

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
ION EXCHANGE ENVIRONMENT MANAGEMENT (BD) LTD.
AS AT AND FOR THE YEAR ENDED 31 MARCH 2019



AHMED MASHUQUE & CO., Chartered Accountants

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Independent auditor's report
to
the Shareholders
of
Ion Exchange Environment Management (BD) Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ion Exchange Environment Management (BD) Ltd., which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the financial statements in Bangladesh, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.




Report on Other Legal and Regulatory Requirements

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit and made due verification thereof;
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appeared from our examination of those books; and
- c) the statement of financial position and statement of profit or loss and other comprehensive income dealt with by the report are in agreement with the books of account.

28 MAY 2019

**Dated,
Dhaka.**



**Ahmed Mashuque & Co
Chartered Accountant**

Ion Exchange Environment Management (BD) Ltd.
Statement of financial position
As at 31 March 2019

	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>31 March 2019</u>	<u>31 March 2018</u>
Assets			
Non-current assets		2,462,350	2,519,963
Property, plant and equipment	5.00	2,462,350	2,519,963
Current assets		103,431,673	85,994,129
Inventories		41,775,926	27,841,905
Advances, deposits and prepayments	6.00	5,163,494	13,038,315
Sundry debtors		42,763,058	44,828,791
Advance income tax	7.00	2,308,715	100,923
Cash and cash equivalents	8.00	11,420,480	184,195
Total assets		105,894,023	88,514,092
Shareholders' equity and liabilities			
Shareholders' equity		37,159,559	31,764,903
Share capital	9.00	5,586,200	5,586,200
Retained earnings		31,573,359	26,178,703
Current liabilities		68,734,464	56,749,190
Sundry creditors		17,440,422	15,605,189
Bank overdraft	10.00	9,307,502	424,958
Advance from customers		25,062,667	25,898,662
Payable for expenses and other	11.00	14,003,741	14,820,381
Provision for income tax		2,920,131	-
Total shareholders' equity and liabilities		105,894,023	88,514,092



Director

These financial statements should be read in conjunction with the annexed notes.



Director

Signed in terms of our separate report of even date annexed.

28 MAY 2019

Dated
Dhaka.




Ahmed Mashuque & Co.
Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2019

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>01 April 2018</u> to <u>31 March 2019</u>	<u>01 April 2017</u> to <u>31 March 2018</u>
Revenue (Net)		155,977,555	135,437,264
Less: Expenditure		147,662,767	130,910,994
Direct cost	13.00	113,889,157	100,964,018
Personnel cost		15,163,319	13,684,032
Operating and other expenses	14.00	17,950,624	15,582,073
Financial expenses		219,175	233,588
Depreciation		440,493	447,283
Net profit/(loss) before tax		8,314,788	4,526,270
Less: Income tax expenses		2,920,131	2,132,661
Net profit/(loss) after tax		5,394,657	2,393,609
Add: Other comprehensive income		-	-
Total comprehensive income		5,394,657	2,393,609

These financial statements should be read in conjunction with the annexed notes.



Director


Director

Signed in terms of our separate report of even date annexed.

28 MAY 2019

Dated
Dhaka.


Ahmed Mashuque & Co.
Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Statement of changes in equity
For the year ended 31 March 2019

<u>Particulars</u>	<u>Amount in Taka</u>		
	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at 01 April 2018	5,586,200	26,178,703	31,764,903
Profit/ (loss) for the year	-	5,394,657	5,394,657
Balance as at 31 March 2019	<u>5,586,200</u>	<u>31,573,359</u>	<u>37,159,559</u>
Balance as at 01 April 2017	5,586,200	24,806,540	30,392,740
Prior year adjustment for tax AY 2017-2018	-	(1,021,446)	(1,021,446)
Profit/ (loss) for the year	-	2,393,609	2,393,609
Balance as at 31 March 2018	<u>5,586,200</u>	<u>26,178,703</u>	<u>31,764,903</u>

These financial statements should be read in conjunction with the annexed notes.

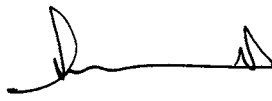

 Director


 Director

Signed in terms of our separate report of even date annexed.

28 MAY 2019

Dated
 Dhaka.


Ahmed Mashuque & Co.
 Chartered Accountants



Ion Exchange Environment Management (BD) Ltd.
Statement of cash flows
For the year ended 31 March 2019

<u>Particulars</u>	<u>Amount in Taka</u>	
	<u>01 April 2018</u> to <u>31 March 2019</u>	<u>01 April 2017</u> to <u>31 March 2018</u>
Cash flow from operating activities:		
Net profit /(loss) after tax	5,394,657	2,393,609
Adjustment for depreciation	440,493	447,283
Prior year adjustment for tax expenses	-	(1,021,446)
Net profit before change in working capital components	<u>5,835,149</u>	<u>1,819,445</u>
Change in working capital components	5,784,015	(2,881,807)
(Increase)/ decrease in current asset	(6,201,259)	(9,739,928)
Inventories	(13,934,021)	1,665,285
Sundry debtors	2,065,733	(3,381,931)
Advances, deposits and prepayments	7,874,821	(9,016,044)
Advance income tax	(2,207,792)	992,762
Increase/ (decrease) in current liabilities	11,985,274	6,858,121
Sundry creditors	1,835,233	5,060,895
Bank overdraft	8,882,545	424,958
Advance from customers	(835,994)	10,959,681
Provision for income tax	2,920,131	-
Payable for expenses and other	(816,641)	(9,587,413)
A. Net cash flow from operating activities	<u>11,619,165</u>	<u>(1,062,362)</u>
Cash flow from investing activities:		
Acquisition of fixed assets	(382,880)	(387,978)
B. Net cash flow from investing activities	<u>(382,880)</u>	<u>(387,978)</u>
Cash flow from financing activities:	-	-
C. Net cash flow from financing activities	-	-
Net cash increase/(decrease) in cash and cash equivalents (A+B+C)	<u>11,236,285</u>	<u>(1,450,340)</u>
Add: Cash and cash equivalents at the beginning of the year	184,195	1,634,536
Cash and cash equivalents at the end of the year	<u>11,420,480</u>	<u>184,195</u>



Director

These financial statements should be read in conjunction with the annexed notes.




Director

Signed in terms of our separate report of even date annexed.

28 MAY 2019

Dated
Dhaka.

Ahmed Mashuque & Co.
Chartered Accountants

Ion Exchange Environment Management (BD) Ltd.
Notes to the financial statements
As at and for the year ended 31 March 2019

1.00 Legal status of the company

Ion Exchange Environment Management (BD) Ltd. is a private limited company incorporated on 26 February 2006 in Bangladesh under the Companies Act, 1994 vide incorporation # C-60662(2671)/06 with an authorized capital of Tk. 10,000,000 divided into 100,000 ordinary shares of Tk. 100 each. The present registered office of the company is located at 20/22, Rajabari, Savar, Dhaka, Bangladesh.

2.00 Nature of business

The principal activities of the company are to Import, Export, Selling, Distribution of machinery and spares.

3.00 Components of financial statements

The financial statements comprise the following:

- (i) Statement of financial position as at 31 March 2019;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2019;
- (iii) Statement of changes in equity for the year ended 31 March 2019;
- (iv) Statement of cash flows for the year ended 31 March 2019; and
- (v) Notes to the financial statements as at and for the year ended 31 March 2019.

4.00 Summary of significant accounting policies

4.01 Presentation of financial statements and basis of accounting

These financial statements have been prepared following generally accepted accounting principles under historical cost convention and after due compliance with International Financial Reporting Standards (IFRS), the Companies Act, 1994 and other applicable laws and regulations.

4.02 Revenue recognition

Revenue is measured at the fair market value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes. When the outcome of the transaction can be measured reliably, revenue from rendering service is recognized by reference to the stage of completion at the date of financial position.

4.03 Provisions

Provisions are recognized when the company has a present obligation as a result of a past event, and it is probable that the company will be required to settle the obligation at the date of financial position.

4.04 Inventories

As per IAS-2, Inventories are stated at the lower of cost and net realizable value.

4.05 Depreciation

Depreciation has been charged on property, plant and equipment on reducing balance method. The rate is given below:

<u>Particulars:</u>	<u>Rates</u>
Furniture and Fixtures	10%
Equipment	20%
Computer and Accessories	18%
Lab Equipments	18%
Warehouse Building	10%
Accounting Software	10%

4.06 Cash and cash equivalents

It indicates cash in hand and bank deposits, which were held and available for use by the company without any restriction.

4.07 Reporting period

The financial period of the company has been determined to be from 01 April to 31 March each year. These financial statements cover one year from 01 April 2018 to 31 March 2019.



4.08 Reporting currency and level of precision

All the figures in the financial statements are presented in Bangladeshi Taka currency (BDT) and rounded off to the nearest taka.

4.09 Comparative figures

Comparative figures have been regrouped/reclassified wherever found necessary to conform to the presentation adopted in these financial statements.

4.10 Provision for income tax

Provision for income tax has been made in line with the provision of the Income Tax Ordinance, 1984.

Amount in Taka	
31 March 2019	31 March 2018
2,462,350	2,519,963

5.00 Property, plant and equipment

This represents the Written down value of capital assets held by the company as at the date of financial position. Details schedule of property, plant and equipment has been enumerated in Schedule - A.

6.00 Advances, deposits and prepayments

Advance for rental of premises and guest house
Advance to employees
VAT current A/C
L/C margin
Other advance
Advance for commission
Advance to suppliers
Security deposit for electric line
Bank guarantee

	5,163,494	13,038,315
	1,255,000	920,000
	121,000	109,000
	48,962	263,261
	683,281	9,546,980
	30,000	30,000
	-	1,000,000
	1,673,218	393,933
	109,728	109,728
	1,242,305	665,413

7.00 Advance income tax

Opening balance
Add: Addition during the year (AIT)
Less: Payment made for earlier year
Less: Payment made during the year

	2,308,715	100,923
	100,923	1,093,685
	2,207,792	2,161,345
	-	(1,021,446)
	-	(2,132,661)

8.00 Cash and cash equivalents

Cash in hand
Dhaka Bank Limited CD
State Bank of India CD A/c
Investment in FDR

	11,420,480	184,195
	184,090	184,195
	1,236,090	-
	300	-
	10,000,000	-

9.00 Share capital

Authorized share capital
(100,000 Ordinary Share @ Tk.100)

	10,000,000	10,000,000
	10,000,000	10,000,000

Issued, Subscribed & Paid up Share Capital
(55,862 Ordinary Shares @ TK.100 each)

	5,586,200	5,586,200
	5,586,200	5,586,200

The paid-up share capital of the company as on 31 March 2018 comprises the following:

Ion Exchange (India) Ltd.
(55,859 Ordinary Shares @ Tk.100)
Mr. Dinesh Sharma
(01 Ordinary Share @ Tk.100)
Mr. Jitendra Padmakar Pathare
(01 Ordinary Share @ Tk.100)
Mr. Md. Julfikar Sheikh
(01 Ordinary Share @ Tk.100)

	5,586,200	5,586,200
	5,585,900	5,585,900
	100	100
	100	100
	100	100

10.00 Bank overdraft

State Bank of India, CD A/C

	9,307,502	424,958
	9,307,502	424,958



11.00 Payable for expenses and other

Audit fees payable
Salaries and allowance payable
Provision for warranty support
TDS payable
VDS payable
Other Payable

	14,003,741	14,820,381
	86,250	86,250
	1,104,122	1,077,847
	2,021,344	2,521,420
	20,285	34,525
	-	14,250
	10,771,739	11,086,089

12.00 Contingent liability

Bank guarantee

	1,242,305	665,413
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Amount in Taka

01 April 2017 to 31 March 2018	01 April 2017 to 31 March 2018
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13.00 Direct cost

Cost of materials (12.01)
Other direct cost

113,889,157	100,964,018
98,692,120	92,242,871
15,197,037	8,721,147

13.01 Cost of Materials

Opening inventory
Add: Purchased during the year
Less: Closing inventory

98,692,120	92,242,871
27,841,905	29,507,190
112,626,141	90,577,586
(41,775,926)	(27,841,905)

14.00 Operating and other expenses

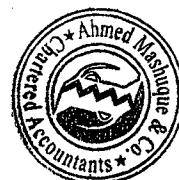
Rental of office premises and guest house
Conveyance
Legal and professional fees
Staff refreshment and welfare
Repair and maintenance
Office supplies
Telephone, mobile and fax
Internet and e-mail expenses
License, registration and renewal
Newspaper, books and periodicals
Housekeeping expenses
Insurance premium
Traveling expenses
Postage and delivery expenses
General and miscellaneous expenses
Fuel and lubricant
Utility bill
Bank charges
Audit fees
Advertisement expenses
Loading and unloading charges
Fair and exhibition expenses
Lab chemical
Warranty support expenses
Water test expenses
Other expenses
Medical treatment expenses
Training expenses
Bad debt

17,950,624	15,582,073
3,126,342	2,580,706
3,743,693	3,327,769
246,600	410,250
1,574,267	1,845,790
60,570	185,695
532,199	442,925
389,316	553,967
111,700	142,225
95,043	137,763
48,926	37,184
819,947	775,625
132,524	85,735
1,455,413	1,011,572
72,683	73,415
725,360	916,036
376,042	442,573
383,742	328,936
138,312	103,960
86,250	86,250
30,000	148,552
154,440	146,150
1,162,907	5,750
129,910	124,375
-	443,770
36,645	188,238
2,024,689	785,710
275,904	61,264
17,200	31,400
-	158,488

15.00 Related party transactions

During the reporting period, the company entered into a number of transactions with related party. The name of the related party, nature of the transactions and amount thereof have been set out below in accordance with the provisions of IAS 24: "Related party disclosures".

Name of related party	Relationship	Nature of transactions	Transactions during the period	Outstanding as at 31 March 2019
			Taka	Taka
Ion Exchange (India) Ltd.	Holding company	Purchase of goods	40,522,683	-



Ion Exchange Environment Management (BD) Ltd.
Schedule of property, plant and equipment
As at 31 March 2019

Tangible assets

SL	Particulars	Cost			Depreciation				Written Down Value (WDV)
		Opening balance as at 01 April 2018	Addition during the year	Closing balance as at 31 March 2019	Rate	Opening balance as at 01 April 2018	Charged during the year	Closing balance as at 31 March 2019	As at 31 March 2019
1	Furniture and Fixtures	689,382	59,300	748,682	10%	364,149	38,453	402,602	346,080
2	Equipment	1,817,912	223,080	2,040,992	20%	1,179,053	172,388	1,351,441	689,551
3	Computer and Accessories	1,279,768	75,500	1,355,268	18%	823,596	95,701	919,297	435,971
4	Lab Equipments	964,409		964,409	18%	695,896	48,332	744,228	220,181
5	Warehouse Building	1,498,893		1,498,893	10%	667,707	83,119	750,825	748,068
Total		6,250,364	357,880	6,608,244	-	3,730,401	437,993	4,168,394	2,439,850

Intangible assets

SL	Particulars	Cost			Depreciation				Written Down Value (WDV)
		Opening balance as at 01 April 2018	Addition during the year	Closing balance as at 31 March 2019	Rate	Opening balance as at 01 April 2018	Charged during the year	Closing balance as at 31 March 2019	As at 31 March 2019
1	Accounting Software	-	25,000	25,000	10%	-	2,500	2,500	22,500
		-	25,000	25,000		-	2,500	2,500	22,500

Balance as at 31 March 2018	5,862,386	387,978	6,250,364	-	3,283,118	447,283	3,730,401	2,519,963
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