

**Ion Exchange Projects and Engineering Limited**

Financial Statements  
together with the  
Independent Auditors' Report  
for the year ended 31 March 2016

# Ion Exchange Projects and Engineering Limited

## Financial statements together with the Independent Auditors' Report for the year ended 31 March 2016

<i>Contents</i>	<i>Page</i>
Independent Auditors' Report	3 – 10
Balance Sheet	11
Statement of Profit and Loss	12
Cash Flow Statement	13 – 14
Notes to the financial statements	15 – 39

# B S R & Co. LLP

Chartered Accountants

5th Floor, Lodha Excelus,  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011  
India

Telephone +91 (22) 4345 5300  
Fax +91 (22) 4345 5399

## Independent Auditors' Report

### To the Members of Ion Exchange Projects and Engineering Limited

#### Report on the Financial Statements

We have audited the accompanying financial statements of Ion Exchange Projects and Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the return for the year ended on that date audited by the branch auditor of the Company's branch at Kolkata.

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

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 of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the disclosures in the financial statements. The procedures selected depend on the auditors' 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances.

## **Independent Auditors' Report (Continued)**

# **Ion Exchange Projects and Engineering Limited**

### **Auditors' Responsibility (Continued)**

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March 2016 and its loss and its cash flows for the year ended on that date.

### **Emphasis of matter**

We draw attention to Note 37 to the financial statements which indicates that the Company has accumulated losses Rs 179,313,286 and its net worth Rs 27,161,286 has been fully eroded, the Company has incurred a net loss during the current year Rs 131,289,694 and previous year Rs 45,215,932 and the Company's current liabilities exceeded its current assets as at the balance sheet date by Rs 103,299,967. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the note.

Our opinion is not modified in respect of this matter.

### **Other matter**

We did not audit the financial statements/ information of one branch included in the financial statements of the Company whose financial statements / financial information reflect total assets of Rs. 144,325,385 as at 31 March 2016 and total revenues of Rs. 51,803,805 for the year ended on that date, as considered in the financial statements. The financial statements/information of this branch have been audited by the branch auditor whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this branch, is based solely on the report of such branch auditor.

Our opinion is not modified in respect of this matter.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order'), issued by the Central Government of India in exercise of powers conferred by Section 143(11) of the Act, we enclose in 'the Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**Independent Auditors' Report (Continued)**

**Ion Exchange Projects and Engineering Limited**

**Report on Other Legal and Regulatory Requirements (Continued)**

2. As required by Section 143 (3) of the Act, we report that:
- a. we have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b. in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - c. the reports on the accounts of the branch office of the Company audited under section 143(8) of the Act by the branch auditors have been sent to us and have been properly dealt with by us in preparing this report;
  - d. the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - e. in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - f. the matter described under Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company;
  - g. on the basis of the written representations received from the directors as on 31 March 2016 and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164(2) of the Act;
  - h. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'; and
  - i. with respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    1. the Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer Note 31 to the financial statements;
    2. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
    3. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **B S R & Co. LLP**  
*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

*B. H. Dhupelia*

**Bhavesh Dhupelia**

*Partner*

Mumbai

24 May 2016

Membership No:042070

## Ion Exchange Projects and Engineering Limited

### Annexure A to the Independent Auditors' Report – 31 March 2016

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company does not have immovable properties.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraph (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186 of the Act. The Company has complied with the provisions of Section 186 of the Act in respect of investments made to the parties covered under Section 186.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year in terms of the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company .
- (vi) The Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for any of the activities carried out by the Company.

## Ion Exchange Projects and Engineering Limited

### Annexure A to the Independent Auditors' Report – 31 March 2016 (Continued)

- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Value Added Tax, Cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities though there have been delays in few cases. As explained to us, the Company did not have any dues on account of Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Custom, Value Added Tax, Cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues of Income-tax, Sales tax, Service tax, Duty of Customs and Value Added Tax which have not been deposited with the appropriate authorities on account of dispute except as under:

Name of the Statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates (Financial Year)	Forum where dispute is pending
Sales Tax, West Bengal	Sales tax demand	1,859,983	2012-2013	Sr. Joint Commissioner of Sales Tax Alipore, Kolkata
Central Sales Tax, Maharashtra	Sales tax demand	1,245,616	2009-2010	Dy. Commissioner of Sales Tax (Appeals) II, Mumbai

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers. The Company did not have any outstanding dues to any financial institutions, Government and debenture holders during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). In our opinion and according to the information and explanations given to us, the Company did not have any term loans outstanding during the year.
- (x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

## Ion Exchange Projects and Engineering Limited

### Annexure A to the Independent Auditors' Report – 31 March 2016 (Continued)

- (xi) In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

*B. H. Dhupelia*

**Bhavesh Dhupelia**

Partner

Membership No:042070

Mumbai  
24 May 2016



## **Annexure B to the Independent Auditors' Report- 31 March 2016**

(Referred to in our report of even date)

### **Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of Ion Exchange Projects and Engineering Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information, as required under the Act.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Ion Exchange Projects and Engineering Limited

### Annexure B to the Independent Auditors' Report – 31 March 2016

*(Continued)*

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance note issued by the ICAI.

#### Other Matters

We did not audit the internal financial controls over financial reporting of the Company's branch at Kolkata. The internal financial controls over financial reporting of this branch have been audited by the branch auditors whose report have been furnished to us, and our opinion in so far as it relates to such internal financial control over financial reporting included of this branch, is based solely on the report of such branch auditor.

For B S R & Co. LLP

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

*B. H. Dhupelia*

**Bhavesh Dhupelia**

*Partner*

Membership No:042070

Mumbai  
24 May 2016

# Ion Exchange Projects and Engineering Limited

## Balance sheet

as at 31 March 2016

(Currency: Indian Rupees)

	Notes	31 March 2016	31 March 2015
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	3	100,000,000	100,000,000
(b) Share capital suspense account	35	52,152,000	-
(c) Reserves and surplus	4	(179,313,286)	(97,873,045)
		<u>(27,161,286)</u>	<u>2,126,955</u>
<b>Non-current liabilities</b>			
(a) Long-term borrowings	5	114,664,388	114,664,388
(b) Other long term liabilities	6	2,629,984	2,629,984
(c) Long-term provisions	7	5,418,478	4,899,886
		<u>122,712,850</u>	<u>122,194,258</u>
<b>Current liabilities</b>			
(a) Short-term borrowings	5	146,937,415	57,602,293
(b) Trade payables:	8		
Due to micro and small enterprises		-	-
Due to others		389,088,619	534,293,919
(c) Other current liabilities	9	77,163,224	72,747,657
(d) Short-term provisions	7	2,555,591	2,124,856
		<u>615,744,849</u>	<u>666,768,725</u>
<b>TOTAL</b>		<u><u>711,296,413</u></u>	<u><u>791,089,938</u></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Fixed assets			
Tangible assets	10	13,738,907	12,094,830
(b) Non-current investments	11	983,800	-
(c) Deferred tax assets (net)	12	-	-
(d) Long-term loans and advances	13	2,219,972	25,000
(e) Trade receivables	14	181,908,852	107,544,088
		<u>198,851,531</u>	<u>119,663,918</u>
<b>Current assets</b>			
(a) Inventories	15	2,219,784	2,284,232
(b) Trade receivables	14	463,060,005	629,953,041
(c) Cash and bank balances	16	10,061,796	11,849,429
(d) Short-term loans and advances	13	36,748,507	26,954,805
(e) Other current assets	17	354,790	384,513
		<u>512,444,882</u>	<u>671,426,020</u>
<b>TOTAL</b>		<u><u>711,296,413</u></u>	<u><u>791,089,938</u></u>

Summary of significant accounting policies

2

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

As per our report of even date.

For B S R & Co. LLP

Chartered Accountants

Firm's Registration No: 101248W/W-100022

*B. H. Shimpale*

**Bhavesh Dhupelia**

Partner

Membership No: 042070

Mumbai  
24 May 2016



Mumbai  
24 May 2016

For and on behalf of the Board of Directors of  
Ion Exchange Projects and Engineering Limited  
CIN : U74200MH2011PLC216024

*Rajesh Sharma*

**Rajesh Sharma**  
Director  
DIN : 00515486

Mumbai  
24 May 2016

*M. P. Patni*

**M. P. Patni**  
Whole Time Director  
DIN : 00515553

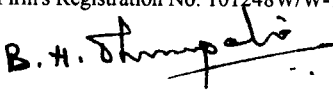

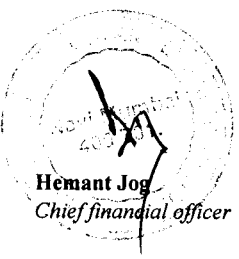
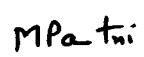
Mumbai  
24 May 2016

# Ion Exchange Projects and Engineering Limited

## Statement of profit and loss

for the year ended 31 March 2016

(Currency: Indian Rupees)

	<i>Notes</i>	31 March 2016	31 March 2015
<b>Revenue</b>			
Revenue from operations	18	312,600,903	336,477,645
Other income	19	3,471,839	1,233,145
<b>Total revenue</b>		<b>316,072,742</b>	<b>337,710,790</b>
<b>Expenses</b>			
Cost of material consumed	20	209,248,635	222,142,138
Employee benefits expense	21	113,306,041	99,708,641
Finance costs	22	23,189,581	12,895,723
Depreciation	10	3,102,004	2,635,350
Other expenses	23	58,501,617	45,544,870
<b>Total expenses</b>		<b>407,347,878</b>	<b>382,926,722</b>
<b>Loss before tax before impact of the Scheme of Amalgamation</b>		<b>(91,275,136)</b>	<b>(45,215,932)</b>
<b>Tax expense</b>		<b>-</b>	<b>-</b>
<b>Loss for the year before impact of the Scheme of Amalgamation</b>		<b>(91,275,136)</b>	<b>(45,215,932)</b>
Impact of the Scheme of Amalgamation relating to financial year 14-15			
<b>Loss after tax of erstwhile Ion Exchange Infrastructure Limited, the amalgamating company</b>	35	<b>(40,014,558)</b>	<b>-</b>
<b>Loss for the year</b>		<b>(131,289,694)</b>	<b>(45,215,932)</b>
<b>Earnings per equity share:</b> [Nominal value of shares Rs. 10 (2014-2015 : Rs. 10)] (basic and diluted)			
Computed on the basis of loss for the year	24	(8.63)	(4.52)
Computed on the basis of loss for the year before the impact of Scheme of Amalgamation		(6.00)	(4.52)
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			
As per our report of even date			
For B S R & Co. LLP Chartered Accountants Firm's Registration No: 101248W/W-100022		For and on behalf of the Board of Directors of Ion Exchange Projects and Engineering Limited CIN : U74200MH2011PLC216024	
			
Bhavesh Dhupelia Partner Membership No: 042070		Rajesh Sharma Director DIN : 00515486	
			
Hemant Jog Chief financial officer		M. P. Patni Whole Time Director DIN : 00515553	
Mumbai 24 May 2016	Mumbai 24 May 2016	Mumbai 24 May 2016	Mumbai 24 May 2016

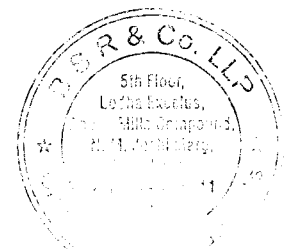
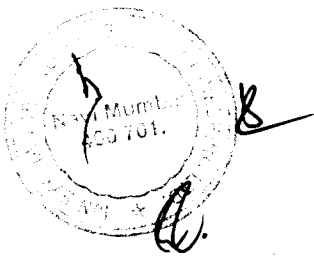
# Ion Exchange Projects and Engineering Limited

## Cash Flow Statement

for the year ended 31 March 2016

(Currency: Indian Rupees)

	31st March 2016	31st March 2016	31st March 2015	31st March 2015
<b>A) Cash flow from operating activities</b>				
Net Loss before tax as per statement of profit and loss account		(91,275,136)		(45,215,932)
Adjustment for:				
Depreciation	3,102,004		2,635,350	
Finance cost	23,189,581		12,895,723	
Interest received	(2,753,478)		(765,925)	
Unrealized exchange gain	201,486		6,506	
Loss on sale of fixed assets (net)	60,942		-	
		<u>23,800,535</u>		<u>14,771,654</u>
<b>Operating Profit before working capital Changes</b>		<b>(67,474,601)</b>		<b>(30,444,278)</b>
<b>Movements in working capital :</b>				
(Increase) / Decrease in trade receivables	264,073,827		172,970,309	
(Increase) / Decrease in inventories	64,448		655,598	
(Increase) / Decrease in loans and advances	(1,198,128)		19,474,008	
(Increase) / Decrease in other current assets	-		620,000	
Increase / (Decrease) in trade payables	(231,652,843)		(88,361,559)	
Increase / (Decrease) in other current liabilities	(31,013,710)		(650,086)	
Increase / (Decrease) in provision	949,327	1,222,921	874,898	105,583,168
<b>Cash generated from operations</b>		<b>(66,251,680)</b>		<b>75,138,890</b>
Taxes refund received / (paid)		8,486,888		7,670,756
<b>Net cash generated / (used) in operating activities</b>	<b>(A)</b>	<b>(57,764,792)</b>		<b>82,809,646</b>
<b>B) Cash flow from Investing activities</b>				
Purchase of fixed assets	(746,605)		(578,926)	
Proceeds from sale of fixed assets	224,001		-	
Interest received	2,799,386		896,170	
Margin money deposits received back during the year / (made during the year)	3,023,685		256,217	
		<u>5,300,467</u>		<u>573,461</u>
<b>Net cash flow generated / (used) from investing activities</b>	<b>(B)</b>	<b>5,300,467</b>		<b>573,461</b>
<b>C) Cash flow from financing activities</b>				
Loan/repayment from/to holding company	119,401,834		(70,100,853)	
Repayment/borrowing of working capital loan	(50,488,101)			
Finance cost	(23,189,581)	45,724,152	(12,895,723)	(82,996,576)
<b>Net cash flow Generated (Used) from financing activities</b>	<b>(C)</b>	<b>45,724,152</b>		<b>(82,996,576)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C)</b>	<b>(6,740,174)</b>		<b>386,531</b>
Cash and cash equivalent at the beginning of the year		3,741,646		3,355,115
Add: Acquired pursuant to Scheme of Amalgamation		6,097,805		-
<b>Cash and cash equivalent at the end of the year</b>		<b>3,099,277</b>		<b>3,741,646</b>



# Ion Exchange Projects and Engineering Limited

## Cash Flow Statement (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

	31st March 2016	31st March 2015
<b>Cash and Cash Equivalents Comprise of</b>		
Cash in hand	230,666	77,045
Balance with bank	<u>2,868,611</u>	<u>3,664,601</u>
<b>Total</b>	<u><u>3,099,277</u></u>	<u><u>3,741,646</u></u>

**Notes:**

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Notified Accounting Standard - 3 on Cash Flow Statements.
- Figures in bracket indicate cash outgo.
- Cash and cash equivalents excludes the following balances with bank:
  - On deposit account Rs. Nil (2014-2015 : Rs. NIL)
  - On margin money account Rs. 69,62,519 (2014-2015 : Rs. 81,07,783)

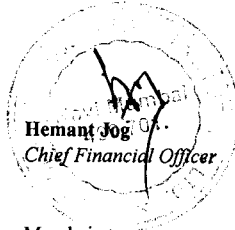
As per our report of even date

For B S R & Co. LLP  
Chartered Accountants  
Firm's Registration No: 101248W/W-100022

*B. H. Shrivastava*

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

Mumbai  
24 May 2016



**Hemant Jog**  
Chief Financial Officer

Mumbai  
24 May 2016

For and on behalf of the Board of Directors of  
Ion Exchange Projects and Engineering Limited  
CIN : U74200MH2011PLC216024

*Rajesh Sharma*

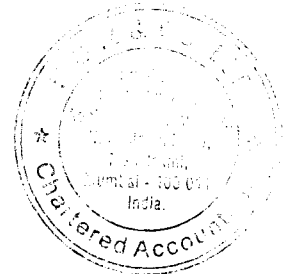
**Rajesh Sharma**  
Director  
DIN : 00515486

Mumbai  
24 May 2016

*M. P. Patni*

**M. P. Patni**  
Whole Time Director  
DIN : 00515553

Mumbai  
24 May 2016



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 1. Corporate Information

Ion Exchange Projects and Engineering Limited is a closely held public company, registered under the Companies Act, 1956.

The Company is into business of execution of large EPC projects related to water treatments and provide design, supply, erection and commissioning of projects in industries related to Power, Steel, Petrochemical and other sectors.

The Board of Directors of the Company at their meeting held on 29th October 2014 approved the scheme of amalgamation ('the Scheme') between the Company, 'Ion Exchange Projects and Engineering Limited' and 'Ion Exchange Infrastructure Limited'. The Honorable High Court of Bombay, on 28th October, 2015, sanctioned the "scheme of amalgamation" ("the Scheme") under sections 391 to 394 of the Companies Act, 1956. In accordance with the Scheme, Ion Exchange Infrastructure Limited (transferor company) merges with Ion Exchange Projects and Engineering Limited ("the Company") with effect from 1st April 2014. The transferor company was engaged to undertake projects for intake water, water treatment, distribution and waste management on lump sum turnkey basis. The amalgamation is expected to channelize synergies and lead to better utilization of available resources and result in greater economies of scale. Also refer note no. 36 to the financial statements.

### 2. Significant accounting policies

#### 2.1 Basis of Preparation

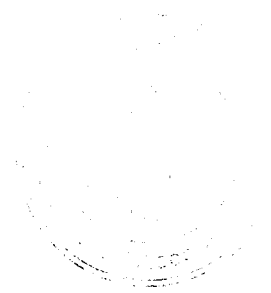
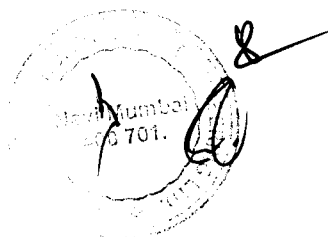
The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and comply with the Accounting standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, to the extent applicable.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Act.

The operating cycle comprising of turnkey projects is determined for each project separately based on the expected execution period of the contract.

#### 2.2 Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Management believes that the estimates made in the preparation of the financial statements are prudent and reasonable. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (Continued)

#### 2.3 Going concern basis

As at 31 March 2016, the Company's paid up capital was Rs 100,000,000 and correspondingly, the Company's accumulated losses as at that date aggregated to Rs. 179,313,286 and its net worth Rs 27,161,286 has been fully eroded, the Company has incurred a net loss during the current year Rs 131,289,694 and previous year Rs 45,215,932 and the Company's current liabilities exceeded its current assets as at the balance sheet date by Rs 103,299,967.

However, management believes that the Company will be able to continue operations on a going concern basis and meet all its liabilities as they fall due for payment in the foreseeable future based on the following:

- business strategies and operating plans which will enable the Company to expand its operations and achieve higher income and generate positive cash flows
- continued support, as required from holding company Ion Exchange (India) Limited.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that might result if the Company is unable to continue as a going concern.

#### 2.4 Fixed assets, depreciation and impairment:

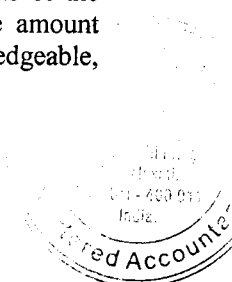
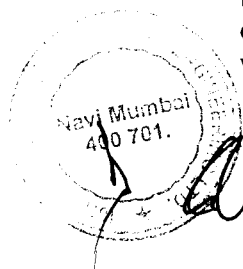
Fixed assets are stated at historical cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Depreciation is provided on straight line basis based on life assigned to each asset in accordance with Schedule II of the Act or as per the life estimated by the Management, whichever is lower at the following lives

Assets	Useful lives
Plant and machinery	10-15 years
Electrical equipments	10 years
Furniture and fixtures	10 years
Vehicles	4-8 years
Office equipments	3-5 years
Computers	3 years

Site equipments are depreciated over 3 years.

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





# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (Continued):

#### 2.5 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 Statement of Profit and Loss.

#### 2.6 Investments

Current investments are carried at lower of cost and net realizable value and long term investments are carried at cost until there is a decline, other than temporary, in their value in which case the same will be carried at net realizable value.

#### 2.7 Inventories:

Inventories are valued at lower of Cost and Net Realisable Value. Cost for raw materials and components are computed on a weighted average basis.

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

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.

#### 2.8 Retirement and Other Employee Benefits:

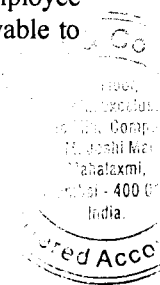
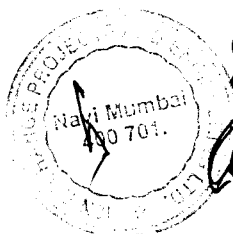
##### a) Short-term employee benefits

Employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. These benefits include compensated absences from annual leave including sickness leave. No leave encashment payable except at the time of retirement/ resignation. The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognized during the period.

##### b) Post-employment benefits

###### Defined Contribution plans:

The Company's approved provident fund scheme is a defined contribution plan. The contribution paid/ payable under the schemes is recognized as an expense in the Statement of Profit and Loss during the year in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund. There are no other obligations other than the contribution payable to the respective fund.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (*Continued*)

#### 2.8 Retirement and Other Employee Benefits (*continued*)

##### *Defined benefit plans*

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value.

The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

The amalgamated company Ion Exchange Infrastructure Limited, has taken an insurance policy under group gratuity scheme with Life Insurance Corporation of India to cover gratuity liability of its employees and amount paid/payable in respect of present value of liability for past services is charged to Profit and Loss Account on the basis of actuarial valuation at the end of financial year.

The amalgamated company Ion Exchange Infrastructure Limited, has Group Leave Encashment Schemes (GLES) of LIC to cover the liability in respect of leave encashment facility, available to its employees and amount paid/payable in respect of present value of liability for past services is charged to Profit and Loss Account on the basis of actuarial valuation at the end of financial year.

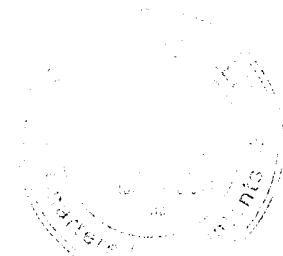
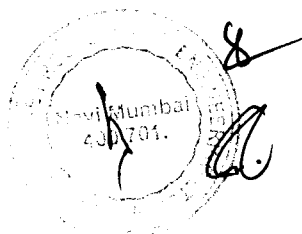
##### *c) Compensated absences*

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee rendered related services are recognized as a liability at the present value of the defined benefit obligation as the Balance Sheet date. The discount rates used for determining the present value of the obligation under defined plan are based on the market yields on Government securities as at the Balance Sheet date.

#### 2.9 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 excise duty and sales tax. Sale of goods is recognized when the property and all significant risk 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.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements *(Continued)*

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies *(Continued)*

#### 2.9 Revenue Recognition:

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

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

#### Income from Services:

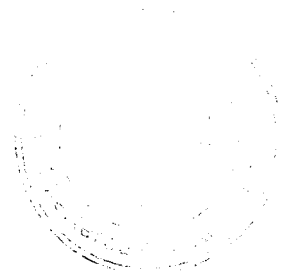
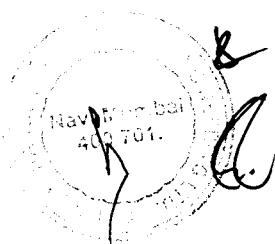
Revenue from project management fees is recognized on completion of services. Service income is accounted net of service tax.

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

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

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



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (*Continued*)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 2. Significant accounting policies (*Continued*):

#### 2.11 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.

#### 2.12 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.

#### 2.13 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.

#### 2.14 Leases

Where the Company is lessee:

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



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 3. Share Capital

31 March 2016 31 March 2015

#### Authorised shares

15,000,000 (2014-2015 : 10,000,000) Equity Shares of Rs. 10 each [refer note 35(d)]

150,000,000 100,000,000

#### Issued, Subscribed and fully paid-up shares:

10,000,000 (2014-2015 : 10,000,000) Equity Shares of Rs. 10 each fully paid up

100,000,000 100,000,000

(Refer note 35 for details of shares reserved for issue under the scheme of amalgamation)

100,000,000 100,000,000

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

Equity shares	31 March 2016		31 March 2015	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the period	10,000,000	100,000,000	10,000,000	100,000,000
Issued during the year	-	-	-	-
<b>Outstanding at the end of the period</b>	<b>10,000,000</b>	<b>100,000,000</b>	<b>10,000,000</b>	<b>100,000,000</b>

#### (b) Terms / rights attached to equity shares

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

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

#### (c) Shares held by holding and its nominees

	31 March 2016	31 March 2015
<b>Ion Exchange (India) Limited, the holding Company and its nominees</b>		
10,000,000 Equity Shares of Rs.10 each fully paid up	100,000,000	100,000,000

#### (d) Details of shareholders holding more than 5% shares

	31 March 2016		31 March 2015	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity Shares of Rs.10/- each fully paid up</b>				
Ion Exchange (India) Limited, the holding Company and its nominees	10,000,000	100%	10,000,000	100%

#### (e) Shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

During the five-year period ended 31 March 2016 (31 March 2015)

9,950,000 (2014-2015: 9,950,000) equity shares of Rs. 10 each have been allotted as fully paid up pursuant to a contract without payment being received in cash.

# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

	31 March 2016	31 March 2015
<b>4. Reserves and surplus</b>		
<b>General Reserve</b>		
Balance as at April 1	-	-
Balance in General reserve of amalgamated company transferred on amalgamation (Refer note 35)	20,000,000	-
Excess of share capital credited by the company over the share capital of amalgamated company (Refer note 35)	(11,152,000)	-
	<u>8,848,000</u>	<u>-</u>
<b>Deficit in the Statement of Profit and Loss</b>		
Balance as per last financial statements	(97,873,045)	(51,753,904)
Balance in statement of profit and loss of amalgamated company transferred on amalgamation (Refer note 35)	41,704,689	-
Additional depreciation on fixed assets of amalgamated company transferred on amalgamation	(703,236)	-
Additional depreciation on fixed assets (refer note 10)	-	(903,209)
Loss for the year	(131,289,694)	(45,215,932)
<b>Net deficit in the statement of Profit and Loss</b>	<u>(188,161,286)</u>	<u>(97,873,045)</u>
<b>Total reserves and surplus</b>	<u>(179,313,286)</u>	<u>(97,873,045)</u>

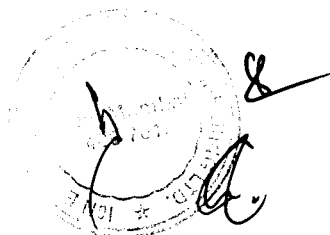
## 5. Borrowings

	Long-term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Working capital loan from banks (secured) - [Note (a) below]	-	-	27,430,583	57,602,293
Working capital loan from banks (secured) - [Note (b) below]	-	-	104,998	-
Loan from holding company (unsecured)- [Note (c) below]	114,664,388	114,664,388	119,401,834	-
	<u>114,664,388</u>	<u>114,664,388</u>	<u>146,937,415</u>	<u>57,602,293</u>
The above amount includes				
Secured borrowings	-	-	27,535,581	57,602,293
Unsecured borrowings	114,664,388	114,664,388	119,401,834	-
	<u>114,664,388</u>	<u>114,664,388</u>	<u>146,937,415</u>	<u>57,602,293</u>

- (a) Working capital loan @ 13 % p.a. Rs. 27,430,583 (2014-2015 Rs. 57,602,293) is secured by hypothecation of book debts and stocks by way of first charge and corporate guarantee of Holding Company - Ion Exchange (India) Limited.
- (b) Working capital loan @ 14 % p.a. Rs. 104,998 is secured by hypothecation of book debts and stocks by way of first charge and corporate guarantee of Holding Company - Ion Exchange (India) Limited.
- (c) Loan taken from Holding Company - Ion Exchange (India) Limited carries interest @ 9.5% p.a.

## 6. Other long-term liabilities

	31 March 2016	31 March 2015
Trade payables	2,629,984	2,629,984
	<u>2,629,984</u>	<u>2,629,984</u>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 7. Provisions

	Long-term		Short-term	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
Provision for employees benefits				
- Compensated absences	5,418,478	4,899,886	2,555,591	2,124,856
(Refer note 25)				
	<u>5,418,478</u>	<u>4,899,886</u>	<u>2,555,591</u>	<u>2,124,856</u>

### 8. Trade payable

Due to micro and small enterprises (Refer note 34 for details of dues to Micro and small enterprises)

Due to others

	31 March 2016	31 March 2015
Due to micro and small enterprises (Refer note 34 for details of dues to Micro and small enterprises)	-	-
Due to others	389,088,619	534,293,919
	<u>389,088,619</u>	<u>534,293,919</u>

### 9. Other current liabilities

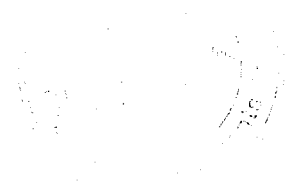
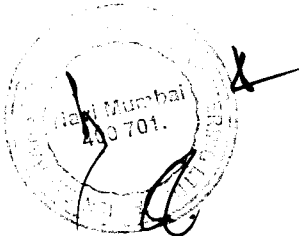
Advance from customers

Statutory dues payable ( Service tax, Sales Tax/VAT, TDS )

Employee benefits payable

Others liabilities

	31 March 2016	31 March 2015
Advance from customers	60,051,525	54,568,566
Statutory dues payable ( Service tax, Sales Tax/VAT, TDS )	2,435,901	6,580,399
Employee benefits payable	14,675,798	11,479,954
Others liabilities	-	118,738
	<u>77,163,224</u>	<u>72,747,657</u>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued) as at 31 March 2016

(Currency: Indian Rupees)

### 10. Tangible Assets

	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Total
<b>Gross Block</b>					
As at 1st April 2014	21,779,931	2,149,647	875,781	16,282,692	41,088,051
Addition during the year	37,500	14,850	-	526,576	578,926
Disposal during the year	-	-	-	-	-
<b>As at 31st March 2015</b>	<b>21,817,431</b>	<b>2,164,497</b>	<b>875,781</b>	<b>16,809,268</b>	<b>41,666,977</b>
Acquired pursuant to scheme of amalgamation	7,132,123	3,731,203	2,753,231	3,030,348	16,646,905
Addition during the year	-	56,200	-	690,405	746,605
Disposal during the year	-	-	1,584,104	36,225	1,620,329
<b>As at 31st March 2016</b>	<b>28,949,554</b>	<b>5,951,900</b>	<b>2,044,908</b>	<b>20,493,796</b>	<b>57,440,158</b>
<b>Depreciation</b>					
As at 1st April 2014	10,037,740	1,351,628	778,008	13,866,212	26,033,588
Adjusted to Reserves & Surplus (refer note no. 4)	62,498	6,526	834,185	903,209	903,209
Depreciation during the year	1,277,174	120,928	26,777	1,210,471	2,635,350
Deduction during the year	-	-	-	-	-
<b>As at 31st March 2015</b>	<b>11,377,412</b>	<b>1,479,082</b>	<b>804,785</b>	<b>15,910,868</b>	<b>29,572,147</b>
Acquired pursuant to scheme of amalgamation	6,801,744	1,703,670	1,928,187	1,928,885	12,362,486
Depreciation during the year	1,170,746	623,591	420,205	887,462	3,102,004
Accumulated depreciation on disposals	-	-	1,300,974	34,412	1,335,386
<b>As at 31st March 2016</b>	<b>19,349,902</b>	<b>3,806,343</b>	<b>1,857,203</b>	<b>18,692,803</b>	<b>43,701,251</b>
<b>Net Block</b>					
As at 31st March 2015	10,440,019	685,415	70,996	898,400	12,094,830
As at 31st March 2016	9,599,652	2,145,557	192,705	1,800,993	13,738,907

The Company with effect from 1st April 2014 has charged depreciation based on the revised remaining useful life of the assets as per the requirement of Schedule II of the Companies Act, 2013. Due to above, depreciation charge for the year ended 31 March 2015 was higher by Rs. 31,552/-. Further based on transitional provision provided in note 7(b) of Schedule II of the Companies Act, 2013 depreciation of Rs. 9,03,209/- and deferred tax of Rs. Nil have been adjusted to retained earnings.

For and on behalf of the Company,  
H. M. Joshi



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

	31 March 2016	31 March 2015
<b>11. Non-current investments</b>		
Trade investments (valued at cost unless stated otherwise)		
Unquoted equity shares		
<u>Investment in associates</u>		
98,000 (2014-2015: 98000) equity shares of Rs. 10 each fully paid-up of Astha Technical Services Ltd.	983,800	-
	<u>983,800</u>	<u>-</u>
Aggregate amount on unquoted investments	983,800	-
<b>12. Deferred tax assets (net)</b>		
<b>Deferred tax balance comprises of:</b>		
<i>Deferred tax assets:</i>		
Provision for employee benefits	893,736	25,110
Provision for compensated absences	293,342	270,343
Difference between book depreciation and depreciation as per Income tax Act, 1961	374,425	53,148
Unabsorbed depreciation and Business Loss under Income Tax Act, 1961	57,740,250	30,719,655
Expenses allowed under section 35DD of Income tax Act, 1961	48,204	141,659
	<u>(A) 59,349,957</u>	<u>31,209,915</u>
Deferred tax liability:		
Written down value of fixed assets	-	-
	<u>(B) -</u>	<u>-</u>
<b>Deferred tax assets (net)</b>	<u>(A-B) 59,349,957</u>	<u>31,209,915</u>
Deferred tax assets recognised in the financial statements *	<u>-</u>	<u>-</u>

\* Deferred tax asset is recognized only to the extent of deferred tax liability, as this amount is considered to be virtually certain of realization. The deferred tax asset of Rs. 5,93,49,957 (previous year Rs 3,12,09,915) is not recognized as it is not considered to be virtually certain of realization.

### 13. Loans and advances

	Non-current		Current	
	31 March 2016	31 March 2015	31 March 2016	31 March 2015
<b>Tender, security and other deposits</b>				
Unsecured, considered good	175,240	25,000	585,691	697,875
(A)	<u>175,240</u>	<u>25,000</u>	<u>585,691</u>	<u>697,875</u>
<b>Advance to suppliers</b>				
Unsecured, considered good	10,667	-	8,523,782	3,987,516
Unsecured, considered good	-	-	-	372,300
- Related parties (refer note 28)	-	-	-	-
(B)	<u>10,667</u>	<u>-</u>	<u>8,523,782</u>	<u>4,359,816</u>
<b>Other loans and advances</b>				
<b>(Unsecured, considered good unless otherwise stated)</b>				
- Prepaid expenses	-	-	5,502,334	5,250,103
- Claims receivables	-	-	4,146,974	4,128,550
- Balances with statutory authorities	1,597,405	-	16,347,618	10,545,737
- Loans and advance to employees	-	-	1,312,361	1,203,750
- Advance income-tax (net of provision for taxation)	436,660	-	329,747	768,974
(C)	<u>2,034,065</u>	<u>-</u>	<u>27,639,034</u>	<u>21,897,114</u>
<b>Total (A+B+C)</b>	<u>2,219,972</u>	<u>25,000</u>	<u>36,748,507</u>	<u>26,954,805</u>

# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

### 14. Trade receivables

	Non-current		Current	
	31 March 2016 Rupees	31 March 2015 Rupees	31 March 2016 Rupees	31 March 2015 Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured, considered good	181,908,852	107,544,088	210,178,760	138,999,435
<b>Total</b>	<b>181,908,852</b>	<b>107,544,088</b>	<b>210,178,760</b>	<b>138,999,435</b>
Other receivables				
- Unsecured, considered good	-	-	252,881,245	490,953,606
<b>Total</b>	<b>-</b>	<b>-</b>	<b>252,881,245</b>	<b>490,953,606</b>
<b>Total</b>	<b>181,908,852</b>	<b>107,544,088</b>	<b>463,060,005</b>	<b>629,953,041</b>

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

	31 March 2016	31 March 2015
Raw material and components	2,219,784	2,284,232
	<b>2,219,784</b>	<b>2,284,232</b>

### 16. Cash and bank balances

#### Cash and cash equivalents

##### Balances with banks:

	31 March 2016	31 March 2015
On current accounts	2,868,611	3,664,601
Cash on hand	230,666	77,045
	<b>3,099,277</b>	<b>3,741,646</b>

##### Other bank balances

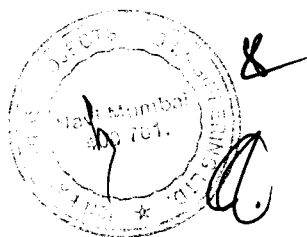
	31 March 2016	31 March 2015
On margin money deposit (refer note below)	6,962,519	8,107,783
	<b>6,962,519</b>	<b>8,107,783</b>
	<b>10,061,796</b>	<b>11,849,429</b>

Margin money deposits with a carrying amount of Rs. 6,962,519 (2014-2015: Rs. 8,107,783) are subject to first charge to secure bank guarantees issued by banks on behalf of the Company.

### 17. Other assets

#### Others

	31 March 2016	31 March 2015
Interest accrued on margin money deposits	354,790	384,513
	<b>354,790</b>	<b>384,513</b>



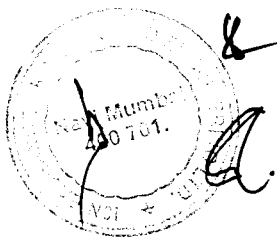
# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

	31 March 2016	31 March 2015
<b>18. Revenue from operations</b>		
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Water treatment plants and accessories	201,264,703	256,216,876
<b>Sale of services</b>		
Erection and commissioning	35,226,572	12,627,500
<b>Others operating revenue</b>		
Project management fees	76,109,628	67,633,269
<b>Revenue from operations</b>	<u>312,600,903</u>	<u>336,477,645</u>
<b>19. Other income</b>		
<b>Interest income on</b>		
Banks deposits	678,279	765,925
From others	2,075,199	438,434
Exchange gain (net)	111,871	6,506
Other non operating income	606,490	22,280
	<u>3,471,839</u>	<u>1,233,145</u>



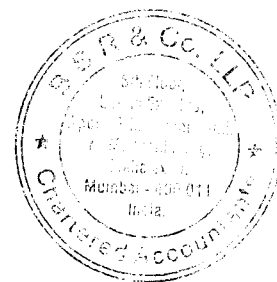
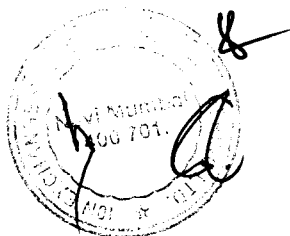
# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

	31 March 2016	31 March 2015
<b>20. Cost of raw material and components consumed</b>		
Inventory at the beginning of the year	22,84,232	29,39,830
Add: Purchases*	20,91,84,187	22,14,86,540
Inventory at the end of the year	(22,19,784)	(22,84,232)
Cost of raw material and components consumed	<u>20,92,48,635</u>	<u>22,21,42,138</u>
* Includes direct expenses incurred on contracts Rs.2,83,34,618/- (2014-2015 - Rs.98,44,174/-)		
<b>21. Employee benefits expense</b>		
Salaries, wages and bonus	10,56,24,218	9,33,16,731
Contribution to provident and other funds (Refer note 25)	45,48,455	40,69,049
Gratuity expenses (Refer note 25)	-	3,03,039
Staff welfare expenses	31,33,368	20,19,822
	<u>11,33,06,041</u>	<u>9,97,08,641</u>
<b>22. Finance costs</b>		
Interest expense	2,31,89,581	1,28,95,723
	<u>2,31,89,581</u>	<u>1,28,95,723</u>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2016

(Currency: Indian Rupees)

	31 March 2016	31 March 2015
<b>23. Other expenses</b>		
Power and fuel	2,67,443	1,99,050
Repairs and maintenance - plant and machinery	-	15,912
Repairs and maintenance - others	4,86,166	1,91,221
Rent (refer note 29)	74,43,401	65,51,026
Rates and taxes	66,03,173	1,65,855
Travelling and conveyance	2,32,21,670	2,19,62,107
Freight	21,07,730	55,94,100
Advertisement and publicity	8,36,537	6,53,486
Legal and professional charges	76,05,158	49,24,417
Telephone and telex	6,51,197	7,05,672
Auditors' remuneration (refer note below)	6,83,911	3,00,000
Directors' fees	9,05,000	9,10,000
Bank charges	21,56,290	10,48,173
Loss on sale of fixed assets (net)	60,942	
Establishment and other miscellaneous expenses	54,72,999	23,23,851
	<u>5,85,01,617</u>	<u>4,55,44,870</u>

### Auditors' Remuneration (excluding service tax)

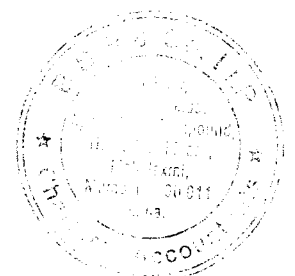
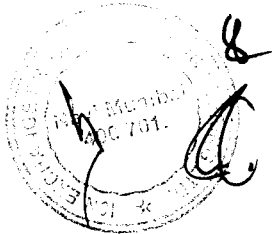
As Auditor;

Audit fee

Other (out-of-pocket)

Other matters

4,50,000	3,00,000
24,411	-
1,59,500	-
<u>6,33,911</u>	<u>3,00,000</u>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 24. Earnings per share (EPS)

Particulars	Amount (in Rupees)	
	31 March 2016	31 March 2015
I Computation for both basic and diluted earnings per share of Rs. 10 each		
(a) Loss for the year available for equity shareholders (in rupees)	(13,12,89,694)	(4,52,15,932)
(b) Loss for the year before impact of Scheme of Amalgamation (in rupees)	(9,12,75,136)	(4,52,15,932)
II Weighted average number of equity shares for earnings per share computation for basic and diluted earnings per share		
No. of equity share outstanding	1,00,00,000	1,00,00,000
Add: No. of equity share in Share capital suspense account (Refer note no. 36)	52,15,200	-
No. equity share for basic / diluted earning per share	1,52,15,200	1,00,00,000
III Earnings per share in rupees - Basic / Diluted (weighted average)		
(a) Computed on the basis of loss for the year	(8.63)	(4.52)
(b) Computed on the basis of loss for the year before the impact of Scheme of Amalgamation	(6.00)	(4.52)

### 25. Employee benefits

#### Defined contribution plan

Contribution to Provident and Other Funds Rs. 45,48,455 (2014-2015 : Rs. 40,69,049) are recognized as an expense and included in Employee benefits expense in Note no 21 in the Statement of Profit and Loss.

#### Defined benefit plan

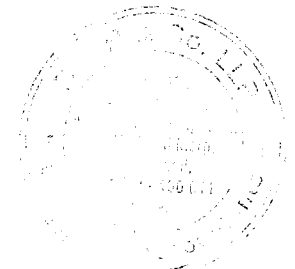
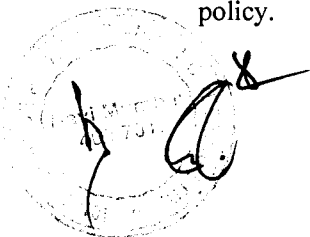
##### Compensated absences

The leave wages are payable to all eligible employees at the rate of daily basic salary for each day of accumulated leave (upto 84 days) on death or resignation or upon retirement on attaining superannuation age. The liability for compensated absences as at year end is Rs. 79,74,069 (31 March 2015: Rs. 70,24,742). Amount recognized as an expense in the Statement of Profit and Loss is Rs. 21,44,451 (2014-15 Rs. 17,58,164).

##### Gratuity

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 through a separate Trust.

The amalgamated company, Ion Exchange Infrastructure Limited, operates two defined plans, viz., gratuity and pay leave encashment benefits, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with an insurance company in the form of qualifying insurance policy.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

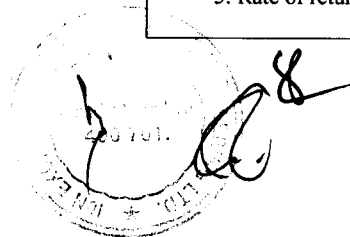
for the year ended 31 March 2016

(Currency: Indian Rupees)

### 25. Employee benefits (continued)

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

Particulars	Amount (in Rupees)	
	2015-2016	2014-2015
<b>I Statement of profit and loss</b>		
Net Employee benefit expense (recognized in employee cost)		
1. Current service cost	7,60,537	7,80,892
2. Interest cost on benefit obligation	(62,569)	7,17,228
3. Expected return on plan assets	-	(7,47,261)
4. Net actuarial loss / (gain) recognized in the year	(1,17,521)	(5,20,389)
5. Acquired pursuant to Scheme of Amalgamation	2,72,103	-
Net benefit expenses	8,52,550	2,30,470
<b>II Net assets / (liability) recognized in the balance sheet</b>		
1. Present Value of defined benefit obligation	(1,04,78,534)	(90,37,568)
2. Fair value of plan assets	1,18,77,311	9,817,725
<b>III Changes in the present value of the defined benefit obligation are as follows:</b>		
1. Opening defined benefit obligation	90,37,568	78,81,624
2. Interest cost	7,24,813	7,17,228
3. Current service cost	7,60,537	7,80,892
4. Liability transferred in	4,125	2,61,664
5. Benefits paid	(7,25,511)	(1,18,616)
6. Actuarial (Gains) / Losses on obligation	(2,033)	(4,85,224)
7. Acquired pursuant to Scheme of Amalgamation	6,79,035	-
Closing defined benefit obligation	1,04,78,534	90,37,568
<b>IV Changes in the fair value of plan assets are as follows:</b>		
1. Opening fair value of plan assets	98,17,725	85,89,212
2. Expected returns	7,87,382	7,47,261
3. Contributions by employer	7,50,000	3,03,039
4. Benefits paid	(7,25,511)	(1,18,616)
5. Transfer from other company	4,125	2,61,664
6. Actuarial gains / (losses)	1,15,488	35,165
7. Acquired pursuant to Scheme of Amalgamation	11,28,102	-
8. Closing fair value of plan assets	1,18,77,311	98,17,725
<b>V Actuarial assumptions:</b>		
1. Discount rate	7.9 % to 8.00%	8.02%
2. Expected rate of salary increase [Refer Note (b) below]	5.0% to 10.00%	8.00%
3. Mortality	IALM (2006-08)	IALM (2006-08)
4. Attrition Rate	16.00%	16.00%
5. Rate of return on plan assets	7.94% to 9.00%	8.02%



2



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 25. Employee benefits (continued)

The Company expects to contribute Rs. Nil (2014-2015: Rs. Nil) to gratuity in 2015-2016.

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	
		2015-2016	2014-2015
1	HDFC Standard Life Insurance Company Limited	100%	100%
2	Life Insurance Corporation of India (Transfer Company)	100%	-

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:

	2015-2016	2014-2015	2013-2014	2012-2013
Defined benefit obligation	1,01,41,143	90,37,568	78,81,624	72,38,521
Plan assets	1,12,64,127	98,17,725	78,81,624	72,38,521
Surplus	11,22,984	7,80,157	-	-
Experience adjustments on plan liabilities	(23,731)	(7,53,336)	3,48,367	11,74,015
Experience adjustments on plan assets	1,15,488	35,165	77,837	-

(b) Gratuity in "Salaries, Wages and Bonus" is Rs. Nil (2014-2015 : Rs. 3,03,039]. 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.

### 26. Contracts in progress (CIP)

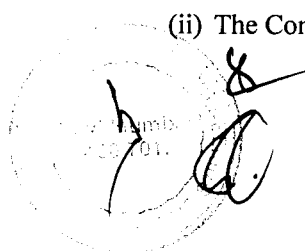
Sr. No.	Particulars	Amount (in Rupees)	
		2015-2016	2014-2015
A.	Aggregate amount recognized as contract revenue	23,47,18,775	26,77,41,569
B.	In respect of contracts in progress as on 31st March		
1.	Aggregate amount of cost incurred and recognized profits (less recognized losses)	1,43,14,72,903	26,79,97,015
2.	Amount of customer advance received	3,30,80,752	2,81,52,019
3.	Amount of retentions	16,15,83,828	7,06,52,937
4.	Gross amount due from customers for contract work	3,33,99,910	2,55,446

### 27. Segment

Information about primary business segments:

(i) The Company is having single business segment, namely engineering of water treatment plants.

(ii) The Company operates in single geographical location, i.e., India





# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 28. Related party disclosures (As identified by the management):

Where control exists

a) Holding Companies Ion Exchange (India) Limited

Others

b) Associates Astha Technical Services Limited

c) Fellow subsidiaries

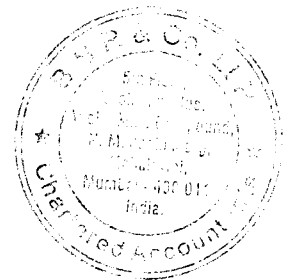
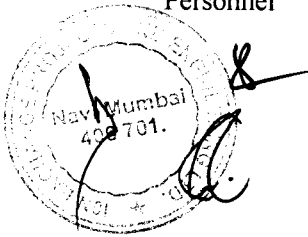
Global Composites And Structural Limited  
Ion Exchange Waterleau Limited  
Ion Exchange Enviro Farms Limited  
Headway Corporate Resources Limited  
Paralube India Private Limited  
Rockmen Merchants Limited  
Ion Exchange Infrastructure Limited  
(Amalgamated effected with the Company in the current year)

d) Key management personnel

Mr. Rajesh Sharma - Director  
Mr. Mahabir Patni- Director

e) Relatives of key management Personnel

Mr. Ankur Patni – Son of Mr. Mahabir Patni  
Mr. Dinesh Sharma - Brother of Mr. Rajesh Sharma



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian Rupees)

### 28. Related party disclosures (As identified by the management (Continued):

Transactions during the year with related parties with outstanding balances as at year-end:

Nature of transactions	Party referred to in (a)				Party referred to in (b) & (c)			Party referred to in (d) & (e)		Amount (in Rupees) Total
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	
<b>Sale of goods</b>										
Ion Exchange (India) Limited	1,62,51,233	-	-	-	-	-	-	-	1,62,51,233	-
<b>TOTAL</b>	<b>1,62,51,233</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,62,51,233</b>	<b>-</b>
<b>Project management services rendered</b>										
Ion Exchange (India) Limited	7,61,09,628	6,76,33,269	-	-	-	-	-	-	7,61,09,628	6,76,33,269
<b>TOTAL</b>	<b>7,61,09,628</b>	<b>6,76,33,269</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,61,09,628</b>	<b>6,76,33,269</b>
<b>Purchase of goods and services</b>										
Ion Exchange (India) Limited	1,82,03,160	9,67,55,902	-	-	-	-	-	-	1,82,03,160	9,67,55,902
Global Composites and Structural Limited	-	-	59,670	19,380	-	-	-	-	59,670	19,380
Astha Technical Services Limited	-	-	-	18,05,687	-	-	-	-	-	18,05,687
Ion Exchange Enviro Farms Ltd	-	-	6,53,231	7,03,519	-	-	-	-	6,53,231	7,03,519
Ion Exchange Waterleau Limited	-	-	30,015	1,14,549	-	-	-	-	30,015	1,14,549
<b>TOTAL</b>	<b>1,82,03,160</b>	<b>9,67,55,902</b>	<b>7,46,016</b>	<b>26,43,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,89,46,076</b>	<b>9,93,99,037</b>
<b>Service charges</b>										
Ion Exchange (India) Limited	71,28,791	71,25,895	-	-	-	-	-	-	71,28,791	71,25,895
<b>TOTAL</b>	<b>71,28,791</b>	<b>71,25,895</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>71,28,791</b>	<b>71,25,895</b>
<b>Interest on loan</b>										
Ion Exchange (India) Limited	1,84,05,366	73,41,744	-	-	-	-	-	-	1,84,05,366	73,41,744
<b>TOTAL</b>	<b>1,84,05,366</b>	<b>73,41,744</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,84,05,366</b>	<b>73,41,744</b>

*[Handwritten signature]*

*[Circular stamp: THE CHIEF ACCOUNTANT, ION EXCHANGE PROJECTS AND ENGINEERING LIMITED, CHENNAI]*

*[Circular stamp: THE CHIEF ACCOUNTANT, ION EXCHANGE PROJECTS AND ENGINEERING LIMITED, CHENNAI]*

# Ion Exchange Projects and Engineering Limited


## Notes to financial statements (Continued) for the year ended 31 March 2016

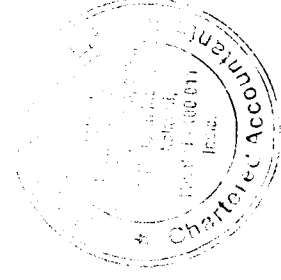
(Currency: Indian Rupees)

### 28. Related party disclosures (As identified by the management (Continued):

Transactions during the year with related parties with outstanding balances as at year-end:

Nature of transactions	Amount (in Rupees)							
	Party referred to in (a)		Party referred to in (b) & (c)		Party referred to in (d) & (e)		Total	
	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015	2015-2016	2014-2015
<b>Other expenses</b>								
Rental expenses								
Ion Exchange (India) Limited	57,04,000	54,09,601	-	-	-	-	57,04,000	54,09,601
<b>TOTAL</b>	<b>57,04,000</b>	<b>54,09,601</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>57,04,000</b>	<b>54,09,601</b>
<b>Remuneration</b>								
Mr. Mahabir Prasad Patni	-	-	-	-	75,49,724	58,01,492	75,49,724	58,01,492
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,49,724</b>	<b>58,01,492</b>	<b>75,49,724</b>	<b>58,01,492</b>
<b>Director sitting fees</b>								
Mr. Rajesh Sharma	-	-	-	-	1,35,000	1,35,000	1,35,000	1,35,000
Mr. Ankur Patni	-	-	-	-	1,25,000	1,25,000	1,25,000	1,25,000
Mr. Dinesh Sharma	-	-	-	-	1,25,000	1,25,000	1,25,000	1,25,000
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,85,000</b>	<b>3,85,000</b>	<b>3,85,000</b>	<b>3,85,000</b>
<b>Loans received</b>								
Ion Exchange (India) Limited	28,73,09,244	48,23,14,521	-	-	-	-	28,73,09,244	48,23,14,521
<b>TOTAL</b>	<b>28,73,09,244</b>	<b>48,23,14,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>28,73,09,244</b>	<b>48,23,14,521</b>
<b>Loans repaid</b>								
Ion Exchange (India) Limited	16,79,07,410	61,00,17,667	-	-	-	-	16,79,07,410	61,00,17,667
<b>TOTAL</b>	<b>16,79,07,410</b>	<b>61,00,17,667</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,79,07,410</b>	<b>61,00,17,667</b>
<b>Advances given</b>								
Global Composites and Structural Limited	-	-	-	6,36,017	-	-	-	6,36,017
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,36,017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,36,017</b>
<b>Advances settled</b>								
Global Composites and Structural Limited	-	-	-	19,380	-	-	-	19,380
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,380</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,380</b>

  
 CHARTERED ACCOUNTANTS  
 M. S. & S. N. S. CHARTERED ACCOUNTANTS  
 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

  
 CHARTERED ACCOUNTANTS  
 M. S. & S. N. S. CHARTERED ACCOUNTANTS  
 101, 102, 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126, 127, 128, 129, 130, 131, 132, 133, 134, 135, 136, 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160, 161, 162, 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198, 199, 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215, 216, 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247, 248, 249, 250, 251, 252, 253, 254, 255, 256, 257, 258, 259, 260, 261, 262, 263, 264, 265, 266, 267, 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319, 320, 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343, 344, 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365, 366, 367, 368, 369, 370, 371, 372, 373, 374, 375, 376, 377, 378, 379, 380, 381, 382, 383, 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 394, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408, 409, 410, 411, 412, 413, 414, 415, 416, 417, 418, 419, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430, 431, 432, 433, 434, 435, 436, 437, 438, 439, 440, 441, 442, 443, 444, 445, 446, 447, 448, 449, 450, 451, 452, 453, 454, 455, 456, 457, 458, 459, 460, 461, 462, 463, 464, 465, 466, 467, 468, 469, 470, 471, 472, 473, 474, 475, 476, 477, 478, 479, 480, 481, 482, 483, 484, 485, 486, 487, 488, 489, 490, 491, 492, 493, 494, 495, 496, 497, 498, 499, 500, 501, 502, 503, 504, 505, 506, 507, 508, 509, 510, 511, 512, 513, 514, 515, 516, 517, 518, 519, 520, 521, 522, 523, 524, 525, 526, 527, 528, 529, 530, 531, 532, 533, 534, 535, 536, 537, 538, 539, 540, 541, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551, 552, 553, 554, 555, 556, 557, 558, 559, 560, 561, 562, 563, 564, 565, 566, 567, 568, 569, 570, 571, 572, 573, 574, 575, 576, 577, 578, 579, 580, 581, 582, 583, 584, 585, 586, 587, 588, 589, 590, 591, 592, 593, 594, 595, 596, 597, 598, 599, 600, 601, 602, 603, 604, 605, 606, 607, 608, 609, 610, 611, 612, 613, 614, 615, 616, 617, 618, 619, 620, 621, 622, 623, 624, 625, 626, 627, 628, 629, 630, 631, 632, 633, 634, 635, 636, 637, 638, 639, 640, 641, 642, 643, 644, 645, 646, 647, 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732, 733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, 761, 762, 763, 764, 765, 766, 767, 768, 769, 770, 771, 772, 773, 774, 775, 776, 777, 778, 779, 780, 781, 782, 783, 784, 785, 786, 787, 788, 789, 790, 791, 792, 793, 794, 795, 796, 797, 798, 799, 800, 801, 802, 803, 804, 805, 806, 807, 808, 809, 810, 811, 812, 813, 814, 815, 816, 817, 818, 819, 820, 821, 822, 823, 824, 825, 826, 827, 828, 829, 830, 831, 832, 833, 834, 835, 836, 837, 838, 839, 840, 841, 842, 843, 844, 845, 846, 847, 848, 849, 850, 851, 852, 853, 854, 855, 856, 857, 858, 859, 860, 861, 862, 863, 864, 865, 866, 867, 868, 869, 870, 871, 872, 873, 874, 875, 876, 877, 878, 879, 880, 881, 882, 883, 884, 885, 886, 887, 888, 889, 890, 891, 892, 893, 894, 895, 896, 897, 898, 899, 900, 901, 902, 903, 904, 905, 906, 907, 908, 909, 910, 911, 912, 913, 914, 915, 916, 917, 918, 919, 920, 921, 922, 923, 924, 925, 926, 927, 928, 929, 930, 931, 932, 933, 934, 935, 936, 937, 938, 939, 940, 941, 942, 943, 944, 945, 946, 947, 948, 949, 950, 951, 952, 953, 954, 955, 956, 957, 958, 959, 960, 961, 962, 963, 964, 965, 966, 967, 968, 969, 970, 971, 972, 973, 974, 975, 976, 977, 978, 979, 980, 981, 982, 983, 984, 985, 986, 987, 988, 989, 990, 991, 992, 993, 994, 995, 996, 997, 998, 999, 1000

# Ion Exchange Projects and Engineering Limited

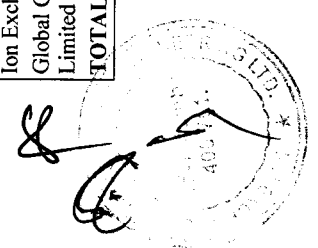
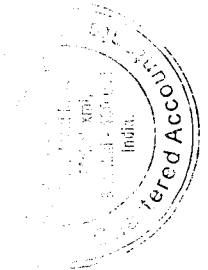
## Notes to financial statements (Continued) for the year ended 31 March 2016

(Currency: Indian Rupees)

### 28. Related party disclosures (As identified by the management (Continued):

Transactions during the year with related parties with outstanding balances as at year-end:

Nature of transactions	Amount (in Rupees)						
	Party referred to in (a)			Party referred to in (b) & (c)			Party referred to in (d) & (e)
	2015-2016	2014-2015	2015-2016	2015-2016	2014-2015	2015-2016	
<b>Outstanding receivables (net of payable)</b>							
Ion Exchange Waterleau Limited	-	-	22,62,871	-	-	-	22,62,871
<b>TOTAL</b>	-	-	22,62,871	-	-	-	22,62,871
<b>Outstanding payables (net of receivables)</b>							
Ion Exchange (India) Limited	11,20,71,736	30,15,40,825	-	-	-	-	11,20,71,736
Global Composites and Structural Limited	-	-	59,96,829	-	-	-	59,96,829
Ion Exchange Infrastructure Limited	-	-	-	3,42,87,000	-	-	3,42,87,000
Ion Exchange Waterleau Limited	-	-	-	3,01,893	-	-	3,01,893
Astha Technical Services	-	-	-	38,673	-	-	38,673
<b>TOTAL</b>	11,20,71,736	30,15,40,825	59,96,829	3,46,27,566	-	-	11,80,68,565
<b>Outstanding loans and advances payable</b>							
Ion Exchange (India) Limited	23,40,66,222	11,46,64,388	-	-	-	-	23,40,66,222
<b>TOTAL</b>	23,40,66,222	11,46,64,388	-	-	-	-	23,40,66,222
<b>Advances receivable outstanding</b>							
Ion Exchange Infrastructure Limited	-	-	-	3,72,300	-	-	3,72,300
Global Composites and Structural Limited	-	-	-	6,36,017	-	-	6,36,017
<b>TOTAL</b>	-	-	-	10,08,317	-	-	10,08,317



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 29. Operating lease

Particulars	Amount (in Rupees)	
	2015-2016	2014-2015
Lease payment for the year	66,70,660	65,51,026
Not later than 1 year	66,67,925	23,07,861
Later than 1 year but not later than 5 years	61,45,600	-

Certain office premises are obtained on operating lease. There are escalation clauses in the lease agreement. These lease agreements are non-cancelable.

### 30. Capital and other commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided is Rs. Nil (2014-2015: Nil).

### 31. Contingent liabilities

	2015-2016	2014-2015
Demand raised by West Bengal sales tax authorities in respect of sales tax 2012-13 against which company has filed an appeal	18,59,983	-
Demand raised by Maharashtra sales tax department in respect of Central sales tax for 2009-10 against which Company has filed an appeal	12,45,616	-

### 32. Unhedged foreign currency exposure

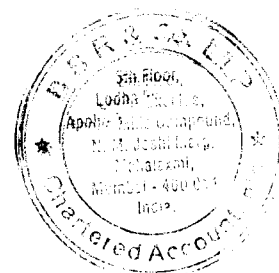
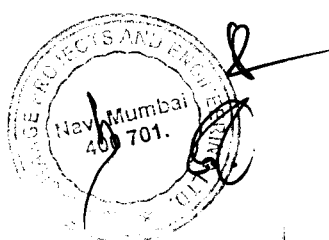
Particulars of unhedged foreign currency exposure as at balance sheet date.

	2015-2016		2014-2015	
	Amount (Rs.)	Foreign Currency (USD)	Amount (Rs.)	Foreign Currency (USD)
Import creditors	50,11,119	75,545	9,95,194	15,900

### 33. Imported and indigenous raw materials and spare parts

	2015-2016		2014-2015	
	Value in Rupees	% of total Consumption	Value in Rupees	% of total consumption
Indigenous: Raw material and components consumed	18,65,78,080	89.17%	22,11,40,438	99.55%
Imported	2,26,70,555	10.83%	10,01,700	0.45%

34. Based on the information available with the company, there are no suppliers who are registered under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31<sup>st</sup> March 2016. Hence, the information as required under the Micro Small and Medium Enterprises Development Act, 2006 is not disclosed.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 35. Amalgamation

- a. The Board of Directors of the Company at their meeting held on 29 October 2014 approved the scheme of amalgamation ("the Scheme") between the company, Ion Exchange Infrastructure Limited ("transferor company") and Ion Exchange Projects and Engineering Limited ("the Company"). The transferor company was engaged to undertake projects for intake water, water treatment, distribution and waste management on lump sum turnkey basis. The amalgamation is expected to channelize synergies and lead to better utilization of available resources and result in greater economies of scale

The shareholders of the Company approved the Scheme of Amalgamation between the transferor company and the Company with an appointed date of 1 April 2014 whereby all assets and liabilities of Transferor Company were transferred to and vested in the Company have been recorded at their book values as on the appointed date.

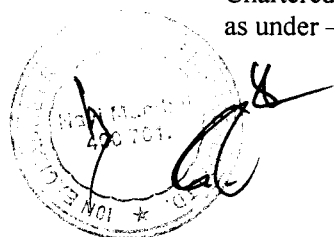
The Honorable High Court of Bombay, on 28 October, 2015, sanctioned the scheme under sections 391 to 394 of the Companies Act, 1956. In accordance with the scheme, the transferor company merges with the Company with effect from 1 April 2014. The Scheme has become effective 17 December 2015 (the date on which the order of the Hon'ble High Court of Judicature at Bombay has been filed with the Registrar of Companies, Mumbai by the Company)

- b. Since the Scheme received all the requisite approvals after the financial statements for the year ending 31 March 2015 were authorized by the shareholders, the impact of amalgamation has been given in the current financial year with effect from appointed date.
- c. Pursuant to the Scheme, the Assets and Liabilities of transferor Company were transferred to and vested in the Company with effect from 1 April 2014. Accordingly, the Scheme has been given effect to in these accounts. Assets and liabilities taken over (before adjusting inter-company balances) on amalgamation and equity shares to be issued by the Company to the shareholders of Ion Exchange Infrastructure Limited with effect from the Appointed Date are as under:

Particulars	Value of assets and Liabilities acquired
Total assets	27,35,12,528
Total liabilities	(17,08,07,839)
<b>Net book value of assets taken over</b>	<b>10,27,04,689</b>
Less: Total equity shares to be issued by the company to shareholders of Ion Exchange Infrastructure Limited pursuant to the scheme of amalgamation	(5,21,52,000)
<b>Reserve and surplus transferred on amalgamation</b>	<b>5,05,52,689</b>
Represented by – Balance in General reserve	88,48,000
– Balance in Statement of profit and loss	4,17,04,689

- d. The Company discharged the purchase consideration through issuing 1,272 fully paid up equity shares of Rs. 10 each against every 1,000 equity shares of the transferor Company. Equity shares are pending to be allotted as on 31 March 2016.

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



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

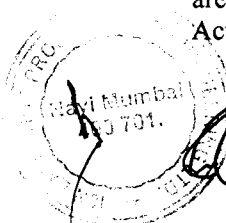
(Currency: Indian Rupees)

### 35. Amalgamation (Continued)

- i. The assets, liabilities, reserves and credit balance of profit and loss of the transferor company as at 1 April 2014 have been incorporated at their book values in the financial statements of the company.
- ii. 4,100,000 equity shares of Rs. 10 each fully paid up of Transferor Company stands cancelled.
- iii. Consequent to this amalgamation, 52,15,200 Equity Shares of Rs. 10 each, aggregating to Rs. 5,21,52,000 of the Company has been issued to the shareholders of the transferor company by passing an ordinary resolution on 24 May 2016. Pending allotment of the said equity shares as on 31 March 2016, such amount of Rs. 5,21,52,000 has been included in the share capital suspense account. The Company has passed a special resolution on 22 April 2016 to increase the authorized share capital from Rs. 15,00,00,000 to Rs. 20,00,00,000 divided into 2,00,00,000 equity shares of Rs 10 each, ranking *parri passu* in all respects with the existing equity shares.
- iv. Consequently, the financial statement for the year ended on 31 March 2016 includes the operations of Transferor Company with effect from 1 April 2014.
- e. Operations of Ion Exchange Infrastructure Limited from 1 April 2014 to 31 March 2015 as detailed below have been accounted for in the current years Reserves and Surplus.

<b>Income</b>	
Revenue from Operations (Net)	6,18,05,353
Other Income	16,57,748
<b>Total revenue</b>	<b>6,34,63,101</b>
<b>Expenses</b>	
Cost of materials consumed	24,54,660
Purchases of Stock	2,01,04,044
Changes in inventories of finished goods, work in progress and stock-in-trade	2,45,75,813
Employee benefits expense	98,37,301
Finance costs	41,83,730
Depreciation and Amortization expense	30,43,772
Other expenses	3,84,93,297
<b>Total Expenses</b>	<b>10,26,92,617</b>
<b>Profit/(loss) before tax</b>	<b>(3,92,29,516)</b>
<b>Tax expenses</b>	
Current tax	-
Deferred tax	-
Earlier period tax	7,85,042
<b>Total tax expense</b>	<b>7,85,042</b>
<b>Profit/(loss) for the year</b>	<b>(4,00,14,558)</b>
<b>Additional Depreciation</b>	<b>7,03,234</b>
<b>Profit/(loss) for the year</b>	<b>(4,07,17,792)</b>

36. The Company has not appointed a Company Secretary and hence the financial statements are not signed by the Company Secretary as required under section 203 of the Companies Act 2013.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2016

(Currency: Indian Rupees)

### 37. Going concern basis

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on going concern basis, for following reasons:

- (a) The Company has confirmed sales/services orders in hand as at 31 March, 2016 which will result in the profit from operations during the financial year 2016-17.
- (b) The Holding company has confirmed to provide and maintain sufficient financial support and assistance as may be needed to enable the business activities of the Company to continue to be conducted as going concern. It has been decided that Ion Exchange (India) Limited will take orders for Effluent treatment plant and sewage treatment plant and the orders will be executed by the Company on project management charges (PMC).

### 38. Other matters:

Information with regard to other matters specified in Schedule III to Companies Act, 2013, is either nil or not applicable to the Company for the year.

### 39. Previous year's figures:

Figures for previous year are not comparable as the same does not include the effect of the Scheme of Amalgamation. Figures for the previous years have been regrouped where necessary.

As per our report of even date.

For **B S R & Co. LLP**  
Chartered Accountants  
Firm's Registration No:101248W/W-100022

*B. H. Shrivastava*

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

Mumbai  
24 May 2016

For and on behalf of the board of directors of  
**Ion Exchange Projects and Engineering Limited**  
CIN: U74200MH2011PLC216024

*M. P. Patni*

**M. P. Patni**  
Whole Time  
Director  
DIN: 00515553

Mumbai  
24 May 2016

*Rajesh Sharma*

**Rajesh Sharma**  
Director  
DIN: 00515486

Mumbai  
24 May 2016



Mumbai  
24 May 2016