



**MOHAN NAGPURKAR & ASSOCIATES**

**CHARTERED ACCOUNTANTS**

61/2699, Bandra Tarang CHSL, Gandhi Nagar, Bandra (East), Mumbai - 400 051.

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## ***Auditor's Report***

To,

**The Directors of ION EXCHANGE LLC, USA**

We have audited the accompanying financial statements of **ION EXCHANGE LLC, USA** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2022, and the Statement of Profit and Loss and Other Comprehensive Income and Cash Flow Statement for the year ended on that date, and Notes to accounts forming part of the financial statements and other explanatory information.

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016 under Section 133 of the Act. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles as per Indian Accounting Standards (IND AS):

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2022;
- b) in the case of the Statement of Profit and Loss Account and other comprehensive income, of the profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Mohan Nagpurkar & Associates  
Chartered Accountants**

**Santosh  
Krishna Chande**

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**Santosh Chande**

**Proprietor**

**Membership no.: 121365**

**Firm registration number: 106524W**

**UDIN: 22121365AJEYUK6953**

**Place: Mumbai**

**Date: 18.05.2022**

Balance sheet as at 31 st March 2022

	Notes	As at 31 st Mar 2022 Currency US\$	As at 31 st Mar 2021 Currency US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment	2	461	750
(b) Capital work-in-progress		-	-
(c) Other intangible assets		-	-
(d) Financial assets			
(i) Investments		-	-
(ii) Trade receivables		-	-
(iii) Loans		-	-
(iv) Other financial assets			
(e) Deferred tax assets (Net)		-	-
(f) Other non current assets		-	-
(g) Non current tax assets (Net)		-	-
<b>Total non-current assets</b>		<b>461</b>	<b>750</b>
<b>Current assets</b>			
(a) Inventories	3	28,18,102	22,89,886
(b) Financial assets			
(i) Investments		-	-
(ii) Trade receivables	4	8,07,456	12,35,154
(iii) Cash and cash equivalents	5	3,85,224	6,86,368
(iv) Bank balances other than (iii) above		-	-
(v) Loans		-	-
(vi) Other financial assets	6	-	6,875
(c) Other current assets	7	12,171	12,171
(d) Forex Fluctuation			
<b>Total current assets</b>		<b>40,22,953</b>	<b>42,30,454</b>
<b>Total assets</b>		<b>40,23,414</b>	<b>42,31,204</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	8	7,00,000	7,00,000
(b) Other equity	9	3,68,890	(1,38,333)
<b>Total equity</b>		<b>10,68,890</b>	<b>5,61,667</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings		-	-
(ii) Other financial liabilities		-	-
(b) Provisions		-	-
(c) Deferred tax liabilities (Net)		-	-
(d) Other non-current liabilities		-	-
(e) Non current tax liabilities (Net)		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings		-	-
(ii) Trade payables			
- Due to micro and small enterprises		-	-
- Due to others	10	27,81,739	35,30,160
(iii) Other financial liabilities	11	14,256	13,250
(b) Other current liabilities	12	97,059	88,269
(c) Provisions		-	-
(d) Liabilities for current tax (Net)	13	61,469	37,859
<b>Total current liabilities</b>		<b>29,54,523</b>	<b>36,69,538</b>
<b>Total liabilities</b>		<b>29,54,523</b>	<b>36,69,538</b>
<b>Total equity and liabilities</b>		<b>40,23,414</b>	<b>42,31,204</b>
Significant accounting policies	1	-	-
The accompanying notes are an integral part of the financial statements			

As per our report of even date

For Mohan Nagpurkar & Associates  
Chartered Accountants  
Firm's Registration No.: 106524W

Santosh  
Krishna Chande

Santosh Chande  
Proprietor  
Membership no.: 121365  
UDIN NO:

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For  
Ion Exchange LLC. USA

RAJESH  
CHANDRABHAN  
SHARMA

Rajesh Sharma  
Director

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Ankur Patni  
Director

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**Ion Exchange LLC, USA**
**(Incorporated in the California State, Federal)**
**Statement of profit or loss and other comprehensive income for the year ended 31 st March 2022**

	Notes	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
<b>Income</b>			
Revenue from operations	14	71,42,857	68,79,106
Other income	15	8,254	-
<b>Total Income (I)</b>		<b>71,51,111</b>	<b>68,79,106</b>
<b>Expenses</b>			
Cost of materials and components consumed		(0)	-
Purchases of Traded Goods	16	68,28,159	73,10,070
Change in inventories of finished goods, work-in-progress and stock-in-trade	17	(5,28,216)	(13,11,424)
Employee benefits expenses	18	1,20,162	1,07,035
Finance costs		-	-
Depreciation and amortization expenses	19	289	357
Other expenses	20	1,64,755	3,50,552
<b>Total expenses (II)</b>		<b>65,85,150</b>	<b>64,56,591</b>
<b>Profit before tax (I - II)</b>		<b>5,65,961</b>	<b>4,22,516</b>
<b>Tax expense</b>			
Current tax	21	58,737	1,36,290
Deferred tax		-	-
<b>Total tax expense</b>		<b>58,737</b>	<b>1,36,290</b>
<b>Profit after tax (III)</b>		<b>5,07,224</b>	<b>2,86,226</b>
<b>Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
(a) Remeasurement benefit of defined benefit plans		-	-
(b) Income tax expense on remeasurement benefit of defined benefit plans		-	-
<b>Total other comprehensive income (IV)</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income (III + IV)</b>		<b>5,07,224</b>	<b>2,86,226</b>
<b>Earnings per equity share:</b>			
[Nominal value of shares US\$ 1 (2020-21: US\$ 1)]			
Basic (in US\$)		0.72	0.41
Diluted (in US\$)		0.72	0.41

Significant accounting policies

1

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Mohan Nagpurkar &amp; Associates

Chartered Accountants

Firm's Registration No.: 106524W

**Santosh Krishna  
Chande**

Santosh Chande

Proprietor

Membership no.: 121365

UDIN NO:

Ion Exchange LLC. USA

**RAJESH  
CHANDRABHA  
N SHARMA**

 Rajesh Sharma  
Director

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**AANKUR  
PATNI**

 Ankur Patni  
Director

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Place : Mumbai

Date : 18.05.2022

Place : Mumbai  
Date : 18.05.2022

**Ion Exchange LLC, USA**  
**(Incorporated in the California State, Federal)**  
**Cash flow statement for the year ended 31 st March 2022**

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
<b>A. Cash flow from operating activities:</b>		
Profit before tax	5,65,961	4,22,516
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortization expense	289	357
<b>Operating profit before working capital changes</b>	<b>5,57,996</b>	<b>5,93,400</b>
Movements in working capital:		
(Increase) / Decrease in inventories	(5,28,216)	(13,11,424)
(Increase) / Decrease in trade receivables	4,27,698	(55,193)
(Increase) / Decrease in other current assets	(0)	1,334
(Decrease) / Increase in trade payables	(7,40,167)	11,94,822
(Decrease) / Increase in other financial liabilities	1,006	1,333
(Decrease) / Increase in other current liabilities	8,790	63,986
<b>Cash generated from operations</b>	<b>(2,72,892)</b>	<b>4,88,257</b>
Taxes paid	(35,127)	(1,30,074)
<b>Net cash generated from operating activities (A)</b>	<b>(3,08,019)</b>	<b>3,58,183</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of property, plant and equipment	-	-
Proceeds from sale of property, plant and equipment	-	0
Interest received	6,875	-
<b>Net cash used in investing activities (B)</b>	<b>6,875</b>	<b>0</b>
<b>C. Cash flow from financing activities:</b>		
Proceeds from issuance of share capital on exercise of options	-	-
Repayment of borrowings	-	-
Proceeds from borrowings	-	-
Dividend paid	-	-
Dividend tax paid	-	-
Finance cost	-	-
<b>Net cash generated / (used) in financing activities (C)</b>	<b>-</b>	<b>-</b>
<b>Net Increase / (Decrease) in cash and cash equivalents (A)+(B)+(C)</b>	<b>(3,01,144)</b>	<b>3,58,183</b>
<b>Effect of exchange difference on cash and cash equivalent held in foreign</b>	<b>-</b>	<b>-</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>6,86,368</b>	<b>3,28,185</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>3,85,224</b>	<b>6,86,368</b>

**Notes:**

- The above cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - Statement of Cash Flow prescribed under the Companies Act (Indian Accounting Standard) Rules, 2015 under the Companies Act, 2013.
- Cash and cash equivalents excludes the following balances with bank:

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Cash and cash equivalents disclosed under current assets [Note 5]	3,85,224	6,86,368
Other bank balances disclosed under current assets	-	-
<b>Total cash and cash equivalents as per Balance Sheet</b>	<b>3,85,224</b>	<b>6,86,368</b>
<b>Total cash and cash equivalents as per Statement of Cash Flows</b>	<b>3,85,224</b>	<b>6,86,368</b>

As per our report of even date

For Mohan Nagpurkar & Associates  
Chartered Accountants  
Firm's Registration No.: 106524W

**Santosh  
Krishna Chande**

Santosh Chande  
Proprietor  
Membership no.: 121365  
UDIN NO:

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Ion Exchange LLC. USA

**RAJESH  
CHANDRABHA  
N SHARMA**

Rajesh Sharma  
Director

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**AANKUR  
PATNI**

Ankur Patni  
Director

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Place : Mumbai  
Date : 18.05.2022

# **Ion Exchange LLC, USA**

## **Notes to Financial Statements for the year ended 31st March 2022**

### **Company Overview**

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

### **1. Significant Accounting Policies**

#### **1.1 Statement of compliance**

The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied.

#### **1.2 Basis of preparation**

The standalone financial statements have been prepared on the going concern basis and at historical cost, on the accrual basis of accounting except for certain financial assets and financial liabilities that are measured at fair values at the end of each reporting period, as stated in the accounting policies set out below. The accounting policies have been applied consistently over all the periods presented in these financial statements.

#### **1.3 Functional and presentation currency**

The standalone financial statements are presented in US\$, which is also the company's functional currency. All amounts have been rounded off to two decimal places to the nearest US\$, unless otherwise indicated.

#### **1.4 Basis of measurement**

The standalone financial statements have been prepared on a historical cost convention, except for the following:

- certain financial assets and liabilities (including derivative instruments) that are measured at fair value; and
- net defined benefit (asset)/ liability that are measured at fair value of plan assets less present value of defined benefit obligations.

#### **1.5 Use of estimates**

The preparation of the standalone financial statements in accordance with Ind AS requires use of judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31st March 2022 are as follows:

##### **a) Evaluation of percentage completion**

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are technical in nature, concerning, where relevant, the percentage of completion, costs to completion, expected revenues from the project or activity and the foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates is recognized in the financial statements for the period in which such changes are determined.

##### **b) Useful life of property, plant and equipment**

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalised. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice,

taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

c) Recognition and measurement of defined benefit obligations

The obligation arising from defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation, actuarial rates and life expectancy. The discount rate is determined by reference to market yields at the end of the reporting period on government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

**1.6 Measurement of fair values**

The Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values, which includes overseeing all significant fair value measurements, including Level 3 fair values by the management. The management regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the management assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of a financial asset or a financial liability, the Company uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**1.7 Property, plant and equipment and depreciation**

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any. Cost includes taxes, duties, freight and other incidental expenses directly related to acquisition/construction and installation of the assets. Any trade discounts and rebates are deducted in arriving at the purchase price.

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 life estimated by the Management, whichever is lower, as stated below.

Assets	Useful lives
Furniture and fixtures	5 years
Office equipments – Computers/Laptops	5 years

Leasehold assets are depreciated over the period of lease.



In case of certain class of assets, the Company uses different useful life than those prescribed in Schedule II of the Companies Act, 2013. The useful life has been assessed based on technical advice, taking into account the nature of the asset, the estimated usage of the asset on the basis of the management's best estimation of getting economic benefits from those class of assets. The Company uses its technical expertise along with historical and industry trends for arriving the economic life of an asset.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

An item of property, plant and equipment is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

### **1.8 Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost and are carried at cost less accumulated amortization and impairment.

Intangible assets are amortized on a straight-line basis over the estimated useful economic life. The amortization period and the amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly.

Computer software is amortized on a straight-line basis over the period of 5 years.

An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the statement of profit and loss.

### **1.9 Impairment**

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 amounts 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.

### **1.10 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. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

### **1.11 Inventories**

Inventories are valued at lower of cost and net realizable value.

Cost of raw materials, components, stores and spares are computed on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Cost of work-in-progress includes cost of raw material and components, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is computed on 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.

Cost of finished goods includes cost of raw material and components, cost of conversion, other costs including manufacturing overheads incurred in bringing the inventories to their present location/ condition. Cost is computed on weighted average basis.

Costs of traded goods are computed on first-in-first-out basis. Cost includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

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.

### **1.12 Financial instruments**

Financial assets and financial liabilities are recognised in the balance sheet when the company becomes a party to the contractual provisions of the instrument. The company determines the classification of its financial assets and financial liabilities at initial recognition based on its nature and characteristics.

#### **A. Financial assets**

##### **(i) Initial recognition and measurement**

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to the fair value measured on initial recognition of financial asset.

The financial assets include debt instruments, equity investments, trade and other receivables, loans, cash and bank balances and derivative financial instruments.

##### **(ii) Classification and subsequent measurement**

For the purpose of subsequent measurement, financial assets are classified in the following categories:

###### **a) At amortised cost,**

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### **b) At fair value through other comprehensive income (FVTOCI)**

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### **c) At fair value through profit or loss (FVTPL).**

A financial asset which is not classified in any of the above categories are measured at FVTPL.

##### **(iii) Equity investments**

All equity investments in the scope of Ind AS 109 are measured at fair value except in case of investment in subsidiaries, associates and joint venture carried at deemed cost. Deemed cost is the carrying amount under the previous GAAP as at the transition date i.e. 1st April 2016.

Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in profit or loss. The company may make an irrevocable election to present in OCI subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the company decides to classify an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment.

However, the company may transfer the cumulative gain or loss within equity.

Impairment of investments in subsidiaries:

The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(iv) Impairment of financial assets

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

(v) De-recognition of financial assets

The company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expires or it transfers the financial asset and substantially all the risks and rewards of ownership of the assets.

B. Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial liabilities (other than financial liabilities at fair value through profit or loss) are deducted from the fair value measured on initial recognition of financial liabilities.

The financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, derivative financial instruments, etc.

(ii) Classification and subsequent measurement

For the purpose of subsequent measurement, Financial liabilities are classified in two categories:

- a) Financial liabilities excluding derivative financial instruments at amortised cost, and
- b) Derivative financial instruments at fair value through profit or loss (FVTPL).

- Financial liabilities excluding derivative financial instruments at amortised cost

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

- Derivative financial instruments

The Company uses derivative financial instruments, such as forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are

subsequently re-measured at fair value at each reporting period. Any changes therein are generally recognised in the profit and loss account.

(iii) De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in the statement of profit and loss.

**1.13 Retirement and other employee benefits**

- (i) Retirement benefit in the form of Canada Pension Plan (CPP) and Employment Insurance (EI) are defined contribution scheme and the contribution is charged to the statement of profit and loss of the year when the contribution to the respective fund is due. There is no other obligation other than the contribution payable.

**1.14 Revenue recognition**

Revenue from sale of goods is recognizes at the point in time when control of the assets is transferred to the customer, generally on delivery of the goods.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

- Revenue related to fixed price maintenance and support services contracts where the Company is standing ready to provide services is recognised based on time elapsed mode and revenue is straight lined over the period of performance.
- In respect of other fixed-price contracts, revenue is recognised using percentage-of-completion method ('POC method') of accounting with contract costs incurred determining the degree of completion of the performance obligation. The contract costs used in computing the revenues include cost of fulfilling warranty obligations.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts and incentives, if any, as specified in the contract with the customer.

Revenue also excludes taxes collected from customers.

Revenue from subsidiaries is recognised based on transaction price which is at arm's length.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues.

The billing schedules agreed with customers include periodic performance based payments and / or milestone based progress payments. Invoices are payable within contractually agreed credit period.

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received.

Contracts are subject to modification to account for changes in contract specification and requirements. The Company reviews modification to contract in conjunction with the original contract, basis which the transaction price could be allocated to a new performance obligation, or transaction price of an existing obligation could undergo a change. In the event transaction price is revised for existing obligation, a cumulative adjustment is accounted for.

The Company disaggregates revenue from contracts with customers into categories that depict the nature of services and geography.

#### Use of significant judgements in revenue recognition

- The Company's contracts with customers could include promises to transfer multiple products and services to a customer. The Company assesses the products / services promised in a contract and identifies distinct performance obligations in the contract. Identification of distinct performance obligation involves judgement to determine the deliverables and the ability of the customer to benefit independently from such deliverables.
- Judgement is also required to determine the transaction price for the contract. The transaction price could be either a fixed amount of customer consideration or variable consideration with elements such as volume discounts and incentives. The transaction price is also adjusted for the effects of the time value of money if the contract includes a significant financing component. Any consideration payable to the customer is adjusted to the transaction price, unless it is a payment for a distinct product or service from the customer. The estimated amount of variable consideration is adjusted in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur and is reassessed at the end of each reporting period. The Company allocates the elements of variable considerations to all the performance obligations of the contract unless there is observable evidence that they pertain to one or more distinct performance obligations.
- The Company uses judgement to determine an appropriate standalone selling price for a performance obligation. The Company allocates the transaction price to each performance obligation on the basis of the relative standalone selling price of each distinct product or service promised in the contract. Where standalone selling price is not observable, the Company uses the expected cost plus margin approach to allocate the transaction price to each distinct performance obligation.
- The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Company considers indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, transfer of significant risks and rewards to the customer, acceptance of delivery by the customer, etc.
- Revenue for fixed-price contract is recognised using percentage-of-completion method. The Company uses judgement to estimate the future cost-to-completion of the contracts which is used to determine the degree of completion of the performance obligation.
- Dividend income is recorded when the right to receive payment is established. Interest income is recognised using the effective interest method.

#### **1.15 Taxation**

- (i) Provision for current taxation has been made in accordance with the tax laws of Canada Revenue Agency and US Corporation for the relevant tax period.

**1.16 Provisions and contingent liabilities**

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but will probably not, require an outflow of resources. When there is a possible obligation of a present obligation in respect of which the likelihood of outflow of resources is remote, no provision disclosure is made.

**1.17 Earnings per share**

Basic earnings per equity 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 equity 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.

**1.18 Segment reporting policies**

Identification of segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chairman and Managing Director who makes strategic decisions.

Inter-segment Transfers

The Company accounts for inter-segment sales and transfers at cost plus appropriate margin.

Allocation of common costs

Common allocable costs are allocated to each segment according to the turnover of the respective segments.

Unallocated costs

The unallocated segment includes general corporate income and expense items which are not allocated to any business segment.

Segment policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the company as a whole.

**1.19 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.

**1.20 Leases**

Where the company is the lessor

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets given on operating leases by the company are included in property, plant and equipment. Lease income is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Where the company is the lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. However, finance charges pertaining to the period up to date of commissioning of assets are capitalised. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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.

In case of profit on sale and lease back arrangements resulting in operating leases, where the sale price is above fair value, the excess over the fair value is deferred and amortized over the period for which the asset is expected to be used.

**Ion Exchange LLC, USA**  
**(Incorporated in the California State, Federal)**  
**Notes to financial statements for the year ended 31 st March 2022 (contd.)**

**2. Property, plant and equipment**

Currency US\$

	Furniture Canada	Computer Canada	Laptop-Canada	Total
<b>Gross block</b>				
As at 1st April 2021	225	542	1,202	1,969
Addition during the year				-
Disposal during the year				-
<b>As at 31 st Mar 2022</b>	<b>225</b>	<b>542</b>	<b>1,202</b>	<b>1,969</b>
<b>Depreciation / Amortisation</b>				
As at 1st April 2021	191	527	501	1,218
Depreciation during the year	34	15	240	289
Deduction during the year				-
<b>As at 31 st Mar 2022</b>	<b>225</b>	<b>542</b>	<b>741</b>	<b>1,508</b>
<b>Net carrying value as at 31 st Mar 2022</b>	<b>-</b>	<b>-</b>	<b>461</b>	<b>461</b>
<b>Gross block</b>				
As at 1st April 2020	225	542	1,202	1,969
Addition during the year				-
Disposal during the year				-
<b>As at 31st March 2021</b>	<b>225</b>	<b>542</b>	<b>1,202</b>	<b>1,969</b>
<b>Depreciation / Amortisation</b>				
As at 1st April 2020	146	455	260	861
Depreciation during the year	45	72	240	357
Deduction during the year				-
<b>As at 31st March 2021</b>	<b>191</b>	<b>527</b>	<b>501</b>	<b>1,218</b>
<b>Net carrying value as at 31st March 2021</b>	<b>34</b>	<b>15</b>	<b>701</b>	<b>750</b>



**Ion Exchange LLC, USA**
**Notes to financial statements for the year ended 31 st March 2022 (contd.)**
**3. Inventories**

(valued at lower of cost and net realizable value)

	31 st Mar 2022	31 st March 2021
	Currency US\$	Currency US\$
Raw materials and components	-	-
Work-in-progress	-	-
Finished goods	-	-
Traded goods (includes in transit US\$ 9,49,726 31st March 2021: US\$ 11,06,741)	28,18,102	22,89,886
Stores and spares	-	-
Contract work-in-progress	-	-
	<b>28,18,102</b>	<b>22,89,886</b>

\* includes in transit

**4. Trade receivables**

	Non-current		Current	
	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
Trade receivables				
(a) Unsecured, considered good	-		8,07,456	12,35,154
(b) Unsecured, have significant increase in credit risk				
(c) Unsecured, credit impaired				
	-	-	8,07,456	12,35,154
Less: Provision for credit impaired			-	-
	-	-	<b>8,07,456</b>	<b>12,35,154</b>

**Trade receivables ageing schedule**

As at 31 March 2022

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$
Undisputed trade receivables - considered good		8,07,456					8,07,456
Undisputed Trade Receivables - which have significant increase in credit risk							-
Undisputed Trade receivable - credit impaired							-
Disputed Trade receivables - considered good							-
Disputed Trade receivables - which have significant increase in credit risk							-
Disputed Trade receivables - credit impaired							-

As at 31 March 2021

	Current but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$
Undisputed trade receivables - considered good		12,35,154					12,35,154
Undisputed Trade Receivables - which have significant increase in credit risk							-
Undisputed Trade receivable - credit impaired							-
Disputed Trade receivables - considered good							-
Disputed Trade receivables - which have significant increase in credit risk							-
Disputed Trade receivables - credit impaired							-

**5. Cash and cash equivalents**

	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
Balances with banks		
On current accounts	3,83,605	6,84,749
On Exchange Earner's Foreign Currency accounts	-	-
Cash on hand	1,619	1,619
	<b>3,85,224</b>	<b>6,86,368</b>

**6. Other financial assets**

	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
Security Deposit	-	6,875
	-	6,875

Ion Exchange LLC, USA

Notes to financial statements for the year ended 31 st March 2022 (contd.)

7. Other assets

	Non-current		Current	
	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
Capital advances	-	-	-	-
Balance with statutory authorities	-	-	-	-
Advance to suppliers				
Unsecured, considered good	-	-	-	-
Unsecured, considered good - related parties	-	-		
Unsecured, credit impaired			-	-
	-	-	-	-
Less: Provision for credit impaired			-	-
	-	-	-	-
Prepaid expenses	-	-	12,171	12,171
	-	-	12,171	12,171

## 8. Equity share capital

	As at 31 st Dec 2021		As at 31st March 2021	
	No of shares	Currency US\$	No of shares	Currency US\$
<b>Authorised capital</b>				
Equity shares of US\$ 1 each.	7,00,000	7,00,000	7,00,000	7,00,000
<b>Issued, subscribed and fully paid-up capital</b>				
Equity shares of US\$ 1 each.	7,00,000	7,00,000	7,00,000	7,00,000
		<b>7,00,000</b>		<b>7,00,000</b>

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

	As at 31 st Dec 2021		As at 31st March 2021	
	No of shares	Currency US\$	No of shares	Currency US\$
At the beginning of the year	7,00,000	7,00,000	7,00,000	7,00,000
Add: Issued during the year - ESOS	-	-	-	-
At the end of the year	7,00,000	7,00,000	7,00,000	7,00,000

## (b) Details of shareholders holding more than 5% shares in the company

	As at 31st March 2022		As at 31st March 2021	
	No. of equity shares	% holding	No. of equity shares	% holding
Ion Exchange (India) Ltd	7,00,000	100.00%	7,00,000	100.00%

## 9. Other equity

	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
<b>Security premium account</b>		
Balance as at 1st April	-	-
Transferred from employee stock option	-	-
(A)	-	-
<b>Special reserve</b>		
Balance as at 1st April	-	-
(As per section 45 - IC of the Reserve Bank		
(B)	-	-
<b>General reserve</b>		
Balance as at 1st April	-	-
(C)	-	-
<b>Retained earnings</b>		
Balance as at 1st April	(1,38,333)	(4,24,559)
Profit for the year	5,07,224	2,86,226
Other comprehensive income	-	-
Appropriations		
- Dividend	-	-
- Tax on dividend	-	-
(D)	<b>3,68,890</b>	<b>(1,38,333.09)</b>
(A+B+C+D)	<b>3,68,890</b>	<b>(1,38,333)</b>

## 10. Trade payables

	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
Trade payables (including acceptances)		
- Due to micro and small enterprises		
- Due to others (Refer note no 25)	27,81,739	35,30,160
	<b>27,81,739</b>	<b>35,30,160</b>

## Trade Payables ageing schedule

As at 31 March 2022

	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$
Total outstanding dues of micro enterprises and small					-
Total outstanding dues of creditors other than micro	27,81,739	-	-		27,81,739
Disputed dues of micro enterprises and small enterprises					-
Disputed dues of creditors other than micro enterprises	-	-	-		-
Unbilled trade payables					-
Not due trade payables					-

## Trade Payables ageing schedule

As at 31 March 2021

	Outstanding for following periods from due date of payment				Total
	Less than 1 Year	1-2 years	2-3 years	More than 3 years	
	Currency US\$	Currency US\$	Currency US\$	Currency US\$	Currency US\$
Total outstanding dues of micro enterprises and small					-
Total outstanding dues of creditors other than micro	35,30,160			-	35,30,160
Disputed dues of micro enterprises and small enterprises					-
Disputed dues of creditors other than micro enterprises					-
Unbilled trade payables					-
Not due trade payables					-

## 11. Other financial liabilities - Current

	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
Interest accrued but not due	-	-
Employee benefits payable	14,256	13,250
- Unpaid dividend	-	-
	<b>14,256</b>	<b>13,250</b>

## 12. Other current liabilities

	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
Advance from customers	93,609	86,977
Statutory dues	3,450	1,292
Others liabilities	-	-
	<b>97,059</b>	<b>88,269</b>

## 13. Tax liabilities

	Non-current		Current	
	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$	As at 31 st Mar 2022 Currency US\$	As at 31 st March 2021 Currency US\$
(Net of advance tax)	-	-	61,469	37,859
	-	-	61,469	37,859

## 14. Revenue from operations

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Finished goods	-	-
Traded goods	71,42,857	68,79,106
<b>Sale of services</b>	-	-
<b>Others operating revenue</b>		
Scrap sale	-	-
Management fees	-	-
Other operating income	-	-
	<b>71,42,857</b>	<b>68,79,106</b>

## 15. Other income

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Interest income on financial instruments measured at amortised cost		
- From banks	-	-
- From subsidiaries	-	-
- From joint venture	-	-
- From others	-	-
Amount set aside for liabilities, no longer required, written back	8,254	-
	<b>8,254</b>	<b>-</b>

## 16. Cost of raw material and components consumed

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Inventory at the beginning of the year	-	
Add: Purchases		
Less: Inventory at the end of the year	-	-
Cost of raw material and components consumed	(0)	-

## 16. Purchases of Traded Goods

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Consumer products		
Traded Goods-Resin	68,26,879	73,10,070
Traded Goods-Membranes/Chemical	1,280	-
	68,28,159	73,10,070

## 17. Changes in inventories of finished goods, stock-in-trade and work-in-progress

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
<b>Inventories at the end of the year</b>		
Traded goods	28,18,102	22,89,886
Work-in-progress	-	-
Finished goods		
Contract work-in-progress	-	-
	28,18,102	22,89,886
<b>Inventories at the beginning of the year</b>		
Traded goods	22,89,886	9,78,462
Work-in-progress	-	
Finished goods		
Contract work-in-progress	-	
	22,89,886	9,78,462
	(5,28,216)	(13,11,424)

**18. Employee benefits expense**

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Salaries, wages and bonus	1,16,936	1,05,129
Contribution to provident and other funds	475	224
Staff welfare expense	2,751	1,682
	<b>1,20,162</b>	<b>1,07,035</b>

**19. Depreciation and amortisation expense**

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Depreciation of property, plant and equipment (Refer note 2)	289	357
Amortization of intangible assets		
	<b>289</b>	<b>357</b>

**20. Other expenses**

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Repairs and Maintenance - Others	1,616	2,361
Rent (Net of recoveries)	6,260	5,739
Rates and taxes	422	300
Insurance (Net of recoveries)	26,832	25,675
Travelling and conveyance	9,239	7,407
Storage & Warehousing Charges	41,194	36,827
Freight (Net of recoveries)	(9,694)	22,163
Packing (Net of recoveries)	-	129
Advertisement and publicity	6,838	3,078
Commission	2,304	13,760
Labour Charges	46,298	38,055
Legal and professional charges	14,479	13,312
Telephone and telex	3,100	2,594
Bad debts written off	-	1,70,527
Bank charges	2,225	2,471
Exchange loss (Net)	3,061	2,513
Establishment and other miscellaneous expenses	10,581	3,642
	<b>1,64,755</b>	<b>3,50,552</b>

**20.1 Auditors' remuneration (excluding taxes)**

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
As auditor:		
- Audit fees		
- Tax audit fees		
- Limited review		
In other capacity:		
- Other services (Certification fees)		
Reimbursement of expenses		
	-	-

## 21. Tax expense

	Year ended 31 st Mar 2022 Currency US\$	Year ended 31 st March 2021 Currency US\$
Current tax	58,737	1,36,290
Deferred tax	-	-
	<b>58,737</b>	<b>1,36,290</b>
<b>Reconciliation of Tax Expense</b>		
Profit before tax	5,65,961	4,22,516
Applicable tax rate	30.00%	30.00%
<b>Computed tax expense (A)</b>	<b>1,69,788</b>	<b>1,26,755</b>
Adjustments for:		
Non-deductible tax expenses	-	-
Tax-exempt income	-	-
Incremental deduction allowed for research and development costs	-	-
Deduction under house property	-	-
Income taxed at different rate	-	-
Others (Deffred tax assets not recognised)	(1,11,051)	9,535
<b>Net adjustments (B)</b>	<b>(1,11,051)</b>	<b>9,535</b>
<b>Tax expense (A+B)</b>	<b>58,737</b>	<b>1,36,290</b>



**ION Exchange LLC, USA****(Incorporated in the California State, Federal)****Notes to financial statements for the year ended 31 st March 2022 (contd.)****Note 22****Earnings per share (EPS)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent (after adjusting for interest on the convertible preference shares) by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

**i. Profit attributable to Equity holders of parent**

	<b>31 st March 2022</b>	<b>31 st March 2021</b>
	<b>US\$</b>	<b>US\$</b>
<b>Profit attributable to equity holders of the parent:</b>		
Net Profit as per statement of profit and loss available for equity shareholders	5,07,224	2,86,226
<b>Profit attributable to equity holders</b>	<b>5,07,224</b>	<b>2,86,226</b>

**ii. Weighted average number of ordinary shares**

	<b>31 st March 2022</b>	<b>31 st March 2021</b>
Basic outstanding shares	7,00,000	7,00,000
Less : weighted average shares held with the shareholding trust		
<b>Weighted average number of shares at March 31 for basic and diluted EPS</b>	<b>7,00,000</b>	<b>7,00,000</b>

**Earnings per share in Rupees (Weighted average)**

	<b>31 st March 2022</b>	<b>31 st March 2021</b>
Basic earnings per share	0.72	0.41
Diluted earnings per share	0.72	0.41

23. Financial instruments							
Financial instruments – Fair values and risk management							
A. Accounting classification and fair values							
The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels.It does not include the fair value information for current financial assets and current financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value.							
						Currency US\$	
	As at 31 st March 2022			As at 31st March 2021			
	Carrying Amount	Fair value		Carrying Amount	Fair value		
		Level of input used in				Level of input used in	
		Level 1	Level 2			Level 1	Level 2
Financial assets - Non-current							
At amortised cost							
Trade receivables	-	-	-	-	-	-	
Loans	-	-	-	-	-	-	
Investments	-	-	-	-	-	-	
At FVTPL							
Investments		-	-		-	-	
Financial assets - Current *							
At amortised cost							
Trade receivables	8,07,456			12,35,154			
Cash and cash equivalents	3,85,224			6,86,368			
Bank balances other than above	-			-			
Loans	-			-			
Others	-			6,875			
At FVTPL							
Investments	-	-	-	-	-	-	
Financial liabilities - Non-current							
At amortised cost							
Borrowings	-	-	-	-	-	-	
Other financial liabilities	-	-	-	-	-	-	
Financial liabilities - Current *							
Borrowings	-			-			
Trade payables	27,81,739			35,30,160			
Other financial liabilities	14,256			13,250			
* The Company has not disclosed the fair value of current financial instruments such as trade receivables, cash and cash equivalent, bank balances - others, loans, others, borrowings, trade payables and other financial liabilities because their carrying amounts are a reasonable approximation of fair value							

**B. Measurement of fair values**

Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 and Level 3 fair values, as well as the significant unobservable inputs used.

Financial instruments measured at fair value

Type	Valuation technique
Forward contracts for foreign exchange contracts	Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies
Non current financial assets and liabilities measured at amortised cost	Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate.
Investments in unquoted preference shares and debentures	Discounted cash flow: The fair value is estimated considering net present value calculated using long term growth rate and discount rate.
Investments in unquoted equity shares	Discounted cash flow: Using long term growth rate.

**C. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk

**(i) Risk management framework**

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyses the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

**(ii) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers.

**Trade receivables**

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. In respect of trade receivables, the company is not exposed to any significant credit risk exposure to any single counter party or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. The company assesses the credit quality of the trade receivables based on market intelligence, customers payment history and defaults.

**Cash and cash equivalents**

The Company held cash and cash equivalents of US\$ 3,85,224 as at 31 st March 2021 (as at 31st March 2021: US\$ 6,86,368 ). The cash and cash equivalents are held with banks with good credit ratings.

## Notes to financial statements for the year ended 31 st March 2022 (contd.)

## Financial instruments – Fair values and risk management (continued)

## iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and liquid and liquid plus schemes of mutual funds, which carry no/low mark to market risks. The Company monitors funding options available in the debt and capital markets with a view to maintaining financial flexibility.

## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

## Exposure to liquidity risk

31 st March 2022	Contractual cash flows					
	Carrying Amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
(i) Borrowings	-	-				
(ii) Other Non current financial liabilities	-	-				
(iii) Issued financial guarantee contract on behalf of related parties*	-	-				
<b>Current Financial liabilities</b>						
(i) Short term borrowings	-	-	-	-	-	-
(ii) Trade payables	27,81,739	27,81,739	27,81,739	-	-	-
(iii) Other financial liabilities	14,256	14,256	14,256	-	-	-
	<b>27,95,995</b>	<b>27,95,995</b>	<b>27,95,995</b>	-	-	-

31 st March 2021	Contractual cash flows					
	Carrying amount	Total	Upto 1 year	1-3 years	3-5 years	More than 5 years
<b>a) Non-derivative financial liabilities</b>						
(i) Borrowings	-	-				
(ii) Other Non current financial liabilities	-	-				
(iii) Issued financial guarantee contract on behalf of related parties*	-	-				
<b>Current Financial liabilities</b>						
(i) Short term borrowings	-	-	-			
(ii) Trade payables	35,30,160	35,30,160	35,30,160			
(iii) Other financial liabilities	13,250	13,250	13,250			
	<b>35,43,410</b>	<b>35,43,410</b>	<b>35,43,410</b>	-	-	-

**ION Exchange LLC, USA****Notes to financial statements for the year ended 31 st March 2022 (contd.)****Financial instruments – Fair values and risk management (continued)****Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the

**Exposure to interest rate risk**

The Company's is not exposure to interest rate risk as there is no borrowings.

	Note Reference	31 st March 2022	31 st March 2021
<b><u>Fixed rate instruments</u></b>			
<b>Financial assets - measured at amortised cost</b>			
Loans to related parties		-	-
Other bank balances - On deposit account		-	-
Other bank balances - On margin money account		-	-
		-	-
<b><u>Fixed rate loan</u></b>			
<b>Financial liabilities - measured at amortised cost</b>			
Long term Borrowing		-	-
Short term borrowings		-	-
		-	-
<b><u>Variable rate loan</u></b>			
<b>Financial liabilities - measured at amortised cost</b>			
Long term Borrowing		-	-
		-	-

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased)

	31-Mar-22		31-Mar-21	
	Increase	Decrease	Increase	Decrease
	(-)	+	(-)	+
1% Movement	-	-	-	-

**Notes to financial statements for the year ended 31 st March 2022 (contd.)****Financial instruments – Fair values and risk management (continued)****iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

**Currency risk**

The Company is Not exposed to currency risk as most of the transaction are mainly dominated in United State dollar.

**Exposure to currency risk**

The currency profile of financial assets and financial liabilities as at March 31, 2022 and March 31, 2021 are as below:

**31 st March 2022**  
**US\$**

**Financial assets**

Cash and cash equivalents  
Trade and other receivables

**Financial liabilities**

Trade and other payables

Net statement of financial position exposure

Next 18 months forecast sales

Forward exchange contracts

Net exposure

**31 st March 2021**  
**US\$**

**Financial assets**

Advance to subsidiaries  
Cash and cash equivalents  
Trade and other receivables

**Financial liabilities**

Trade and other payables

Net statement of financial position exposure

Next 18 months forecast sales

Forward exchange contracts

Net exposure

# ION Exchange LLC, USA

Notes to financial statements for the year ended 31 st March 2022 (contd.)

## Note 24

(Currency : US\$)

### Segment reporting

Information about primary business segments

	Engineering		Chemicals		Unallocated		Total	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021	31.03.2022	31.03.2021
<b>Revenue</b>								
External Sales (Gross)	-	3,357	71,42,857	68,75,750			71,42,857	68,79,106
Less: Excise duty recovered							-	-
External Sales (Net)	-	<b>3,357</b>	<b>71,42,857</b>	<b>68,75,750</b>			<b>71,42,857</b>	<b>68,79,106</b>
Inter-segmental Sales							-	-
Other Income			8,254	-			8,254	-
Total Revenue	-	<b>3,357</b>	<b>71,51,111</b>	<b>68,75,750</b>			<b>71,51,111</b>	<b>68,79,106</b>
Less: Eliminations								
Add : Interest Income							-	-
Total Enterprise Revenue							71,51,111	68,79,106
<b>Result</b>								
Segment Results	-	(5,180)	5,65,961	4,27,696			5,65,961	4,22,516
Unallocated Expenditure net of unallocated Income	-						-	-
Finance Cost	-						-	-
Interest Income	-	-					-	-
Profit before Taxation	-	<b>(5,180)</b>	<b>5,65,961</b>	<b>4,27,696</b>			<b>5,65,961</b>	<b>4,22,516</b>
<b>Other Information</b>								
Segment Assets	-	2,022	40,23,414	42,29,182			40,23,414	42,31,204
Segment Liabilities	-	1,748	29,54,523	36,67,789			29,54,523	36,69,538
Capital Expenditure							-	-
Depreciation			357	357			357	357
Non Cash Expenditure other than Depreciation							-	-

### Major Customer

Revenue from one customer represented US\$ 16,49,197 ( previous year US\$ 15,88,273) out of the Company's total revenue

II. Notes:

- (a) The company's operations are organized into Two business segments, namely:  
Chemicals – comprising of resins & Engineering- Comprising of Membrane.

## 25 Related party disclosures

### Names of related parties and related party relationship

#### Related parties where control exists

Holding company	Ion Exchange (India) Ltd
Ultimate holding company	

#### Related parties with whom transactions have taken place during the year

Associates

Jointly controlled entity

Key management personnel

Relatives of key management personnel

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

#### Related party transactions

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

##### a. Sale/ purchase of goods and services

(` Amt in US\$)

	Year ended	Sale of goods	Purchase of traded goods (Net)	Amount owed by related parties*	Amount owed to related parties*
Holding, ultimate holding companies & Associates					
Ion Exchange (India) Ltd	31-Mar-22		55,38,849		25,45,153
	31-Mar-21		65,88,363		33,86,109



# ION Exchange LLC, USA

Notes to financial statements for the year ended 31 st March 2022 (contd.)

## Note 26

(Currency : US\$)

Ratio Analysis and its elements

Ratio	Numerator	Denominator	31-Mar-22	31-Mar-21	% change	Reason for variance
Current ratio	Current Assets	Current Liabilities	1.36	1.15	18%	
Debt- Equity Ratio	Total Debt	Shareholder's Equity	2.76	6.53	-58%	
Debt Service Coverage ratio	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments				
Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	0.72	0.41	77%	
Inventory Turnover ratio	Cost of goods sold	Average Inventory	2.24	2.62	-15%	
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	8.85	5.57	59%	
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	2.45	2.07	19%	
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	6.69	12.26	-45%	
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	0.07	0.04	71%	
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	0.08	0.05	52%	
Return on Investment	Interest (Finance Income)	Investment				

Ion Exchange LLC, USA

Notes to financial statements for the year ended 31 st March 2022 (contd.)

## 27 Subsequent Events

Subsequent to the reporting date, the existence of the infectious disease COVID-19 ('Coronavirus') has become widely known, and begun to rapidly spread throughout the world. The Company considers this to be a non-adjusting event after the reporting date. Since the reporting date this has caused increasing disruption to populations, to business and economic activity. As this situation is rapidly developing, it is not yet practicable to estimate the potential impact this may have on the Company.

As per our report of even date

For Mohan Nagpurkar & Associates

Chartered Accountants

Firm's Registration No.: 106524W

**Santosh  
Krishna Chande**

Digitally signed by Santosh Krishna Chande  
DN: cn=Personal, postalCode=400057, st=Maharashtra,  
2.5.4.20=c8e0caa335781c45f44f4e346d1436694b3e9259e1  
e54475538b830c79617e3f,  
pseudoDn=CC30C3E0B015E31AF0DEE3684C  
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serialNumber=DF3553C3162E8F7DCB2A447E2100CDEC16  
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Chande  
Date: 2022.05.18 18:04:36 +05'30'

Santosh Chande

Proprietor

Membership no.: 121365

UDIN NO:

Place : Mumbai

Date : 18.05.2022

Ion Exchange LLC. USA

**RAJESH  
CHANDRABHAN  
SHARMA**

Digitally signed by RAJESH  
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Rajesh Sharma  
Director

**AANKU  
R PATNI**

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Date: 2022.05.18  
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Ankur Patni  
Director