

**Ion Exchange Projects and Engineering  
Limited**

Ind AS Financial Statements  
together with the  
Independent Auditors' Report  
For the year ended 31 March 2018

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# Ion Exchange Projects and Engineering Limited

## **Ind AS Financial statements together with the Independent Auditors' Report**

*for the year ended 31 March 2018*

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# BSR & Co. LLP

Chartered Accountants

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Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011  
India

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## Independent Auditors' Report

### To the Members of Ion Exchange Projects and Engineering Limited

#### Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Ion Exchange Projects and Engineering Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements")

#### Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.



BSR & Co (a partnership firm with  
Registration No. BA61223) converted into  
BSR & Co. LLP (a Limited Liability, Partnership  
with LLP Registration No. AAB-8181)  
with effect from October 14, 2013

Registered Office:  
5th Floor, Lodha Excelus  
Apollo Mills Compound  
N. M. Joshi Marg, Mahalaxmi  
Mumbai - 400 011, India

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

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

#### **Auditor's Responsibility (Continued)**

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

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

#### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### **Emphasis of Matter**

We draw attention to Note 1.6 in the Ind AS financial statements regarding preparation of the Ind AS financial statements on going concern basis for the reasons stated therein. The appropriateness of assumption of going concern is dependent upon realization of business strategies, continued support, as required from holding company and company's ability to achieve higher income and generate positive cash flows to meet its obligation.

Our opinion is not modified in respect of this matter.

#### **Other matter**

The comparative financial information of the Kolkata branch for the year ended 31 March 2017 and the transition date opening balance sheet as at 1 April 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by predecessor auditor whose report for the year ended 31 March 2017 and 31 March 2016 dated 23 Mar 2017 and 24 May 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the difference in the accounting principles adopted by the Company on the transition to Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.



## Independent Auditors' Report (*Continued*)

# Ion Exchange Projects and Engineering Limited

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143 (11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e. The matter described under the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f. On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
  - g. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    1. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 37 to the Ind AS financial statements.
    2. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    3. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



**Independent Auditors' Report (Continued)**

**Ion Exchange Projects and Engineering Limited**

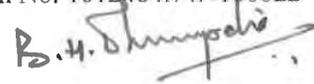
**Report on Other Legal and Regulatory Requirements (Continued)**

4. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made since the requirement does not pertain to financial year ended 31 March 2018.

For **B S R & Co. LLP**

*Chartered Accountants*

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



**Bhavesh Dhupelia**

*Partner*

Membership No:042070

Mumbai  
23 May 2018

## Ion Exchange Projects and Engineering Limited

### Annexure A to the Independent Auditors' Report – 31 March 2018

(Referred to in our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified by the management during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the Company does not have immovable properties.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraphs (iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not given any loan, made any investment, given any guarantee, or provided any security under Section 185 and 186 of the Act. Accordingly, paragraph 3 (iv) of the Order is not applicable to the Company.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanation given to us, the Central Government has not prescribed the maintenance of cost records under Section 148 (1) of the Act for any of the activities carried out by the Company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, goods and services tax, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of, duty of excise and duty of customs.



## Ion Exchange Projects and Engineering Limited

### Annexure A to the Independent Auditors' Report – 31 March 2018 (Continued)

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales-tax, service tax, value added tax, goods and services tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.

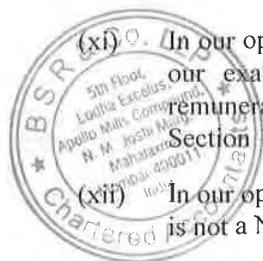
- (b) According to the information and explanations given to us, there are no dues of income tax, value added tax and service tax which have not been deposited with the appropriate authorities on account of dispute. According to information and explanations given to us, following dues of sales tax have not been deposited by the Company on account of disputes:

Nature of Statute	Nature of dues	Amount (in Rs)	Period to which the amount relates	Forum where dispute is pending
Central Sales tax Act, 1956 West Bengal	Central Sales Tax and Interest/Penalty	36,65,603	2013-2014	Joint Commissioner of Commercial Taxes
Central Sales Tax, 1956 West Bengal	Central Sales Tax and Interest/Penalty	6,41,698	2014-15	Deputy Commissioner of Commercial Taxes
Central Sales Tax, 1956 West Bengal	Central Sales Tax and Interest/Penalty	9,88,130	2015-16	Deputy Commissioner of Commercial Taxes
Central Sales Tax, 1956 Jharkhand	Central Sales Tax and Interest/Penalty	8,152,002	2011 to 13	Deputy Commissioner of Commercial tax

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

(xi) In our opinion and according to the information and explanations given to us and based on our examination of the records, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, paragraph 3 (xii) of the Order is not applicable.



## Ion Exchange Projects and Engineering Limited

### **Annexure A to the Independent Auditors' Report – 31 March 2018 (Continued)**

- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 188 of the Act where applicable and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable Indian accounting standards. Section 177 of the Act is not applicable to the Company.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3 (xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable to the Company.

For **B S R & Co. LLP**

*Chartered Accountants*

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

*B. H. Dhupelia*

**Bhavesh Dhupelia**

*Partner*

Membership No:042070

Mumbai  
23 May 2018

# Ion Exchange Projects and Engineering Limited

## Annexure B to the Independent Auditors' Report – 31 March 2018

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

We have audited the internal financial controls over financial reporting of Ion Exchange Projects and Engineering Limited ("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal controls stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statement based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143 (10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statement was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statement and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial control system with respect to financial statement.



## Ion Exchange Projects and Engineering Limited

### Annexure B to the Independent Auditors' Report – 31 March 2018 (Continued)

#### Meaning of Internal Financial Controls with reference to financial statement

A company's internal financial controls over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls with reference to financial statement

Because of the inherent limitations of internal financial controls with reference to financial statement, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial control with reference to financial reporting to future periods are subject to the risk that the internal financial controls with respect to financial statement may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial control system with reference to financial statement and such internal financial controls with reference to financial statement were operating effectively as at 31 March 2018, based on the internal controls with reference to financial statement criteria established by the Company considering the essential components of internal controls stated in the Guidance Note issued by ICAI.

For B S R & Co. LLP

Chartered Accountants

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

*B. H. Dhupelia*

**Bhavesh Dhupelia**

Partner

Membership No:042070

Mumbai  
23 May 2018

**Ion Exchange Projects and Engineering Limited**  
**Balance sheet as at 31st March 2018**

Notes	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs	
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	2	66.21	117.98	137.39
<b>(b) Financial assets</b>				
(i) Investments	7	9.84	9.84	9.84
(ii) Trade receivables	3	1,020.57	1,190.00	1,614.93
(iii) Loans	4	1.20	1.61	1.86
(c) Deferred tax assets (Net)	43	-	-	-
(d) Other non current assets	5	28.29	28.29	15.97
(e) Non current tax assets	6	4.37	4.37	4.37
<b>Total non-current assets</b>		<b>1,130.48</b>	<b>1,352.09</b>	<b>1,784.36</b>
<b>Current assets</b>				
(a) Inventories	8	21.01	136.70	22.20
<b>(b) Financial assets</b>				
(i) Trade receivables	3	4,141.90	4,660.63	4,385.07
(ii) Cash and cash equivalents	9	42.42	45.46	30.99
(iii) Bank balances other than (ii) above	10	182.18	349.61	69.62
(iv) Loans	4	20.37	59.33	64.90
(v) Others	11	1.42	1.67	3.55
(c) Other current assets	5	188.93	322.42	350.94
(d) Current tax assets	6	71.74	36.27	3.30
<b>Total current assets</b>		<b>4,669.97</b>	<b>5,612.09</b>	<b>4,930.57</b>
<b>Total assets</b>		<b>5,800.45</b>	<b>6,964.18</b>	<b>6,714.93</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	12	1,521.52	1,521.52	1,000.00
Share Capital suspense account	39	-	-	521.52
(b) Other equity	13	(2,854.31)	(2,825.37)	(2,195.62)
<b>Total equity</b>		<b>(1,332.79)</b>	<b>(1,303.85)</b>	<b>(674.10)</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	14	1,146.64	1,146.64	1,146.64
(b) Provisions	15	71.25	55.36	54.19
(c) Deferred tax liabilities (Net)		-	-	-
<b>Total non-current liabilities</b>		<b>1,217.89</b>	<b>1,202.00</b>	<b>1,200.83</b>
<b>Current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	14	2,557.17	2,594.11	1,469.37
<b>(ii) Trade payables</b>				
- Due to micro and small enterprises	16	-	-	-
- Due to others		2,748.47	4,050.36	3,917.19
(iii) Other financial liabilities	17	175.60	170.11	151.21
(b) Other current liabilities	18	405.51	213.90	624.88
(c) Provisions	15	28.60	37.55	25.56
(d) Liabilities for current tax (Net)		-	-	-
<b>Total current liabilities</b>		<b>5,915.35</b>	<b>7,066.03</b>	<b>6,188.20</b>
<b>Total liabilities</b>		<b>7,133.24</b>	<b>8,268.03</b>	<b>7,389.03</b>
<b>Total equity and liabilities</b>		<b>5,800.45</b>	<b>6,964.18</b>	<b>6,714.93</b>
Significant accounting policies	1			
See accompanying notes to the financial statements				

As per our report of even date

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

*B. H. Dhupelia*

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

Mumbai  
23 May 2018



For and on behalf of the board of directors of  
Ion Exchange Projects and Engineering Limited  
CIN No. : U74200MH2011PLC216024

*Hemant J.*  
**Hemant J.**  
Chief financial officer

Mumbai  
23 May 2018

*Rajesh Sharma* M.P.A.T.

**Rajesh Sharma**  
Director  
DIN : 00515486

Mumbai  
23 May 2018

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

Mumbai  
23 May 2018

**Ion Exchange Projects and Engineering Limited**  
**Statement of profit and loss for the year ended 31st March 2018**

	Notes	Year ended 31st March 2018 INR In Lakhs	Year ended 31st March 2017 INR in Lakhs
<b>(a) Income</b>			
Revenue from operations	19	3,345.48	4,701.16
Other income	20	167.11	182.32
<b>Total Income (I)</b>		<b>3,512.59</b>	<b>4,883.48</b>
<b>(b) Expenses</b>			
Cost of materials and components consumed	21	1,043.09	3,356.48
Changes in inventories	22	114.11	(114.11)
Employee benefits expense	23	1,281.13	1,201.57
Finance costs	24	582.44	408.90
Depreciation and amortization	25	20.46	26.68
Other expenses	26	525.13	637.14
<b>Total expenses (II)</b>		<b>3,566.36</b>	<b>5,516.66</b>
<b>Loss before tax (III) ( a - b )</b>		<b>(53.77)</b>	<b>(633.18)</b>
<b>(c) Tax expense</b>			
Total tax expenses	43	-	-
<b>Loss after tax</b>		<b>(53.77)</b>	<b>(633.18)</b>
<b>(d) Other Comprehensive Income</b>			
Items that will not be reclassified to profit or loss			
(i) Remeasurement benefit of defined benefit plans	27	(4.61)	3.43
<b>Total Other Comprehensive Income (IV)</b>		<b>(4.61)</b>	<b>3.43</b>
<b>Total Comprehensive Income (III + IV)</b>		<b>(58.38)</b>	<b>(629.75)</b>
<b>Earnings per equity share:</b> [Nominal value of shares Rs. 10 (previous year : Rs. 10)] (basic and diluted)			
Computed on the basis of loss for the year	28	(0.35)	(4.16)

Significant accounting policies 1  
See accompanying notes to the financial statements

As per our report of even date

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

*B. H. Dhupelia*  
**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

Mumbai  
23 May 2018



*Hemant Jog*  
**Hemant Jog**  
Chief financial officer

Mumbai  
23 May 2018

For and on behalf of the board of directors of  
Ion Exchange Projects and Engineering Limited  
CIN No. : U74200MH2011PLC216024

*Rajesh Sharma*  
**Rajesh Sharma**  
Director  
DIN : 00515486

Mumbai  
23 May 2018

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

Mumbai  
23 May 2018

**Ion Exchange Projects and Engineering Limited**  
**Statement of changes in Equity for the year ended 31st March 2018**

**A. Equity share capital**

	2017-18		2016-17	
	Number of shares	INR in Lakhs	Number of shares	INR in Lakhs
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	1,52,15,200	1,521.52	1,00,00,000	1,000.00
Add: Shares Issued during the year (refer note 39)	-	-	52,15,200	521.52
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	1,52,15,200	1,521.52	1,52,15,200	1,521.52

**B. Other equity**

	Reserve and Surplus			Total other equity
	Capital reserve	General reserve	Retained earnings	
	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs
<b>Balance as as 1st April 2016</b>	47.20	88.48	(2,331.30)	(2,195.62)
Loss for the year (a)	-	-	(633.18)	(633.18)
Other Comprehensive Income (b)	-	-	3.43	3.43
Total comprehensive income for the year (a+b)	-	-	(629.75)	(629.75)
<b>Balance as as 31st March 2017</b>	<b>47.20</b>	<b>88.48</b>	<b>(2,961.05)</b>	<b>(2,825.37)</b>
Loss for the year (c)	-	-	(53.77)	(53.77)
Corporate guarantee commission	29.44	-	-	29.44
Other Comprehensive Income (b)	-	-	(4.61)	(4.61)
Total comprehensive income for the year (c+d)	<b>29.44</b>	-	<b>(58.38)</b>	<b>(28.94)</b>
<b>Balance as as 31st March 2018</b>	<b>76.64</b>	<b>88.48</b>	<b>(3,019.43)</b>	<b>(2,854.31)</b>

As per our report of even date

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

*B. H. Dhupelia*

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

Mumbai  
23 May 2018



*Hemant Jog*  
Chief financial officer

Mumbai  
23 May 2018

For and on behalf of the board of directors of  
Ion Exchange Projects and Engineering Limited  
CIN No. : U74200MH2011PLC216024

*Rajesh Sharma*

**Rajesh Sharma**  
Director  
DIN : 00515486

Mumbai  
23 May 2018

*M. P. Patni*

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

Mumbai  
23 May 2018

**Ion Exchange Projects and Engineering Limited**  
**Cash flow statement for the year ended 31st March 2018**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
<b>A. Cash flow from operating activities:</b>		
Net loss before tax as per statement of profit and loss	(53.77)	(633.18)
Adjustment for :		
Depreciation and amortization expense	20.46	26.68
(Profit) / Loss on assets sold / discarded	-	(0.68)
Corporate Guarantee Charges	29.44	-
Remeasurement benefit of defined benefit plans	(4.61)	3.43
Finance cost	582.44	408.90
Interest received	(152.57)	(166.04)
Unrealised exchange loss / (gain)	-	6.53
<b>Operating profit / (loss) before working capital changes</b>	<b>421.39</b>	<b>(354.36)</b>
Adjustment for :		
Decrease in trade receivables	688.16	149.37
Decrease / (Increase) in inventories	115.69	(114.50)
Decrease / (Increase) in loans and advances	172.85	22.01
(Decrease) / Increase in trade payables	(1,301.89)	126.64
Increase / (Decrease) in other liabilities	197.10	(392.08)
Increase in provisions	6.95	13.16
<b>Cash generated from operations</b>	<b>300.25</b>	<b>(549.74)</b>
Taxes paid	(35.47)	(32.97)
<b>Net cash generated from operating activities</b>	<b>264.78</b>	<b>(582.71)</b>
<b>B. Cash flow from investing activities:</b>		
Purchase of fixed assets	(5.75)	(7.28)
Proceeds from sale of fixed assets	37.06	0.68
Bank deposit release of margin money / (margin money kept) during the year	167.43	(279.99)
Interest received	152.82	167.92
<b>Net cash generated / (used) in from investing activities</b>	<b>351.56</b>	<b>(118.66)</b>
<b>C. Cash flow from financing activities:</b>		
Loan from Holding company	5.26	1,223.69
Repayment of borrowings	(42.20)	(98.95)
Proceeds from borrowings		
Finance cost	(582.44)	(408.90)
<b>Net cash (used) / generated in financing activities</b>	<b>(619.38)</b>	<b>715.84</b>
<b>Net (Decrease) / Increase in cash and cash equivalents</b>	<b>(3.04)</b>	<b>14.47</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>45.46</b>	<b>30.99</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>42.42</b>	<b>45.46</b>



**Ion Exchange Projects and Engineering Limited**  
**Cash flow statement for the year ended 31st March 2018 (Contd.)**

Notes:

- 1 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
- 2 Cash and cash equivalents excludes the following balances with bank:
  - (a) On margin money account INR 159.01 Lakhs (previous year : INR 327.73 Lakhs)

	Year ended 31st March 2018 Rs. in Lakhs	Year ended 31st March 2017 Rs. in Lakhs
Other bank balances disclosed under current assets [Note 9]	39.87	43.29
Cash and cash equivalents disclosed under non-current assets [Note 9]	2.55	2.17
<b>Total cash and cash equivalents as per Balance Sheet</b>	<b>42.42</b>	<b>45.46</b>

As per our report of even date

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

*B. H. Shrivastava*

**Bhavesh Dhupella**  
 Partner

Membership No: 042070

Mumbai  
 23 May 2018



*Hemant Jog*  
 Chief Financial Officer

Mumbai  
 23 May 2018

For and on behalf of the board of directors of  
 Ion Exchange Projects and Engineering Limited  
 CIN No. : U74200MH2011PLC216024

*Rajesh Sharma*

**Rajesh Sharma**  
 Director  
 DIN : 00515486

Mumbai  
 23 May 2018

*M P Patni*

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

Mumbai  
 23 May 2018

# Ion Exchange Projects and Engineering Ltd.

## Notes to Financial Statements for the year ended 31st March 2018

### Overview of the Company

Ion Exchange Projects and Engineering Limited is a closely held public company, registered under the Companies Act, 1956.

The Company is into business of execution of large EPC projects related to water treatments and provide design, supply, erection and commissioning of projects in industries related to power, steel, petrochemical and other sectors.

The Board of Directors of the Company at their meeting held on 29th October 2014 approved the scheme of amalgamation ('the Scheme') between, 'Ion Exchange Projects and Engineering Limited' (the Company) and 'Ion Exchange Infrastructure Limited'. The Honorable High Court of Bombay, on 28th October, 2015, sanctioned the "scheme of amalgamation" ("the Scheme") under sections 391 to 394 of the Companies Act, 1956. In accordance with the Scheme, Ion Exchange Infrastructure Limited (transferor company) merges with Ion Exchange Projects and Engineering Limited ("the Company") with effect from 1st April 2014. The transferor company was engaged to undertake projects for intake water, water treatment, distribution and waste management on lump sum turnkey basis.

### 1. Significant Accounting Policies

#### 1.1 Statement of Compliance

These financial statements are prepared and presented in accordance with 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 notified under section 133 of the Companies Act, 2013, the relevant provisions of the Companies Act, 2013 ("the Act").

These financial statements are the first financial statements prepared in accordance with Ind AS. For all periods up to and including the year ended March 31, 2017, the Company reported its financial statements in accordance with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'IGAAP'). The Financial statements for the year ended 31st March 2017 and the opening Balance Sheet as at 1st April 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from IGAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss and Statement of Cash Flows are provided in note 31.

#### 1.2 Basis of Preparation

These financial statements have been prepared and presented under the historical cost convention, 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.

These financial statements have been approved for issue by the Board of Directors at their meeting held on 23rd May 2018.

The operating cycle is determined for each project separately based on the expected execution period of the contract.

#### 1.3 Functional and presentation currency

These financial statements are presented in Indian rupees, which is also the Company's functional currency. All amounts have been rounded off to two decimal places to the nearest Lakhs, unless otherwise indicated.



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 1. Significant Accounting Policies (contd...)

##### 1.4 Basis of measurement

The 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 financial statements in accordance with Ind AS requires use of judgments, 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 31 March 2018 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) 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.

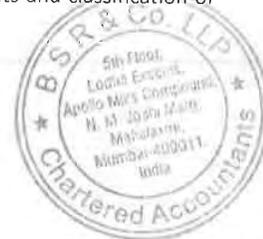
##### 1.6 Going Concern Basis

As at 31 March 2018, the Company's paid up capital was Rs. 1,521.52 Lakhs and correspondingly, the Company's accumulated losses as at that date aggregated to Rs. 3,019.43 Lakhs and the loss during the year is of Rs. 58.38 Lakhs. The Company's current liabilities exceeded its current assets by Rs. 1245.3 Lakhs.

However, management believes that the Company will be able to continue operations on a going concern basis and meet all its liabilities as they fall due for payment in the foreseeable future based on the following:

- business strategies and operating plans which will enable the Company to expand its operations and achieve higher income and generate positive cash flows;
- continued support, as required from holding company Ion Exchange (India) Limited.

Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments relating to the recoverability and classification of recorded assets, or to amounts and classification of liabilities that might result if the Company is unable to continue as a going concern.



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 1. Significant Accounting Policies (contd...)

##### 1.7 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.

##### 1.8 Summary of Significant accounting policies

###### a) 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
Plant and machinery	10 – 15 years
Furniture and fixtures	10 years
Vehicles	4 – 8 years
Office equipments	3 – 5 years

Site equipments are depreciated over 3 years.

Leasehold assets are depreciated over the period of lease.



## **Ion Exchange Projects and Engineering Ltd.**

### **Notes to Financial statement for the year ended 31st March 2018 (contd...)**

#### **1. Significant Accounting Policies (contd...)**

##### **1.8 Summary of Significant accounting policies (contd...)**

###### **a) Property, Plant and Equipment and depreciation (contd...)**

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.

The Company has elected to continue with the carrying value of all its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

###### **b) 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.

The Company has elected to continue with the carrying value of all its intangible assets as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

###### **c) 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.

###### **d) 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.



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 1. Significant Accounting Policies (contd...)

##### 1.8 Summary of Significant accounting policies (contd...)

###### e) Inventories

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

Contract cost that has been incurred and relates to the future activity of the contract are recognized as contract work-in-progress as it is probable that it will be recovered from the customer.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

###### f) 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

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The financial assets include equity and debt securities, trade and other receivables, loans and advances, 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), and

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) 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.

###### (iv) De-recognition

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 asset.



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 1. Significant Accounting Policies (contd...)

#### 1.8 Summary of Significant accounting policies (contd...)

##### B. Financial liabilities

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

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities classified at amortised cost, net of directly attributable transaction costs.

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

##### (ii) Subsequent measurement

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

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

##### - Financial liabilities excluding 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.

#### g) Retirement and other employee benefits

i) Retirement benefit in the form of provident fund managed by Government Authorities and Superannuation Fund 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.

ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on Projected Unit Credit method made at the end of each financial year. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI

~~iii)~~ Short term employee benefits are charged off at the undiscounted amount in the year in which the related service is rendered.



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 1. Significant Accounting Policies (contd...)

##### 1.8 Summary of Significant accounting policies (contd...)

##### g) Retirement and other employee benefits (contd...)

- iv) Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per Projected Unit Credit method made at the end of each financial year. The company presents the leave liability as non-current in the balance sheet, to the extent it has an unconditional right to defer its settlement for a period beyond 12 months, balance amount is presented as current.
- v) The Company's approved provident fund scheme is a defined contribution plan. The contribution paid/payable under the schemes is recognized as an expense in the Statement of profit and loss during the year in which the employee renders the related service. The Company makes specified monthly contributions towards employee provident fund. There are no other obligations other than the contribution payable to the respective fund.

##### h) Revenue recognition

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

Contract revenue and contract costs in respect of construction contracts, execution of which is spread over different accounting periods, is recognized as revenue and expense respectively by reference to the basis of percentage of completion method of the project at the balance sheet date.

Determination of revenues under the percentage of completion method by the company is based on estimates (some of which are technical in nature) concerning the percentage of completion, costs to completion, contracted revenue from the contract and the foreseeable losses of completion. Foreseeable losses, if any, which are based on technical estimates, are provided in the accounts irrespective of the work done. The company does not have outflow on account of warranty given to customers as all the outsourced work has a back to back guarantee.

##### Income from services:

Revenue from maintenance contracts are recognized pro-rata over the period of the contract as and when services are rendered. Income from commission and management fees is recognized on completion of services. The company collects service tax and GST on behalf of the government and therefore, it is not an economic benefit flowing to the company. Hence, Service tax and GST is excluded from revenue.

##### Interest:

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

##### i) Taxation

- i. Provision for current taxation has been made in accordance with the Indian Income tax laws prevailing for the relevant assessment years.
- (ii) Deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 1. Significant Accounting Policies (contd...)

##### 1.8 Summary of Significant accounting policies (contd...)

###### i) Taxation (contd.....)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Un-recognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies.

###### j) 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.

#### 1.9 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### 1.10 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 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.



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 1. Significant Accounting Policies (contd...)

##### 1.10 Segment reporting policies (contd...)

###### 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.

##### 1.11 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.

##### 1.12 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 fixed assets. 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.

##### 1.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset till such time that it is required to complete and prepare the assets to get ready for its intended use. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**2. Property, plant and equipment and capital work-in-progress**

	INR in Lakhs				
	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total
<b>Gross block</b>					
As at 1st April 2017	96.00	21.46	1.92	25.28	144.66
Addition during the year	-	0.31	-	5.44	5.75
Disposal during the year	42.25	-	-	-	42.25
<b>As at 31st March 2018</b>	<b>53.75</b>	<b>21.77</b>	<b>1.92</b>	<b>30.72</b>	<b>108.16</b>
<b>Depreciation /</b>					
As at 1st April 2017	9.90	6.67	1.45	8.66	26.68
Depreciation during the year	7.00	5.42	0.21	7.83	20.46
Deduction during the year	5.19	-	-	-	5.19
<b>As at 31st March 2018</b>	<b>11.71</b>	<b>12.09</b>	<b>1.66</b>	<b>16.49</b>	<b>41.95</b>
<b>Net carrying value as at 31st March 2018</b>	<b>42.04</b>	<b>9.68</b>	<b>0.26</b>	<b>14.24</b>	<b>66.21</b>
<b>Gross block</b>					
As at 1st April 2016	96.00	21.46	1.92	18.01	137.39
Addition during the year	-	-	-	7.28	7.28
Disposal during the year	-	-	-	-	-
<b>As at 31st March 2017</b>	<b>96.00</b>	<b>21.46</b>	<b>1.92</b>	<b>25.28</b>	<b>144.66</b>
<b>Depreciation /</b>					
As at 1st April 2016	-	-	-	-	-
Depreciation during the year	9.90	6.67	1.45	8.66	26.68
Deduction during the year	-	-	-	-	-
<b>As at 31st March 2017</b>	<b>9.90</b>	<b>6.67</b>	<b>1.45</b>	<b>8.66</b>	<b>26.68</b>
<b>Net carrying value as at 31st March 2017</b>	<b>86.10</b>	<b>14.78</b>	<b>0.47</b>	<b>16.63</b>	<b>117.98</b>
<b>Net carrying value as at 1st April 2016</b>	<b>96.00</b>	<b>21.46</b>	<b>1.92</b>	<b>18.01</b>	<b>137.39</b>

**Note:**

- a) The Company has availed the deemed cost exemption in relation to the property plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on 1st April 2016 under the previous GAAP

	Rs. in Lakhs				
	Plant and machinery	Furniture and fixtures	Vehicles	Office equipments	Total
Gross block	289.50	59.52	20.45	204.93	574.40
Accumulated depreciation	193.50	38.06	18.52	186.93	437.01
<b>Net Block</b>	<b>96.00</b>	<b>21.46</b>	<b>1.93</b>	<b>18.00</b>	<b>137.39</b>



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**3. Trade receivables**

	Non-current			Current		
	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Trade receivables						
(a) Unsecured, considered good	1,020.57	1,190.00	1,614.93	4,141.90	4,660.63	4,385.07
	<b>1,020.57</b>	<b>1,190.00</b>	<b>1,614.93</b>	<b>4,141.90</b>	<b>4,660.63</b>	<b>4,385.07</b>

**4. Loans**

	Non-current			Current		
	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Tender, security and other deposits	1.20	1.61	1.75	2.62	5.86	5.86
Claims receivables	-	-	-	-	40.88	41.47
Loans and advance to employees	-	-	0.11	17.75	12.59	17.57
	<b>1.20</b>	<b>1.61</b>	<b>1.86</b>	<b>20.37</b>	<b>59.33</b>	<b>64.90</b>

**5. Other non current assets**

	Non-current			Current		
	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Balance with statutory authorities	28.29	28.29	15.97	139.27	220.27	163.47
Advance to suppliers	-	-	-	12.68	61.32	85.24
Prepaid expenses	-	-	-	36.98	40.83	102.22
	<b>28.29</b>	<b>28.29</b>	<b>15.97</b>	<b>188.93</b>	<b>322.42</b>	<b>350.94</b>

**6. Tax assets**

	Non-current			Current		
	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Income tax paid	4.37	4.37	4.37	71.74	36.27	3.30
	<b>4.37</b>	<b>4.37</b>	<b>4.37</b>	<b>71.74</b>	<b>36.27</b>	<b>3.30</b>



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**7. Non-current investments**

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	Units	INR in Lakhs	Units	INR in Lakhs	Units	INR in Lakhs
<b>Measured at cost in equity shares of associates</b>						
Unquoted, fully paid-up						
Astha Technical Services Private Limited**		-	98,000	9.84	98,000	9.84
<b>Measured at fair value through profit and loss in equity shares of</b>						
Unquoted, fully paid-up						
Total Water Management Services (India) Limited of INR 10 each**	11,779	9.84		-		-
<b>(A)</b>		<b>9.84</b>		<b>9.84</b>		<b>9.84</b>
<b>Total non current investments (A)</b>		<b>9.84</b>		<b>9.84</b>		<b>9.84</b>
Aggregate amount of unquoted Investments		9.84		9.84		9.84

\*\* Astha Technical Services Limited, an associate of Ion Exchange (India) Limited was amalgamated with Total Water Management Services (India) Limited, a subsidiary of Ion Exchange (India) Limited w.e.f. 1st April 2017 as per order dated 24th August 2017 received from The National Company Law Tribunal, Mumbai Bench. As per the scheme, 11,779 shares were issued by Total Water Management Services (India) Limited on 24th January 2018 in lieu of shares held in Astha Technical Services Limited.

**8. Inventories**

(Valued at lower of cost and net realisable value)

	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
	INR in Lakhs	INR in Lakhs	INR in Lakhs
Raw materials and components	21.01	22.59	22.20
Contract work-in-progress	-	114.11	-
	<b>21.01</b>	<b>136.70</b>	<b>22.20</b>



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**9. Cash and cash equivalents**

	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Balances with banks			
On current accounts	39.87	43.29	28.68
Cash on hand	2.55	2.17	2.31
	<b>42.42</b>	<b>45.46</b>	<b>30.99</b>

**10. Bank balances other than cash and cash equivalents**

	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
On deposit account	23.17	21.88	20.31
On margin money account *	159.01	327.73	49.32
	<b>182.18</b>	<b>349.61</b>	<b>69.63</b>

\*Margin money deposits with a carrying amount of INR 159.01 Lakhs (previous year : INR 327.73 Lakhs, 1 April 2016: Rs 49.32 Lakhs) are subject to first charge to secure bank guarantees issued by a bank on behalf of the Company.

**11. Others**

	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Interest accrued on margin money	1.42	1.67	3.55
	<b>1.42</b>	<b>1.67</b>	<b>3.55</b>



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**12. Equity share capital**

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No of shares	INR in Lakhs	No of shares	INR in Lakhs	No of shares	INR in Lakhs
<b>Authorised capital</b>						
Equity shares of Rs. 10 each.	2,00,00,000	2,000.00	2,00,00,000	2,000.00	1,50,00,000	1,500.00
<b>Issued, subscribed and fully paid-up capital</b>						
Equity shares of Rs. 10 each.	1,52,15,200	1,521.52	1,52,15,200	1,521.52	1,00,00,000	1,000.00
		<b>1,521.52</b>		<b>1,521.52</b>		<b>1,000.00</b>

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

	As at 31st March 2018		As at 31st March 2017	
	No of shares	INR in Lakhs	No of shares	INR in Lakhs
At the beginning of the year	1,52,15,200	1,521.52	1,00,00,000	1,000.00
Add: Issued during the year (Refer note 39)	-	-	52,15,200	521.52
At the end of the year	1,52,15,200	1,521.52	1,52,15,200	1,521.52

**(b) Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of shareholders holding more than 5% shares in the company \***

	As at 31st March 2018		As at 31st March 2017		As at 1st April 2016	
	No of shares	% holding	No of shares	% holding	No of shares	% holding
-Ion Exchange (India) Limited, the holding Company and its nominees	1,39,68,640	91.81%	1,39,68,640	91.81%	1,00,00,000	100.01%
-Rockmen Merchants Limited	8,28,199	5.44%	8,28,199	5.44%		0.00%

\* As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

**(d) Aggregate number of share issued for consideration other than cash during the period of five years immediately preceding the reporting date.**

The aggregate number of equity shares issued pursuant to scheme of amalgamation, without payment being received in cash in immediately preceding last five years ended on 31st March 2018 : 5,215,200 share (Previous period of five years ended 31st March 2017 : 15,165,200 shares, 1 April 2016: 99,50,000 shares)



13. Other equity

	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
<b>General reserve</b>			
Balance as at April 1 (refer note 39)	88.48	88.48	88.48
	88.48	88.48	88.48
<b>Capital Reserve</b>			
Balance as at April 1	47.20	47.20	47.20
Addition during the year	29.44	-	-
	76.64	47.20	47.20
<b>Retained earnings</b>			
Balance as at April 1	(2,961.05)	(2,331.30)	(1,018.40)
(Loss) for the year	(53.77)	(633.18)	(1,312.90)
Other Comprehensive Income	(4.61)	3.43	-
	(3,019.43)	(2,961.05)	(2,331.30)
	(2,854.31)	(2,825.37)	(2,195.62)

Notes

a) Description of nature and purpose of each reserve

**General reserve:** The balance represents General reserve of amalgamated company transferred on amalgamation (refer note 39)

**Capital Reserve:** Guarantee Commission (refer note 31)



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**14. Borrowings**

	Non-current			Current		
	As at 31st March 2018 INR In Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Working capital loan from banks (secured) - [Refer note (a) below]				134.20	176.40	274.30
Working capital loan from a bank (secured) [Refer note (b) below]						1.05
Loan from holding company (unsecured) [Refer note (c) below]	1,146.64	1,146.64	1,146.64	2,422.97	2,417.71	1,194.02
	<b>1,146.64</b>	<b>1,146.64</b>	<b>1,146.64</b>	<b>2,557.17</b>	<b>2,594.11</b>	<b>1,469.37</b>
The above amount includes						
Secured borrowings				134.20	176.40	275.35
Unsecured borrowings	1,146.64	1,146.64	1,146.64	2,422.97	2,417.71	1,194.02
	<b>1,146.64</b>	<b>1,146.64</b>	<b>1,146.64</b>	<b>2,557.17</b>	<b>2,594.11</b>	<b>1,469.37</b>

(a) Working capital loan from bank is secured by hypothecation of book debts and stocks by way of first charge and corporate guarantee of Holding Company - Ion Exchange (India) Limited. The working capital loan is repayable on demand and currently carries an interest @ 11.30% p.a., computed on monthly basis on the actual amount utilised.

(b) Working capital loan @ 14 % p.a. INR 1.05 Lakhs is secured by hypothecation of book debts and stocks by way of first charge and corporate guarantee of Holding Company - Ion Exchange (India) Limited.

(c) Loan taken from Holding Company - Ion Exchange (India) Limited carries interest @ 12% p.a. on INR. 1,146.64 Lakhs and interest is repayable on demand, payable half yearly.



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**15. Provisions**

	Non-current			Current		
	As at 31st March 2018 INR In Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR In Lakhs	As at 31st March 2018 INR In Lakhs	As at 31st March 2017 INR In Lakhs	As at 1st April 2016 INR In Lakhs
Provision for employee benefits (Refer Note. No 29)	71.25	55.36	54.19	28.60	37.55	25.56
	71.25	55.36	54.19	28.60	37.55	25.56

**16. Trade payables**

	As at 31st March 2018 INR In Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Trade payables (including acceptances)			
- Due to micro and small enterprises (Refer note 38)			
- Due to others	2,748.47	4,050.36	3,917.19
	2,748.47	4,050.36	3,917.19

**17. Other financial liabilities**

	As at 31st March 2018 INR In Lakhs	As at 31st March 2017 INR In Lakhs	As at 1st April 2016 INR in Lakhs
Employee benefits payable	175.60	170.11	151.21
	175.60	170.11	151.21

**18. Other current liabilities**

	As at 31st March 2018 INR In Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
Advance from customers	117.52	165.42	600.52
Statutory dues	287.99	48.48	24.36
	405.51	213.90	624.88



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**19. Revenue from operations**

	Year ended 31st March 2018 INR In Lakhs	Year ended 31st March 2017 INR In Lakhs
<b>Revenue from operations</b>		
<b>Sale of products</b>		
Water Treatment Plants & Accessories	872.52	3,883.05
<b>Sale of services</b>		
Erection & Commissioning	86.61	192.25
Design and Engineering	1,400.00	-
<b>Others operating revenue</b>		
Project Management fees	986.35	625.86
<b>Revenue from operations</b>	<b>3,345.48</b>	<b>4,701.16</b>

**20. Other income**

	Year ended 31st March 2018 INR In Lakhs	Year ended 31st March 2017 INR in Lakhs
Interest income on financial instruments measured at amortised cost		
- From banks	10.03	7.31
- From others	142.54	158.74
Exchange gain (Net)	0.67	15.31
Profit on fixed assets sold/discarded (Net)	-	0.68
Other non operating Income	13.87	0.28
	<b>167.11</b>	<b>182.32</b>



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**21. Cost of raw material and components consumed**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
Inventory at the beginning of the year	22.59	22.20
Add: Purchases*	1,041.51	3,356.86
Less: Inventory at the end of the year	21.01	22.58
<b>Cost of raw material and components consumed *</b>	<b>1,043.09</b>	<b>3,356.48</b>

\* Includes direct expenses incurred on contracts INR 42.36 Lakhs  
(2016-2017 : INR 78.36 Lakhs)

**22. Changes in inventories**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
Inventories at the end of the year		
Contract work-in-progress	-	114.11
	-	114.11
Inventories at the beginning of the year		
Contract work-in-progress	114.11	-
	114.11	-
<b>Decrease / (increase) in inventories</b>	<b>114.11</b>	<b>(114.11)</b>



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**23. Employee benefits expense**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
Salaries, wages and bonus	1,167.74	1,108.69
Contribution to provident and other funds (Refer Nno. No 29)	59.65	47.97
Staff welfare expense	53.74	44.91
	<b>1,281.13</b>	<b>1,201.57</b>

**24. Finance costs**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
Interest on working capital loan	10.15	13.97
Interest on loan from holding company (refer note 34)	572.29	394.93
	<b>582.44</b>	<b>408.90</b>

**25. Depreciation and amortisation expense**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
Depreciation and amortisation of property, plant and equipment	20.46	26.68
	<b>20.46</b>	<b>26.68</b>



**Ion Exchange Projects and Engineering Limited**  
**Notes to financial statements for the year ended 31st March 2018 (contd.)**

**26. Other expenses**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
Stores and spare parts consumed		-
Power and fuel	4.20	2.85
Repairs and Maintenance - Plant and machinery	-	0.01
- Others	4.03	4.31
Rent (Net of recoveries) (refer note 35)	76.23	75.30
Rates and taxes	0.72	10.12
Travelling and conveyance	228.70	226.82
Freight	35.36	87.28
Advertisement and publicity	4.82	9.14
Legal and professional charges	72.37	76.04
Telephone and telex	7.19	6.24
Auditors' remuneration (Refer below note no. 26.1)	3.27	4.79
Directors' fees (Refer note 34)	8.50	9.75
Bank charges	11.23	34.99
Guarantee Charges	29.44	47.20
Establishment and other miscellaneous expenses	39.07	42.30
	<b>525.13</b>	<b>637.14</b>

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

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
As auditor:		
- Audit fees	3.00	4.50
Reimbursement of expenses	0.27	0.29
	<b>3.27</b>	<b>4.79</b>

**27. Other comprehensive income**

	Year ended 31st March 2018 INR in Lakhs	Year ended 31st March 2017 INR in Lakhs
Items that will not be reclassified to statement of profit or loss		
Re-measurements of defined benefit plans	4.61	(3.43)
Income tax relating to items that will not be reclassified to profit or loss		
	<b>4.61</b>	<b>(3.43)</b>



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 28. Earnings per share (EPS)

Particulars		31st March 2018	31st March 2017
I	Profit computation for both basic and diluted earnings per share of Rs. 10 each Net profit as per the statement of profit and loss available for equity shareholders (INR in Lakhs)	(53.77)	(633.18)
II	Weighted average number of equity shares for earnings per share computation A) For basic earnings per share  B) For diluted earnings per share No. of shares for basic EPS as per IIA Add: Weighted average outstanding employee stock options deemed to be issued for no consideration No. of shares for diluted earnings per share	15,215,200 - 15,215,200	15,215,200 - 15,215,200
III	Earnings per share in Rupees (Weighted average) Basic(INR) and Diluted(INR)	(0.35)	(4.16)

#### 29. Employee benefits

- A. The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. The scheme is funded to a separate trust duly recognized by Income tax authorities.

The following table summaries the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity and provident fund plan.

(INR in Lakhs)

Particulars		2017-2018 (Gratuity)	2016-2017 (Gratuity)
I	Changes in the present value of the defined benefit obligation are as follows:		
	1. Defined Benefit Obligation, Beginning of Period	107.78	9,7.99
	2. Interest cost	7.56	7.78
	3. Service cost	8.67	7.96
	4. Liability Transferred In/ Acquisitions	-	-
	5. Actual Plan Participants' Contributions	-	-
	6. Total Actuarial (Gains)/Losses		
	a) Effect of change in Financial Assumptions	(2.02)	2.66
	b) Effect of Change in Demographic Assumptions	-	-
	c) Experience (Gains)/Losses	9.25	(6.03)
	7. Changes in Foreign Currency Exchange Rates	-	-
	8. Acquisition/Business Combination /Divestiture	-	-
	9. Benefits paid	(19.87)	(2.58)
	10. Past Service Cost	-	-
	11. Losses / (Gains) on Curtailments / Settlements	-	-
	12. Defined benefit Obligation, End of Period	111.37	107.78



**Ion Exchange Projects and Engineering Ltd.**

**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

29. Employee benefits (contd...)

II	<b>Changes in the fair value of plan assets are as follows:</b>		
	1. Fair value of plan assets at the beginning of the period	115.51	107.49
	2. Interest Income	8.10	8.53
	3. Contributions by the employer	19.75	2.00
	4. Expected contribution by the employees	-	-
	5. Assets Transferred In/Acquisitions	-	-
	6. (Assets Transferred Out/Divestments)	-	-
	7. (Benefits paid from the Fund)	(19.87)	(2.58)
	8. (Assets Distributed on Settlements)	-	-
	9. Effects of Asset Ceiling	-	-
	10. The effect of Changes In foreign Exchange Rates	-	-
	11. Return on Plan Assets, Excluding Interest Income	2.61	0.06
	12. Fair value of plan assets at the end of the Period	126.10	115.51
III	<b>Expenses Recognized in the Statement of Profit or Loss for Current Period</b>		
	1. Current Service Cost	8.67	7.96
	2. Net Interest Cost	(0.54)	(0.75)
	3. Past Service Cost	-	-
	4. (Expected Contributions by the Employees)	-	-
	5. (Gains)/Losses on Curtailments And Settlements	-	-
	6. Net Effect of Changes in Foreign Exchange Rates	-	-
	7. Expenses Recognized	8.13	7.20
IV	<b>Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period</b>		
	1. Actuarial (Gains)/Losses on Obligation For the Period	7.23	(3.37)
	2. Return on Plan Assets, Excluding Interest Income	(2.61)	(0.06)
	3. Change in Asset Ceiling	-	-
	4. Net (Income)/Expense For the Period Recognized in OCI	4.61	(3.43)
V	<b>Maturity Analysis of the Benefit Payments: From the Fund</b>		
	1. Projected Benefits Payable in Future Years From the Date of Reporting		
	1st Following Year	36.87	46.47
	2nd Following Year	12.02	9.48
	3rd Following Year	11.89	9.05
	4th Following Year	13.80	8.87
	5th Following Year	20.72	10.12
	Sum of Years 6 To 10	27.27	3,2.32
	Sum of Years 11 and above	26.83	21.58
VI	<b>Sensitivity Analysis</b>		
	Projected Benefit Obligation on Current Assumptions	111.37	107.78
	Delta Effect of +0.5% Change in Rate of Discounting	(1.66)	(1.46)
	Delta Effect of -0.5% Change in Rate of Discounting	1.74	1.52
	Delta Effect of +0.5% Change in Rate of Salary Increase	1.72	1.50
	Delta Effect of -0.5% Change in Rate of Salary Increase	(1.67)	(1.45)
	Delta Effect of +0.5% Change in Rate of Employee Turnover	(0.14)	(0.18)
	Delta Effect of -0.5% Change in Rate of Employee Turnover	0.14	0.18



**Ion Exchange Projects and Engineering Ltd.**

**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

29. Employee benefits (contd...)

VII	<b>Actuarial assumptions:</b>		
	1. Discount rate	7.59%	7.01%
	2. Expected rate of salary increase [Refer note (b) below]	8.00%	8.00%
	3. Mortality	IALM (2006-08)	IALM (2006-08)
	4. Attrition rate	16.00%	16.00%
	5. Rate of return on plan assets	7.59%	7.94%

The Company expects to contribute Rs. Nil (2016-2017: 0.95) to gratuity in 2017-2018.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Sr. No.	Categories of Assets	% of holding	
		31 March 2018	31 March 2017
1	HDFC Standard Life Insurance Company Limited	100%	100%

The expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Details of Defined Benefit Obligation Planned Assets and Experience Adjustments:

Gratuity	(INR in Lakhs)					
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13
Defined benefit obligation	111.37	107.78	101.41	90.38	78.82	72.39
Plan assets	126.10	115.51	112.64	98.18	78.82	72.39
Surplus / (deficit)	14.73	7.72	11.23	7.80	-	-
Experience adjustments on plan liabilities	9.25	(6.03)	(0.24)	(7.53)	3.49	11.74
Experience adjustments on plan assets	2.61	0.06	1.15	0.35	0.78	-

Notes:

- a) Amounts recognized as an expense and included in note 23:  
Gratuity in "Contribution to provident and other funds" INR 15.59 Lakhs (2016-17: INR Nil).
- b) The estimates of future salary increases considered in the actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- B. Defined contribution plan:  
Amount recognized as an expense and included in the note 23 – "Contribution to provident and other funds" of the statement of profit and loss INR36.50 Lakhs (2016-17 : INR 35.15 Lakhs).
- C. Other employee benefits:  
Amounts recognized as an expense and included in note 23:  
Leave encashment in "Salaries, wages and bonus" INR 20.12 Lakhs (2016-17: INR 17.18 Lakhs)
- D. The net provision for leave encashment liability up to 31st March 2018 is INR 99.85 Lakhs (31st March 2017 : INR 92.91 Lakhs)



**Ion Exchange Projects and Engineering Ltd.**

**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

**30. 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 are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if their carrying amount is a reasonable approximation of fair value

As at 31st March 2018

(INR in Lakhs)

	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortized Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Non-current investments	7	9.84			9.84		9.84		9.84
Loans – Non Current	4			1.20	1.20		1.20		1.20
Trade receivables: Non-current ***	3			1,020.57	1,020.57		1,020.57		1,020.57
Trade receivables : Current ***	3			4,141.90	4,141.90				
Cash and cash equivalents***	9			42.42	42.42		-		-
Other bank balances***	10			182.18	182.18		-		-
Loans – Current***	4			20.37	20.37		-		-
Other financial assets – Current***	11			1.42	1.42		-		-
<b>Total</b>		<b>9.84</b>		<b>5,410.06</b>	<b>5,419.90</b>		<b>1,031.61</b>		<b>1,031.61</b>
<b>Financial liabilities</b>									
Borrowings : Non-Current ***	14			1,146.64	1,146.64		1,146.64		1,146.64
Borrowings : Current***	14			2,557.17	2,557.17				
Trade payables***	16			2,748.47	2,748.47				
Other Current financial liabilities – Current***	17			175.60	175.60		-		-
<b>Total</b>				<b>6,627.88</b>	<b>6,627.88</b>		<b>1,146.64</b>		<b>1,146.64</b>

As at 31st March 2017

(INR in Lakhs)

	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Non-current investments	7	9.84	-	-	9.84	-	9.84		9.84
Loans : Non Current	4			1.61	1.61		1.61		1.61
Trade receivables: Non-Current***	3			1,190.00	1,190.00		1,190.00		1,190.00
Trade receivables: Current***	3			4,660.63	4,660.63				
Cash and cash equivalents***	9			45.46	45.46		-		-
Other bank balances***	10			349.61	349.61		-		-
Loans : Current***	4			59.33	59.33		-		-
Other financial assets – Current***	11			1.67	1.67		-		-
<b>Total</b>		<b>9.84</b>		<b>6,308.31</b>	<b>6,318.15</b>		<b>1,201.45</b>		<b>1,201.45</b>
<b>Financial liabilities</b>									
Borrowings: Non-Current***	14			1,146.64	1,146.64		1,146.64		1,146.64
Borrowings***	14			2,594.11	2,594.11				
Trade payables***	16			4,050.36	4,050.36		-		-
Other Current financial liabilities – Current***	17			170.11	170.11		-		-
<b>Total</b>				<b>7,961.22</b>	<b>7,961.22</b>		<b>1,146.64</b>		<b>1,146.64</b>



**Ion Exchange Projects and Engineering Ltd.**

**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

30. Financial instruments (contd...)

As at 1st April 2016

(INR in Lakhs)

	Note No.	Carrying amount				Fair value			
		FVTPL	FVTOCI	Amortised Cost	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
<b>Financial assets</b>									
Non-current investments	7			9.84	9.84	-	9.84		9.84
Loans : Non Current	4			1.86	1.86		1.86		1.86
Trade receivables: Non-Current***	3			1,614.93	1,614.93		1,614.93		1,614.93
Trade receivables: Current***	3			4,385.07	4,385.07				
Cash and cash equivalents ***	9			30.99	30.99		-		-
Other bank balances***	10			69.63	69.63		-		-
Loans : Current***	4			64.90	64.90		-		-
Other financial assets-Current***	11			3.55	3.55		-		-
<b>Total</b>				<b>6,180.77</b>	<b>6,180.77</b>		<b>1,626.63</b>		<b>1,626.63</b>
<b>Financial liabilities</b>									
Borrowings: Non-Current***	14			1,146.64	1,146.64		1,146.64		1,146.64
Borrowings***	14			1,469.37	1,469.37				
Trade payables***	16			3,917.19	3,917.19		-		-
Other Current financial liabilities - Current***	17			151.20	151.21		-		-
<b>Total</b>				<b>6,684.40</b>	<b>6,684.40</b>		<b>1,146.64</b>		<b>1,146.64</b>

\*\*\*The Company has not disclosed the fair value of 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
Non-current financial assets measured at amortised cost	Discounted cash flow technique: The valuation model considers present value of expected payments discounted using an appropriate discounting rate.



## **Ion Exchange Projects and Engineering Ltd.**

### **Notes to Financial statement for the year ended 31st March 2018 (contd...)**

#### **30. Financial instruments (contd...)**

##### **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 board of directors has established the Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities

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.

The Board of Directors oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors are assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

##### **(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 and investment securities.

##### ***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 INR 42.42Lakhs as at 31st March 2018 (as at 31st March 2017: INR 45.46Lakhs, as at 1st April 2016: INR 30.99Lakhs). The cash and cash equivalents are held with bank and financial institution counterparties with good credit ratings.

##### ***Other bank balances***

The Company held other bank balances equivalents of INR 182.18 Lakhs as at 31st March 2018 (as at 31st March 2017: INR 349.61 Lakhs, as at 1st April 2016: INR 69.62 Lakhs). The other bank balances are mainly surplus fund invested in bank fixed deposits and margin money against bank guarantees issued by bank on our behalf.



**Ion Exchange Projects and Engineering Ltd.****Notes to Financial statement for the year ended 31st March 2018 (contd...)****30. Financial instruments (contd...)***Investments*

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

*Other financial assets*

Other financial assets mainly comprises of tender deposits and security deposits which are given to customers or other governmental agencies in relation to contracts executed and are assessed by the Company for credit risk on a continuous basis.

**(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 holding company and various banks. The Company invests its surplus funds in bank fixed deposit.

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.

As at 31st March 2018

(INR in Lakhs)

	Contractual cash flows					
	Carrying amount	Total	Up to 1 year	1-3 years	3-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>						
(i) Borrowing : Non-Current*	1,146.64	1,146.64	-	-	-	1,146.64*
<b>Total (a)</b>	<b>1,146.64</b>	<b>1,146.64</b>	-	-	-	<b>1,146.64</b>
<b>Current Financial liabilities</b>						
(i) Borrowings : Current	2,575.17	2,575.17	2,575.17	-	-	-
(ii) Trade payables	2,748.46	2,748.46	2,748.46	-	-	-
(iii) Other financial liabilities	175.60	175.60	175.60	-	-	-
<b>Total (b)</b>	<b>5,499.23</b>	<b>5,499.23</b>	<b>5,499.23</b>	-	-	-
<b>Total (a)+(b)</b>	<b>6,645.87</b>	<b>6,645.87</b>	<b>5,499.23</b>	-	-	<b>1,146.64</b>





**Ion Exchange Projects and Engineering Ltd.**  
**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

**30. Financial instruments (contd...)**

Exposure to interest rate risk

Company's interest rate risk arises primarily from borrowings. The interest rate profile of the Company's interest-bearing financial instruments is as follows.

	As at 31st March 2018 INR in Lakhs	As at 31st March 2017 INR in Lakhs	As at 1st April 2016 INR in Lakhs
<b>Fixed rate loan</b>			
Financial liabilities - measured at amortised cost			
Long term Borrowing	1,146.64	1,146.64	1,146.64
Short term borrowings	2,422.97	2,417.72	1,194.02
<b>Total (a)</b>	<b>3,569.62</b>	<b>3,564.36</b>	<b>2,340.66</b>
<b>Variable rate loan</b>			
Financial liabilities - measured at amortised cost			
Short term borrowings	134.20	176.40	275.35
<b>Total (b)</b>	<b>134.20</b>	<b>176.40</b>	<b>275.35</b>
<b>Total (a + b)</b>	<b>3,703.82</b>	<b>3,740.76</b>	<b>2,616.02</b>

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 interest rates at the reporting date would not affect profit or loss.

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) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	31st March 2018		31st March 2017	
	Increase (-)	Decrease +	Increase (-)	Decrease +
	INR in Lakhs	INR in Lakhs	INR in Lakhs	INR in Lakhs
1% Movement	(1.341)	1.341	(1.763)	1.763

**(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. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.



**Ion Exchange Projects and Engineering Ltd.**  
**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

30. Financial instruments (contd...)

Currency risk

The Company is exposed to currency risk on account of its operations in other countries. The functional currency of the Company is Indian Rupee. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent periods and may continue to fluctuate substantially in the future.

Exposure to currency risk

The Company's exposure to foreign currency risk as at the end of the reporting period expressed in INR are as follows:

As at 31st March 2017	INR in Lakhs	
	USD	Others
<b>Financial assets</b>		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
	-	-
<b>Financial liabilities</b>		
Trade and other payables	82.02	-
	82.02	-
<b>Net statement of financial position exposure</b>	<b>(82.02)</b>	-
Forward exchange contracts	-	-
Net exposure	<b>(82.02)</b>	-

As at 1st April 2016	INR in Lakhs	
	USD	Others
<b>Financial assets</b>		
Cash and cash equivalents	-	-
Trade and other receivables	-	-
	-	-
<b>Financial liabilities</b>		
Trade and other payables	50.11	-
	50.11	-
<b>Net statement of financial position exposure</b>	<b>(50.11)</b>	-
Forward exchange contracts	-	-
Net exposure	<b>(50.11)</b>	-

Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against US dollars at March 31 would have affected the measurement of financial instruments denominated in US dollars and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.



**Ion Exchange Projects and Engineering Ltd.****Notes to Financial statement for the year ended 31st March 2018 (contd...)****31. First Time Adoption of Ind AS**

	Profit or loss					
	31st March 2018		31st March 2017		1 <sup>st</sup> April 2016	
	Strengthening	Weakening	Strengthening	Weakening	Strengthening	Weakening
1% movement						
USD	-	-	0.82	(0.82)	0.50	(0.50)
Others	-	-	-	-	-	-
	-	-	0.82	(0.82)	0.50	(0.50)

For the purposes of reporting as set out in note 1.1, we have transitioned our basis of accounting from Indian generally accepted accounting principles ("IGAAP") to Ind AS. The accounting policies set out in note 1.7 have been applied in preparing the financial statements for the year ended 31st March 2018, the comparative information presented in these financial statements for the year ended 31st March 2017 and in the preparation of an opening Ind AS balance sheet at 1st April 2016 (the "transition date").

In preparing our opening Ind AS balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

**Explanation of transition to Ind AS**

In preparing the financial statement, the company has applied the below mentioned optional exemptions and mandatory exceptions.

**Property, plant and equipment and intangible assets exemption:**

The company has elected to use the exemption available under Ind AS 101 to continue the carrying value for all of its property, plant and equipment, and intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2016).

**Investment in Associates**

The company has elected to use the exemption to measure all investments in subsidiaries, joint ventures and associates as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition (1st April 2016).

**De-recognition of financial assets and financial liabilities**

The company has elected to use the exemption for de-recognition of financial assets and liabilities prospectively i.e. after 1st April 2016.

**Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Corporation has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.



**Ion Exchange Projects and Engineering Ltd.****Notes to Financial statement for the year ended 31st March 2018 (contd...)****31. First Time Adoption of Ind AS (contd...)**

Reconciliation of Comprehensive income for the year ended on 31 March 2017

Particulars	Footnote ref.	As on 31 March 2017
		INR in Lakhs (Net of deferred tax)
Comprehensive income under IGAAP		(688.07)
<b>Summary of Ind AS adjustments</b>		
Guarantee commission	2	(47.20)
Retention money	3	105.52
<b>Total Ind AS adjustments</b>		<b>58.32</b>
<b>Comprehensive income under Ind AS</b>		<b>(629.75)</b>

Reconciliation of Equity as at 31st March, 2017 and 1st April, 2016

Particulars	As on 1 April 2016	As on 31 March 2017
	INR in Lakhs (Net of deferred tax)	INR in Lakhs (Net of deferred tax)
Net worth under IGAAP	(271.61)	(959.68)
<b>Summary of Ind AS adjustments</b>		
Discounting of retention money	(449.69)	(344.17)
Guarantee commission for investments in Subsidiaries/associates and JV	47.20	-
<b>Total Ind AS adjustments</b>	<b>(402.49)</b>	<b>(344.17)</b>
<b>Net worth under Ind AS</b>	<b>(674.10)</b>	<b>(1,303.85)</b>

Notes to reconciliations

## 1. Employee benefits:

Both under Indian GAAP and Ind-AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind-AS, re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI.

## 2. Notional expense from corporate guarantees issued by the Holding Company

The Company has received financial guarantees from the Holding Company under Ind AS, financial guarantee contracts are accounted as investment in subsidiaries and measured initially at fair value. Subsequently, the guarantee expense is recognised over the period of the guarantee on a straight line basis.

## 3. Retention money

Under Ind AS, revenue is measured at fair value of the consideration received or receivable. Accordingly, retention money has been recognised at its present value under Ind AS.



**Ion Exchange Projects and Engineering Ltd.****Notes to Financial statement for the year ended 31st March 2018 (contd...)****32. Contracts in progress (CIP):**

(INR in Lakhs)			
Sr. No.	Particulars	2017-2018	2016-2017
A.	Revenue recognized for the financial year	959.13	4,075.30
B.	In respect of contracts in progress as on 31st March:		
	1) Aggregate amount of costs incurred and recognized profits (less recognized losses)	15,684.94	19,525.91
	2) Amount of customer advance	117.52	165.42
	3) Amount of retentions	2,244.96	2,137.44

**33. Segment Information:**

The Company's only business being engineering of water treatment plants, disclosure of segment-wise information is not applicable under Ind AS108 - 'Operating Segments' (Ind AS-108). There is no geographical segment to be reported since all the operations are undertaken in India.

**34. Related party disclosures (As identified by the management):**

Where Control Exists	
a) Holding Company	Ion Exchange (India) Limited
Others:	
b) Associates	Astha Technical Services Limited**
c) Fellow subsidiaries and joint ventures	Global Composites And Structurals Limited Ion Exchange Enviro Farms Limited
d) Key management personnel	Mr. Rajesh Sharma – Director Mr. Mahabir Patni – Chairman
e) Relatives of key management Personnel	Mr. Ankur Patni – Son of Mr. Mahabir Patni Mr. Dinesh Sharma - Brother of Mr. Rajesh Sharma

\*\*Astha Technical Services Limited merged with Total Water Management Services (India) Limited, w.e.f. 1st April 2017. (Refer Note 7)



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 34. Related party disclosures (As identified by the management (contd...):

Transactions during the year with related parties except entity having significant influence with outstanding balances as at year-end:

(INR in Lakhs)

Nature of transactions	Party referred to in (a)		Party referred to in (b) & (c)		Party referred to in (d) & (e)		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
<b>Sale of goods</b>								
Ion Exchange (India) Limited	37.07	-	-	-	-	-	37.07	-
<b>TOTAL</b>	<b>37.07</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>37.07</b>	<b>-</b>
<b>Project management services rendered</b>								
Ion Exchange (India) Limited	2,386.35	625.86	-	-	-	-	2,386.35	625.86
<b>TOTAL</b>	<b>2,386.35</b>	<b>625.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,386.35</b>	<b>625.86</b>
<b>Purchase of goods and services</b>								
Ion Exchange (India) Limited	211.81	441.94	-	-	-	-	211.81	441.94
Global Composites and Structural Limited	-	-	17.64	34.24	-	-	17.64	34.24
Ion Exchange Enviro Farms Limited	-	-	4.52	9.10	-	-	4.52	9.10
ASTHA TECHNICAL SERVICES LTD**	-	-	1.00	-	-	-	1.00	-
<b>TOTAL</b>	<b>211.81</b>	<b>441.94</b>	<b>23.33</b>	<b>43.34</b>	<b>-</b>	<b>-</b>	<b>235.14</b>	<b>485.28</b>
<b>Service charges</b>								
Ion Exchange (India) Limited	64.99	65.48	-	-	-	-	64.99	65.48
<b>TOTAL</b>	<b>64.99</b>	<b>65.48</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64.99</b>	<b>65.48</b>
<b>Interest on loan</b>								
Ion Exchange (India) Limited	572.29	394.93	-	-	-	-	572.29	394.93
<b>TOTAL</b>	<b>572.29</b>	<b>394.93</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>572.29</b>	<b>394.93</b>
<b>Other expenses</b>								
<b>Rental expenses</b>								
Ion Exchange (India) Limited	62.93	61.46	-	-	-	-	62.93	61.46
<b>TOTAL</b>	<b>62.93</b>	<b>61.46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>62.93</b>	<b>61.46</b>
<b>Guarantee Commission</b>								
Ion Exchange (India) Limited	29.44	47.20	-	-	-	-	29.44	47.20
<b>TOTAL</b>	<b>29.44</b>	<b>47.20</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29.44</b>	<b>47.20</b>
<b>Remuneration</b>								
Mr. Mahabir Prasad Patni	-	-	-	-	85.79	80.61	85.79	80.61
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85.79</b>	<b>80.61</b>	<b>85.79</b>	<b>80.61</b>



**Ion Exchange Projects and Engineering Ltd.**

**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

**34. Related party disclosures (As identified by the management (contd...)):**

Nature of transactions	Party referred to in (a)		Party referred to in (b) & (c)		Party referred to in (d) & (e)		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Director sitting fees								
Mr. Rajesh Sharma	-	-	-	-	1.35	1.35	1.35	1.35
Mr. Ankur Patni	-	-	-	-	1.25	1.25	1.25	1.25
Mr. Dinesh Sharma	-	-	-	-	1.25	1.25	1.25	1.25
Mr. T. M. M. Nambiar	-	-	-	-	1.25	-	1.25	-
Dr. V N Gupchup	-	-	-	-	1.45	-	1.45	-
Mr. Abhiram Seth	-	-	-	-	0.95	-	0.95	-
Mr. Ramendra Gupta	-	-	-	-	1.00	-	1.00	-
TOTAL	-	-	-	-	8.50	3.85	8.50	3.85
Loans received								
Ion Exchange (India) Limited	4,176.94	3,947.27	-	-	-	-	4,176.94	3,947.27
TOTAL	4,176.94	3,947.27	-	-	-	-	4,176.94	3,947.27
Loans repaid								
Ion Exchange (India) Limited	4,236.62	2,724.02	-	-	-	-	4,236.62	2,724.02
TOTAL	4,236.62	2,724.02	-	-	-	-	4,236.62	2,724.02
Advances given								
Global Composites and Structural Limited	-	-	-	31.59	-	-	-	31.59
ION EXCHANGE INDIA LIMITED	0.13	-	-	-	-	-	0.13	-
TOTAL	0.13	-	-	31.59	-	-	0.13	31.59
Advances settled								
Global Composites and Structural Limited	-	-	-	31.59	-	-	-	31.59
ION EXCHANGE INDIA LIMITED	0.13	-	-	-	-	-	0.13	-
TOTAL	0.13	-	-	31.59	-	-	0.13	31.59
Outstanding Receivable (net of Payable)								
ION EXCHANGE WATERLEAU LIMITED	25.95	-	-	-	-	-	25.95	-
TOTAL	25.95	-	-	-	-	-	25.95	-
Outstanding payables (net of receivables)								
Ion Exchange (India) Limited	1,246.33	1,157.12	-	-	-	-	1,246.33	1,157.12
Global Composites and Structural Limited	-	-	66.53	59.97	-	-	66.53	59.97
ION EXCHANGE WATERLEAU LTD	-	-	3.34	3.34	-	-	3.34	3.34
TOTAL	1,246.33	1,157.12	69.86	6,3.31	-	-	1,308.50	1,220.43



**Ion Exchange Projects and Engineering Ltd.**

**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

**34. Related party disclosures (As identified by the management (Continued):**

Nature of transactions	Party referred to in (a)		Party referred to in (b) & (c)		Party referred to in (d) & (e)		Total	
	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017	2017-2018	2016-2017
Outstanding loans and advances payable								
Ion Exchange (India) Limited	3,569.62	3,564.36	-	-	-	-	3,569.62	3,564.36
<b>TOTAL</b>	<b>3,569.62</b>	<b>3,564.36</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,569.62</b>	<b>3,564.36</b>
Corporate Guarantee Taken								
Ion Exchange (India) Limited	2,944.00	2,944.00	-	-	-	-	2,944.00	2,944.00
<b>TOTAL</b>	<b>2,944.00</b>	<b>2,944.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,944.00</b>	<b>2,944.00</b>

**35. Lease**

**A. Operating Lease**

Company as lessee:

The Company has entered into lease agreements for certain items of plants and machineries. The lease agreement is for 5 years. There are no restrictions placed upon the company by entering into this lease.

Further minimum rentals payable under non-cancellable operating leases are as follows:

	31st March 2018 (INR in Lakhs)	31st March 2017 (INR in Lakhs)	31st March 2016 (INR in Lakhs)
Within one year	20.98	67.31	68.26
After one year but not more than five years	-	20.98	88.29
More than five years	-	-	-

**36. Capital and other commitments**

Estimated amount of contracts (net of advances) remaining to be executed on capital account not provided for is INR NIL (2016-2017 :INR NIL).

**37. Contingent liabilities**

(INR in Lakhs)

	31 March 2018	31 March 2017	01 April 2016
Demand raised by West Bengal sales tax authorities in respect of sales tax 2012-13 against which company has filed an appeal	-	-	18.60
Demand Raised by West Bengal sales tax authorities in respect of 2013-2014 against which the company has filed an appeal	36.66	37.81	-
Demand Raised by West Bengal sales tax authorities in respect of 2014-2015 against which the company has filed an appeal	6.42	-	-
Demand Raised by West Bengal sales tax authorities in respect of 2015-2016 against which the company has filed an appeal	9.88		
Demand Raised by Jharkhand sales tax authorities in respect of 2011-2012 against which the company has filed an appeal	50.70	50.70	-
Demand Raised by Jharkhand sales tax authorities in respect of 2012-2013 against which the company has filed an appeal	30.82	30.82	-



**Ion Exchange Projects and Engineering Ltd.**

**Notes to Financial statement for the year ended 31st March 2018 (contd...)**

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

	31 March 2018	31 March 2017	31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
Principal amount due to micro and small enterprises	-	-	-
Interest due on above	-	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006.	-	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-	-

39. Amalgamation

Pursuant to the Scheme, the Assets and Liabilities of transferor Company were transferred to and vested in the Company with effect from 1 April 2014. Accordingly, the Scheme has been given effect to in these accounts. Assets and liabilities taken over (before adjusting inter-company balances) on amalgamation and equity shares to be issued by the Company to the shareholders of Ion Exchange Infrastructure Limited with effect from the Appointed Date are as under:

Particulars	Value of assets and Liabilities acquired
Total assets	2,735.13
Total liabilities	(1,708.08)
<b>Net book value of assets taken over</b>	<b>1,027.05</b>
Less: Total equity shares to be issued by the company to shareholders of erstwhile, Ion Exchange Infrastructure Limited pursuant to the scheme of amalgamation	(521.52)
<b>Reserve and surplus transferred on amalgamation</b>	<b>505.53</b>
Represented by – Balance in General reserve	88.48
– Balance in Statement of profit and loss	417.05



## Ion Exchange Projects and Engineering Ltd.

### Notes to Financial statement for the year ended 31st March 2018 (contd...)

#### 39. Amalgamation (contd...)

Pursuant to merger of Ion Exchange Projects and Engineering Ltd(the Company) & Ion Exchange Infrastructure Limited (transferor company), 5,215,200 equity shares of Rs. 10 each, aggregating to INR 521.52 Lakhs of the Company has been issued to the shareholders of the transferor company by passing an ordinary resolution on 24 May 2016. Pending allotment of the said equity shares as on 31 March 2016, such amount of INR 521.52 Lakhs is included in the share capital suspense account in as on 1<sup>st</sup> April 2016. The Company has passed a special resolution on 22 April 2016 to increase the authorized share capital from INR. 1500.00 Lakhs to INR 2,000.00 Lakhs divided into 2,00,00,000 equity shares of Rs 10 each, ranking *paripassu* in all respects with the existing equity shares.

40. The Company has not appointed a Company Secretary and hence the financial statements are not signed by the Company Secretary as required under section 203 of the Companies Act 2013.

#### 41. Going concern basis

The accompanying financial statements have been prepared assuming the Company will continue as a going concern. The management believes that it is appropriate to prepare these financial statements on going concern basis, for following reasons:

- (a) The Company has confirmed sales/services orders in hand as at 31 March 2018 which will result in the profit from operations in the subsequent financial years.
- (b) The Holding company has confirmed to provide and maintain sufficient financial support and assistance as may be needed to enable the business activities of the Company to continue to be conducted as going concern. It has been decided that Ion Exchange (India) Limited will take orders for Effluent treatment plant and sewage treatment plant and the orders will be executed by the Company on project management charges (PMC).

42. In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2018, notifying Ind AS 115 'Revenue from Contracts with Customers' (New Revenue Standard), which replaces Ind AS 11 'Construction Contracts' and Ind AS 18 'Revenue'. The core principle of the new revenue standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Some of the key changes introduced by the new revenue standard include additional guidance for multiple-element arrangements, measurement approaches for variable consideration, adjustments for time value of money etc. Significant additional disclosures in relation to revenue are also prescribed. The New Revenue Standard also provides two broad alternative transition options – Retrospective Method and Cumulative Effect Method – with certain practical expedients available under the Retrospective Method. The group is in the process of evaluating the impact of the new revenue standard on the present and future arrangements and shall determine the appropriate transition option once the said evaluation has been completed.

Also, appendix B to Ind AS 21, foreign currency transactions and advance consideration was notified along with the same notification which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The group is in the process of evaluating the effect of these on the consolidated financial statements.

The amendments will come into force from 1st April 2018.



**Ion Exchange Projects and Engineering Ltd.****Notes to Financial statement for the year ended 31st March 2018 (contd...)****43. Tax Disclosures:**

The following is the analysis of deferred tax assets/ (liabilities) presented in the balance sheet:

Particulars	in Lakhs		
	March 31, 2018	March 31, 2017	April 1, 2016
Provision for employee benefits	0.54	1.38	8.94
Provision for compensated absences	2.15	4.07	2.93
Difference between books depreciation and depreciation as Income -tax Act, 1961	5.48	4.32	3.74
Unabsorbed depreciation and Business loss under Income-tax Act, 1961	930.11	911.77	577.40
Expenses allowed under section 35DD of Income-tax Act, 1961	3.52	5.23	.48
<b>Deferred tax Assets</b>	<b>941.80</b>	<b>926.77</b>	<b>593.50</b>
<b>Deferred tax liabilities</b>			
Written down value of fixed assets		-	-
<b>Deferred tax assets (net)</b>	<b>941.80</b>	<b>926.77</b>	<b>593.50</b>

Note: The Company is not recognizing Deferred Tax assets due to prudence

The Company has not shown tax reconciliations as they have no tax profits due to carried forward losses on account of specified business and unabsorbed depreciation.

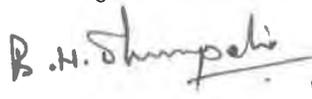
**44. Other matters**

Information with regard to other matters specified in Schedule III to Companies Act, 2013, is either nil or not applicable to the Company for the year.

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

As per our report of even date

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

  
B. H. Dhupelia  
M P a t n i

**Bhavesh Dhupelia**  
Partner  
Membership No: 042070

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

23 May 2018  
Mumbai

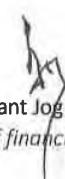
23 May 2018  
Mumbai

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



**Rajesh Sharma**  
Director  
DIN: 00515486

23 May 2018  
Mumbai

  
**Hemant Jog**  
Chief financial officer



23 May 2018  
Mumbai