



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 Jumani

REGISTERED OFFICE : A/601, Narnarayan Complex,
Nr.Swastik Char Rasta,
Navrangpura,
Ahmedabad-380009

BANKERS : Indian Overseas Bank
Canara Bank
Union Bank of India
State 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,
Changodar,
Sarkhej Bavla Highway,
Changodar,
Ahmedabad.- 382213

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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, Chancharwadi , Vasna, Opp. Zydus Cadila, Sarkhej Bavla High way, Changodar, Ahmedbad 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 in the Company for the year ended 31st March, 2011.
3. To appoint Shri J.S. Negi as a Director of the Company, who retires by rotation and being eligible, offer himself for reappointment.
4. To Appoint 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 and of the Central Government , if required , 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 incurred by the appointee (including medi claim insurance premium) for self and family subject to the ceiling of one month's salary in a year or five months salary over a period of five 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) Housing :

The Company shall provide furnished accommodation to the Managing Director. If the Managing Director is having his own accommodation , the Company shall pay house rent allowance at the rate of 10% , 20%, 30 % of the salary for category C, B and A respectively as the case may be .

The Company shall provide equipments and appliances , furniture fixtures and furnishing at the residence of the Managing Director at the entire cost of the Company which shall not exceed ₹ 5 lacs.

The Company shall reimburse the expenses of gas , electricity, water etc. The expenses on these , valued in accordance with the Income Tax Rules , shall not exceed 10% of the salary.

- viii) Personal accident Insurance :

Premium not exceeding ₹ 15,000/- per annum



NOTICE (Contd...)

- ix) 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.

- 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 and of the Central Government , if required, 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 incurred by the appointee (including medi claim insurance premium) for self and family subject to the ceiling of one month's salary in a year or five months salary over a period of five 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) Housing :

The Company shall provide furnished accommodation to the Whole Time Director. If the Whole Time Director is having his own accommodation, the Company shall pay house rent allowance at the rate of 10% , 20%, 30 % of the salary for category C, B and A respectively as the case may be .

The Company shall provide equipments and appliances, furniture fixtures and furnishing at the residence of the Whole Time Director at the entire cost of the Company which shall not exceed ₹ 5 lacs.

The Company shall reimburse the expenses of gas , electricity, water etc. The expenses on these , valued in accordance with the Income Tax Rule, shall not exceed 10% of the salary.

- viii) Personal accident Insurance :

Premium not exceeding ₹ 15,000/- per annum

- ix) 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 Chetan 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...)

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 and of the Central Government, if required, 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 incurred by the appointee (including medi claim insurance premium) for self and family subject to the ceiling of one month's salary in a year or five months salary over a period of five 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) Housing :

The Company shall provide furnished accommodation to the Whole Time Director. If the Whole Time Director is having his own accommodation, the Company shall pay house rent allowance at the rate of 10%, 20%, 30 % of the salary for category C, B and A respectively as the case may be .

The Company shall provide equipments and appliances, furniture fixtures and furnishing at the residence of the Whole Time Director at the entire cost of the Company which shall not exceed ₹ 5 lacs.

The Company shall reimburse the expenses of gas , electricity, water etc. The expenses on these , valued in accordance with the Income Tax Rules , shall not exceed 10% of the salary.

viii) Personal accident Insurance :

Premium not exceeding ₹ 15,000/- per annum

ix) 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.

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 money, 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



NOTICE (Contd...)

the total amount so borrowed shall not at any time exceed ₹ 15,00,00,00,000/- (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.”

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 2nd 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 dispatched from 2nd October, 2011 onwards.
- 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 our 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



NOTICE (Contd...)

6. A statement along with a notice calling the general meeting referred to in clause (iii) is given to the shareholders containing the following information, namely:-

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	216035.12
Profit Before Tax	6060.81	6757.67	10320.26	11568.08
Profit After Tax	3902.17	4437.00	6898.96	6852.82
Share Capital	1488.33	2976.68	4036.68	4036.68
Reserve & Surplus	7019.47	9921.00	25781.58	32404.97
EPS	26.22	14.91	17.09	16.98

Export performance and net foreign exchange collaborations : ₹ 1,14,65,74,337/-

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

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 commenced his career in textile business in 1985. He established a partnership firm M/s. Anu Impex in the year 1993 to carry out the business of supply of Home Linen Products to merchant	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 commenced his career by joining his brother Mr. Pradipkumar Karia. In 1993 they set up a partnership firm M/s. Anu Impex to carry out the business of supply of Home Linen Products to merchant exporters. Further another partnership firm under the name and style of M/s. Pradip Exports was established by Mr. Pradipkumar Karia and Mr. Chetan Karia in the year 1995 to carry on similar	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 ICAFI Business School. He started his career in 2003 by joining Mr. Pradipkumar Karia and Mr. Chetan Karia in the manufacturing business He along with Mr. Pradip Karia and Mr. Chetan 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.



NOTICE (Contd...)

	<p>exporters. Further another partnership firm under the name and style of M/s. Pradip Exports was established by Mr. Pradipkumar Karia and Mr. Chetan Karia in the year 1995 to carry on similar business. After gaining experience in marketing, he then shifted to processing and manufacturing of Home Linen Products by setting up of factory at Village Changodar, Ahmedabad, and Gujarat in erstwhile Pradip Overseas Limited (now Pradip Enterprises Limited). He was appointed as the Chairman of Pradip Overseas Limited on June 29, 2005 and Managing Director of The Pradip Overseas Limited on September 19, 2007. He has more than 24 years experience in retailing, marketing, business promotion and manufacturing of textile products, of which 15 years is in the Home Linen Products.</p>	<p>business. After gaining experience in marketing, he then shifted to processing and manufacturing of Home Linen Products. In FY 2004 along with Mr. Pradipkumar Karia he acquired a defunct textile manufacturing Unit at Changodar, Ahmedabad by erstwhile Pradip Overseas Limited (now Pradip Enterprises Limited) by setting up and operationalization of that unit to manufacture Narrow Width Home Linen Products from a bank through an auction process, whose installed capacity was 22 million metres per annum of narrow width Home Linen Products. He has more than 18 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.</p>	<p>He has 5 years of experience in Home Linen Products manufacturing business, purchases and logistics. He plays a major role in production, purchase, logistics and other technical segments in our Company.</p>
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 and Marketing	Looking after Production, Purchase of raw material & Financial Matters	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 convencing 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 convencing 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 convencing Annual General Meeting of the members of the Company.



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.

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 Demeger. 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 no. 8 :

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. The consent of the Company in General Meeting under section 293 (1) (d) of the Companies Act, 1956 , to the Board of Directors for borrowing upto ₹ 1,500 crores that is in excess of the aggregate of the paid up capital and free reserves in sought under the proposed resolution at item no. 8 of the Notice.

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



DIRECTORS' REPORT

To the Members Pradip Overseas Limited,

Your Directors have pleasure to submit their Annual Report and Audited Statement of Accounts for the year ended on 31st March, 2011.

1) Financial review:

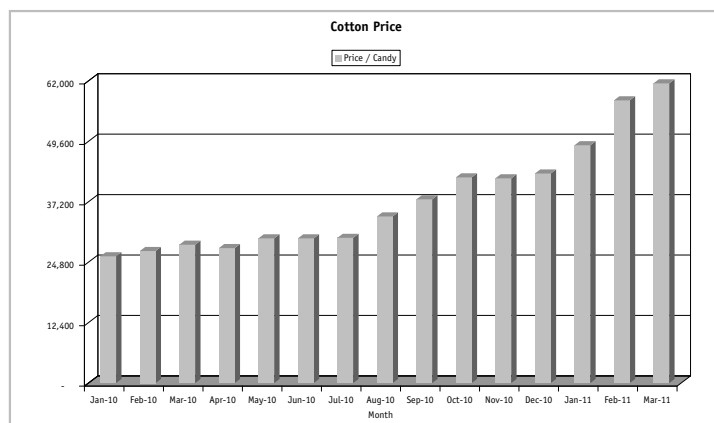
		[₹ in lacs]	
Sr. No.	Particulars	2010-11	2009-10
01.	Income From Operations	216118.90	160587.92
02.	Other Income	1665.85	832.24
03.	Financial Charges	10321.16	7266.72
04.	Depreciation	570.46	683.05
05.	Profit Before Tax	11741.36	10320.25
06.	Taxation	3601.07	3421.29
07.	Profit After Tax	6925.51	6898.96

2) OPERATIONS:

The revenue during the year under review has jumped from ₹ 1605.88 Crores in 2009-10 to ₹ 2161.19 Crores in 2010-11 registering 34.58 % growth. The net profit during the year under review has posted 0.38% growth from ₹ 68.99 Crores in 2009-10 to ₹ 69.26 Crores in 2010-11. The improvement in the working of the Company is the result of better capacity utilization, penetration of high value added products, improvement in the export market etc.

During the year under review the Company has commenced manufacturing of ready made garments and the performance of the same is satisfactory.

During the year under review the price of the cotton had gone exorbitantly high which is reflected in the following chart.



From the aforesaid chart it can be seen that the price were increased month over month. Though, your company has successfully passed major portion of price rise in cotton, this unusual pricing pattern has left impact on the profit margins of the company for the year.

Further, during the year, the company also suffered loss on account of fire, which broke out in one of the grey processing unit at the factory premises of the company. The net loss, after considering insurance claim sanctioned and received, was to the tune of ₹ 12.15 Crores.



DIRECTORS' REPORT (Contd...)

Due to both the above reasons, the company could not maintain the profit growth during the year. Both the reasons, which impacted the profit growth are of "One Off" nature and are unlikely to repeat.

SEZ:

As the shareholders are aware that the Company had undertaken the development of sector specific textile SEZ and has already purchased major part of the land for the said project, however, the said project could not commence due to non availability of small part of the land necessary to approach the Central Government to issue of notification by it. This has resulted in delay in implementation of the project for expansion of the capacity in the aforesaid SEZ. The Company has made representation to the Government of Gujarat also for the availing the required land as stated hereinbefore. This has resulted into delay in implementation of the project for expansion of the capacity by establishing a unit in the aforesaid SEZ. Moreover, in the Financial Act, 2011, the Central Government has introduced Minimum Alternative Tax on the units in SEZ , which has withdrawn one of the major benefits made available to the SEZ units as well as to the SEZ Developers. None the less, the company is also looking for right partners to undertake the development of SEZ or Textile Park with a view to create a Textile Industry cluster in line with the third party procurement policy followed by the company.

CAPACITY EXPANSION:

Considering the growth in Business and Revenue, it is imperative for the company to expand its manufacturing capacity. The company has undertaken ₹ 437 Crs. expansion cum modernization plan which includes Upgradation of its existing narrow width unit, and expansion of capacity at Wider Width unit. The expansion cum modernization plan will result in capacity expansion by 60 million meters per annum. The entire expansion cum modernization plan is expected to be completed during financial year 2011-12 and upon completion; the total capacity of the company would stand at 196 million meters per annum.

PRESENCE IN USA:

Despite continuing sluggishness in USA market, the management is quite bullish on business development in USA, particularly for the reason of US Home Linen Business moving away from Pakistan in favour of India. In order to exploit full potential of this opportunity window, the Company has formed a wholly owned subsidiary Company namely Pradip Home Fashions, INC, USA which will be special purpose vehicle Company to establish and develop direct business relationship with regional and national retail chain in North America. The company is also considering some opportunities to acquire existing buying house business in North America. This will enhance the direct presence of the Company in market of the USA and other neighboring countries.

4) UTILISATION OF THE IPO PROCEEDS:

The statement showing proposed and actual utilisation of IPO proceeds as on 31st March 2011 is as follows:
(₹ in lacs)

Sr. no.	Particulars	Utilisation of Funds	
		As per Prospectus	Actual
01	Manufacturing facility	9995.00	515.00
02	Margin Money for Working capital*	9995.00	0.00
03	Public Issue Expenses	622.33	875.32
	Total	20612.33	1390.32

* The shareholders of the Company had granted their consent through the process of postal ballot for utilisation 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 utilised the fund.

The Company has invested the unutilised money in the Mutual fund, Fixed Deposit with Banks as stated in the Balance sheet of the Company for the year under review.



DIRECTORS' REPORT (Contd...)

5) DIVIDEND

Your Directors recommended for consideration of the shareholders at the Annual General Meeting for payment of dividend for the year 2010-11 @ 10% (₹ 1 per share) on 4,03,66,819 Equity shares of ₹ 10/- each.

6) 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.

7) 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.

8) DIRECTORS :

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

9) PARTICULARS 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 the Rule framed there under forms part of this report and marked as annexure II.

10) 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 an Auditors of the Company and to fix their remuneration.

11) AUDITORS REPORT :

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

12) Corporate governance :

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

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

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

(Pradip J. Karia)

Chairman & Managing Director

Place : Ahmedabad.

Date : 27th June, 2011

**DIRECTORS' REPORT (Contd...)****ANNEXURE TO DIRECTOR'S REPORT****CONSERVATION OF ENERGY****(A) Energy conservation measure 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	31/03/2011	31/03/2010
(A)	Electricity		
(1)	Purchase		
	Unit Nos.	8792332	8611062
	Total Amt. (₹)	46775597	46485200
	Rate Per Unit (₹)	5.32	5.40
(2)	Own Generation		
	Through Diesel Generation Set	113277	119373
	Unit Per Liter of Diesel Oil	4.6425	4.6125
	Cost Per Unit (₹)	8.95	7.81
(B)	Consumption of Electricity in unit for Per Unit of Production	0.07	0.07

(C) FOREIGN EXCHANGE EARNINGS AND OUT GO :

The details of Foreign Exchange Earnings and out-go are provided in Notes on Accounts.

	(₹ In lacs)
	2010-11
a) Earning	11149.61
b) Outgo	429.54

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, 2011

(A) PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN ₹ 60,00,000/- PER ANNUM

Sr. No.	Name of Employees	Designation / Nature of Duties	Remuneration (In ₹ Lac) Employment	Qualifications (Years)	Age (Years)	Experience Employment	Date of last	Particulars
1	Mr. Pradipkumar J. Karia	Chairman & Managing Director	120.00	B.Com	50	25	19th September, 2007	Partners in firm M/s Anu Impex, carry business of Home Linen Products
2	Mr. Chetankumar J. Karia	Whole Time Director	108.00	B.Com	48	20	19th September, 2007	Partners in firm M/s Anu Impex, carry business of Home Linen Products
3	Mr. Vishal R. Karia	Whole Time Director	72.00	M.B.A.	29	8	19th September, 2007	Partners 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 ₹ 5,00,000/- PER MONTH : NIL





MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

1. OVER VIEW :

During the year under review the Sale and Profitability has increased to the satisfaction of the Management of the Company.

2. INDUSTRY STRUCTURE AND DEVELOPMENT :

3. OPPORTUNITIES AND THREATS :

The growing economy of the Country and slow improvement in the economy of 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 of the country 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 and finishing and readyment garments.

5. RISK 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 new markets and maintainng 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 unauthorised use or diposition. 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 conduit of the business.

8. HEALTH AND SAFETY MEASURES:

The due care is being taken to enusre 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 facotry of the Company.

9. HUMAN RESOURCES :

The relation 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, 2011.

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

The Board has 6 Directors comprised of 1 Managing Director, 2 Whole Time Directors and 3 Non Executive Directors.

During the year 2010-11 12 (twelve) Board Meetings were held on 26/04/2010, 25/05/2010, 28/05/2010, 21/06/2010, 06/07/2010, 11/08/2010, 04/09/2010, 26/10/2010, 13/11/2010, 07/01/2011, 21/01/2011, 14/02/2011.

Details of attendance of the Directors at the Board Meetings held during the year 2010-11 and the last Annual General Meeting are given below:

Sr. No.	Name of the Directors	Position	No. of Board meetings held during the year	No. of meeting attended	General Meeting attended
1	Mr. Pradip J. Karia	Executive	12	12	Yes
2	Mr. Chetan J. Karia	Executive	12	12	Yes
3	Mr. Vishal R. Karia	Executive	12	12	Yes
4	Mr. Jivansingh Negi	Non Executive &Independent	12	4	Yes
5	Mr. Ramdas Gurpur Kamath	Non Executive &Independent	12	3	No
6	Mr. Sudhir Jumani	Non Executive &Independent	12	2	No

Audit Committee:

The audit Committee comprise 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 Gurpur Kamath	Chairman	Independent Director
Mr. Jivansingh Negi	Member	Independent Director
Mr. Pradipkumar Karia	Member	Executive Director
Mr. Sudhir Jumani	Member	Independent Director

Company Secretary Mr.Kaushik Kapadia, will act as the secretary of the 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



CORPORATE GOVERNANCE REPORT (Contd...)

- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of Internal Control Systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower Mechanism, when the same is adopted by the Company and is existing.
- Carrying out any other function as may be statutorily required to be carried out by the Audit Committee.

Meetings and attendances:

During the year, 4 Audit Committee Meetings were held on 28/05/2010, 11/08/2010, 13/11/2010 and 14/02/2011.

The Attendance of Members at meetings was as follows:

Sr. No.	Name	Position	No. of meetings held during relevant period	No. of meetings attended
1.	Mr. Ramdas Gurpur Kamath	Chairman	4	3
2.	Mr. Jivansingh Negi	Member	4	4
3.	Mr. Pradipkumar Karia	Member	4	4
4.	Mr. Sudhir Jumaní	Member	4	1

2. Remuneration Committee:

The Remuneration Committee is comprised of the following Directors:

Name	Designation	Nature of Directorship
Mr. Jivan Singh Negi	Chairman	Independent Director
Mr. Gurpur Ramdas Kamath	Member	Independent Director
Mr. Sudhir Jumaní	Member	Independent Director

Company Secretary, Mr. Kaushik Kapadia, will act as the secretary of the said Committee.

The terms of reference of the Remuneration Committee are as follows:

- To decide and approve the terms and conditions for appointment of executive directors and/ or whole time directors and remuneration payable to other directors and matters related thereto.
- To recommend to the Board, the remuneration packages of the Company’s Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
- To be authorised at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company’s policy on specific remuneration packages for Company’s Managing/Joint Managing/ Deputy Managing/ Whole-time/ Executive Directors, including pension rights and any compensation payment.

Meetings and Attendances:

Particulars of Remuneration Committee’s meetings:

No meeting of the remuneration committee was held during the year under review.

**CORPORATE GOVERNANCE REPORT (Contd...)****Remuneration of Directors:**

(₹ In Lacs)

Sr. No	Name	Salary ₹	Perquisites & allowances ₹	Sitting fees ₹	Commission /bonus ₹	Total ₹
1.	Mr . Pradipkumar J. Karia	120.00	0.00	0.00	0.00	120.00
2.	Mr. Chetankumar J. Karia	108.00	0.00	0.00	0.00	108.00
3.	Mr. Vishal Karia	72.00	0.00	0.00	0.00	72.00
4.	Mr. Jivansingh Nagi	0.00	0.00	0.60	0.00	0.60
5.	Mr. Ramdas G. Kamath	0.00	0.00	0.45	0.00	0.45
6.	Mr. Sudhir Jumani	0.00	0.00	0.30	0.00	0.30

INVESTORS' GRIEVANCES COMMITTEE:

The Shareholders' / Investors' Grievance Committee is comprised of the following Directors: -

Name	Designation	Nature of Directorship
Mr. Jivan Singh Negi	Chairman	Independent Director
Mr. Pradipkumar Karia	Member	Executive Director
Mr. Sudhir Jumani	Member	Independent Director

Company Secretary, Mr. Kaushik Kapadia, will act as the secretary of the Committee.

The terms of reference of the Shareholders' / Investors' Grievances Committee is as follows:

- Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- Issue of duplicate / split / consolidated share certificates;
- Review of cases for refusal of transfer / transmission of shares and debentures;
- Reference to statutory and regulatory authorities regarding investor grievances;
- And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Meetings and Attendance:**Particulars of Shareholders'/Investors' Grievances Committee's meetings:**

Sr. No.	Name	Position	No. of meetings held during relevant period	No. of meetings attended
1	Mr. Pradip Karia	Executive Director	1	1
2	Mr. Jivansingh Negi	Non Executive & Independent	1	1
3	Mr. Sudhir Jumani	Non Executive & Independent	1	1

**CORPORATE GOVERNANCE REPORT (Contd...)****General Body Meeting :**

Location and time where the last three AGM held :

The last 3 Annual General Meetings of the Company were held as under:

Date	Time	Venue
18th August, 2008	11:00 a.m.	A- 601, Narnarayan Complex, Nr. Swastik Cross Road, Navrangpura, Ahmedabad
20th August, 2009	10:00 a.m.	A- 601, Narnarayan Complex, Nr. Swastik Cross Road, Navrangpura, Ahmedabad
29th September, 2010	11:00 a.m.	Ahmedabad Textile Mills Association Hall, Ashram Road, Navrangpura, Ahmedabad – 380 009

Whether any special resolution passed in the previous 3 AGMs

Year	Date of the	Details of the special resolution passed in the Annual General Meeting
2007-08	18-08-2008	<ol style="list-style-type: none"> Adoption of new set of Articles of Association Insertion of clause as a main object regarding business of Infrastructure facilities Authority to issue of shares in the Company to persons other than members. Investment in shares in the Company by FII etc. Issue of 1,48,83,385 Equity Shares as a Bonus Shares in the Company. Increase in the remuneration of Shri Pradip J. Karia, Managing Director of the Company. Increase in the remuneration of Shri Chetan J. Karia, Wholetime Director of the Company. Increase in the remuneration of Shri Vishal R. Karia, Wholetime Director of the Company.
2008-09	20-08-2009	None
2009-10	29-09-2010	None

Whether any special resolution passed last year through postal ballot & details of voting pattern :

Yes , during the year two special resolution were passed as detailed below. The details of the voting is also given hereunder :

Particulars	No. of Ballot voted in favour	No. of shares in favour	% of shares in favour	No. of ballot voted against	No. of shares against	% of shares against
Special resolution pursuant to provisions of the Companies Act, 1956 alongwith any other law , rules and regulations for the time being in force and approvals required from any statutory authorities , consent has been given by the members to suitably modify, vary or alter the object and use of proceeds (" Issue Proceeds") of the Initial Public offer as stated under the head "Object of the Issue " in the Prospectus dated 19th March, 2010 filed by the Company with the Registrar of Companies.	319	29866868	99096%	77	10485	0.04%



CORPORATE GOVERNANCE REPORT (Contd...)

Particulars	No. of Ballot voted in favour	No. of shares in favour	% of shares in favour	No. of ballot voted against	No. of shares against	% of shares against
Special Resolution pursuant to section 146 and 192 (A) of the Companies Act, 1956 and other applicable provisions ,if any , of the Companies Act, 1956 , the members had granted consent to shift the Registered Office of the Company from A/ 601, Narnarayn Complex, Near Swastik Char Rasta, Navrangpura, Ahmedabad 380009 to 104,105,106, Chancharwadi Vasna, Opp. Zyodus Cadila, Sarkhej Bavla High way, Tal. Sanand, Dist. Ahmedabad 382213	333	29874232	99.98%	55	5151	0.02%

The Postal ballot exercise was carried out by the Chairman of the Company and he was assisted by scrutiniser Mr.Ravi Kapoor, Practicing Company Secretary.

The details of the Special Resolution passed have given in the aforesaid table.

Procedure for the Postal Ballot :

The Company had sent notice for the postal ballot to all the members of the Company Under certificate of posting for availing approval of the members for shifting of the Registered Office of the Company and change the object as stated in the Prospectus for IPO of the Company. The said notices were accompanied by pre-paid envelope for facilitating the members to communicate the assent or dissent to the resolution.

The Board of Directors of the Company had appointed Mr.Ravi Kapoor, Practising Company Secretary as a Scrutiniser to conduct the Postal Ballot process in transparent manner. The said Scurtiniser had submitted his report after the last date fixed for submitting the Postal Ballot by the members.

The shareholders had sent the said postal and on the basis of the same the Scrutiniser had maintained the record for postal ballot, prepared the Report on the postal ballot sent by the members and the Chairman considered the said records, report and approved the minutes of the said postal ballot voting.

DISCLOSURES :

- The related party transaction have already been given in the schedule no. 21.
- There are no penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory Authority, on any matter related to Capital Markets during the last three years.
- No personnel has been denied access to the Audit Committee.

MEANS OF COMMUNICATION :

i) Quarterly results :

The quarterly results are published in the new papers as required pursuant to the Listing Agreement.

ii) The results are normally published in Business Standard (English) & Jansatta/ Jaihind (Gujarati)

GENERAL SHAREHOLDERS INFORMATION :

(1) Annual General Meeting:

Date : Tuesday, 27-09-2011

Time : 11.00 a.m.

Venue : 104,105,106 , Chancharwadi, Vasna, Opp. Zyodus Cadila, Changodar, Ahmedabad 382213

**CORPORATE GOVERNANCE REPORT (Contd...)****(2) Financial Calendar:**

The Financial Year of the Company is for a period of 12 months from 1st April to 31st March.:

(3) Book Closure: 15th September, 2011 to 29th September, 2011.**(4) Dividend Payment date : 2nd October, 2011.****(5) Listing on stock exchanges:**

Sr. No.	Name of the Exchanges	Code	Address
1	Bombay Stock Exchange Limited	533178	Bombay Stock Exchange Limited, Dalal Street, Fort, Mumbai – 400001
2	National Stock Exchange Limited	PRADIP	National Stock Exchange of India, Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400051

(6) Stock code : BSE – 533178 NSE : PRADIP**(7) STOCK MARKET DATA**

The Month wise Highest and lowest stock prices at Bombay Stock Exchange and National Stock exchange

Financial Year – 2010-11	Bombay Stock Exchange		National Stock Exchange	
	Highest (₹)	Lowest (₹)	Highest (₹)	Lowest (₹)
April -10	123.00	84.00	122.70	85.00
May - 10	93.55	68.35	93.50	68.10
June - 10	76.15	65.10	76.20	65.00
July - 10	88.50	68.20	89.00	66.60
August – 10	94.00	79.40	93.45	75.75
September – 10	90.50	79.50	104.20	79.30
October – 10	89.20	75.20	89.30	74.10
November – 10	95.00	79.00	94.50	78.90
December – 10	89.50	72.10	89.75	72.90
January – 11	87.00	63.05	87.70	62.00
February – 11	76.40	61.80	76.20	63.00
March – 11	88.65	65.10	88.90	65.05

(8) REGISTRARS AND TRANSFER AGENTS:

Link Intime India Pvt. Ltd

C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078

(9) SHARE TRANSFER SYSTEMS :

Since the Company's shares are compulsorily traded in the demat segment on Stock Exchanges, bulk of the transfers take place in the electronic form.

For expediting physical transfers, the Board has delegated Share transfer formalities to certain officers of the Company who attend to them at least 3 times in a month.

Physical transfers are effected within the statutory period of one month. The Board has designated the Company Secretary as the Compliance officer.

**CORPORATE GOVERNANCE REPORT (Contd...)****(10) Distribution of shareholding as at 31st March, 2011**

Share or Debenture holding of nominal Value	Share / Debenture Holders		Share / Debenture Amount	
	₹	Number	% to total	₹
1	2	3	4	5
1-500	17508	95.5360	1731166	4.2890
501-1000	386	2.1060	309376	0.7660
1001-2000	171	0.9330	248316	0.6150
2001-3000	57	0.3110	143397	0.3550
3001-4000	22	0.1200	80130	0.1990
4001-5000	27	0.1470	127040	0.3150
5001-10000	43	0.2350	316266	0.7830
10001 and above	112	0.6110	37411128	92.6780
TOTAL	18326	100.00	40366819	100.00

11) Dematerialisation of shares and liquidity :

The Company's shares are available for dematerialization on both the Depositories viz. National Securities Depository Limited (NSDL) and Central Depository Service (India) Limited (CDSL)

12) The company has not issued GDRs/ADRs/warrants or any convertible instruments.**13) Plant location:**

Plot No. 104/105/106, Village: Changodar, Sarkhej Bavla Highway, Changodar, Taluka Bavla, Ahmedabad- 380013 Gujarat, India.

17) Address for correspondence:

- 1) PRADIP OVERSEAS LIMITED
Registered Office : 104,105, 106, Chanchar wadi, Vasna, Opp. Zydus Cadila, Changodar, Ahmedabad 382213
- 2) PRADIP OVERSEAS LIMITED
Corporate Office : A/601. Narnarayan Complex, Near Swastik Char Rasta, Navrangpura, Ahmedabad 380 009
- 3) Link Intime India Private Limited
C/13, Pannalal Silk Mill Compound, L.B.S. Marg, Bhandup (W), Mumbai – 400078

The Above report was placed before Board of Directors of the Company at its meeting held on 27th June, 2011.

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**To the Members of PRADIP OVERSEAS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Pradip Overseas Limited, for the year ended 31st March, 2011, as stipulated in clause 49 of the Listing Agreement(s) of the said Company with stock exchange in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance in neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For, **Ashok Dhariwal & Co.,**
Chartered Accountants,
(Reg. No. 100648W)

(CA Ashok Dhariwal)
Proprietor
Membership No. 36452

Place : Ahmedabad
Date : 27th June, 2011



AUDITORS' REPORT

To,

The Members of Pradip Overseas Limited

1. We have audited the attached Balance Sheet of **PRADIP OVERSEAS LIMITED** as at 31st March, 2011, the Profit and Loss account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides reasonable basis for our opinion.
3. As required by the companies (Auditor's Report) Order,2003 issued by the Central Government of India in term of section 227 (4A) of the companies Act,1956, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (ii) In our opinion, proper books of account as required by law have been kept by the company as far as appears from our examination of those books.
 - (iii) The Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - (v) On the basis of written representations received from the Directors as on 31st March,2011 and taken on record by the Board of Directors, in our opinion, none of the Directors are disqualified from being appointed as Director under Section 274(1)(g) of Companies Act,1956.
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (a) In the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2011.
 - (b) In the case of the Profit and Loss account, of the profit for the year ended on 31st March, 2011.
and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on 31st March, 2011.

For, **Ashok Dhariwal & Co.,**
Chartered Accountants,
(Reg. No. 100648W)

(CA Ashok Dhariwal)
Proprietor

Membership No. 36452

Place : Ahmedabad

Date : 27th June, 2011



ANNEXURE TO AUDITORS' REPORT

REF: PRADIP OVERSEAS LIMITED

Referred to in paragraph 3 of our report of given date,

- (1) (a) The company is maintaining proper records showing full particulars including quantitative detail and situation of fixed assets.
(b) As explained to us, all the fixed assets are physically verified by the management during the year, which in our opinion is reasonable, having regard to the size of the Company and nature of its fixed assets. We are informed that no material discrepancies were noticed on such verification.
(c) In our opinion the Company has not disposed off any part of its fixed assets during the year and the going concern status of the Company is not affected.
- (2) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
(b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size and the nature of its business.
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (3) (a) As per the information and explanations given to us, the Company has not granted or taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained under section 301 of Companies Act, 1956.
(b) As the company has neither granted nor taken any loans, secured or unsecured to/from companies, firms or other parties covered in the register maintained U/s 301 of the Companies Act, 1956, sub clauses (b),(c),(d),(f) and (g) of clause 4 of the order are not applicable.
- (4) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (5) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of Contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained U/s 301 of the Companies Act, 1956 have been so entered.
(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of each party during the year have been made at price which appear reasonable as per information available with the company.
- (6) The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
- (7) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (8) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under 209 (1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (9) (a) The Company is regular in depositing Provident Fund with appropriate authorities.



ANNEXURE TO AUDITORS' REPORT (Contd...)

- (b) According to the information and explanation given to us, there are no dues of VAT, Service Tax, Income tax, Wealth Tax, Customs duty, Excise duty and cess, which have not been deposited on account of any dispute.
- (10) The company has no accumulated losses as at the end of the financial year and has not incurred any cash losses in the current and immediately preceding financial year.
- (11) Based on our audit procedure and as per the information and explanation given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to Banks.
- (12) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares and other securities.
- (13) In our opinion, the Companies is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provision of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (14) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments except Mutual Funds. The company has maintained proper record of the transaction for investment in mutual fund and timely entries have been made therein. All investments in the mutual fund have been held by the company in its own name.
- (15) In our opinion, and according to the information and explanation given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (16) The company has raised new Term Loan during the year. The Term Loan outstanding at the beginning of the year and those raised during the year have been applied for the purposes for which they were raised.
- (17) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-terms assets except permanent working capital.
- (18) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (19) According to the information and explanation given to us, during the year covered by our Audit Report, Company had not issued Debentures. Accordingly clause 4(xix) of the order is not applicable.
- (20) We have verified the end use of money raised by public issue as disclosed in notes to the financial statements.
- (21) Based upon the Audit procedure performed for the purpose of reporting the true and fair view of the financial statements and as for the information and explanations given by the management, we report, no fraud on or by the Company has been noticed or reported during the course of our audit.

For, **Ashok Dhariwal & Co.,**
Chartered Accountants,
(Reg. No. 100648W)

(CA Ashok Dhariwal)
Proprietor

Membership No. 36452

Place : Ahmedabad
Date : 27th June, 2011

**PRADIP OVERSEAS LTD.****BALANCE SHEET AS ON 31ST MARCH, 2011**

(₹ in Lacs)

PARTICULARS	SCHEDULES	31-Mar-11	31-Mar-10
SOURCES OF FUNDS:			
SHARE HOLDER'S FUND			
Share Capital	1	4,036.68	4,036.68
Reserves and Surplus	2	32,008.39	25,781.57
LOAN FUNDS			
Secured Loans	3	73,239.93	50,307.80
Unsecured Loans	4	1,999.71	2,251.83
DEFERRED TAX LIABILITY (NET)		615.90	575.81
TOTAL		111,900.60	82,953.70
APPLICATION OF FUNDS :			
FIXED ASSETS / INTANGIBLE ASSETS			
Gross Block	5	11,237.00	10,312.80
Less : Depreciation		3,007.59	2,437.13
Net Block	8	229.41	7,875.67
Add : Capital Work In Progress		275.17	103.74
		8,504.58	7,979.41
INVESTMENTS	6	674.98	3,599.00
CURRENT ASSETS, LOAN AND ADVANCES			
Inventories	7	70,314.10	51,362.94
Sundry Debtors	8	43,454.15	27,725.73
Cash and Bank Balances	9	10,160.29	20,345.91
Loans and Advances	10	7,413.64	5,077.81
		131,342.17	104,512.38
Less : CURRENT LIABILITIES AND PROVISIONS	11	28,623.54	33,141.92
NET CURRENT ASSETS		102,718.63	71,370.46
MISCELLANEOUS EXPENDITURE (to the extent not written off or adjusted)	12	2.41	4.83
		111,900.60	82,953.70

Significant Accounting Policies and Notes on Accounts 21**The Schedule referred to above form part of Accounts**

As per our Report attached
For, **Ashok Dhariwal & Co.,**
Chartered Accountants,

(CA Ashok Dhariwal)
Proprietor
Membership No. 36452
(Reg. No. 100648W)

Place : Ahmedabad
Date : 27th June, 2011

For and on behalf of the Board

(Pradipkumar J. Karia)
Chairman cum Managing Director

(J.S. Negi)
Director

(Chetan J. Karia)
Whole Time Director

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad
Date : 27th June, 2011

**PRADIP OVERSEAS LTD.****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2011**

(₹ in Lacs)

PARTICULARS	SCHEDULES	31-Mar-11	31-Mar-10
INCOME:			
Income from Operations	13	216,118.90	160,587.92
Other Income	14	1,665.85	832.24
Increase / (Decrease) In Stock	15	4,375.70	8,641.72
TOTAL		222,160.45	170,061.88
EXPENDITURE:			
Manufacturing and Other Expenses	16	197,567.83	149,962.17
Personnel Expenses	17	639.17	555.19
Administrative Expenses	18	569.45	786.71
Selling and Distribution Expenses	19	748.60	485.37
Financial Expenses	20	10,320.77	7,266.72
Depreciation and Amortisation		570.46	683.05
Preliminary Expenses Written Off		2.41	2.41
TOTAL		210,418.69	159,741.63
PROFIT BEFORE TAX		11,741.75	10,320.25
LESS : EXTRA ORDINARY ITEMS			
Loss due to Fire		1,215.17	—
PROFIT BEFORE TAX AFTER EXTRA ORDINARY ITEMS		10,526.58	10,320.25
Less : Provision for Taxation:			
Income Tax		3,560.69	3,301.45
Deferred Tax		40.09	119.84
Wealth Tax		0.29	—
		3,601.07	3,421.29
PROFIT AFTER TAX		6,925.51	6,898.96
Less : Prior Period Adjustments		290.16	230.23
		6,635.35	6,668.73
ADD: BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR¹		5,966.70	9,770.24
BALANCE AVAILABLE FOR APPROPRIATIONS		22,602.05	16,438.97
Less : Proposed Dividend		403.67	403.67
Less : Tax on Proposed Dividend		65.49	68.60
BALANCE CARRIED TO BALANCE SHEET		22,132.90	15,966.70
Earning Per Share - Basis and Diluted (in ₹)		17.16	17.09
Normal Value of Share (in ₹)		10.00	10.00

Significant Accounting Policies and Notes on Accounts 21

The Schedule referred to above form part of Accounts

As per our Report attached
For, **Ashok Dhariwal & Co.,**
Chartered Accountants,

(CA Ashok Dhariwal)

Proprietor
Membership No. 36452
(Reg. No. 100648W)

Place : Ahmedabad

Date : 27th June, 2011

For and on behalf of the Board

(Pradipkumar J. Karia)

Chairman cum Managing Director

(Chetan J. Karia)

Whole Time Director

(J.S. Negi)

Director

(Kaushik B. Kapadia)

Company Secretary

Place : Ahmedabad

Date : 27th June, 2011

**PRADIP OVERSEAS LTD.****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011**

(₹ in Lacs)

PARTICULARS	31-Mar-11	31-Mar-10
A. Cash Flow From Operation Activities		
Net profit after tax and extraordinary items	6,206.29	6,316.30
Adjustments for :		
Depreciation	570.46	683.05
Financial Charges	10,320.77	7,266.72
Amortisation & Miscellaneous Expenses	2.41	2.41
Interest on Fixed Deposits	(718.96)	(469.10)
Operation Profit Before Working Capital Changes	16,380.97	13,799.38
Adjustments for :		
Inventories	(18,951.16)	(21,655.04)
Trade, Other receivables	(15,728.43)	(6,244.95)
Trades Payables & Provisions	(186.60)	5,382.20
Loan and Advances	(2,335.83)	(329.47)
Cash Generated From Operations (A)	(20,821.04)	(9,047.88)
B. Cash Flow From Investing Activities		
Purchase of Fixed Assets	(1,095.62)	(2,622.55)
Interest on Fixed Deposits	718.96	469.10
Increase in Investment	2,924.02	(3,599.00)
Net Cash used in Investing Activities (B)	2,547.35	(5,752.45)
C. Cash Flow From Financing Activities		
Proceeds from Borrowings	22,680.00	19,774.74
Financing Charges	(10,320.77)	(7,266.72)
Increase in Share Capital	—	1,060.00
Increase in Security Premium	—	10,600.05
Share Issue Expenses	60.61	(935.93)
Net Cash Used From Financing Activities (C)	12,419.85	23,232.14
Net increase in cash and Cash equivalents (A + B + C)	(5,853.84)	8,431.81
Cash and Cash equivalents (Opening)	16,013.40	7,581.60
Cash and Cash equivalents (Closing)	10,159.56	16,013.40
Cash and Cash equivalents comprises of:		
Cash on Hand	18.59	11.20
Balance with Banks*	10,140.97	16,002.20
Total	10,159.56	16,013.40

* Excludes balance of ₹ 0.72 lacs (Previous Year of ₹ 43,32.50 Lacs) with the bank for which refund instruments have been issued to the investors but yet to be encashed by the investors.

As per our Report attached
For, **Ashok Dhariwal & Co.,**
Chartered Accountants,

(CA Ashok Dhariwal)
Proprietor
Membership No. 36452
(Reg. No. 100648W)

Place : Ahmedabad
Date : 27th June, 2011

For and on behalf of the Board

(Pradipkumar J. Karia)
Chairman cum Managing Director

(J.S. Negi)
Director

(Chetan J. Karia)
Whole Time Director

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad
Date : 27th June, 2011

**PRADIP OVERSEAS LTD.****SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2011**

(₹ in Lacs)

PARTICULARS	31-Mar-11	31-Mar-10
SCHEDULE 1 : SHARE CAPITAL		
Authorised Capital :		
4,20,00,000 (4,20,00,000) Equity Shares of ₹ 10/- each	4,200.00	4,200.00
Issued, Subscribed and Paid up Capital		
4,03,66,819* (4,03,66,819) Equity Shares of ₹ 10/- each Fully Paid Up.	4,036.68	4,036.68
* (Note : Includes 14883385 Equity shares of ₹ 10/- each allotted as fully paid up by way of Bonus Shares)		
Total	4,036.68	4,036.68
SCHEDULE 2 : RESERVES AND SURPLUS		
De - Merger Reserve Account	150.76	150.76
Total (A)	150.76	150.76
SECURITY PREMIUM ACCOUNT		
Security Premium Account at the beginning of the year	9,664.12	—
Add : Premium on Equity Shares issued during the year	10,600.05	
Less : Premium utilised on expenses incurred for issue of share capital	(60.61)	935.93
Security Premium at the end of the year Total (B)	9,724.73	9,664.12
Surplus from Profit and Loss Account	22,132.90	15,966.70
Total (C)	22,132.90	15,966.70
Total (A to C)	32,008.39	25,781.57
SCHEDULE 3 : SECURED LOANS		
(REFER NOTE NO. 6 OF SCHEDULE NO. 21-B)		
Term Loans		
From Banks	5,640.36	1,372.10
Short Term Loans		
From Banks	10,117.01	6,000.15
Vehicle Loans		
From Banks	20.06	8.89
Working Capital Loans		
From Banks	57,462.49	42,926.66
Total	73,239.93	50,307.80
SCHEDULE 4 : UNSECURED LOANS		
- From Inter Corporate Deposits	1,999.71	2,251.83
Total	1,999.71	2,251.83



SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2010 (Contd...)

SCHEDULE 5 : FIXED ASSETS

(₹ in Lacs)

Particulars of Block	Gross Block			Depreciation & Amortisation				Net Block		
	As on 01-04-10	Addition during the Year	Deduction / Other adjustment during the Year	As on 31-03-2011	As on 01-04-10	For the Year	Deduction / Other adjustment during the Year	As on 31-03-2011	As on 31-03-2011	As on 31-03-10
Land - Freehold	1,246.72	359.90	0.00	1,606.62	0.00	0.00	0.00	0.00	1,606.62	1,246.72
Land - Leasehold	2.00	0.00	0.00	2.00	0.05	0.02	0.00	0.07	1.94	1.96
Factory Building	2,152.32	1,857.34	0.00	2,338.06	322.26	71.03	0.00	393.30	1,944.76	1,830.06
Office Building	60.55	7.21	0.00	67.77	7.03	0.92	0.00	7.95	59.81	53.52
Plant & Machinery	6,304.48	309.28	0.00	6,613.76	1,950.65	455.30	0.00	2,405.95	4,207.80	4,353.83
Computer System	33.19	4.52	0.00	37.72	18.62	4.85	0.00	23.47	14.25	14.58
Office Equipments	58.93	0.00	0.00	58.93	10.01	2.83	0.00	12.85	46.08	48.92
Electrical Installation	217.20	3.44	0.00	220.64	58.64	15.64	0.00	74.28	146.36	158.55
Furniture & Fittings	125.58	12.94	0.00	138.51	36.13	7.36	0.00	43.48	95.03	89.45
Vehicles	93.40	37.06	0.00	130.46	29.84	9.49	0.00	39.34	91.12	63.56
Laboratory Equipment	12.96	0.00	0.00	12.96	2.51	0.62	0.00	3.13	9.83	10.45
Total (A)	10,307.34	2,591.70	0.00	11,227.43	2,435.74	568.07	0.00	3,003.81	8,223.63	7,871.60
Intangible Assets										
Computer Software	2.14	4.10	0.00	6.24	0.90	1.56	0.00	2.46	3.78	1.24
Trade Mark	3.32	0.00	0.00	3.32	0.49	0.83	0.00	1.32	2.00	2.83
Total (A)	5.46	4.10	0.00	9.56	1.39	2.39	0.00	3.78	5.78	4.07
Total (A) + (B)	10,312.80	2,595.80	0.00	11,237.00	2,437.13	570.46	0.00	3,007.59	8,229.41	7,875.67
Previous Year	7,680.95	2,631.85	0.00	10,312.80	1,754.08	683.05	0.00	2,437.13	7,875.67	5,926.87

(₹ in Lacs)

PARTICULARS	31-Mar-11	31-Mar-10
SCHEDULE 6 : INVESTMENTS		
[Current Investments](Unquoted)		
Investment in Mutual Fund		
722682.5978 unit of Canara Reboco Indigo Fund Series II @ 10.3780 Face Value of ₹ 10 (Previous Year 8059901.1856 units of NLPSSD Canara Robeco Treasury Advantage Super Instt DailyDiv Reinv Fund @ ₹ 12.4071 Face Value of ₹ 10) NIL (Previous Year 9994003.598 units of L147ID SBI-SHF-Ultra Short Term Fund- Institutional Plan - Daily Dividend @ ₹ 10.0060 Face Value of ₹ 10) NIL (Previous Year 9994702.808 units of JM Money manager fund super plus plan - Daily Dividend @ ₹ 10.0053 Face Value of ₹ 10) NIL (Previous Year 983587.013 units of Kotak Flexi Debts Scheme- Daily Dividend @ ₹ 10.0652 Face Value of ₹ 10) 4846687.368 units (Previous Year NIL) of REL Regular Saving Fund - Debt-Inst-GP @ 10.4339 Face Value of ₹ 10.00	75.00	1,000.00
NIL (Previous Year 4996602.310 units) B332DD Birla Sun Life Saving Insti-Daily Dividend - Reinvestment @ ₹ 10.0068 Face Value of ₹ 10 Fund- 500 shares of ₹10 each in Pradip Integreated Textiles Park Pvt. Ltd.	599.93	—
Investment in Subsidiary Company - (At cost)		
Unquoted Equity Share fully paid up 100 Equity Shares of Pradip Home Fashion INC at USA @ \$ 0.01 each (Previous year NIL)	0.05	—
	0.00	—
Total	674.98	1,000.00

**PRADIP OVERSEAS LTD.****SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2011 (Contd...)**

(₹ in Lacs)

PARTICULARS	31-Mar-11	31-Mar-10
Schedule 7 : INVENTORIES [Valued and Certified By the Management]		
Raw Materials	45,541.64	31,029.68
Work in Process	12,118.84	12,358.24
Finished Goods	12,230.60	7,615.51
Colour and Chemicals	155.82	139.25
Packing Materials	63.85	50.25
Stores & Spares	161.46	139.85
Lignite	41.88	30.15
Total	70,314.10	51,362.94
Schedule 8 : SUNDRY DEBTORS [Unsecured Considered Good]		
Debts Outstanding for		
- More than Six Months	467.96	577.59
- Others	42,986.19	27,148.13
Total	43,454.15	27,725.73
Schedule 9 : CASH AND BANK BALANCES		
1. Cash on Hand	18.59	11.20
2. Balance with Schedule Banks		
- In Current Accounts *		
- With Schedule Bank	1,091.48	11,443.06
- In Fixed Deposit Accounts		
- With Schedule Bank	9,050.21	8,891.65
Total	10,160.29	20,345.91
* Includes balance of ₹ 72,600/- (Previous Year ₹ 43,32,50,310/-) with the banks for which refund instruments have been issued to the investors but yet to be encashed by the investors. and ₹ 89353/- for Unpaid Dividend		
Schedule 10 : LOANS AND ADVANCES [Unsecured Considered Good]		
Advance Recoverable in cash or in kind or for value to be received	6,842.42	4,414.21
Cenvat Receivable	29.02	29.11
Export Incentives Receivables	118.27	223.32
Sundry Deposits	201.52	188.76
Capital Subsidy Receivable	222.41	222.41
Total	7,413.64	5,077.81

**PRADIP OVERSEAS LTD.****SCHEDULES FORMING PART OF BALANCE SHEET AS ON 31ST MARCH, 2011 (Contd...)**

(₹ in Lacs)

PARTICULARS	31-Mar-11	31-Mar-10
Schedule 11 : CURRENT LIABILITIES AND PROVISIONS		
[1] Current Liabilities :		
Sundry Creditors		
- Due to Micro, Small and Medium Enterprises*	98.68	189.97
- Others	24,342.35	24,535.44
Statutory Liabilities	31.21	78.88
Other Current Liabilities	119.54	231.40
Unpaid Dividend	0.89	—
Unpaid Share Application Money**	0.73	4,332.50
[2] Provisions :		
For Income Tax (Net of Prepaid Tax)	3,560.69	3,301.45
For Wealth Tax	0.29	—
For Proposed Dividend	403.67	403.67
For Tax on Proposed Dividend	65.49	68.60
Total	28,623.54	33,141.92
* Information as provided by the company		
** Represents refund instruments issued to the investors but yet to be encashed by the investors. This does not include any amount, due and outstanding, to be credited to Investor Education and Protection Fund.		
Schedule 12 : MISCELLANEOUS EXPENDITURE		
[To the extent not written off or adjusted]		
Preliminary Expenses:		
Opening Balance	4.83	7.24
Add: Incurred during the Year	—	—
	4.83	7.24
Less : Written off for the Year	2.41	2.41
Total	2.41	4.83



PRADIP OVERSEAS LTD.

SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2011

(₹ in Lacs)

PARTICULARS	31-Mar-11	31-Mar-10
Schedule 13 : INCOME FROM OPERATIONS		
Sales		
- Textiles	210,509.07	156,721.60
- Job Income	3,342.83	3,866.32
	213,851.90	160,587.92
- Insurance Claim	2,267.00	—
Total	216,118.90	160,587.92
Schedule 14 : OTHER INCOME		
Export Incentives	776.31	363.14
Interest Income (TDS of ₹3806752/- , Previous Year ₹ 5475537/-)	718.96	469.10
Profit on Sale of Investment	72.57	—
Exchange Rate Fluctuation	9.80	—
Dividend Income	88.21	—
Total	1,665.85	832.24
Schedule 15 : INCREASE/(DECREASE) IN STOCKS		
Stock In Trade [At Close]		
Work in Process	12,118.84	12,358.24
Finished Goods	12,230.60	7,615.51
Total (A)	24,349.44	19,973.74
Less : Stock In Trade [At Commencement]		
Work in Process	12,358.24	5,586.15
Finished Goods	7,615.51	5,745.88
Total (B)	19,973.74	11,332.03
Net Increase / (Decrease) In Stock (A - B)	4,375.70	8,641.72
Schedule 16 : MANUFACTURING AND OTHER EXPENSES		
Raw Material Consumed		
Opening Stock	31,029.68	18,049.12
Add: Purchase During the Year	168,942.49	131,855.07
	199,972.17	149,904.19
Less: Closing Stock	45,541.64	31,029.68
	154,430.52	118,874.51
Colour and Chemical Consumed	5,484.84	4,932.45
Power and Fuel	1,597.90	1,328.82
Packing Material	715.80	355.04
Stores and Spares	477.14	392.92
Inward Freight and Octroi	379.14	194.71
Process, Designing and Job Charges	1,702.06	1,226.80
Repairs to Machineries	128.08	66.59
Purchase of Finished Goods	32,652.35	22,590.33
Total	197,567.83	149,962.17

**PRADIP OVERSEAS LTD.****SCHEDULES FORMING PART OF PROFIT & LOSS ACCOUNT AS ON 31ST MARCH, 2011**

(₹ in Lacs)

PARTICULARS	31-Mar-11	31-Mar-10
Schedule 17 : PERSONNEL EXPENSES		
Salary and Bonus	608.29	528.58
Gratuity	7.88	6.83
Contribution to Fund	13.05	12.03
Staff Welfare	9.94	7.75
Total	639.17	555.19
Schedule 18 : ADMINISTRATIVE EXPENSES		
Conveyance	5.44	4.50
Donation	20.62	64.95
Directors' Sitting Fees	1.35	1.80
Electricity Charges	2.40	2.72
Exchange Rate Fluctuation(Net)	—	37.25
House Keeping	12.67	12.12
Insurance	74.67	46.57
Interest on Taxes and Penalty	0.14	0.09
Professional and Consultancy Fees	132.36	53.13
Bad Debts	—	358.86
Membership Fees	0.25	0.20
Miscellaneous Expenses	29.01	9.46
Courier and Postage	31.69	17.29
Printing and Stationary	19.81	21.20
Rent, Rates and Taxes	58.69	29.80
Security Charges	38.79	28.97
Service Tax	31.32	8.06
Telephone	25.67	22.75
Vehicle Expenses	42.13	31.12
Repairs and Maintenance		
For Building	4.50	5.37
For Others	14.23	7.34
Auditors' Remuneration		
For Audit Fees	13.79	13.79
For Taxation	9.65	9.38
For Other Services	0.28	—
Total	569.45	786.71
Schedule 19 : SELLING AND DISTRIBUTION EXPENSES		
Clearing and Forwarding	464.92	224.09
Commission	170.26	162.24
Sales Promotion and Exhibition	31.24	29.52
Travelling	71.40	57.73
Advertisement	10.77	11.79
Total	748.60	485.37
Schedule 20 : FINANCIAL EXPENSES		
Bank Charges	2,985.80	2,353.65
Interest		
To Bank	7,182.29	4,696.54
To others	152.67	216.53
Total	10,320.77	7,266.72



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

SCHEDULE 21: SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES :

01. BASIS OF PREPARATION OF FINANCIAL STATEMENT

The accompanying Financial Statements are prepared under the historical cost convention, in accordance with Accounting Standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 1956 as adopted consistently by the Company. All Income and Expenditure having a material bearing on the Financial Statement are recognized on accrual basis.

02. USE OF ESTIMATES

The preparation of Financial Statement in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported accounts of Assets and liabilities and disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

03. REVENUE RECOGNITION

Sale of products/job work is recognized when they are invoiced to customers.

Revenue in respect of other Income is recognized when no significant uncertainty as to its determination or realization exists.

Amount collected from customers prior to the performance to the services are recorded as deferred revenue. These advances are amortised to revenues in accordance with the companies' policies on revenue reorganization.

Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.

Dividend on Investments is recognized when the right to receive is to be established.

04. FIXED ASSETS/INTANGIBLE ASSETS

(a) Fixed Assets are stated at cost of acquisition / Construction less accumulated depreciation. The cost of Fixed Assets includes interest on borrowings attributable to acquisition of Fixed Assets up to the date of commissioning the Assets and other incidental expenditure.

(b) Addition in Fixed Assets is stated at cost net of CENVAT credit (wherever applicable).

(c) Capital work in progress are carried at cost comprising direct cost, related incidental expenses, and attributable interest.

(d) Intangible Assets are recognised as per the principles laid down in Accounting Standard 26 of the Institute of Chartered Accountants of India.

05. DEPRECIATION AND AMORTISATION

i. Depreciation is provided on "Straight Line Value Method" as per section 205 (2) (b) of the Companies Act, 1956 at the rates prescribed in Schedule XIV thereto.

ii. Depreciation on additions of Fixed Assets during the year is provided on pro-rata basis according to the period during which each Asset is put to use.

iii. Intangible Assets are amortised over the period of their benefits as ascertained by the Management.

06. BORROWING COST

Net cost of borrowed funds are capitalized and included in the cost of concerned fixed assets till its completion and other borrowing costs are recognized as an expense in the period in which they are incurred.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

07. FOREIGN CURRENCY TRANSACTIONS

i) Initial Recognition

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

ii) Conversion

At the year-end, monetary items denominated in foreign currencies, other than those covered by forward contracts, are converted into rupee equivalents at the year end exchange rates.

iii) Exchange Differences

All exchange differences arising on settlement and conversion of foreign currency transaction are included in the Profit and Loss Account.

iv) Forward Exchange Contracts

In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the date of contract is recognised as income or expense over the life of the contract.

v) Derivative Instruments

The Company uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions.

The use of such foreign currency forward contracts is governed by the Company's policies approved by the management, which provide principles on use of such financial derivatives consistent with the Company's risk management strategy. The company does not use derivative financial instrument for speculative purposes.

vi) Foreign Currency translation :

The functional and presentation currency of Pradip Home Fashion Inc. is US \$.

Transaction in foreign currencies are initially recorded in the fictional currency by applying the exchange rate ruling at the date of transaction.

08. INVENTORIES

- a. Raw Material, Packing Material, Chemicals, Lignite, Stores and Consumables are valued at Lower of cost and net realizable value.
- b. Work in Process and Finished Goods are valued at Lower of cost and net realizable value.
- c. Cost is ascertained on specific identification method and includes appropriate production overheads in case of Work in process and Finished Goods.

09. RETIREMENT BENEFITS

Gratuity

Provision for Gratuity to Employees is made on the basis of actuarial valuation. Provision for gratuity has not been funded.

Provident Fund

Contribution to Provident Fund is accounted on accrual basis with corresponding contribution to recognised Fund.

Leave Encashment

The Leave encashment payable to the Employees are accounted for on accrual basis.

10. EARNING PER SHARE

The Company reports basic and diluted earning per share (EPS) on accordance with the Accounting Standard 20 issued by the Institute of Chartered Accountants of India. The Basic EPS has been computed



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

by dividing the income available to Equity Shareholders by the Weighted Average Number of Equity Shares outstanding during the accounting period / year. The diluted EPS has been computed using the weighted average number of Equity shares and dilutive potential Equity shares outstanding at the end of the period / year.

11. CASH FLOW STATEMENT

The Cash Flow Statement is being prepared as per Accounting Standard – 3 prescribed by the Institute of Chartered Accountants of India.

12. MISCELLANEOUS EXPENDITURE

Expenditure, the benefits of which are likely to accrue over more than one accounting period are treated as Miscellaneous Expenditure and amortised over such periods as referred to herein below.

Expenditure incurred on Demerger of Textile division of erstwhile Pradip Overseas Ltd. into the Company, are written off in equal installments, over a period of Five years.

13. PROVISION FOR BAD AND DOUBTFUL DEBTS

Provision is made in accounts for Bad and Doubtful Debts/Advances which in the opinion of the Management are considered irrecoverable.

14. TAXES ON INCOME

Deferred Taxation

In accordance with the Accounting Standard 22 – Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India, the Deferred Tax for timing difference between the book and tax profits for the year is accounted for by using the tax rates and laws that have been enacted or substantively enacted as of the Balance Sheet Date.

Deferred tax assets arising from timing differences are recognized to the extent there is virtual certainty that the asset can be realized in future.

Net outstanding balance in deferred tax account is recognized as Deferred Tax Liability / Asset. The Deferred Tax account is used solely for reversing timing difference as a when crystallized.

Current Taxation

Provision for taxation has been made in accordance with the Income Tax Laws prevailing for the relevant assessment years.

15. PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when the company has legal and constructive obligation as a result of past event, for which it is probable that a cash outflow will be required and a reliable estimate can be made of the amount of the obligation.

Contingent Liabilities are disclosed when the company has a possible obligation or a present obligation and it is probable that a cash outflow will not be required to settle the obligation.

16. IMPAIRMENT OF FIXED ASSETS

The carrying amount of assets, other than inventories, is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

The impairment loss is recognized whenever the carrying amount of an asset or its cash generation unit exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in the uses which is determined based on the estimated future cash flow discounted to their present values. All impairment losses are recognized in the profit and loss account.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and is recognized in the profit and loss account.



SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)

17. RELATED PARTY TRANSACTIONS

Disclosure of transaction with related parties, as required by Accounting Standard 18 – “Related Party Disclosures” has been set out in a separate note forming part of the schedule. Related party as defined under clause 3 of the Accounting Standard 18 have been identified on the basis of representation made by key managerial personnel and information available with the Company.

18. EXPORT INCENTIVES

Export benefits under various schemes announced by the Central Government under Exim Policy are accounted for on accrual basis to the extent considered receivable, depending on the certainty of receipt.

19. INVESTMENTS

Investments are classified as current investments and long term investments. Long term investments are carried at the cost, unless there is a permanent diminution in value of the investments and current investments are carried at the lower of the cost or Market Value.

20. LEASES

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Operating lease payments are recognized as an expenses in the profit and loss account on a straight line basis over the lease period.

B. NOTES ON ACCOUNTS

01. Contingent Liabilities :

- a. Export obligation of ₹ 26.38 Lacs (Previous Year ₹ 24.07 Lacs) is pending against advance License.
- b. Bank Guarantee of ₹ 15.00 Lacs (Previous Year ₹ 17.41 Lacs)

02. Provident Fund has been deducted and paid inclusive of Employer’s contribution to respective Authority and as per the requirements of the Employees Provident Fund and Miscellaneous Provisions Act.

03. Intangible Assets :

Cost relating to computer software and trade mark which are acquired and capitalized and amortized on a straight line basis over it useful of 5 years.

Prior period Adjustment, Extraordinary & Exceptional items are changes in Accounting policies :

Prior period and Extra ordinary items & changes in Accounting policies having material impact on the financial factors of the company are declared.

Exceptional items includes :

Loss on Grey Stock worth ₹2352.88 lacs due to fire for which insurance claimed has been passed for ₹1147.17 lacs.

04. Insurance claim :

Due to fire company’s property and stock worth extensively damaged. Company logged claim with National Insurance Co. Ltd. for ₹2352.88 Lacs. Insurance company has passed claim of ₹ 1147.17 Lacs . The insurance company disallowed claim worth ₹1205.71 lacs , which was charged to Profit & Loss Account for the year ended on 31st March, 2011.

05. The total liability for Gratuity payable in accordance with the payment of Gratuity Act, 1972 and as per Accounting Standard 15 (revised) as on 31-03-2011 as per certificate of an independent actuary is ₹ 34.33 Lacs (Previous Year ₹ 26.44 Lacs)

06. SECURED LOANS :

Term Loans are secured by way of first charge created by an Equitable Mortgage of specified Land, Building, and Hypothecation of Plant, Machinery and by way of second charge created by Hypothecation of movable assets. It is further secured by collateral securities of offices , shop and residence premises and personal Guarantee of the Promoter Directors and relative of promoter Director of the Company.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)**

Short Term Loans are secured by way of an Equitable Mortgage on free hold industrial land property situated at survey No. 170, 173, and 164 at village Bhamasara.

Vehicle Loans are secured by Hypothecation of the respective Vehicles.

Working Capital Loans are secured by way of first charge created by Hypothecation of Stock and Book Debts, and second charge on specified fixed assets like Land, Building, Plant & Machinery, and other moveable assets of the Company. It is further secured by collateral securities of offices, shop and residence premises and personal Guarantee of the Promoter Directors and relative of Promoter Director of the Company.

07. Deferred Tax :

Break – up of Deferred Tax Assets and Liabilities into major components of the respective balances are as under.

(₹ in Lacs)

Particulars	As on 31.03.2010	During the Period	As on 31.03.2011
Deferred Tax Liabilities			
Depreciation	644.73	24.92	669.64
TOTAL (A)	644.73	24.92	669.64
Deferred Tax Assets			
Disallowance u/s. 43-B	9.50	1.90	11.40
Preliminary Exps. U/s. 35-D	4.53	(2.41)	2.12
Initial Public Offer Expenses	54.88	(14.66)	40.23
TOTAL (B)	68.92	(15.17)	53.74
Net Deferred Tax Liabilities (A – B)	575.81	40.09	615.90

08. Related Party Disclosure (As identified by the Management)

A) Names of Related Parties and the Nature of Relationship.

Sr. no.	Name	Relationship
01.	Pradip Enterprise Limited	Associate Company
02.	Anu Impex	Partnership Firm in which Directors are Partner
03.	Pradip Exports	Partnership Firm in which Directors are Partner
04.	Key Management Personnel Shri Pradipkumar J. Karia Shri Chetan J. Karia Shri Vishal R. Karia Shri Amit H. Thakkar Shri Anil Agarwal Shri A. N. Saboo Shri Anand Shiplkar Shri Kamal Garg Shri Kaushik Kapadia	Chairman cum Managing Director Whole Time Director Whole Time Director President Vice President (Production) Vice President (HRD & Admin.) Vice President (Technical) Vice President (Marketing) Company Secretary & Compliance Officer
05	Subsidiary Company	Pradip Home Fashion Inc , USA

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)**

(₹ in Lacs)

Sr. No.	Transaction	Related Parties		Key Personnel	
		For the Year 31-03-2011	For the Year 31-03-2010	For the Year 31-03-2011	For the Year 31-03-2010
01.	Rent Paid	6.00	6.00	Nil	Nil
02.	Remuneration	Nil	Nil	366.70	354.00

The company has made investment of 100 Equity shares @ \$ 0.01 in subsidiary company Pradip Home Fashion Inc, USA . (Previous year NIL)

No amounts in respect of the related parties have been written off / back are provided for during the year.

Related party relationship have been identified by the management and relied upon by the Auditor.

09. Segment Reporting**(a) Primary Segment :**

The company, considering its high level of international operation and sent internal financial reporting based on geographical location of customers, has identified geographical segment as primary segment. The geographic segment consists of :

- Domestic (Sales to customers located in India)
- International (sales to Customers located outside India)

Revenue directly attributable to segments is reported based on items that are individually identifiable to that segment. The company believes that is is not practical to allocate segment expenses, segment result, fixed assets used in the company's business or liabilities contracted since the resources / services / assets are used interchangeably within the segments. Accordingly, no disclosure relating to same is made.

(b) Secondary Segment : Business Segment

The company is operating into a single business i.e. Textile and as such all business activities revolve around this segment. Hence, there is no separate secondary segment to be reported considering the requirement of AS 17 on "Segment Reporting".

Secondary Segment (By Geographical Segment)

(₹ in Lacs)

Particulars	India	Outside India	Total ₹
Sales and Services Income	202,386.16	11,465.74	213,815.90

10. Basis of Consolidation:

The consolidation financial statements of the company together with its wholly owned subsidiary Pradip Home Fashion Inc. USA have been prepared under historical cost convention, on accrual basis, to comply, in all material respect, with the mandatory accounting standards issued by the institute of Chartered Accountants of India.

Investment in subsidiary has been accounted in accordance with accounting principles as defined in Accounting Standard 21 "Consolidated Financial Statements" issued by the institute of Chartered Accountants of India.

The following are the details of the company's wholly owned subsidiary.

Name of Subsidiary	Country of Incorporation	Nature of Interest	% of Interest	Accounting Year
Pradip Home Fashion Inc	U.S.A.	Subsidiary	100 %	31st March,2011

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)**

11. In the opinion of the Board, Carrying value of all Current Assets, loans & advances and other receivables is not less than their realizable value in the ordinary course of business.

12. Due to Micro, Small and Medium Enterprises (MSMEs)

Amount payable to Micro, Small and Medium Enterprises (MSMEs) as defined under the Micro Small and Medium Enterprises Development Act 2006, as on 31.03.2011 is ₹ 98.68 Lacs (Previous Year ₹ 189.97 Lacs).

The Names of Micro, Small and Medium Enterprises (MSMEs) to whom amount is outstanding for more than 30 days are:

Ashi Dye Chem, Abhisekh Chemicals, Abhisekh Dye chem., Aeon Chemicals, Ambe Dye Chem Pvt. Ltd. Amit Polycrom Pvt. Ltd., Anushree Industries, Ashok Dye Chem., Bajaj Colour-Chem, Bhagwati Dye and Chem. Ind., Electron Colourchem Pvt. Ltd., Jitendra Dye Chem., Kali Dye Chem. Pvt. Ltd., Radha Krishna Pigment Pvt. Ltd., Saaras Industries, Shah Meta Chem. Ind.

13. Managerial Remuneration

The Company has been advised that the computation of Net Profit for the purpose of Directors' remuneration under Section 349 of the Companies Act, 1956 need not be enumerated since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to the Directors as per Schedule XIII to the Companies Act, 1956.

Name	Designation	Amount ₹
Pradip J. Karia	Managing Director	1,20,00,000
Chetan J. Karia	Whole Time Director	1,08,00,000
Vishal R. Karia	Whole Time Director	72,00,000

14. Foreign Exchange Earnings and Outgo : (₹ in Lacs)

	For the Year 2010-2011	For The Year 2009 – 2010
(a) Value of imports on CIF basis		
Chemicals, Packing Materials and Other Stores	27.49	119.68
Capital Goods	48.45	66.23
Raw Material	134.54	44.74
Total (a)	210.48	230.65
(b) Expenditure in Foreign Currency		
Travelling Expenses	41.48	40.43
Commission paid	99.98	85.68
Reparing & Maintenance	30.11	2.35
Professional Fees	14.19	NIL
Exhibition Expenses	25.36	NIL
Testing Expenses	7.94	NIL
Total (b)	219.06	128.46
Total (a + b)	429.54	359.11
(c) F.O.B Value of Exports :		
Finished Goods	11,149.61	4488.93

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)****15. Earnings Per Share:** (₹ in Lacs)

Particulars	For the Year 2010-2011	For The Year 2009-2010
Net Profit after Tax (₹)	6,925.51	6,898.96
Weighted Average No. of Shares Outstanding During the year.	403.67	299.41
Earning Per Share (₹)	17.16	23.04
Nominal Value of Share (₹)	10	10

16. Accounting of Government Grants

Government grants are recognized where it is reasonably certain that the ultimate collection will be made. During the year the Company has accounted for Revenue Grants by adding to the Income in case of Export Incentives and reducing the Bank interest on Term Loans (Financial Expenses) in case of interest subsidy of ₹ 54.29 Lacs (Previous year ₹ 75.35 Lacs) under TUF Scheme.

17. Hedging Contracts:

The Company uses forward exchange contracts to hedge its foreign exchange exposure in accordance with its forex policy. As on 31st March, 2011, the company had Five and Fourteen outstanding forward exchange contract to purchase foreign currency aggregating to USD 65 lacs and Euro 25.64 lacs respectively.

18. Statement of Utilization of Proceeds from Initial Public Offer (IPO)

Company has passed special resolution through postal ballots by the members on 15th November,2010 that the proceeds of the Initial Public Offer (IPO) of 1,06,00,049 equity shares of ₹ 10/- each of the company allotted at a price of ₹ 110/- per share, meant for margin money requirement for the working capital for the new unit of the company, to be established in the special economic zone (SEZ), for ₹ 9995.00 Lacs, for the working capital requirement for the existing unit of the company till the aforesaid new unit commence its commercial activities thus allow the company to vary the object of the issue as stated in the prospectus dated 19th March,2010 for the IPO of the company.

The proceeds of the issue have been utilized as under: (₹ in Lacs)

Particulars	No. of Shares	Price	Amount
Amount Raised through Public Issue	1,06,00,049	110	11660.05
Less : Shares issue Expenses			875.32
Net Proceeds (A)			10784.73
Deployment of Funds :			
01. Investment in Mutual Funds			674.93
02. Utilised in Manufacturing Activity			515.00
03. Utilised in Working Capital			8,623.25
04. Balance with the Bank			971.55

19. Interim Financial Reporting:

The quarterly financial reports are published in accordance with the requirement of listing agreement with the stock exchange.

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS (Contd...)****20. Quantitative and Value Analysis:**

Description of Goods	Units	2010-2011		2009 - 2010	
		Quantity	₹ in Lacs	Quantity	₹ in Lacs
Sales	Mtrs	14,60,86,786	2,10,509.07	13,40,95,227	1,56,721.60
Purchase of Raw Materials	Mtrs	13,31,26,177	1,68,942.49	13,36,50,828	1,31,855.07
Purchase of Finished Goods	Mtrs	2,38,58,885	32,652.35	1,80,32,521	22,590.33
Opening Stock					
Raw Material		3,35,49,886	31,029.68	2,44,17,218	18,049.12
Work In Process	Mtrs	1,25,07,739	12,358.24	78,92,917	5,586.15
Finished Goods		65,41,561	7,615.51	62,01,475	5,745.88
Closing Stock					
Raw Material		3,63,03,590	45,541.64	3,35,49,886	3,129.68
Work In Process	Mtrs	1,24,35,125	12,118.84	1,25,07,739	1,258.24
Finished Goods		91,68,408	12,230.60	65,41,561	715.51
Consumption	Mtrs	13,03,72,473	1,54,430.52	12,45,18,160	1,18,874.51
Production	Mtrs	12,84,87,611*		13,06,71,875*	
Installed Capacity					
Total Processing Capacity		1,36,500,000		1,36,500,000	

*Including goods manufactured on job work.

21. Some of the Debit / Credit balances are subject to reconciliation / confirmation in certain cases. However in the opinion of the Board of Director all assets including Sundry Debtors, Loan and Advances and Deposits would be in ordinary course of business, realized at least value stated.
22. The figures for the previous year have been reworked, regrouped, rearranged and reclassified wherever necessary. Amount and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to read in relation to the amounts and other disclosures relating to the current year.

Signature to Schedules 1 to 21

As per our Report attached
For, **Ashok Dhariwal & Co.,**
Chartered Accountants,

(CA Ashok Dhariwal)
Proprietor
Membership No. 36452
(Reg. No. 100648W)

Place : Ahmedabad
Date : 27th June, 2011

For and on behalf of the Board

(Pradipkumar J. Karia)
Chairman cum Managing Director

(J.S. Negi)
Director

(Chetan J. Karia)
Whole Time Director

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad
Date : 27th June, 2011



PRADIP OVERSEAS LTD.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Part IV of schedule VI of the Companies Act, 1956 (As amended) Balance Sheet abstract and Company's General Business profile.

I. Registration details

Registration no.	46345	State code	04
Balance sheet date	31-03-2011		

II. Capital raised during the year : (₹ in thousand)

Public issue	1,166,005.90	Right issue	Nil
Bonus issue	Nil	Private placement	Nil

III. Position of mobilisation and deployment of fund (₹ in thousand)

Total Liabilities	14,052,414.30	Total assets	14,052,414.30
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Sources of funds :

Paid up Capital	403,668.19	Reserves & Surplus	3,200,838.57
Secured Loans	7,323,992.79	Unsecured Loans	199,970.53
Deferred Tax liability	61,589.86		

Application of funds :

Net Fixed Assets	850,457.57	Investments	67,498.33
Net Current Assets	10,271,862.67	Misc. Exp.	241.37
Accumulated losses	Nil		

IV. Performance of the Company :

Turn over (Total Income)	21,611,890.14	Total expenditure	21,041,869.22
Profit /Loss before tax	1,174,175.42	Profit /Loss after tax	692,550.97
Earning per share in ₹	17.16	Dividend rate %	10

V. Generic names of three Principal products /service of the Company (as per monetary terms)

Item code no. (ITC code)	Product description
236	Manufacturing of Textile goods
Item code no. (ITC code)	Product description
Item code no. (ITC code)	Product description

For and on behalf of the Board

(Pradipkumar J. Karia)
Chairman cum Managing Director

(Chetan J. Karia)
Whole Time Director

(J.S. Negi)
Director

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad
Date : 27th June, 2011



PRADIP OVERSEAS LTD.

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956

- (1) Name of Company : Pradip Home Fashions INC. USA
- (2) Financial year of subsidiary ended : 31st March 2011.
- (3) Holding Company's interest :
- (i) No. of equity shares : 100 equity shares of US\$ 0.01 each.
- (ii) Extent of holding : 100%
- (4) The net aggregate of Profit / (Loss) of the Subsidiary Company in so far as it concerns the members of the Holding Company.
- (a) Not dealt with in the accounts of the Company for the year ended 31st March 2011 :
- (1) For the Subsidiary's financial year ended 31st March 2011. Nil
- (2) For the previous financial years of the Subsidiary. Nil
- (b) Dealt with in the accounts of the Company for the year ended 31st March 2011
- (1) For the Subsidiary's financial year ended 31st March 2011. Nil
- (2) For the previous financial years of the Subsidiary. Nil

By Order of the Board of Directors

Place : Ahmedabad.
Date : 27th June, 2011

(Pradip J. Karia)
Managing Director

NOTES ON CONSOLIDATION ACCOUNTS OF THE COMPANY

The Company has formed a Company namely Pradip Home Fashions Inc., USA on 31-1-2011 by subscribing all 100 Equity Shares each of US \$ 0.01 in the said Company and making it as a wholly owned Subsidiary Company.

The subsidiary Company has not commenced any business activities during the year under review and only share capital has been issued to Pradip Overseas Limited, a holding Company.

As per the clause 32 of the Listing Agreement, the Company is required to mandatorily publish Consolidated Financial Statements in its Annual Report in addition to the individual financial statements. The company will have to get its Consolidated Financial Statements audited by the statutory auditors of the company and file the same with the Stock Exchange. The Company has got the consolidated Financial Statement audited by the Statutory Auditor of the Company and will file the same with the stock exchange.

The accounting standard 21 relating to "**Consolidated Financial Statement**" state that it applies to material items and if there are no material transaction, the accounts of the subsidiary may not be consolidated. However, since no other transaction has been carried out by the subsidiary Company, except issue of share capital the Consolidated accounts has not been printed in this Annual Accounts.

PRADIP OVERSEAS LIMITED

Registered Office : A-601, Narnarayan Complex, Swastik Cross Road,
Navrangpura, Ahmedabad – 380 009

Attendance Slip

Please complete this Attendance Slip and hand it over at the entrance of the Meeting Hall.

Registered Folio No. / ID Nos.

Shares held

(Name in BLOCK letters)

I hereby record my presence at the ANNUAL GENERAL MEETING of the Company held at Ahmedabad Textile Mills Association Hall, Ashram Road, Navrangpura, Ahmedabad 380 009 on Wednesday, 29th September, 2010 at 11.00 a.m.

Member's / Proxy's Signature

(To be signed at the time of handing over this slip)

- NOTES :**
1. Members/Proxy holders are requested to bring their copies of the Annual Report with them at the meeting.
 2. Please carry with you this Attendance Slip and hand over the same duly signed, at the entrance of the Meeting Hall.

Tear Here

Tear Here

PRADIP OVERSEAS LIMITED

Registered Office : A-601, Narnarayan Complex, Swastik Cross Road,
Navrangpura, Ahmedabad – 380 009

Proxy Form

Registered Folio No. / ID Nos. :

Shares held :

I/We _____ of _____

being a Member/Members of above-named Company, hereby appoint _____

_____ of _____

or failing him _____ of _____

as my/our proxy to vote for me / us and on my / our behalf at the Annual General Meeting of the Company to be held on Wednesday, the 29th September, 2010 and at any adjournment thereof.

Signed this _____ day of _____ 2010.

Signed by the said _____

Affix
Revenue
Stamp

NOTE : The Proxy to be effective should be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting.