

**The Supreme Industries Overseas (FZE)  
SAIF Zone**

**Post Box 9158  
Sharjah (U.A.E.)**

**Financial statements &  
Auditor's report: 2017-18**

**The Supreme Industries Overseas (FZE)**  
**SAIF Zone, Sharjah (U.A.E.)**

**Financial statements: 2017-18**

**Index of contents**

<b>Contents</b>	<b>Page nos.</b>
Manager's report	1 - 2
Independent auditor's report	3 - 4
Statement of financial position as at 31st March 2018	5
Statement of comprehensive income for the year ended 31st March 2018	6
Statement of changes in equity & shareholder's funds for the year ended 31st March 2018	7
Statement of cash flows for the year ended 31st March 2018	8
Notes to the financial statements	9 - 20
Schedule to the financial statements	21

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# The Supreme Industries Overseas FZE

Z3 # 54, SAIF Zone, P.O. Box 9158, Sharjah, United Arab Emirates

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Page 1

## Manager's report

The manager of the company has pleasure in submitting this report along with the financial statements of The Supreme Industries Overseas (FZE) for the year ended 31st March 2018.

## Legal status and shareholder:

The Supreme Industries Overseas (FZE) is registered as a free zone establishment with limited liability with Sharjah Airport International Free Zone (SAIF Zone) Authority in the emirate of Sharjah (U.A.E.) under commercial license no. 03490.

M/s. The Supreme Industries Limited, a limited company registered under Certificate of Incorporation no. 3554 under the Indian Companies Act of 1956 & its amendments thereafter, is the sole shareholder of the company holding 1 share of AED 150,000/-. The registered address of M/s. The Supreme Industries Limited is 612, Raheja Chambers, Nariman Point, Mumbai, India.

## Operations of the company:

The company is licensed to carry on the activity of trading in plastics & pipe fittings. During the year under review, it was engaged principally in trading activity and also acted as an agent for supply of pipes & pipe fittings.

The financial highlights of the company are as below:

	Amount in U.A.E. Dirhams (AED)	
	2017-18	2016-17
Revenue	1,765,296/-	1,922,766/-
Gross profit	1,162,946/-	1,107,737/-
Net profit	318,008/-	148,308/-
Total liabilities	999,471/-	496,721/-
Equity & shareholder's funds	1,037,676/-	719,668/-

## Results & dividend:

Net profit for the year amounted to AED 318,008/- (previous year earned net profit of AED 148,308/-).

Current year net profit including opening balance of retained earnings is proposed to be carried forward.

## Management's responsibilities & acknowledgements:

We confirm that management of the company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs), implementing regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree no. 2 of 1995 and provisions of the memorandum & articles of association of the company.

This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The company's management further states that there are no material uncertainties which would make the going concern assumption inappropriate.

## Events occurring after the reporting date:

There were no important events occurring after the reporting date that would materially affect the working or the financial statements of the company.

WOS of **The Supreme Industries Limited**

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# The Supreme Industries Overseas FZE

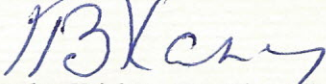
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Page 2

## Auditors:

The company's auditors, M/s. Kothari Auditors & Accountants, Sharjah (U.A.E.) are retiring at the end of the annual general meeting of the shareholder and being eligible have expressed their willingness to be re-appointed. A resolution to re-appoint them for the year 2018-19 and to fix their remuneration would be put up before the shareholder at the annual general meeting.

For The Supreme Industries Overseas (FZE)



Narendra Krishna Rao Bhagdikar  
Manager

April 21, 2018  
Sharjah, United Arab Emirates



WOS of **The Supreme Industries Limited**

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**Independent auditor's report**

To the shareholder of

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

**Opinion:**

We have audited the financial statements of The Supreme Industries Overseas (FZE) ('the company'), which comprise the statement of financial position as at 31st March 2018, the statement of comprehensive income, statement of changes in equity & shareholder's funds and statement of cash flows for the year then ended, and notes & schedule to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the company as at 31st March 2018, of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs) applied on a consistent basis.

**Basis for Opinion:**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Sharjah (U.A.E.), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of management and those charged with governance for the financial statements:**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs), implementing regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree no. 2 of 1995 and provisions of the memorandum & articles of association of the company and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the company's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements:**

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

A further description of the auditor's responsibilities for the audit of the financial statements can be found at Kothari Auditors & Accountants website page link at <http://www.kothariauditors.com/standards-commercial-company-laws-dubai.html>. This description forms part of our auditor's report.



كوتهاري لتدقيق الحسابات

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**Independent auditor's report (continued)**

To the shareholder of

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

**Report on other legal and regulatory requirements:**

Further, we report that:

- (i) we have obtained all the information we considered necessary for the purpose of our audit;
- (ii) the financial statements have been prepared and comply, in all material respects, with the regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree no. 2 of 1995 and the provisions of the memorandum & articles of association of the company;
- (iii) the company has maintained proper books of accounts and the financial statements are in agreement therewith;
- (iv) the financial information included in the Manager's report is consistent with the books of accounts of the company;
- (v) the company has not purchased nor invested in any shares during the financial year ended 31st March 2018;
- (vi) note 4.1 to the financial statements discloses material related party transactions, and the terms under which they were conducted;
- (vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the company has contravened, during the financial year ended 31st March 2018, any of the regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree no. 2 of 1995 and the provisions of its memorandum & articles of association which would materially affect its activities or its financial position as at 31st March 2018.

*Vipul R.*  
Kothari Vipul R.  
Ministry of Economy Registration No. 159  
Kothari Auditors & Accountants

April 21, 2018  
Sharjah, United Arab Emirates



**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Statement of financial position as at 31st March 2018

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		31.03.2018	31.03.2017
<b><u>Assets:</u></b>			
<b>Current assets</b>			
Cash & bank balances	5	1,588,281	630,697
Deposits & prepayments	6	16,931	14,759
Amount due from related party	7	0	5,750
Accounts receivables	8	431,315	532,897
Inventories	9	0	32,286
		<u>2,036,527</u>	<u>1,216,389</u>
<b>Non-current assets</b>			
Property, plant & equipment	Sch-1	620	0
		<u>620</u>	<u>0</u>
<b>Total assets employed</b>		<b><u>2,037,147</u></b>	<b><u>1,216,389</u></b>
<b><u>Liabilities, equity &amp; shareholder's funds:</u></b>			
<b>Current liabilities</b>			
Accounts payable	10	681,982	240,548
Provisions, accruals & other liabilities	11	119,053	80,499
		<u>801,035</u>	<u>321,047</u>
<b>Non-current liabilities</b>			
Employee end of service benefits	12	198,436	175,674
		<u>198,436</u>	<u>175,674</u>
Total liabilities		999,471	496,721
<b>Equity &amp; shareholder's funds</b>			
Share capital	13	150,000	150,000
Reserves & surplus	14	887,676	569,668
Equity & shareholder's funds		<u>1,037,676</u>	<u>719,668</u>
<b>Total liabilities, equity &amp; shareholder's funds</b>		<b><u>2,037,147</u></b>	<b><u>1,216,389</u></b>

The attached note nos. 1 to 23 & schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4. The shareholder has approved and authorised the manager for the issuance of these financial statements on April 21, 2018.

For The Supreme Industries Overseas (FZE)

*Narendra Krishna Rao Bhagdikar*  
Narendra Krishna Rao Bhagdikar  
Manager



**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**


Statement of comprehensive income for the year ended 31st March 2018

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Revenue	15	1,765,296	1,922,766
Direct costs	16	(602,350)	(815,029)
Gross profit		1,162,946	1,107,737
Other income	17	0	3,020
Selling & distribution costs	18	(258,536)	(371,329)
Administrative costs	19	(581,149)	(579,711)
Finance costs	20	(662)	(10,588)
Other expenses	21	(4,591)	(821)
<b>Net profit</b>		<b>318,008</b>	<b>148,308</b>

The attached note nos. 1 to 23 & schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4. The shareholder has approved and authorised the manager for the issuance of these financial statements on April 21, 2018.

For The Supreme Industries Overseas (FZE)

  
Narendra Krishna Rao Bhagdikar  
Manager



**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Statement of changes in equity & shareholder's funds for the year ended 31st March 2018

Particulars	Amount in U.A.E. Dirhams (AED)			
	Share capital	General reserve	Retained earnings	Total
As at 31.03.2016	150,000	21,679	399,681	571,360
Net profit	0	0	148,308	148,308
Other net movements	0	0	0	0
<b>As at 31.03.2017</b>	<b>150,000</b>	<b>21,679</b>	<b>547,989</b>	<b>719,668</b>
As at 31.03.2017	150,000	21,679	547,989	719,668
Net profit	0	0	318,008	318,008
Other net movements	0	0	0	0
<b>As at 31.03.2018</b>	<b>150,000</b>	<b>21,679</b>	<b>865,997</b>	<b>1,037,676</b>

The attached note nos. 1 to 23 & schedule no. 1 form an integral part of these financial statements.  
Auditor's report is on page nos. 3 & 4.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Statement of cash flows for the year ended 31st March 2018

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
Cash flow from operating activities:			
Net profit		318,008	148,308
Adjustments for:			
Depreciation on property, plant & equipment		70	1,010
Impairment of inventories		32,286	0
Impairment of accounts receivables		0	22,084
Finance costs		662	10,588
Employee end of service benefits provided		22,762	23,911
Cash generated from operations		373,788	205,901
Net changes in operating assets & liabilities:			
(Increase) in deposits & prepayments		(2,172)	(64)
Decrease(increase) in accounts receivables		101,582	(83,498)
(Increase) in inventories		0	(32,286)
Increase in accounts payable		441,434	187,422
Increase in provisions, accruals & other liabilities		38,554	19,436
<b>Net cash generated from operations</b>		<b>953,186</b>	<b>296,911</b>
Cash flow from investing activities:			
Decrease in loans & advances to others		0	55,640
Decrease in amount due from related party		5,750	0
(Addition) to property, plant & equipment		(690)	0
<b>Net cash generated from investing</b>		<b>5,060</b>	<b>55,640</b>
Cash flow from financing activities:			
(Outflow) of finance costs		(662)	(10,588)
<b>Net cash (used in) financing</b>		<b>(662)</b>	<b>(10,588)</b>
Surplus for the year		957,584	341,963
Cash & cash equivalents at beginning of year		630,697	288,734
Cash & cash equivalents at end of year	5	1,588,281	630,697

The attached note nos. 1 to 23 & schedule no. 1 form an integral part of these financial statements.  
Auditor's report is on page nos. 3 & 4.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

**1. Status and activity:**

- 1.1 The Supreme Industries Overseas (FZE) is registered as a free zone establishment with limited liability with Sharjah Airport International Free Zone (SAIF Zone) Authority in the emirate of Sharjah (U.A.E.) under commercial license no. 03490.
- 1.2 M/s. The Supreme Industries Limited, a limited company registered under Certificate of Incorporation no. 3554 under the Indian Companies Act of 1956 & its amendments thereafter, is the sole shareholder of the company holding 1 share of AED 150,000/-. The registered address of M/s. The Supreme Industries Limited is 612, Raheja Chambers, Nariman Point, Mumbai, India.
- 1.3 The principal place of business is located at Suite Z3-54, SAIF Zone, Sharjah (U.A.E.) and registered address of the company is Post Box No. 9158, SAIF Zone, Sharjah (U.A.E.).
- 1.4 The company is licensed to carry on the activity of trading in plastics & pipe fittings. During the year under the review, it was engaged principally in trading activity and also acted as an agent for supply of pipes & pipe fittings.

**2. Basis of preparation:**

**2.1 Statement of compliance:**

These financial statements have been prepared, in accordance with the International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs) issued by International Accounting Standards Board (IASB).

**2.2 Basis of measurement:**

These financial statements have been prepared under going concern assumption and historical cost convention except in respect of those financial instruments, which are presented at their fair values and properly disclosed elsewhere in the report.

**2.3 Basis of accounting & coverage:**

The company follows the accrual basis of accounting, except for statement of cash flows which is presented on cash basis. Under accrual basis, the transactions and events are recognized as and when they occur and are recorded in the financial statements for the period to which they relate to.

The financial statements enclosed covers the year 1st April 2017 to 31st March 2018. Previous year figures are for the period 1st April 2016 to 31st March 2017 and have been regrouped wherever necessary.

**2.4 Functional & presentation currency:**

The financial statements are presented in United Arab Emirates Dirham (AED) which is also the company's functional currency. All financial information presented in AED has been rounded off to the nearest UAE Dirham.

**2.5 Use of estimates & judgments:**

The preparation of financial statements in conformity with IFRS for SMEs requires management to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected & same are mentioned under respective accounting policy note.

The following accounting estimates and management judgments have been considered, which are material in nature, in preparation of financial statements.

**- Useful lives of property, plant & equipment:**

Company's management estimates the useful life of property, plant & equipment & residual value for calculating depreciation. It reviews the estimated life & residual value on annual basis & future depreciation expense would be adjusted where the management believes that useful life differs from the previous estimates.

**- Impairment of accounts receivables:**

Accounts receivables are subjected to recoverability test on a periodical basis when collection of full amount is no longer probable. Accounts receivable balances which are individually significant, are verified for ageing, subsequent receipts & balance confirmations. Accounts receivable balances which are individually not material, are assessed collectively & estimated reserve for impairment of accounts receivables is created if same is outstanding for beyond normal credit terms & doubtful.

**- Impairment of inventories:**

Inventories are subjected to ageing & impairment test on a periodical basis by management on damaged, obsolete and slow moving inventories. These reviews require judgments and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

**3. Summary of significant accounting policies:**

The following accounting policies have been consistently applied by the management in preparation of the financial statements except where stated here under:

**3.1 Inventories:**

Inventories are carried at lower of cost and net realizable value (estimated selling price less cost to complete and selling expenses).

Cost includes aggregate of purchase price, including applicable cost to bring the inventory to the present condition, valued at 'first-in-first-out' method.

Any excess of carrying amount, over the net realizable value is charged immediately as impairment loss through statement of comprehensive income. Inventory items, which are slow moving or obsolete are assessed and reserve for impairment of inventories is created based on their ageing and saleability.

**3.2 Property, plant & equipment:**

Property, plant & equipment are carried at their cost of acquisition including any incidental expenses related to acquisition or installation, less accumulated depreciation and accumulated impairment loss. Depreciation has been provided on straight line method over the estimated useful lives, as determined by the management.

## **The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

Property, plant & equipment are, at the reporting date, subject to impairment. Where any indication of impairment exists, the carrying amount is written down to its recoverable amount.

The management's estimate of useful life of various assets is as follows:

Furniture & fixtures	5 years
Office equipments	5 years

Gains and losses on disposals are determined by comparing proceeds with the asset's carrying amount. These are recognized under 'other income or expense' in the statement of comprehensive income.

A decline in the value of property, plant and equipment could have a significant effect on the amounts recognised in these financial statements. Management assesses the impairment of property, plant and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

Factors that are considered important which could trigger an impairment review include the following:

- significant changes in the technology and regulatory environments.
- evidence from internal reporting which indicates that the economic performance of the asset is, or will be, worse than expected.

### **3.3 Financial instruments:**

The company recognizes a financial instrument (being a financial asset or financial liability) only when the company becomes a part of the contractual provisions of the instrument.

Accounting policy relevant to each type of financial instrument is as follows:

- **Cash & cash equivalents:**

Cash & cash equivalents comprises cash on hand & balance with bank in current account.

- **Accounts receivables:**

Accounts receivables are amounts due from customers towards sale of goods in the ordinary course of business. Accounts receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less reserve for impairment. A reserve for impairment of accounts receivables is recognised when it is probable that the company will not be able to collect all amounts due according to original terms of the accounts receivables.

- **Accounts payable:**

Accounts payable represent obligations towards purchase of goods in the ordinary course of business. Same is free of interest & payable at the end of credit period granted by the suppliers. Accounts payables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

- **Other financial assets:**

Other financial assets are recognized initially at transaction value and subsequently measured at amortised cost using the effective interest method less impairment. However, all other financial assets have a value on realization in the ordinary course of the company's business, which is at least equal to the amount at which they are stated in the statement of financial position.

## **The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

### **- Other financial liabilities:**

Other financial liabilities including borrowings if any, are initially measured at transaction value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is de-recognised either when:

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

Where the company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company's continuing involvement in the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the company intends to settle on a net basis.

### **3.4 Impairment of non-financial assets:**

At each reporting date, the company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

**3.5 Impairment of financial assets:**

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be reliably estimated.

If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows:

- For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the statement of comprehensive income;
- For assets carried at cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
- For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of estimated future cash flows discounted at the financial assets original effective interest rate.

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised.

**3.6 Leases:**

Leases are classified as finance lease, when substantially all the risk and reward of ownership are transferred to lessee. All other leases are operating lease.

**Operating lease:**

Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term. Generally the company's operating leases are for annual duration and hence company is not exposed to any operating lease obligations.

**3.7 Employee benefits:**

Employee benefits have been provided for in accordance with the contractual terms with the employees, but are however subject to minimum of UAE Labour Law requirements. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

**3.8 Provisions & contingencies:**

Provisions are recognised when the company has a legal or constructive obligation as a result of past events and it is probable that an outflow of economic benefits would be required to settle these obligations and a reliable estimate of the same can be made.

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When likelihood of outflow is remote, no provision or disclosure is made.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

**3.9 General reserve:**

General reserve represents amount set aside by the company out of net profits. General reserve is a free reserve to be utilized at the discretion of the management.

**3.10 Revenue recognition:**

Revenue is recognized when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable, excluding discounts, rebates and duties.

Revenue includes income from sale of goods & commission income.

Revenue from sale of goods is recognized when it is probable that the economic benefit will flow to the company, the significant risk and reward of ownership have transferred to the buyer, the entity loses effective control and ownership over the goods and the revenue can be reliably measured.

Commission income is recognised as and when the deal is executed.

Other income is recognised when due or received, whichever is earlier.

**3.11 Expenditure:**

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. Expenses are presented in the statement of comprehensive income, classified according to the function of expense.

**3.12 Foreign currency transactions:**

- a. Transactions in foreign currency, if any, are converted into functional currency at prevailing exchange rate on the date such transactions are entered into.
- b. Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost or fair value, are translated into functional currency at the exchange rates prevailing on the date of such transaction or the date of determination of fair value respectively.
- c. Resultant loss or gain has been recognized in the statement of comprehensive income, in the year in which such assets are realized or liabilities are discharged.

**4. Other significant disclosures:**

**4.1 Related party transactions:**

The company enters into transactions with another company that falls within the definition of a related party as per the International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs).

The terms of trade with such related parties are based on commercial terms & conditions agreed upon with them by the management.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

Related parties with whom the company has entered into transactions during the year under review comprise of the shareholder/parent/holding company and manager as stated hereunder:

<b><u>Name of related parties</u></b>	<b><u>Control</u></b>	<b><u>Relation</u></b>
M/s. The Supreme Industries Limited, Mumbai, India	100%	Parent/Holding company
Mr. Narendra Krishna Rao Bhagdikar	Manager	Key management personnel

During the year under review following transactions were entered in to with related parties:

<b><u>Nature of transactions</u></b>	Amount in U.A.E. Dirhams (AED)	
	<b><u>2017-18</u></b>	<b><u>2016-17</u></b>
<b><u>Purchases:</u></b>		
Purchases from parent company	497,550/-	691,411/-
<b><u>Compensation to key management personnel:</u></b>		
Manager's remuneration & benefits	280,000/-	296,667/-
<b><u>Other transactions:</u></b>		
Commission income from parent company	1,120,406/-	750,014/-

**Amount due from related party:**

Amount due from related party was free of interest.

**4.2 Financial, capital risk management & fair value information:**

**4.2.1 Credit, liquidity & market rate risk:**

**Credit risk:**

Credit risk is the risk of financial loss to the company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

The company's cash is placed with banks of repute.

The exposure to credit risk on accounts receivables and amounts due from related parties is monitored on an ongoing basis by the management and these are considered recoverable by the company's management. However 100.00% of accounts receivables were outstanding from 3 customers including 1 related party (previous year 99.05% of accounts receivables from 2 customers including 1 related party customer) and hence the company has concentration of accounts receivables and consequent risk to that extent.

**Liquidity risk:**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as and when it falls due. The company's assets are sufficient to cover its financial obligations.

The table below summarises the maturity profile of the company's financial liabilities on contractual undiscounted payments.

Financial liabilities as on 31st March 2018	Amount in U.A.E. Dirhams (AED)			
	Less than 6 months	6 months to 1 year	1 year & above	Total
Accounts payable	681,982	-	-	681,982
Provisions, accruals & other liabilities	119,053	-	-	119,053
Employee end of service benefits	-	-	198,436	198,436
<b>Total</b>	<b>801,035</b>	<b>-</b>	<b>198,436</b>	<b>999,471</b>

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

Financial liabilities as on 31st March 2017	Amount in U.A.E. Dirhams (AED)			
	Less than 6 months	6 months to 1 year	1 year & above	Total
Accounts payable	240,548	-	-	240,548
Provisions, accruals & other liabilities	80,499	-	-	80,499
Employee end of service benefits	-	-	175,674	175,674
<b>Total</b>	<b>321,047</b>	<b>-</b>	<b>175,674</b>	<b>496,721</b>

**Market risk:**

Market risk is the risk that changes in market prices, such as investment prices, interest rates and currency rates will affect the company's income or the value of its holding of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

**- Interest rate risk:**

Interest rate risk is the risk of variability in profit due to change in interest rates on interest bearing assets and interest bearing liabilities. The company does not have any interest bearing assets and interest bearing liabilities & consequently no risk on this account.

**- Currency risk**

Currency risk faced by the company is minimal as there are minimal foreign currency transactions. Most of the monetary assets and liabilities are denominated in UAE Dirhams or in United States Dollar (USD), which is pegged to AED.

**Other risks:**

**- Revenue risk:**

89.77% of revenue was generated from 3 customers including 1 related party (previous year 63.72% from 3 customers including 1 related party) and hence the company has revenue risk to that extent.

**- Purchase/sourcing risk:**

The company has procured material from one related party supplier which forms 92.70% of purchases (previous year 96.56% from 1 related party supplier) and discontinuance of supply from them can have a material impact on the sourcing of goods and hence there is procurement risk to that extent.

**4.2.2 Capital management:**

The company's policy is to maintain a strong capital base so as to maintain lender and creditor confidence and to sustain future development of the business. The company is not subject to externally imposed capital restrictions.

**4.2.3 Fair value information:**

Fair value represents the amount at which an asset could be exchanged or a liability settled in an arm's length transaction, between willing & knowledgeable parties. In respect of all the company's financial assets viz cash & bank balances, receivables, advances, deposits, accrued income and liabilities viz dues to banks, payables, accruals and other non-current liabilities, in the opinion of the management, the book value approximates to their carrying value.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

Amount in U.A.E. Dirhams (AED)  
31.03.2018      31.03.2017

**5 Cash & bank balances/Cash & cash equivalents:**

Cash on hand	1,367	4,895
Balance with bank in current account	1,586,914	625,802
	<u>1,588,281</u>	<u>630,697</u>

**6 Deposits & prepayments:**

Deposits	15,300	13,300
Prepayments	1,631	1,459
	<u>16,931</u>	<u>14,759</u>

Deposits include 7,800/- (previous year 5,800/-) placed with SAIF Zone Authorities against employee visa guarantees issued.

**7 Amount due from related party:**

Due from manager	0	5,750
	<u>0</u>	<u>5,750</u>

Amount due from related party was free of interest.

**8 Accounts receivables:**

Trade receivables	16,155	63,504
Receivables from parent company	415,160	469,393
	<u>431,315</u>	<u>532,897</u>

Age-wise analysis of accounts receivables is as follows:

Outstanding for less than 3 months	414,301	491,012
Outstanding for more than 3 months but less than 6 months	0	41,885
Outstanding for more than 6 months but less than 12 months	17,014	0
	<u>431,315</u>	<u>532,897</u>

Geographical analysis of accounts receivables is as follows:

Due from U.A.E.	14,241	58,441
Due from India	417,074	469,393
Due from Pakistan	0	5,063
	<u>431,315</u>	<u>532,897</u>

Movement in reserve for impairment of accounts receivables is as follows:

Balance at the beginning of the year	0	0
Provided for the year	0	22,084
(Utilised) during the year	0	(22,084)
Balance at the end of the year	<u>0</u>	<u>0</u>

The company's exposure to credit risk relating to accounts receivables is disclosed in note 4.2.1.

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

Amount in U.A.E. Dirhams (AED)  
31.03.2018      31.03.2017

**9 Inventories:**

Stock on hand	32,286	32,286
Reserve for impairment of inventories	(32,286)	0
	<u>0</u>	<u>32,286</u>

Movement in reserve for impairment of inventories is as follows:

Balance at the beginning of the year	0	0
Provided for the year	32,286	0
Balance at the end of the year	<u>32,286</u>	<u>0</u>

Inventories comprising of plastics & pipe fittings have been physically verified & certified by the management. Obsolete stock if any, has been adequately provided for.

**10 Accounts payable:**

Trade payables	7,340	0
Payable to parent company	654,621	221,645
Commission payable	20,021	18,903
	<u>681,982</u>	<u>240,548</u>

**11 Provisions, accruals & other liabilities:**

Accrued expenses	31,300	11,500
Advance from customers	25,037	7,109
Accrued staff salaries & benefits	60,531	61,890
Other liabilities	2,185	0
	<u>119,053</u>	<u>80,499</u>

**12 Employee end of service benefits:**

Balance at the beginning of the year	175,674	151,763
Provided for the year	22,762	23,911
Balance at the end of the year	<u>198,436</u>	<u>175,674</u>

**13 Share capital:**

Share capital	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

The authorised and paid up share capital of the company is 150,000/- comprising of 1 share of 150,000/- (previous year 150,000/- comprising of 1 share of 150,000/-).

**14 Reserves & surplus:**

General reserve	21,679	21,679
Retained earnings	865,997	547,989
	<u>887,676</u>	<u>569,668</u>

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

		Amount in U.A.E. Dirhams (AED)	
		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
<b>15 Revenue:</b>			
Sales income	641,472	1,172,752	
Commission income	1,123,824	750,014	
	<u>1,765,296</u>	<u>1,922,766</u>	
<b>16 Direct costs:</b>			
Inventories at the beginning of the year	32,286		
Purchases	536,720	827,655	
Clearing & forwarding expenses	33,344	19,660	
Impairment of inventories	32,286	0	
Inventories at the end of the year	<u>(32,286)</u>	<u>(32,286)</u>	
	602,350	815,029	
<b>17 Other income:</b>			
Agent commission balance not payable	0	3,020	
	<u>0</u>	<u>3,020</u>	
<b>18 Selling &amp; distribution costs:</b>			
Commission on sales	145,243	255,061	
Advertisement & business promotion expenses	53,595	44,107	
Overseas travelling expenses	59,698	50,077	
Impairment of accounts receivables	0	22,084	
	<u>258,536</u>	<u>371,329</u>	
<b>19 Administrative costs:</b>			
Office rent	50,337	45,600	
Salaries & other staff related benefits	65,062	58,411	
Manager's remuneration & benefits	280,000	296,667	
Communication expenses	94,121	92,400	
Fees & charges	24,767	16,054	
Insurance expenses	421	1,897	
Vehicle running & maintenance expenses	28,005	18,071	
Travelling & conveyance expenses	4,813	9,537	
Office & other expenses	33,553	40,064	
Depreciation on property, plant & equipment	70	1,010	
	<u>581,149</u>	<u>579,711</u>	
<b>20 Finance costs:</b>			
Bank charges	662	10,588	
	<u>662</u>	<u>10,588</u>	

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Notes to the financial statements for the year ended 31st March 2018

		Amount in U.A.E. Dirhams (AED)	
		01.04.2017 to 31.03.2018	01.04.2016 to 31.03.2017
<b>21 Other expenses:</b>			
Foreign exchange loss - net		4,591	821
		<u>4,591</u>	<u>821</u>
		31.03.2018	31.03.2017
<b>22 Contingent liabilities:</b>			
Employee visa guarantees		7,800	5,800
Except for the above & other ongoing business commitments against which no loss is expected, there has been no known contingent liability or commitments as on reporting date.			
<b>23 Events occurring after the reporting date:</b>			
There were no significant events occurring after the reporting date which will have any material effect on the working or the financial statements of the company.			

**The Supreme Industries Overseas (FZE)**

**SAIF Zone, Sharjah (U.A.E.)**

Schedule to the financial statements for the year ended 31st March 2018

Amount in U.A.E. Dirhams (AED)

**Schedule 1 - Property, plant & equipment:**

Particulars	Furniture & fixtures	Office equipments	Total
<b>Cost:</b>			
As at 31.03.2017	5,950	28,904	34,854
Additions	0	690	690
As at 31.03.2018	5,950	29,594	35,544
<b>Accumulated depreciation:</b>			
As at 31.03.2017	5,950	28,904	34,854
For the year	0	70	70
As at 31.03.2018	5,950	28,974	34,924
<b>Net value - 31.03.2018</b>	<b>0</b>	<b>620</b>	<b>620</b>
<b>Net value - 31.03.2017</b>	<b>0</b>	<b>0</b>	<b>0</b>