

ANNUAL REPORT

2010-2011



PRADIP OVERSEAS LTD.

**CORPORATE INFORMATION**

BOARD OF DIRECTORS : Shri Pradipkumar J. Karia
 Shri Chetan J. Karia
 Shri Vishal R. Karia
 Shri J.S. Negi
 Shri R.G. Kamath
 Shri Sudhir Juman

REGISTERED OFFICE : 104,105,106,
 Chacharwadi Vasna,
 Opp. Zydus Cadila,
 Sarkhej Bavla Highway,
 Changodar,
 Ahmedabad-382213

BANKERS : State Bank of India
 Indian Overseas Bank
 Canara Bank
 Union Bank of India
 Karur Vysya Bank
 Allahabad Bank
 Bank of India
 Punjab National Bank
 Standard Chartered Bank

COMPANY SECRETARY : Kaushik B. Kapadia

AUDITORS : M/S Ashok Dhariwal & Co.,
 Chartered Accountants,
 A/602, Narnarayan Complex,
 Nr. Swastik Char Rasta,
 Navrangpura,
 Ahmedabad – 380 009.

PLANT : Plot No. 104,105,106,
 Village:Chacharwadi Vasna,
 Opp. Zydus Cadila,
 Sarkhej Bavla Highway,
 Changodar,
 Ahmedabad.- 382213

IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs has taken a “Green Initiative in the Corporate Governance” by allowing paperless compliances by the companies and has issued circulars stating that service of notice / documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses and changes therein from time to time with the Depository through their concerned Depository Participants or the member can register their e-mail address with the Company on the following e-mail address : investor@pradipoverseas.com

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NOTICE

Notice is hereby given that Annual General Meeting of the Members of **PRADIP OVERSEAS LIMITED** will be held on Tuesday 27th September, 2011 at 11.00 a.m. at the Registered Office of the Company at 104, 105, 106, Chacharwadi, Vasna, Opp. Zydus Cadila, Sarkhej Bavla Highway, Changodar, Ahmedabad-382 213 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2011 and the Profit and Loss Account for the year ended on that date along with Directors' Report and Auditors' Report thereon.
2. To declare dividend on Equity shares for the year ended 31st March, 2011.
3. To appoint Shri J.S. Negi as a Director, who retires by rotation and being eligible, offer himself for re-appointment.
4. To appoint Statutory Auditors and to fix their remunerations.

SPECIAL BUSINESS :

5. To consider and if thought fit to pass the following resolution as a Special Resolution :

RESOLVED THAT pursuant to section 198, 269, 309 and other applicable provisions ,if any , of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the shareholders of the Company, Shri Pradipkumar J. Karia, be and is hereby re-appointed as Managing Director of the Company for a further period of three years from 1st September, 2011 at a remuneration as approved by the Remuneration Committee of the Company and as stated hereunder :

Salary : ₹ 1.50 crores per annum

Perquisites :

- i) Contribution to Provident Fund. Etc.

Contribution to provident fund , superannuation fund or annuity fund to the extent these whether singly or put together are not taxable under the Income Tax Act.

- ii) Gratuity : Gratuity payable at a rate not exceeding half month salary for each completed years of service.

- iii) Encashment of the leave at the end of tenure.

- iv) Medical expenses :

Reimbursement of medical expenses (including medi claim insurance premium) and hospitalization expenses as per the rule of the Company from time to time for self and family subject to the ceiling of one month's salary in a year or three months salary over a period of three years.

- v) Leave travel concession :

As per rules framed by the Company from time to time.

- vi) Club fee :

Annual Membership Fee of clubs subject to a maximum of two clubs . This does not include admission and life membership fee.

- vii) Personal accident Insurance :

Premium not exceeding ₹ 15,000/- per annum



NOTICE (Contd...)

- viii) Free use of Company's car for official work as well as for personal purpose alongwith a driver. The Company provide a landline telephone at the residence of the Managing Director at the cost of the Company and personal long distance calls shall be billed by the Company.

RESOLVED FURTHER THAT if, in any financial year , the Company has no profit or its profits are inadequate, the Company may pay to Shri Pradip Karia, Managing Director, the aforesaid remuneration by way of salary, perquisites and other allowances as a minimum remuneration in such financial year.

RESOLVED FURTHER THAT Shri Pradip Karia functions as a Managing Director of the Company shall not be subject to retirement by rotation and shall not be paid any setting fees for attending the meetings of Board or any committee thereof.

- 6) To consider and if thought fit to pass the following resolution as a Special Resolution :

RESOLVED THAT pursuant to section 198, 269, 309 and other applicable provisions ,if any , of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the shareholders of the Company, Shri Chetanbhai J. Karia, be and is hereby re-appointed as Whole Time Director of the Company for a further period of three years from 1st September, 2011 at a remuneration as approved by the Remuneration Committee of the Company and as stated hereunder:

Salary : ₹ 1.20 crores per annum

Perquisites :

- i) Contribution to Provident Fund. Etc.

Contribution to provident fund , superannuation fund or annuity fund to the extent these whether singly or put together are not taxable under the Income Tax Act.

- ii) Gratuity : Gratuity payable at a rate not exceeding half month salary for each completed years of service.

- iii) Encashment of the leave at the end of tenure.

- iv) Medical expenses :

Reimbursement of medical expenses (including medi claim insurance premium) and hospitalization expenses as per the rule of the Company from time to time for self and family subject to the ceiling of one month's salary in a year or three months salary over a period of three years.

- v) Leave travel concession :

As per rules framed by the Company from time to time.

- vi) Club fee :

Annual Membership Fee of clubs subject to a maximum of two clubs. This does not include admission and life membership fee.

- vii) Personal accident Insurance :

Premium not exceeding ₹ 15,000/- per annum

- viii) Free use of Company's car for official work as well as for personal purpose alongwith a driver. The Company provide a landline telephone at the residence of the Whole Time Director at the cost of the Company and personal long distance calls shall be billed by the Company.



NOTICE (Contd...)

RESOLVED FURTHER THAT if, in any financial year, the Company has no profit or its profits are inadequate, the Company may pay to Shri Chetan Karia, Whole Time Director, the aforesaid remuneration by way of salary, perquisites and other allowances as a minimum remuneration in such financial year.

RESOLVED FURTHER THAT Shri Chetan Karia functions as a Whole Time Director of the Company shall not be subject to retirement by rotation and shall not be paid any setting fees for attending the meetings of Board or any committee thereof.

7. To consider and if thought fit to pass the following resolution as a Special Resolution :

RESOLVED THAT pursuant to section 198, 269, 309 and other applicable provisions ,if any , of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the shareholders of the Company, Shri Vishal R. Karia, be and is hereby re-appointed as a Whole Time Director of the Company for a further period of three years from 1st October, 2011 at a remuneration as approved by the Remuneration Committee of the Company and as stated hereunder :

Salary : ₹ 90.00 lacs per annum

Perquisites :

i) Contribution to Provident Fund. Etc.

Contribution to provident fund , superannuation fund or annuity fund to the extent these whether singly or put together are not taxable under the Income Tax Act.

ii) Gratuity : Gratuity payable at a rate not exceeding half month salary for each completed years of service.

iii) Encashment of the leave at the end of tenure.

iv) Medical expenses :

Reimbursement of medical expenses (including medi claim insurance premium) and hospitalization expenses as per the rule of the Company from time to time for self and family subject to the ceiling of one month's salary in a year or three months salary over a period of three years.

v) Leave travel concession :

As per rules framed by the Company from time to time.

vi) Club fee :

Annual Membership Fee of clubs subject to a maximum of two clubs . This does not include admission and life membership fee.

vii) Personal accident Insurance :

Premium not exceeding ₹ 15,000/- per annum

viii) Free use of Company's car for official work as well as for personal purpose alongwith a driver. The Company provide a landline telephone at the residence of the Whole Time Director at the cost of the Company and personal long distance calls shall be billed by the Company.

RESOLVED FURTHER THAT if ,in any financial year, the Company has no profit or its profits are inadequate, the Company may pay to Shri Vishal Karia, Whole Time Director, the aforesaid remuneration by way of salary, perquisites and other allowances as a minimum remuneration in such financial year.



NOTICE (Contd...)

RESOLVED FURTHER THAT Shri Vishal Karia functions as a Whole Time Director of the Company shall not be subject to retirement by rotation and shall not be paid any setting fees for attending the meetings of Board or any committee thereof.

8. To consider and if thought fit to pass the following resolution as an Ordinary Resolution :

"RESOLVED THAT pursuant to the provisions of section 293 (1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Articles of Association of the company, the consent of the company be and is hereby accorded to the Board of Directors of the company (herein-after referred to as "the Board") to borrow any sum or sums of moneys from time to time, where the moneys to be Borrowed, together with the money already borrowed by the company (apart from temporary loans obtained from the company's Bankers in the ordinary course of business) may exceed, at any time, the aggregate of the paid up capital of the company and its free reserves (that is to say reserves not set apart for any specific purpose), provided that the total amount so borrowed shall not at any time exceed ₹ 1500.00 Crores (Rupees One Thousand five hundred Crores only) and that the Board be and is hereby empowered and authorized to arrange or fix the terms and conditions of all such moneys to be borrowed, from time to time, interest, repayment, security or otherwise howsoever as it may deem fit, as also to execute all such deeds and documents as may be necessary or required for this purpose."

9. To consider and if thought fit to pass the following resolution as an Ordinary Resolution :

RESOLVED THAT pursuant to the provisions of section 293 (1)(a) of the Companies Act, 1956 and other applicable provisions of the Act, consent of the Company be and is hereby accorded to the Board of Directors to create charge by way of mortgage or by hypothecation or by way of other mode of all immovable and movable properties of the Company where so ever situates , present and future , and the whole of the undertaking of the Company and / or conferring power to enter upon and take possession of the assets of the Company in certain events to/ or in favour of any Bank / Banks and /or financial Institutions for securing various credit facilities not exceeding ₹ 1500.00 Crores (Rupees Fifteen hundred crores only) to be lent and advanced by them to the Company.

By Order Of The Board Of Directors

Place : Ahmedabad.
Date : 27th June, 2011

(Pradip J. Karia)
Managing Director

NOTES:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A proxy form must reach to the company at its registered office on or before 48 hours of the commencement of the meeting.
- An explanatory statement pursuant to section 173 of the Companies Act, 1956 setting out the facts relating to the special business is attached herewith.
- The Register of members and Share transfer Register will remain closed from 15th September, 2011 to 27th September, 2011 (both days inclusive).
- The dividend declared at the Annual General Meeting will be paid on Equity Shares in the Company on or after 3rd October, 2011 to those shareholders who are beneficial owners of the shares after close of the business hours on 14th September, 2011. The dividend warrant will be despatched from 3rd October, 2011 onwards.



PRADIP OVERSEAS LTD.

NOTICE (Contd...)

5. Appointment / Reappointment of Directors :

Details to be furnished in Terms of clause 49 of the Listing Agreement relating to Corporate Governance in respect of Director/s proposed for appointment / reappointment at the ensuing Annual General Meeting are given as under :

Name	Mr. Jivan Singh Negi
Date of appointment	15th October, 2007
Qualification	Bachelor Degree in Civil Engineering Diploma in Management Post graduate course in Hydrometeorology & Project Management
Nature of experience	Mr. Jivan Singh Negi is an Independent Director of the Company. He has a long standing experience as a project management consultant for textiles, dairy and infrastructure projects. In a career commencing in 1981, he has worked for three years as a lecturer of Civil Engineering in Government Polytechnic, Ajmer; he has worked as a Senior Manager (Project Management) in National Dairy Development Board, Anand for 14 years with a responsibility to handle dairy projects and allied projects in Gujarat and Western India and he has also worked on deputation from National Dairy Development Board to Taj Group of Hotels as General Manager (Projects) for one year with a responsibility to handle six air catering projects.
Name of other Company in which Directorship is held	Nil
Name of the Committee of the Board of Companies in which Membership/ Chairmanship is held	Nil

6. A statement along with a notice calling the general meeting referred to in sub-clause (iv) of clause (C) of Section II of part - II of schedule XIII of the Companies Act, 1956 is given hereunder:-

General Information:

Nature of Industry : Textile

Date or expected date of commencement of commercial production : Production already commenced

In case of new companies , expected date of commencement of activities as per project approved by Financial Institutions appearing in the prospectus : Not applicable

Financial performance based on given indicators (₹ in Lacs)

Particulars	2007-08	2008-09	2009-10	2010 - 11
Sales	65802.37	117058.11	160587.92	213851.90
Profit Before Tax	6060.81	6757.67	10320.26	11741.75
Profit After Tax	3902.17	4437.00	6898.96	6925.51
Share Capital	1488.33	2976.68	4036.68	4036.68
Reserve & Surplus	7019.47	9921.00	25781.58	32008.39
EPS	26.22	14.91	17.09	17.16

Export performance and net foreign exchange collaborations : ₹ 11465.74 Lacs.

Foreign Investment or collaboration , if any : The Company is holding 100 % shares in Pradip Home Fashhions, Inc., U.S.A.



PRADIP OVERSEAS LTD.

NOTICE (Contd...)

Information about the Appointee:

Name	Shri Pradip J. Karia	Shri Chetan J. Karia	Shri Vishal R. karia
Background details	Mr. Pradipkumar Karia, aged 50 years, is the Promoter and Chairman-cum-Managing Director of Pradip Overseas Limited. He holds a Bachelors degree in Commerce from Gujarat University. He along with Mr. Chetan Karia and Mr. Vishal Karia were partners in M/s Vishal Textile, which has subsequently got converted into Chetan Textiles Private Limited in the year 2005 which is now known as Pradip Overseas Limited. He has more than 26 years experience in retailing, marketing, business promotion and manufacturing of textile products, of which 17 years is in the Home Linen Products.	Mr. Chetan Karia, aged 48 years, is a Promoter and Whole time Director of Pradip Overseas Limited. He holds a Bachelors degree in Commerce from Gujarat University. He along with Mr. Pradip Karia and Mr. Vishal Karia were partners in M/s Vishal Textile, which has subsequently got converted into Chetan Textiles Private Limited in the year 2005 which is now known as Pradip Overseas Limited. He has more than 21 years experience. He was appointed as the Whole time Director of Pradip Overseas Limited on September 19, 2007. He is also involved in the business of trading of agro-products. He plays a major role in production activities, group management and general administration. He is in-charge for compliances pertaining to the export and domestic orders.	Mr. Vishal Karia, aged 28 years, is a Promoter and Whole time Director of Pradip Overseas Limited. He holds a Bachelors degree in Business Administration from Gujarat University and he has also completed his Post Graduate Diploma in Business Administration from the ICFAI Business School. He started his career in 2003 by joining Mr. Pradipkumar Karia and Mr. Chetan Karia in the manufacturing business. He has 8 years of experience in Home Linen Products. He plays a major role in production, purchase, logistics and other technical segments in our Company.
Past remuneration	₹ 1.20 crores p.a.	₹ 1.08 crores p.a.	₹ 0.72 crores p.a.
Recognition or awards	In the year 2008 he was presented with the Indira Gandhi Sadbhavna Award for outstanding individual achievements and distinguished services to the Nation by Governor of Bihar.	—	—
Job profile and his and suitability material	Looking after Overall Management & Marketing & Financial Matters	Looking after Production & Purchase of raw material	Looking after Administration purchase other than raw & marketing matters
Remuneration proposed	Salary : ₹ 1.50 crores per annum and Perquisites as stated in the notice dated 27.06.2011 convening Annual General Meeting of the members of the Company.	Salary : ₹ 1.20 crores per annum and Perquisites as stated in the notice dated 27.06.2011 convening Annual General Meeting of the members of the Company.	Salary : ₹ 0.90 crores per annum and Perquisites as stated in the notice dated 27.06.2011 convening Annual General Meeting of the members of the Company.



PRADIP OVERSEAS LTD.

NOTICE (Contd...)

Comparative remuneration profile with respect with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)	Not available	Not available	Not available
Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Except receiving remuneration as a Managing Director, he has no other pecuniary relation. The appointee is relative of Shri Chetan Karia and Shri Vishal R. Karia	Except receiving remuneration as a Wholetime Director, he has no other pecuniary relation. The appointee is relative of Shri Pradip Karia and Shri Vishal R. Karia	Except receiving remuneration as a Managing Director, he has no other pecuniary relation. The appointee is relative of Shri Pradip Karia and Shri Chetan Karia

III. OTHER INFORMATION:

- (1) Reasons of loss or inadequate profits. : Not applicable
- (2) Steps taken or proposed to be taken for improvement : Not applicable
- (3) Expected increase in productivity and profits in measurable terms. : Not applicable

IV. DISCLOSURES :

- (1) The shareholders of the company have been informed of the remuneration package of the managerial person.
- (2) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension, etc. of all the directors & Details of fixed component and performance linked incentives along with the performance criteria has been stated in the notice.

The Company has not issued any Stock Option to any of the Directors of the Company.

ANNEXURE

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956

Item no. 5 :

Mr. Pradip J. Karia was appointed as a Managing Director 19th September, 2007 pursuant to scheme of Demerger. He holds the office of Managing Director upto August 31, 2011. The Board of Directors of the Company at its meeting held on 27th June, 2011 appointed Mr. Pradip J. Karia as a Managing Director of the Company for a period of three years with effect from September 1, 2011 and recommended the remuneration payable to him pursuant to section 198, 269, 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, subject to approval of the shareholders of the Company. The aforesaid remuneration shall be paid as a minimum remuneration in the event of absence or inadequacy of profits in any financial year during his tenure as a Managing Director.

The above shall be regarded as an abstract of the remuneration ,terms and conditions of the appointment of Shri Pradip Karia as a Managing Director and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Directors recommended the resolution no. 5 in the notice for your approval.

None of the Directors of the Company except Shri Pradip Karia is concerned or interested in the aforesaid resolution



ANNEXURE TO THE NOTICE

Item no. 6 :

Mr. Chetan J. Karia was appointed as a Wholetime Director 19th September, 2007 pursuant to scheme of Demeger. He holds the office of Wholetime Director upto August 31, 2011. The Board of Directors of the Company at its meeting held on 27th June, 2011 appointed Mr. Chetan J. Karia as a Wholetime Director of the Company for a period of three years with effect from September 1, 2011 and recommended the remuneration payable to him pursuant to section 198, 269, 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, subject to approval of the shareholders of the Company. The aforesaid remuneration shall be paid as a minimum remuneration in the event of absence or inadequacy of profits in any financial year during his tenure as a Wholetime Director.

The above shall be regarded as an abstract of the remuneration ,terms and conditions of the appointment of Shri Chetan J. Karia as a Wholetime Director and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Directors recommended the resolution no. 6 in the notice for your approval.

None of the Directors of the Company except Shri Chetan J. Karia is concerned or interested in the aforesaid resolution

Item no. 7 :

Mr. Vishal R. Karia was appointed as a Wholetime Director 19th September, 2007 pursuant to scheme of Demeger. He holds the office of Wholetime Director upto September, 30, 2011. The Board of Directors of the Company at its meeting held on 27th June, 2011 appointed Mr. Vishal R. Karia as a Wholetime Director of the Company for a period of three years with effect from October 1, 2011 and recommended the remuneration payable to him pursuant to section 198, 269, 309 of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956, subject to approval of the shareholders of the Company. The aforesaid remuneration shall be paid as a minimum remuneration in the event of absence or inadequacy of profits in any financial year during his tenure as a Wholetime Director.

The above shall be regarded as an abstract of the remuneration ,terms and conditions of the appointment of Shri Vishal R. Karia as a Wholetime Director and Memorandum of concern or interest under section 302 of the Companies Act, 1956.

The Directors recommended the resolution no. 7 in the notice for your approval.

None of the Directors of the Company except Shri Vishal R. Karia is concerned or interested in the aforesaid resolution

Item nos. 8 & 9 :

At the Extra Ordinary General Meeting held on 1st January, 2010 consent of the Company was accorded to the Board of Directors of the Company to borrow from time to time all such sum on money upto a total amount not exceeding ₹1,000 crores (apart from the temporary loans obtained by the Company from time to time in the ordinary course of business) in excess of the aggregate of the paid up capital and free reserves that is to say reserves not set apart for any specific purpose.

Considering the needs of the Company and expansion to be undertaken by the Company, the Company's total borrowing may exceed the aforesaid limit in the near future. It is therefore proposed to authorize the Board of Directors of the Company in General Meeting under section 293 (1) (a) & (d) of the Companies Act, 1956, for borrowing upto ₹ 1,500 crores in excess of the aggregate of the paid up capital and free reserves and to create security in favour of the banks and financial institution to the extend of that amount. The Board recommend the proposed resolution at item nos. 8 & 9 of the Notice for approval of the share holders.

None of the Directors of the Company are concerned or interested in the said resolution.

By Order Of The Board Of Directors

Place : Ahmedabad.
Date : 27th June, 2011

(Pradip J. Karia)
Managing Director