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Auditors, Accountants & Consultants

Member Firm of :





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

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

**Financial statements &
Auditor's report: 2015-16**



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

Financial statements: 2015-16

Index of contents

Contents	
	Page nos.
Manager's report	1 - 2
Independent auditor's report	3 - 4
Statement of financial position as at 31st March 2016	5
Statement of comprehensive income for the period ended 31st March 2016	6
Statement of changes in equity & shareholder's funds for the period ended 31st March 2016	7
Statement of cash flows for the period ended 31st March 2016	8
Notes to the financial statements	9 - 19
Schedule to the financial statements	20

The Supreme Industries Overseas FZE

Suite Z # 31, SAIF Zone, P.O. Box 9158, Sharjah, United Arab Emirates
Telephone # + 971 6 557 4484; Facsimile # + 971 6 557 4485; Email: tsiouae@eim.ae

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 period ended 31st March 2016.

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, 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)	
	<u>2015-16</u>	<u>2014-15</u>
Revenue	1,109,156/-	1,763,921/-
Gross profit	618,055/-	919,009/-
Net profit	51,263/-	202,779/-
Total liabilities	265,952/-	255,479/-
Equity & shareholder's funds	571,360/-	520,097/-

Results & dividend:

Net profit for the period amounted to AED 51,263/- (previous year earned net profit of AED 202,779/-).

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

1161 & 62, Solitaire Corporate Park, Chakala, Andheri (East), Mumbai, INDIA- 400 093
Telephone # +91 22 4043 0000 / 6771 0000; Facsimile # +91 22 4043 0099 / 6771 0099
Email: info@supreme.co.in; Website: www.supreme.co.in

The Supreme Industries Overseas FZE


Suite Z # 31, SAIF Zone, P.O. Box 9158, Sharjah, United Arab Emirates
Telephone # + 971 6 557 4484; Facsimile # + 971 6 557 4485; Email: tsiouae@eim.ae

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 2016-17 and to fix their remuneration would be put up before the shareholder at the annual general meeting.

For The Supreme Industries Overseas (FZE)

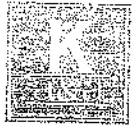

Narendra Krishnarao Bhagdikar
Manager

April 12, 2016
Sharjah, United Arab Emirates



WOS of **The Supreme Industries Limited**

1161 & 62, Solitaire Corporate Park, Chakala, Andheri (East), Mumbai, INDIA- 400 093
Telephone # +91 22 4043 0000 / 6771 0000; Facsimile # +91 22 4043 0099 / 6771 0099
Email: info@supreme.co.in; Website: www.supreme.co.in



Independent auditor's report to the shareholder of
The Supreme Industries Overseas (FZE)
SAIF Zone, Sharjah (U.A.E.)

Report on the financial statements:

We have audited the accompanying financial statements of The Supreme Industries Overseas (FZE) ('the company') for the financial period ended on 31st March 2016 comprising of statement of financial position as at 31st March 2016, related statement of comprehensive income, statement of changes in equity & shareholder's funds and statement of cash flows for the period then ended as set out on pages 5 to 8 and read along with notes and schedule to the financial statements on pages 9 to 20.

Management's responsibility for the financial statements:

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 misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risk and material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion:

In our opinion, the financial statements, present fairly, in all material respects, the financial position of The Supreme Industries Overseas (FZE) as at 31st March 2016, its financial performance, changes in shareholder's equity and cash flows for the period then ended and were prepared, in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) applied on consistent basis.



Member Firm of:



كوتاري لتطبيق الحسابات

Post Box : 4706, Sharjah (U.A.E.). Tel: +971-6-5683997, Fax: +971-6-5686714
Email: info@kothari.ae Website: www.kothariauditors.com



Report on other matters:

- a. Current period figures are for a period of 275 days (01.07.2015 to 31.03.2016) as compared to previous year figures which are for a period of 365 days (01.07.2014 to 30.06.2015) and hence not comparable to that extent.
- b. During the period under review, management has proposed and the shareholder has resolved to change the financial year end from June to March every year. Said change has been made vide addendum to memorandum of association dated 13th March 2016 attested with SAIF zone authorities.
- c. We confirm that, in our opinion
 - we have obtained all the information & explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - proper books of account have been maintained by the company as far as appears from our examination of those books;
 - financial statements and the contents of the manager's report are in agreement with the books of account; and
 - to the best of our knowledge and belief, that there were no violation of the 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 that would affect materially the working or financial statements of the company.

VRCOM

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



April 12, 2016
Sharjah, United Arab Emirates

The Supreme Industries Overseas (FZE)

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

Statement of financial position as at 31st March 2016

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		31.03.2016	30.06.2015
Assets:			
Current assets			
Cash & bank balances	5	288,734	205,782
Deposits & prepayments	6	14,695	58,202
Advance to others	7	55,640	0
Amount due from related party	8	5,750	13,508
Accounts receivables	9	471,483	496,182
		<u>836,302</u>	<u>773,674</u>
Non-current assets			
Property, plant & equipment	Sch-1	1,010	1,902
		<u>1,010</u>	<u>1,902</u>
Total assets employed		<u>837,312</u>	<u>775,576</u>
Liabilities, equity & shareholder's funds:			
Current liabilities			
Accounts payable	10	53,126	47,999
Provisions, accruals & other liabilities	11	61,063	70,717
		<u>114,189</u>	<u>118,716</u>
Non-current liabilities			
Employees end of service benefits	12	151,763	136,763
		<u>151,763</u>	<u>136,763</u>
Total liabilities		265,952	255,479
Equity & shareholder's funds			
Share capital	13	150,000	150,000
Reserves & surplus	14	421,360	370,097
Equity & shareholder's funds		<u>571,360</u>	<u>520,097</u>
Total liabilities, equity & shareholder's funds		<u>837,312</u>	<u>775,576</u>

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 12, 2016.

For The Supreme Industries Overseas (FZE)



Narendra Krishnarao Bhagdikar
Manager



The Supreme Industries Overseas (FZE)

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

Statement of comprehensive income for the period ended 31st March 2016

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		01.07.2015 to 31.03.2016	01.07.2014 to 30.06.2015
Revenue	15	1,109,156	1,763,921
Direct costs	16	(491,101)	(844,912)
Gross profit		618,055	919,009
Other income	17	0	9,420
Selling & distribution costs	18	(120,095)	(148,513)
Administrative costs	19	(442,568)	(563,386)
Finance costs	20	(3,752)	(7,010)
Other expenses	21	(377)	(6,741)
Net profit		51,263	202,779

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 12, 2016.

For The Supreme Industries Overseas (FZE)


Narendra Krishnarao Bhagdikar
Manager



The Supreme Industries Overseas (FZE)

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

Statement of changes in equity & shareholder's funds for the period ended 31st March 2016

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

Particulars	Share capital	General reserve	Retained earnings	Total
As at 30.06.2014	150,000	21,679	145,639	317,318
Net profit	0	0	202,779	202,779
Other net movements	0	0	0	0
As at 30.06.2015	150,000	21,679	348,418	520,097
As at 30.06.2015	150,000	21,679	348,418	520,097
Net profit	0	0	51,263	51,263
Other net movements	0	0	0	0
As at 31.03.2016	150,000	21,679	399,681	571,360

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 period ended 31st March 2016

Particulars	Note no.	Amount in U.A.E. Dirhams (AED)	
		01.07.2015 to 31.03.2016	01.07.2014 to 30.06.2015
Cash flow from operating activities:			
Net profit		51,263	202,779
Adjustments for:			
Depreciation on property, plant & equipment		892	5,038
Impairment of accounts receivables		57	0
Finance costs		3,752	7,010
Employees end of service benefits provided		15,000	31,480
Cash generated from operations		70,964	246,307
Net changes in operating assets & liabilities:			
Decrease(increase) in deposits & prepayments		43,507	(1)
Decrease in accounts receivables		24,642	226,014
Increase(decrease) in accounts payable		5,127	(445,810)
(Decrease) in provisions, accruals & other liabilities		(9,654)	(34,458)
Employees end of service benefits (paid)		0	(20,717)
Net cash generated from/(used in) operations		134,586	(28,665)
Cash flow from investing activities:			
(Increase) in loans & advances to others		(55,640)	0
Decrease(increase) in amount due from related party		7,758	(12,008)
Net cash (used in) investing		(47,882)	(12,008)
Cash flow from financing activities:			
(Outflow) of finance costs		(3,752)	(7,010)
Net cash (used in) financing		(3,752)	(7,010)
Surplus/(deficit) for the year		82,952	(47,683)
Cash & cash equivalents at beginning of year		205,782	253,465
Cash & cash equivalents at end of year	5	288,734	205,782

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 period ended 31st March 2016

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, 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 Z-31, 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 period 1st July 2015 to 31st March 2016. Previous year figures are for the period 1st July 2014 to 30th June 2015 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 period ended 31st March 2016

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 is created if same is outstanding for beyond normal credit terms & doubtful.

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 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.

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.



The Supreme Industries Overseas (FZE)

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

Notes to the financial statements for the period ended 31st March 2016

3.2 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.

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.



The Supreme Industries Overseas (FZE)

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

Notes to the financial statements for the period ended 31st March 2016

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.

3.3 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.

3.4 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 is 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.

3.5 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.



The Supreme Industries Overseas (FZE)

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

Notes to the financial statements for the period ended 31st March 2016

3.6 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.

3.7 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.

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.

3.8 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.

3.9 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.

3.9 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.

3.10 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.



The Supreme Industries Overseas (FZE)

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

Notes to the financial statements for the period ended 31st March 2016

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. Related parties with whom the company has entered into transactions during the period under review comprise of the shareholder 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 Krishnarao Bhagdikar	Manager	Key management personnel

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

<u>Nature of transactions</u>	Amount in U.A.E. Dirhams (AED)	
	<u>2015-16</u>	<u>2014-15</u>
Purchases: Purchases from parent company	441,703/-	660,656/-
Compensation to key management personnel: Manager's remuneration & benefits	220,053/-	292,563/-
Other transactions: Commission income from parent company	500,327/-	763,036/-

Amount due from related party:

Amount due from related party is 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 99.20% of accounts receivables were outstanding from 2 customers including 1 related party (previous year 100% of accounts receivables from 3 customers including 1 related party) 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 2016	Amount in U.A.E. Dirhams (AED)			
	Less than 6 months	6 months to 1 year	1 year & 1 above	Total
Accounts payable	53,126	-	-	53,126
Provisions, accruals & other liabilities	61,063	-	-	61,063
Employees end of service benefits	-	-	151,763	151,763
Total	114,189	-	151,763	265,952



The Supreme Industries Overseas (FZE)

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

Notes to the financial statements for the period ended 31st March 2016

Financial liabilities as on 30th June 2015	Amount in U.A.E. Dirhams (AED)			
	Less than 6 months	6 months to 1 year	1 year & above	Total
Accounts payable	47,999	-	-	47,999
Provisions, accruals & other liabilities	70,717	-	-	70,717
Employees end of service benefits	-	-	136,763	136,763
Total	118,716	-	136,763	255,479

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 UAE Dirhams or in United States Dollar (USD), which is pegged to AED.

Other risks:

Revenue risk:

83.12% of revenue was generated from 3 customers including 1 related party (previous year 78.77% 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 1 related party supplier which forms 93.19% of purchases (previous year 100% from 2 suppliers including 1 related party) 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 period ended 31st March 2016

Amount in U.A.E. Dirhams (AED)
31.03.2016 30.06.2015

5 Cash & bank balances/Cash & cash equivalents:

Cash on hand	11,595	6,136
Balance with bank in current account	277,139	199,646
	<u>288,734</u>	<u>205,782</u>

6 Deposits & prepayments:

Deposits	13,300	12,800
Prepayments	1,395	45,402
	<u>14,695</u>	<u>58,202</u>

Deposits include 5,800/- (previous year 5,300/-) placed with SAIF Zone Authorities against employee visa guarantees issued.

7 Advance to others:

Advance to others	55,640	0
	<u>55,640</u>	<u>0</u>

Advance to others is free of interest.

8 Amount due from related party:

Due from manager	5,750	6,600
Due from parent company	0	6,908
	<u>5,750</u>	<u>13,508</u>

Amount due from related party is free of interest.

9 Accounts receivables:

Trade receivables	64,187	201,768
Receivables from parent company	407,296	294,414
	<u>471,483</u>	<u>496,182</u>

Age-wise analysis of accounts receivables is as follows:

Outstanding for less than 3 months	275,246	437,620
Outstanding for more than 3 months but less than 6 months	146,975	58,562
Outstanding for more than 6 months but less than 12 months	46,324	0
Outstanding for more than 12 months	2,938	0
	<u>471,483</u>	<u>496,182</u>

Geographical analysis of accounts receivables is as follows:

Due from U.A.E.	60,396	66,076
Due from India	407,296	294,414
Due from Srilanka	3,791	135,692
	<u>471,483</u>	<u>496,182</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	57	0
(Utilised) during the year	(57)	0
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 period ended 31st March 2016

Amount in U.A.E. Dirhams (AED)
31.03.2016 30.06.2015

10	Accounts payable:		
	Commission payable	21,880	47,999
	Payable to parent company	31,246	0
		53,126	47,999
11	Provisions, accruals & other liabilities:		
	Accrued expenses	10,000	11,341
	Advance from customers	2,063	9,117
	Accrued staff salaries & benefits	49,000	50,259
		61,063	70,717
12	Employees end of service benefits:		
	Balance at the beginning of the year	136,763	126,000
	Provided for the year	15,000	31,480
	(Paid) during the year	0	(20,717)
	Balance at the end of the year	151,763	136,763
13	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/-).		
14	Reserves & surplus:		
	General reserve	21,679	21,679
	Retained earnings	399,681	348,418
		421,360	370,097
		01.07.2015 to	01.07.2014 to
		31.03.2016	30.06.2015
15	Revenue:		
	Sales income	608,829	1,000,885
	Commission income	500,327	763,036
		1,109,156	1,763,921

The Supreme Industries Overseas (FZE)

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

Notes to the financial statements for the period ended 31st March 2016

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

	01.07.2015 to 31.03.2016	01.07.2014 to 30.06.2015
16 Direct costs:		
Purchases	473,989	827,944
Clearing & forwarding expenses	17,112	16,968
	<u>491,101</u>	<u>844,912</u>
17 Other income:		
Other miscellaneous income	0	9,420
	<u>0</u>	<u>9,420</u>
18 Selling & distribution costs:		
Commission on sales	50,361	68,591
Advertisement & business promotion expenses	28,316	39,814
Overseas travelling expenses	41,361	40,108
Impairment of accounts receivables	57	0
	<u>120,095</u>	<u>148,513</u>
19 Administrative costs:		
Office rent	31,738	44,687
Salaries & other staff related benefits	21,775	36,727
Manager's remuneration & benefits	220,053	292,563
Communication expenses	60,233	89,233
Fees & charges	46,257	25,038
Insurance expenses	539	1,562
Vehicle running & maintenance expenses	19,194	20,660
Travelling & conveyance expenses	6,002	8,867
Office & other expenses	35,885	39,011
Depreciation on property, plant & equipment	892	5,038
	<u>442,568</u>	<u>563,386</u>
20 Finance costs:		
Bank charges	3,752	7,010
	<u>3,752</u>	<u>7,010</u>
21 Other expenses:		
Foreign exchange loss - net	377	6,741
	<u>377</u>	<u>6,741</u>

The Supreme Industries Overseas (FZE)

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

Notes to the financial statements for the period ended 31st March 2016

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

31.03.2016 30.06.2015

22 Contingent liabilities:

Employee visa guarantees

5,800 5,300

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.

23 Events occurring after the reporting date:

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 period ended 31st March 2016

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

Schedule 1 - Property, plant & equipment:

Particulars	Furniture & fixtures	Office equipments	Total
Cost:			
As at 30.06.2015	5,950	28,904	34,854
Additions	0	0	0
As at 31.03.2016	5,950	28,904	34,854
Accumulated depreciation:			
As at 30.06.2015	4,048	28,904	32,952
For the period	892	0	892
As at 31.03.2016	4,940	28,904	33,844
Net value - 31.03.2016	1,010	0	1,010
Net value - 30.06.2015	1,902	0	1,902

