

INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS
OF
ION EXCHANGE ENVIRONMENT MANAGEMENT (BD) LTD.
AS AT AND FOR THE YEAR ENDED 31 MARCH 2017



AHMED MASHUQUE & CO. *Chartered Accountants.*

20 Comrade Moni Singha Road, Old : 62/1, Purana Paltan
Level # 4, Motijheel C/A, Dhaka-1000, Bangladesh
Tel: +880-2-9581550-3, 9575286-7, 9572206, 9578895, Fax: +880-2-9559025
Email: info@ahmedmashuque.com, Web : www.ahmedmashuque.com
Business Alliance Associate of **Crowe Horwath International**
www.crowehorwathinternational.com



AHMED MASHUQUE & CO.

CHARTERED ACCOUNTANTS
20 Comrade Moni Singha Road
Old : 62/1, Purana Paltan, Level # 4
Matiheer C/A, Dhaka-1000, Bangladesh
Tel : +880-2-9572206, 9575286-7
+880-2-9578895, 9581550-3
Fax : + 880-2-9559025
Email: info@ahmedmashuque.com
Web : www.ahmedmashuque.com

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ION EXCHANGE ENVIRONMENT MANAGEMENT (BD) LTD.

Report on the Financial Statements

We have audited the accompanying financial statements of Ion Exchange Environment Management (BD) Ltd., which comprise the statement of financial position as at 31 March 2017, and 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, comprising significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Bangladesh Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ion Exchange Environment Management (BD) Ltd. as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with Bangladesh Financial Reporting Standards.



AHMED MASHUQUE & CO.
C h a r t e r e d A c c o u n t a n t s

Report on other legal and regulatory requirements

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

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit 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 Company's 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.

Dated, 17 May 2017
Dhaka

Ahmed Mashuque & Co.
Chartered Accountants

Ion Exchange Environment Management (BD) Ltd.
Statement of financial position
As at 31 March 2017

<u>Amount in Taka</u>			
	<u>Note</u>	<u>31 March 2017</u>	<u>31 March 2016</u>
<u>Assets</u>			
Non-current assets		2,579,268	2,166,653
Property, plant and equipment	5.00	2,579,268	2,166,653
Current assets		77,704,542	74,846,704
Inventories		29,507,190	27,444,061
Advances, deposits and prepayments	6.00	3,734,219	9,867,751
Sundry debtors		41,446,860	31,868,267
Advance to suppliers		288,052	345,169
Income tax	10.00	1,093,685	-
Cash and cash equivalents	7.00	1,634,536	5,321,457
Total assets		80,283,809	77,013,357
<u>Shareholders' equity and liabilities</u>			
Shareholders' equity		30,392,740	27,831,381
Share capital	8.00	5,586,200	5,586,200
Retained earnings		24,806,540	22,245,181
Current liabilities		49,891,069	49,181,976
Sundry creditors		10,544,294	7,145,740
Advance from customers		14,938,981	19,996,582
Other payables	9.00	24,407,794	21,943,929
Income tax payable	10.00	-	95,726
Total shareholders' equity and liabilities		80,283,809	77,013,357

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

Md. Ruffi Kar Shuk
 Director

[Signature]
 Director

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

Dated, 17 May 2017
 Dhaka.



[Signature]
 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 2017

<u>Particulars</u>	<u>Note</u>	<u>Amount in Taka</u>	
		01 April 2016 to 31 March 2017	01 April 2015 to 31 March 2016
Revenue (Net)		125,426,283	136,360,952
Less: Expenditure		121,485,731	127,273,392
Direct cost	11	92,944,235	100,073,914
Personnel cost		13,081,979	11,584,751
Operating & other expenses	12	14,992,645	15,215,041
Financial expenses		16,675	8,821
Depreciation		450,197	390,864
Net profit/(loss) before tax		3,940,552	9,087,560
Less: Income tax expenses		1,379,193	3,180,646
Net profit/(loss) after tax		2,561,359	5,906,914
(Balance transferred to statement of changes in equity)			

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



Md. Ruffi Kar Shukit
 Director


 Director

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

Dated, 17 May 2017
 Dhaka.




Ahmed Mashuque & Co.
 Chartered Accountants

Ion Exchange Environment Management (BD) Ltd.
Statement of changes in equity
For the year ended 31 March 2017

<u>Particulars</u>	<u>Amount in Taka</u>		
	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at 01 April 2015	5,586,200	17,545,445	23,131,645
Addition during the year	-	5,906,914	5,906,914
Prior year adjustment for tax expenses	-	(1,207,178)	(1,207,178)
Balance as at 31 March 2016	<u>5,586,200</u>	<u>22,245,181</u>	<u>27,831,381</u>
Balance as at 01 April 2016	5,586,200	22,245,181	27,831,381
Addition during the year	-	2,561,359	2,561,359
Balance as at 31 March 2017	<u>5,586,200</u>	<u>24,806,540</u>	<u>30,392,740</u>

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



Md. Rafiqul Haque
 Director


 Director

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

Dated, 17 May 2017
 Dhaka.




 Ahmed Mashuque & Co.
 Chartered Accountants

Ion Exchange Environment Management (BD) Ltd.
Statement of cash flows
For the year ended 31 March 2017

<u>Particulars</u>	<u>Amount in Taka</u>	
	01 April 2016 to 31 March 2017	01 April 2015 to 31 March 2016
Cash flow from operating activities:		
Net profit /(loss) after tax	2,561,359	5,906,914
Adjustment for depreciation	450,197	390,864
Prior year adjustment for tax expenses	-	(1,207,178)
Net profit before change in working capital components	3,011,556	5,090,600
Change in working capital components	(5,835,665)	(6,996,489)
(Increase) decrease in current asset	(6,544,758)	(14,649,156)
Inventories	(2,063,129)	4,618,216
Sundry debtors	(9,578,593)	(14,799,776)
Advances, deposits and prepayments	6,133,532	(4,192,834)
Advance to suppliers	57,117	(274,763)
Income tax	(1,093,685)	-
Increase (decrease) in current liability	709,093	7,652,667
Sundry creditors	3,398,554	(570,220)
Advance from customers	(5,057,601)	2,384,326
Income tax payable	(95,726)	(611,303)
Other payables	2,463,866	6,449,863
A. Net cash flow from operating activities	(2,824,109)	(1,905,889)
Cash flow from investing activities:		
Acquisition of fixed assets	(862,812)	(459,605)
B. Net cash flow from investing activities	(862,812)	(459,605)
Cash flow from financing activities:		
C. Net cash flow from financing activities	-	-
Net cash increase/(decrease) in cash & cash equivalents (A+B+C)	(3,686,921)	(2,365,494)
Add: Cash and cash equivalents at the beginning of the year	5,321,457	7,686,951
Cash & cash equivalents at the end of the year	1,634,536	5,321,457

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

Md. Pulf Kar Shuis
 Director

[Signature]
 Director

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

Dated, 17 May 2017
 Dhaka.



[Signature]
 Ahmed Mashuque & Co.
 Chartered Accountants

Ion Exchange Environment Management (BD) Ltd.
Notes, comprising significant accounting policies and other explanatory information
As at and for the year ended 31 March 2017

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, Rajbari, Saver, Dhaka, Bangladesh.

2.00 Nature of business

The principal activities of the company is 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 2017;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2017;
- (iii) Statement of changes in equity for the year ended 31 March 2017;
- (iv) Statement of cash flows for the year ended 31 March 2017; and
- (v) Notes, comprising significant accounting policies and others explanatory information as at and for the year ended 31 March 2017.

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 Bangladesh Financial Reporting Standards (BFRS), the Companies Act, 1994 and other applicable laws and regulations. BFRS comprises of:

- Bangladesh Financial Reporting Standards;
- Bangladesh Accounting Standards;
- Bangladesh Financial Reporting Standards Interpretations; and
- Bangladesh Accounting Standards Interpretations.

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 off 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 BAS-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>Rate</u>
Furniture and Fixtures	10%
Equipment	20%
Computer and Accessories	18%
Lab Equipments	18%
Warehouse Building	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 2016 to 31 March 2017.

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 integer.

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.

	<u>31 March 2017</u>	<u>31 March 2016</u>
5.00 Property, plant and equipment	2,579,268	2,166,653

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

6.00 Advances, deposits and prepayments	3,734,219	9,867,751
Advance for rental of premises and guest house	730,000	650,000
Advance to employees	326,764	716,229
VAT current A/C	1,326,921	411,279
L/C margin	854,500	6,090,022
Other advance	30,000	30,000
Security deposit for electric line	109,728	-
Tender guarantee	356,306	1,970,221
7.00 Cash and cash equivalents	1,634,536	5,321,457
Cash in hand	132,070	92,673
Cash at bank (State Bank of India, CD A/C)	1,502,466	5,228,784



	<u>31-Mar-2017</u>	<u>31-Mar-2016</u>
8.00 Share capital		
Authorized share capital	10,000,000	10,000,000
(100,000 Ordinary Share @ Tk.100)		
Issued, Subscribed & Paid up Share Capital	5,586,200	5,586,200
(55,862 Ordinary Shares @ TK.100 each)		
The paid-up share capital of the company as on 31 March 2017 comprises the following:		
	5,586,200	5,586,200
Ion Exchange (India) Ltd.	5,585,900	5,585,900
(55,859 Ordinary Shares @ Tk.100)		
Mr. Dinesh Sharma	100	100
(01 Ordinary Share @ Tk.100)		
Mr. Jitendra Padmakar Pathare	100	100
(01 Ordinary Share @ Tk.100)		
Mr. Md. Julfikar Sheikh	100	100
(01 Ordinary Share @ Tk.100)		
9.00 Other payables	24,407,794	21,943,929
Liability for expenses and others	23,359,957	20,909,117
Audit fees payable	69,000	69,000
Salaries and allowance payable	950,602	937,522
TDS payable	21,485	16,290
VDS payable	6,750	12,000
10.00 Income tax	(1,093,685)	95,726
Opening balance	95,726	707,029
Addition during the year	1,379,193	3,180,646
Payment made for earlier year	(95,726)	(663,208)
Advance income tax	(2,472,878)	(3,128,741)
	01 April 2016	01 April 2015
	to	to
	31 March 2017	31 March 2016
11.00 Direct cost	92,944,235	100,073,914
Cost of materials (11.01)	85,154,863	92,152,760
Other direct cost	7,789,372	7,921,154
11.01 Cost of Materials	85,154,863	92,152,760
Opening inventory	27,444,061	32,062,278
Add: Purchased during the year	87,217,991	87,534,544
Less: Closing inventory	(29,507,190)	(27,444,061)



	01 April 2016 to 31 March 2017	01 April 2015 to 31 March 2016
12.00 Operating and other expenses	14,992,645	15,215,041
Rental of office premises and guest house	2,519,307	2,438,540
Conveyance	3,359,397	3,463,740
Legal and professional fees	213,325	192,050
Staff refreshment and welfare	1,499,578	1,887,023
Repair and maintenance	65,830	205,492
Office supplies	581,747	527,636
Telephone, mobile and fax	575,398	610,859
Internet and e-mail expenses	202,498	208,632
License, registration and renewal	94,716	151,416
Newspaper, books and periodicals	26,250	26,990
Housekeeping expenses	670,741	683,259
Insurance premium	104,589	70,265
Traveling expenses	1,387,863	1,081,193
Postage and delivery expenses	59,005	67,097
General and miscellaneous expenses	743,286	904,203
Fuel and lubricant	222,408	266,343
Utility bill	306,677	279,035
Bank charges	304,724	480,909
Audit fees	69,000	69,000
Advertisement expenses	665,214	295,756
Loading and unloading charges	147,770	409,120
Fair and exhibition expenses	643,507	102,200
Lab chemical	83,870	89,752
Warranty support expenses	215,223	405,134
Water test expenses	54,350	45,500
Other expenses	48,513	68,330
Bad debt	-	4,056
Medical treatment expenses	49,330	149,148
Training expenses	37,350	4,000
Entertainment	40,000	-
Rent, rate and taxes	1,179	28,363

13.00 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 BAS 24: "Related party disclosures".

Name of related party	Relationship	Nature of transactions	Transactions during the period	Outstanding as at 31 March 2017
			Taka	Taka
Ion Exchange (India) Ltd.	Holding company	Purchase of goods	34,997,098	-



Ion Exchange Environment Management (BD) Ltd.
Schedule of property, plant and equipment
As at 31 March 2017

SL	Particulars	Cost			Rate	Depreciation			Written Down Value (WDV) As at 31 March 2017
		Opening balance as at 01 April 2016	Addition during the year	Closing balance as at 31 March 2017		Opening balance as at 01 April 2016	Charged during the year	Closing balance as at 31 March 2017	
1	Furniture and Fixtures	627,182	62,200	689,382	10%	287,860	40,152	328,012	361,370
2	Equipment	1,434,302	314,760	1,749,062	20%	836,908	182,431	1,019,339	729,723
3	Computer and Accessories	1,039,418	80,950	1,120,368	18%	636,335	87,126	723,461	396,907
4	Lab Equipments	814,409	-	814,409	18%	598,000	38,954	636,954	177,455
5	Warehouse Building	1,084,263	404,902	1,489,165	10%	473,818	101,535	575,353	913,812
	Total	4,999,574	862,812	5,862,386		2,832,921	450,197	3,283,118	2,579,268

Balance as at 31 March 2016	4,539,969	459,605	4,999,574	-	2,442,057	390,864	2,832,921	2,166,653
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