



MOHAN NAGPURKAR & ASSOCIATES

CHARTERED ACCOUNTANTS

43/2153, Shant Sadan CHSL, Gandhi Nagar, Bandra (East), Mumbai - 400 051.
M : 93240 89040 Tel.: 022-2645 7172 E-mail : casantoshchande@gmail.com

Auditor's Report

To,

The Directors of ION EXCHANGE LLC, USA

We have audited the accompanying financial statements of **ION EXCHANGE LLC, USA** ("the Company"), which comprise the Balance Sheet as at 31st March 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

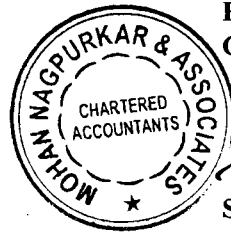
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2016;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



**For Mohan Nagpurkar & Associates
Chartered Accountants**

**Santosh Chande
Partner**

Membership no.: 121365

Firm registration number: 106524W

Place: Mumbai

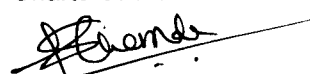
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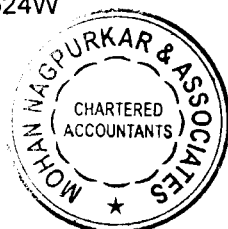
Ion Exchange LLC, USA
(Incorporated in the California State, Federal)
Balance Sheet as at 31 st March 2016

	Notes	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Equity and liabilities			
Shareholders' funds			
Share capital	3	7,00,000	7,00,000
Reserves and surplus	4	(12,71,541)	(13,19,566)
		(5,71,541)	(6,19,566)
Current liabilities			
Trade payables	5.1	27,45,196	19,87,554
Other current liabilities	5.2	58,480	1,94,895
		28,03,676	21,82,449
TOTAL		22,32,140	15,62,883
Assets			
Non-current assets			
Fixed assets			
Tangible assets	6.1	185	1,665
Intangible assets		-	-
		185	1,665
Current assets			
Inventories	7	12,24,809	6,45,505
Trade receivables	8	5,66,139	7,51,303
Cash and bank balances	9	4,27,873	1,52,552
Short-term loans and advances	10	6,259	4,984
Other Current Assets	11	6,875	6,875
		22,31,955	15,61,219
TOTAL		22,32,140	15,62,883
Summary of significant accounting policies	2.1		
		0.00	0.00

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

As per our report of even date
For Mohan Nagpurkar & Associates
Firm registration number: 106524W
Chartered Accountants


Santosh Chande
Partner
Membership no.: 121365



For Ion Exchange LLC, USA


Rajesh Sharma
Director


Aankur Patni
Director

Place: Mumbai
Date: 10 th May 2016

Ion Exchange LLC, USA
(Incorporated in the California State, Federal Govt of USA)
Statement of Profit and Loss for the Year Ended 31 st March 2016

	Notes	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Income			
Revenue from operations (gross)	12	32,88,169	25,52,297
Less: excise duty		-	-
Revenue from operations (net)		32,88,169	25,52,297
Other income	13	7,000	-
Total Revenue (I)		32,95,169	25,52,297
Expenses			
Cost of raw material and components consumed	14.1	82,338	900
Purchase of traded goods	14.2	35,51,716	23,83,373
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	14.3	(6,61,643)	(92,981)
Employee benefits expense	15	1,07,217	1,21,597
Depreciation and amortization expense	16	1,478	2,202
Other expenses	17	1,64,530	1,43,186
Total Expenses(II)		32,45,636	25,58,277
Profit/(loss) before tax		49,533	(5,980)
Tax expenses			
Current tax		-	-
Tax Adjustment for Earlier Years		1,508	980
Deferred tax		-	-
Total tax expense		1,508	980
Profit/(loss) for the year		48,025	(6,960)
Basic			
Computed on the basis of profit from continuing operations	18	0.07	(0.01)
Computed on the basis of total profit for the year			
Diluted			
Computed on the basis of profit from continuing operations	18	0.07	(0.01)
Computed on the basis of total profit for the year			
Summary of significant accounting policies	2.1		

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

As per our report of even date

For Mohan Nagpurkar & Associates

Firm registration number: 106524W

Chartered Accountants

Santosh Chande
Santosh Chande
Partner

Membership no.: 121365



Place: Mumbai

Date: 10 th May 2016

For Ion Exchange LLC, USA

Rajesh Sharma
Rajesh Sharma
Director

Aankur Patni
Aankur Patni
Director

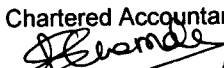
Ion Exchange LLC, USA
(Incorporated in the California State, Federal Govt of USA)
Cash Flow Statement for the Year Ended 31 st March 2016

	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Cash flow from operating activities :		
Profit before tax from continuing operations	49,533	(5,980)
Depreciation/ amortization on continuing operation	1,478	2,202
(Profit)/Loss on Assets Sold/discarded (Net)		
Operating profit before working capital changes	51,011	(3,778)
Movements in working capital :		
Increase/ (decrease) in trade payables	7,57,642	1,04,495
Increase/ (decrease) in other current liabilities	(1,36,415)	14,015
Decrease / (increase) in inventories	(5,79,304)	(92,982)
Decrease / (increase) in trade receivables	1,85,164	(71,038)
Decrease / (increase) in short term loans and advances	(1,275)	10,888
Cash generated from / (used in) operations	2,76,823	(38,400)
Direct Taxes paid (net of refunds)	(1,508)	(980)
Net cash flow from / (used in) operating activities (A)	2,75,315	(39,380)
Cash flows from investing activities		
Purchase of fixed assets	-	-
Proceeds from sale of Fixed Assets	-	-
Net cash flow from/ (used in) investing activities (B)	-	-
Cash flows from financing activities (C)		
Issue of Share Capital	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	2,75,315	(39,380)
Cash and cash equivalents at the beginning of the year	1,52,553	1,91,933
Cash and cash equivalents at the end of the year	4,27,868	1,52,553
Components of cash and cash equivalents		
Cash on hand	1,619	1,619
With banks- on current account	4,26,254	1,50,933
Total cash and cash equivalents	4,27,868	1,52,553

Summary of significant accounting policies


2.1


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

As per our report of even date
For Mohan Nagpurkar & Associates
Firm registration number: 106524W
Chartered Accountants

Santosh Chande
Partner
Membership no.: 121365



For Ion Exchange LLC, USA


Rajesh Sharma
Director


Aankur Patni
Director

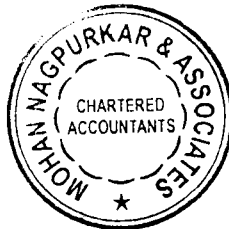
Place: Mumbai
Date: 10 th May 2016

4. Reserves and surplus

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(13,19,566)	(13,12,606)
Profit/(Loss) for the year	48,025	(6,960)
Net surplus in the statement of profit and loss	(12,71,541)	(13,19,566)
Total reserves and surplus	(12,71,541)	(13,19,566)

5 Current liabilities

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
5.1 Trade payables (including acceptances) Ref Note 18	27,45,196	19,87,554
5.2 Other Current liabilities		
Advance from customers	53,967	92,151
Provision	4,513	1,02,744
	58,480	1,94,895
	28,03,676	21,82,449



6.1 Tangible assets

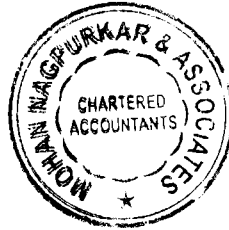
(Amt In US\$)

	Furniture Canada	Computer Canada	Computer USA	Vehicle USA	Total
Cost or valuation					
At 1 April 2014	1,878	5,850	5,185	7,398	20,311
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2015	1,878	5,850	5,185	7,398	20,311
Additions	-	0	-	-	0
Disposals	-	-	-	0	0
At 31 March 2016	1,878	5,850	5,185	7,398	20,311
Depreciation					
At 1 April 2014	1,878	3,325	3,843	7,398	16,444
Charge for the year	-	1,170	1,032	0	2,202
At 31 March 2015	1,878	4,495	4,875	7,398	18,646
Charge for the year	-	1,170	310	-	1,480
At 31 March 2016	1,878	5,665	5,185	7,398	20,126
Net Block					
At 31 March 2015	-	1,355	310	-	1,665
At 31 March 2016	-	185	-	-	185



7. Inventories (valued at lower of cost and net realizable value)

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
Finished Goods	12,24,809	6,45,505
	12,24,809	6,45,505



8. Trade receivables

	Non-current		Current	
	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	2,81,630	4,12,406
	-	-	2,81,630	4,12,406
Other receivables				
Unsecured, considered good	-	-	2,84,509	3,38,897
	-	-	2,84,509	3,38,897
Total	-	-	5,66,139	7,51,303

9. Cash and bank balances

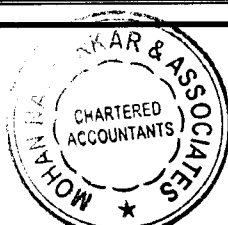
	Non-current		Current	
	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Cash and cash equivalents				
ances with banks:				
- On current accounts	-	-	4,26,254	1,50,933
Cash on hand	-	-	1619	1619
	-	-	4,27,873	1,52,552
Total	-	-	4,27,873	1,52,552

10. Loans and advances

	Non-current		Current	
	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Advances recoverable in cash or kind				
Unsecured considered good				
Advance to suppliers	-	-	-	-
	-	-	-	-
Provision for doubtful advances	-	-	-	0
	-	-	-	-
Other loans and advances				
Prepaid expenses	-	-	6,259	4,984
	-	-	6,259	4,984
Total	-	-	6,259	4,984

11. Other Current Assets

	Non-current		Current	
	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Rent deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	6,875	6,875
Doubtful	-	-	-	-
	-	-	6,875	6,875
Provision for doubtful security deposit	-	-	-	-
	-	-	6,875	6,875



12. Revenue from operations

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
Revenue from operations		
Sale of products :		
Finished goods - Plants & Accessories	-	1,080
Traded goods - Resins	32,88,169	25,51,217
Sale of services	-	-
Revenue from operations (net)	32,88,169	25,52,297

13. Other Income

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
Profit on Sale of Vehicle	-	-
Miscellaneous Income	7,000	-
Total	7,000	-



14. Cost of raw material and components consumed

14.1 Details of raw material and components consumed

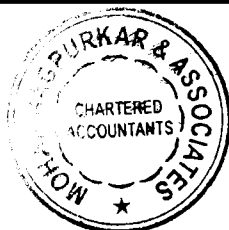
	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Inventory at the beginning of the year	82,338	82,338
Add: Purchases	-	900
	82,338	83,238
Inventory at the end of the year	-	82,338
Cost of raw material and components consumed	82,338	900

14.2 Details of Traded Goods Purchased

	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Resin Items	35,51,716	23,83,373
	35,51,716	23,83,373

14.3 (Increase)/Decrease in inventories of traded goods

	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Traded Goods - Resin		
Opening Stock	2,81,095	2,78,473
Opening Stock - in transit	2,82,071	1,91,712
	5,63,166	4,70,185
Closing Stock	5,60,726	2,81,095
Closing Stock - in transit	6,64,083	2,82,071
	12,24,809	5,63,166
(Increase) / Decrease in inventories of traded goods	(6,61,643)	(92,981)



15. Employee benefits expense

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
Salaries, wages and bonus	74,472	87,853
Contribution to other funds	24,625	26,768
Staff welfare expenses	8,120	6,976
	1,07,217	1,21,597

16. Depreciation and amortization expense

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
Depreciation of tangible assets	1,478	2,202
Amortization of intangible assets	-	-
	1,478	2,202

17. Other expenses

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
Bank Charges	2,810	5,112
Rent	4,588	5,258
Rates and taxes	1,100	2,970
Insurance	10,266	10,185
Office Expenses	8,246	5,656
Selling and Distribution Expenses	82,872	70,872
Travelling and conveyance	24,955	16,422
Telephone Expenses	4,276	4,937
Printing and stationery	379	687
Legal and professional fees	24,517	20,609
Payment to auditor (Refer details below)	191	197
Exchange differences	330	281
	1,64,530	1,43,186

Payment to auditor

	31-Mar-16	31-Mar-15
	Amt In US\$	Amt In US\$
As auditor:		
Audit fee	191	197
	191	197



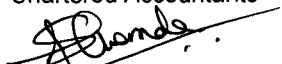
18. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31-Mar-16 Amt In US\$	31-Mar-15 Amt In US\$
Total operations for the year		
Profit/ (loss) after tax	48,025	(6,960)
Net profit/ (loss) for calculation of basic EPS	48,025	(6,960)
Net profit / (Loss) as above	48,025	(6,960)
Net profit/ (loss) for calculation of diluted EPS	48,025	(6,960)
Continuing operations		
Profit/ (loss) after tax	48,025	(6,960)
Net profit/ (loss) for calculation of diluted EPS	48,025	(6,960)
Net profit/(Loss) as above	48,025	(6,960)
Net profit/ (loss) for calculation of diluted EPS	48,025	(6,960)
Weighted average number of equity shares in calculating basic EPS		
	7,00,000	7,00,000
Weighted average number of equity shares in calculating diluted EPS		
	7,00,000	7,00,000
Earnings per Share		
Basic	0.07	(0.01)
Diluted	0.07	(0.01)

17. Previous Year's figures have been regrouped/rearranged, wherever necessary to conform to this year's, classification.
The accompanying notes are an integral part of the financial statements.


As per our report of even date
For Mohan Nagpurkar & Associates
Firm registration number: 106524W
Chartered Accountants

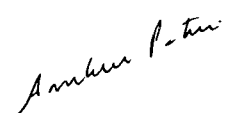

Santosh Chande
Partner
Membership no.: 121365



Place: Mumbai
Date:

For Ion Exchange LLC, USA


Rajesh Sharma
Director


Aankur Patni
Director

18. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company	Ion Exchange (India) Ltd
Ultimate holding company	
Subsidiaries	

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	
Associates	IE PSS LTD
Jointly controlled entity	
Key management personnel	

Relatives of key management personnel
Enterprises owned or significantly influenced by key management personnel or their relatives

Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

a. Sale/ purchase of goods and services

(` Amt In US\$)

	Year ended	Sale of goods	Purchase of traded goods	Amount owed by related parties*	Amount owed to related parties*
Holding, ultimate holding companies & Associates					
Ion Exchange (India) Ltd	31-Mar-16	-	31,62,053	-	25,22,596
	31-Mar-15	-	17,75,022	-	17,62,032
Ion Exchange PSS LTD					
	31-Mar-16		-	-	-
	31-Mar-15		64,220	-	64,220



1 Corporate Information

IE LLC, USA is a limited liability company incorporated in the California State, Federal Government of USA. The Company has operations in USA and Canada. It is a 100% subsidiary of Ion Exchange (India) Ltd .The Company operates in the field of water treatment.

2 Basis of preparation

The financial statements have been prepared under historical cost convention on accrual basis. The financial statements comply in all material respects with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India.

2.1 Summary of significant accounting policies

a. 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, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

b. Tangible fixed assets

Fixed assets are stated at historical cost of acquisition less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided at the rate of 20% p.a on straight-line basis for tangible assets to square off the asset value in 5 years time period.

c. Operating Leases

Assets taken on lease under which all significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under Operating Leases are recognized on straight line basis over the lease period.

d. Depreciation

Depreciation is provided at the rate of 20% p.a on straight-line basis for tangible assets to square off the asset value in 5 years time period.

e. Inventories

Inventories are valued at lower of Cost and Net Realisable Value. Cost of goods includes purchase cost (weighted average), cost of direct expenses and other costs incurred in bringing the inventories to their present location/condition.



f. 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 exclusive of sales tax. Sales of goods are recognised 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.

g. Foreign currency translation

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, 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.

h. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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

i. 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

Segment Reporting:-

The company has only one segment, hence the segment reporting as per AS 17 is not applicable.

Related Party Disclosures (As identified by the management):-

i. Where Control Exists: -

Ion Exchange (India) Ltd is the 100% holding company has control as defined in Accounting Standard 18 – Related Party.

ii. Entity having significant Influence:-Ion Exchange (India) Ltd.



Ion Exchange LLC,USA**Notes to financial statements for the year ended 31st March 2016**

iii. Transactions during the year with related parties and Entity having Significant influence, Ion Exchange (India) Ltd ,with outstanding balances as at 31st March-2016

Nature of Transaction	2015-16	2014-15
	US\$	US\$
Purchase of Good	31,62,053	17,75,022
Advance Received	0	0
Advances Paid	0	0
Outstanding Payables(Net of Receivables)		
Outstanding Payables	25,22,596	17,62,032
Outstanding Advance Received	0	0

iv. Transactions during the year with related parties and Entity having Significant influence, Ion Exchange PSS Ltd ,with outstanding balances as at 31st March-2016

Nature of Transaction	2015-16	2014-15
	US\$	US\$
Purchase of Good	0	64,220
Advance Received	0	0
Advances Paid	0	0
Outstanding Payables(Net of Receivables)		
Outstanding Payables	0	64,220
Outstanding Advance Received	0	0

As per our report of even date
For Mohan Nagpurkar & Associates
Chartered Accountants



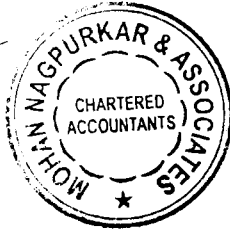
Santosh Chande
Partner

Membership No. 121365

Firm Registration No : 106524w

Place : Mumbai

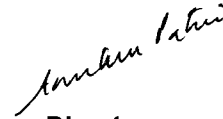
Date : 10th May 2016



For Ion Exchange LLC,USA



Director



Director

Place : Mumbai

Date :10,th May 2016