



MOHAN NAGPURKAR & ASSOCIATES

CHARTERED ACCOUNTANTS

43/2153, Shant Sadan CHSL, Gandhi Nagar, Bandra (East), Mumbai - 400 051.
M : 93240 89040 Tel.: 022-2645 7172 E-mail : casantoshchande@gmail.com

Auditor's Report

To,

The Directors of ION EXCHANGE LLC, USA

We have audited the accompanying financial statements of **ION EXCHANGE LLC, USA** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

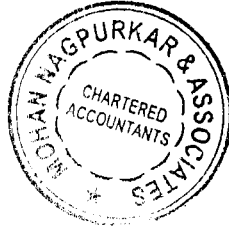
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or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

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



In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2017;
- b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.



For Mohan Nagpurkar & Associates
Chartered Accountants

A handwritten signature in black ink, appearing to read "Santosh Chande", written over a horizontal line.

Santosh Chande
Partner

Membership no.: 121365

Firm registration number: 106524W

Place: Mumbai

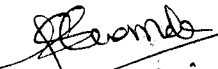
Date: 08.05.2017

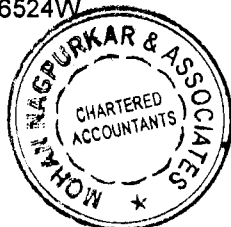
Ion Exchange LLC, USA
(Incorporated in the California State, Federal)
Balance Sheet as at 31 st March 2017

	Notes	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Equity and liabilities			
Shareholders' funds			
Share capital	3	7,00,000	7,00,000
Reserves and surplus	4	(11,75,755)	(12,71,541)
		(4,75,755)	(5,71,541)
Current liabilities			
Trade payables	5.1	28,09,833	27,09,707
Other current liabilities	5.2	80,604	89,456
Short-Term Provisions	6	39,513	4,513
		29,29,950	28,03,676
TOTAL		24,54,200	22,32,140
Assets			
Non-current assets			
Fixed assets			
Tangible assets	7	517	185
Intangible assets		-	-
		517	185
Current assets			
Inventories	8	14,03,538	12,24,809
Trade receivables	9	7,10,595	5,66,139
Cash and bank balances	10	3,26,767	4,27,873
Short-term loans and advances	11	5,908	6,259
Other Current Assets	12	6,875	6,875
		24,53,683	22,31,955
TOTAL		24,54,200	22,32,140
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.


As per our report of even date
For Mohan Nagpurkar & Associates
Firm registration number: 106524W
Chartered Accountants


Santosh Chande
Partner
Membership no.: 121365



For Ion Exchange LLC, USA


Rajesh Sharma
Director


Aankur Patni
Director

Place: Mumbai
Date: 08th May 2017

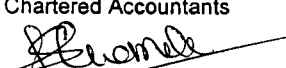
Ion Exchange LLC, USA
(Incorporated in the California State, Federal Govt of USA)
Statement of Profit and Loss for the Year Ended 31 st March 2017

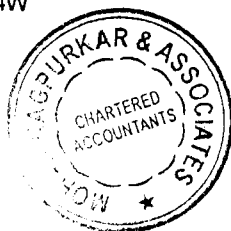
	Notes	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Income			
Revenue from operations (gross)	13	34,92,000	32,88,169
Less: excise duty		-	-
Revenue from operations (net)		34,92,000	32,88,169
Other income	14	-	7,000
Total Revenue (I)		34,92,000	32,95,169
Expenses			
Cost of raw material and components consumed	15.1	0	82,338
Purchase of traded goods	15.2	32,51,400	35,51,716
(Increase)/ decrease in inventories of finished goods, work-in-progress and traded goods	15.3	(1,78,729)	(6,61,643)
Employee benefits expense	16	1,17,961	1,07,217
Depreciation and amortization expense	17	250	1,478
Other expenses	18	1,40,217	1,64,530
Total Expenses(II)		33,31,099	32,45,636
Profit/(loss) before tax		1,60,901	49,533
Tax expenses			
Current tax		-	-
Tax Adjustment for Earlier Years		30,115	1,508
Provision for Current Tax		35,000	-
Total tax expense		65,115	1,508
Profit/(loss) for the year		95,786	48,025
Basic			
Computed on the basis of profit from continuing operations	19	0.14	0.07
Computed on the basis of total profit for the year			
Diluted			
Computed on the basis of profit from continuing operations	19	0.14	0.07
Computed on the basis of total profit for the year			
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.


As per our report of even date

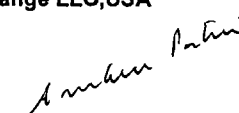
For Mohan Nagpurkar & Associates
Firm registration number: 106524W
Chartered Accountants


Santosh Chande
Partner
Membership no.: 121365



For Ion Exchange LLC, USA


Rajesh Sharma
Director


Aankur Patni
Director

Place: Mumbai
Date: 08th May 2017

Ion Exchange LLC, USA
(Incorporated in the California State, Federal Govt of USA)
Cash Flow Statement for the Year Ended 31 st March 2017

	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Cash flow from operating activities :		
Profit before tax from continuing operations	1,60,901	49,533
Depreciation/ amortization on continuing operation	250	1,478
(Profit)/Loss on Assets Sold/discarded (Net)		
Operating profit before working capital changes	1,61,151	51,011
Movements in working capital :		
Increase/ (decrease) in trade payables	1,00,126	7,57,642
Increase/ (decrease) in other current liabilities	(8,852)	(1,36,415)
Increase/ (decrease) in other Provision	35,000	-
Decrease / (increase) in inventories	(1,78,729)	(5,79,304)
Decrease / (increase) in trade receivables	(1,44,456)	1,85,164
Decrease / (increase) in short term loans and advances	351	(1,275)
Cash generated from /(used in) operations	(35,409)	2,76,823
Direct Taxes paid(net of refunds)	(65,115)	(1,508)
Net cash flow from / (used in) operating activities (A)	(1,00,524)	2,75,315
Cash flows from Investing activities		
Purchase of fixed assets	(582)	-
Proceeds from sale of Fixed Assets	-	-
Net cash flow from/ (used in) investing activities (B)	(582)	-
Cash flows from financing activities (C)		
Issue of Share Capital	-	-
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(1,01,106)	2,75,315
Cash and cash equivalents at the beginning of the year	4,27,868	1,52,553
Cash and cash equivalents at the end of the year	3,26,762	4,27,868
Components of cash and cash equivalents		
Cash on hand	1,619	1,619
With banks- on current account	3,25,148	4,26,254
Total cash and cash equivalents	3,26,762	4,27,868

Summary of significant accounting policies

2.1

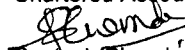
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Mohan Nagpurkar & Associates

Firm registration number: 106524W

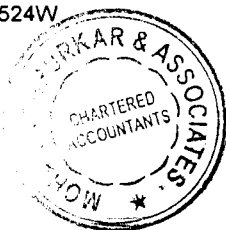
Chartered Accountants


Santosh Chandé
Partner


Membership no.: 121365

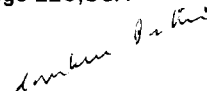
Place: Mumbai

Date: 08th May 2017



For Ion Exchange LLC, USA


Rajesh Sharma
Director


Aankur Patni
Director

3. Share capital

	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Authorized shares (Amt In US\$)		
700,000 (31 March 2016: 700,000) equity shares of US \$`1/- each	7,00,000	7,00,000
Issued, subscribed and fully paid-up shares (Amt In US\$)		
700,000 (31 March 2016: 700,000) equity shares of US \$`1/- each	7,00,000	7,00,000
Total issued, subscribed and fully paid-up share	7,00,000	7,00,000

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

Equity shares

	31-Mar-17		31-Mar-16	
	No of Shares	Amt In US\$	No of Shares	Amt In US\$
At the beginning of the period	7,00,000	7,00,000	7,00,000	7,00,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	7,00,000	7,00,000	7,00,000	7,00,000

(a) Terms/ rights attached to equity shares

The company has only one class of equity shares having par value of US \$ 1 per share.

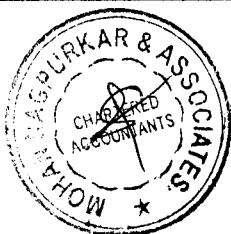
(b) Shares held by holding company

Out of equity shares , shares held by its holding company are as below:

	31-Mar-17	31-Mar-16
Ion Exchange (India) Ltd, the holding company 700,000 (31 March 2016: 700,000) equity shares of US \$ `1' each fully paid	7,00,000	7,00,000

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

Name of the shareholder	As at 31st March 2017		As at 31st March 2016	
	No of shares	% holding	No of shares	% holding
Equity shares of US \$`1' each fully paid Ion Exchange (India) Ltd, the holding company	7,00,000	100.00%	7,00,000	100.00%



4. Reserves and surplus

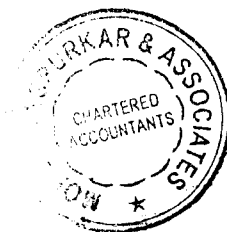
	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
Surplus/ (deficit) in the statement of profit and loss		
Balance as per last financial statements	(12,71,541)	(13,19,566)
Profit/(Loss) for the year	95,786	48,025
Net surplus in the statement of profit and loss	(11,75,755)	(12,71,541)
Total reserves and surplus	(11,75,755)	(12,71,541)

5 Current liabilities

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
5.1 Trade payables (including acceptances) Ref Note 20		
	28,09,833	27,09,707
5.2 Other Current liabilities		
Advance from customers	51,671	53,967
Statutory dues	16,874	22,675
Salaries Payable	6,162	9,120
Other Liabilities	5,897	3,694
	80,604	89,456
	28,90,437	27,99,163

6 Provisions

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
Provision for taxation	35,000	-
Provision for expenses	4,513	4,513
	39,513	4,513



7. Tangible assets

(Amt In US\$)

	Furniture Canada	Computer Canada	Computer USA	Vehicle USA	Total
Cost or valuation					
At 1 April 2015	1,878	5,850	5,185	7,398	20,311
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
At 31 March 2016	1,878	5,850	5,185	7,398	20,311
Additions	225	357	-	-	582
Disposals	-	-	-	-	-
At 31 March 2017	2,103	6,207	5,185	7,398	20,893
Depreciation					
At 1 April 2015	1,878	4,495	4,875	7,398	18,646
Charge for the year	-	1,170	310	-	1,480
At 31 March 2016	1,878	5,665	5,185	7,398	20,126
Charge for the year	11	239	-	-	250
At 31 March 2017	1,889	5,904	5,185	7,398	20,376
Net Block					
At 31 March 2016	-	185	-	-	185
At 31 March 2017	214	303	-	-	517



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

	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Traded Goods	14,03,538	12,24,809
	<u>14,03,538</u>	<u>12,24,809</u>



9. Trade receivables

	Non-current		Current	
	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	2,51,385	2,81,630
	-	-	2,51,385	2,81,630
Other receivables				
Unsecured, considered good	-	-	4,59,210	2,84,509
	-	-	4,59,210	2,84,509
Total	-	-	7,10,595	5,66,139

10. Cash and bank balances

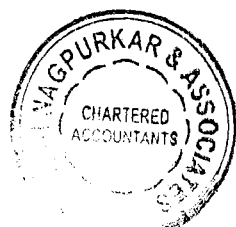
	Non-current		Current	
	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	3,25,148	4,26,254
Cash on hand	-	-	1619	1619
	-	-	3,26,767	4,27,873
Total	-	-	3,26,767	4,27,873

11. Loans and advances

	Non-current		Current	
	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Other loans and advances				
Prepaid expenses	-	-	5,908	6,259
	-	-	5,908	6,259
Total	-	-	5,908	6,259

12. Other Current Assets

	Non-current		Current	
	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Rent deposit				
Secured, considered good	-	-	-	-
Unsecured, considered good	-	-	6,875	6,875
Doubtful	-	-	-	-
	-	-	6,875	6,875
Provision for doubtful security deposit	-	-	-	-
	-	-	6,875	6,875

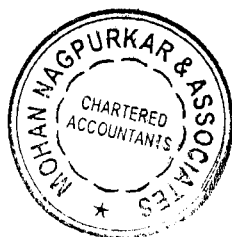


13. Revenue from operations

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
Revenue from operations		
Sale of products :		
Finished goods - Plants & Accessories	-	-
Traded goods - Resins	34,92,000	32,88,169
Sale of services	-	-
Revenue from operations (net)	<u>34,92,000</u>	<u>32,88,169</u>

14. Other Income

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
Profit on Sale of Vehicle	-	-
Miscellaneous Income	-	7,000
Total	<u>-</u>	<u>7,000</u>



15. Cost of raw material and components consumed

15.1 Details of raw material and components consumed

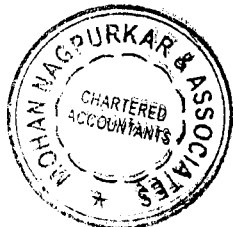
	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Inventory at the beginning of the year	-	82,338
Add: Purchases	-	-
	-	82,338
Inventory at the end of the year	-	-
Cost of raw material and components consumed	-	82,338

15.2 Details of Traded Goods Purchased

	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Resin	32,32,200	35,51,716
Membrane	19,200	-
	32,51,400	35,51,716

15.3 (Increase)/Decrease in inventories of traded goods

	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Traded Goods		
Opening Stock	5,60,726	2,81,095
Opening Stock - in transit	6,64,083	2,82,071
	12,24,809	5,63,166
Closing Stock	11,14,055	5,60,726
Closing Stock - in transit	2,89,483	6,64,083
	14,03,538	12,24,809
(Increase) / Decrease in inventories of traded goods	(1,78,729)	(6,61,643)



16. Employee benefits expense

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
Salaries, wages and bonus	80,997	74,472
Contribution to other funds	28,971	24,625
Staff welfare expenses	7,993	8,120
	1,17,961	1,07,217

17. Depreciation and amortization expense

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
Depreciation of tangible assets	250	1,478
Amortization of intangible assets	-	-
	250	1,478

18. Other expenses

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
Bank Charges	4,486	2,810
Rent	4,565	4,588
Rates and taxes	800	1,100
Insurance	10,411	10,266
Office Expenses	5,600	8,246
Selling and Distribution Expenses	88,335	82,872
Travelling and conveyance	19,711	24,955
Telephone Expenses	3,264	4,276
Printing and stationery	479	379
Legal and professional fees	1,926	24,517
Payment to auditor (Refer details below)	0	191
Exchange differences	640	330
	1,40,217	1,64,530

Payment to auditor

	31-Mar-17	31-Mar-16
	Amt In US\$	Amt In US\$
As auditor:		
Audit fee	0	191
	0	191



19. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

	31-Mar-17 Amt In US\$	31-Mar-16 Amt In US\$
Total operations for the year		
Profit/ (loss) after tax	95,786	48,025
Net profit/ (loss) for calculation of basic EPS	95,786	48,025
Net profit / (Loss) as above	95,786	48,025
Net profit/ (loss) for calculation of diluted EPS	95,786	48,025
Continuing operations		
Profit/ (loss) after tax	95,786	48,025
Net profit/ (loss) for calculation of diluted EPS	95,786	48,025
Net profit/(Loss) as above	95,786	48,025
Net profit/ (loss) for calculation of diluted EPS	95,786	48,025
Weighted average number of equity shares in calculating basic EPS	7,00,000	7,00,000
Weighted average number of equity shares in calculating diluted EPS	7,00,000	7,00,000
Earnings per Share		
Basic	0.14	0.07
Diluted	0.14	0.07

Previous Year's figures have been regrouped/rearranged, wherever necessary to conform to this year's, classification.
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Mohan Nagpurkar & Associates

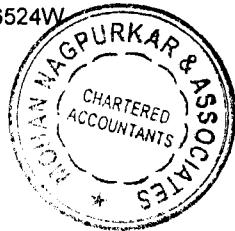
Firm registration number: 106524W

Chartered Accountants

Santosh Chande

Partner

Membership no.: 121365



Place: Mumbai

Date: 08th May 2017

For Ion Exchange LLC, USA

Rajesh Sharma
Director

Aankur Patni
Director

20. Related party disclosures

Names of related parties and related party relationship

Related parties where control exists

Holding company Ion Exchange (India) Ltd
 Ultimate holding company
 Subsidiaries

Related parties with whom transactions have taken place during the year

Fellow subsidiaries
 Associates
 Jointly controlled entity
 Key management personnel

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

Related party transactions

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

a. Sale/ purchase of goods and services

(` Amt in US\$)

	Year ended	Sale of goods	Purchase of traded goods (Net)	Amount owed by related parties*	Amount owed to related parties*
Holding, ultimate holding companies & Associates					
Ion Exchange (India) Ltd	31-Mar-17	-	29,39,305	-	27,45,545
	31-Mar-16	-	31,62,053	-	25,22,596



Ion Exchange LLC,USA

Notes to financial statements for the year ended 31st March 2017

1 Corporate Information

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

2 Basis of preparation

The financial statements have been prepared under historical cost convention on accrual basis. The financial statements comply in all material respects with the mandatory Accounting Standards issued by The Institute of Chartered Accountants of India.

2.1 Summary of significant accounting policies

a. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in the future periods.

b. Tangible fixed assets

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

Depreciation is provided at the rate of 20% p.a on straight-line basis for tangible assets to square off the asset value in 5 years time period.

c. Operating Leases

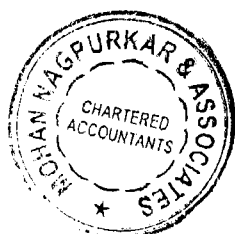
Assets taken on lease under which all significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under Operating Leases are recognized on straight line basis over the lease period.

d. Depreciation

Depreciation is provided at the rate of 20% p.a on straight-line basis for tangible assets to square off the asset value in 5 years time period.

e. Inventories

Inventories are valued at lower of Cost and Net Realisable Value. Cost of goods includes purchase cost (weighted average), cost of direct expenses and other costs incurred in bringing the inventories to their present location/condition.



f. Revenue recognition

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

Sales are accounted for exclusive of sales tax. Sales of goods are recognised when the property and all significant risks and reward of ownership are transferred to the buyer and no significant uncertainty exists regarding the amount of consideration that is derived from the sale of goods.

g. Foreign currency translation

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, 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.

h. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders 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

i. Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation as a result of past event for which it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of obligation

Segment Reporting:-

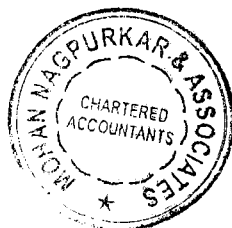
The company has only one segment, hence the segment reporting as per AS 17 is not applicable.

Related Party Disclosures (As identified by the management):-

i. Where Control Exists: -

Ion Exchange (India) Ltd is the 100% holding company has control as defined in Accounting Standard 18 – Related Party.

ii. Entity having significant Influence:- Ion Exchange (India) Ltd.

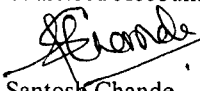


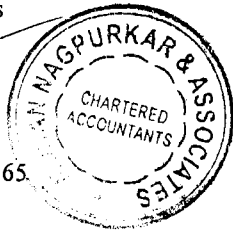
Ion Exchange LLC,USA
Notes to financial statements for the year ended 31st March 2017

iii. Transactions during the year with related parties and Entity having Significant influence, Ion Exchange (India) Ltd ,with outstanding balances as at 31st March-2017

Nature of Transaction	2016-17	2015-16
	US\$	US\$
Purchase of Good(Net)	29,39,305	31,62,053
Advance Received	0	0
Advances Paid	0	0
Outstanding Payables(Net of Receivables)		
Outstanding Payables	27,45,545	25,22,596
Outstanding Advance Received	0	0


As per our report of even date
For Mohan Nagpurkar & Associates
Firm registration number: 106524W
Chartered Accountants

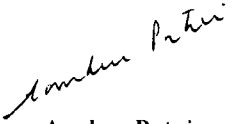

Santosh Chande
Partner
Membership no.: 121365



Place: Mumbai
Date: 08th May 2017

For Ion Exchange LLC,USA


Rajesh Sharma
Director


Aankur Patni
Director