

# CROCODILE PRODUCTS PRIVATE LIMITED

## Directors' Report

Dear Members,

Your Directors take pleasure in presenting the twenty second audited financial statements of the Company for the year ended 31<sup>st</sup> March, 2016.

### 1. REVIEW OF FINANCIALS

(Rs. in million)

Sl. No.	Particulars	01-04-15 to 31-03-16	01-04-14 to 31-03-15
1.	Sales of garments and accessories	190.10	240.60
2.	Other Income	1.01	0.40
3.	Total Income	191.11	241.00
4.	Net Profit/ (Loss) before Tax	-24.23	91.88
5.	Net Profit/ (Loss) after Tax	-8.46	76.24

### 2. OPERATIONS REVIEW

The Company has made a turnover of Rs.190.10 million for the financial year 2015-16 as against Rs. 240.60 million for the year 2014-15. The loss is Rs.(8.46) million as against the profit of Rs.76.24 million in the year 2014-15.

### 3. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors hereby confirm the following:

1. In the preparation of the annual accounts, for the financial year ended 31<sup>st</sup> March, 2016, the applicable accounting standards had been followed and there are no material departures;
2. The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;
3. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors had prepared the annual accounts on a going concern basis; and
5. The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## CROCODILE PRODUCTS PRIVATE LIMITED

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### 4. EXPLANATION TO THE REMARKS CONTAINED IN THE AUDITOR'S REPORT

As required under Section 134(3)(f) of the Companies Act, 2013 in respect of the remarks contained in the Auditor's Report, the following explanation is furnished.

Regarding the presentation of financial statements on the principles applicable to a going concern, despite the Company having accumulated losses of Rs. 126.44 million which has fully eroded the net worth of the Company, as per clause 2 of Note 21 to the financial statements (which is self explanatory), due to the fact that the Company is being financially supported continuously by its holding company and the Company being the sole supplier of garments to the holding company's retail outlets.

### 5. DIRECTORS

Mr.P.Sundaratrajan, Managing Director, retire by rotation and being eligible offers himself for re-appointment.

### 6. AUDITORS

The retiring statutory auditors, M/s. Rajan Sankar & Co., Chartered Accountants, Coimbatore, (Firm Registration no. 003430S) who being eligible for re-appointment have given a certificate under section 139 of the Companies Act, 2013 for their appointment at the ensuing Annual General Meeting to act as the statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

### 7. DEPOSITS

The Company has not accepted any public deposits and as such, no amounts on account of principal or interest on public deposits were outstanding on the date of the Balance Sheet.

### 8. PARTICULARS OF EMPLOYEES

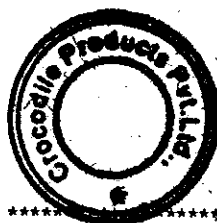
There are no employees within the meaning of section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

### 9. ACKNOWLEDGEMENT

The Board thank the Company's joint venture associate, M/s. Crocodile International Pte. Ltd.,Singapore and M/s. S.P. Apparels Ltd, the holding company for their excellent guidance to the Company. The Board also wish to thank its customers, distributors, wholesalers, dealers, showrooms, factory outlets, vendors, suppliers and the employees of these entities for their co-operation.

The Board also record its appreciation for the dedicated service being extended by the employees of the Company.

Avinashi  
June 06, 2016



(By order of the Board)

P. Sundararajan  
Managing Director

FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN  
As on financial year ended on 31.03.2016

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	U18101TZ1998PTC008439
2	Registration Date	21/04/1994
3	Name of the Company	CROCODILE PRODUCTS PRIVATE LIMITED
4	Category/Sub-category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	39A, EXTENSION STREET, KAIKATTIPUDUR, AVINASHI - 641 654 Phone: +91-4296-304000 E-mail: spindia@s-p-apparels.com
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Retail sale of Readymade garments	47711	98.21

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	S.P.APPARELS LIMITED	U18101TZ2005PLC012295	Holding Company	70	(87)(ii)

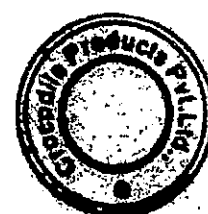
**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	266,000	266,000	70.00%	-	266,000	266,000	70.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	-	266,000	266,000	70.00%	-	266,000	266,000	70.00%	0.00%
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	114,000	114,000	30.00%	-	114,000	114,000	30.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	114,000	114,000	30.00%	-	114,000	114,000	30.00%	0.00%
<b>TOTAL (A)</b>	-	380,000	380,000	100.00%	-	380,000	380,000	100.00%	0.00%
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%

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g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	0.00%	0	0	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	0	0	-	0.00%	0.00%
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
Total Public (B)	-	-	-	0.00%	-	-	-	0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	-	380,000	380,000	100.00%	-	380,000	380,000	100.00%	0.00%

**(ii) Shareholding of Promoter**

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged/encumbered to total shares	
1	S.P.APPARELS LIMITED	266,000	70.00%	0	266,000	70.00%	0	0.00%
2	CROCODILE INTERNATIONAL PTE LTD	114,000	30.00%	0	114,000	30.00%	0	0.00%

**(iii) Change in Promoters' Shareholding (please specify, if there is no change)**

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	01/04/2015		380,000	100.00%	380,000	100.00%
	Changes during the year	-		-	0.00%	-	0.00%
		-		-	0.00%	-	0.00%
		-		-	0.00%	-	0.00%
	At the end of the year	31/03/2016		380,000	100.00%	380,000	100.00%

**(iv) Shareholding Pattern of top ten Shareholders**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	S.P.APPARELS LIMITED						
	At the beginning of the year	01/04/2015		266,000	70.00%	266,000	70.00%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31/03/2016		266,000	70.00%	266,000	70.00%



2	CROCODILE INTERNATIONAL PTE LTD						
	At the beginning of the year	01/04/2015		114,000	30.00%	114,000	30.00%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31/03/2015		114,000	30.00%	114,000	30.00%

(v) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name						
	At the beginning of the year	Not Applicable			0.00%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year				0.00%		0.00%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	342.73	-	342.73
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	342.73	-	342.73
Change in indebtedness during the financial year				
* Addition	-	8.44	-	8.44
* Reduction	-	-	-	-
Net Change	-	8.44	-	8.44
Indebtedness at the end of the financial year				
i) Principal Amount	-	351.17	-	351.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	351.17	-	351.17

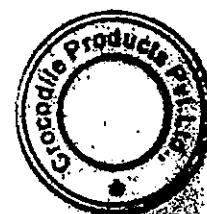
VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/WT/D/ Manager		Total Amount
	Name	Nil	Nil	(Rs/Lac)
	Designation	Nil	Nil	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	Total (A)	-	-	-
	Ceiling as per the Act	Not Applicable	Not Applicable	

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors			Total Amount
					(Rs/Lac)
1	Independent Directors	Nil	Nil	Nil	
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-



	Total (1)	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	-	-	-
	Total (B)=(1+2)	-	-	-	-
	Total Managerial Remuneration	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name Designation	NII CEO	NII CFO	NII CS	(Rs/Lac)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority (RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



FOR CROCODILE PRODUCTS PRIVATE LIMITED

MANAGING DIRECTOR

**FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis.

Crocodile Products Private Limited has not entered into any contract or arrangement or transactions with related parties which is not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis.

No	Name of related party	Nature of relationship	Nature of contract/ arrangement/ transaction	Duration of the contracts	Salient terms	Date of approval by the Board	Amount paid as advance, if any
1	Crocodile International Pte Ltd	Associate Company	(i) Royalty Payment	On-going	As per agreed terms	06/06/2016	-
			(ii) Sundry credit	On-going	As per agreed terms	06/06/2016	-
2	S.P.Apparels Limited	Holding Company	(i) Sale of goods and services	On-going	As per agreed terms	06/06/2016	-
			(ii) Purchase of goods and services	On-going	As per agreed terms	06/06/2016	-
			(iii) Rent	On-going	As per agreed terms	06/06/2016	-
			(iv) Sundry credit/debit	On-going	As per agreed terms	06/06/2016	-
3	Mr. P.Sundararajan	Managing Director	Unsecured loan	2015-16	As per agreed terms	06/06/2016	-
4	S.P.Lifestyle	Partnership firm of Managing Director	Unsecured loan	2015-16	As per agreed terms	06/06/2016	-
5	Mr.V.Senthil	Relative of Managing Director	Unsecured loan	2015-16	As per agreed terms	06/06/2016	-
6	Poornam Enterprises Private Ltd	Directorship	Trade advance received	2015-16	As per agreed terms	06/06/2016	-

For and on behalf of the Board

Avinashi  
06.06.2016

P.Sundararajan  
Managing Director  
DIN:00003380



**Rajan Sankar & Co.,**  
**Chartered Accountants**

**Partners**

**N.RAVISANKAR B.Sc., FCA**  
**N.N.RAMRAJ B.Com., FCA**

**No.1, Sarojini Street,**  
**Ramnagar,**  
**Coimbatore - 641 009**  
**■ 2230678/4379560**

**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF CROCODILE PRODUCTS PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **M/s. CROCODILE PRODUCTS PRIVATE LIMITED**, which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provision of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company'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 whether the company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016, and its profit and its cash flows for the year ended on that date.

## Reports on other Legal and Regulatory Requirement

1. As required by the Companies (Auditors' Report) Order, 2016 ("the order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.

2. **Attention is invited to:**

***Clause 2 of Note 21 to the accounts, regarding the presentation of financial statements on the principles applicable to a going concern despite the company having accumulated losses of Rs.126,438,536/- which has fully eroded the net worth of the company.***

3. As required by section 143(3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2016 taken on record by the Board of Directors, none of the directors are disqualified as on 31<sup>st</sup> March, 2016 from being appointed as a director in terms of Section 164(2) of the Act

- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us.
- (i) The company does not have any pending litigations which would impact its financial position.
  - (ii) The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund by the company.

PLACE : COIMBATORE  
DATE : June 6, 2016

For RAJAN SANKAR & CO  
Chartered Accountants



N. RAVISANKAR  
PARTNER  
MNO 023548  
FRNo:003430S

## **ANNEXURE A TO INDEPENDENT AUDITOR'S REPORT**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31<sup>st</sup> March 2016, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) The fixed assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed asset have been noticed.  
  
(c) The company does not hold any immovable property during the year. Accordingly, the provisions of clause 3 (i) (c) of the order are not applicable to the company and hence not commented up on.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals.  
  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
  
(c) The Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification of inventory.
- (iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act 2013. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the order are not applicable to the company and hence not commented up on.

- (iv) In our opinion and according to the information and explanations given to us, the Company has not made any advances, investments, guarantees, security within the provisions of section 185 and 186 of the Companies Act, 2013. Accordingly, the provisions of clause 3 (iv) of the Order are not applicable to the Company and hence not commented upon.
- (v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- (vi) As informed to us, the maintenance of Cost Records has not been specified by the Central Government under sub-section (1) of Section 148 of the Act, in respect of the activities carried on by the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities, as applicable. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or cess, that have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not taken any loan either from financial institutions or from the government and has not issued any debentures. Accordingly, the provisions of clause 3 (viii) of the Order are not applicable to the Company and hence not commented upon.
- (ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- (xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has neither been paid nor been provided during the year. Accordingly, the provisions of clause 3 (xi) of the Order are not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3 (xii) of the Order are not applicable to the Company.
- (xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- (xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly,

the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

(xiii) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

PLACE : COIMBATORE  
DATE : June 6, 2016

For RAJAN SANKAR & CO  
Chartered Accountants



N. RAVISANKAR  
PARTNER  
MNO: 023548  
FRNo:003430S

## **ANNEXURE B TO INDEPENDENT AUDITOR'S REPORT**

The Annexure referred to in our Independent Auditors' Report to the members of the Company on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 for the year ended 31<sup>st</sup> March 2016, we report that:

We have audited the internal financial controls over financial reporting of CROCODILE PRODUCTS PRIVATE LIMITED as on March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion


In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were Operating effectively as at March 31 2016, based on "the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial reporting issued by the Institute of Chartered Accountants of India.

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PLACE : COIMBATORE

DATE : June 6, 2016

For RAJAN SANKAR & CO  
Chartered Accountants



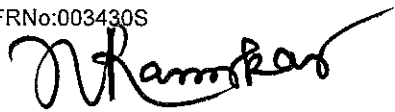

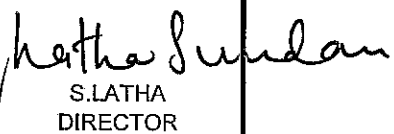
N. RAVISANKAR  
PARTNER  
MNO: 023548  
FRNo:003430S

**CROCODILE PRODUCTS PRIVATE LIMITED**  
39A EXTENSION STREET, KAIKATTIPUDUR, AVINASHI, COIMBATORE - 641654

**BALANCE SHEET AS AT 31ST MARCH, 2016**

Particulars	Note No	As at 31st March, 2016	As at 31st March, 2015
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>SHAREHOLDER'S FUNDS</u></b>			
(a) Share Capital	1	38,000,000	38,000,000
(b) Reserves and Surplus	2	(126,438,536)	(117,975,633)
<b><u>NON-CURRENT LIABILITIES</u></b>			
(a) Long-term borrowings	3	30,042,530	30,042,530
<b><u>CURRENT LIABILITIES</u></b>			
(a) Trade payables	4	65,054,996	45,014,760
(b) Other current liabilities	5	24,093,394	24,353,740
<b>Total</b>		<b>30,752,384</b>	<b>19,435,396</b>
<b><u>ASSETS</u></b>			
<b><u>(a) Fixed assets</u></b>			
(i) Tangible assets	6	4,556,983	6,284,939
(ii) Intangible assets		-	-
(b) Deferred tax asset (net)		393,724	87,990
(c) Long term loans & advances	7	5,347,017	8,291,501
(d) Other non - current Assets	8	156,773	156,773
<b><u>CURRENT ASSETS</u></b>			
(a) Inventories	9	-	2,247,502
(b) Trade receivables	10	3,913,570	25,551
(c) Cash and cash equivalents	11	922,466	534,676
(d) Short-term loans and advances	12	15,461,852	1,806,463
<b>Total</b>		<b>30,752,384</b>	<b>19,435,396</b>

The Accompanying notes are integral part of the financial statements

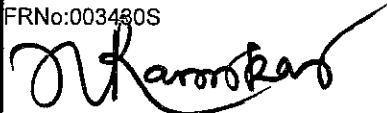
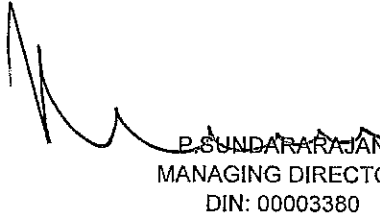
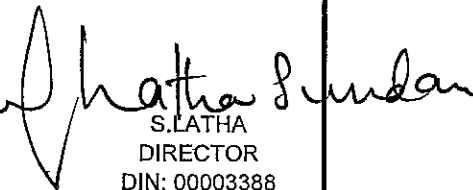
In terms of our report attached For RAJAN SANKAR & CO Chartered Accountants FRNo:003430S	For CROCODILE PRODUCTS PRIVATE LIMITED	
		
N.RAVI SANKAR PARTNER M.No.023548	P.SUNDARARAJAN MANAGING DIRECTOR DIN: 00003380	S.LATHA DIRECTOR DIN: 00003388
Place : Coimbatore Date : June 6, 2016		

**CROCODILE PRODUCTS PRIVATE LIMITED**  
**39A EXTENSION STREET, KAIKATTIPUDUR, AVINASHI, COIMBATORE - 641654**

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31.03.2016**

Particulars	Note No	31st March, 2016	31st March, 2015
I. Revenue from operations	13	190,098,587	240,601,177
II. Other Income	14	1,008,905	403,592
<b>III. Total Revenue (I + II)</b>		<b>191,107,492</b>	<b>241,004,769</b>
<u>IV. Expenses:</u>			
a) Purchases	15	164,778,664	111,210,723
b) Changes in inventories	16	2,247,502	(1,130,426)
c) Employee remuneration & benefit	17	3,407,345	9,026,353
d) Financial costs	18	248,421	73,222
e) Other expenses	19	42,787,854	26,899,262
f) Depreciation and amortization expense		1,864,666	3,042,346
<b>IV. Total Expenses</b>		<b>215,334,452</b>	<b>149,121,479</b>
<b>V. Profit / (loss) before exceptional and extraordinary items and tax</b>	(III - IV)	<b>(24,226,961)</b>	<b>91,883,290</b>
VI. Exceptional Items		-	-
<b>VII. Profit / (loss) before extraordinary items and tax (V - VI)</b>		<b>(24,226,961)</b>	<b>91,883,290</b>
VIII. Extraordinary Items		-	-
<b>IX. Profit / (loss) before tax (VII - VIII)</b>		<b>(24,226,961)</b>	<b>91,883,290</b>
X. Tax expense:			
(1) Current tax		-	15,647,037
(2) Mat Credit Entitlement (Prior Period)		15,458,324	-
3) Deferred Tax Assets		305,734	-
<b>XI. Profit / (loss) for the period (IX + X)</b>		<b>(8,462,903)</b>	<b>76,236,253</b>
<u>Equity shares of par value `10/- each</u>			
XII. Earning per equity share:			
(1) Basic		(22)	201
(2) Diluted		-	-
Number of shares used in computing earnings per share		380,000	380,000

The Accompanying notes are integral part of the financial statements

In terms of our report attached For RAJAN SANKAR & CO Chartered Accountants FRNo:003480S	For CROCODILE PRODUCTS PRIVATE LIMITED
	
N.RAVI SANKAR PARTNER M.No.023548	P.SUNDARARAJAN MANAGING DIRECTOR DIN: 00003380
	
	S.LATHA DIRECTOR DIN: 00003388
Place : Coimbatore Date : June 6, 2016	

CROCODILE PRODUCTS PRIVATE LIMITED  
39A EXTENSION STREET, KAIKATTIPUDUR, AVINASHI, COIMBATORE - 641654

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

Particulars	31/03/2016	31/03/2015
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before Tax	(24,226,961)	91,883,290
Adjustment for		
Depreciation	1,864,666	3,042,346
Income tax	15,458,324	(15,647,037)
Operating loss before Working Capital adjustments	(6,903,971)	79,278,599
Adjustment for		
(Increase)/Decrease in Sundry Debtors	(3,888,019)	11,016,153
(Increase)/Decrease in Loans and advances	(10,710,905)	(1,128,502)
(Increase)/Decrease in Inventories	2,247,502	(1,130,426)
(Increase)/(Decrease) in Current liabilities	19,779,891	(33,968,942)
Cash Generated from operations	524,498	54,066,881
Taxes Paid	-	-
Net Cash from/(used) operating activities before Extraordinary items	524,498	54,066,881
Extraordinary Items	-	-
Net Cash from/(used) in operating activities	(A) 524,498	54,066,881
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(136,710)	(444,967)
Net Cash from / (used) in Investing Activities	(B) (136,710)	(444,967)
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long term borrowings	-	(53,457,866)
Repayment of Long term borrowings	-	(53,457,866)
Net Cash from/ (used) in Financing Activities	(C) -	(53,457,866)
Net increase/(Decrease) in Cash and Cash equivalents	(A)+(B)+(C) 387,790	164,047
Opening balance of Cash and Cash equivalents	534,676	370,629
Closing balance of Cash and Cash equivalents	922,466	534,676
Net increase/(Decrease) in Cash and Cash equivalents	387,790	164,047

For CROCODILE PRODUCTS PRIVATE LIMITED

P. Sundararajan  
Managing Director  
DIN: 00003380

Place: Coimbatore  
Date: June 6, 2016

*S. Latha*  
S. Latha  
Director  
DIN: 00003388

In terms of our report attached  
For RAJAN SANKAR & CO  
Chartered Accountants  
FRNo:0034308

N.RAVI SANKAR  
PARTNER  
M.No.023548

**CROCODILE PRODUCTS PRIVATE LIMITED**  
**39A EXTENSION STREET, KAIKATTIPUDUR, AVINASHI, COIMBATORE - 641654**

**NOTES FORMING PART OF FINANCIAL STATEMENTS**

**NOTE :1**

**SHARE CAPITAL**

**AUTHORISED:**

7,00,000 Equity Share of Rs.100/- each

As at 31st March, 2016	As at 31st March, 2015
---------------------------	---------------------------

70,000,000	70,000,000
------------	------------

70,000,000	70,000,000
------------	------------

**ISSUED, SUBSCRIBED & PAID UP CAPITAL :**

380000 Equity share of Rs.100/- each

(Of the above, 2,66,000 Equity shares are held by  
SP Apparels Ltd, Holding company )

38,000,000	38,000,000
------------	------------

38,000,000	38,000,000
------------	------------

**NOTE :2**

**RESERVE & SURPLUS**

**DEFICIT IN STATEMENT OF PROFIT AND LOSS**

Opening Balance

117,975,633	193,961,348
-------------	-------------

Depreciation transitions as per Schedule II  
of Companies Act 2013

	338,529
--	---------

Deferred tax impact

-	(87,990)
---	----------

Net Loss / (profit) for the year

8,462,903	(76,236,253)
-----------	--------------

Closing Balance

126,438,536	117,975,633
-------------	-------------

**NOTE :3**

**LONG-TERM BORROWINGS**

**UNSECURED LOAN**

Loan from Directors

30,042,530	30,042,530
------------	------------

30,042,530	30,042,530
------------	------------

**NOTE :4**

**TRADE PAYABLE**

Sundry Creditors(including acceptances)

For Material/Supplies:

65,054,996	45,014,760
------------	------------

65,054,996	45,014,760
------------	------------

**NOTE : 5**

**CURRENT LIABILITES**

**OTHER CURRENT LIABILITES**

Liability for Taxes

1,110,503	17,561,265
-----------	------------

Liability for Expenses

742,431	1,197,594
---------	-----------

Liability for Others

22,240,460	4,269,464
------------	-----------

Advance from customers

-	1,325,417
---	-----------

(includes amount received from SP Apparels Ltd,  
holding company )

24,093,394	24,353,740
------------	------------

CROCODILE PRODUCTS PRIVATE LIMITED  
39A EXTENSION STREET, KAIKATTIPUDUR, AVINASHI, COIMBATORE - 641654

FIXED ASSETS AND DEPRECIATION SCHEDULE

DESCRIPTION	GROSS BLOCK					DEPRECIATION			NET BLOCK		
	AS AT 1.4.2015	ADDITIONS	Deletion/ Adjustment	Profit / Loss	AS AT 31.03.2016	UPTO 1.4.2015	FOR THE YEAR	Withdrawn	UPTO 31.03.2016	AS ON 31.03.2016	AS ON 1.4.2015
Tangible assets											
Plant & Machinery	566,529	-	-		566,529	475,090	16,281	-	491,371	75,158	91,439
Furniture & Fittings	9,782,752	-	-	-	9,782,752	6,125,592	1,118,389	-	7,243,981	2,538,771	3,657,160
Office Equipments	1,430,207	-	-	-	1,430,207	1,336,008	44,551	-	1,380,558	49,649	94,199
Vehicle	250,372	-	-		250,372	230,258	2,951	-	233,209	17,163	20,114
Electrical Fittings	5,321,879	136,710	-	-	5,458,589	2,914,207	673,398	-	3,587,605	1,870,984	2,407,672
Computers	5,892,485	-	-		5,892,485	5,878,131	9,096	-	5,887,227	5,258	14,354
Total tangible assets	23,244,224	136,710	-	-	23,380,934	16,959,285	1,864,666	-	18,823,951	4,556,983	6,284,939
Intangible assets											
Patents & Trade Mark	100,000	-	-		100,000	100,000	-	-	100,000	-	-
	100,000	-	-	-	100,000	100,000	-	-	100,000	-	-
TOTAL	23,344,224	136,710	---	---	23,480,934	17,059,285	1,864,666	---	18,923,951	4,556,983	6,284,939

For RAJAN SANKAR & CO

Chartered Accountants

FRN:003430S

N.RAVISANKAR

PARTNER

MN.No.023548

PLACE : COIMBATORE

DATE : June 6, 2016

For CROCODILE PRODUCTS PRIVATE LIMITED

P. Sundarajan

Managing Director

DIN: 00003380

S. Latha

Director

DIN: 00003388

**NOTES FORMING PART OF FINANCIAL STATEMENTS****NOTE : 7****LONG TERM LOANS & ADVANCES**

- a) Advance income tax & TDS  
b) Balance with government authorities  
c) Others  
(i) Rent advance  
(ii) Trade advances

	As at 31st March, 2016	As at 31st March, 2015
	-	428,203
	108,537	624,818
	300,000	2,300,000
	4,938,480	4,938,480
	5,347,017	8,291,501

**NOTE : 8****OTHER NON - CURRENT ASSETS**

- Gratuity fund  
Employees gratuity trust

	151,773	151,773
	5,000	5,000
	156,773	156,773

**NOTE : 9****INVENTORIES**

**( Valued at lower of cost and net realisable value)**

- Finished goods

	-	2,247,502
	-	2,247,502

**NOTE :10****TRADE RECEIVABLES**

- Debtors outstanding for a period exceeding six months  
    Considered Good  
    Considered Doubtful  
Other Debtors  
    Considered Good

	-	25,551
	-	-
	3,913,570	-
	3,913,570	25,551

**NOTE :11****CASH & BANK BALANCES**

- Cash in Hand

	731	23,253
--	-----	--------

- Balance with Scheduled Banks

- i) Current Account  
ii) Fixed Deposit Account

	670,326	269,647
	251,409	241,776
	922,466	534,676

**NOTE :12****SHORT-TERM LOANS & ADVANCES**

- a) Balance with government authorities  
b) Loans and Advances to employees  
c) Advance for purchases  
d) Income Tax ( Mat Credits)

	-	111
	3,528	30,367
	-	1,775,985
	15,458,324	-
	15,461,852	1,806,463



**NOTES FORMING PART OF FINANCIAL STATEMENTS****NOTE :13****REVENUE FROM OPERATIONS**

	31st March, 2016	31st March, 2015
Sale of garments	182,901,953	140,601,177
Royalty Income	7,196,634	-
	<u>190,098,587</u>	<u>240,601,177</u>

**NOTE :14****OTHER INCOMES**

Discount & Others	884,275	-
Lab testing Charges	124,630	292,175
	<u>1,008,905</u>	<u>403,592</u>

**NOTE :15****COST OF MATERIALS CONSUMED**

Opening Stock	-	-
Purchases	164,778,664	111,210,723
	<u>164,778,664</u>	<u>111,210,723</u>
Less : Closing Stock	-	-
	<u>164,778,664</u>	<u>111,210,723</u>

**NOTE :16****CHANGES IN INVENTORIES****FINISHED GOODS**

Inventories at the end of the year	-	2,247,502
Inventories at the beginning of the year	2,247,502	1,117,076
	<u>2,247,502</u>	<u>(1,130,426)</u>

**NOTE :17****EMPLOYEES REMUNERATION & BENEFITS**

Salary, Wages, Allowances & other Benefits	3,270,555	8,500,976
ESI Contribution	33,825	92,496
P. F. Contribution	100,628	177,579
Employees Welfare Expenses	2,337	255,302
	<u>3,407,345</u>	<u>9,026,353</u>

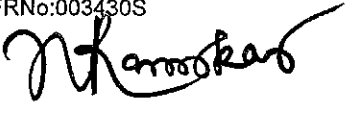
**NOTE :18****FINANCIAL COST**

Bank Charges & Commission	248,421	73,222
	<u>248,421</u>	<u>73,222</u>

**NOTE : 19****OTHER EXPENSES****A) OPERATING, ADMINISTRATIVE & OTHER EXPENSES**

Advertisement Charges	15,476,618	9,198,057
Business Promotion Expenses	4,080,514	2,444,158
Clearing ; Forwarding & Freight	146,725	340,393
Packing Materials	722,791	487,465
Discount	-	14,427
Gratuity Expenses	-	103,084
Insurance	-	24,469
Income Tax	1,553,125	-
Legal & Professional Fees	311,805	615,232
Local Conveyance	5,620	36,266
Postage & Telephone	94,275	316,541
Power & Fuel	151,269	593,506
Printing & Stationary	53,137	147,186
Rates & taxes	1,838,102	800,991
Repairs & Maintenance	102,240	950,705
Rent Paid	1,604,624	4,388,104
Royalty Paid	16,403,432	5,337,480
Security charges	-	228,604
Sundry Expenses	4,923	92,391
Travelling Expenses	238,654	780,203
	<b>42,787,854</b>	<b>26,899,262</b>

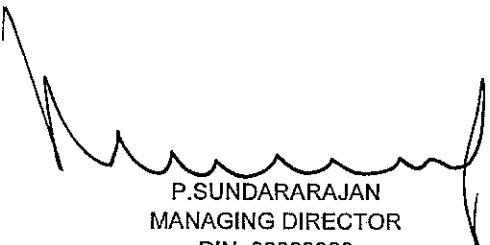
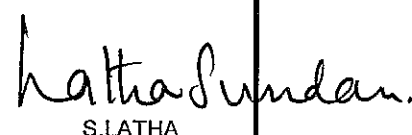
For RAJAN SANKAR & CO  
Chartered Accountants  
FRNo:003430S



N.RAVI SANKAR  
PARTNER  
M.No.023548

Place : Coimbatore  
Date : June 6, 2016

For CROCODILE PRODUCTS PRIVATE LIMITED

P.SUNDARARAJAN  
MANAGING DIRECTOR  
DIN: 00003380

S.LATHA  
DIRECTOR  
DIN: 00003388

## **CROCODILE PRODUCTS PRIVATE LIMITED**

### **NOTE 20: SIGNIFICANT ACCOUNTING POLICIES**

#### **1. BASIS OF ACCOUNTING**

The financial statements are prepared under the historical cost conception on Accrual Method of Accounting and on Going Concern Basis. The said financial statements comply with the Companies Act, 2013 (The Act) and the mandatory Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

#### **2. USE OF ESTIMATES**

The preparation of financial statements are in conformity with generally accepted accounting principles and requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between actual results and estimates are recognized in the period in which the results are known/ materialized.

#### **3. FIXED ASSETS**

Fixed Assets are stated at historical cost less accumulated depreciation. Costs include all expenses attributable in bringing the assets to its working condition.

#### **4. DEPRECIATION**

Depreciation is provided on straight line method based on the useful life as per Schedule II of Companies Act, 2013.

#### **5. REVENUE RECOGNITION**

- (a) The company generally follows the mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- (b) Sale of goods is recognized only when the risks and rewards of ownership are passed on to the customers, which is generally on dispatch of goods. Sale comprises of sale of goods, net of discounts and taxes.

#### **6. IMPAIRMENT OF ASSETS**

The carrying amounts of assets are reviewed at each Balance Sheet date if there is an indication of impairment based on the internal and external factors. An asset is treated as impaired when the carrying cost of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Profit & Loss Account in the year in which the asset is identified as impaired. Reversal of impairment loss recognized in prior years is recorded when there is an indication that impairment losses recognized for the asset no longer exists or has decreased.

#### **7. INVENTORY VALUATION**

The company values inventory- finished goods at lower of cost and net realizable value.

#### **8. ACCOUNTING FOR TAXES ON INCOME**

##### **(a) Current Tax:**

Provision for tax is determined in accordance with the current tax laws.

##### **(b) Deferred Tax:**

During the year the Company has accounted for deferred tax in accordance with AS 22 "Accounting for Taxes on income" as issued by the Institute of Chartered Accountants of India on timing difference of depreciation. The deferred tax asset on carry forward losses, MAT are not considered as a matter of prudence.

#### **9. EARNINGS PER SHARE**

For arriving at the EPS, the company's net profit after tax, computed in terms of the Indian GAAP, is divided by the number of equity shares outstanding on the last day of the reporting period. The EPS thus arrived at is known as 'Basic EPS'.

#### **10. EMPLOYEE BENEFITS**

##### **a) Short term:**

Short term employee benefits are charged of at the undiscounted amount in the year in which the related service is rendered.

##### **b) Long term:**

Post retirement benefits comprise of provident fund and gratuity which are accounted for as follows:

##### **i) Provident Fund**

This is a defined contribution plan, and contributions made to the Fund are charged to profit and loss account. The company has no further obligations for future provident fund benefits other than monthly contributions.

##### **ii) Gratuity-Funded**

This is a defined benefit plan. The company makes annual contribution to a gratuity fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognized in full in the profit and loss account for the period in which they occur. The retirement Benefit obligation recognized in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognized past service cost.

##### **iii) Leave Encashment:**

There is no scheme for encashment of unavailed leave on retirement. Leave encashment of employees are paid annually and provision is made on accrual basis.

#### **11. FOREIGN CURRENCY TRANSACTION**

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of initial transaction. Exchange difference arising on final settlement are adjusted to the cost of fixed assets if it relates to Fixed Assets and recognized as income or expense in the profit and loss account in other cases.

## 12. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible or present obligation that may, but probable will not require an outflow of resources. When there is a possible obligation in respect of which the likelihood of outflow of resources is remote, no provisions or disclosure is made.

For CROCODILE PRODUCTS PVT. LTD.

For RAJAN SANKAR & CO.

Chartered Accountants

  
P. Sundararajan

Managing Director

DIN: 00003380



N. Ravisankar

Partner

MNO: 023548

FRNo: 003430S



S. Latha

Director

DIN: 00003388

Place: COIMBATORE

Date: 6<sup>th</sup> June 2016

## **CROCODILE PRODUCTS PRIVATE LIMITED**

### **NOTE 21: Notes to Financial Statements for the year ended 31.03.2016**

#### **1. SHARE CAPITAL**

- a) The Company has one class of issued shares referred to as equity shares having a par value of Rs100/-.
  - b) The Company has not issued any shares during the current year.
2. Due to accumulated losses upto 31.03.2016 amounting to Rs.126, 438,536/-, the net worth of the Company has eroded. However, the financial statements have been prepared on the principles of going concern in view of:
- a. the continuous financial support of the holding company and
  - b. the company being the sole supplier of garments to the holding company's retail outlets.
3. Trade payables are dues in respect of goods purchased in the normal course of business.
4. Pending response to circular letters, balances in debtors, creditors, advances and deposits accounts are to be confirmed / reconciled.
5. In the opinion of the management, all Current Assets including stock in trade, sundry Debtors and Loans and Advances would, in the normal course of Business, realize the valued stated.
6. Quantity and value of Stock In Trade is as certified by the management.

#### **7. EARNINGS PER SHARE (EPS)**

The numerator and denominator used to calculated Basic and Diluted Earnings per share:

Particulars	31/03/2016	31/03/2015
Profit/(loss) attributable to Equity Shareholder (A)	(8,462,903)	76,236,253
Number of equity shares outstanding (B)	380,000	380,000
EPS (A) /(B)	(22)	201

**8. Amounts due to small scale industrial undertakings/ suppliers under the MSME Act, 2006**

The Company has not received any memorandum (as required to be filed by the suppliers with the notified authority under Micro, Small and Medium Enterprises Development Act, 2006), claiming their status as Micro, Small and Medium Enterprises and consequently the amount paid/payable to these parties has been considered as NIL.

**9. RELATED PARTY DISCLOSURE**

(As identified by management and relied upon by Auditors)

Disclosure of related party transaction as per AS-18 "Related Party Disclosures" of The Institute of Chartered Accountants Of India

**A) Related Party Relationships**

**Key Management personnel:**

Mr. P. Sundararajan

**Holding & Associate Company:**

S.P Apparels Ltd

Crocodile International Pte Ltd

S.P Lifestyles

Poornam Enterprises Pvt Ltd

**Relative of Key Managerial Personnel:**

Mr. P. Senthil

**Details of related party transactions during the year and balances outstanding as at 31 March, 2016:**



Particulars	31/03/2016	31/03/2015
<b><u>Transactions during the year</u></b>		
<b><u>Royalty:</u></b>		
Crocodile International Pte Ltd	16,403,432	5,337,480
<b><u>Sale of goods and services:</u></b>		
S.P.Apparels Ltd.	205,650,179	139,486,504
<b><u>Purchase of goods and services:</u></b>		
S.P.Apparels Ltd.	42,977,862	33,235,674
<b><u>Balances Outstanding at the year end</u></b>		
<b><u>Unsecured loans:</u></b>		
Mr.P. Sundararajan	30,042,530	30,042,530
<b><u>Trade Advance from customers:</u></b>		
S.P.Apparels Ltd.	-	-
Poornam Enterprises Pvt Ltd	2,172,931	799,792
<b><u>Sundry Creditors:</u></b>		
S.P.Apparels Ltd.	46,510,494	15,042,774
Crocodile International Pte Ltd	2,998,598	1,197,257
<b><u>Other Current Liabilities:</u></b>		
S.P.Apparels Ltd.	17,166,460	-
S.P.Lifestyles	4,874,000	40,30,000
Mr.Senthil	2,00,000	2,00,000
<b><u>Sundry Debtors:</u></b>		
S.P.Apparels Ltd.	7,806,035	-

**Rent:**

S.P.Apparels Ltd.

396,580

660,000

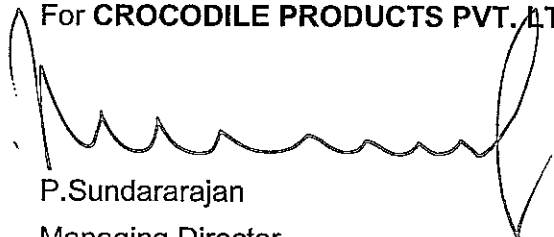
**10. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	31/03/2016	31/03/2015
a. Earnings in foreign currency	NIL	NIL
b. Expenditure in foreign currency (Rs.)	16,403,432	5,337,480

11. Estimated amount of contracts remaining to be executed on Capital Account not provided for (net of advances) – NIL (Previous Year – NIL).

**12. PREVIOUS YEAR FIGURES**

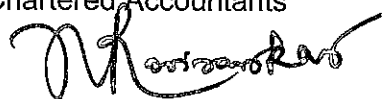
Previous year figures have been regrouped and reclassified to conform to the current year requirement rounded off to the nearest rupee.

For **CROCODILE PRODUCTS PVT. LTD.**

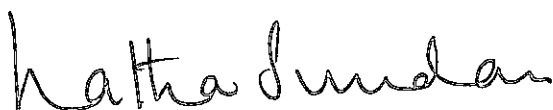
P. Sundararajan  
Managing Director  
DIN: 00003380

For **RAJAN SANKAR & CO.**

Chartered Accountants



N. Ravisankar  
Partner  
MNO: 023548  
FRNo: 003430S



S. Latha  
Director  
DIN: 00003388

Place: COIMBATORE

Date: June 6, 2016



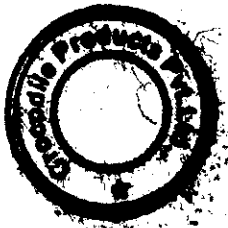
## CROCODILE PRODUCTS (P) LIMITED

A Joint Venture Association of S.P.Apparels Ltd. India & Crocodile International Pte. Ltd., Singapore

1/477-A, Avinashi Main Road,  
Neelambur, Coimbatore - 641 065,  
Tamilnadu, India.  
Phone : 0422 - 2913828  
E-mail : s-p-apparels.com/retails  
CIN No. : U18101TZ1998PTC008439

### LIST OF EQUITY SHAREHOLDERS - As on 31.03.2016

No.	Name, address and occupation of the shareholders	No. of equity shares of Rs. 10/- each paid up
1	M/s. S.P.Apparels Limited (CIN : U18101TZ2005PLC012292) Regd. Office : 39-A, Extension Street, Kaikattipudur, Avinashi-641654 Tirupur Dt., Tamilnadu  - Body Corporate -	2,66,000
2	M/s. Crocodile International Pte Ltd Crocodile House # 07-003, UBI Avenue 3, Singapore 1440  - Foreign Body Corporate -	1,14,000
Total		3,,80,000



FOR CROCODILE PRODUCTS PRIVATE LIMITED

MANAGING DIRECTOR  
(DIN: 00003380)