

**The Supreme Industries Overseas (FZE)  
Sharjah Airport International Free Zone**

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

**Financial Statements &  
Independent Auditor's Report  
for the year ended March 31, 2022**

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

**Financial Statements for the year ended March 31, 2022**  
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**Manager's Report**

The manager of the Company presents this report along with the financial statements of The Supreme Industries Overseas (FZE) for the year ended March 31, 2022.

**Legal status and shareholder:**

The Supreme Industries Overseas (FZE), is incorporated & 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.

The shareholder of the Company as at reporting date & its interest on that date in the share in capital of the Company was as follows:

Sr. No.	Shareholder	Status	Share	Amount AED	%
1.	M/s The Supreme Industries Limited	Indian company	1	150,000	100.00%
	<b>Total</b>		<b>1</b>	<b>150,000</b>	<b>100.00%</b>

M/s The Supreme Industries Limited is a limited company registered under Certificate of Incorporation no. L35920MH1942PLC003554 under the Indian Companies Act of 1956 & its amendments thereafter. 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:

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Revenue	768,258	860,116
Gross profit	737,380	652,611
Net (loss)	(53,186)	(53,869)
Total liabilities	484,718	535,212
Equity	1,158,823	1,212,009

**Results & dividend:**

Net loss for the year amounted to AED 53,186/- (previous year incurred net loss of AED 53,869/-).

Opening balance of retained earnings after setting off current year net loss is proposed to be carried forward.

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**WOS of The Supreme Industries Limited**

1161 & 62, Solitaire Corporate Park, Andheri (East), Mumbai, INDIA- 400 093

Telephone # +91 22 4043 0000; Facsimile # +91 22 4043 0099; Email: [info@supreme.co.in](mailto:info@supreme.co.in); Website: [www.supreme.co.in](http://www.supreme.co.in)

**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 the applicable provisions of the Memorandum and 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.

**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 2022-23 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 28, 2022  
Sharjah, United Arab Emirates





**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 March 31, 2022, and the statement of comprehensive income, statement of changes in equity 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 Supreme Industries Overseas (FZE) (the Company) as at March 31, 2022, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and 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.

**Emphasis of matter:**

Without modifying our opinion we draw your attention to the following:

- Accounts receivable of AED 227,014/- (including AED 207,416/- from parent company) are outstanding for more than one year. However management has represented that same are recoverable & reserve for impairment of accounts receivable of AED 19,599/- is sufficient to cover doubtful debts if any.

**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 and 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 the applicable provisions of the Memorandum and 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.



كوتاري لتدقيق الحسابات

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



**Independent Auditor's Report** (continued)

To the shareholder of

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

As a part of our audit in accordance with the International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Further we report that:

- We have obtained all the information we considered necessary for the purpose of our audit.
- 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 applicable provisions of the Memorandum & Articles of Association of the Company.
- The Company has maintained proper books of accounts and the financial statements are in agreement therewith.
- The financial information included in the Manager's Report is consistent with the books of accounts and records of the Company.





**Independent Auditor's Report** (continued)

To the shareholder of

**The Supreme Industries Overseas (FZE)**

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

- The Company has not purchased or invested in any shares during the financial year ended March 31, 2022.
- Note no. 4.1 to the financial statements discloses material related party transactions, and the terms under which they were conducted.
- 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 March 31, 2022, any of the regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree no. 2 of 1995, and the applicable provisions of the Memorandum and Articles of Association of the Company which would materially affect its activities or its financial position as at March 31, 2022.



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



April 28, 2022  
Sharjah, United Arab Emirates

Ref: S/RP-3436/2022

**The Supreme Industries Overseas (FZE)**

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

Statement of Financial Position as at March 31, 2022

Particulars	Note no.	2021-22 AED	2020-21 AED
<b>Assets:</b>			
<b>Non-current assets</b>			
Property, plant & equipment	Sch 1	<u>479</u>	<u>1,483</u>
		479	1,483
<b>Current assets</b>			
Deposits, prepayments & advances	5	50,891	73,937
Accounts receivable	6	945,224	637,187
Cash and bank balances	7	<u>646,947</u>	<u>1,034,614</u>
		<u>1,643,062</u>	<u>1,745,738</u>
<b>Total assets employed</b>		<b><u>1,643,541</u></b>	<b><u>1,747,221</u></b>
<b>Equity and liabilities:</b>			
<b>Equity</b>			
Share capital	8	150,000	150,000
Reserves & surplus	9	<u>1,008,823</u>	<u>1,062,009</u>
Equity		1,158,823	1,212,009
<b>Non-current liabilities</b>			
Employee end of service benefits	10	<u>292,513</u>	<u>266,013</u>
		292,513	266,013
<b>Current liabilities</b>			
Accounts payable	11	784	91,278
Provisions, accruals and other liabilities	12	<u>191,421</u>	<u>177,921</u>
		<u>192,205</u>	<u>269,199</u>
<b>Total liabilities</b>		<b><u>484,718</u></b>	<b><u>535,212</u></b>
<b>Total equity and liabilities</b>		<b><u>1,643,541</u></b>	<b><u>1,747,221</u></b>

The attached note nos. 1 - 19 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5. The board of directors have approved & authorized the manager for the issuance of these financial statements on April 28, 2022.

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 March 31, 2022

Particulars	Note no.	2021-22 AED	2020-21 AED
Revenue	13	768,258	860,116
Direct costs	14	<u>(30,878)</u>	<u>(207,505)</u>
Gross profit		737,380	652,611
Selling & distribution costs	15	(141,447)	(42,216)
Administrative costs	16	(649,119)	(661,898)
Other expenses	17	-	<u>(2,366)</u>
<b>Net (loss) for the year</b>		<b><u>(53,186)</u></b>	<b><u>(53,869)</u></b>

The attached note nos. 1 - 19 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5. The board of directors have approved & authorized the manager for the issuance of these financial statements on April 28, 2022.

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 for the year ended March 31, 2022

Particulars	Amount in U.A.E. Dirhams (AED)			
	Share capital	General reserve	Retained earnings	Total
Balance at March 31, 2020	150,000	21,679	1,094,199	1,265,878
Net (loss) for the year	0	0	(53,869)	(53,869)
General reserve	-	(21,679)	21,679	-
Net movement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance at March 31, 2021</b>	<b><u>150,000</u></b>	<b><u>-</u></b>	<b><u>1,062,009</u></b>	<b><u>1,212,009</u></b>
Net (loss) for the year	0	0	(53,186)	(53,186)
Net movement	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Balance at March 31, 2022</b>	<b><u>150,000</u></b>	<b><u>0</u></b>	<b><u>1,008,823</u></b>	<b><u>1,158,823</u></b>

The attached note nos. 1 - 19 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5.

**The Supreme Industries Overseas (FZE)**

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

Statement of Cash Flows for the year ended March 31, 2022

Particulars	Note no.	2021-22 AED	2020-21 AED
Cash flows from operating activities			
Net (loss) for the year		(53,186)	(53,869)
Adjustments for:			
Depreciation on property, plant & equipment		1,370	1,370
Impairment of accounts receivable		-	5,358
Employee end of service benefits provided		26,500	26,838
<b>Operating cash flows before changes in working capital</b>		<b>(25,316)</b>	<b>(20,303)</b>
Working capital changes:			
Movement in accounts receivable		(308,037)	282,884
Movement in deposits, prepayments & advances		23,046	(56,883)
Movement in accounts payable		(90,494)	68,387
Movement in provisions, accruals & other liabilities		13,500	88,822
Employee end of service benefits (paid)		-	(4,288)
<b>Net cash (used in)/generated from operating activities</b>		<b>(387,301)</b>	<b>358,619</b>
Cash flows from investing activities:			
(Additions) to property, plant & equipment		(366)	-
<b>Net cash (used in) investing activities</b>		<b>(366)</b>	<b>-</b>
Net movement in cash and cash equivalents		(387,667)	358,619
Cash and cash equivalents at beginning of the year		1,034,614	675,995
<b>Cash and cash equivalents at end of the year</b>	7	<b>646,947</b>	<b>1,034,614</b>

The attached note nos. 1 - 19 and schedule no. 1 form an integral part of these financial statements.  
Auditor's report is on page nos. 3 - 5.



**The Supreme Industries Overseas (FZE)**

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

Notes to the Financial Statements for the year ended March 31, 2022

**1. Status and activity:**

The Supreme Industries Overseas (FZE) (the Company) is incorporated & 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.

The shareholder of the Company as at reporting date & its interest on that date in the share in capital of the Company was as follows:

Sr. No.	Shareholder	Status	Share	Amount AED	%
1.	M/s The Supreme Industries Limited	Indian company	1	150,000	100.00%
	<b>Total</b>		<b>1</b>	<b>150,000</b>	<b>100.00%</b>

M/s The Supreme Industries Limited is a limited company registered under Certificate of Incorporation no. L35920MH1942PLC003554 under the Indian Companies Act of 1956 & its amendments thereafter. The registered address of M/s The Supreme Industries Limited is 612, Raheja Chambers, Nariman Point, Mumbai, India.

The principal place of business is Suite X4-35, SAIF Zone, Sharjah (U.A.E.) and registered address of the Company is Post Box 9158, SAIF Zone, Sharjah (U.A.E.).

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 International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), issued by the International Accounting Standards Board (IASB).

**2.2. Basis of measurement:**

These financial statements have been prepared under the going concern assumption and historical cost convention.

**2.3. Basis of accounting and coverage:**

The Company follows the accrual basis of accounting except for statement of cash flows which is presented on cash basis. Under the 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 cover the period from April 01, 2021 to March 31, 2022. Previous year figures are for the period from April 01, 2020 to March 31, 2021 and have been regrouped where necessary.

**2.4. Functional & presentation currency:**

The financial statements are presented in United Arab Emirates Dirhams (AED), which is also the Company's functional currency. All financial information presented in AED has been rounded off to the nearest U.A.E. Dirham.

**The Supreme Industries Overseas (FZE)**

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

**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. 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 which are material in nature, have been considered, in the 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 receivable:**

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

Management estimates that reserve for impairment created against accounts receivable is sufficient to cover for doubtful losses if any.

**- Impairment of inventories:**

Inventories, if any, 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. Current and non-current classification:**

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.



**The Supreme Industries Overseas (FZE)**

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

A liability is current when:

- It is expected to be settled in normal operating cycle.
- It is held primarily for the purpose of trading.
- It is due to be settled within twelve months after the reporting period.
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

**3.2. Property, plant and 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 and fixtures	5 years
Office equipments	1-5 years

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized 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. Inventories:**

Inventories, if any, are carried at the 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 is created based on their ageing and saleability.

**3.4. 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.



**The Supreme Industries Overseas (FZE)**

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

Notes to the Financial Statements for the year ended March 31, 2022 (continued)

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

**a. Cash & cash equivalents:**

Cash and cash equivalents for the purpose of cash flow statement comprises cash on hand & balance with bank in current account.

**b. Accounts receivable:**

Accounts receivable are amounts due from customers towards sale of goods in the ordinary course of business. Accounts receivable 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 receivable. A reserve for impairment of accounts receivable 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 receivable.

**c. 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 payable are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

**d. Other financial assets:**

Other financial assets are recognised 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.

**e. 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 derecognised 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 year ended March 31, 2022 (continued)

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.

**3.5. 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.

**3.6. 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 asset (an incurred "loss event") and that loss event (events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets that can be readily 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 the 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 the carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar asset.
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest.

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.

**3.7. Leases:**

Leases are classified as finance leases when substantially all risks and rewards of ownership are transferred to the lessee. All other leases are operating leases.

**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 the Company is not exposed to any operating lease obligations.



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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

**3.8. Employee benefits:**

Employee benefits have been provided for in accordance with the contractual terms with the employees, but are however subject to minimum of U.A.E. Labour Law requirements.

**Short- term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**Annual leave and leave passage**

An accrual is made for the estimated liability for employees' entitlement to annual leave and leave passage as a result of services rendered by eligible employees up to the end of the year.

**Employee end of service benefits**

The provision for employee end of service benefits is based on the liability which would arise if the employment of all staff was terminated at the reporting date and is calculated in accordance with the provisions of UAE Federal Labour Law. Management considers these as long-term obligations and accordingly they are classified as long-term liabilities.

**3.9. Provisions & contingencies:**

Provisions are recognized when the Company has a present obligation (legal or constructive) 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.

**3.10. General reserve:**

General reserve represents amount set aside by the Company out of net profits. This being a free reserve is to be utilized at the discretion of the management/shareholder. During the previous year same was transferred to retained earnings.

**3.11. 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 the same within the prescribed due dates of filing VAT return. Net position of Value Added Tax as on reporting date is disclosed under other current assets or other current liabilities as the case may be.

**3.12. 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 & duties.

Revenue includes income from sale of goods & commission income and unbilled commission income.



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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.

**3.13. 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.

**3.14. Foreign currencies transactions:**

Transactions in foreign currency, if any, are converted into functional currency at prevailing exchange rate on the date such transactions are entered into.

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.

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/person that fall within the definition of a related party as per the International Financial Reporting Standards for Small and 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 had entered into transactions during the year under review comprise of the shareholder & manager as stated here under:

<u>Name of the 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

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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

During the year under review, following transactions were entered into with related parties:

<u>Nature of transactions</u>	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
<b>Purchases:</b>		
Purchases from parent company	24,868	195,310
<b>Compensation to key management personnel:</b>		
Manager's remuneration & benefits	441,000	450,300
<b>Other transactions:</b>		
Commission income from parent company	737,808	632,406

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

**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 receivable is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. However 100% of accounts receivable were outstanding from 3 customers including one related party customer (previous year 100% of the accounts receivable from 3 customers including one related party customer) and hence the Company has concentration of accounts receivable and consequent risk to that extent.

Accounts receivable of AED 227,014/- (including AED 207,416/- from parent company) are outstanding for more than one year. However management has represented that same are recoverable & reserve for impairment of accounts receivable of AED 19,599/- is sufficient to cover doubtful debts if any.

**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 March 31, 2022	Less than 6 months	6 months to 1 year	More than 1 year	Total AED
Employee end of service benefits	0	0	292,513	292,513
Accounts payable	784	0	0	784
Provisions, accruals & other liabilities	191,421	0	0	191,421
<b>Total</b>	<b>192,205</b>	<b>0</b>	<b>292,513</b>	<b>484,718</b>

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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

Financial liabilities as on March 31, 2021	Less than 6 months	6 months to 1 year	More than 1 year	Total AED
Employee end of service benefits	0	0	266,013	266,013
Accounts payable	91,278	0	0	91,278
Provisions, accruals & other liabilities	177,921	0	0	177,921
<b>Total</b>	<b>269,199</b>	<b>0</b>	<b>266,013</b>	<b>535,212</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 United Arab Emirates Dirhams (AED) or in United States Dollar (USD), which is pegged to AED.

**Other risks:**

**- Revenue risk:**

96.04% of revenue was generated from one related party customer (previous year 73.53% from one related party customer) 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 100% of purchases (previous year 100% of purchases from one 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.

**4.3. 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.

**4.4. 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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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

**5. Deposits, prepayments & advances:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Deposits	38,831	38,831
Prepayments	125	34,875
Advance to parent company	7,340	-
Other current assets	<u>4,595</u>	<u>231</u>
	<u>50,891</u>	<u>73,937</u>

a. Deposits include 34,800/- (previous year AED 34,800/-) placed with SAIF Zone Authorities against employee visa guarantees issued & same would be withheld by the authorities under certain circumstances.

b. Advance to parent company are advances for future purchases which are in the normal course of business & would be settled against purchases in future.

c. Other current assets includes VAT receivable balance of AED 3,959/- (previous year AED 231/-) based on computation of VAT returns as prepared by the management and subject to assessment & confirmation by the Federal Tax Authority.

**6. Accounts receivable:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Trade receivable	19,599	19,599
Trade receivable-related parties	<u>945,224</u>	<u>637,187</u>
	964,823	656,786
Reserve for impairment of accounts receivable	<u>(19,599)</u>	<u>(19,599)</u>
	<u>945,224</u>	<u>637,187</u>

Age-wise analysis of accounts receivable is as follows:

Outstanding for less than 3 months	194,948	202,407
Outstanding for more than 3 months but less than 6 months	274,479	131,144
Outstanding for more than 6 months but less than 12 months	268,382	298,618
Outstanding for more than 12 months	<u>227,014</u>	<u>24,617</u>
	<u>964,823</u>	<u>656,786</u>

Geographical analysis of accounts receivable is as follows:

Due from within U.A.E.	14,241	14,241
Due from India	<u>950,582</u>	<u>642,545</u>
	<u>964,823</u>	<u>656,786</u>

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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

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

Balance at the beginning of the year	19,599	14,241
Provided for the year	<u>-</u>	<u>5,358</u>
Balance at the end of the year	<u>19,599</u>	<u>19,599</u>

The Company's exposure to credit risk relating to accounts receivable is disclosed in note 4.2.a.

**7. Cash and bank balances/Cash & cash equivalents:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Cash on hand	16,417	1,420
Balance with bank in current account	<u>630,530</u>	<u>1,033,194</u>
	<u>646,947</u>	<u>1,034,614</u>

**8. Share capital:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Share capital	<u>150,000</u>	<u>150,000</u>
	<u>150,000</u>	<u>150,000</u>

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

**9. Reserves & surplus:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Retained earnings	<u>1,008,823</u>	<u>1,062,009</u>
	<u>1,008,823</u>	<u>1,062,009</u>

**10. Employee end of service benefits:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Balance at the beginning of the year	266,013	243,463
Provided for the year	26,500	26,838
(Paid) during the year	<u>-</u>	<u>(4,288)</u>
Balance at the end of the year	<u>292,513</u>	<u>266,013</u>

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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

**11. Accounts payable:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Trade payable	784	975
Payable to parent company	-	85,640
Commission payable	-	4,663
	<u>784</u>	<u>91,278</u>

**12. Provisions, accruals & other liabilities:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Accrued expenses	17,100	17,180
Accrued staff salaries & benefits	91,679	78,099
Advance from customers	82,642	82,642
	<u>191,421</u>	<u>177,921</u>

**13. Revenue:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Sales income	30,450	227,710
Commission income	737,808	632,406
	<u>768,258</u>	<u>860,116</u>

**14. Direct costs:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Purchases	24,868	195,310
Clearing & forwarding expenses	6,010	12,195
	<u>30,878</u>	<u>207,505</u>



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Notes to the Financial Statements for the year ended March 31, 2022 (continued)

**15. Selling & distribution costs:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Commission on sales	-	20,592
Advertisement & business promotion expenses	18,334	13,512
Exhibition expenses	117,027	2,754
Overseas travelling expenses	6,086	-
Impairment of accounts receivable	-	5,358
	<u>141,447</u>	<u>42,216</u>

**16. Administrative costs:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Office rent	14,745	50,400
Salaries & other staff related benefits	45,000	48,838
Manager's remuneration & benefits	441,000	450,300
Communication expenses	48,832	50,201
Fees & charges	27,489	16,489
Travelling & conveyance expenses	7,618	1,736
Vehicle running & maintenance expenses	32,968	11,863
Bank charges	607	475
Office & other expenses	29,490	30,226
Depreciation on property, plant and equipment	1,370	1,370
	<u>649,119</u>	<u>661,898</u>

**17. Other expenses:**

	<u>2021-22</u>	<u>2020-21</u>
	<u>AED</u>	<u>AED</u>
Loss on exchange differences	-	2,366
	<u>-</u>	<u>2,366</u>

**18. Contingent liabilities:**

Except for the ongoing business commitments against which no loss is expected, there has been no known contingent liability or commitments, as on reporting date.

**19. Events occurring after the reporting date:**

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

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Schedule to the Financial Statements for the year ended March 31, 2022

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

Particulars	Amount in U.A.E. Dirhams (AED)		
	Furnitures & fixtures	Office equipments	Total
<b>Cost:</b>			
As at March 31, 2021	5,950	34,953	40,903
Additions	<u>0</u>	<u>366</u>	<u>366</u>
As at March 31, 2022	<u>5,950</u>	<u>35,319</u>	<u>41,269</u>
<b>Accumulated depreciation:</b>			
As at March 31, 2021	(5,950)	(33,470)	(39,420)
For the year	<u>0</u>	<u>(1,370)</u>	<u>(1,370)</u>
As at March 31, 2022	<u>(5,950)</u>	<u>(34,840)</u>	<u>(40,790)</u>
<b>Net value- March 31, 2022</b>	<u><b>0</b></u>	<u><b>479</b></u>	<u><b>479</b></u>
<b>Net value- March 31, 2021</b>	<u><b>0</b></u>	<u><b>1,483</b></u>	<u><b>1,483</b></u>