

**Ion Exchange Projects and Engineering  
Limited**

Financial statements  
together with the  
Independent Auditors' Report  
for the year ended 31 March 2017

# Ion Exchange Projects and Engineering Limited

## **Financial statements together with the Independent Auditor's Report**

*for the year ended 31 March 2017*

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# 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 2017, the Statement of profit and loss and 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 there under.

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.

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

### **Ion Exchange Projects and Engineering Limited**

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

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. 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 2017, and its loss and its cash flows for the year ended on that date.

#### **Emphasis of matter**

We draw your attention to Note 2.3 to the financial statements which indicates that the Company has accumulated losses and its net worth has been fully eroded, the Company has incurred a net loss during the current year and previous years and, the Company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with the other matters set forth in Note 2.3 to the financial statements, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on going concern basis for the reasons stated in Note 39.

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. 134,126,083 as at 31 March 2017 and total revenues of Rs. 12,727,295 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.

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

# **Ion Exchange Projects and Engineering Limited**

### **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 sub-section 11 of Section 143 of the Act, we give in the Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
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 going concern matter described under the 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, 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 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";
  - 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 32 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;

**Independent Auditors' Report (Continued)**

**Ion Exchange Projects and Engineering Limited**

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

3. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and
4. The Company has provided requisite disclosure in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management. Refer Note 38 to the financial statements.

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

*B. H. Dhupelia*

Mumbai  
23 May 2017

**Bhavesh Dhupelia**  
*Partner*  
Membership No:042070

## Ion Exchange Projects and Engineering Limited

### Annexure A to the Independent Auditors' Report – 31 March 2017

(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 Companies Act, 2013 ('the Act'). Accordingly, paragraphs (iii) (a), (b) and (c) of the Order are 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 deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanation given to us, 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 to the Independent Auditors' Report – 31 March 2017 (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 customs, value added tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. 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 customs, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 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, value added tax and cess 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
Central Sales tax Jharkhand	Sales tax demand	8,152,002	2011 to 2013	Joint Commissioner of Sales tax, Dhanbad
Central Sales Tax, Maharashtra	Sales tax demand	406,944	2009-2010	Dy. Commissioner of Sales Tax (Appeals) II, Mumbai
Sales Tax, West Bengal	Sales tax demand	3,780,812	2013-2014	Sr. Joint Commissioner of Sales Tax Alipore, Kolkata

- (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) In our opinion and according to the information and explanations given to us, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (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.



## Ion Exchange Projects and Engineering Limited

### Annexure to the Independent Auditors' Report – 31 March 2017 (*Continued*)

- (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 188 of the Act where applicable and the details of such related party transactions have been disclosed in the financial statements as required by the applicable accounting standards. Section 177 of the Act is not applicable to the Company.
- (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



Mumbai  
23 May 2017

**Bhavesh Dhupelia**  
*Partner*  
Membership No:042070

# Ion Exchange Projects and Engineering Limited

## Annexure B to the Independent Auditors' Report – 31 March 2017

### Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("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 2017 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 2017 (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 2017, 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.

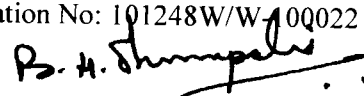
#### Other matters

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 controls 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-10Q022



Mumbai  
23 May 2017

**Bhavesh Dhupelia**  
Partner  
Membership No:042070

# Ion Exchange Projects and Engineering Limited

## Balance sheet

as at 31st March 2017

(Currency: Indian Rupees)

	Notes	31 March 2017	31 March 2016
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	152,152,000	100,000,000
Share capital suspense account	36	-	52,152,000
Reserves and surplus	4	(248,120,069)	(179,313,286)
		<u>(95,968,069)</u>	<u>(27,161,286)</u>
<b>Non-current liabilities</b>			
Long-term borrowings	5	114,664,388	114,664,388
Other long term liabilities	6	2,629,984	2,629,984
Long-term provisions	7	5,535,974	5,418,478
		<u>122,830,346</u>	<u>122,712,850</u>
<b>Current liabilities</b>			
Short-term borrowings	5	259,411,350	146,937,415
Trade payables:	8		
(a) total outstanding dues of micro enterprises and small enterprises; and		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		402,406,018	389,088,619
Other current liabilities	9	38,400,669	77,608,181
Short-term provisions	7	3,754,998	2,555,591
		<u>703,973,035</u>	<u>616,189,806</u>
<b>TOTAL</b>		<u><b>730,835,312</b></u>	<u><b>711,741,370</b></u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	11,798,440	13,738,907
Non-current investments	11	983,800	983,800
Deferred tax assets (net)	12	-	-
Long-term loans and advances	13	3,427,085	2,219,972
Trade receivables	14	176,421,818	181,908,852
		<u>192,631,143</u>	<u>198,851,531</u>
<b>Current assets</b>			
Inventories	15	13,669,726	2,219,784
Trade receivables	14	443,058,448	463,060,005
Cash and bank balances	16	39,507,051	10,061,796
Short-term loans and advances	13	41,801,843	37,193,464
Other current assets	17	167,101	354,790
		<u>538,204,169</u>	<u>512,889,839</u>
<b>TOTAL</b>		<u><b>730,835,312</b></u>	<u><b>711,741,370</b></u>

Significant accounting policies 2  
The notes referred to above are an integral part of the financial statements

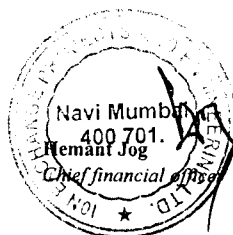
As per our report of even date attached

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

*B. H. Dhupelia*

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

Mumbai  
23 May 2017



Mumbai  
23 May 2017

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  
23 May 2017

*M. P. Patni*

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

Mumbai  
23 May 2017

# Ion Exchange Projects and Engineering Limited

## Statement of profit and loss

for the year ended 31 March 2017

(Currency: Indian Rupees)

	Notes	31 March 2017	31 March 2016
<b>Revenue</b>			
Revenue from operations	18	475,312,210	312,600,903
Other income	19	2,484,451	3,471,839
<b>Total revenue</b>		<b>477,796,661</b>	<b>316,072,742</b>
<b>Expenses</b>			
Cost of material consumed	20	335,647,699	209,248,635
(Increase) in inventories of work-in-progress	21	(11,411,448)	-
Employee benefits expense	22	119,814,013	113,306,041
Finance costs	23	40,890,845	23,189,581
Depreciation	10	2,668,051	3,102,004
Other expenses	24	58,994,285	58,501,617
<b>Total expenses</b>		<b>546,603,445</b>	<b>407,347,878</b>
<b>Loss before tax before impact of the Scheme of Amalgamation</b>		<b>(68,806,783)</b>	<b>(91,275,136)</b>
<b>Tax expense</b>		-	-
<b>Loss for the year before impact of the Scheme of Amalgamation</b>		<b>(68,806,783)</b>	<b>(91,275,136)</b>
<b>Loss after tax of erstwhile Ion Exchange Infrastructure Limited, the amalgamating company</b>	36	-	(40,014,558)
<b>Loss for the year</b>		<b>(68,806,783)</b>	<b>(131,289,694)</b>
<b>Earnings per equity share:</b> [Nominal value of shares Rs. 10 (previous year : Rs. 10)] (basic and diluted)			
Computed on the basis of loss for the year		(4.76)	(8.63)
Computed on the basis of loss for the year before the impact of Scheme of Amalgamation	25	-	(6.00)

Summary of significant accounting policies

The notes referred to above are an integral part of the financial statements

As per our report of even date attached

For BSR & Co. LLP

Chartered Accountants

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

*B. H. Dhupelia*

Bhavesh Dhupelia

Partner

Membership No. 042070

Mumbai  
23 May 2017



Mumbai  
23 May 2017

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  
23 May 2017

*M. P. Patni*

M. P. Patni  
Whole Time Director  
DIN : 00515553

Mumbai  
23 May 2017

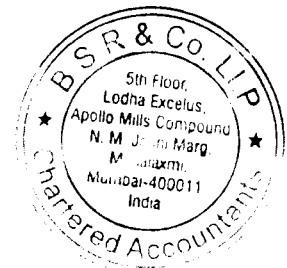
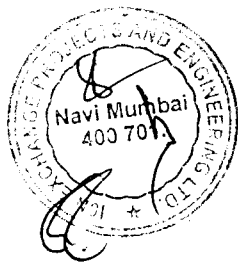
# Ion Exchange Projects and Engineering Limited

## Cash Flow Statement

for the year ended 31 March 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
<b>A) Cash flow from operating activities</b>		
Loss before tax	(68,806,783)	(91,275,136)
Adjustments:		
Depreciation	2,668,051	3,102,004
Finance costs	40,890,845	23,189,581
Interest income	(856,932)	(2,753,478)
Unrealized foreign exchange differences	652,916	201,486
(Profit)/ loss on sale of fixed assets (net)	(68,293)	60,942
<b>Operating cash flow before working capital changes</b>	<b>(25,520,196)</b>	<b>(67,474,601)</b>
Decrease in trade receivables	25,488,591	264,073,827
(Increase) / Decrease in inventories	(11,449,942)	64,448
(Increase) in loans and advances	(2,518,447)	(1,198,128)
Increase / (Decrease) in trade payables	12,664,482	(231,652,843)
(Decrease) in other current liabilities	(39,207,511)	(31,013,710)
Increase in provision	1,316,903	949,327
<b>Cash generated from operations</b>	<b>(39,226,120)</b>	<b>(66,251,680)</b>
Taxes (paid) / refund received	(3,297,045)	8,486,888
<b>Net cash (used) by operating activities</b> (A)	<b>(42,523,165)</b>	<b>(57,764,792)</b>
<b>B) Cash flow from Investing activities</b>		
Purchase of property, plant and equipment	(727,584)	(746,605)
Proceeds from sale of property, plant and equipment	68,293	224,001
Interest received	1,044,621	2,799,386
Margin money deposits (made during the year) / received back during the year	(25,810,636)	3,023,685
<b>Net cash flow (used) / generated from investing activities</b> (B)	<b>(25,425,306)</b>	<b>5,300,467</b>
<b>C) Cash flow from financing activities</b>		
Loan from Holding company	122,369,885	119,401,834
Repayment of working capital loan from banks	(9,895,950)	(50,488,101)
Finance cost paid	(40,890,845)	(23,189,581)
<b>Net cash flow generated from financing activities</b> (C)	<b>71,583,090</b>	<b>45,724,152</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b> (A+B+C)	<b>3,634,619</b>	<b>(6,740,174)</b>
Cash and cash equivalent at the beginning of the year	3,099,277	3,741,646
Add: Acquired pursuant to scheme of amalgamation	-	6,097,805
<b>Cash and cash equivalent at the end of the year (refer note below)</b>	<b>6,733,896</b>	<b>3,099,277</b>



# Ion Exchange Projects and Engineering Limited

## Cash Flow Statement (Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
<b>Components of cash and cash equivalent</b>		
Cash in hand	217,351	230,666
Balances with bank	6,516,545	2,868,611
<b>Total</b>	<b>6,733,896</b>	<b>3,099,277</b>

### Notes:

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard - 3 ("AS 3") on cash flow statements prescribed in Companies (Accounting Standard) Rules, 2006, which continue to apply under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014.
2. Figures in bracket indicate cash outgo.
3. Cash and cash equivalents excludes the following balances with bank:  
(a) On margin money account Rs. 32,773,155 (previous year : Rs. 6,962,519)

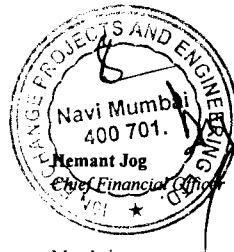
As per our report of even date attached

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



**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

Mumbai  
23 May 2017



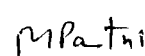
Mumbai  
23 May 2017

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



**Rajesh Sharma**  
Director  
DIN : 00515486

Mumbai  
23 May 2017



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

Mumbai  
23 May 2017

# Ion Exchange Projects and Engineering Limited

## Notes to financial statements

for the year ended 31 March 2017

(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.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

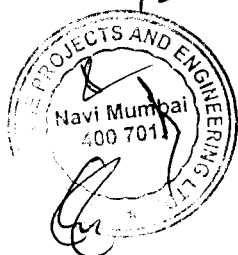
The financial statements have been prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('GAAP') and comply with the Accounting standards prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and other relevant provisions of the Act, to the extent applicable and Companies Accounting Standard Rules, 2016.

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 2017

(Currency: Indian Rupees)

### 2. Significant accounting policies(Continued)

#### 2.3 Going concern basis

As at 31 March 2017, the Company's paid up capital was Rs.152,152,000 and correspondingly, the Company's accumulated losses as at that date aggregated to Rs.248,120,069 and the loss during the year is of Rs.68,806,783. The Company's current liabilities exceeded its current assets by Rs.165,768,866.

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 Property, plant and equipment ("PPE), depreciation and impairment:

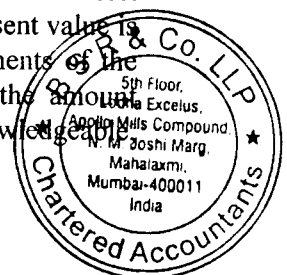
PPE are stated at historical cost of acquisition less accumulated depreciation and impairment losses, if any. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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
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 2017

(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:

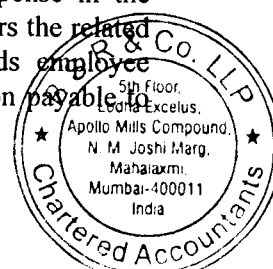
##### a) Short-term employee benefits

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 2017

(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 defined benefit plans. 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.

##### 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:

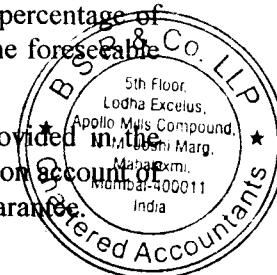
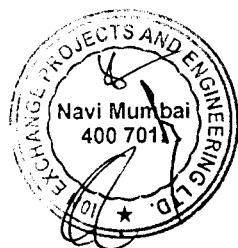
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sales are accounted for exclusive of 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.

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.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

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

#### 2.9 Revenue recognition (continued):

##### Income from services:

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

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### 2.10 Taxation:

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

Deferred tax is recognized, subject to the consideration of prudence, on timing differences 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.

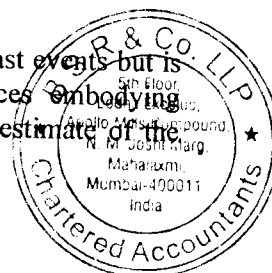
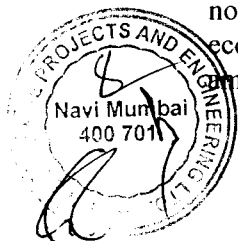
The carrying amount of deferred tax assets is reviewed at each Balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available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

#### 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.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(*Continued*)

for the year ended 31 March 2017

(Currency: Indian Rupees)

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

#### 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.

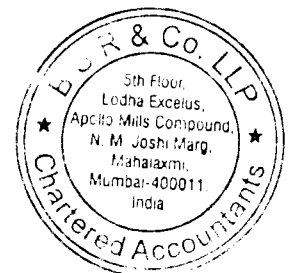
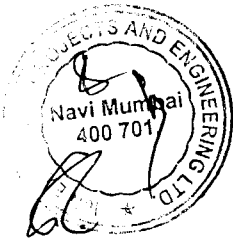
#### 2.13 Cash and cash equivalents:

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 2017

(Currency: Indian Rupees)

31 March 2017 31 March 2016

### 3. Share Capital

#### Authorised

20,000,000 (previous year : 15,000,000) equity shares of Rs. 10 each

200,000,000 150,000,000

#### Issued, subscribed and paid up

15,215,200 (previous year : 10,000,000) equity shares of Rs. 10 each fully paid up

152,152,000 100,000,000

152,152,000 100,000,000

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

Equity shares	31 March 2017		31 March 2016	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the year	10,000,000	100,000,000	10,000,000	100,000,000
Issued during the year (Refer note 36)	5,215,200	52,152,000	-	-
<b>Outstanding at the end of the year</b>	<b>15,215,200</b>	<b>152,152,000</b>	<b>10,000,000</b>	<b>100,000,000</b>

#### (b) Rights, preferences and restrictions 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.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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

	31 March 2017	31 March 2016
<b>Ion Exchange (India) Limited, the holding Company and its nominees</b>		
13,968,640 equity shares (previous year : 10,000,000) of Rs. 10 each fully paid up	139,686,400	100,000,000

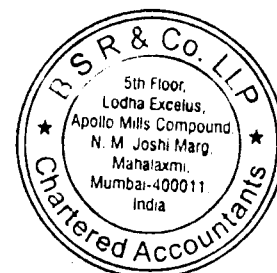
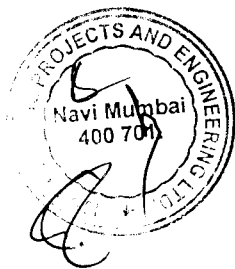
#### (d) Details of shareholders holding more than 5% shares

	31 March 2017		31 March 2016	
	No. of shares	% holding in the class	No. of shares	% holding in the class
<b>Equity shares of Rs.10/- each fully paid up, held by</b>				
-Ion Exchange (India) Limited, the holding Company and its nominees	13,968,640	92%	10,000,000	100%
-Rockmen Merchants Limited	828,199	5%	-	0%

#### (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 2017

15,165,200 (previous year: 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 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
<b>4. Reserves and surplus</b>		
General Reserve		
Balance as at April 1		
Balance in General reserve of amalgamated company transferred on amalgamation (Refer note 36)	8,848,000	-
Excess of share capital credited by the company over the share capital of amalgamated company (Refer note 36)	-	20,000,000
		(11,152,000)
	<u>8,848,000</u>	<u>8,848,000</u>
(Deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	(188,161,286)	(97,873,045)
Balance in statement of profit and loss of amalgamated company transferred on amalgamation (Refer note 36)	-	41,704,689
Additional depreciation on fixed assets of amalgamated company transferred on amalgamation (Refer note 36)	-	(703,236)
Loss for the year	(68,806,783)	(131,289,694)
Net (deficit) in the Statement of Profit and Loss	<u>(256,968,069)</u>	<u>(188,161,286)</u>
<b>Total reserves and surplus</b>	<u>(248,120,069)</u>	<u>(179,313,286)</u>

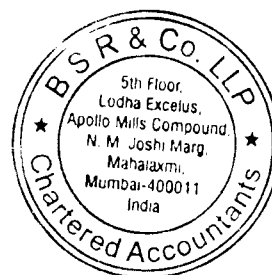
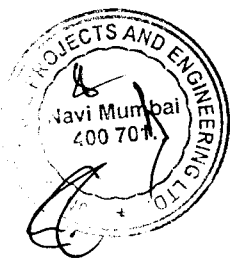
## 5. Borrowings

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Working capital loan from banks (secured) - [Note (a) below]	-	-	17,639,630	27,430,583
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	241,771,720	119,401,834
	<u>114,664,388</u>	<u>114,664,388</u>	<u>259,411,350</u>	<u>146,937,415</u>
The above amount includes				
Secured borrowings	-	-	17,639,630	27,535,581
Unsecured borrowings	114,664,388	114,664,388	241,771,720	119,401,834
	<u>114,664,388</u>	<u>114,664,388</u>	<u>259,411,350</u>	<u>146,937,415</u>

- (a) Working capital loan from bank is secured by hypothecation of book debts and stocks by way of first charge and corporate guarantee of Holding Company - Ion Exchange (India) Limited. The working capital loan is repayable on demand and carries interest @ 12.25 % to 12.40% p.a., computed on monthly basis on the actual amount utilised.
- (b) Working capital loans from bank carry interest @ 14% p.a., computed on monthly basis on the actual amount utilised. Rs. Nil (previous year : 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 @ 12% p.a. payable half yearly on Rs.114,664,388 and is repayable on demand.

## 6. Other long-term liabilities

	31 March 2017	31 March 2016
Trade payable	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 2017

(Currency: Indian Rupees)

### 7. Provisions

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Provision for employees benefits				
- Compensated absences (Refer note 26)	5,535,974	5,418,478	3,754,998	2,555,591
	<u>5,535,974</u>	<u>5,418,478</u>	<u>3,754,998</u>	<u>2,555,591</u>

### 8. Trade payable

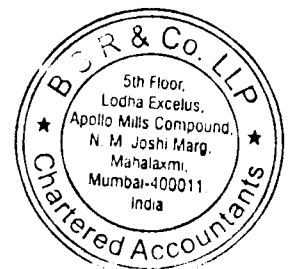
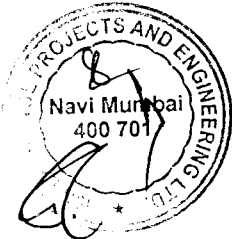
(a) total outstanding dues of micro enterprises and small enterprises (Refer note 35 for details of dues to Micro and small enterprises)  
(b) total outstanding dues of creditors other than micro enterprises and small enterprises (Refer note 29)

	31 March 2017	31 March 2016
(a)	-	-
(b)	402,406,018	389,088,619
	<u>402,406,018</u>	<u>389,088,619</u>

### 9. Other current liabilities

Advance from customers  
Statutory dues payable (service tax, sales tax and TDS payable)  
Employee benefits payable

	31 March 2017	31 March 2016
Advance from customers	16,542,063	60,051,525
Statutory dues payable (service tax, sales tax and TDS payable)	4,847,689	2,435,901
Employee benefits payable	17,010,917	15,120,755
	<u>38,400,669</u>	<u>77,608,181</u>





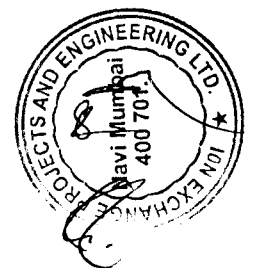
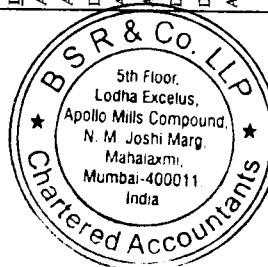
# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued) as at 31 March 2017

(Currency: Indian Rupees)

### 10. Property, plant and equipment

	Plant & Machinery	Furniture & Fixtures	Vehicles	Office Equipments	Total
<b>Gross Block</b>					
As at 1 April 2015	21,817,431	2,164,497	875,781	16,809,268	41,666,977
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
As at 31 March 2016	<u>28,949,554</u>	<u>5,951,900</u>	<u>2,044,908</u>	<u>20,493,796</u>	<u>57,440,158</u>
Addition during the year	-	-	-	727,584	727,584
Disposal during the year	-	-	1,007,844	-	1,007,844
As at 31 March 2017	<u>28,949,554</u>	<u>5,951,900</u>	<u>1,037,064</u>	<u>21,221,380</u>	<u>57,159,898</u>
<b>Depreciation</b>					
As at 1 April 2015	11,377,412	1,479,082	804,785	15,910,868	29,572,147
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
As at 31 March 2016	<u>19,349,902</u>	<u>3,806,343</u>	<u>1,852,203</u>	<u>18,692,803</u>	<u>43,701,251</u>
Depreciation during the year	989,161	667,469	145,566	865,855	2,668,051
Deduction during the year	-	-	1,007,844	-	1,007,844
As at 31 March 2017	<u>20,339,063</u>	<u>4,473,812</u>	<u>989,925</u>	<u>19,558,658</u>	<u>45,361,458</u>
<b>Net Block</b>					
As at 31 March 2017	<u>8,610,491</u>	<u>1,478,088</u>	<u>47,139</u>	<u>1,662,722</u>	<u>11,798,440</u>
As at 31 March 2016	<u>9,599,652</u>	<u>2,145,537</u>	<u>192,705</u>	<u>1,800,993</u>	<u>13,738,907</u>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

31 March 2017 31 March 2016

### 11. Non-current investments

Trade investments (valued at cost unless stated otherwise)

Unquoted equity shares

Investment in associates

98,000 (previous year: 98,000) equity shares of Rs. 10 each fully paid-up of Astha Technical Services Limited

983,800 983,800

983,800 983,800

Aggregate amount on unquoted investments

983,800 983,800

### 12. Deferred tax assets (net)

Deferred tax balance comprises of:

*Deferred tax assets:*

Provision for employee benefits

138,141 893,736

Provision for compensated absences

406,923 293,342

Difference between book depreciation and depreciation as per Income tax Act, 1961

432,041 374,425

Unabsorbed depreciation and Business Loss under Income Tax Act, 1961

91,176,944 57,740,250

Expenses allowed under section 35DD of Income tax Act, 1961

427,537 48,204

Deferred tax assets (net)

92,581,586 59,349,957

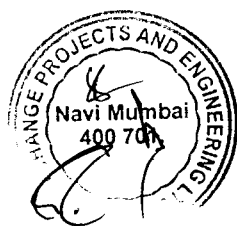
Deferred tax assets recognised in the financial statements \*

- -

\* 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. 92,581,586 (previous year Rs 59,349,957) is not recognized as it is not considered to be virtually certain of realization.

### 13. Loans and advances

	Long-term		Short-term	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Tender, security and other deposits</b>				
Unsecured, considered good	160,741	175,240	585,691	585,691
(A)	160,741	175,240	585,691	585,691
<b>Advance to suppliers</b>				
Unsecured, considered good	-	10,667	6,132,013	8,523,782
(B)	-	10,667	6,132,013	8,523,782
<b>Other loans and advances</b> (Unsecured, considered good unless otherwise stated)				
- Prepaid expenses	-	-	4,083,365	5,502,334
- Claims receivables	-	-	4,087,824	4,146,974
- Balances with statutory authorities	2,829,684	1,597,405	22,026,589	16,347,618
- Loans and advance to employees	-	-	1,259,569	1,757,318
- Advance income-tax (net of provision for taxation)	436,660	436,660	3,626,792	329,747
(C)	3,266,344	2,034,065	35,084,139	28,083,991
<b>Total (A+B+C)</b>	<b>3,427,085</b>	<b>2,219,972</b>	<b>41,801,843</b>	<b>37,193,464</b>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued) as at 31 March 2017

(Currency: Indian Rupees)

### 14. Trade receivables

	Non-current		Current	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
	Rupees	Rupees	Rupees	Rupees
Outstanding for a period exceeding six months from the date they are due for payment				
- Unsecured, considered good	176,421,818	181,908,852	90,477,286	210,178,760
<b>Total</b>	<b>176,421,818</b>	<b>181,908,852</b>	<b>90,477,286</b>	<b>210,178,760</b>
Other receivables				
- Unsecured, considered good	-	-	352,581,162	252,881,245
<b>Total</b>	<b>-</b>	<b>-</b>	<b>352,581,162</b>	<b>252,881,245</b>
<b>Total</b>	<b>176,421,818</b>	<b>181,908,852</b>	<b>443,058,448</b>	<b>463,060,005</b>

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

	31 March 2017	31 March 2016
Raw material and components	2,258,278	2,219,784
Contract work-in-progress	11,411,448	-
<b>Total</b>	<b>13,669,726</b>	<b>2,219,784</b>

### 16. Cash and bank balances

#### Cash and cash equivalents

##### Balances with banks:

	31 March 2017	31 March 2016
On current accounts	6,516,545	2,868,611
Cash on hand	217,351	230,666
<b>Total</b>	<b>6,733,896</b>	<b>3,099,277</b>

##### Other bank balances

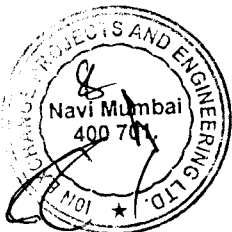
	31 March 2017	31 March 2016
On margin money deposit (refer note below)	32,773,155	6,962,519
<b>Total</b>	<b>32,773,155</b>	<b>6,962,519</b>
<b>Total</b>	<b>39,507,051</b>	<b>10,061,796</b>

Margin money deposits with a carrying amount of Rs. 32,773,155 (previous year : Rs. 6,962,519) are subject to first charge to secure bank guarantees issued by a bank on behalf of the Company.

### 17. Other assets

#### Others

	31 March 2017	31 March 2016
Interest accrued on margin money deposits	167,101	354,790
<b>Total</b>	<b>167,101</b>	<b>354,790</b>



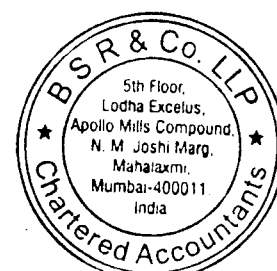
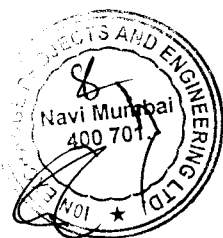
# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
<b>18. Revenue from operations</b>		
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Water treatment plants and accessories	393,500,638	201,264,703
<b>Sale of services</b>		
Erection and commissioning	19,225,085	35,226,572
<b>Other operating revenue</b>		
Project management fees (Refer note 29)	62,586,487	76,109,628
<b>Total</b>	<b>475,312,210</b>	<b>312,600,903</b>
<b>19. Other income</b>		
<b>Interest income</b>		
-from banks	730,306	678,279
-from others	126,626	2,075,199
Exchange gain (net)	1,531,126	111,871
Profit on sale of fixed assets (net)	68,293	-
Other non operating income	28,100	606,490
	<b>2,484,451</b>	<b>3,471,839</b>



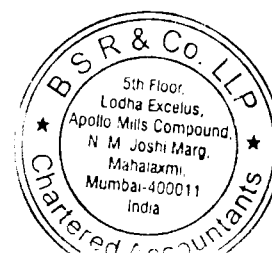
# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
<b>20. Cost of raw material and components consumed</b>		
Inventory at the beginning of the year	2,219,784	2,284,232
Add: Purchases*	335,686,193	209,184,187
Inventory at the end of the year	<u>(2,258,278)</u>	<u>(2,219,784)</u>
Cost of raw material and components consumed	<u><u>335,647,699</u></u>	<u><u>209,248,635</u></u>
* Includes direct expenses incurred on contracts Rs. 7,836,339 (previous year : Rs. 28,334,618)		
Details of raw materials and components consumed		
Engineering components consumed **	335,647,699	209,248,635
**It is not practicable to furnish information in view of the large number of items which differ in size and nature; each being less than 10% in value of the total.		
<b>21. (Increase)/decrease in inventories</b>		
<b>Inventories at the end of the year</b>		
Contract work-in-progress	<u>11,411,448</u>	-
	<u>11,411,448</u>	-
<b>Inventories at the beginning of the year</b>		
Contract work-in-progress	-	-
	-	-
	<u>(11,411,448)</u>	-
<b>22. Employee benefits expense</b>		
Salaries, wages and bonus	110,868,629	105,624,218
Contribution to provident and other funds (Refer note 26)	4,453,854	4,548,455
Staff welfare expenses	<u>4,491,530</u>	<u>3,133,368</u>
	<u><u>119,814,013</u></u>	<u><u>113,306,041</u></u>
<b>23. Finance costs</b>		
Interest expense	1,397,403	4,794,157
Interest on loan (Refer note 29)	<u>39,493,442</u>	<u>18,395,424</u>
	<u><u>40,890,845</u></u>	<u><u>23,189,581</u></u>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

as at 31 March 2017

(Currency: Indian Rupees)

	31 March 2017	31 March 2016
<b>24. Other expenses</b>		
Power and fuel	284,530	267,443
Repairs and maintenance - plant and machinery	1,041	-
Repairs and maintenance - others	430,893	486,166
Rent (Refer note 29 & 30)	7,529,822	7,443,401
Rates and taxes	1,011,904	6,603,173
Travelling and conveyance	22,682,079	23,221,670
Freight	8,727,618	2,107,730
Advertisement and publicity	914,268	836,537
Legal and professional charges	7,604,229	7,605,158
Telephone and telex	624,208	651,197
Auditors' remuneration (refer note below)	479,289	683,911
Directors' fees ((Refer note 29)	975,000	905,000
Bank charges	3,499,398	2,156,290
Exchange loss (net)	-	60,942
Establishment and other miscellaneous expenses	4,230,006	5,472,999
	<u>58,994,285</u>	<u>58,501,617</u>

### Auditors' Remuneration (excluding service tax)

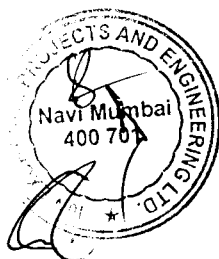
As Auditor;

Audit fee

Other (out-of-pocket)

Other matters

450,000	450,000
29,289	24,411
-	159,500
<u>479,289</u>	<u>633,911</u>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

### 25. Earnings per share (EPS)

Particulars	31 March 2017	31 March 2016
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)	(68,806,783)	(131,289,694)
II Weighted average number of equity shares for earnings per share computation for basic and diluted earnings per share		
No. of equity share outstanding	15,215,200	10,000,000
Add: No. of equity share in Share capital suspense account (Refer note no. 36)	-	5,215,200
No. equity share for basic / diluted earnings per share	15,215,200	15,215,200
III Earnings per share in rupees - Basic / Diluted (weighted average)		
(a) Computed on the basis of loss for the year	(4.76)	(8.63)
(b) Computed on the basis of loss for the year before the impact of Scheme of Amalgamation	-	(6.00)

### 26. Employee benefits

#### Defined contribution plan

Contribution to provident and other funds Rs. 4,453,854 (previous year: Rs. 4,548,455) are recognized as an expense in the Statement of profit and loss.

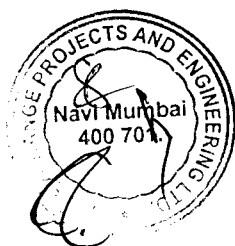
#### Defined benefit plan

##### 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. 9,290,972 (previous year: Rs. 7,974,069). Amount recognized as an expense in the Statement of profit and loss is Rs. 1,718,357 (previous year: Rs. 2,144,451).

##### 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 Kolkata branch's 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)

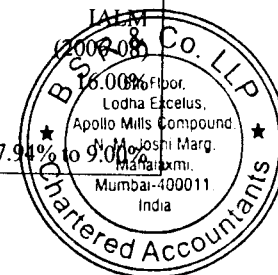
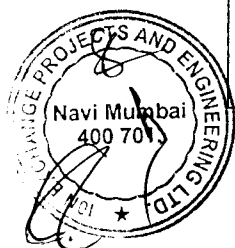
for the year ended 31 March 2017

(Currency: Indian Rupees)

### 26. 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	31 March 2017	31 March 2016
<b>I Statement of profit and loss</b>		
Net Employee benefit expense (recognized in employee cost)		
1. Current service cost	795,508	760,537
2. Interest cost on benefit obligation	(75,407)	(62,569)
3. Expected return on plan assets	-	-
4. Net actuarial loss / (gain) recognized in the year	(342,812)	(117,521)
5. Acquired pursuant to Scheme of Amalgamation	-	272,103
Net benefit expenses	377,289	852,550
<b>II Net assets / (liability) recognized in the balance sheet</b>		
1. Present Value of defined benefit obligation	(10,778,425)	(10,478,534)
2. Fair value of plan assets	11,550,846	11,877,311
<b>III Changes in the present value of the defined benefit obligation are as follows:</b>		
1. Opening defined benefit obligation	9,799,499	9,037,568
2. Interest cost	778,080	724,813
3. Current service cost	795,508	760,537
4. Liability transferred in	-	4,125
5. Benefits paid	(258,084)	(725,511)
6. Actuarial (gains) on obligation	(336,578)	(2,033)
7. Acquired pursuant to Scheme of Amalgamation	-	679,035
Closing defined benefit obligation	10,778,425	10,478,534
<b>IV Changes in the fair value of plan assets are as follows:</b>		
1. Opening fair value of plan assets	10,749,209	9,817,725
2. Expected returns	853,487	787,382
3. Contributions by employer	200,000	750,000
4. Benefits paid	(258,084)	(725,511)
5. Transfer from other company	-	4,125
6. Actuarial gains / (losses)	6,234	115,488
7. Acquired pursuant to Scheme of Amalgamation	-	1,128,102
8. Closing fair value of plan assets	11,550,846	11,877,311
<b>V Actuarial assumptions:</b>		
1. Discount rate	7.01 %	7.9 % to 8.00%
2. Expected rate of salary increase [Refer Note (b) below]	8.00 %	5.0% to 10.00%
3. Mortality	IALM (2006-08)	IALM (2006-08)
4. Attrition Rate	16.00%	16.00%
5. Rate of return on plan assets	7.94%	7.94% to 9.00%





# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

### 26. Employee benefits (continued)

The Company expects to contribute Rs. Nil (previous year: Rs. Nil) to gratuity fund.

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	
		31 March 2017	31 March 2016
1	HDFC Standard Life Insurance Company Limited	100%	100%
2	Life Insurance Corporation of India (Kolkata branch)	NA	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:

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Defined benefit obligation	10,778,425	10,141,143	9,037,568	7,881,624	7,238,521
Plan assets	11,550,846	11,264,127	9,817,725	7,881,624	7,238,521
Surplus	772,421	1,122,984	780,157	-	-
Experience adjustments on plan liabilities	(602,907)	(23,731)	(753,336)	348,637	1,174,015
Experience adjustments on plan assets	6,234	115,488	35,165	77,837	-

(b) Gratuity in "Salaries, Wages and Bonus" is Rs. Nil (previous year: Rs. Nil]. 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.

### 27. Contracts in progress (CIP)

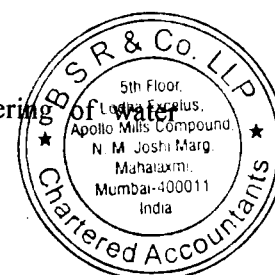
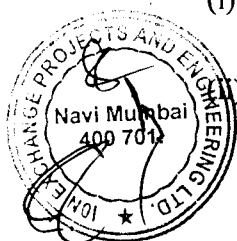
Sr. No.	Particulars	31 March 2017	31 March 2016
A.	Aggregate amount recognized as contract revenue	412,725,723	236,491,275
B.	In respect of contracts in progress as at year end		
1.	Aggregate amount of cost incurred and recognized profits (less recognized losses)	1,986,907,830	2,437,288,617
2.	Amount of customer advance received	16,542,065	39,280,087
3.	Amount of retentions	228,564,699	274,149,556
4.	Gross amount due from customers for contract work	11,411,448	-

### 28. Segment

Information about primary business segments:

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

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 2017

(Currency: Indian Rupees)

### 29. Related party disclosures:

Where control exists

a) Holding Companies Ion Exchange (India) Limited

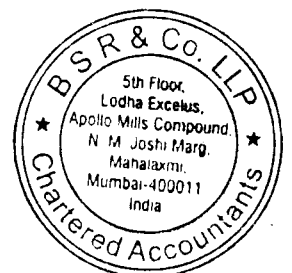
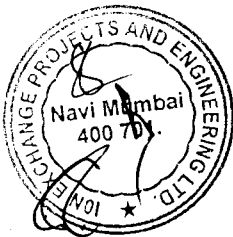
Others

b) Associates Astha Technical Services Limited

c) Fellow subsidiaries and joint ventures  
Global Composites And Structurals Limited  
Ion Exchange Enviro Farms Limited  
Headway Corporate Resources Limited  
Paralube India Private Limited

d) Key management personnel  
Mr. Rajesh Sharma - Director  
Mr. Mahabir Patni- Chairman

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)

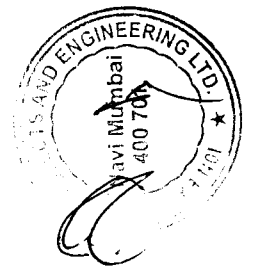
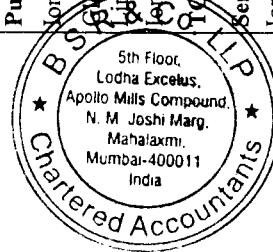
for the year ended 31 March 2017

(Currency: Indian Rupees)

### 29. 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)		Total
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	
<b>Sale of goods</b>							
Ion Exchange (India) Limited	-	16,251,233	-	-	-	-	16,251,233
<b>TOTAL</b>	-	16,251,233	-	-	-	-	16,251,233
<b>Project management services rendered</b>							
Ion Exchange (India) Limited	62,586,487	76,109,628	-	-	-	-	6,25,86,487
<b>TOTAL</b>	62,586,487	76,109,628	-	-	-	-	6,25,86,487
<b>Purchase of goods and services</b>							
Ion Exchange (India) Limited	44,194,246	18,203,160	-	-	-	-	4,41,94,246
Global Composites and Structural Limited	-	-	3,424,199	59,670	-	-	34,24,199
Ion Exchange Enviro Farms Limited	-	-	909,760	653,231	-	-	9,09,760
<b>TOTAL</b>	44,194,246	18,203,160	4,333,959	712,901	-	-	4,85,28,205
<b>Service charges</b>							
Ion Exchange (India) Limited	6,548,421	7,128,791	-	-	-	-	6,548,421
<b>TOTAL</b>	6,548,421	7,128,791	-	-	-	-	6,548,421
<b>Interest on loan</b>							
Ion Exchange (India) Limited	39,492,779	18,405,366	-	-	-	-	39,492,779
<b>TOTAL</b>	39,492,779	18,405,366	-	-	-	-	39,492,779



# Ion Exchange Projects and Engineering Limited

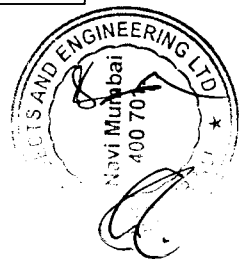
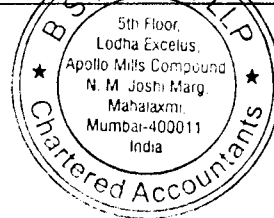
## Notes to financial statements (Continued) for the year ended 31 March 2017

(Currency: Indian Rupees)

### 29. 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)		Total
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	
<b>Other expenses</b>							
<b>Rental expenses</b>							
Ion Exchange (India) Limited	6,145,600	5,704,000	-	-	-	-	6,145,600
<b>TOTAL</b>	<b>6,145,600</b>	<b>5,704,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,145,600</b>
<b>Remuneration</b>							
Mr. Mahabir Prasad Patni	-	-	-	-	8,060,927	7,549,724	8,060,927
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,060,927</b>	<b>7,549,724</b>	<b>8,060,927</b>
<b>Director sitting fees</b>							
Mr. Rajesh Sharma	-	-	-	-	135,000	135,000	135,000
Mr. Ankur Patni	-	-	-	-	125,000	125,000	125,000
Mr. Dinesh Sharma	-	-	-	-	125,000	125,000	125,000
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>385,000</b>	<b>385,000</b>	<b>385,000</b>
<b>Loans received</b>							
Ion Exchange (India) Limited	394,727,083	288,154,137	-	-	-	-	394,727,083
<b>TOTAL</b>	<b>394,727,083</b>	<b>288,154,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>394,727,083</b>
<b>Loans repaid</b>							
Ion Exchange (India) Limited	272,402,471	167,907,410	-	-	-	-	272,402,471
<b>TOTAL</b>	<b>272,402,471</b>	<b>167,907,410</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>272,402,471</b>
<b>Advances given</b>							
Global Composites and Structural Limited	-	-	3,158,674	-	-	-	3,158,674
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>3,158,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,158,674</b>
<b>Advances settled</b>							
Global Composites and Structural Limited	-	-	3,158,674	-	-	-	3,158,674
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>3,158,674</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,158,674</b>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements (Continued)

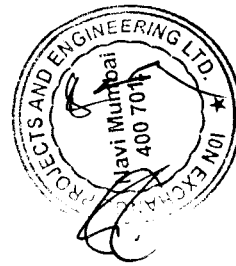
for the year ended 31 March 2017

(Currency: Indian Rupees)

### 29. 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)		Total	
	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016	2016-2017	2015-2016
<b>Outstanding payables (net of receivables)</b>								
Ion Exchange (India) Limited	115,712,257	10,92,72,294	-	-	-	-	115,712,257	109,272,294
Global Composites and Structural Limited	-	-	5,996,829	5,996,829	-	-	5,996,829	5,996,829
<b>TOTAL</b>	<b>115,712,257</b>	<b>10,92,72,294</b>	<b>5,996,829</b>	<b>5,996,829</b>	<b>-</b>	<b>-</b>	<b>121,709,086</b>	<b>115,269,123</b>
<b>Outstanding loans and advances payable</b>								
Ion Exchange (India) Limited	356,436,079	234,109,231	-	-	-	-	356,436,079	234,109,231
<b>TOTAL</b>	<b>356,436,079</b>	<b>234,109,231</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>356,436,079</b>	<b>234,109,231</b>



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

### 30. Operating lease

Particulars	31 March 2017	31 March 2016
Lease payment for the year	6,145,600	6,670,660
Not later than 1 year	6,292,800	6,667,925
Later than 1 year but not later than 5 years	2,097,600	6,145,600

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

### 31. Capital and other commitments

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

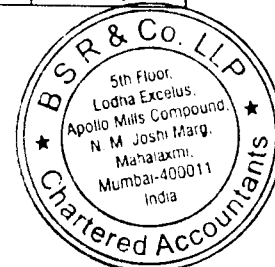
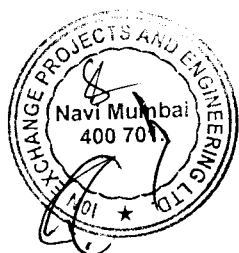
### 32. Contingent liabilities

	31 March 2017	31 March 2016
Demand raised by West Bengal sales tax authorities in respect of sales tax 2012-13 against which company has filed an appeal	-	1,859,983
Demand Raised by West Bengal sales tax authorities in respect of 2013-2014 against which the company has filed an appeal	3,780,812	-
Demand raised by Maharashtra sales tax department in respect of Central sales tax for 2009-10 against which Company has filed an appeal	406,944	1,245,616
Demand Raised by Jharkhand sales tax authorities in respect of 2011-2012 against which the company has filed an appeal	5,069,794	-
Demand Raised by Jharkhand sales tax authorities in respect of 2012-2013 against which the company has filed an appeal	3,082,208	-

### 33. Unhedged foreign currency exposure

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

	Particular	31 March 2017		31 March 2016	
		Amount (Rs.)	Foreign Currency (USD)	Amount (Rs.)	Foreign Currency (USD)
Unhedged	Import creditors	8,202,083	126,500	5,011,119	75,545



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

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

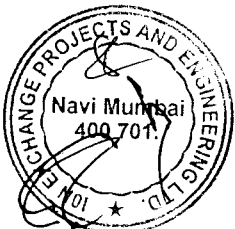
	31 March 2017		31 March 2016	
	Value in Rupees	% of total Consumption	Value in Rupees	% of total consumption
Indigenous: Raw material and components consumed	292,490,963	87.14 %	186,578,080	89.17%
Imported	43,156,736	12.86 %	22,670,555	10.83%

### 35. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006 (on the basis of the information and records available with Management)

	31 March 2017	31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	-	-
Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-

### 36. Amalgamation

- 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.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

### 36. Amalgamation (Continued)

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.

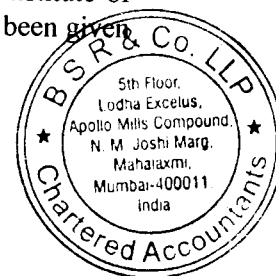
The Honorable High Court of Bombay, on 28 October, 2015, sanctioned the scheme under sections 391 to 394 of the Companies Act, 1956. In accordance with the scheme, the transferor company merges with the Company with effect from 1 April 2014. The Scheme has become effective 17 December 2015 (the date 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 financial year 2015-2016 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	273,512,528
Total liabilities	(170,807,839)
<b>Net book value of assets taken over</b>	<b>102,704,689</b>
Less: Total equity shares to be issued by the company to shareholders of erstwhile, Ion Exchange Infrastructure Limited pursuant to the scheme of amalgamation	(52,152,000)
<b>Reserve and surplus transferred on amalgamation</b>	<b>50,552,689</b>
Represented by – Balance in General reserve	8,848,000
– Balance in Statement of profit and loss	41,704,689

- 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.

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 2017

(Currency: Indian Rupees)

### 36. 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, 5,215,200 equity shares of Rs. 10 each, aggregating to Rs. 52,152,000 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. 52,152,000 was included in the share capital suspense account in the previous year. 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 *parripassu* 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 previous year's Reserves and Surplus.

#### Income

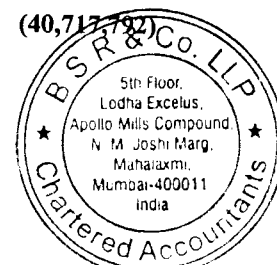
Revenue from Operations (Net)	61,805,353
Other Income	1,657,748
<b>Total revenue</b>	<b>63,463,101</b>
<b>Expenses</b>	
Cost of materials consumed	2,454,660
Purchases of Stock	20,104,044
Changes in inventories of finished goods, work in progress and stock-in-trade	24,575,813
Employee benefits expense	9,837,301
Finance costs	4,183,730
Depreciation and Amortization expense	3,043,772
Other expenses	38,493,297
<b>Total Expenses</b>	<b>102,692,617</b>
<b>Profit/(loss) before tax</b>	<b>(39,229,516)</b>
<b>Tax expenses</b>	
Current tax	-
Deferred tax	-
Earlier period tax	785,042
<b>Total tax expense</b>	<b>785,042</b>
<b>Profit/(loss) for the year</b>	<b>(40,014,558)</b>

Additional Depreciation

703,234

(Loss) for the year

(40,717,792)



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

37. 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.
38. During the year, the Company had Specified Bank Notes (SBNs) or other denomination notes as defined in the MCA notification G.S.R. 308 (E), dated March 31, 2017. The details of SBNs held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination-wise SBNs and other notes as per the notification are as follows:

Particulars	SBNs	Other Denomination Notes	Total
Closing Cash in Hand as on 08.11.2016	76,000	172,977	248,977
Add: Permitted Receipt		452,865	452,865
Less: Permitted Payment		434,662	434,662
Less: Amount Deposited in Bank	76,000	-	76,000
Closing Cash in Hand as on 30.12.2016	-	191,180	191,180

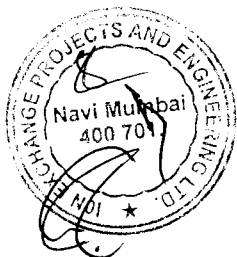
### 39. Going concern basis

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 2017 which will result in the profit from operations in the subsequent financial years.
- (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).

### 40. 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.



# Ion Exchange Projects and Engineering Limited

## Notes to financial statements(Continued)

for the year ended 31 March 2017

(Currency: Indian Rupees)

41. Previous year figures have been regrouped / reclassified wherever necessary, to conform to current year's classification.

As per our report of even date attached

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

*B. H. Dhupelia*

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

23 May 2017

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

*M. P. Patni*

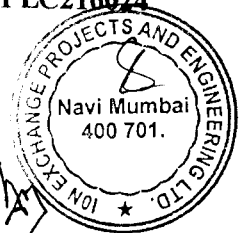
**M. P. Patni**  
Whole Time  
Director  
DIN: 00515553

23 May 2017

*Rajesh Sharma*

**Rajesh Sharma**  
Director  
DIN: 00515486

23 May 2017



**Hemant Jog**  
Chief financial  
officer

23 May 2017