Loan from a Bank	3,52,97,000	4,94,13,000
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 (2008-2009 : Rs. 1,41,16,000)]		
I. Vehicle finance from Banks	1,66,45,237	1,27,11,077
Secured by hypothecation of vehicles. [Due within one year Rs. 37,65,035 (2008-2009 : Rs. 37,21,326)]		
Group's Share in Secured Loan of Joint Venture	2,44,80,873	2,41,12,008
	45,99,77,343	58,89,49,786
2. UNSECURED LOANS		
A. Fixed Deposits	4,50,58,000	6,18,58,000
[Due within one year Rs. 1,24,04,000 (2008-2009 : Rs. 4,19,73,000)]		
B. Inter Corporate Deposit	1,05,00,000	1,05,00,000
[Due within one year Rs. 1,05,00,000 (2008-2009 : Rs. 1,05,00,000)]		
C. Loan from Banks	7,50,00,001	16,66,66,000
[Due within one year Rs. 7,50,00,001 (2008-2009 : Rs. 16,66,66,000)]		
	13,05,58,001	23,90,24,000

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

SCHEDULE - 4

FIXED ASSETS

(in Rupees)

Particulars	Gross Block				Depreciation / Amortization				Net Block		
	As at 1st April 2009	Additions during the year	Deductions/ Adjustments during the year	Add : Exchange Gain / (Loss)	As at 31st March 2010	As at 1st April 2009	Depreciation / Amortization during the year	Deductions/ Adjustments during the year	Add : Exchange (Gain) / Loss	As at 31st March 2010	As at 31st March 2009
Tangible Assets											
Land (Freehold)	87,01,593	-	-	-	87,01,593	-	-	-	-	87,01,593	87,01,593
Land (Lease hold)	2,39,84,441	-	-	-	2,39,84,441	3,03,018	-	-	-	1,84,55,051	1,87,58,069
Buildings on Leasehold Land	21,85,61,057	1,05,61,139	-	(89,305)	22,90,32,891	67,87,571	-	(2,082)	-	14,90,28,112	14,53,41,767
Buildings on Freehold Land (Refer Notes 1, 2, 3 and 5 below)	18,29,68,777	10,49,461	4,53,15,190	-	13,87,03,048	34,42,244	18,17,550	-	-	10,19,18,723	14,78,09,146
Plant and Machinery (Including Electrical Installation)	58,96,86,787	2,99,89,413	68,380	(54,086)	61,95,53,734	3,07,63,880	68,380	(14,788)	-	22,77,72,353	22,85,86,118
Vehicles	3,48,17,065	91,48,853	20,68,004	(1,40,726)	4,17,57,188	35,72,062	9,05,987	(57,668)	-	2,40,79,978	1,97,48,262
Furniture, Fixture and Office Equipments	24,83,37,394	1,54,55,267	9,06,333	(1,95,323)	26,26,91,005	1,70,95,318	86,581	63,290	-	8,72,83,831	9,00,02,247
Intangible Asset											
Non-Compete Fee	1,01,90,000	-	-	(11,62,000)	90,28,000	19,09,596	-	(5,88,340)	-	34,61,063	59,44,319
Total (A)	1,31,72,47,114	6,62,04,133	4,83,57,907	(16,41,440)	1,33,34,51,900	6,38,73,689	28,78,498	(5,99,588)	-	62,07,00,704	66,48,91,521
Group's Share in Joint Venture (B)	23,62,848	3,094	-	-	23,65,942	1,97,855	-	-	-	15,38,539	17,33,300
Total (A) + (B)	1,31,96,09,962	6,62,07,227	4,83,57,907	(16,41,440)	1,33,58,17,842	6,40,71,544	28,78,498	(5,99,588)	-	62,22,39,243	66,66,24,821
Previous Year	1,25,83,43,368	6,21,30,569	35,91,109	27,27,134	1,31,96,09,962	5,86,90,647	19,22,538	9,10,530	-	6,32,58,109	57,52,765
Capital Work-in-Progress (Refer Notes 4 and 5 below)											
(Including advance on capital account Rs. 35,100 (2008-2009 : Rs. 22,16,208))										68,54,97,352	67,23,77,586

Notes:

- Includes Ownership blocks, the cost of which includes:
 - Rs. 250 (2008-2009 : 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 (2008-2009 : 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 (2008-2009 : Rs. 25,33,481) paid for acquiring furnished office premises, the ownership of which is under legal dispute for which transfer formalities are in progress.
- Buildings on Freehold Land includes buildings given on operating lease :
 - Gross Book Value Rs. 4,47,38,313 (2008-2009 : Rs. 4,16,72,449)
 - Accumulated depreciation Rs. 95,39,851 (2008-2009 : Rs. 86,18,591)
 - Depreciation for the year Rs. 7,53,424 (2008-2009 : Rs. 7,15,630)
 - Net book value Rs. 3,51,98,462 (2008-2009 : Rs. 3,30,53,858)

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

SCHEDULE - 5	Rupees	31st March 2009 Rupees
INVESTMENTS - Long Term (at cost)		
A. NON-TRADE AND UNQUOTED		
6 Year National Savings Certificates	-	10,000
	-	10,000
B. TRADE AND UNQUOTED		
INVESTMENT IN ASSOCIATES		
Shares in Ion Exchange Services Limited 3,44,625 (2008-2009 : 3,44,625) Equity Shares of Rs. 10 each, fully paid-up [Includes Capital Reserve aggregating Rs. 38,50,408 (2008-2009 : Rs. 38,50,408)]	1,41,83,210	1,19,66,919
Shares in Total Water Management Services (India) Limited 24,000 (2008-2009 : 24,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill aggregating Rs. Nil (2008-2009 : Rs. Nil)]	2,43,955	-
Shares in Aquanomics Systems Limited 4,60,000 (2008-2009 : 2,30,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill Rs. Nil (2008-2009 : Rs. Nil)]	1,18,20,676	75,55,275
Shares in Astha Technical Services Limited 2,28,000 (2008-2009 : 1,30,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Capital Reserve Rs. 21,78,006 (2008-2009 : Rs. 1,15,715)]	79,74,070	46,53,655
Shares in IEI Water-Tech (M) Sdn. Bhd., Malaysia 3,00,000 (2008-2009 : 3,00,000) Shares of MYR 1 each, fully paid-up. [Includes Goodwill Rs. Nil (2008-2009 : Rs. Nil)]	36,52,371	38,81,003
Shares in Ion Exchange Financial Products Private Limited 2,450 (2008-2009 : 2,450) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill aggregating Rs. Nil (2008-2009 : Rs. Nil)]	-	-
Shares in Global Composites & Structural Limited 2,00,000 (2008-2009 : 2,00,000) Equity Shares of Rs. 10 each, fully paid-up [Includes Goodwill aggregating Rs. Nil (2008-2009 : Rs. Nil)]	-	-
OTHERS		
Shares in IEK Plastics Limited 6,000 (2008-2009 : 6,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 60,000 (2008-2009 : Rs. 60,000)]	-	-
Shares in IEI Mansel Services Limited 15,300 (2008-2009 : 15,300) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,53,000 (2008-2009 : Rs. 1,53,000)]	-	-
Shares in Patancheru Enviro-tech Limited 113 (2008-2009 : 113) Equity Shares of Rs. 10 each, fully paid-up	1,130	1,130
Shares in Bharuch Enviro Infrastructure Limited 10,500 (2008-2009 : 10,500) Equity Shares of Rs. 10 each, fully paid-up	1,05,000	1,05,000
Shares in HMG Industries Limited 75,000 (2008-2009 : 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 (2008-2009 : Rs. 74,50,000)]	50,000	50,000
Shares in Bharuch Eco-Aqua Infrastructure Limited 3,52,500 (2008-2009 : 3,52,500) Equity Shares of Rs. 10 each, fully paid-up	35,25,000	35,25,000
Shares of Global Procurement Consultants Limited 20,000 (2008-2009 : 20,000) Equity Shares of Rs. 10 each, fully paid-up	2,00,000	2,00,000
	4,17,55,412	3,19,37,982
Aggregate value of Unquoted Investments (A+B)	4,17,55,412	3,19,47,982

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

SCHEDULE - 5 (Contd.)	Rupees	31st March 2009 Rupees
C. NON-TRADE AND QUOTED		
Units of Master Plus of Unit Trust of India Nil (2008-2009 : 5,000) Units of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. Nil (2008-2009 : Rs. 1,800)]	-	75,200
Shares of Sterlite Technologies Limited 5,875 Equity Shares of Rs. 2 each (2008-2009 : 1,175 Equity Shares of Rs. 5 each), fully paid-up	2,05,000	2,05,000
Shares of Jain Irrigation Systems Limited 7,414 (2008-2009 : 7,414) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 3,178 (2008-2009 : Rs. 3,178)]	89,356	89,356
Shares of Canara Bank 8,100 (2008-2009 : 8,100) Equity Shares of Rs. 10 each, fully paid-up	2,83,500	2,83,500
Shares of Fairdeal Filaments Limited 83,600 (2008-2009 : 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 (2008-2009 : 6,100) Equity Shares of Rs. 10 each, fully paid-up	12,265	12,265
Shares of Somani Swiss Industries Limited 87,000 (2008-2009 : 87,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 1,09,295 (2008-2009 : Rs. 1,09,295)]	-	-
Shares of Nova Steels Industries Limited 29,700 (2008-2009 : 29,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 32,835 (2008-2009 : Rs. 32,835)]	-	-
Shares of Rajinder Pipes Limited 4,500 (2008-2009 : 4,500) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 7,240 (2008-2009 : Rs. 7,240)]	-	-
Shares of Mardia Steels Limited 3,700 (2008-2009 : 3,700) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. 6,880 (2008-2009 : Rs. 6,880)]	-	-
Shares of MTZ Polyester Limited 3,75,000 (2008-2009 : 3,75,000) Equity Shares of Rs. 10 each, fully paid-up [Net of provision for diminution in the value: Rs. Nil (2008-2009 : Rs. Nil)]	7,68,750	7,68,750
11.25% Bonds of Gujarat Urja Vikas Nigam Limited Nil (2008-2009 : 6) Bonds of Rs. 40,000 each, fully paid-up	-	2,40,000
Aggregate value of Quoted Investments (C)	16,52,941	19,68,141
TOTAL (A+B+C)	4,34,08,353	3,39,16,123

Market value of Quoted Investments as on 31st March 2010 is Rs. 65,37,622
(2008-2009 : Rs. 32,96,897)

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

	Rupees	Rupees	31st March 2009 Rupees
SCHEDULE - 6			
INVENTORIES			
(Refer Notes 3 (iv) and (v) on Schedule 17)			
Raw Materials and Components		14,39,13,232	17,83,32,338
Raw Material-in-Transit		4,77,78,890	3,61,43,489
Work-in-Progress (Refer Note below)		3,51,33,448	1,77,18,440
Finished Goods		15,46,42,908	16,12,23,567
Finished Goods-in-Transit		1,44,50,640	4,60,651
Stores and Spare Parts		3,05,28,649	1,40,80,757
Contract Work-in-Progress		5,00,24,184	2,27,19,500
Group's Share in Inventories of Joint Venture		85,36,790	86,27,078
		48,50,08,741	43,93,05,820
Note :Work-in-Progress includes Project Development Rs. 8,20,728 (2008-2009 : Rs. 7,88,958)			
SCHEDULE - 7			
SUNDRY DEBTORS			
Unsecured, considered good:			
Debts outstanding over six months (Refer Note 1 below)	1,08,96,85,795		1,10,09,66,423
Other Debts (Refer Note 2 below)	1,32,84,17,428		1,14,63,59,757
		2,41,81,03,223	2,24,73,26,180
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)		5,96,01,537	6,16,65,473
		2,47,77,04,760	2,30,89,91,653
(Refer Note 16 on Schedule 17 for dues from Companies under the same Management)			
Notes:			
1. Includes Rs. 28,62,78,065 (2008-2009 : Rs. 28,63,35,988) Retention Money not due.			
2. Includes Rs. 11,31,75,294 (2008-2009 : Rs. 7,77,59,256) Retention Money not due.			
3. Includes Rs. 3,80,75,361 (2008-2009 : Rs. 3,39,93,093) Retention Money not due.			
SCHEDULE - 8			
CASH AND BANK BALANCES			
Cash on Hand		16,47,413	18,68,767
Balance with Scheduled Banks:			
- On Current Accounts		7,01,04,653	6,13,10,858
- On Exchange Earner's Foreign Currency Accounts [USD 14,885 (2008-2009 : USD 4,895)]		6,71,928	2,49,421
- On Deposit Account		2,47,81,415	1,64,68,524
- On Deposit Account [Earmarked under Rule 3A of Companies (Acceptances of Deposits) Rules, 1975]		77,94,298	86,00,000
- On Margin Money Account		5,11,20,983	3,53,47,889
- On Unclaimed Dividend Account		17,08,179	15,37,931
- On Unclaimed Interest on Fixed Deposits		17,46,900	22,35,233
Balance with Non-Scheduled Bank:			
- On Current Account (*)		1,45,76,010	4,05,586
Group's Share in Cash and Bank balance of Joint Venture		56,93,735	49,13,461
		17,98,45,514	13,29,37,670

(*) Balance with Non-Scheduled Bank maintained with National Bank of Dubai : Rs. 1,45,76,010 (2008-2009 : Rs. 4,05,586) Maximum amount outstanding during the year : Rs. 2,70,50,857 (2008-2009 : Rs. 5,77,60,929)

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

SCHEDULE - 9	Rupees	Rupees	31st March 2009 Rupees
OTHER CURRENT ASSETS			
Interest accrued but not due		31,30,102	32,12,964
Rent receivable			
- Considered good	5,349		-
- Considered doubtful	17,05,011		17,05,011
Less: Provision for Doubtful Rent	17,05,011		17,05,011
		5,349	-
		31,35,451	32,12,964
SCHEDULE - 10			
LOANS AND ADVANCES			
A. Secured, Considered good:			
Advances recoverable in cash or in kind or for value to be received		1,29,605	2,80,409
B. Unsecured, Considered good, unless otherwise stated:			
Advances recoverable in cash or in kind or for value to be received			
- Considered good	54,18,57,164		56,59,22,448
(Refer Note below and Note 9 on Schedule 17)			
- Considered doubtful	1,15,35,373		3,71,52,898
Less: Provision for Doubtful Advances	1,15,35,373		3,71,52,898
		54,18,57,164	56,59,22,448
Advance Tax and Tax Deducted at Source [Net of provision for taxation aggregating Rs. 25,31,32,835 (2008-2009 : Rs. 20,93,49,002)]		2,92,77,157	4,42,18,567
Unamortized Premium on Forward Contracts		-	5,26,667
Tender, Security and other Deposits			
[Includes Security Deposit for Land Rs. 2,32,23,485 (2008-2009 : Rs. 2,32,23,485)]			
- Considered good	5,21,58,715		5,28,70,120
- Considered doubtful	63,53,762		1,00,56,636
Less: Provision for Doubtful Deposits	63,53,762		1,00,56,636
		5,21,58,715	5,28,70,120
Balances with Excise Authorities		8,05,051	2,45,964
Inter Corporate Deposits			
- Considered good	25,00,000		25,00,000
- Considered doubtful	57,07,290		57,07,290
Less: Provision for Doubtful Inter Corporate Deposits	57,07,290		57,07,290
		25,00,000	25,00,000
Maintenance Expenses Recoverable (Refer Note 11 on Schedule 17)			
- Considered good	4,79,69,345		5,20,72,166
- Considered doubtful	1,14,25,000		1,14,25,000
Less: Provision	1,14,25,000		1,14,25,000
		4,79,69,345	5,20,72,166
Advances for Repurchases (Refer Note 18 on Schedule 17)		3,09,65,088	3,05,80,088
Group's Share in Loans and Advances of Joint Venture		5,14,19,448	5,23,50,126
		75,70,81,573	80,15,66,555

Note:

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

Loans due from IEI Shareholding Trusts Rs. 23,82,77,000

(2008-2009 : Rs. 24,01,78,500)

[Maximum amount outstanding Rs. 24,01,78,500 (2008-2009 : Rs. 24,42,94,500)]

Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010

SCHEDULE - 11	Rupees	Rupees	31st March 2009 Rupees
CURRENT LIABILITIES AND PROVISIONS			
A. Current Liabilities:			
Sundry Creditors			
- Micro and Small Enterprises (Refer Note 29 on Schedule 17)	-		-
- Other than Micro and Small Enterprises	1,88,65,87,486		1,59,49,27,415
Sundry Creditors		1,88,65,87,486	1,59,49,27,415
Other Liabilities		2,61,03,579	3,71,16,400
Interest accrued but not due		13,09,478	24,97,791
Investor Education and Protection Fund shall be credited by the following amounts namely *			
- Unclaimed Dividends	17,08,179		15,37,931
- Unclaimed Interest on Fixed Deposits	17,46,900		22,35,233
- Unclaimed Matured Deposits	27,73,000		44,22,000
		62,28,079	81,95,164
Acceptances		16,72,11,766	16,27,15,783
Deposits		8,34,38,270	6,60,93,772
Commitment Deposit under Employees Stock Option Scheme (Refer Note 8 on Schedule 17)		82,428	30,048
Advance from Customers and Progress Claims [Includes advances in respect of engineering contracts Rs. 35,03,12,211 (2008-2009 : Rs. 23,93,15,580)]		40,66,21,662	29,93,00,611
Group's Share in Current Liabilities of Joint Venture		10,51,52,421	9,69,49,571
TOTAL (A)		2,68,27,35,169	2,26,78,26,555
B. Provisions:			
Provision for Fringe Benefit Tax [Net of Advance Tax Rs. 4,89,02,382 (2008-2009 : Rs. 4,44,82,812)]		21,22,891	68,97,461
Provision for Leave Encashment		4,41,30,310	3,56,00,701
Provision for Gratuity		2,57,828	2,33,232
Proposed Dividend		1,85,96,942	1,23,64,561
Tax on Proposed Dividend		32,44,140	21,57,084
Group's Share in Provisions of Joint Venture		2,51,906	4,10,247
TOTAL (B)		6,86,04,017	5,76,63,286
TOTAL (A + B)		2,75,13,39,186	2,32,54,89,841

* As at 31st March 2010, there are no amounts due to be credited to Investor Education and Protection Fund.

**Schedules forming part of the Consolidated Profit and Loss Account
for the year ended 31st March 2010**

	Rupees	Rupees	2008- 2009 Rupees
SCHEDULE - 12			
SALES AND SERVICES			
Sales (Refer Note 23 on Schedule 17)		5,31,79,32,548	4,89,69,42,667
[Tax deducted at source Rs. 1,76,43,804 (2008-2009 : Rs. 83,78,437)]			
Income from Input/Projects		13,36,812	5,27,324
Income from Intercrops		3,35,570	3,38,674
Commission		14,31,141	39,02,179
Income from Contract Farming/Produce Marketing		24,51,620	19,22,726
Management Fees		2,22,26,797	2,05,12,599
[Tax deducted at source Rs. 28,11,459 (2008-2009 : Rs. 23,24,078)]			
Group's Share of Sales and Service Income in Joint Venture		1,47,95,745	19,07,92,045
[Tax deducted at source Rs. 22,018 (2008-2009 : Rs. 10,55,449)]			
		5,36,05,10,233	5,11,49,38,214
SCHEDULE - 13			
OTHER INCOME			
Scrap Sales		36,52,974	50,76,109
Rent		3,12,50,737	3,52,13,872
[Tax deducted at source Rs. 49,32,507 (2008-2009 : Rs. 61,19,117)]			
Dividend Income (Refer Note below)		2,36,177	7,50,565
Amount set aside for liabilities, no longer required, written back		-	69,33,673
Interest from Banks		40,29,297	33,17,894
[Tax deducted at source Rs. 6,94,491 (2008-2009 : Rs. 8,93,912)]			
Interest from Others		4,66,778	5,07,637
[Tax deducted at source Rs. 59,312 (2008-2009 : Rs. 66,118)]			
Exchange Gain (Net)		-	4,68,38,709
Profit on Assets sold/discarded (Net)		10,68,907	-
Miscellaneous Income		69,81,018	33,77,480
Group's Share of Other Income in Joint Venture		4,57,708	5,54,516
[Tax deducted at source Rs. 49,335 (2008-2009 : Rs. 1,17,242)]			
		4,81,43,596	10,25,70,455
Note: Includes Rs. 60,500 (2008-2009 : Rs. 66,000) received from trade investments.			
SCHEDULE - 14			
COST OF GOODS SOLD			
A. Raw Materials and Components Consumed*		3,41,21,67,377	3,13,14,75,441
B. Purchase of Traded Goods		18,71,89,173	17,85,69,693
C. Increase/(Decrease) in Stocks:			
Closing Stocks:			
- Work-in-Progress	3,43,12,720		1,69,29,482
- Finished Goods	15,46,42,908		16,12,23,567
- Finished Goods-in-Transit	1,44,50,640		4,60,651
- Contract Work-in-Progress	5,00,24,184		2,27,19,500
		25,34,30,452	20,13,33,200
Less: Opening 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
		5,20,97,252	1,31,57,377
D. Group's Share in Cost of Goods Sold in Joint Venture **		1,36,35,421	18,09,82,406
Cost of Goods Sold (A + B - C + D)		3,56,08,94,719	3,47,78,70,163

* Includes direct expenses incurred on contracts Rs. 6,28,25,628 (2008-2009 : Rs. 6,03,36,011)

** Includes direct expenses incurred on contracts Rs. 2,90,687 (2008-2009 : Rs. 18,15,722)

**Schedules forming part of the Consolidated Profit and Loss Account
for the year ended 31st March 2010**

	Rupees	Rupees	2008-2009 Rupees
SCHEDULE - 15			
OPERATION AND OTHER EXPENSES (Refer Note 21 on Schedule 17)			
Employee costs (Refer Note 28 on Schedule 17)			
- Salaries, Wages and Bonus	45,42,92,348		39,14,28,724
- Contribution to Provident and Other Funds	3,44,36,508		3,32,53,758
- Staff Welfare	2,87,28,881		2,21,58,162
- Employee Compensation Expense	1,31,62,047		1,61,68,284
		53,06,19,784	46,30,08,928
Stores and Spare Parts consumed		30,63,736	40,70,594
Power and Fuel		5,82,41,560	5,98,04,399
Repairs and Maintenance - Buildings		35,51,337	22,56,125
- Plant and Machinery		1,59,71,602	1,02,99,969
- Others		1,45,74,765	1,10,42,210
Rent (Net of recoveries)		2,89,00,381	2,57,43,012
Rates and Taxes		3,14,05,108	4,18,25,067
Insurance (Net of recoveries)		30,49,806	28,92,007
Travelling and Conveyance		15,87,62,540	15,31,50,202
Excise Duty (Net of recoveries) (Refer Note 23 on Schedule 17)		50,38,213	28,01,240
Freight (Net of recoveries)		8,69,99,785	11,84,34,531
Packing (Net of recoveries)		1,65,02,990	1,68,07,955
Advertisement and Publicity		5,22,16,047	6,95,01,156
Commission to Agents and Discount		2,95,82,611	4,33,90,088
Legal and Professional Charges		3,11,06,462	3,86,85,236
Telephone and Telex		2,56,05,618	2,51,62,644
Intercrop Expenses		1,13,008	1,20,347
Bad Debts written off		4,39,73,141	1,92,10,215
Doubtful advances, deposits and claims written off	7,93,17,493		3,18,000
Less: Withdrawn from provision for doubtful advances and deposits	2,93,20,399		-
		4,99,97,094	3,18,000
Project maintenance expenses written off	8,79,676		35,75,000
Less: Withdrawn from provision	-		35,75,000
		8,79,676	-
Auditors' Remuneration		24,87,021	24,29,249
Directors' Fees		16,00,000	18,35,000
Bank Charges		2,75,39,856	2,49,55,138
Exchange Loss (Net)		3,55,47,978	-
Loss on Assets sold/discarded (Net)		-	10,92,968
Unrealized Profit on Inventories		63,99,928	55,63,632
Backcharges on Contracts (Refer Note 25 on Schedule 17)		2,21,32,123	6,01,10,447
Establishment and Other Miscellaneous Expenses (Refer Note 30 on Schedule 17)		15,31,30,373	11,05,02,685
Group's Share in Operations and Other Expenses of Joint Venture		90,56,394	1,46,47,113
		1,44,80,48,937	1,32,96,60,157
SCHEDULE - 16			
INTEREST			
On Fixed Loans		3,26,03,858	3,76,02,931
On Others		6,27,15,255	6,59,68,784
Group's Share in Interest Expenses of Joint Venture		32,71,365	32,87,557
		9,85,90,478	10,68,59,272

**Schedules forming part of the Consolidated Balance Sheet as at 31st March 2010 and
Consolidated Profit and Loss Account for the year ended on that date**

SCHEDULE – 17

NOTES TO ACCOUNTS

1. a. Accounting Conventions:

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

b. Principles of Consolidation:

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

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

2. The Company has made further investments in the following Subsidiary and Associate during the year, which are considered for consolidation:

a. Subsidiary	Ion Exchange Enviro Farms Limited **
b. Associate	Aquanomics Systems Limited

** Additional investment in 7% Debentures.

3. Significant Accounting Policies:

(i) Fixed Assets, Depreciation and Impairment:

Tangible Assets:

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

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

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

SCHEDULE – 17 (Contd.)

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

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

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

The incremental depreciation attributable to the revalued amount is transferred from the Revaluation reserve to the Profit and Loss Account.

Impairment loss, if any, is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Carrying amount of assets are reviewed at each Balance Sheet date for any indication of impairment. 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, intercroops, contract farming and produce marketing activities are recognized when the property and all significant risks and reward of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods.

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

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

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

Income from Services:

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

Interest:

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

Dividends:

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

(ix) Taxation:

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

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

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

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

SCHEDULE – 17 (Contd.)

(x) Employee Stock Compensation cost:

Measurement and disclosure of the employee share-based payment plans is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and 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 Cash Flow statement comprise Cash at Bank and in Hand and short-term investments with an original maturity of three months or less.

(xvi) Leases:

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

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

(xvii) Use of estimates:

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

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SCHEDULE – 17 (Contd.)

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 2010	31st March 2009
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	51.00
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 2010	31st March 2009
Ion Exchange Waterleau Limited	India	50.00	50.00

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

Name of the Company	Country of Incorporation	% of Voting Power as at	
		31st March 2010	31st March 2009
Total Water Management Services (I) Limited	India	48.00	48.00
Ion Exchange Services Limited *	India	41.58	41.58
IEI Water-Tech (M) Sdn. Bhd. **	Malaysia	30.00	30.00
Astha Technical Services Limited ***	India	46.53	26.53
Aquanomics Systems Limited	India	48.42	48.61
Ion Exchange Financial Products Pvt. Limited ****	India	24.02	24.02
Global Composites and Structural Limited	India	22.73	22.73

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

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

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

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

7. The audited financial statements of the following Company drawn up for the year ended 31st December 2009 have been considered for consolidation. There are no significant transactions which have occurred between the date of financial statement of that Company and the date on which the financial year of the parent Company ended.

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

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

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, 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 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)
Granted during the year	- -	- -	- -	- (12,00,000)	- (12,00,000)
Lapsed during the year	18,000 (17,650)	13,000 (12,300)	42,000 (18,000)	41,500 -	1,14,500 (47,950)
Exercised/ Allotted during the year	- -	- -	13,000 (35,550)	20,400 -	33,400 (35,550)
Outstanding as at 31st March 2010	2,67,000 (2,85,000)	3,39,250 (3,52,250)	2,05,500 (2,60,500)	11,38,100 (12,00,000)	19,49,850 (20,97,750)
Exercisable as at 31st March 2010	1,34,500	1,75,750	2,05,500	11,38,100	16,53,850

Figures in bracket denote previous year figures.

As at 31st March 2010, the Company has received Commitment Deposit of Rs. 82,428 (2008–2009 : Rs. 30,048) from its directors and employees under ESOS 2001, ESOS 2003, ESOS 2005 and ESOS 2008.

Stock Option granted:

The weighted average fair value of stock options granted during the year was Rs. Nil (2008-2009 : 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 Schemes 2001 3rd Grant	ESOS Schemes 2003 2nd Grant	ESOS Schemes 2008 1st Grant
Exercise Price	94	94	58.20
Weighted Average Share Price	118.77	118.77	118.77
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	8%	8%	8%
Expected dividend rate	20%	20%	20%

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

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

Particulars	Amount (in Rupees)
Profit as reported	4,12,77,642
Add : Employee stock compensation under intrinsic value method	1,31,62,047
Less: Employee stock compensation under fair value method	4,20,58,813
Pro forma profit	1,23,80,876
Earnings Per Share	
Basic - As reported	3.33
- Pro forma	1.00
Diluted - As reported	3.10
- Pro forma	0.93

9. In early 90s, the Company had given loans to Employees' IEI Shareholding Trusts. The amount outstanding as at 31st March 2010 is Rs. 23,82,77,000 (2008-2009: Rs. 24,01,78,500). 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.

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.

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

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

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

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. 4,79,69,345 (2008-2009 : Rs. 5,20,72,166) 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 2010		As at 31st March 2009	
	Deferred Tax Liability	Deferred Tax Asset	Deferred Tax Liability	Deferred Tax Asset
Difference between book and tax depreciation	7,72,51,410	-	7,66,82,596	-
Provision for doubtful debts	-	35,01,649	-	35,01,649
Provision for other doubtful advances	-	61,34,502	-	1,61,00,506
Effect of expenditure allowable for the Tax Purposes in following years	-	3,03,37,074	-	2,25,63,546
Business Losses and depreciation	-	1,30,160	-	1,31,165
Provision for leave encashment and gratuity	-	1,49,849	-	1,49,849
Preliminary expenses	-	13,278	-	27,173
Total	7,72,51,410	4,02,66,512	7,66,82,596	4,24,73,888
Deferred Tax Liability (Net)	3,69,84,898		3,42,08,708	

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	2009-2010	2008-2009
A.	Aggregate amount recognized as Contract Revenue	1,77,72,72,529	1,68,05,97,254
B.	In respect of Contracts in Progress as on 31st March :		
	1) Aggregate amount of Costs incurred and recognized profits (less recognized losses)	1,58,71,91,490	1,03,41,19,474
	2) Amount of Customer Advance received	24,89,75,509	12,94,82,157
	3) Amount of Retentions	33,93,22,333	30,04,18,267
C.	Gross amount due from customers for contract work	15,45,47,339	9,93,16,805

SCHEDULE - 17 (Contd.)

14. Consolidated Segment information for the year ended 31st March 2010

I. Information about Primary Business Segments

	Engineering		Chemicals		Consumer Products		Other Business		Unallocated		Total
	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	31.03.2010	31.03.2009	
Revenue											
External Sales (Gross)	3,34,27,03,161	3,16,41,96,493	1,27,75,84,454	1,24,70,44,400	71,38,71,820	68,22,70,172	41,24,002	9,53,586	2,22,26,796	2,04,73,563	5,36,05,10,233
Less: Excise duty recovered	4,52,30,573	6,09,99,699	8,29,95,559	11,75,83,445	46,98,243	40,46,747	-	-	-	-	13,29,24,375
External Sales (Net)	3,29,74,72,588	3,10,31,96,794	1,19,45,88,895	1,12,94,60,955	70,91,73,577	67,82,23,425	41,24,002	9,53,586	2,22,26,796	2,04,73,563	5,22,75,85,858
Inter-segmental Sales	14,50,61,725	12,84,42,551	5,96,45,242	8,88,12,133	23,94,631	-	-	-	-	-	20,71,01,598
Other Income	27,24,435	5,28,90,047	41,31,191	1,05,88,886	(5,35,423)	6,36,385	90,47,867	1,07,49,961	3,50,43,778	3,10,75,068	5,04,11,848
Total Revenue	3,44,52,58,748	3,28,45,29,392	1,25,83,65,328	1,22,88,61,974	71,10,32,785	67,88,59,810	1,31,71,869	1,17,03,547	5,72,70,574	5,15,48,631	5,48,50,99,304
Less: Eliminations											21,72,54,684
Add : Interest Income									44,96,075	38,25,531	44,96,075
Total Enterprise Revenue									5,28,24,93,781	5,04,20,74,201	5,04,20,74,201
Result											
Segment Results	7,09,75,315	9,91,80,319	17,86,34,759	12,57,31,835	(12,03,203)	(1,16,67,626)	(7,75,116)	(21,34,512)	-	-	24,76,61,755
Unallocated Expenditure net of unallocated Income									(4,26,20,779)	(3,90,53,843)	(4,26,20,779)
Interest Expenses									(9,85,90,478)	(10,68,59,272)	(9,85,90,478)
Interest Income									44,96,075	38,25,531	44,96,075
Profit before Taxation									(13,67,15,182)	(14,20,87,584)	(13,67,15,182)
Other Information											
Segment Assets	2,63,26,57,615	2,39,22,76,760	91,91,83,504	89,26,81,445	28,76,65,056	29,87,97,547	14,76,04,762	15,05,93,390	64,45,70,807	65,99,59,229	4,63,16,81,744
Segment Liabilities	2,03,34,87,858	1,66,06,93,006	39,93,49,355	37,08,53,952	13,79,32,440	12,01,02,323	4,42,54,640	5,63,83,488	80,84,76,381	1,01,00,96,127	3,42,35,00,674
Capital Expenditure	2,18,84,270	1,62,55,642	3,48,62,872	2,78,47,600	16,36,043	64,79,940	1,24,859	2,87,784	76,99,183	1,12,59,603	6,21,30,569
Depreciation	1,04,81,356	93,80,977	3,62,67,665	3,32,51,770	45,48,956	47,92,591	6,64,295	6,81,752	1,20,80,802	1,05,55,087	6,40,43,074
Non Cash Expenditure other than Depreciation	10,09,45,236	6,95,11,927	87,61,560	1,87,33,419	1,75,15,023	63,12,912	3,67,049	37,051	1,28,27,954	1,28,77,123	14,04,16,822

(in Rupees)

II. Information about Secondary Geographical Segments

	India		Outside India		Total
	2009-2010	2008-2009	2009-2010	2008-2009	
	External Revenue (net)	4,13,49,67,835	3,59,61,97,614	1,09,26,18,023	
Carrying amount of segment assets	3,77,03,85,818	3,72,85,19,755	86,12,95,926	66,37,88,616	4,39,23,08,371
Additions to fixed assets	5,62,44,894	5,86,79,021	99,62,333	34,51,548	6,62,07,227
					6,21,30,569

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 Structurals Limited |
| b) Joint Venture | Ion Exchange Waterleau Limited |
| c) Entity having significant influence | IEI Shareholding Trusts |
| d) Key Management Personnel | Mr. Rajesh Sharma - Vice Chairman & Managing Director
Mr. Dinesh Sharma - Executive Director
Mr. Aankur Patni - Executive Director |
| e) Relatives of Key Management Personnel | Mr. Mahabir Patni - Father of Mr. Aankur Patni
Mrs. Nirmala Patni - Mother of Mr. Aankur Patni
Mrs. Aruna Sharma - Wife of Mr. Rajesh Sharma
Mrs. Poonam Sharma - Wife of Mr. Dinesh Sharma
Mrs. Nidhi Patni - Wife of Mr. Aankur Patni
Ms. Pallavi Sharma - Daughter of Mr. Rajesh Sharma |

* Associate Companies of Subsidiaries

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

Amount (in Rupees)

Nature of transaction	Parties referred to in (a) and (b) above		Parties referred to in (d) and (e) above		Total	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Sale of Goods *						
Ion Exchange Services Limited	28,77,27,889	25,25,16,460	-	-	28,77,27,889	25,25,16,460
Aquanomics Systems Limited	8,43,82,155	11,96,34,551	-	-	8,43,82,155	11,96,34,551
Ion Exchange Waterleau Limited	2,38,103	16,76,68,223	-	-	2,38,103	16,76,68,223
Global Composites and Structurals Limited	-	40,05,734	-	-	-	40,05,734
IEI Water-Tech (M) Sdn. Bhd., Malaysia	2,86,89,146	3,75,43,984	-	-	2,86,89,146	3,75,43,984
Total	40,10,37,293	58,13,68,952	-	-	40,10,37,293	58,13,68,952
Management Fees						
Ion Exchange Services Limited	2,22,26,797	2,05,12,599	-	-	2,22,26,797	2,05,12,599
Total	2,22,26,797	2,05,12,599	-	-	2,22,26,797	2,05,12,599
Rental Income						
Ion Exchange Waterleau Limited	10,95,000	10,17,766	-	-	10,95,000	10,17,766
Total	10,95,000	10,17,766	-	-	10,95,000	10,17,766
Services Rendered						
Ion Exchange Waterleau Limited	36,59,158	67,48,839	-	-	36,59,158	67,48,839
Total Water Management Services (I) Limited	4,54,072	-	-	-	4,54,072	-
Total	41,13,230	67,48,839	-	-	41,13,230	67,48,839
Purchase of Goods/ Materials						
Aquanomics Systems Limited	1,29,97,871	1,33,82,462	-	-	1,29,97,871	1,33,82,462
Global Composites & Structurals Limited	9,67,55,402	15,26,95,851	-	-	9,67,55,402	15,26,95,851
Ion Exchange Services Limited	-	24,11,832	-	-	-	24,11,832
Ion Exchange Waterleau Limited	19,985	14,625	-	-	19,985	14,625
Total	10,97,73,258	16,85,04,770	-	-	10,97,73,258	16,85,04,770
Services Received						
Ion Exchange Services Limited	6,05,56,103	6,75,32,401	-	-	6,05,56,103	6,75,32,401
Total Water Management Services (I) Limited	9,19,400	-	-	-	9,19,400	-
Astha Technical Services Limited	2,22,95,709	1,63,23,871	-	-	2,22,95,709	1,63,23,871
Global Composites & Structurals Limited	-	53,93,280	-	-	-	53,93,280
Relatives of Key Management Personnel	-	-	43,01,700	-	43,01,700	-
Total	8,37,71,212	8,92,49,552	43,01,700	-	8,80,72,912	8,92,49,552

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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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Reimbursement of Expenses						
IEI Water-Tech (M) Sdn. Bhd., Malaysia	47,80,795	9,44,055	-	-	47,80,795	9,44,055
Total	47,80,795	9,44,055	-	-	47,80,795	9,44,055
Rental Expense						
Ion Exchange Services Limited	14,40,000	-	-	-	14,40,000	-
Total	14,40,000	-	-	-	14,40,000	-
Advances Given						
Total Water Management Services (I) Limited	2,16,080	3,78,311	-	-	2,16,080	3,78,311
Ion Exchange Waterleau Limited	1,39,77,855	4,41,49,265	-	-	1,39,77,855	4,41,49,265
Aquanomics Systems Limited	66,249	2,86,855	-	-	66,249	2,86,855
Astha Technical Services Limited	-	1,78,715	-	-	-	1,78,715
Ion Exchange Services Limited	3,85,278	2,44,396	-	-	3,85,278	2,44,396
Ion Exchange Financial Products Pvt. Limited	-	11,047	-	-	-	11,047
Total	1,46,45,462	4,52,48,589	-	-	1,46,45,462	4,52,48,589
Advances Repaid						
Total Water Management Services (I) Limited	19,46,350	14,50,000	-	-	19,46,350	14,50,000
Ion Exchange Waterleau Limited	-	56,28,892	-	-	-	56,28,892
Ion Exchange Services Limited	1,34,457	2,44,396	-	-	1,34,457	2,44,396
Aquanomics Systems Limited	64,391	3,78,858	-	-	64,391	3,78,858
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
Total	21,45,198	80,31,568	-	-	21,45,198	80,31,568
Dividend Received						
Ion Exchange Services Limited	689,250	10,33,850	-	-	6,89,250	10,33,850
Aquanomics Systems Limited	4,60,000	4,60,000	-	-	4,60,000	4,60,000
Astha Technical Services Limited	5,20,000	-	-	-	5,20,000	-
Total	16,69,250	14,93,850	-	-	16,69,250	14,93,850
Dividend Paid						
Ion Exchange Services Limited	2,87,058	5,45,018	-	-	2,87,058	5,45,018
Mr. Rajesh Sharma	-	-	5,25,436	10,18,872	5,25,436	10,18,872
Mr. Dinesh Sharma	-	-	2,95,100	-	2,95,100	-
Mr. Aankur Patni	-	-	1,54,668	-	1,54,668	-
Relatives of Key Management Personnel	-	-	5,03,654	6,86,500	5,03,654	6,86,500
Total	2,87,058	5,45,018	14,78,858	17,05,372	17,65,916	22,50,390
Remuneration						
Mr. Rajesh Sharma	-	-	1,09,67,436	96,72,550	1,09,67,436	96,72,550
Mr. Dinesh Sharma	-	-	59,52,568	19,20,000	59,52,568	19,20,000
Mr. Aankur Patni	-	-	70,56,000	-	70,56,000	-
Total	-	-	2,39,76,004	1,15,92,550	2,39,76,004	1,15,92,550
Director Sitting Fees						
Mr. Rajesh Sharma	-	-	40,000	40,000	40,000	40,000
Mr. Dinesh Sharma	-	-	30,000	130,000	30,000	1,30,000
Mr. Aankur Patni	-	-	40,000	-	40,000	-
Relatives of Key Management Personnel	-	-	40,000	-	40,000	-
Total	-	-	1,50,000	1,70,000	1,50,000	1,70,000

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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
Outstanding Receivables (Net of Payable)						
Total Water Management Services (I) Limited	-	15,66,417	-	-	-	15,66,417
Ion Exchange Waterleau Limited	13,51,88,143	11,65,67,151	-	-	13,51,88,143	11,65,67,151
Aquanomics Systems Limited	3,86,37,047	5,03,81,081	-	-	3,86,37,047	5,03,81,081
IEI Water-Tech (M) Sdn. Bhd., Malaysia	6,08,34,921	3,89,75,386	-	-	6,08,34,921	3,89,75,386
Ion Exchange Financial Products Pvt. Limited **	29,38,334	29,38,334	-	-	29,38,334	29,38,334
Ion Exchange Services Limited	22,53,72,563	18,25,07,238	-	-	22,53,72,563	18,25,07,238
Total	46,29,71,008	39,29,35,607	-	-	46,29,71,008	39,29,35,607
Outstanding Payables (Net of Receivable)						
Astha Technical Services Limited	12,90,044	4,42,842	-	-	12,90,044	4,42,842
Global Composites and Structural Limited	1,55,80,173	10,86,309	-	-	1,55,80,173	10,86,309
Total Water Management Services (I) Limited	1,71,433	-	-	-	1,71,433	-
Total	1,70,41,650	15,29,151	-	-	1,70,41,650	15,29,151
Investments made during the year						
Aquanomics Systems Limited	23,00,000	-	-	-	23,00,000	-
Astha Technical Services Limited	9,83,800	6,76,000	-	-	9,83,800	6,76,000
IEI Water-Tech (M) Sdn. Bhd., Malaysia	-	27,71,537	-	-	-	27,71,537
Total	32,83,800	34,47,537	-	-	32,83,800	34,47,537
Investment in Equity Shares						
Aquanomics Systems Ltd	46,00,000	23,00,000	-	-	46,00,000	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	22,83,800	13,00,000	-	-	22,83,800	13,00,000
Total Water Management Services (I) Limited	2,40,000	2,40,000	-	-	2,40,000	2,40,000
Ion Exchange Services Limited	10,79,473	10,79,473	-	-	10,79,473	10,79,473
Global Composites & Structural Limited	20,00,000	20,00,000	-	-	20,00,000	20,00,000
IEI Water-Tech (M) Sdn. Bhd., Malaysia	36,52,371	38,73,329	-	-	36,52,371	38,73,329
Total	2,77,50,644	2,46,87,802	-	-	2,77,50,644	2,46,87,802
Share Application Money						
Global Composites & Structural Limited	4,00,000	4,00,000	-	-	4,00,000	4,00,000
Mr. Dinesh Sharma	-	-	1,35,000	-	1,35,000	-
Mr. Aankur Patni	-	-	1,35,000	-	1,35,000	-
Relatives of Key Management Personnel	-	-	1,35,000	-	1,35,000	-
Total	4,00,000	4,00,000	4,05,000	-	8,05,000	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	
	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009	2009-2010	2008-2009
IEI Shareholding Trusts	23,82,77,000	24,01,78,500	-	3,000	19,01,500	41,19,000	26,62,914	53,25,828

- III. Stock Options granted and outstanding to Key Management Personnel during the year : Nil (2008-2009: 2,05,000).

- 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 2010	31st March 2009
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 :

Amount (in Rupees)

Sr. No.	Name of Related Party	As at 31st March 2010	As at 31st March 2009
1.	Ion Exchange Services Limited	22,99,93,968	18,75,16,640
2.	Ion Exchange Waterleau Limited	6,89,72,139	7,00,93,271
3.	Aquanomics Systems Limited	4,25,22,242	5,04,09,194
4.	Global Composites and Structural Limited	26,83,444	40,05,734
5.	IEI Water-Tech (M) Sdn. Bhd.	6,08,34,921	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 2010. IEEFL has conducted valuation of land and accordingly, provision of Rs. 55,82,922 (2008-2009 : Rs. 55,82,922) has been made as at 31st March 2010.

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) Associates – Rs. 5,00,00,000 (2008– 2009 : Rs. 5,00,00,000)
- ii) Joint Venture – Rs. 14,00,00,000 (2008–2009 : Rs. 35,00,00,000)
- iii) Others – Rs. 38,88,000 (2008–2009 : 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 (2008–2009 : Rs. 1,89,38,294).
- ii) Excise Duty – Rs. 30,52,000 (2008–2009 : Rs. 30,52,000)
- iii) Service Tax – Rs. 39,12,061 (2008–2009 : Rs. 41,05,224)
- iv) Sales Tax – Rs. 22,39,166 (2008–2009 : Rs. 62,79,459)
- v) Customs Duty (to the extent ascertainable) – Rs. 24,53,117 (2008–2009 : Rs. 24,53,117)

(c) Claims against the Company arising in the course of business not acknowledged as debts (to the extent ascertainable) Rs. 3,73,95,985 (2008–2009 : Rs. 4,65,74,595).

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 2010	31st March 2009
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)	4,12,77,642	1,65,12,031
II	Weighted average number of equity shares for Earnings per Share computation		
	A) For Basic Earnings per Share	1,23,79,511	1,24,20,246
	B) For Diluted Earnings per Share		
	No. of shares for Basic EPS as per II A	1,23,79,511	1,24,20,246
	Add: Weighted Average outstanding employee stock options deemed to be issued for no consideration	9,27,495	2,07,919
	No. of Shares for Diluted Earnings per Share	1,33,07,006	1,26,28,165
III	Earnings per Share in Rupees (Weighted Average)		
	Basic	3.33	1.33
	Diluted	3.10	1.31

21. Capital expenditure incurred on Research and Development during the year is Rs. 3,16,846 (2008–2009 : Rs. 11,42,998). Revenue expenditure of Rs. 2,91,13,882 (2008-2009 : Rs. 2,84,91,588) 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. 18,81,094 (2008–2009 : Rs. 27,84,469).

23. Sales include services rendered Rs. 55,88,61,877 (2008–2009 : Rs. 30,19,09,558) net of service tax.

Excise duty on sales amounting to Rs. 13,29,24,375 (2008-2009 : Rs. 18,26,29,891) has been reduced from sales in Profit and Loss Account and Excise duty on increase/decrease in stock amounting to Rs. 50,38,213 (2008-2009 : Rs. 28,01,240) has been considered as (income)/expenses in Schedule 15 of financial statements.

24. During the year 13,000 (2008-2009 : 33,550) equity shares were allotted to employees and directors under ESOS 2005 on 19th June 2009. Accordingly, dividend of Re. 1.00 per share (10%) declared at the Annual General Meeting held on 24th September 2009 was also paid to those shareholders (book closure date being 17th September 2009).

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

26. Derivative Instruments and Unhedged Foreign Currency Exposure:

Particulars of Derivatives as at Balance Sheet date

Purpose	Particulars of Derivative	
	2009-2010	2008-2009
Hedge of Foreign Currency Loans	-	Buy USD 10,00,000
Hedge of Import Creditors	Buy USD 3,94,258	Buy USD 2,20,350

Particulars of Unhedged foreign currency exposure as at Balance Sheet date

Particulars of Derivative	2009-2010		2008-2009	
	Amount (Rs.)	Foreign Currency	Amount (Rs.)	Foreign Currency
Import Creditors	8,51,26,998	USD 16,04,675 EUR 1,71,670 JPY 11,25,000 GBP 25,734	8,81,09,591	USD 14,68,649 EUR 1,50,616 JPY 60,12,100
Export Debtors	23,52,17,824	USD 40,40,689 EUR 1,23,365 OMR 15,461 KWD 8,604 AED 32,14,927 GBP 16,306 SAR 1,11,075	35,98,42,539	USD 65,90,082 EUR 27,045 OMR 15,461 UAE DH 14,18,235
Foreign Currency Bank Account	1,52,97,689	USD 17,734 AED 11,82,158	26,73,260	USD 9,126 AED 1,55,402
Commission payable	3,83,02,260	USD 7,39,257 AED 3,46,801 EUR 540 OMR 3,077 SAR 24,437	4,03,71,294	USD 6,87,227 AED 3,17,672 OMR 7,286 EUR 540
Advance received from customers	2,07,18,339	USD 1,28,776 AED 11,91,759 EUR 3,485	3,90,28,403	USD 4,86,130 AED 10,14,276 OMR 1,146
Advance to suppliers	27,08,088	USD 44,960 AED 55,036	-	-
Investment	41,38,380	MYR 3,00,000	38,81,003	MYR 3,00,000

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SCHEDULE – 17 (Contd.)

27. Managerial Remuneration:	Amount (in Rupees)	
	2009-2010	2008-2009
Salaries and Allowances	1,83,48,903	1,05,48,000
Contribution to Provident and other Funds	38,88,000	17,82,000
Perquisites	17,39,101	11,82,550
Total	<u>2,39,76,004</u>	<u>1,35,12,550</u>

Note:

- The remuneration to the Executive Directors for the year ended 31st March 2010 has exceeded the limit prescribed under the Companies Act, 1956. The Company had filed an application with the Central Government for approval of the remuneration to be paid to the Executive Directors in excess of the limits prescribed by the Companies Act. The excess remuneration paid to the Executive Directors for the year ended 31st March 2010 amounts to Rs. 82,08,569.
- 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 included above.

28. Employee Benefits:

- A) The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn 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	2009-2010	2008-2009
I	Profit and Loss Account		
	Net Employee benefit expense (recognized in Employee cost)		
	1. Current service cost	45,79,921	40,57,350
	2. Interest cost on benefit obligation	33,06,454	31,29,591
	3. Expected return on plan assets	(35,60,490)	(34,05,003)
	4. Net actuarial Loss / (Gain) recognized in the year	6,74,115	37,18,062
	Net benefit expenses	50,00,000	75,00,000
	Actual return on plan assets	47,74,364	28,77,693
II	Net Assets / (Liability) recognized in the Balance Sheet		
	1. Present Value of defined benefit obligation	(4,74,53,695)	(4,13,32,921)
	2. Fair value of Plan Assets	4,74,53,695	4,13,32,921
III	Changes in the present value of the defined benefit obligation are as follows:		
	1. Opening defined benefit obligation	(4,13,32,921)	(3,79,88,671)
	2. Interest cost	(33,06,454)	(31,29,591)
	3. Current service cost	(45,79,921)	(40,57,350)
	4. Benefits paid	36,53,590	58,52,264
	5. Actuarial gains / (losses) on obligation	(18,87,989)	(20,09,573)
	Closing defined benefit obligation	(4,74,53,695)	(4,13,32,921)
IV	Changes in the fair value of Plan assets are as follows:		
	1. Opening Fair value of Plan assets	4,13,32,921	3,79,88,671
	2. Expected returns	35,60,490	34,05,003
	3. Contributions by Employer	50,00,000	75,00,000
	4. Benefits paid	(36,53,590)	(58,52,264)
	5. Actuarial Gains / (Losses)	12,13,874	(17,08,489)
	6. Closing Fair value of Plan assets	4,74,53,695	4,13,32,921
V	Actuarial Assumptions:		
	1. Discount Rate	8%	7.5%
	2. Expected rate of Salary increase [Refer note (b) below]	6%	5%
	3. Mortality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
	4. Attrition Rate	2%	2%

The Company expects to contribute Rs. 51,91,062 to gratuity in 2010-2011.

SCHEDULE – 17 (Contd.)

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

Sr. No.	Categories of Assets	% of holding	
		2009-2010	2008-2009
1	Central & State Government Bonds	30%	31%
2	Public Sector Undertaking	15%	21%
3	HDFC Std. Life Ins. Co. Ltd.	55%	48%

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

Amounts for the current and previous periods are as follows:

	2009-2010	2008-2009	2007-2008
Defined Benefit obligation	(4,74,53,695)	(4,13,32,921)	(3,79,88,671)
Plan assets	4,74,53,695	4,13,32,921	3,79,88,671
Surplus / (deficit)	Nil	Nil	Nil
Experience adjustments on plan liabilities	1,62,808	(13,71,436)	31,75,724
Experience adjustments on plan assets	12,13,874	(17,08,489)	(6,54,558)

Notes :

- a) Amounts recognized as an expense and included in Schedule 15 :
- (i) Leave Encashment in "Salaries, Wages and Bonus" Rs. 1,30,00,066 (2008-2009 : Rs. 1,29,51,820)
 - (ii) Gratuity in "Contribution to Provident & Other Funds" Rs. 51,04,331 (2008-2009 : Rs. 77,16,784)
- 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. 2,93,03,657 (2008-2009 : Rs. 2,52,44,510).

29. The Company has initiated the process of obtaining confirmation from suppliers regarding the registration under the " Micro, Small and Medium Enterprises Development Act, 2006". The suppliers are not registered wherever the confirmation are received and in other cases, the Company is not aware of their registration status and hence information relating to outstanding balance or interest due is not disclosed as it is not determinable.
30. During the current year, as per the out of court settlement terms agreed with a customer, the Company has paid an amount of Rs. 1,83,60,173.
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.
Firm Registration No. : 301003E
Chartered Accountants

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 24th May 2010

Place : Mumbai
Date : 24th May 2010

Consolidated Cash Flow Statement for the year ended 31st March 2010

			2008 - 2009	
	Rupees	Rupees	Rupees	Rupees
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit Before Taxation		11,09,16,573		6,90,22,432
Adjustment for:				
Depreciation	6,40,43,074		5,86,62,177	
(Profit) / Loss on Assets sold / discarded (Net)	(10,68,907)		10,92,968	
Employee Compensation Expense	1,31,62,047		1,61,68,284	
Interest Expense	9,85,90,478		10,68,59,272	
Share of Earning in Associates	(67,64,327)		(71,95,423)	
Dividend received	(2,36,177)		(7,50,565)	
Interest received	(44,96,075)		(38,25,531)	
Bad Debts written off	4,39,73,141		1,92,10,215	
Backcharges on Contracts	2,21,32,123		6,01,10,447	
Doubtful advances, deposits and claims written off	4,99,97,094		3,18,000	
Amount set aside for liabilities, no longer required, written back	-		(69,33,673)	
Unrealized Profit on Inventories	63,99,928		55,63,632	
Unrealized Exchange Loss / (Gain)	3,69,58,849		(5,00,93,469)	
		32,26,91,248		19,91,86,334
Operating Profit Before Working Capital Changes		43,36,07,821		26,82,08,766
Movements in Working Capital:				
(Increase) / Decrease in Trade and Other Receivables	(27,79,89,845)		(20,75,81,420)	
(Increase) / Decrease in Inventories	(5,21,02,849)		11,07,06,915	
(Decrease) / Increase in Trade and Other Payables	43,29,47,383		12,02,97,028	
(Increase) / Decrease in Other Current Assets	(5,349)		-	
(Increase) / Decrease in Loans and Advances	(2,48,66,992)		(9,75,42,792)	
		7,79,82,348		(7,41,20,269)
Cash Generated From Operations		51,15,90,169		19,40,88,497
Taxes Paid		(4,15,31,216)		(4,45,89,583)
Net Cash From Operating Activities		47,00,58,953		14,94,98,914
B. CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(12,26,70,719)		(5,56,38,394)	
Proceeds from sale of Fixed Assets	4,65,48,316		5,75,600	
Investments made in Associates (Net)	(30,53,103)		(20,85,650)	
Proceeds from Sale / Redemption of Investments	3,25,200		28,09,900	
Deposit (with maturity more than three months)	(2,32,80,283)		(1,08,06,415)	
Dividend received	2,36,177		7,50,565	
Interest received	45,78,937		21,72,202	
Net Cash Used in Investing Activities		(9,73,15,475)		(6,22,22,192)

Consolidated Cash Flow Statement - (Contd.)

	Rupees	Rupees	2008 - 2009	
			Rupees	Rupees
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issuance of share capital on exercise of options	18,95,779		19,44,350	
Increase in Minority Interest	(9,80,000)		24,10,000	
Increase in Capital Reserve	20,62,291		-	
Repayment of Borrowings / Term Loans	(41,68,91,625)		(36,61,90,072)	
Proceeds from Borrowings / Term Loans	17,94,53,183		40,04,72,658	
Dividend Paid	(1,23,77,561)		(2,57,33,122)	
Dividend Tax Paid	(24,99,193)		(44,84,798)	
Interest Paid	(9,97,78,791)		(10,80,36,514)	
Net Cash Generated / (Used) in Financing Activities		(34,91,15,917)		(9,96,17,498)
Net Increase in Cash and Cash Equivalents		2,36,27,561		(1,23,40,776)
Cash and Cash Equivalents as at the beginning of the year		7,25,21,257		8,48,62,033
Cash and Cash Equivalents as at the end of the year		9,61,48,818		7,25,21,257
CASH AND CASH EQUIVALENTS COMPRISES OF:				
Cash in hand		16,47,413		18,68,767
Balance with Banks (Refer Notes 3 and 4 below)		9,45,01,405		7,06,52,490
TOTAL		9,61,48,818		7,25,21,257

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- Figures in bracket indicate cash outgo.
- Cash and Cash Equivalents excludes the following Balances with Bank:
 - On Deposit Account [Earmarked under Rule 3A of Companies (Acceptance of Deposits) Rules, 1975] Rs. 77,94,298 (2008-2009 : Rs. 86,00,000)
 - On Deposit Account Rs. 2,47,81,415 (2008-2009 : Rs.1,64,68,524)
 - On Margin Money Account Rs. 5,11,20,983 (2008-2009 : Rs. 3,53,47,889)
- Balances with bank includes Rs. 34,55,079 (2008-2009 : Rs. 37,73,164) being Unclaimed Dividend and Unclaimed Interest on Fixed Deposits which are not available for use by the Company as they represent corresponding Unpaid Liabilities
- Previous year's figures have been regrouped/rearranged to conform with current year's classifications.

As per our report of even date

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

per VIJAY MANIAR
Partner
Membership No. : 36738

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

G. S. RANGANATHAN
Chairman

RAJESH SHARMA
Vice Chairman & Managing Director

MILIND PURANIK
Company Secretary

Place : Mumbai
Date : 24th May 2010

Place : Mumbai
Date : 24th May 2010

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

Sr. No.	Particulars	Ion Exchange Enviro Farms Limited		Watercare Investments (India) Limited		Aqua Investments (India) Limited		Ion Exchange Asia Pacific Pvt. Ltd.		Ion Exchange Asia Pacific (Thailand) Ltd.		IE Environmental Management (M) Sdn. Bhd.		Ion Exchange Environment Management (BD) Limited		Ion Exchange LLC		Ion Exchange & Company LLC		Ion Exchange Infrastructure Limited	
		2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
1.	Capital	6847	69.47	178.02	178.02	177.02	177.02	148.11	157.88	41.83	44.44	34.49	35.78	663	7.71	46.14	50.95	176.12	203.86	100.00	100.00
2.	Reserves	(1,181.73)	(1,035.56)	(54.59)	(56.78)	(56.11)	(56.11)	(99.95)	1.83	22.72	20.47	(13.79)	(14.66)	56.47	47.86	(194.27)	(244.22)	(18.17)	(43.49)	617.74	338.15
3.	Total Assets	1,258.7	1,265.49	128.13	122.77	120.90	123.56	1,375.84	1,442.52	257.58	367.76	88.71	61.13	234.36	236.59	765.46	802.39	1,046.92	201.67	2,987.62	1,989.58
4.	Total Liabilities	2,288.13	2,231.58	470	3.53	3.58	2.65	1,227.69	1,282.81	192.93	302.95	68.01	40.01	171.26	181.02	939.59	995.66	888.97	41.30	2,269.88	1,531.43
5.	Investments (Long Term) (excluding investment in subsidiary)																				
	Trade Investments (Unquoted)	-	-	0.41	0.41	1.42	1.42	42.02	44.79	-	-	-	-	-	-	-	-	-	-	-	-
	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)	151.56	126.37	5.48	6.89	6.46	8.02	725.39	1,295.28	303.08	582.63	66.99	51.89	543.42	514.75	1,430.53	1,534.59	410.47	106.54	6,077.90	3,651.29
7.	Profit / (Loss) Before Tax	(86.17)	(100.37)	5.30	6.71	6.29	7.85	(105.61)	7.44	4.37	21.00	0.64	1.97	40.45	38.99	18.09	(95.16)	20.57	(23.76)	462.60	411.00
8.	Provision for Taxation	-	0.64	1.10	0.98	0.87	0.72	-	-	0.91	4.46	0.31	0.53	24.20	11.25	-	-	-	-	199.61	153.89
9.	Profit / (Loss) After Tax	(86.17)	(101.01)	4.20	5.73	5.42	7.13	(105.61)	7.44	3.46	16.54	0.33	1.44	16.25	27.74	18.09	(95.16)	20.57	(23.76)	302.99	257.11
10.	Proposed Dividend (Excluding Tax on Dividend)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2000	20.00
11.	Original Currency	INR	INR	INR	INR	INR	INR	USD	USD	THB	THB	INR	INR	BDT	BDT	USD	USD	QMR	QMR	INR	INR
12.	Exchange rate as on 31st March in INR	-	-	-	-	-	-	32.20	34.32	1.40	1.48	13.79	14.31	0.66	0.77	46.14	50.95	117.41	135.91	-	-

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.

10 Years at a Glance

(Rs. in lacs)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04	2002-03	2001-02	2000-01
Income *	51840	45474	50979	44486	32457	26105	21532	19457	19005	17180
Profit / (Loss) Before Tax	1021	374	1567	1033	703	501	265	296	580	(462)
Tax (Excluding Fringe Benefit Tax)	360	118	335	337	74	21	69	116	113	6
Fringe Benefit Tax	-	112	167	98	124	-	-	-	-	-
Profit / (Loss) After Tax	661	144	1065	598	505	480	196	180	467	(468)
Dividend #	223	149	307	211	131	127	124	122	107	-
Dividend (%)	15%	10%	20%	15%	10%	10%	10%	10%	10%	-
Retained Earnings	438	(5)	758	387	374	353	72	58	360	(468)
Fixed Assets **	5873	6407	6503	4925	4234	4208	4454	4640	4880	5026
Investments	2544	1024	917	642	416	308	301	285	284	458
Net Current Assets ***	10091	13305	12735	11506	13526	13316	12221	12676	10793	10910
Miscellaneous Expenditure	-	-	-	-	20	47	76	111	95	212
Share Capital	1273	1269	1266	1199	1141	1113	1099	1082	1075	1075
Reserves & Surplus **	12166	11581	11409	10199	9582	9168	8769	8679	8607	8082
Borrowings	5069	7886	7480	5675	7473	7598	7184	7951	6370	7449

* Sales is inclusive of excise.

** Figures excluding fixed assets revaluation.

*** Includes Net Deferred Tax Assets / Liabilities

Includes tax on dividend, if any

CSR Initiatives



Corporate social responsibility (CSR) plays an important role in Ion Exchange. We have set up the Ion Foundation to develop, undertake and assist charitable activities in the fields of education, health, medical relief, drinking water and environment protection. Among the CSR projects, the foundation is supporting Chetna Learning Centre, which facilitates the education of economically challenged children and the Society for Care of Indigents (SOCARE) orphanage which undertakes the education and welfare of children of convicts.

- The Chetna Learning Centre was founded to facilitate education of underprivileged school-going children through remedial teaching on various subjects pertaining to their school curricula. Scholarships are provided to deserving students for higher secondary and graduate education. Successful students are also provided summer training with Ion Exchange & assisted with job placement.
- Ion Exchange Services assists SOCARE with provision of safe drinking water, books, stationery items etc. It is also associated with the Mass Trust & Handicapped Association, Chennai, in helping technically qualified unemployed rural candidates to develop a career in water & waste water management. A three month operation & maintenance course on water treatment is conducted by Ion Exchange Services and, on completion of the course, successful candidates are inducted into the company.



Dr. Aruna Sharma, Founder, Chetna Learning Centre, with a group of students



Our resin manufacturing unit at Ankleshwar provided the Sarangpur Prathamik Shala with items required for the school such as stationery, tricycles and classroom furniture.



Drinking water purification plant installed at SOCARE, being put into operation by Mr. D. G. Rao, Chairman, and Mr. Dinesh Sadasivan, ED & CEO, of Ion Exchange Services.

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