

# **BAHUVIDA LIMITED**

## *Accounting Policy*

### **Company Overview:**

Bahuvida Limited (“the Company”) is the Holding Company of Bahuvida Group of Companies in India and Internationally. The Company is incorporated in India under Companies Act, 1956 and it is engaged in trading, manufacturing and supply of Agro Commodities, facilitation of Warehouses and handing of Shipping & Logistics. The functional and reporting currency of the Company is INR. The financial statements have been prepared and audited to attach with the accounts of the company, to comply with the provisions of Indian Companies Act, 1956.

### **Basis of Preparation of Financial Statements:**

These financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under section 211(3C) of the Companies Act 1956, other pronouncements of the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956.

### **Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision in accounting estimates is recognized prospectively in current and future periods.

### **Revenue Recognition:**

Revenue from sale of commodities or leasing of warehouses or from shipping and logistics services is recognised on transfer of significant risks and rewards of ownership in the goods to the buyer which is generally at the time of dispatch to the customer. Sales are recorded net of returns (if any), trade discounts, rebates, other pricing discounts to trade/consumer and goods and services tax/sales tax. Interest on investments/loans is recognised on a time proportion basis. Dividend income on investments is recognised when the right to receive the payment is established.

Claims (including interest on delayed realization from customers) are accounted for, when there is significant certainty that the claims are realizable. Insurance claims are accounted for on the basis of claims admitted by the insurers. Income from consultancy/contract services, if any, is recognized based on percentage Completion Method. Interest income is recognised using the Effective Interest Method.

#### **Fixed Assets & Depreciation:**

Fixed assets are carried at cost of acquisition less accumulated depreciation. Depreciation is provided on the straight line method. The rates of depreciation prescribed in Schedule XIV to the Companies Act, 1956 are considered as the minimum rate. If the management's estimate of the useful life on a subsequent review is shorter than that envisaged in the aforesaid schedule, depreciation is provided at a higher rate based on management's estimate of the useful life/ remaining useful life.

#### **Foreign Currency Transactions:**

Foreign currency transactions are recorded at the average rate for the month. Period-end balances of monetary foreign currency assets and liabilities are restated at the closing rate. The exchange difference arising from restatement or settlement is recognized in the profit and loss account.

#### **Investments:**

Investments are classified into current and non-current investments. Current investments are stated at lower of cost or market value. Non-current investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management. Long term Investments are stated at cost less provision for diminution in the value of such investments. Diminution in value is provided for where the management is of the opinion that the diminution is of other than temporary nature.

#### **R&D Expenditure:**

Revenue expenditure on Research and Development is charged to Statement of Profit and Loss in the year in which it is incurred. Capital expenditure on Research and Development is capitalized in case the same qualifies as an asset.

#### **Income Tax:**

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to timing differences that result between the profit offered for income taxes and the profit as per the financial statement.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The effect on deferred tax assets and liabilities of a change in tax rates is recognised in the period that includes the enactment/ substantial enactment date.

Deferred tax assets on timing differences are recognised only if there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax assets on the timing differences when unabsorbed depreciation and losses carried forward exist, are recognised only to the extent that there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Deferred tax assets are reassessed for the appropriateness of their respective carrying amounts at each balance sheet date.

### **Accounting for Joint Operations:**

In relation to its interests in joint operations entered through Cooperative Business Model (CBM), the company recognizes its majority of stake in assets, liabilities, revenue from the sale of the output, expenses of the joint operation business, in the financial statements.

### **Employee Benefits:**

The Company makes contributions to defined contribution plans e.g. Provident Fund, Employee State Insurance, National Pension System etc. for eligible employees and these contributions are charged to statement of profit and loss on accrual basis. For defined benefit plans i.e. gratuity and unfunded pension, the provision is made on the basis of an actuarial valuation carried out by an independent actuary as at the year-end. Actuarial gains and losses are recognised in full in the statement of profit and loss during the year in which they occur. Provision for gratuity is recognised after taking into account the return on plan assets maintained under the gratuity trust. As these liabilities are of relatively long term in nature, the actuarial assumptions take in account the requirements of the relevant accounting standard coupled with a long term view of the underlying variables / trends, wherever required.

Long term employee benefits such as compensated absences and long service awards are charged to statement of profit and loss on the basis of an actuarial valuation carried out by an independent actuary as at the year-end. Actuarial gains and losses are recognised in full in the statement of profit and loss during the year in which they occur. Total cost of the employee benefit plans continue to be fully charged to the statement of profit and loss. While the amounts relating to current service cost and actuarial gains/ losses continue to be included in Employee Benefits Expense, the increase in cost of employee benefit plans, due to passage of time (net of return on plan assets) is presented under Employee Benefits Expense due to passage of time in line with the Accounting Standard 15 on Employee Benefits.

**Other Employee Benefits:**

Short term employee benefits including performance incentives, are charged to statement of profit and loss on an undiscounted, accrual basis during the period of employment.

**Borrowing Costs:**

Borrowing costs directly attributable to acquisition or developing of fixed assets which take substantial period of time to get ready for their intended use are treated as addition/reduction to capital expenditure in accordance with Accounting Standard 16 on Borrowing Cost and Notification No. G.S.R. 225(E), Dated 31<sup>st</sup> March 2009 and subsequent clarification via Circular No. 25/2012, Dated 09<sup>th</sup> August 2012 issued by Ministry of Corporate Affairs, Government of India; Other borrowing costs are charged to the statement of profit and loss.

**Financial Liabilities:**

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk is recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as at fair value through profit and loss.

After initial recognition, these are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

**Effective Date:**

This Policy shall be in force and effective on and from 01<sup>st</sup> August, 2017.