**R CHOUDHARY AND ASSOCIATES**
**CHARTERED ACCOUNTANTS**
**A/202, RAJSHREE AVENUE, NR. DINESH HALL,**
**B/H INCOME TAX, ASHRAM ROAD**
**AHMEDABAD, GUJARAT-380009**

# INDEPENDENT AUDITOR'S REPORT

**To,**
**The Members of**
**M/s. BVM Overseas Limited**

## *Report on the Standalone Ind AS Financial Statements*

We have audited the accompanying standalone Ind AS financial statements of **M/s. BVM Overseas Limited** ("the Company"), which comprise the Balance Sheet as at 31 March, 2017, the Statement of Profit and Loss for the year ended March 31, 2017 (including other comprehensive income), the Statement of Cash Flows and the Statement of Changes in Equity for the year ended on that date and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements.").

## *Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive Income and cash flows and changes in equity 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 read with relevant rules issued thereunder.

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 Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone 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 standalone 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 standalone 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 standalone 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 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government of India in exercise of powers conferred in terms of Section 143(11) of the Companies Act, 2013 we give in the Annexure - A to 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;

(e) On the basis of the written representations received from the directors as on 31 March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) 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" and

(g) 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, 2O14, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its standalone Ind AS financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company and

   iv. The Company has provided requisite disclosure in its standalone Ind AS financial statements as to holding as well as dealing in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the company.

**For, R Choudhary and Associates**
**Chartered Accountants**
**Registration No. 101928W**

Sd/-
**Ramchandra D. Choudhary**
**Partner**
**Membership No.: 043979**

**Place: Ahmedabad**
**Date: 04th May, 2017**

## Annexure A"to Independent Auditors' Report for the period ended March 2017

## (Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

**(i)** The Company does not have any fixed assets, hence paragraph 3(i) of the order is not applicable to the company.

**(ii)** As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

**(iii)** The Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence paragraph 3 (iii) of the order is not applicable to the company.

**(iv)** In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

**(v)** During the year, the company has not accepted any deposits from the public, therefore, paragraph 3 (v) of the order is not applicable.

**(vi)** The company is not required to maintain the cost records as prescribed by the Central Government under sub section (1) of the section 148 of the Act.

**(vii)**

a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including income-tax, Sales-Tax, Service tax, value added tax and cess etc. There are no undisputed dues payable in respect of aforesaid dues, were outstanding as on 31st March, 2017 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no amounts in respect of income tax, sales tax, Value added tax, Cess, service tax etc. that have not been deposited with the appropriate authorities on account of any dispute.

**(viii)** The Company does not have any loans or borrowings from any financial institution or bank or government, nor it has issued any debentures, as at the balance sheet date so the provision of paragraph 3(viii) of the order is not applicable to the company.

**(ix)** The Company has not raised money by way of initial public offer or further public offer (including debt instrument) or any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.

**(x)** To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

**(xi)** In our opinion and according to information & explanations given to us, no managerial remuneration has been paid or provided during the period under audit. Therefore, paragraph 3 (xi) of the order is not applicable to the company.

**(xii)** In our opinion, the company is not a Nidhi Company. Therefore paragraph 3 (xii) of the order is not applicable to the company.

**(xiii)** In our opinion and according to the information and explanations given to us the Company has complied with section 188 and 177 of the Companies Act, 2013, where appicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone Ind AS financial statements etc., as required by the applicable accounting standards.

**(xiv)** The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year parsuant to Sec. 42 of the companies Act, 2013. Therefore paragraph 3 (xiv) of the order is not applicable to the company.

**(xv)** In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and covered under section 192 of the Companies Act, 2013. Therefore, paragraph 3(xv) of the order is not applicable to the Company.

**(xvi)** The Company is not required to be registered under Section 45-I of the Reserve Bank of India Act,1934. Therefore paragraph 3 (xvi) of the order is not applicable to the company.

**For, R Choudhary and Associates**
**Chartered Accountants**
**Registration No. 101928W**

Sd/-
**Ramchandra D. Choudhary**
**Partner**
**Membership No.: 043979**

**Place: Ahmedabad**
**Date: 04th May, 2017**

**"Annexure-B" to the independent Auditor's Report**

**(Referred to in our report of even date)**

**Report on the Internal Financial Controls 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 **M/s. BVM Overseas Limited** ("the Company") as of 31 March, 2017 in conjunction with our audit of the standalone 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 control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, 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 Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For, R Choudhary and Associates**
**Chartered Accountants**
**Registration No. 101928W**

Sd/-
**Ramchandra D. Choudhary**
**Partner**
**Membership No.: 043979**

**Place: Ahmedabad**
**Date: 04th May, 2017**

## BVM Overseas Limited

**Balance Sheet as at 31st March 2017**

(₹ in lakhs)

| Particulars | | Notes | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|---|---|
| I | **ASSETS** | | | |
| | **Non-current assets** | | | |
| | (a) Financial assets | | | |
| | (i) Loans | 4 | 0.20 | 0.10 |
| | **Total non-current assets** | | **0.20** | **0.10** |
| | **Current assets** | | | |
| | (a) Inventories | 5 | 164.17 | 341.98 |
| | (b) Financial assets | | | |
| | (i) Trade receivables | 6 | 15,643.49 | 2,056.81 |
| | (ii) Cash and cash equivalents | 7 | 1,078.29 | 191.21 |
| | (c) Other current assets | 8 | 3,084.98 | 244.29 |
| | **Total current assets** | | **19,970.93** | **2,834.29** |
| | **Total assets** | | **19,971.13** | **2,834.39** |
| II | **EQUITY AND LIABILITIES** | | | |
| | **Equity** | | | |
| | (a) Equity share capital | 9 | 450.00 | 450.00 |
| | (b) Other equity | 10 | 728.44 | 51.86 |
| | **Total equity** | | **1,178.44** | **501.86** |
| | **Liabilities** | | | |
| | **Current liabilities** | | | |
| | (a) Financial liabilities | | | |
| | (i) Borrowings | 11 | 6,991.13 | - |
| | (ii) Trade payables | 12 | 11,144.48 | 2,305.97 |
| | (b) Other current liabilities | 13 | 52.86 | 0.56 |
| | (c) Provisions | 14 | 249.20 | - |
| | (d) Current tax liabilities (net) | 15 | 355.02 | 26.00 |
| | **Total current liabilities** | | **18,792.69** | **2,332.53** |
| | **Total liabilities** | | **18,792.69** | **2,332.53** |
| | **Total equity and liabilities** | | **19,971.13** | **2,834.39** |

See accompanying notes forming part of the financial statements

As per our report of even date attached
**For R Choudhry & Associates**
Firm Regn No: 101928W
Chartered Accountants

Sd/-
**Ramchandra D. Choudhary**
Partner
Membership No. :043979

Place: Ahmedabad
Date:04.05.2017

**For and on behalf of the Board of Directors of**
**BVM Overseas Limited**

Sd/-
**Amit D Patel**
Director
DIN:00171035

Sd/-
**Rahul A Patel**
Director
DIN:00171198

Sd/-
**S B Dangayach**
Director
DIN:01572754

## BVM Overseas Limited

**Statement of Profit and Loss for the year ended 31st March 2017**

(₹ in lakhs)

| Particulars | | Notes | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
|---|---|---|---|---|
| I | Revenue from operations | 16 | 50,733.58 | 2,589.76 |
| II | Other income | 17 | 1,345.16 | 44.51 |
| III | **Total Income (I + II)** | | **52,078.74** | **2,634.27** |
| | **Expenses:** | | | |
| | (a) Purchases of stock-in-trade | 18 | 49,319.19 | 2,496.14 |
| | (b) Finance costs | 19 | 357.37 | 2.31 |
| | (c) Other expenses | 20 | 1,368.00 | 57.96 |
| IV | **Total expenses** | | **51,044.56** | **2,556.41** |
| V | **Profit before tax (III- IV)** | | **1,034.18** | **77.86** |
| VI | Tax expense: | | | |
| | a) Current tax | | 357.60 | 26.00 |
| | b) Deferred tax | | - | - |
| | | | **357.60** | **26.00** |
| VII | **Profit for the period (V-VI)** | | **676.58** | **51.86** |
| | **Other comprehensive income** | | | |
| | A (i) Items that will not be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| | B (i) Items that will be reclassified to profit or loss | | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - |
| **VIII** | **Total other comprehensive income/(loss) (A (i+ii)+B(i+ii)** | | - | - |
| **IX** | **Total comprehensive income for the period (VII+VIII)** | | **676.58** | **51.86** |
| **X** | **Earning per share (Face Value of Rs. 10/- each)** | | | |
| | **Basic and Diluted (Rs.)** | 22 | **15.04** | **19.77** |

See accompanying notes forming part of the financial statements

As per our report of even date attached
**For R Choudhry & Associates**
Firm Regn No: 101928W
Chartered Accountants

Sd/-
**Ramchandra D. Choudhary**
Partner
Membership No. :043979

Place: Ahmedabad
Date:04.05.2017

**For and on behalf of the Board of Directors of**
**BVM Overseas Limited**

Sd/-
**Amit D Patel**
Director
DIN:00171035

Sd/-
**Rahul A Patel**
Director
DIN:00171198

Sd/-
**S B Dangayach**
Director
DIN:01572754

## BVM Overseas Limited

**Statement of cash flows for the year ended 31st March 2017**

(₹ in lakhs)

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Profit before tax for the year | 1,034.18 | 77.86 |
| Adjustments for: | | |
| Unrealized gain/(loss) on Foreign currency Monetory items | 257.28 | |
| Finance cost | 357.37 | 2.31 |
| Interest income | (11.34) | - |
| **Operating profit before working capital changes** | **1,637.49** | **80.17** |
| Movement in working capital: | | |
| (Increase)/decrease in trade and other receivables | (13,843.95) | (2,056.81) |
| (Increase)/decrease in inventories | 177.81 | (341.98) |
| (Increase)/decrease in other assets | (2,840.79) | (244.39) |
| Increase/(decrease) in trade payables | 8,839.44 | 2,305.97 |
| Increase/(decrease) in provisions | 249.20 | - |
| Increase/(decrease) in other liabilities | 52.29 | 0.56 |
| **Cash used in operations** | **(5,728.50)** | **(256.48)** |
| Income tax paid | (29.52) | - |
| **Net cash used in operating activities** | **(5,758.02)** | **(256.48)** |
| **Cash flow from investing activities** | | |
| Interest received | 11.34 | - |
| **Net cash generated from/(used in) investing activities** | **11.34** | **-** |
| **Cash flow from financing activities** | | |
| Proceeds from issue of equity shares | - | 450.00 |
| Proceeds from short-term borrowings | 6,991.13 | - |
| Finance cost paid | (357.37) | (2.31) |
| **Net cash generated from financing activities** | **6,633.76** | **447.69** |
| **Net increase in cash and cash equivalents** | **887.08** | **191.21** |
| Cash and cash equivalents at the beginning of the year | 191.21 | - |
| **Cash and cash equivalents at the end of the year** | **1,078.29** | **191.21** |

As per our report of even date attached
**For R Choudhry & Associates**
Firm Regn No: 101928W
Chartered Accountants

Sd/-
**Ramchandra D. Choudhary**
Partner
Membership No. :043979

Place: Ahmedabad
Date:04.05.2017

**For and on behalf of the Board of Directors of**
**BVM Overseas Limited**

Sd/-
**Amit D Patel**
Director
DIN:00171035

Sd/-
**Rahul A Patel**
Director
DIN:00171198

Sd/-
**S B Dangayach**
Director
DIN:01572754

## BVM Overseas Limited

**Effect of Ind AS adoption on the Standalone Balance sheet as at 31st March 2016**

(₹ in lakhs)

| | Particulars | Notes | As at 31st March 2016 | | |
|---|---|---|---|---|---|
| | | | Previous GAAP | Effect of transition to Ind AS (Incl. Reclassification) | Ind AS |
| I | **ASSETS** | | | | |
| | **Non-current assets** | | | | |
| | (a) Financial assets | | | | |
| | (i) Loans | | 0.10 | | 0.10 |
| | **Total non-current assets** | | **0.10** | - | **0.10** |
| | **Current assets** | | | | |
| | (a) Inventories | | 341.98 | | 341.98 |
| | (b) Financial assets | | | | |
| | (i) Trade receivables | | 2,056.81 | | 2,056.81 |
| | (ii) Cash and cash equivalents | | 191.21 | | 191.21 |
| | (iii) Loans | A | 244.29 | (244.29) | - |
| | (c) Other current assets | A | | 244.29 | 244.29 |
| | **Total current assets** | | **2,834.29** | - | **2,834.29** |
| | **Total assets** | | **2,834.39** | - | **2,834.39** |
| II | **EQUITY AND LIABILITIES** | | | | |
| | **Equity** | | | | |
| | (a) Equity share capital | | 450.00 | | 450.00 |
| | (b) Other equity | | 51.86 | | 51.86 |
| | **Total equity** | | **501.86** | - | **501.86** |
| | **Liabilities** | | | | |
| | **Current liabilities** | | | | |
| | (a) Financial liabilities | | | | |
| | (i) Trade payables | | 2,305.97 | | 2,305.97 |
| | (b) Other current liabilities | | 0.56 | | 0.56 |
| | (c) Provisions | A | 26.00 | (26.00) | - |
| | (d) Current tax liabilities (net) | A | - | 26.00 | 26.00 |
| | **Total current liabilities** | | **2,332.53** | - | **2,332.53** |
| | **Total liabilities** | | **2,332.53** | - | **2,332.53** |
| | **Total equity and liabilities** | | **2,834.39** | - | **2,834.39** |

**Notes to the reconciliations**

**A Reclassification**

In the preparation of these Ind-AS Financial Statements, the Company has made several presentation differences between previous GAAP and Ind- AS. These differences have no impact on reported profit or total equity. Accordingly, some assets and liabilities have been reclassified into another line item under Ind- AS at the date of transition. Further, in these Financial Statements some line items are described differently under Ind AS compared to previous GAAP, although the assets and liabilities included in these line items are unaffected.

## BVM Overseas Limited

**Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March 2016**

**(₹ in lakhs)**

| Particulars | | Notes | For the year ended 31st March 2016 | | |
|---|---|---|---|---|---|
| | | | **Previous GAAP** | **Effect of transition to Ind AS** | **Ind AS** |
| I | Revenue from operations | | 2,589.76 | - | 2,589.76 |
| II | Other income | | 44.51 | - | 44.51 |
| III | **Total Income (I + II)** | | **2,634.27** | **-** | **2,634.27** |
| | **Expenses:** | | | | |
| | (a) Purchases of stock-in-trade | | 2,496.14 | - | 2,496.14 |
| | (b) Finance costs | | 2.31 | - | 2.31 |
| | (c) Other expenses | | 57.96 | - | 57.96 |
| IV | **Total expenses** | | **2,556.41** | **-** | **2,556.41** |
| V | **Profit before tax (III- IV)** | | **77.86** | **-** | **77.86** |
| VI | Tax expense: | | | | |
| | a) Current tax | | 26.00 | - | 26.00 |
| | b) Deferred tax | | - | - | - |
| | | | **26.00** | **-** | **26.00** |
| VII | **Profit for the period (V-VI)** | | **51.86** | **-** | **51.86** |
| | **Other comprehensive income** | | | | |
| | A (i) Items that will not be reclassified to profit or loss | | - | - | - |
| | (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - | - |
| | B (i) Items that will be reclassified to profit or loss | | - | - | - |
| | (ii) Income tax relating to items that will be reclassified to profit or loss | | - | - | - |
| **VIII** | **Total other comprehensive income/(loss) (A (i+ii)+B(i+ii)** | | **-** | **-** | **-** |
| **IX** | **Total comprehensive income for the period (VII+VIII)** | | **51.86** | **-** | **51.86** |

## BVM Overseas Limited

**Reconciliation of total comprehensive income for the year ended 31st March 2016**

**(₹ in lakhs)**

| Particulars | For the year ended 31st March 2016 |
|---|---|
| **Profit for the year as per Previous GAAP** | **51.86** |
| Ind-AS adjustments | - |
| **Profit for the year as per Ind AS** | **51.86** |
| Other comprehensive income/(loss) for the year (net of tax) | - |
| **Total comprehensive income as per Ind AS** | **51.86** |

# BVM Overseas Limited

**Reconciliation of total equity as at 31st March 2016**

(₹ in lakhs)

| Particulars | As at 31st March, 2016 |
|---|---|
| **Total equity (shareholders' funds) under previous GAAP** | **501.86** |
| Ind AS adjustments | - |
| **Total equity as per Ind AS** | **501.86** |

## BVM Overseas Limited

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2017**

**1. General Information**

BVM Overseas Limited ("the Company") is a public company domiciled in India and incorporated on 23rd September, 2015 under the provisions of the Companies Act, 2013. Its headquartered is in Ahmedabad, Gujarat. The Company is a Trading Company/Merchant Exporter.

**2. Significant Accounting policies**

**I. Statement of compliance**

The financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. Since the Company was incorporated on 23rd September, 2015 as a wholly owned subsidiary of Sintex Industries Limited which is a Phase I Company from the view point of Ind AS adoption, the transition date for the Company is 23rd September, 2015. Refer the Basis of preparation and presentation below for the details of first-time adoption exemptions availed by the Company.

**II. Basis of preparation and presentation**

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorized into level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, that are quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**III. Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for the estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- costs incurred or to be incurred in respect of the transaction can be measured reliably.

The Company recognizes revenues on sale of products, net of discounts, sales incentives, rebates granted, returns, sales taxes and duties when the products are delivered to customer or when delivered to a carrier for export sale, which is when title and risk and rewards of ownership pass to the customer. Sale of products is presented gross of manufacturing taxes like excise duty wherever applicable.

Export sales includes export benefits received as per the Import and Export Policy in respect of exports made under the said schemes as notified by government and recognised when there is reasonable assurance that the entity will comply with the conditions attached to them and that the benefit is received.

The Company provides warranty (refer to accounting policy on provisions) on certain products based on customer requirements for which liability is recognised at the time the product is sold.

Sale of services

Income from service rendered is recognised on accrual basis based on the terms of agreements and when services are rendered.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**IV. Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessor

Amount due from the lessees under finance leases are recognised as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to the accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on straight-line basis over the term of the relevant lease. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on straight-line basis over the lease term.

The Company as a lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term unless either:

a. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or

b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

**V. Foreign currency translations**

The functional currency of the Company has been determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is INR.

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

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- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to Statement of Profit and Loss on repayment of the monetary items.

**VI. Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

**VII. Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

<u>Current tax</u>

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws in the countries where the Company operates and generates taxable income.

<u>Deferred tax</u>

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets on non-depreciable assets the carrying amounts of such properties are presumed to be recovered entirely through sale.

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 authority.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

<u>Current and deferred tax for the year</u>

Current and deferred tax are recognised in profit or loss, except when they are relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

**VIII. Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Cost of raw materials, traded goods and stores and spares are ascertained on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**IX. Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**X. Financial Instruments**

Financial assets and financial liabilities are recognised when a Company entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through Profit and Loss are recognised immediately in Statement of Profit and Loss.

**A. Financial assets**

**a) Recognition and initial measurement**

i) The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

ii) In case of investments in subsidiaries, the Company has chosen to measure its investments at deemed cost.

iii) The Company has elected to apply the requirements pertaining to Level III financial instruments of deferring the difference between the fair value at initial recognition and the transaction price prospectively to transactions entered into on or after the date of transition to Ind AS.

**b) Classification**

On initial recognition, a financial asset is classified as measured at; amortised cost, FVOCI or FVTPL.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets 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.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables. A debt instrument is classified as FVOCI only if it meets both the of the following conditions and is not recognised at FVTPL;

- The asset 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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

**c) Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

**d) Impairment**

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18 (referred to as 'contractual revenue receivables' in these illustrative financial statements)
e) Loan commitments which are not measured as at FVTPL
f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

I) Trade receivables or contract revenue receivables; and

II) All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

i) All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

i) Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

ii) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

iii) Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**e) Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL.

**B. Financial liabilities and equity instruments**

**a) Classification as debt or equity**

Debt and equity instruments issued by a Company entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**b) Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

**c) Financial liabilities**

Financial liabilities are classified as either financial liabilities ‘at FVTPL' or ‘other financial liabilities'.

Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the ‘other gains and losses' line item in the Statement of Profit and Loss.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

**d) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company’s senior management determines change in the business model as a result of external or internal changes which are significant to the Company’s operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

| Original classification | Revised classification | Accounting treatment |
|---|---|---|
| Amortised cost | FVTPL | Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L. |
| FVTPL | Amortised Cost | Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount. |

| | | |
|---|---|---|
| Amortised cost | FVTOCI | Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification. |
| FVTOCI | Amortised cost | Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost. |
| FVTPL | FVTOCI | Fair value at reclassification date becomes its new carrying amount. No other adjustment is required. |
| FVTOCI | FVTPL | Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date. |

**XI. Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts.

**XII. Earnings per share**

Basic earnings per share is computed by dividing net income by the weighted average number of common shares outstanding. Diluted earnings per share is computed by dividing income available to shareholders and assumed conversion by the weighted average number of common shares and potential common shares from outstanding stock options.

**XIII. First time adoption – mandatory exceptions, optional exemptions**

a. Overall principle

The Company has prepared the balance sheet as per Ind AS as on the date of transition date by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below.

b. Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

c. Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

d. Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

e. Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

**3. Critical Judgements in applying accounting policies and key sources of estimation uncertainty**

**3.1 Critical judgements in applying accounting policies**

In the course of applying the policies outlined in all notes under section 2 above, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

**3.2 Key sources of estimation uncertainty**

i) Fair value measurements and valuation process

Management uses its judgement in selecting an appropriate valuation technique for financial instruments not quoted in an active market. Valuation techniques commonly used by market participants are applied. Other financial instruments are valued using a discounted cash flow method based on assumptions supported, where possible, by observable market prices or rates.

## BVM OVERSEAS LIMITED

**Notes forming part of the financial statements**

**4 Loans (non-current)** (₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Unsecured, considered good | | |
| Security deposits | | |
| considered good | 0.20 | 0.10 |
| **Total** | **0.20** | **0.10** |

**5 Inventories ( At lower of cost and net realisable value)** (₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Traded goods | 164.17 | 341.98 |
| **Total** | **164.17** | **341.98** |

**6 Trade receivables** (₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Unsecured, considered good | 15,643.49 | 2,056.81 |
| **Total** | **15,643.49** | **2,056.81** |

The average credit period on sales of goods is 30 to 120 days. Credit Risk arising from trade receivables is managed in accordance with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on a detailed study of credit worthiness and accordingly individual credit limits are defined/modified. The concentration of credit risk is limited due to the fact that the customer base is large. There is no customer representing more than 10% of the total balance of trade receivables.

**Age of receivables** (₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Less than 180 days | 15,643.49 | 2,056.81 |
| 180-365 days | - | - |
| **Total** | **15,643.49** | **2,056.81** |

**7 Cash and cash equivalents** (₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| (a) Cash in hand | 0.08 | - |
| (b) Current accounts with banks | 1,078.21 | 191.21 |
| **Total** | **1,078.29** | **191.21** |

**8 Other current assets** (₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| (a) Advances recoverable in cash or in kind | | |
| Considered good | 723.23 | 144.05 |
| (b) Prepaid expenses | 38.84 | - |
| (c) Balances with government authorities | | |
| (i) VAT credit receivable | 2,004.35 | 100.24 |
| (iii) Duty Drawback receivable | 318.56 | - |
| **Total** | **3,084.98** | **244.29** |

# BVM OVERSEAS LIMITED

**Notes forming part of the financial statements**

**9 Equity share capital**

(₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Authorised** | | |
| 50,00,000 (as at 31st March, 2016: 50,00,000) Equity Shares of ₹ 10 each | 500.00 | 500.00 |
| **Total** | **500.00** | **500.00** |
| **Issued** | | |
| 45,00,000 (as at 31st March, 2016: 45,00,000) Equity Shares of ₹ 10 each | 450.00 | 450.00 |
| **Total** | **450.00** | **450.00** |
| **Subscribed and fully paid up** | | |
| 45,00,000 (as at 31st March, 2016: 45,00,000) Equity Shares of ₹ 10 each | 450.00 | 450.00 |
| **Total** | **450.00** | **450.00** |

**Notes:-**

**(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:**

| Particulars | Opening balance | Issued during the year | Closing balance |
|---|---|---|---|
| **Equity Shares** | | | |
| **Year ended 31st March 2016** | | | |
| - Number of shares | - | 45,00,000 | 45,00,000 |
| - Amount (₹ In lakhs) | - | 450.00 | 450.00 |
| **Year ended 31st March 2017** | | | |
| - Number of shares | 45,00,000 | - | 45,00,000 |
| - Amount (₹ In lakhs) | 450.00 | - | 450.00 |

**(ii) Equity shareholder holding more than 5% of equity shares along with the number of equity shares held is as given below:**

| Class of shares / Name of shareholder | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Number of shares held | % holding in that class of shares | Number of shares held | % holding in that class of shares |
| **Equity shares** | | | | |
| Sintex Industries Limited | 45,00,000 | 100.00% | 45,00,000 | 100.00% |
| **Total** | **45,00,000** | **100.00%** | **45,00,000** | **100.00%** |

## BVM OVERSEAS LIMITED

**Notes forming part of the financial statements**

**10 Other equity** **(₹ in lakhs)**

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Retained earnigs | 728.44 | 51.86 |
| **Total** | **728.44** | **51.86** |

**11 Borrowings (current)** **(₹ in lakhs)**

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| **Unsecured - at amortised cost** | | |
| Loans repayable on demand from banks | 6,991.13 | - |
| **Total** | **6,991.13** | **-** |

**12 Trade payables** **(₹ in lakhs)**

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Trade payables: | 11,144.48 | 2,305.97 |
| **Total** | **11,144.48** | **2,305.97** |

The average credit period on purchases of certain goods is 30 to 60 days. No interest is charged on the trade payables for the first 30 days from the date of invoice. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**Dues payable to Micro, Small and Medium Enterprises:**

There are no dues payable to Micro, Small and Medium Enterprises.

**13 Other current liabilities** **(₹ in lakhs)**

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Statutory remittances ( Withholding Taxes, VAT, Service Tax, etc.) | 52.86 | 0.56 |
| **Total** | **52.86** | **0.56** |

**14 Provisions (current)** **(₹ in lakhs)**

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Provision - Others: | 249.20 | - |
| **Total** | **249.20** | **-** |

**15 Current tax liabilities (net)** **(₹ in lakhs)**

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Provision for taxation (net of advance tax) | 355.02 | 26.00 |
| **Total** | **355.02** | **26.00** |

## BVM Overseas Limited

**Notes forming part of the financial statements**

**16 Revenue from operations** (₹ in lakhs)

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|---|---|
| Sale of products | 51,158.98 | 2,589.76 |
| Less: Commission on sales | (425.40) | - |
| Total | 50,733.58 | 2,589.76 |

**17 Other income** (₹ in lakhs)

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|---|---|
| (a) Interest income | 11.34 | - |
| (b) Others | 1,333.82 | 44.51 |
| Total | 1,345.16 | 44.51 |

**18 Purchase of stock-in trade** (₹ in lakhs)

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|---|---|
| Purchases of yarn | 49,319.19 | 2,496.14 |
| Total | 49,319.19 | 2,496.14 |

**19 Finance costs** (₹ in lakhs)

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|---|---|
| Interest Expenses on borrowings | 240.01 | 2.31 |
| Other Borrowing Costs | 117.36 | - |
| Total | 357.37 | 2.31 |

**20 Other expenses** (₹ in lakhs)

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|---|---|
| Rent | 2.70 | - |
| Insurance | 90.47 | - |
| Rates and taxes | 0.02 | - |
| Postage and Telegram and Courier | 0.01 | - |
| Printing and stationery | 0.07 | - |
| Freight and forwarding | 483.83 | - |
| Business promotion | 5.47 | - |
| Legal and professional | 200.96 | - |
| Payments to auditors | 0.20 | 0.20 |
| Export Expenses | 2.17 | - |
| Misc. Expenses. | 20.22 | - |
| Membership Fees | 0.63 | - |
| Sales Tax Expenses | 65.35 | - |
| Service Tax Expense | 55.94 | - |
| Job Work Charges | 197.59 | - |
| Transport cost | 242.01 | - |
| General expenses | 0.36 | 57.76 |
| Total | 1,368.00 | 57.96 |

**Payments to the auditors comprises:**

| Particulars | For the year ended 31st March, 2017 | For the year ended 31st March, 2016 |
|---|---|---|
| As Auditor- Statutory audit | 0.20 | 0.20 |

## 21 Segment information

### i. Products and services from which reportable segments derive their revenues.

Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The directors have chose to organise the Company around difference in products and services. No operating segments have been aggregated in arriving at the reportable segments of the Company.

The Company operates in Textile business which is the only reportable segment in accordance with the requirement of Ind AS 108 "Operating Segments".

### ii. Geographical information

Geographical revenue is allocated based on the location of the customers.

Company's all non-current assets are located in India (i.e. its country of domicile).

<u>The Company's revenue from external customers by location of operations are detailed below:-</u>

**(₹ in lakhs)**

| **Particulars** | **Revenue from external customers** | |
|---|---|---|
| | **For the year ended 31st March 2017** | **For the year ended 31st March 2016** |
| India | 11,720.69 | 283.60 |
| Asia other than India | 33,018.58 | 1,721.00 |
| Europe | 5,994.31 | 259.12 |
| Others | - | 326.04 |
| **Total** | **50,733.58** | **2,589.76** |

## BVM Overseas Limited
**Notes forming part of the financial statements**

**22 Earnings Per share**

| Particulars | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
|---|---|---|
| | **₹ per share** | **₹ per share** |
| Basic earnings per share | 15.04 | 19.77 |
| Diluted earnings per share | 15.04 | 19.77 |

**Basic earnings per share**
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

| Particulars | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
|---|---|---|
| Profit for the year attributable to owners of the Company (₹ in lakhs) | 676.58 | 51.86 |
| Dividends paid on convertible non-participating preference shares (₹ in lakhs) | - | - |
| **Earnings used in the calculation of basic earnings per share (₹ in lakhs)** | **676.58** | **51.86** |
| Weighted average number of equity shares for the purposes of basic earnings per share | 45,00,000 | 2,62,356 |
| Earnings per share - Basic (₹) | 15.04 | 19.77 |

**Diluted earnings per share**
The earnings used in calculation of diluted earnings per share are as follows:

| Particulars | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
|---|---|---|
| Earnings used in the calculation of basic earnings per share (₹ in lakhs) | 676.58 | 51.86 |
| Interest on convertible notes (after tax) (₹ in lakhs) | - | - |
| **Earnings used in the calculation of diluted earnings per share (₹ in lakhs)** | **676.58** | **51.86** |

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

| Particulars | For the year ended 31st March 2017 | For the year ended 31st March 2016 |
|---|---|---|
| Weighted average number of equity shares used in the calculation of basic earnings per share | 45,00,000 | 2,62,356 |
| Shares deemed to be issued for no consideration in respect of: | | |
| a. employee options | - | - |
| b. partly paid equity shares | - | - |
| c. convertible bonds | - | - |
| **Weighted average number of equity shares used in the calculation of Diluted EPS** | **45,00,000** | **2,62,356** |

Note: There are no potential equity share issued by the Company which are anti-dilutive in its nature.

# BVM Overseas Limited

**Notes forming part of the financial statements**

**23 Related Party Transactions**

**a Names of the related parties and description of relationship**

| Sr. No. | Nature of Relationship | Name of Related Parties |
|---|---|---|
| 1 | Key Management Personnel (KMP) | (a) Shri Rahul A. Patel,<br>(b) Shri Amit D. Patel,<br>(c) Shri S. B. Dangayach |
| 2 | Holding Company | Sintex Industries Limited |
| 3 | Subsidiary Company | Sintex Infra Projects Limited (till 31st March 2016) |

**b.1 Transactions during the year with related parties*:**

**(₹ in lakhs)**

| Sr. No | Nature of transactions | Nature of Relationship | | | |
|---|---|---|---|---|---|
| | | Holding Company | Subsidiary Company | Key Management Personnel | Total |
| 1 | Sales | 1,646.72<br>(201.35) | -<br>(-) | -<br>(-) | 1,646.72<br>(201.35) |

**b.2 Balance as at 31st March 2017***

**(₹ in lakhs)**

| Sr. No | Nature of transactions | Nature of Relationship | | | |
|---|---|---|---|---|---|
| | | Holding Company | Subsidiary Company | Key Management Personnel | Total |
| 1 | Trade receivables | 1,448.49<br>(298.90) | -<br>(-) | -<br>(-) | 1,448.49<br>(298.90) |

* Figures in brackets indicates figures of previous year

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received. No expense has been recognised in the current or prior years for bad or doubtful debts in respect of the amounts owed by related parties.

## BVM Overseas Limited
**Notes forming part of the financial statements**

**24 Financial instruments**

**1 Capital management**

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt and total equity of the Company.

**1.1 Gearing ratio**

The gearing ratio at the end of the reporting period was as follows.

(₹ in lakhs)

| Particulars | As at 31st March 2017 | As at 31st March 2016 |
|---|---|---|
| Debt (i) | 6,991.13 | - |
| Cash and bank balances (Refer note 7) | 1,078.29 | 191.21 |
| **Net debt** | **5,912.84** | **(191.21)** |
| **Total equity** | **1,178.44** | **501.86** |
| **Net debt to equity ratio** | **5.02** | **(0.38)** |

Debt is defined as short term borrowings, as described in earlier notes. (Refer note 11).

**2 Categories of financial instruments**

(₹ in lakhs)

| Particulars | As at 31st March, 2017 | | As at 31st March, 2016 | |
|---|---|---|---|---|
| | Carrying values | Fair values | Carrying values | Fair values |
| **Financial assets** | | | | |
| **Measured at amortised cost** | | | | |
| Loans | 0.20 | 0.20 | 0.10 | 0.10 |
| Trade receivables | 15,643.49 | 15,643.49 | 2,056.81 | 2,056.81 |
| Cash and cash equivalents | 1,078.29 | 1,078.29 | 191.21 | 191.21 |
| **Total financial assets** | **16,721.98** | **16,721.98** | **2,248.12** | **2,248.12** |
| **Financial liabilities** | | | | |
| **Measured at amortised cost** | | | | |
| Short-term borrowings | 6,991.13 | 6,991.13 | - | - |
| Trade payables | 11,144.48 | 11,144.48 | 2,305.97 | 2,305.97 |
| **Total financial liabilities** | **18,135.61** | **18,135.61** | **2,305.97** | **2,305.97** |

**3 Financial risk management objectives**

The Company's Corporate finance department provides services to business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

**4 Market risk**

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates due to foreign currency borrowings and variable interest loans.

**5 Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilizing forward foreign exchange contracts and currency options taken at the time of initiation of the booking by the management. Such decision is taken after considering the factors such as upside potential, cost of structure and the downside risks etc. Quarterly reports are submitted to Management Committee on the covered and open positions and MTM valuation.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(₹ in lakhs)

| Particulars | As at 31st March 2017 | | | | As at 31st March 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | USD | INR | Others | Total | USD | INR | Others | Total |
| **Financial assets** | | | | | | | | |
| **Non-current financial assets** | | | | | | | | |
| Loans | - | 0.20 | - | 0.20 | - | 0.10 | - | 0.10 |
| **Total non-current financial assets (A)** | **-** | **0.20** | **-** | **0.20** | **-** | **0.10** | **-** | **0.10** |
| **Current financial assets** | | | | | | | | |
| Trade receivables | 13,912.95 | 1,730.54 | - | 15,643.49 | 1,855.46 | 201.35 | - | 2,056.81 |
| Cash and cash equivalents | 820.15 | 258.14 | - | 1,078.29 | - | 191.21 | - | 191.21 |
| **Total current financial assets (B)** | **14,733.10** | **1,988.68** | **-** | **16,721.78** | **1,855.46** | **392.56** | **-** | **2,248.02** |
| **Total financial assets (C) = (A) + (B)** | **14,733.10** | **1,988.88** | **-** | **16,721.98** | **1,855.46** | **392.66** | **-** | **2,248.12** |
| **Financial liabilities** | | | | | | | | |
| **Current financial liabilities** | | | | | | | | |
| Borrowings | - | 6,991.13 | - | 6,991.13 | - | - | - | - |
| Trade payables | - | 11,144.48 | - | 11,144.48 | - | 2,305.97 | - | 2,305.97 |
| **Total current financial liabilities (D)** | **-** | **18,135.61** | **-** | **18,135.61** | **-** | **2,305.97** | **-** | **2,305.97** |
| **Total financial liabilities (E) = (D)** | **-** | **18,135.61** | **-** | **18,135.61** | **-** | **2,305.97** | **-** | **2,305.97** |
| **Excess of financial liabilities over financial assets (E) - (C)** | **(14,733.10)** | **16,146.73** | **-** | **1,413.63** | **(1,855.46)** | **1,913.31** | **-** | **57.85** |
| **Hedge for foreign currency risk** | - | - | - | - | - | - | - | - |
| **Net exposure of foreign currency risk** | **(14,733.10)** | **-** | **-** | **(14,733.10)** | **(1,855.46)** | **-** | **-** | **(1,855.46)** |
| **Sensitivity impact on Net liabilities/(assets) exposure at 10%** | **(1,473.31)** | **-** | **-** | **(1,473.31)** | **(185.55)** | **-** | **-** | **(185.55)** |

**5.1** **Foreign currency sensitivity analysis**

The Company is mainly exposed to USD currency.

The above table details the Company's sensitivity to a 10% increase and decrease in the INR against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency risk denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A negative number below indicates an increase in profit/equity where the INR strengths 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit/equity and the balances below would be positive.

**6 Interest rate risk management**

The Company is exposed to interest rate risk because funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company has exposure to interest rate risk, arising principally on changes in PLR and LIBOR rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like non-convertible debentures and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

The table in 6.1 provides a break-up of the Company’s fixed and floating rate borrowings:

**6.1** **Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table provides a break-up of the Company’s fixed and floating rate borrowings and interest rate sensitivity analysis.

**(₹ in lakhs)**

| Particulars | As at 31st March 2017 | | As at 31st March 2016 | |
|---|---|---|---|---|
| | Gross amount | Interest rate sensitivity @0.50% | Gross amount | Interest rate sensitivity @0.50% |
| Fixed loan | - | - | - | - |
| Variable loan | 6,991.13 | 34.96 | - | - |
| **Total** | **6,991.13** | **34.96** | **-** | **-** |

**7 Credit risk management**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration risks. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company uses publicly available financial information and its own trading records to rate its major customers. The Company’s exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Company does not have significant credit risk exposure to any single counterparty. Concentration of credit risk related to the above mentioned company did not exceed 10% of gross monetary assets at any time during the year. Concentration of credit risk to any other counterparty did not exceed 10% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

**7.1 Collateral held as security and other credit enhancements**

The Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial assets.

**8 Liquidity risk management**

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Company’s short, medium and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company’s remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods and its non-derivative financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

**(₹ in lakhs)**

| Particulars | As at 31st March 2017 | | | | As at 31st March 2016 | | | |
|---|---|---|---|---|---|---|---|---|
| | < 1year | 1-5 years | > 5 years | Total | < 1year | 1-5 years | > 5 years | Total |
| **Financial assets** | | | | | | | | |
| **Non-current** | | | | | | | | |
| Loans | - | 0.20 | - | 0.20 | - | 0.10 | - | 0.10 |
| **Total non-current financial assets** | **-** | **0.20** | **-** | **0.20** | **-** | **0.10** | **-** | **0.10** |
| **Current** | | | | | | | | |
| Investments | | | | - | | | | - |
| Trade receivables | 15,643.49 | - | - | 15,643.49 | 2,056.81 | - | - | 2,056.81 |
| Cash and cash equivalents | 1,078.29 | - | - | 1,078.29 | 191.21 | - | - | 191.21 |
| **Total current financial assets** | **16,721.78** | **-** | **-** | **16,721.78** | **2,248.02** | **-** | **-** | **2,248.02** |
| **Total financial assets** | **16,721.78** | **0.20** | **-** | **16,721.98** | **2,248.02** | **0.10** | **-** | **2,248.12** |
| **Financial liabilities** | | | | | | | | |
| **Current** | | | | | | | | |
| Borrowings | 6,991.13 | - | - | 6,991.13 | - | - | - | - |
| Trade payables | 11,144.48 | - | - | 11,144.48 | 2,305.97 | - | - | 2,305.97 |
| **Total current financial liabilities** | **18,135.61** | **-** | **-** | **18,135.61** | **2,305.97** | **-** | **-** | **2,305.97** |
| **Total financial liabilities** | **18,135.61** | **-** | **-** | **18,135.61** | **2,305.97** | **-** | **-** | **2,305.97** |

**9 Fair value measurements**

The directors of the Company considers the carrying amounts of the financial assets and fianancial liabilities recognised in the financial statements approximates their fair values.

# BVM OVERSEAS LIMITED

**Assessment year : 2017-18**

**Notes forming part of the financial statements**

**25 Income Taxes**

**Income taxes recognised in statement of profit and loss** **(₹ in lakhs)**

| Particulars | For the Year Ended March 31, 2017 | For the Year Ended March 31, 2016 |
|---|---|---|
| **(i) Income tax recognised in the statement of profit and loss** | | |
| **Current tax** | | |
| In respect of the current year | 357.60 | 26.00 |
| Adjustment in respect of previous year | - | - |
| | | |
| **Deferred tax** | | |
| In respect of the current year, As per IGAAP | - | - |
| In respect of the current year, For Ind AS Impact | - | - |
| | **357.60** | **26.00** |
| **(ii) Income tax recognised in other comprehensive income** | | |
| Deferred Tax : - | - | - |
| Deferred tax benefit on acturial gain/(loss) on defined plan | - | - |
| **Income tax expenses recognised in the statement of profit and loss** | **-** | **-** |

**Tax Reconciliation**

The income tax expense for the year can be reconciled to the accounting profit as follows:

| Particulars | For the Year Ended March 31, 2017 | For the Year Ended March 31, 2016 |
|---|---|---|
| **Income before taxes** | 1,034.18 | 77.86 |
| Enacted tax rate in India | 34.608% | 34.608% |
| Expected income tax benefit/(expense) at statutory tax rate | (357.60) | (26.00) |
| **Effect of:** | | |
| Ind-AS Impact | - | - |
| Short provisions for tax of earlier years | - | - |
| **Income taxes recognised in the statement of income** | **(357.60)** | **(26.00)** |

The tax rate used for the above reconciliation is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax laws.

# BVM Overseas Limited

**Notes forming part of the financial statements**

**26 Commitment and Contingent liability**

There are no commitment and contingent liability as at 31st March 2017 and 31st March 2016.

**27 Contingent asset**

There is no contingent asset recognised by the Company as at 31st March 2017 and 31st March 2016.

**28 Additional disclosure with respect to Cash and Bank on Specified Bank Note**

**(₹ in lakhs)**

| Particulars | SBNs* | Other denomination notes | Total |
|---|---|---|---|
| **Closing cash in hand as on 8 November 2016** | **0.11** | **0.05** | **0.16** |
| (+) Permitted receipts | 0.00 | 1.59 | 1.59 |
| (-) Permitted payments | 0.00 | 0.88 | 0.88 |
| (-) Amount deposited in Banks | 0.11 | 0.00 | 0.11 |
| **Closing cash in hand as on 31st December 2016** | - | **0.75** | **0.75** |

Note: For the purposes of this clause, the term 'Specified Bank Notes' (SBN) shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated 8th November, 2016.

**29 Approval of financial statements**

The financial statements were approved for issue by the board of directors on May, 04 2017.

As per our report of even date attached

**For R Choudhry & Associates**
Firm Regn No: 101928W
Chartered Accountants

Sd/-
**Ramchandra D. Choudhary**
Partner
Membership No. :043979

Place: Ahmedabad
Date:04.05.2017

**For and on behalf of the Board of Directors of**
**BVM Overseas Limited**

Sd/-
**Amit D Patel**
Director
DIN:00171035

Sd/-
**Rahul A Patel**
Director
DIN:00171198

Sd/-
**S B Dangayach**
Director
DIN:01572754