

Independent Auditor's Report
and
Financial Statements
of
ION EXCHANGE ENVIRONMENT
MANAGEMENT (BD) LTD.

As at 31 March 2023
and
for the year ended 31 March 2023



AHMED MASHUQUE & CO., Chartered Accountants

Navana Obaid Eternia
28-29 Kakrail (Level # 05, 13 & 14)
VIP Road, Dhaka-1000, Bangladesh
Tel : +880-2-58316931-39, Fax: +880-2-58316929
Email: info@ahmedmashuque.com, Web : www.ahmedmashuque.com
Member Firm of **Crowe Global**
www.crowe.com



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

Navana Obaid Eternia
28-29 Kakrail (Level # 05, 13 & 14)
VIP Road, Dhaka-1000, Bangladesh
Tel: +880-2-58316931-39
Fax: +880-2- 58316929
Email: info@ahmedmashuque.com
Web: www.ahmedmashuque.com

**Independent Auditors' Report
to the shareholders of
Ion Exchange Environment Management (BD) Ltd.**

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying financial statements of Ion Exchange Environment Management (BD) Ltd., which comprise the Statements of financial position as at 31 March 2023 and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2023 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulation.

Basis for opinion

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

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards (IFRSs), the Companies Act 1994 and other applicable laws and regulations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

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

The Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



AHMED MASHUQUE & CO.

Chartered Accountants
www.ahmedmashuque.com

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

Dated: 21 May 2023
Dhaka.

Ahmed Mashuque & Co.
Ahmed Mashuque & Co.
Chartered Accountants
Md. Mosarraf Hossain ACA
Partner
Enrolment Number-1961
DVC:2305211961AS821256

Ion Exchange Environment Management (BD) Ltd.
Statement of financial position
As at 31 March 2023

		<u>Amount in Taka</u>	
	<u>Notes</u>	<u>31 March 2023</u>	<u>31 March 2022</u>
<u>Assets</u>			
Non-current assets		1,924,603	2,161,071
Property, plant and equipment	5.00	1,924,603	2,161,071
Current assets		106,163,298	95,120,641
Inventories		25,424,786	17,309,390
Advances, deposits and prepayments	6.00	9,283,870	10,517,576
Accounts receivable		66,352,821	58,911,322
Advance income tax	7.00	4,262,613	2,834,343
Cash and cash equivalents	8.00	839,207	5,548,010
Total assets		108,087,900	97,281,712
<u>Shareholders' equity and liabilities</u>			
Shareholders' equity		43,499,653	38,245,325
Share capital	9.00	5,586,200	5,586,200
Retained earnings		37,913,453	32,659,125
Current liabilities		64,588,248	59,036,387
Accounts payable		13,073,231	19,999,892
Bank overdraft	10.00	13,089,016	-
Advance from customers		25,860,784	25,215,304
Payable for expenses and other	11.00	8,302,604	10,986,848
Provision for income tax		4,262,613	2,834,343
Total shareholders' equity and liabilities		108,087,900	97,281,712



Director

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



Director

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

Dated: 21 May 2023
Dhaka.



Ahmed Mashuque & Co.
Ahmed Mashuque & Co.
Chartered Accountants
Md. Mosarraf Hossain ACA
Partner
Enrolment Number-1961
DVC:2305211961AS821256

Ion Exchange Environment Management (BD) Ltd.
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2023

<u>Particulars</u>	<u>Notes</u>	<u>Amount in Taka</u>	
		<u>01 April 2022 to 31 March 2023</u>	<u>01 April 2021 to 31 March 2022</u>
Revenue		150,760,941	121,683,888
Less: Expenditure		141,244,000	115,564,101
Direct cost	13.00	107,815,580	85,061,772
Personnel cost		15,688,934	15,126,685
Operating and other expenses	14.00	16,945,724	14,778,777
Financial expenses		465,794	225,605
Depreciation		327,968	371,262
Net profit/(loss) before tax		9,516,940	6,119,787
Less: Income tax expenses		4,262,613	2,834,343
Net profit/(loss) after tax		5,254,328	3,285,444
Add: Other comprehensive income		-	-
Total comprehensive income		5,254,328	3,285,444



Director

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



Director

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

Dated: 21 May 2023
Dhaka.

Ahmed Mashuque & Co.
Ahmed Mashuque & Co.
Chartered Accountants
Md. Mosarraf Hossain ACA
Partner
Enrolment Number-1961
DVC:2305211961AS821256



Ion Exchange Environment Management (BD) Ltd.
Statement of changes in equity
For the year ended 31 March 2023

<u>Particulars</u>	<u>Amount in Taka</u>		
	<u>Share Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance as at 01 April 2021	5,586,200	29,373,681	34,959,881
Total comprehensive income	-	3,285,444	3,285,444
Balance as at 31 March 2022	<u>5,586,200</u>	<u>32,659,125</u>	<u>38,245,325</u>
Balance as at 01 April 2022	5,586,200	32,659,125	38,245,325
Total comprehensive income	-	5,254,328	5,254,328
Balance as at 31 March 2023	<u>5,586,200</u>	<u>37,913,453</u>	<u>43,499,653</u>

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



Director



Director



Ion Exchange Environment Management (BD) Ltd.
Statement of cash flows
For the year ended 31 March 2023

<u>Particulars</u>	<u>Amount in Taka</u>	
	<u>01 April 2022 to 31 March 2023</u>	<u>01 April 2021 to 31 March 2022</u>
Cash flow from operating activities:		
Net profit /(loss) after tax	5,254,328	3,285,444
Adjustment for depreciation	327,968	371,262
Net profit before change in working capital components	5,582,296	3,656,706
Change in working capital components	(10,199,599)	1,721,729
(Increase)/ decrease in current asset	(15,751,460)	(9,074,451)
Inventories	(8,115,396)	1,506,553
Accounts receivable	(7,441,499)	(4,591,574)
Advances, deposits and prepayments	1,233,706	(5,696,451)
Advance income tax	(1,428,270)	(292,979)
Increase/ (decrease) in current liabilities	5,551,861	10,796,180
Accounts payable	(6,926,661)	1,934,356
Bank overdraft	13,089,016	(4,168,582)
Advance from customers	645,481	13,782,898
Provision for income tax	1,428,270	292,980
Payable for expenses and other	(2,684,244)	(1,045,471)
A. Net cash flow from operating activities	(4,617,303)	5,378,435
Cash flow from investing activities:		
Acquisition of fixed assets	(91,500)	(50,000)
B. Net cash flow from investing activities	(91,500)	(50,000)
Cash flow from financing activities:		
C. Net cash flow from financing activities	-	-
Net cash increase/(decrease) in cash and cash equivalents (A+B+C)	(4,708,803)	5,328,435
Add: Cash and cash equivalents at the beginning of the year	5,548,010	219,575
Cash and cash equivalents at the end of the year	839,207	5,548,010

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



Director



Director



Ion Exchange Environment Management (BD) Ltd.
Notes to the financial statements
As at and for the year ended 31 March 2023

1.00 Legal status of the company

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

2.00 Nature of business

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

3.00 Components of financial statements

The financial statements comprise the following:

- (i) Statement of financial position as at 31 March 2023;
- (ii) Statement of profit or loss and other comprehensive income for the year ended 31 March 2023;
- (iii) Statement of changes in equity for the year ended 31 March 2023;
- (iv) Statement of cash flows for the year ended 31 March 2023; and
- (v) Notes to the financial statements as at and for the year ended 31 March 2023.

4.00 Summary of significant accounting policies

4.01 Presentation of financial statements and basis of accounting

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

4.02 Revenue recognition

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

4.03 Effect of IFRS 16

Ion Exchange Environment Management (BD) Ltd. does not require to implement IFRS 16 Leases on Financial Statements as the lease terms are cancellable. As per IFRS 16 para 18, the entity shall determine the lease term as non-cancellable period of lease.

4.04 Provisions

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

4.05 Inventories

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

4.06 Depreciation

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

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

4.07 Cash and cash equivalents

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



4.08 Reporting period

The financial period of the company has been determined to be from 01 April to 31 March each year. These financial statements cover one year from 01 April 2022 to 31 March 2023.

4.09 Reporting currency and level of precision

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

4.10 Comparative figures

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

4.11 Provision for income tax

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

5.00 Property, plant and equipment

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

Amount in Taka	
31 March 2023	31 March 2022
1,924,603	2,161,071

6.00 Advances, deposits and prepayments

Advance for rental of premises and guest house
Advance to employees
Advance to Md. Shahidul Islam (A & F)
VAT current A/C
L/C margin
Advance for car rent
Advance for commission
Other Advance
Advance against expenses
Security deposit for electric line
Advance TDS
Bank guarantee margin

9,283,870	10,517,576
1,163,250	1,055,000
595,798	235,000
-	2,356,500
-413,145	-
4,234,028	1,911,690
30,000	30,000
400,000	910,696
-615,794	-
188,860	-
109,728	109,728
-	44,115
3,591,147	3,864,847

7.00 Advance income tax

Opening balance
Add: Addition during the year
Less: Adjustment during the year

4,262,613	2,834,343
2,834,343	2,541,364
4,262,613	2,834,343
(2,834,343)	(2,541,364)

8.00 Cash and cash equivalents

Cash in hand
Cash at bank:
Dhaka Bank Limited
Standard Chartered Bank
State Bank of India, CD A/C
State Bank of India A/C

839,207	5,548,010
687,609	187,982
151,598	329,598
-	10,455
-	5,019,975
-	-

9.00 Share capital

Authorized share capital

(100,000 Ordinary Share @ Tk.100)

10,000,000	10,000,000
------------	------------

Issued, Subscribed & Paid up Share Capital

(55,862 Ordinary Shares @ TK.100 each)

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

The paid-up share capital of the company as on 31 March 2022 comprises the following:

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

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



		Amount in Taka	
		31 March 2023	31 March 2022
10.00 Bank overdraft		13,089,016	-
Standard Chartered Bank		1,470,156	-
State Bank of India, CD A/C		1,073	-
State Bank of India A/C		11,617,787	-
11.00 Payable for expenses and other		8,302,604	10,986,847
Audit fees payable		86,250	86,250
Salaries and allowance payable		812,389	1,277,972
Provision for warranty support		579,732	804,500
Office rent Payable		52,500	-
TDS payable		-27,366	-
VDS payable		-11,598	-
VAT payable		27,405	-
Other Payable		6,783,291	8,818,124
12.00 Contingent liability		3,591,147	3,864,847
Bank guarantee margin			
13.00 Direct cost		107,815,580	85,061,772
Cost of materials (13.01)		93,729,201	76,074,289
Other direct cost		14,086,379	8,987,483
13.01 Cost of Materials		93,729,201	76,074,289
Opening inventory		17,309,390	18,815,943
Add: Purchased during the year		101,844,597	74,567,735
Less: Closing inventory		(25,424,786)	(17,309,390)
14.00 Operating and other expenses		16,945,724	14,778,777
Rental of office premises		3,391,086	2,933,844
Guest house rental		114,000	837,293
Car rent expense		355,016	-
Conveyance		4,637,637	4,699,803
Legal and professional fees		499,650	226,197
Staff refreshment and welfare		1,322,528	1,205,950
Repair and maintenance		441,183	3,500
Office supplies		554,285	366,325
Telephone, mobile and fax		323,381	281,355
Internet and e-mail expenses		171,540	118,005
License, registration and renewal		80,800	137,344
Newspaper, books and periodicals		25,560	16,440
Housekeeping expenses		788,914	1,361,631
Hotel accommodation		284,900	195,548
Insurance premium		431,035	93,496
Traveling expenses		716,198	318,676
Postage and delivery expenses		139,782	46,446
General and miscellaneous expenses		600,166	630,145
Fuel and lubricant		434,534	-
Utility bill		290,724	264,419
Bank charges		395,031	107,099
Audit fees		86,250	86,250
Advertisement expenses		122,375	-
Loading and unloading charges		212,709	223,430
Fair and exhibition expenses		245,765	80,000
Lab chemical		20,000	164,710
Water test expenses		34,840	82,448
Other expenses		-	64,810
Medical treatment expenses		118,985	141,867
Tender cost		43,090	86,746
Training expenses		63,760	5,000



Amount in Taka	
01 April 2022 to 31 March 2023	01 April 2021 to 31 March 2022

15.00 Related party transactions

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

Name of related party	Relationship	Nature of transactions	Transactions during the period	Outstanding as at 31 March 2023
			Taka	Taka
Ion Exchange (India) Ltd.	Holding company	Purchase of goods	29,394,630	-



Schedule-A

Ion Exchange Environment Management (BD) Ltd.
Schedule of property, plant and equipment
As at 31 March 2023

Tangible assets									
SL. No.	Particulars	Cost			Depreciation				Written Down Value (WDV)
		Opening balance as at 01 April 2022	Addition during the year	Closing balance as at 31 March 2023	Rate	Opening balance as at 01 April 2022	Charged during the year	Closing balance as at 31 March 2023	As at 31 March 2023
		788,282		788,282	10%	507,121	28,116	535,237	253,045
1	Furniture and Fixtures	2,435,732		2,435,732	20%	1,878,591	111,428	1,990,019	445,713
2	Equipment	1,531,168	91,500	1,622,668	18%	1,174,803	80,616	1,255,419	367,249
3	Computer and Accessories	997,409		997,409	18%	857,813	25,127	882,941	114,468
4	Lab Equipments	1,862,493		1,862,493	10%	1,052,087	81,041	1,133,128	729,365
5	Warehouse Building	7,615,084	91,500	7,706,584	-	5,470,416	326,328	5,796,744	1,909,840
	Total								
Intangible assets									
SL. No.	Particulars	Cost			Depreciation				Written Down Value (WDV)
		Opening balance as at 01 April 2022	Addition during the year	Closing balance as at 31 March 2023	Rate	Opening balance as at 01 April 2022	Charged during the year	Closing balance as at 31 March 2023	As at 31 March 2023
		25,000	-	25,000	10%	8,598	1,640	10,238	14,762
1	Accounting Software	25,000	-	25,000		8,598	1,640	10,238	14,762
	Total	7,640,084	91,500	7,731,584	-	5,479,013	327,968	5,806,981	1,924,603
	Balance as at 31 March 2023								
	Balance as at 31 March 2022	7,590,084	50,000	7,640,084	-	5,107,751	371,262	5,479,013	2,161,071

