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**PRADIP OVERSEAS LTD.**

**Corporate Office :**

A/601, Narnarayan Complex,  
Swastik Char Rasta, Off. C. G. Road,  
Navrangpura,  
Ahmedabad - 380 009. (INDIA)

GANAPATI, A'bad. (079)26568111



## ANNUAL REPORT 2012-13



**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

**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 Annual General Meeting of the Members of **PRADIP OVERSEAS LIMITED** will be held on Monday 30<sup>th</sup> September, 2013 at 11.00 a.m. at the Registered Office of the Company at 104, 105,106, Chancharwadi , Vasna, Opp. Zydu Cadila, Sarkhej Bavla Highway, Changodar, Ahmedbad 382 213 to transact the following businesses:

#### Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on 31<sup>st</sup> March, 2013 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 Gurbur Ramdas Kamath as a Director of the Company, who retires by rotation and being eligible offer himself for re appointment
3. To Appoint Auditors and to fix their Remunerations.

#### SPECIAL BUSINESS:

4. To consider and if thought fit to pass the following resolution as an Ordinary Resolution with or without modification:

**RESOLVED THAT** pursuant to the provisions of Section 293 (1) (d) and other enabling provisions, if any, of the Companies Act, 1956 consent of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing any sum or sums of moneys for and on behalf of the Company, from time to time from any one or more persons, firms, bodies corporate, bankers, financial institutions, or from others by way of advances, deposits, loans or otherwise and whether unsecured or secured by mortgage, charge, hypothecation or lien or pledge of the Company's assets and properties, whether movable or immovable or stock-in process and debts, advances notwithstanding that the sum or sums of moneys so borrowed together with moneys, if any, already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves which have not been set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed shall not exceed Rs. **1750 Crores (Rupees One Thousand Seven Hundred Fifty Crores)** at any point of time on account of the principal.

5. To consider and if thought fit to pass the following resolution as an Ordinary Resolution with or without modification:

**RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and subject to the approval of shareholders in general meeting, consent of the Company be and is hereby accorded to Board of Directors (hereinafter called "the Board" which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred by this resolution and with the power to delegate such authority to any person or persons) to mortgage and/or charge any of its movable and / or immovable properties wherever situated both present and future or to sell, lease or otherwise dispose off the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole or substantially the whole of any such undertaking(s) and to create a mortgage/and or charge, on such terms and conditions at such time(s) and in such form and manner, and with such ranking as to priority as the Board in its absolute discretion thinks fit on the whole or substantially the whole of the Company's any one or more of the undertakings or all of the undertakings of the Company in favour of any bank(s) or body(ies) corporate or person(s), whether shareholders of the Company or not, together with interest, cost, charges and expenses thereon for amount not exceeding Rs. 1750cr (One Thousand Seven hundred Fifty cro) at any point of time.

By Order Of The Board Of Directors

Place : Ahmedabad.  
Date : 30<sup>th</sup> May, 2013

Sd/-  
**(Pradip J. Karia)**  
Managing Director



## PRADIP OVERSEAS LTD.

### NOTICE (Contd...)

#### 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 on or before 48 hours of the commencement of the meeting.**
2. An explanatory statement pursuant to section 173 of the Companies Act, 1956 setting out the facts relating to the special business is attached herewith.
3. The Register of members and Share transfer Register will remain closed from 16<sup>th</sup> September, 2013 to 30<sup>th</sup> September, 2013 ( both days inclusive).

#### ANNEXURE TO THE NOTICE

Explanatory statement under section 173 (2) of the Companies act, 1956

#### Item no 4:

In terms of Section 293(1) (d) of the Companies Act, 1956, the Board of Directors shall not borrow monies where the monies to be borrowed together with the monies already borrowed (other than the temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid Up Capital and Free Reserves of the Company, except with the consent of the Company in general meeting.

In the Annual General Meeting held on 27.09.2011 shareholders' approval was obtained to borrow funds, not exceeding Rs. 1500.00 Crores over and above the aggregate of the paid-up capital of the Company and its free reserves.

In view of the above, existing borrowing powers of the Board sanctioned by the Members will not be adequate. It is therefore, necessary to enhance the powers of the Board. The Board of Directors of the Company have therefore, desired to seek approval from the Members for enhancement in the borrowing powers from ₹Rs.1500.00 Crores to Rs.1750.00 Crores i.e. in excess of the aggregate of the Paid Up Capital and Free Reserves of the Company as per the last Annual Audited Financial Statement.

It is therefore, proposed to seek approval of the shareholders to increase in Borrowing Powers.

The Board of the Directors of your Company recommends the Ordinary Resolution as set out in the Notice for approval of the Members.

None of the Directors of the Company is concerned or interested in the resolution except to the extent of their holding of equity shares in the Company.

#### Item No 5:

On approval of CDR and to develop Industrial HUB expansion undertaken by the Company, the Company's the Company will be required to borrow more fund which will be secured by creating charge on the assets of the Company and the same will exceed the earlier limit of Rs. 1,500.00 crores approved by the shareholders of the Company under section 293 ( 1) (a) of the Companies Act, 1956 in the General Meeting held on 27-9-2011. The amount availed/ to be availed by the Company will be required to be secured by creating charge on the assets of the Company. It is therefore proposed to authorize the Board of Directors of the Company in General Meeting under section 293 (1)(a) of the Companies Act, 1956 to create security in favour of the banks to the extent of Rs. 1750.00 crores. The Board recommend the proposed resolution at item no.5 of the Notice for approval of the share holders.

None of the Directors of the Company is concerned or interested in the resolution except to the extent of their holding of equity shares in the Company.

By Order Of The Board Of Directors

Sd/-

(Pradip J. Karia)

Managing Director

Place : Ahmedabad.

Date : 30<sup>th</sup> May, 2013

**DIRECTORS' REPORT****To the Members of Pradip Overseas Limited**

Your Directors have pleasure to submit their Annual Report and Audited Statement of Accounts for the year ended on 31<sup>st</sup> March, 2013.

**1) FINANCIAL REVIEW:** **[₹ in lacs]**

	<b>Particulars</b>	<b>2012-13</b>	<b>2011-12</b>
1.	Income From Operations	94293.44	166991.16
2.	Other Income	962.80	2036.66
3.	Financial Charges	14510.10	14501.38
4.	Depreciation	826.38	732.68
5.	Profit(loss) Before Tax	(16806.92)	(11441.49)
6.	Taxation	(4370.11)	(3810.93)
7.	Profit /(Loss) after Tax	(11263.50)	(7630.56)

**2) OPERATIONS:**

The year under review was also a tough year for the Company. The turn over of the Company was lower by about 44.00 % as compared to the Sales revenue of the Company in the previous year. This is mainly due to sluggish demand, in the local as well as international market. As a result the Company has incurred loss (After Tax) of ₹ 11263.50 lacs .

The Company has received directions from Gujarat Pollution Control Board for installation of ETP plant so as to make unit Zero discharge Unit. The Company had undertaken to implement ETP project and the said project was to be financed partially by Promoters' Contribution and partially by Bank borrowings. The construction of tanks and other infrastructure facilities for the said ETP has been completed which was financed from promoters' contribution. But due to non disbursement of term loans from Lenders Company was unable to place order of the required equipments. As a result of which Company is operating it's plant at lower level of about 55% to 60%. This has affected sales adversely during 2012-13 also. Further gross margin during the last six months have further shrunk by 56 % on account of depressed export markets adding further losses to the company.

As reported last year, the Members of the Consortium Banks had restructured the financial facilities, however for the aforesaid reasons and over all market conditions, the Company could not achieve the results as drawn in the Restructuring Scheme. Therefore, the Company has approached to the Consortium Members of the Banks for restructuring the financial facilities under Corporate Debt Restructuring (CDR) Scheme. State Bank of India being a Lead Bank is in the process to file flash report with CDR Cell. The Company is confident about the approval of CDR.

**3) DIVIDEND:**

Due to the loss incurred by Company during the year under review, the Directors are not able to recommend dividend for year 2012-13.

**4) BONUS SHARES :**

During the year under review, the Company had issued Bonus Equity Shares in the Ratio of one Equity share of ₹ 10/- each for the five Equity Share of ₹ 10/- each held by the shareholders of the Company. As a result during year under review the Company has issued 80,73,364 Equity Shares each of Rs 10/- as a Bonus Shares. The New shares issued as Bonus Shares have been listed on Bombay Stock Exchange and National Stock Exchange.

**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.



**DIRECTORS' REPORT (Contd...)**

**6) DIRECTORS' RESPONSIBILITY STATEMENT:**

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

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. 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.
- c. 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 safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the Annual accounts on a going concern basis.

**7) DIRECTORS:**

Mr. Sudhir Jumanani had resigned as a Director of the Company with effect from 5<sup>th</sup> March, 2013.

Mr. Gulpur Ramdas Kamath, 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 exports 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) AUDITORS' 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 annex the following:

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

**12) DEVELOPMENT OF INDUSTRIAL HUB :**

As reported last year , the Company has dropped the idea to develop SEZ and is in the process to develop Industrial HUB on the said premises. The Company is negotiating with leading Estate Developers to invite any of them to join as a partner to develop the said project and the Board is hopeful for finalization of the same in near future.

**13) Application for settlement with IT Department :**

The company has made an application before the Hon'ble Settlement Commission, Mumbai u/s 245C of the Income Tax Act, 1961, for A.Y. 2006-07 to 2012-13. The application for Settlement has been admitted u/s 245 D(1) by the Hon'ble Settlement Commission vide order dated May 6, 2013.

**14) 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**

Sd/-

**Pradip J. Karia**

*Chairman & Managing Director*

Place : Ahmedabad.

Date : 30<sup>th</sup> May, 2013

**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	2012-2013	2011-2012
<b>(A)</b>	<b>Electricity</b>		
<b>(1)</b>	<b>Purchase</b>		
	Unit Nos.	8629846	8081052
	Total Amt. (₹ in Lacs)	580.24	502.28
	Rate Per Unit (₹)	6.72	6.22
<b>(2)</b>	<b>Own Generation</b>		
	Through Diesel Generation Set	0.00	95517
	Unit Per Liter of Diesel Oil	0.00	4.69
	Cost Per Unit (₹)	0.00	9.38
<b>(B)</b>	<b>Consumption of Electricity in unit for Per Unit of Production</b>	0.08	0.06

**(C) FOREIGN EXCHANGE EARNINGS AND OUT GO :**

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

(₹ In lacs)

2012-13

a) Earnings	9388.47
b) Outgo	273.64

**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, 2013

**(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 : NIL****(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**

The 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 Sale and Profitability has been reduced as demand of the product were sluggish and also the Company was operating at 55% to 60% level of its installed capacity as the work for implementation of the Effluent Treatment Plant is not completed.

### **2. INDUSTRY STRUCTURE AND DEVELOPMENT:**

Indian Economy is facing inflation and the prices in all the sector is roaring. Industrial Sector is also affected badly and the growth of the Industry is deteriorated. Textile is not out of it. It has also been affected badly.

### **3. OPPORTUNITIES AND THREATS:**

The Company has undertaken a project to develop Industrial Hub in place of SEZ. After implementation of the same the Company will be able to come out of the present difficult situation. In case if the Company could not implement the said project the Company will face crisis. But the Management of the Company is hopeful for timely implementation of the said project.

### **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 has put thrust on Development of Industrial HUB as reported earlier in this report.

### **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 clean environment 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 PHILOSOPHY 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 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 31<sup>st</sup> March, 2013

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. Gurbur Ramdas Kamath	Director	Non Executive & Independent	2	1

During the year 2012-13, 9(Nine) Board Meetings were held i.e. on, 14/05/2012, 28/06/2012, 13/08/2012, 20/08/2012, 24/08/2012, 18/10/2012, 12/11/2012, 21/12/2012, 14/02/2013.

Details of attendance of the Directors at the Board Meetings held during the year 2012-13 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	9	9	Yes
2	Mr. Chetan J. Karia	Whole Time Director	9	9	Yes
3	Mr. Vishal R. Karia	Whole Time Director	9	9	Yes
4	Mr. Jivansingh Negi	Director	9	4	Yes
5	Mr. Gurbur Ramdas Kamath	Director	9	6	No
6	Mr. Sudhi Jumani *	Director	9	3	Y

\* Mr. Sudhir Jumani had resigned as a Director of the Company with effect from 5<sup>th</sup> March, 2013.

**Audit Committee:**

The audit Committee comprises of 3 members, the committee consists of two independent directors and one Executive Director.

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

Name	Designation	Nature of Directorship
Mr. Gurpur Ramdas Kamath	<b>Chairman</b>	Independent & Non-Executive Director
Mr. Jivansingh Negi	<b>Member</b>	Independent & Non-Executive Director
Mr. Pradipkumar Karia	<b>Member</b>	Executive Director

Note : Mr. Sudhir Jumani who had resigned as a Director of the Company with effect from 5<sup>th</sup> March, 2013 and therefore ceased to be a member of the Audit Committee.

The terms of reference of our 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