

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

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

**Financial statements &  
Auditor's report: 2018-19**

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

**Financial statements: 2018-19**  
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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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## 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 2019.

## 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)	
	2018-19	2017-18
Revenue	2,283,299/-	1,765,296/-
Gross profit	1,701,590/-	1,162,946/-
Net profit	437,506/-	318,008/-
Total liabilities	389,542/-	999,471/-
Equity & shareholder's funds	1,475,182/-	1,037,676/-

## Results & dividend:

Net profit for the year amounted to AED 437,506/- (previous year earned net profit of AED 318,008/-).

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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## 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 2019-20 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 25, 2019  
Sharjah, United Arab Emirates



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## 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 2019, 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 2019, 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.



كوتاري لتدقيق الحسابات

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Member Firm of :





**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 2019;
- (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 2019, 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 2019.

*Vipul R.*

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

April 25, 2019  
Sharjah, United Arab Emirates



**The Supreme Industries Overseas (FZE)**

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

Statement of financial position as at 31st March 2019

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		31.03.2019	31.03.2018
<b><u>Assets:</u></b>			
<b>Current assets</b>			
Cash & bank balances	5	773,694	1,588,281
Deposits, prepayments & advances	6	23,263	16,931
Accounts receivables	7	1,067,767	431,315
Inventories	8	0	0
		<u>1,864,724</u>	<u>2,036,527</u>
<b>Non-current assets</b>			
Property, plant & equipment	Sch-1	0	620
		<u>0</u>	<u>620</u>
<b>Total assets employed</b>		<b><u>1,864,724</u></b>	<b><u>2,037,147</u></b>
<b><u>Liabilities, equity &amp; shareholder's funds:</u></b>			
<b>Current liabilities</b>			
Accounts payable	9	50,413	681,982
Provisions, accruals & other liabilities	10	119,666	119,053
		<u>170,079</u>	<u>801,035</u>
<b>Non-current liabilities</b>			
Employee end of service benefits	11	219,463	198,436
		<u>219,463</u>	<u>198,436</u>
Total liabilities		389,542	999,471
<b>Equity &amp; shareholder's funds</b>			
Share capital	12	150,000	150,000
Reserves & surplus	13	1,325,182	887,676
Equity & shareholder's funds		<u>1,475,182</u>	<u>1,037,676</u>
<b>Total liabilities, equity &amp; shareholder's funds</b>		<b><u>1,864,724</u></b>	<b><u>2,037,147</u></b>

The attached note nos. 1 to 22 & schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4. The board of directors have approved and authorised the manager for the issuance of these financial statements on April 25, 2019.

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 2019

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Revenue	14	2,283,299	1,765,296
Direct costs	15	(581,709)	(602,350)
Gross profit		1,701,590	1,162,946
Other income	16	11,997	0
Selling & distribution costs	17	(438,481)	(258,536)
Administrative costs	18	(834,810)	(581,149)
Finance costs	19	(1,930)	(662)
Other expenses	20	(860)	(4,591)
<b>Net profit</b>		<b>437,506</b>	<b>318,008</b>

The attached note nos. 1 to 22 & schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 & 4. The board of directors have approved and authorised the manager for the issuance of these financial statements on April 25, 2019.

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 2019

Particulars	Amount in U.A.E. Dirhams (AED)			
	Share capital	General reserve	Retained earnings	Total
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>
As at 31.03.2018	150,000	21,679	865,997	1,037,676
Net profit	0	0	437,506	437,506
Other net movements	0	0	0	0
<b>As at 31.03.2019</b>	<b>150,000</b>	<b>21,679</b>	<b>1,303,503</b>	<b>1,475,182</b>

The attached note nos. 1 to 22 & 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 2019

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
Cash flow from operating activities:			
Net profit		437,506	318,008
Adjustments for:			
Depreciation on property, plant & equipment		1,870	70
Impairment of inventories		0	32,286
Impairment of accounts receivables		14,241	0
Finance costs		1,930	662
Employee end of service benefits provided		27,700	22,762
Cash generated from operations		483,247	373,788
Net changes in operating assets & liabilities:			
(Increase) in deposits, prepayments & advances		(6,332)	(2,172)
(Increase)decrease in accounts receivables		(650,693)	101,582
(Decrease)increase in accounts payable		(631,569)	441,434
Increase in provisions, accruals & other liabilities		613	38,554
Employee end of service benefits (paid)		(6,673)	0
<b>Net cash (used in)/generated from operations</b>		<b>(811,407)</b>	<b>953,186</b>
Cash flow from investing activities:			
Decrease in amount due from related party		0	5,750
(Addition) to property, plant & equipment		(1,250)	(690)
<b>Net cash (used in)/generated from investing</b>		<b>(1,250)</b>	<b>5,060</b>
Cash flow from financing activities:			
(Outflow) of finance costs		(1,930)	(662)
<b>Net cash (used in) financing</b>		<b>(1,930)</b>	<b>(662)</b>
(Deficit)/surplus for the year		(814,587)	957,584
Cash & cash equivalents at beginning of year		1,588,281	630,697
Cash & cash equivalents at end of year	5	773,694	1,588,281

The attached note nos. 1 to 22 & 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 2019

#### **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 2018 to 31st March 2019. Previous year figures are for the period 1st April 2017 to 31st March 2018 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 2019

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 2019

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	1-5 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 of accounts receivables. 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 2019

- **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 2019

**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 2019

**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 Value added tax:**

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018, Value Added Tax (VAT), will be charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the company. The company is required to file its VAT returns and compute the payable/receivable tax (which is output tax less input tax/input tax) for the allotted tax period(s) and deposit/claim refund within the prescribed due dates of filing VAT return. Net position of Value Added Tax as on reporting date is disclosed under Other Current Liabilities.

**3.11 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.

Agent commission payable which was no longer payable was reversed and credit given to 'Reversal of agent commission payable' & presented under other income.

**3.12 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.

**3.13 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.



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**4. Other significant disclosures:**

**4.1 Related party transactions:**

The company enters into transactions with another company & person 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.

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:

<u>Name of related parties</u>	<u>Control</u>	<u>Relation</u>
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:

<u>Nature of transactions</u>	Amount in U.A.E. Dirhams (AED)	
	<u>2018-19</u>	<u>2017-18</u>
<b>Purchases:</b>		
Purchases from parent company	493,435/-	497,550/-
<b>Compensation to key management personnel:</b>		
Manager's remuneration & benefits	455,300/-	280,000/-
<b>Other transactions:</b>		
Commission income from parent company	1,596,303/-	1,120,406/-

**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 is monitored on an ongoing basis by the management and these are considered recoverable by the company's management. However 95.21% of accounts receivables were outstanding from one related party customer (previous year 100.00% of accounts receivables from 3 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.

	Amount in U.A.E. Dirhams (AED)			
Financial liabilities as on 31st March 2019	Less than 6 months	6 months to 1 year	1 year & above	Total
Accounts payable	50,413	-	-	50,413
Provisions, accruals & other liabilities	119,666	-	-	119,666
Employee end of service benefits	-	-	219,463	219,463
Total	170,079	-	219,463	389,542

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

**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 of 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 United Arab Emirates Dirhams (AED) or in United States Dollar (USD), which is pegged to AED.

**Other risks:**

- **Revenue risk:**

69.91% of revenue was generated from one related party customer (previous year 89.77% 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 2 suppliers including one related party supplier which forms 100% of purchases (previous year 92.70% 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.



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

31.03.2019 31.03.2018

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

Cash on hand	208	1,367
Balance with bank in current account	773,486	1,586,914
	<u>773,694</u>	<u>1,588,281</u>

**6 Deposits, prepayments & advances:**

Deposits	21,141	15,300
Prepayments	1,622	1,631
Loans & advances to staff	500	0
	<u>23,263</u>	<u>16,931</u>

Deposits include 13,600/- (previous year 7,800/-) placed with SAIF Zone Authorities against employee visa guarantees issued.

**7 Accounts receivables:**

Trade receivables	51,837	16,155
Receivable from parent company	1,030,171	415,160
	<u>1,082,008</u>	<u>431,315</u>
Reserve for impairment of accounts receivables	(14,241)	0
	<u>1,067,767</u>	<u>431,315</u>

Age-wise analysis of accounts receivables is as follows:

Outstanding for less than 3 months	423,063	414,301
Outstanding for more than 3 months but less than 6 months	433,855	0
Outstanding for more than 6 months but less than 12 months	210,849	17,014
Outstanding for more than 12 months	14,241	0
	<u>1,082,008</u>	<u>431,315</u>

Geographical analysis of accounts receivables is as follows:

Due from U.A.E.	14,241	14,241
Due from India	1,030,171	417,074
Due from other countries	37,596	0
	<u>1,082,008</u>	<u>431,315</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	14,241	0
Balance at the end of the year	<u>14,241</u>	<u>0</u>

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

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Amount in U.A.E. Dirhams (AED)  
31.03.2019      31.03.2018

**8 Inventories:**

Stock on hand	0	32,286
Reserve for impairment of inventories	0	(32,286)
	0	0

Movement in reserve for impairment of inventories is as follows:

Balance at the beginning of the year	32,286	0
(Utilised) during the year	(32,286)	32,286
Balance at the end of the year	0	32,286

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

**9 Accounts payable:**

Trade payables	0	7,340
Payable to parent company	863	654,621
Commission payable	49,550	20,021
	50,413	681,982

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

Accrued expenses	44,340	31,300
Advance from customers	256	25,037
Accrued staff salaries & benefits	74,900	60,531
Other current liabilities	170	2,185
	119,666	119,053

Other current liabilities represents VAT payable based on computation of VAT returns as prepared by the Management and subject to assessment & confirmation by the Federal Tax Authority.

**11 Employee end of service benefits:**

Balance at the beginning of the year	198,436	175,674
Provided for the year	27,700	22,762
(Paid) during the year	(6,673)	0
Balance at the end of the year	219,463	198,436

**12 Share capital:**

Share capital	150,000	150,000
	150,000	150,000

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/-).



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Notes to the financial statements for the year ended 31st March 2019

		Amount in U.A.E. Dirhams (AED)	
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
<b>13 Reserves &amp; surplus:</b>			
General reserve		21,679	21,679
Retained earnings		1,303,503	865,997
		<u>1,325,182</u>	<u>887,676</u>
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
<b>14 Revenue:</b>			
Sales income		686,996	641,472
Commission income		1,596,303	1,123,824
		<u>2,283,299</u>	<u>1,765,296</u>
<b>15 Direct costs:</b>			
Inventories at the beginning of the year		32,286	32,286
Purchases		517,541	536,720
Clearing & forwarding expenses		31,882	33,344
Impairment of inventories		0	32,286
Inventories at the end of the year		0	(32,286)
		<u>581,709</u>	<u>602,350</u>
<b>16 Other income:</b>			
Reversal of agent commission payable		11,997	0
		<u>11,997</u>	<u>0</u>
<b>17 Selling &amp; distribution costs:</b>			
Commission on sales		69,708	145,243
Advertisement & business promotion expenses		20,398	32,499
Exhibition expenses		257,311	21,096
Overseas travelling expenses		76,823	59,698
Impairment of accounts receivables		14,241	0
		<u>438,481</u>	<u>258,536</u>
<b>18 Administrative costs:</b>			
Office rent		50,500	50,337
Salaries & other staff related benefits		137,450	65,483
Managing directors remuneration & benefits		455,300	280,000
Communication expenses		79,050	94,121
Fees & charges		20,661	24,767
Vehicle running & maintenance expenses		29,371	28,005
Travelling & conveyance expenses		5,326	4,813
Office & other expenses		55,282	33,553
Depreciation on property, plant & equipment		1,870	70
		<u>834,810</u>	<u>581,149</u>

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		Amount in U.A.E. Dirhams (AED)	
		01.04.2018 to 31.03.2019	01.04.2017 to 31.03.2018
<b>19 Finance costs:</b>			
Bank charges		1,930	662
		<u>1,930</u>	<u>662</u>
<b>20 Other expenses:</b>			
Foreign exchange loss - net		860	4,591
		<u>860</u>	<u>4,591</u>
<b>21 Contingent liabilities:</b>			
Employee visa guarantees		13,600	7,800
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>22 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.			



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Schedule to the financial statements for the year ended 31st March 2019

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

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

Particulars	Furniture & fixtures	Office equipments	Total
<b>Cost:</b>			
As at 31.03.2018	5,950	29,594	35,544
Additions	0	1,250	1,250
As at 31.03.2019	5,950	30,844	36,794
<b>Accumulated depreciation:</b>			
As at 31.03.2018	5,950	28,974	34,924
For the year	0	1,870	1,870
As at 31.03.2019	5,950	30,844	36,794
<b>Net value - 31.03.2019</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net value - 31.03.2018</b>	<b>0</b>	<b>620</b>	<b>620</b>