

ANNUAL REPORT 2011-2012



PRADIP OVERSEAS LTD.



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 G.R. Kamath
 Shri Sudhir Juman

REGISTERED OFFICE : Plot No. 104,105,106,
 Village : Chacharwadi Vasna,
 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
 State Bank of Patiala

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,
 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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PRADIP OVERSEAS LTD.

NOTICE

Notice is hereby given that the Annual General Meeting of the Members of **PRADIP OVERSEAS LIMITED** will be held on Saturday, 29th September, 2012 at 11.00 a.m. at the Registered Office of the Company at 104, 105, 106, Chancharwadi, Vasna, Opp. Zydus Cadila, Sarkhej Bavla High way, Changodar, Ahmedabad 382 213 to transact the following businesses:

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2012 and the Profit and Loss Account for the year ended on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint Shri Sudhir Jumanani as a Director of the Company, who retires by rotation and being eligible offer himself for reappointment.
3. To Appoint Auditors and to fix their Remunerations.

By Order Of The Board Of Directors

Place : Ahmedabad.
Date : 24th August, 2012

(Pradip J. Karia)
Managing Director

NOTE:

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 or Corporate Office on or before 48 hours of the commencement of the meeting.
2. The Register of members and Share transfer Register will remain closed from 15th September, 2012 to 29th September, 2012 (both days inclusive).
3. The Company had declared dividend for the year 2009-10, 2010-11, The Shareholders who have not yet encashed their Warrant / received dividend are requested to inform the company or Registrar for duplicate thereof.



PRADIP OVERSEAS LTD.

DIRECTORS' REPORT

To the Members Pradip Overseas Limited,

Your Directors have pleasure to submit their Annual Report and Audited Statement of Accounts for the Period ended on 31st March, 2012.

1) FINANCIAL REVIEW:

[₹ in lacs]

	Particulars	2011-12	2010-11
1.	Income From Operations	166991.16	216118.90
2.	Other Income	2036.66	1665.85
3.	Financial Charges	14501.38	10320.77
4.	Depreciation	732.68	570.46
5.	Profit(loss) Before Tax	(11441.49)	11741.75
6.	Taxation	(3810.93)	3601.07
7.	Profit After Tax	(7630.56)	6925.51

2) OPERATIONS:

The crisis in Europe has not only affected Euro Zone but also the entire world including India. Indian economic growth also moderated with GDP growing by 6.5 % in comparison to 8.5 % in previous financial year. Average inflation at 9 % remained high during the year. This led to policy interest rate hike by RBI continuously.

The Domestic market was also dull due to poor market sentiments and Overseas market has become tougher in terms of Competition from other emerging countries.

During the year under review the performance of the Company was sharply affected for the aforesaid reason as well as high volatility in the prices of the Cotton as a result of which the price of yarn which is the main raw material of the Company remained highly volatile. The Company maintains stock of raw material in order to fulfill the orders on hand which are contracted on long term basis and accordingly the Company was not able to pass on the hike in the price of the raw material on their customers. Moreover, the realization of the sale proceeds were got substantially delayed/ not yet realized due to this volatility which led to the Company to reformulate the Marketing strategy by providing more credit period/ discount/ incentive to the customers which has resulted in to severe liquidity crisis. Further, the higher rate of interest has also affected the financial performance of the Company.

In view of the above, the Company had approached to the members of the Consortium Banks for restructuring of the Debts and the Bankers has approved the restructuring of the Debts for which the Company express its thanks to the Bankers for the same.

Management is however hopeful that things would turn around soon and Company would be able to come back to its growth plans.

3) UTILISATION OF THE IPO PROCEEDS:

The statement showing proposed and actual utilization of IPO proceeds as on 31st March, 2012 is as follows:

(₹ in lacs)

Sr. no.	Particulars	Utilisation of Funds	
		As per Prospectus	Actual
01	Manufacturing Facility	9995.00	229.76
02	Margin Money for Working Capital	9995.00	*9995.00
03	Public Issue Expenses	622.33	875.32
	Total	20612.33	11100.08

* The shareholders of the Company had granted their consent through the process of the postal ballot for utilization of the part of the IPO proceeds, meant as margin money for working capital for new unit to be established in SEZ, for working capital for existing unit of the Company till the aforesaid new unit commence commercial activities. Accordingly the company has utilized the fund.



PRADIP OVERSEAS LTD.

DIRECTORS' REPORT (Contd...)

The Company has invested the unutilized money in the Mutual Fund, Fixed Deposit with Banks as stated in the Balance Sheet of the Company for the year under review.

4) DIVIDEND:

Due to the loss incurred by the Company during the year under review, the Directors expressed their inability to recommend dividend for the year 2011-12.

5) FIXED DEPOSIT:

Your company has not invited any fixed deposit from the Public since its incorporation under section 58 A of the Companies Act, 1956 hence no information is required to be furnished in respect of outstanding deposit.

6) DIRECTORS' RESPONSIBILITY STATEMENT:

As stipulated in Section 217(2AA) of Companies Act, 1956 your directors confirm as under:

- That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- That the Directors have 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.
- That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- That the Directors have prepared the Annual accounts on a going concern basis.

7) DIRECTORS:

Mr. Sudhir Juman, Director of the Company will retire by rotation in the ensuing Annual General Meeting and being eligible offer himself for reappointment.

8) PARTICULAR AS PER SECTION 217 OF THE COMPANIES ACT, 1956:

As required by the Companies (disclosure of particulars in the Report of the Board of Directors) Rules, 1988, information pertaining to conservation of energy, Technology absorption and foreign exchange earnings & outgo are given as Annexure-I to this report.

The information required under section 217(2A) of the Companies Act, 1956 read with Rule framed there under forms part of this report and marked Annexure-II.

9) AUDITORS:

M/s. ASHOK DHARIWAL & CO., Chartered Accountants retire at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends to the members to appoint them as Auditors of the Company and to fix their remuneration.

10) AUDITOR'S REPORT:

The Auditors Report to the shareholders does not contain any reservation, qualification or adverse remarks.

11) CORPORATE GOVERNANCE:

Pursuant to the requirements of the Listing Agreement with Stock Exchanges, your Directors are pleased to furnish the following:

- Management Discussion and Analysis Report.
- A report on Corporate Governance along with Auditor's Certificate relating to compliance of conditions thereof.

12) SEZ :

As reported last year , the Company is considering to develop Textile Park in place of SEZ and if the same is finalized, the Company will obtain necessary approvals for the same.

13) ACKNOWLEDGEMENT:

Your Directors acknowledge with gratitude the Co-Operation and Assistance received from the Banks, Government, Employees and all those associated with the Company during the year under review.

For And on behalf of the Board of Directors

Place : Ahmedabad.

Date : 24th August, 2012

(Pradip J. Karia)

Chairman & Managing Director

**PRADIP OVERSEAS LTD.****DIRECTORS' REPORT (Contd...)****ANNEXURE I TO DIRECTORS' REPORT****CONSERVATION OF ENERGY****(A) Energy conservation measures taken :**

All possible measures are being taken on regular basis for conservation of energy.

(B) Additional Investment and proposal being implemented :

At present no additional investment has been made and there is no proposal on hand in this respect.

(C) Impact of measure taken in (A) And (B) above.

No investment has been taken and therefore there is nothing to comment.

RESEARCH & DEVELOPMENT

The company has its own laboratory where the product design development work is being carried out.

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

The Company has adopted the best technology available in the world for manufacturing the products.

POWER AND FUEL CONSUMPTION IN RESPECT OF:

Sr. No.	Particular	2011-2012	2010-2011
(A)	Electricity		
(1)	Purchase		
	Unit Nos.	8081052	8792332
	Total Amt. (₹ in Lacs)	502.28	467.76
	Rate Per Unit (₹)	6.22	5.32
(2)	Own Generation		
	Through Diesel Generation Set	95517	113277
	Unit Per Liter of Diesel Oil	4.69	4.56
	Cost Per Unit (₹)	9.38	8.95
(B)	Consumption of Electricity in unit for Per Unit of Production	0.061	0.07

(C) FOREIGN EXCHANGE EARNINGS AND OUT GO :

The details of Foreign Exchange Earnings and out-go are as under.

(₹ In lacs)

2011-12

a) Earnings	16277.04
b) Outgo	275.58

ANNEXURE II TO DIRECTORS' REPORT
STATEMENT OF PARTICULARS OF EMPLOYEES

INFORMATION REQUIRED AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012

(A) PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹ 60.00 Lacs PER ANNUM

Sr. No.	Name of Employees	Designation / Nature of Duties	Remuneration (In ₹ Lac)	Qualifications (Years)	Age (Years)	Experience Employment	Date of last Employment	Particulars
1	Mr. Pradipkumar J. Karia	Chairman & Managing Director	128.00	B.Com	51	27	19th September, 2007	Partner in firm M/s Anu Impex, carry business of Home Linen Products
2	Mr. Chetankumar J. Karia	Whole Time Director	107.00	B.Com	49	22	19th September, 2007	Partner in firm M/s Anu Impex, carry business of Home Linen Products
3	Mr. Vishal R. Karia	Whole Time Director	76.00	M.B.A.	30	9	19th September, 2007	Partner in M/s Vishal Textile, carry business of Manufacturing Home Linen Products

(B) PERSONS EMPLOYED PART OF THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹ 5.00 Lacs PER MONTH :

NIL





MANAGEMENT DISCUSSION AND ANALYSIS REPORT

This report covers the operations and financial performance of the Company and forms part of the Directors' Report

1. OVERVIEW:

During the year under review the Sales was under pressure and incurred loss due to high volatility of raw material prices.

2. INDUSTRY STRUCTURE AND DEVELOPMENT:

Crisis in Europe has affected entire world. The growth of the Indian Economy has also been affected adversely.

3. OPPORTUNITIES AND THREATS:

Slow improvement in the economy of India and the rest of the countries of the world has created an opportunity for the growth of the Company. However, the competition from the neighbouring countries may create threats to the Indian Textile Industry in general and Company in particular.

4. SEGMENT REVIEW AND ANALYSIS:

The Company has only one segment and that is Textile. The Company is mainly engaged in the bed linen products. The product of the Company has been well accepted in the market. The Company is manufacturing wide range of the bed linen with attractive design & finishing and readymade garments.

5. RISKS AND CONCERNS:

The increase in the grey cloth prices and other inputs has made it difficult for the products to compete in the International market.

6. OUTLOOK:

The Company put thrust on Development of new activities and maintaining the quality of the products and cost cuttings.

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has proper and adequate internal control system to safeguard the assets against loss from unauthorized use or disposition. These systems also ensure that all the transactions are recorded and reported correctly. The Management continuously reviews the internal control system and procedure to ensure efficient conduct of the business.

8. HEALTH AND SAFETY AND THEIR ADEQUACY:

The due care is being taken to ensure the good health of the employees in and around the areas of the factory of the Company. All due care is being taken to keep the environment clean in the factory of the Company.

9. HUMAN RESOURCES:

The relations with the employees of the Company during the year under review were cordial.

**CORPORATE GOVERNANCE REPORT****COMPANY'S PHILISOPHY ON CODE OF GOVERNANCE**

The Company's policy on Corporate Governance is to attain highest transparency apart from compliance with the regulatory requirements as per clause 49 of the Listing Agreement with the Stock Exchanges. It also aims to create long term value for all the stake holders in the Company.

BOARD OF DIRECTORS:

The Company has a balance Board, comprising of Executive and Non Executive Directors which includes Independent Professionals. The Company is in compliant with requirement of clause 49 of the Listing Agreement.

None of the Directors on the Board is a Member of more than 10 Committees and Chairman of more than 5 Committees (As specified in clause 49), across all the Companies in which they are Directors.

The following is the details of the composition of the Board as on 31st March, 2012.

Sr. no.	Name of Directors	Designation	Position	No. of outside Directorship held	No. of Membership/ Chairmanship in Board/Committee
1	Mr. Pradip J. Karia	Managing Director	Executive	4	4
2	Mr. Chetan J. Karia	Whole Time Director	Executive	3	None
3	Mr. Vishal R. Karia	Whole Time Director	Executive	3	None
4	Mr. Jivansingh Negi	Director	Non Executive & Independent	1	None
5	Mr. Ramdas Gurpur Kamath	Director	Non Executive & Independent	2	1
6	Mr. Sudhir Jumani	Director	Non Executive & Independent	None	None

During the year 2011-12, 11 (Eleven) Board Meetings were held i.e. on 22/04/2011, 09/05/2011, 27/06/2011, 11/08/2011, 14/11/2011, 22/12/2011, 04/02/2012, 14/02/2012, 27/03/2012, 28/03/2012 and 31/03/2012.

Details of attendance of the Directors at the Board Meetings held during the year 2011-12 and the last Annual General Meeting are given below:

Sr. No.	Name of the Directors	Designation	No. of Board meetings held during the year	No. of meeting attended	General Meeting attended
1	Mr. Pradip J. Karia	Managing Director	11	11	Yes
2	Mr. Chetan J. Karia	Whole Time Director	11	11	Yes
3	Mr. Vishal R. Karia	Whole Time Director	11	11	Yes
4	Mr. Jivansingh Negi	Director	11	2	Yes
5	Mr. Ramdas Gurpur Kamath	Director	11	4	No
6	Mr. Sudhir Jumani	Director	11	4	No

Audit Committee:

The Audit Committee comprises of 4 members, the committee consists of three independent directors and one Executive Director.

**CORPORATE GOVERNANCE REPORT (Contd...)**

Name	Designation	Nature of Directorship
Mr. Ramdas Gurple Kamath	Chairman	Independent & Non-Executive Director
Mr. Jivansingh Negi	Member	Independent & Non-Executive Director
Mr. Pradipkumar Karia	Member	Executive Director
Mr. Sudhir Jumani	Member	Independent & Non-Executive Director

Company Secretary Mr. Kaushik Kapadia acts as the Secretary of the Committee.

The terms of reference of the Audit Committee are given below:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Appointment, removal and terms of remuneration of internal auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 1. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act;
 2. Changes, if any, in accounting policies and practices and reasons for the same;
 3. Major accounting entries involving estimates based on the exercise of judgment by management;
 4. Significant adjustments made in the financial statements arising out of audit findings;
 5. Compliance with listing and other legal requirements relating to the financial statements;
 6. Disclosure of any related party transactions;
 7. Qualifications in the draft audit report.
- Reviewing, with the Management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the Internal Control Systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussions with internal auditors on any significant findings and follow up thereon.
- Reviewing internal audit reports and adequacy of the Internal Control Systems.
- Reviewing management letters / letters of internal control weaknesses issued by the statutory auditors
- Internal audit reports relating to internal control weaknesses
- Review statement of significant related party transactions
- Review of management discussion and analysis of financial condition and results of operations