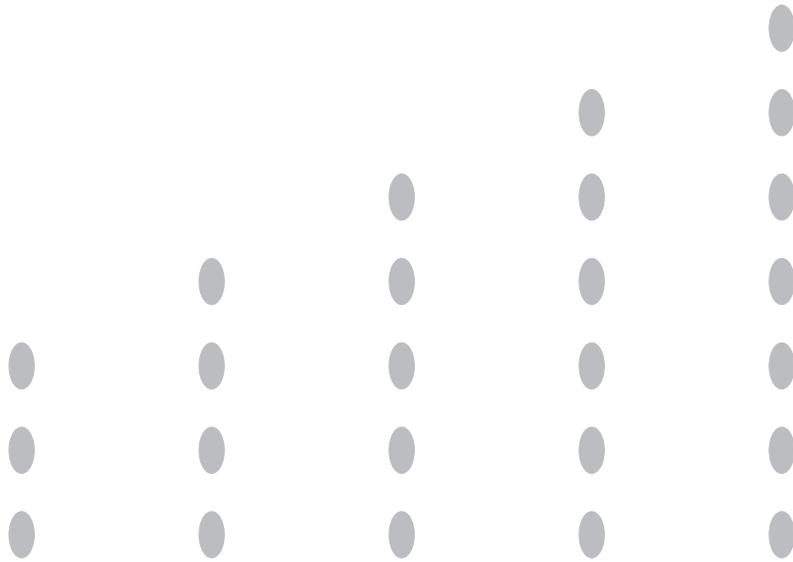


ANNUAL REPORT

2011-2012



PRADIP OVERSEAS LTD.





CORPORATE INFORMATION

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

REGISTERED OFFICE : Plot No. 104,105,106,
Village : Chacharwadi Vasna,
Sarkhej Bavla Highway,
Changodar,
Ahmedabad-382213

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

COMPANY SECRETARY : Kaushik B. Kapadia

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

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

IMPORTANT COMMUNICATION TO MEMBERS

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

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PRADIP OVERSEAS LTD.

NOTICE

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

Ordinary Business:

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

By Order Of The Board Of Directors

Place : Ahmedabad.

Date : 24th August, 2012

(Pradip J. Karia)
Managing Director

NOTE:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A proxy form must reach to the company at its Registered Office or Corporate Office on or before 48 hours of the commencement of the meeting.
2. The Register of members and Share transfer Register will remain closed from 15th September, 2012 to 29th September, 2012 (both days inclusive).
3. The Company had declared dividend for the year 2009-10, 2010-11, The Shareholders who have not yet encashed their Warrant / received dividend are requested to inform the company or Registrar for duplicate thereof.

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

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

1) FINANCIAL REVIEW:

[₹ in lacs]

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

2) OPERATIONS:

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

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

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

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

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

3) UTILISATION OF THE IPO PROCEEDS:

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

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

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



DIRECTORS' REPORT (Contd...)

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

4) DIVIDEND:

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

5) FIXED DEPOSIT:

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

6) DIRECTORS' RESPONSIBILITY STATEMENT:

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

- 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 safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the Annual accounts on a going concern basis.

7) DIRECTORS:

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

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

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

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

9) AUDITORS:

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

10) AUDITOR'S REPORT:

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

11) CORPORATE GOVERNANCE:

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

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

12) SEZ :

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

13) ACKNOWLEDGEMENT:

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

For And on behalf of the Board of Directors

Place : Ahmedabad.

Date : 24th August, 2012

(Pradip J. Karia)

Chairman & Managing Director



DIRECTORS' REPORT (Contd...)

ANNEXURE I TO DIRECTORS' REPORT

CONSERVATION OF ENERGY

(A) Energy conservation measures taken :

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

(B) Additional Investment and proposal being implemented :

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

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

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

RESEARCH & DEVELOPMENT

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

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

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

POWER AND FUEL CONSUMPTION IN RESPECT OF:

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

(C) FOREIGN EXCHANGE EARNINGS AND OUT GO :

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

| | (₹ In lacs) |
|-------------|----------------|
| | <u>2011-12</u> |
| a) Earnings | 16277.04 |
| b) Outgo | 275.58 |

**DIRECTORS' REPORT (Contd...)****ANNEXURE II TO DIRECTORS' REPORT****STATEMENT OF PARTICULARS OF EMPLOYEES**

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

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

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

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

NIL



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

1. OVERVIEW:

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

2. INDUSTRY STRUCTURE AND DEVELOPMENT:

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

3. OPPORTUNITIES AND THREATS:

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

4. SEGMENT REVIEW AND ANALYSIS:

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

5. RISKS AND CONCERNS:

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

6. OUTLOOK:

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

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

8. HEALTH AND SAFETY AND THEIR ADEQUACY:

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

9. HUMAN RESOURCES:

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

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

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

BOARD OF DIRECTORS:

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

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

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

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

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

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

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

Audit Committee:

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



CORPORATE GOVERNANCE REPORT (Contd...)

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

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

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

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



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, 5 (Five) Audit Committee Meetings were held i.e. on 08/05/2011, 27/06/2011, 11/08/2011, 14/11/2011, 14/02/2012.

The Attendance of Members at the meetings was as follows:

| Sr. No. | Name | Designation | No. of meetings held during relevant period | No. of meetings attended |
|---------|--------------------------|-------------|---|--------------------------|
| 1. | Mr. Ramdas Gurpur Kamath | Chairman | 5 | 5 |
| 2. | Mr. Jivansingh Negi | Member | 5 | 3 |
| 3. | Mr. Pradipkumar Karia | Member | 5 | 5 |
| 4. | Mr. Sudhir Jumani | Member | 5 | 4 |

2. Remuneration Committee:

The Remuneration Committee is comprised of the following Directors:

| Name | Designation | Nature of Directorship |
|--------------------------|-------------|--------------------------------------|
| Mr. Jivan Singh Negi | Chairman | Independent & Non-Executive Director |
| Mr. Gurpur Ramdas Kamath | Member | Independent & Non-Executive Director |
| Mr. Sudhir Jumani | Member | Independent & Non-Executive Director |

Company Secretary, Mr. Kaushik Kapadia, acts 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.

**CORPORATE GOVERNANCE REPORT (Contd...)****Particulars of Remuneration Committee's meetings:**

During the year, 1 (One) Remuneration Committee Meeting was held i.e. on 27/06/2011.

Remuneration of Directors:

(₹ In Lacs)

| Sr. No | Name | Salary ₹ | Perquisites & allowances ₹ | Sitting fees ₹ | Commission /bonus ₹ | Total ₹ |
|--------|---------------------------|----------|----------------------------|----------------|---------------------|---------|
| 1. | Mr . Pradipkumar J. Karia | 128.00* | 0.00 | 0.00 | 0.00 | 128.00 |
| 2. | Mr. Chetankumar J. Karia | 107.00* | 0.00 | 0.00 | 0.00 | 107.00 |
| 3. | Mr. Vishal Karia | 76.00* | 0.00 | 0.00 | 0.00 | 76.00 |
| 4. | Mr. Jivansingh Negi | 0.00 | 0.00 | 0.30 | 0.00 | 0.30 |
| 5. | Mr. Ramdas G. Kamath | 0.00 | 0.00 | 0.60 | 0.00 | 0.60 |
| 6. | Mr. Sudhir Jumani | 0.00 | 0.00 | 0.60 | 0.00 | 0.60 |

* Considering the financial position of the Company, Mr. Pradipkumar J. Karia, Mr. Chetan J. Karia & Mr. Vishal R. Karia have voluntarily agreed to accept reduction in the salary from March, 2012.

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 & Non-Executive Director |
| Mr. Pradipkumar Karia | Member | Executive Director |
| Mr. Sudhir Jumani | Member | Independent & Non-Executive Director |

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

The terms of reference of the Shareholders' / Investors' Grievances Committee are 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 on remote request;
- 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:

During the year, 2 (two) Shareholders/ Investors Grievances Committee Meetings were held i.e. on 29/07/2011 & 14/09/2011.

Particulars of Shareholders'/Investors' Grievances Committee's meetings:

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

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

Location and time where the last three Annual General Meetings were held:

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

| Date | Time | Venue |
|----------------------|------------|--|
| 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 |
| 27th September, 2011 | 11:00 a.m. | 104, 105, 106, Chacharwadi, Vasna, Opp. Zydu Cadila, Sarkhej Bavla Highway, Changodar, Ahmedabad-382 213 |

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 |
|---------|-------------|--|
| 2008-09 | 20-08-2009 | None |
| 2009-10 | 29-09-2010 | None |
| 2010-11 | 27-09-2011 | Reappointment of Mr. Pradip J Karia, Mr. Chetan J Karia & Mr. Vishal J Karia & fixation of their remuneration. |

DISCLOSURES:

- The related party transaction have already been given in the Note No. 32 of the Annual Account of the Company for the year 2011-12.
- There are no penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory Authorities, on any matter related to Capital Markets during the last three years.
- No money was raised by the Company through any Public Issue, Right Issue, Preferential Issue, etc. in the last financial year.
- (a) Management Discussion and Analysis forms part of the Annual report to Shareholders and it includes discussion on matters as required under the provisions of Clause 49 of the Listing Agreement with Stock Exchanges.
- (b) There were no material financial & commercial transaction by Senior Management as defined in Clause 49 of the Listing Agreement where they have any personal interest that may have a potential conflict with the interests of the Company at large requiring disclosure by them to the Board of Directors of the Company.

MEANS OF COMMUNICATION:

- i) Quarterly results :
The quarterly results were published in the news papers as required pursuant to the Listing Agreement.
- ii) The results were normally published in Business Standard (English) & Jansatta/ Jaihind (Gujarati)

GENERAL SHAREHOLDERS INFORMATION:

(1) Annual General Meeting:

Date : 29th September, 2012

Time : 11.00 a.m.

Venue : 104, 105, 106, Chacharwadi, Vasna, Opp. Zydu Cadila, Sarkhej Bavla Highway, Changodar, Ahmedabad-382 213

(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, 2012 to 29th September, 2012**

(4) **Dividend Payment date: N.A.**

**CORPORATE GOVERNANCE REPORT (Contd...)****(5) Listing on stock exchanges:**

| Sr. No. | Name of the Exchanges | Code | Address |
|---------|---------------------------------|--------|--|
| 1 | Bombay Stock Exchange Limited | 533178 | Dalal Street, Fort, Mumbai – 400001 |
| 2 | National Stock Exchange Limited | PRADIP | 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 during the year are as under:

| Financial Year – 2011-12 | Bombay Stock Exchange | | National Stock Exchange | |
|--------------------------|-----------------------|------------|-------------------------|------------|
| | Highest (₹) | Lowest (₹) | Highest (₹) | Lowest (₹) |
| April -11 | 90.50 | 78.55 | 90.00 | 79.50 |
| May – 11 | 87.10 | 81.50 | 87.35 | 80.80 |
| June – 11 | 92.80 | 79.60 | 92.00 | 79.80 |
| July – 11 | 93.00 | 80.25 | 92.60 | 82.10 |
| August – 11 | 88.10 | 47.05 | 86.00 | 48.10 |
| September – 11 | 70.75 | 51.60 | 70.90 | 51.50 |
| October – 11 | 103.90 | 58.45 | 104.00 | 57.50 |
| November – 11 | 110.95 | 77.00 | 110.40 | 84.30 |
| December – 11 | 112.90 | 89.75 | 111.90 | 89.70 |
| January – 12 | 114.70 | 81.00 | 114.75 | 87.35 |
| February – 12 | 102.40 | 74.10 | 101.95 | 73.00 |
| March – 12 | 95.00 | 61.65 | 100.00 | 61.30 |

(8) REGISTRARS AND TRANSFER AGENTS:

M/s. Link Intime Pvt. Ltd. is the Share Transfer Agent for entire function of share registry both for physical transfers as well as dematerialization for rematerialization of shares, issue of duplicate/split/consolidation of shares etc.

Shareholders are requested to send their share transfer related requests at the following address:

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.



CORPORATE GOVERNANCE REPORT (Contd...)

(10) Distribution of shareholding as at 31st March, 2012

| No. of Equity Shares held | No. of shareholders | % of shareholders | No. of Share held | % Share holding |
|---------------------------|---------------------|-------------------|-------------------|-----------------|
| 1-500 | 12275 | 95.7937 | 1142857 | 2.8312 |
| 501-1000 | 200 | 1.5608 | 157632 | 0.3908 |
| 1001-2000 | 108 | 0.8428 | 172398 | 0.4271 |
| 2001-3000 | 38 | 0.2966 | 96960 | 0.2402 |
| 3001-4000 | 17 | 0.1327 | 62461 | 0.1547 |
| 4001-5000 | 25 | 0.1951 | 117436 | 0.2909 |
| 5001-10000 | 34 | 0.2653 | 239132 | 0.5924 |
| 10001 and above | 117 | 0.9131 | 38377943 | 95.0730 |
| TOTAL | 12814 | 100.0000 | 40366819 | 100.0000 |

11) Dematerialization 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.

14) 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 24th August, 2012.



PRADIP OVERSEAS LTD.

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, 2012, as stipulated in clause 49 of Listing Agreement 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 statement 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 is 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)
Partner
Membership No.36452

Place : Ahmedabad
Date : 24th August, 2012



AUDITORS' REPORT

**To,
The Members of Pradip Overseas Limited**

1. We have audited the attached Balance Sheet of **PRADIP OVERSEAS LIMITED** as at March 31, 2012, the Statement of 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 terms 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, Statement of 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, Statement of 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 March 31, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on March 31, 2012 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 March 31, 2012;
 - (b) In the case of the Statement of Profit and Loss account, of the loss for the year ended on that date; and
 - (c) In the case of Cash Flow Statement, of the Cash Flows for the year ended on ended on that date.

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

(CA Ashok Dhariwal)
Partner
Membership No. 36452

Place : Ahmedabad
Date : August 24, 2012



ANNEXURE TO AUDITORS' REPORT

REF: PRADIP OVERSEAS LIMITED

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

1. In respect of its fixed assets:
 - (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. In respect of its inventories :
 - (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 any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of Companies Act, 1956 and hence sub clauses (b),(c),(d),(f) and (g) of clause 4 of the order are not applicable.
 - (b) The company has taken unsecured loans from directors. The outstanding amount of unsecured loan as on March 31,2012 is ₹16.79 Lacs (Previous Year ₹ NIL). Apart from this, the company has not 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.
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. In respect of contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - (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 Lacs 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.



ANNEXURE TO AUDITORS' REPORT (Contd...)

9. In respect of Statutory Dues:
 - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Income – Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and other statutory dues have been generally regularly deposited with the appropriate authorities.
 - (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 accumulated losses of the Company as at the end of the financial period are not in excess of fifty percent of its net worth as on March 31, 2012. The Company has incurred cash losses during the financial period covered by our audit. The cash losses were not incurred in the immediately preceding financial year.
11. Based on our audit procedure and as per the information and explanation given by the management, the Company has defaulted in repayment of short term loans and overdrawn working capital limits for the period from December, 2011 to February, 2012 and such defaults have subsequently been restructured by the Consortium of banks in February, 2012. In December 2011, the Company had defaulted in payment of overdrawn working capital facilities with Allahabad Bank which was for the period from October, 2011 to December, 2011. The said default was restructured by the bank in December, 2011.
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 Company 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 not raised any new Term Loan during the year. The Term Loans outstanding at the beginning of 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)
Partner

Membership No. 36452

Place : Ahmedabad
Date : August 24, 2012

**PRADIP OVERSEAS LTD.****BALANCE SHEET AS AT 31ST MARCH, 2012**

(₹ in Lacs)

| PARTICULARS | Note | As at 31st March, 2012 | As at 31st March, 2011 |
|--------------------------------|-------------|-----------------------------------|-----------------------------------|
| SOURCES OF FUNDS: | | | |
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 1 | 4,036.68 | 4,036.68 |
| Reserves and Surplus | 2 | 24,377.82 | 32,008.39 |
| Non-current liabilities | | | |
| Long-term borrowings | 3 | 44,241.60 | 6,602.52 |
| Deferred tax liabilities (net) | 4 | - | 615.90 |
| Long-term provisions | 5 | 37.75 | 33.10 |
| Current liabilities | | | |
| Short-term borrowings | 6 | 58,639.88 | 67,579.50 |
| Trade Payables | 7 | 6,965.35 | 24,359.82 |
| Other current liabilities | 8 | 4,211.61 | 1,222.44 |
| Short-term provisions | 9 | 1,304.63 | 1,848.45 |
| TOTAL | | 143,815.32 | 138,306.80 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 10 | 10,877.98 | 8,223.63 |
| Intangible assets | 10 | 10.27 | 5.78 |
| Capital Work-in-Progress | 10 | 1,247.30 | 163.58 |
| Non-current investments | 11 | 45.67 | 0.05 |
| Deferred tax assets (net) | 4 | 3,195.54 | - |
| Long-term loans and advances | 12 | 5,423.97 | 3,998.13 |
| Current assets | | | |
| Current Investments | 13 | - | 674.93 |
| Inventories | 14 | 47,236.16 | 70,314.10 |
| Trade receivables | 15 | 67,646.88 | 43,454.15 |
| Cash and Bank Balances | 16 | 7,217.65 | 10,160.29 |
| Short-term loans and advances | 17 | 913.90 | 164.99 |
| Other current assets | 18 | - | 1,147.17 |
| Total | | 143,815.32 | 138,306.80 |

Significant Accounting Policies
Notes on Financial Statements

1 to 39

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

(CA Ashok Dhariwal)*Partner*

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

Place : Ahmedabad

Date : August 24, 2012

For and on behalf of the Board

(Pradipkumar J. Karia)*Chairman cum Managing Director***(Chetan J. Karia)***Whole Time Director***(Sudhir Jumani)***Director***(Kaushik B. Kapadia)***Company Secretary*

Place : Ahmedabad

Date : August 24, 2012

**PRADIP OVERSEAS LTD.****STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2012**

(₹ in Lacs)

| | Note | 2011-12 | 2010-11 |
|---|------|--------------------|-------------------|
| I. INCOME | | | |
| Revenue from Operations (gross) | 21 | 166,991.16 | 213,851.90 |
| Less : Excise duty | | - | - |
| Revenue from Operations (net) | | 166,991.16 | 213,851.90 |
| Other Income | 22 | 2,036.66 | 3,932.85 |
| Total (I) | | 169,027.82 | 217,784.75 |
| II. EXPENDITURE | | | |
| Cost of Materials Consumed | 23 | 140,866.75 | 154,430.52 |
| Purchases of Stock-in-Trade | | 11,724.86 | 32,652.35 |
| Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | 24 | (1,082.04) | (4,375.70) |
| Employee Benefit Expenses | 25 | 902.19 | 639.17 |
| Finance Costs | 26 | 14,501.38 | 10,320.77 |
| Depreciation and Amortization Expense | 27 | 732.68 | 570.46 |
| Other Expenses | 28 | 12,823.48 | 12,095.58 |
| Total (II) | | 180,469.30 | 206,333.15 |
| III. Profit / (Loss) before extraordinary items and Tax (I-II) | | (11,441.49) | 11,451.60 |
| IV. Add / (Less) : Extraordinary Items | 29 | - | 1,215.17 |
| V. Profit for the year before taxation | | (11,441.49) | 10,236.43 |
| VI. Tax Expenses: | | | |
| Current tax | | 0.51 | 3,560.98 |
| Deferred Tax | | (3,811.44) | 40.09 |
| Total Tax Expenses | | (3,810.93) | 3,601.07 |
| Profit/ (Loss) for the year (V-VI) | | (7,630.56) | 6,635.36 |
| Earnings Per Equity Share | | | |
| Basic and Diluted | 33 | - | 16.44 |

Significant Accounting Policies

Notes on Financial Statements

1 to 39

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

(CA Ashok Dhariwal)

Partner

Membership No. 36452

(Reg. No. 100648W)

Place : Ahmedabad

Date : August 24, 2012

For and on behalf of the Board

(Pradipkumar J. Karia)

Chairman cum Managing Director

(Chetan J. Karia)

Whole Time Director

(Sudhir Jumani)

Director

(Kaushik B. Kapadia)

Company Secretary

Place : Ahmedabad

Date : August 24, 2012



SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF PREPARATION OF FINANCIAL STATEMENT

Financial Statements have been prepared under historical cost convention on accrual basis, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956. All Income and Expenditure having a material bearing on the Financial Statement are recognized on accrual basis.

2. 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.

3. INVENTORIES

Items of inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overheads incurred in bringing them to their respective present location and condition. Raw Material, Packing Material, Chemicals, Lignite, Stores and Consumables, Work-in-Process and Finished Goods are valued at lower of cost and net realizable value. Cost is ascertained on specific identification method / FIFO basis and includes appropriate production overheads in case of Work-in-Process and Finished Goods.

4. CASH FLOW STATEMENT

(a) Cash & Cash Equivalents (for the purpose of cash flow statement)

Cash Comprises cash on hand and demand deposits with banks. Cash Equivalents are short-term balances (with original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(b) Cash Flow Statement

Cash Flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

5. DEPRECIATION AND AMORTISATION

(a) 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.

(b) 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.

(c) Intangible Assets are amortised over the period of their benefits as ascertained by the Management.

6. FIXED ASSETS/INTANGIBLE ASSETS

(a) Fixed Assets are stated at cost of acquisition / Construction less accumulated depreciation. Cost comprises the purchase price and any attributable cost in bringing the asset to its working condition for its intended use. Borrowing cost relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

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

(c) Intangible Assets are recognised as per the principles laid down in Accounting Standard 26 of the Companies (Accounting Standard) Rules, 2006.

7. REVENUE RECOGNITION

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection.



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

- (a) Sale of products/job work is recognized when they are invoiced to customers.
- (b) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- (c) Dividend on Investments is recognized when the right to receive is to be established.
- (d) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- (e) Revenue in respect of other Income is recognized when no significant uncertainty as to its determination or realization exists.

8. FOREIGN CURRENCY TRANSACTIONS

Initial Recognition

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Conversion

Monetary items denominated in foreign currencies at the year-end are restated at the year -end rates. Non monetary foreign currency items are stated at cost.

Exchange Differences

Any income or expense arising on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

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.

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.

Foreign Currency translation:

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

9. 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 ₹ 28.35 Lacs (Previous year ₹ 54.29 Lacs) under TUF Scheme.

10. INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Long term investments are stated at cost. Provision for diminution in the value of long-term investments is made only If such a decline is other than temporary in the opinion of the management. Current investments are carried at the lower of cost and quoted / fair value, computed category wise.

11. RETIREMENT BENEFITS

- (a) Short-term employee benefits are recognized as an expense at the undiscounted amount in the Profit and Loss account of the year in which the related service is rendered.



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

- (b) Post employment and other long term employee benefits are recognized as an expense in the Profit and Loss account for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to Profit and Loss account.

Gratuity

Gratuity with respect to defined benefit schemes is accrued based on actuarial valuations, carried out by an independent actuary as at the balance sheet date. The contributions made are charged against revenue.

Provident Fund

Company's contribution to Provident Fund and Pension Fund are determined under the relevant schemes and/or statute and are charged to the Statement of Profit & Loss when incurred.

Leave Encashment

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

12. BORROWING COST

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to statement of Profit & Loss.

13. FINANCIAL DERIVATIVES AND HEDGING CONTRACTS

In respect of derivative contracts, premium paid, gains /losses on restatement are recognised in the Statement of Profit and Loss except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets. The Company uses forward exchange contracts to hedge its foreign exchange exposure in accordance with its forex policy. As on 31st March, 2012, the company had twelve outstanding forward exchange contracts to purchase foreign currency aggregating to USD 68.00 Lacs.

14. RELATED PARTY TRANSACTIONS

Disclosure of transactions with related parties, as required by Accounting Standard 18 - "Related Party Disclosure" as specified in Companies (Accounting Standards) Rules, 2006 (as amended), have been set out in a separate note forming part of the financial statements. 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.

15. LEASES

Lease arrangements where risk and rewards incidental to ownership of an asset substantially vests with the Lessor are recognized as Operating Leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the lease period.

16. EARNING PER SHARE

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with the Accounting Standard 20 as specified in the Companies (Accounting Standard) Rules, 2006 (as amended). The basic EPS has been computed by dividing the income available to Equity Shareholders by the weighted average number of Equity Shares outstanding during the accounting year. The diluted E.P.S. has been computed using the weight average number of equity shares and dilutive potential equity shares outstanding at the end of the year.

17. 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.



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

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. TAXES ON INCOME

Deferred Taxation

In accordance with the Accounting Standard 22 – Accounting for Taxes on Income, as specified in the Companies (Accounting Standard) Rules, 2006 (as amended), the deferred tax for timing difference between the book and the income tax profit for the year is accounted for by using the tax rate and laws that has been enacted and substantively enacted as of the balance sheet date.

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

Net outstanding balance in deferred tax account is recognized as deferred tax liability/assets. The deferred tax account is used solely for reversing timing difference as and when crystallized.

Current taxation

Provision for taxation has been made in accordance with the income tax laws prevailing for the relevant assessment year.

20. 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 indications exist, the asset recoverable amount is estimated.

The impairment loss is recognized whenever the carrying cost amount of an asset or its cash generation unit exceed its recoverable amount. The recoverable amount is the greater of the asset net selling price and value in the use which is determined based on the estimated future cash flow discounted to the present value all impairment losses are recognize in the profit and loss account.

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

21. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurements are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognised nor disclosed in the financial statements.

22. 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 as specified in the Companies (Accounting Standard) Rules,2006 (as amended).

Investment in subsidiary has been accounted in accordance with accounting principles as defined in Accounting Standard 21 “Consolidated Financial Statements” as specified in the Companies (Accounting Standard) Rules,2006 (as amended).

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,2012 |

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****1. SHARE CAPITAL**

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|---------------------------|---------------------------|
| Authorised Share Capital | | |
| 4,20,00,000 (4,20,00,000) Equity Shares of ₹10 (10) each | 4,200.00 | 4,200.00 |
| Issued, Subscribed and fully paid up | | |
| 4,03,66,819 (4,03,66,819) Equity Shares of ₹10 (10) each fully paid up | 4,036.68 | 4,036.68 |
| TOTAL | 4,036.68 | 4,036.68 |

(a) Reconciliation of the Number of Shares Outstanding

| Particulars | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---------------------------|-----------------|---------------------------|-----------------|
| | Nos. | ₹ in Lacs | Nos. | ₹ in Lacs |
| Equity Shares at the beginning of the year | 403.67 | 4,036.68 | 403.67 | 4,036.68 |
| Add : Shares issued on exercise of Employee Stock Options | - | - | - | - |
| Add : Allotted on Rights Issue of Shares | - | - | - | - |
| Add : Allotted without payment being received in cash on amalgamation | - | - | - | - |
| Add : Allotted to Qualified Institutional Buyers | - | - | - | - |
| Less : Shares cancelled on buy back of equity shares | - | - | - | - |
| Equity Shares at the end of the year | 403.67 | 4,036.68 | 403.67 | 4,036.68 |

(b) Rights, Preferences and Restrictions Attached to each class of shares

The Company has only one class of Equity Shares having a par value of ₹ 10/- per share and each holder of the Equity Shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. However, no preferential amounts exist currently. The distribution will be in proportion to the number of shares held by the shareholders.

(c) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

(₹ in Lacs)

| Particulars | As at 31st March, 2012 | As at 31st March, 2011 |
|--|---------------------------|---------------------------|
| Equity Shares allotted as fully paid bonus shares by capitalization of securities premium | 148.83 | 148.83 |
| Equity Shares allotted as fully paid pursuant to contracts for consideration other than cash | 120.69 | 120.69 |
| Equity Shares bought back by the company | - | - |
| TOTAL | 269.52 | 269.52 |



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

(d) Details of shareholders holding more than 5% shares in the Company

| Name of the shareholder | As at 31st March,2012 | | As at 31st March,2011 | |
|--------------------------------------|--------------------------|-----------|--------------------------|-----------|
| | Nos. | % holding | Nos. | % holding |
| Mr. Pradipkumar J. Karia | 7,510,836 | 18.61% | 7,407,876 | 18.35% |
| Mr. Chetankumar J. Karia | 7,510,814 | 18.61% | 7,407,874 | 18.35% |
| Mr. Vishal R. Karia | 3,571,950 | 8.85% | 3,571,950 | 8.85% |
| Mr. Pradip Petrofils Private Limited | 3,896,800 | 9.65% | 3,896,800 | 9.65% |

As per records of the company, including its register of shareholders/members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

2. RESERVES & SURPLUS

(₹ in Lacs)

| | As at 31st March,2012 | | As at 31st March,2011 | |
|---|-----------------------|------------------|-----------------------|------------------|
| 2.1 SECURITY PREMIUM RESERVE | | | | |
| As per last Balance Sheet | 9,724.73 | | 9,664.12 | |
| Add : On issue of shares | | | | |
| Less : Premium utilised on expenses incurred for issue of Share Capital | | 9,724.72 | (60.61) | 9,724.72 |
| 2.2 CAPITAL RESERVE | | | | |
| As per last Balance Sheet | | 150.76 | | 150.76 |
| 2.3 SURPLUS IN PROFIT & LOSS | | | | |
| As per last Balance Sheet | 22,132.90 | | 15,966.70 | |
| Add : Profit / (loss) for the year | (7,630.56) | | 6,635.35 | |
| Amount available for appropriations | 14,502.34 | | 22,602.05 | |
| Less : Appropriations | | | | |
| Proposed Dividend on Equity Shares | - | - | 403.67 | |
| Tax on Dividend | - | 14,502.34 | 65.48 | 22,132.90 |
| TOTAL | | 24,377.82 | | 32,008.39 |

3. LONG TERM BORROWINGS

(₹ in Lacs)

| | As at 31st March,2012 | | As at 31st March,2011 | |
|--|-----------------------|-----------------|-----------------------|-----------------|
| | Non Current | Current | Non Current | Current |
| SECURED | | | | |
| Term Loans from Banks (refer note 3.1) | 37,166.56 | 2,743.18 | 4,601.75 | 1,057.61 |
| | 37,166.56 | 2,743.18 | 4,601.75 | 1,057.61 |
| UNSECURED | | | | |
| Inter- Corporate Loans | 5,395.78 | - | 2,000.77 | - |
| Loan from Directors | 1,679.26 | - | - | - |
| | 7,075.04 | - | 2,000.77 | - |
| TOTAL | 44,241.60 | 2,743.18 | 6,602.52 | 1,057.61 |



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

3.1 Debt Restructuring :

During the year, several external factors such as high volatility in the cotton prices (main raw material), meltdown in overseas financial markets, RBI monetary policy, etc. impacted the company's ability to repay its debts in a timely manner. This led to severe liquidity challenges arising out of mismatch of loan maturities vis-a-vis the cash flows to the company which impacted the timely payment of its loans and interest. As a result of this, the company filed an application with SBI (lead banker of the loan consortium) to recast its debt obligations. A letter of approval was issued by SBI Industrial Finance Branch on March 27,2012. The significant highlights of the package are as under:

i) Effective date for restructuring : 29.02.2012

ii) Under the scheme, debts are restructured as :

- (a) Working Capital facilities comprising of cash credit, packing credit, Letter of Credits, Purchase Bill Discounting and Guarantees of ₹ 534 Cr.
- (b) Conversion of overdrawn working capital facilities and short term loans amounting to ₹ 403.26 Cr. to Working Capital Term Loan (WCTL). WCTL carries interest rate of 12.50% p.a.
- (c) Interest on WCTL for the first 9 months (March 2012 to November 2012) shall be converted into Funded Interest Term Loan (FITL) carrying interest at 12.50% p.a. Repayment of FITL shall start from April, 2013 as per schedule below.
- (d) The Company has offered additional security for securing restructured debt.

Securities Offered :

Term Loans from banks are secured by a first mortgage of all the Company's immovable properties, both present and future ranking pari passu interse and the first charge by way of hypothecation of all Company's movables subject to prior charges created in favour of Company's bankers on inventories, book debts and other movables for securing the borrowings for working capital requirement along with personal guarantee of the Whole-time Director.

Maturity Profile of Restructured Loans is as below :

(₹ in Crore)

| Nature of Facility and Rate of Interest | Mar-14 | Mar-15 | Mar-16 | Mar-17 | Mar-18 | Mar-19 | Mar-20 | Mar-21 | Total |
|---|--------|--------|--------|--------|--------|--------|--------|--------|---------------|
| WCTL - 12.50% | 36.40 | 27.00 | 31.22 | 54.21 | 58.33 | 62.52 | 68.80 | 64.78 | 403.26 |
| FITL - 12.50% | 31.37 | 23.87 | 23.78 | - | - | - | - | - | 79.02 |

3.2 Going Concern :

During the year, the company underwent various challenges in form of high volatility in the prices of its raw materials, increase in interest rates etc. All these led to drop in revenues and profit therefrom in the last two quarters of this financial year. As explained earlier, the Company undertook to restructuring of its debts. Post the debts restructuring, the company is confident of successful implementation of the restructuring package. Therefore it has prepared the financial statements on a going concern basis.

3.3 The details of term loans which are not forming part of the restructuring proposal (as per note 3.1) are as under :

- (a) Term loans amounting to ₹6.57 Cr. (from SBI, Canara Bank and IOB) which were outstanding as on March 31,2012 are due for payment in the year 2012-13. The Interest rate for the same is 14% p.a.
- (b) Out of a term loan of ₹47 Cr. from Allahabad Bank (Interest @12.50% p.a.) which was outstanding as on March 31,2012, installment of ₹3.96 Cr. is due for payment in the year 2012-13. The loan is secured against mortgage of parcels of land of the company.
- (c) In December 2011, the company had gone for restructuring of its overdrawn working capital limits of ₹9.4 Cr. with Allahabad Bank. The restructuring had resulted in creation of WCTL of ₹9.4 Cr. and FITL of ₹7.5 Cr. which are due for payment in 2012-13.

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****4. DEFERRED TAX LIABILITIES / ASSETS**

(₹ in Lacs)

| DEFERRED TAXATION | Balance as on 01.04.2011 | Arising during the year | Balance as on 31.03.2012 |
|--|-------------------------------------|------------------------------------|-------------------------------------|
| A. Deferred Tax Liabilities | | | |
| Fixed Assets : Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting | 669.64 | 308.50 | 978.14 |
| Others | - | - | - |
| Gross Deferred Tax Liabilities | 669.64 | 308.50 | 978.14 |
| B. Deferred Tax Assets | | | |
| Disallowances u/s. 43B of the Income Tax (IT) Act | 11.40 | 1.60 | 13.00 |
| Preliminary Expenses u/s. 35D of the IT Act | 2.12 | (1.69) | 0.42 |
| Initial Public Offer Expenses | 40.22 | (13.41) | 26.83 |
| Unabsorbed Depreciation | - | 551.87 | 551.87 |
| Unabsorbed Business Loss | - | 3,574.15 | 3,574.15 |
| Long Term Capital Loss | - | 7.41 | 7.41 |
| Gross Deferred Tax Assets | 53.74 | 4,119.93 | 4,173.68 |
| NET DEFERRED TAX LIABILITIES / (ASSETS) | 615.90 | (3,811.43) | (3,195.54) |

5. LONG TERM PROVISIONS

(₹ in Lacs)

| | As at 31st March,2012 | As at 31st March,2011 |
|--|----------------------------------|----------------------------------|
| Provision for employee benefits : | | |
| Provision for gratuity (refer note 25.1) | 37.75 | 33.10 |
| Other Provisions | | |
| TOTAL | 37.75 | 33.10 |

6. SHORT-TERM BORROWINGS

(₹ in Lacs)

| | As at 31st March,2012 | As at 31st March,2011 |
|---|----------------------------------|----------------------------------|
| Secured Borrowings | | |
| Working Capital Loans from Banks (refer note 3.1) | 58,639.88 | 67,579.50 |
| TOTAL | 58,639.88 | 67,579.50 |

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****7. TRADE PAYABLES**

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|-------------------------------------|---------------------------|---------------------------|
| Micro, Small and Medium Enterprises | 69.52 | 98.69 |
| Others | 6,895.83 | 24,261.13 |
| TOTAL | 6,965.35 | 24,359.82 |

7.1 The details of amounts outstanding to Micro, Small and Medium Enterprises based on available information with the company is as under : (₹ in Lacs)

| Particulars | 31.03.2012 | 31.03.2011 |
|---|------------|------------|
| Principal amount due and remaining unpaid | 69.52 | 98.69 |
| Interest due on the above and the unpaid interest | - | - |
| Amount of Interest paid along with the amounts of payment made beyond the appointed day during the year | - | - |
| Interest due and payable for the period of delay | - | - |
| Interest accrued and remaining unpaid at the end of the accounting year | - | - |
| Amount of further interest remaining due and payable in succeeding years | - | - |

Due to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of the information collected by the Management. This have been relied upon by the Auditors.

8. OTHER CURRENT LIABILITIES

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|---------------------------|---------------------------|
| Current portion of long term debt (refer note 3.3) | 2,743.18 | 1,057.61 |
| Unclaimed Dividends | 1.14 | 0.89 |
| Application money received and due for refund | - | 0.73 |
| Creditors for Capital Expenditure | 154.36 | 87.44 |
| Other payables (refer note 8.1) | 1,312.93 | 75.77 |
| TOTAL | 4,211.61 | 1,222.44 |

8.1 Other Payables include the statutory dues and advance from customers.

9. SHORT TERM PROVISIONS

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|---------------------------|---------------------------|
| Provisions for Employee Benefits | | |
| Provision for Salary & Reimbursements | 36.92 | 27.62 |
| Provision for Gratuity (refer Note No. 25.1) | 1.40 | 1.22 |
| Provision for Leave Encashment | 2.23 | 2.50 |
| Provision for Bonus | 5.59 | 6.18 |
| Others | | |
| Provisions for Income Tax | 1,187.13 | 1,337.13 |
| Proposed Dividend | - | 403.67 |
| Tax on Dividend | - | 65.49 |
| Provision for Wealth Tax | 0.51 | 0.29 |
| Other Expenses | 70.85 | 4.36 |
| TOTAL | 1,304.63 | 1,848.45 |



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

10. FIXED ASSETS

(₹ in Lacs)

| Sr. No. | Particulars | Gross Block | | | | Depreciation & Amortisation | | | | Net Block | |
|----------|---------------------------------|------------------|--------------------------|--|------------------|-----------------------------|---------------|--|------------------|------------------|-----------------|
| | | As at 01-04-11 | Addition during the Year | Deduction / adjustment during the Year | As at 31-03-2012 | As at 01-04-11 | For the Year | Deduction / adjustment during the Year | As at 31-03-2012 | As at 31-03-2012 | As at 31-03-11 |
| A | Tangible Assets | | | | | | | | | | |
| 1 | Land - Freehold | 1,606.62 | 156.16 | 0.00 | 1,762.79 | 0.00 | 0.00 | 0.00 | 0.00 | 1,762.79 | 1,606.62 |
| 2 | Land - Leasehold | 2.00 | 0.00 | 0.00 | 2.00 | 0.07 | 0.02 | 0.00 | 0.09 | 1.92 | 1.94 |
| 3 | Factory Building | 2,338.06 | 129.53 | 0.00 | 2,467.58 | 393.30 | 78.38 | 0.00 | 471.67 | 1,995.91 | 1,944.76 |
| 4 | Office Building | 60.55 | 0.00 | 0.00 | 60.55 | 7.95 | 0.92 | 0.00 | 8.88 | 51.67 | 52.60 |
| 5 | Plant & Machinery | 6,613.76 | 2,918.98 | 0.00 | 9,532.74 | 2,405.95 | 599.14 | 0.00 | 3,005.09 | 6,527.64 | 4,207.80 |
| 6 | Computer System | 37.72 | 12.49 | 0.00 | 50.20 | 23.47 | 6.69 | 0.00 | 30.16 | 20.04 | 14.25 |
| 7 | Office Equipments | 66.15 | 32.27 | 0.00 | 98.41 | 12.85 | 4.00 | 0.00 | 16.85 | 81.57 | 53.30 |
| 8 | Electrical Installation | 220.64 | 4.32 | 0.00 | 224.96 | 74.28 | 15.90 | 0.00 | 90.18 | 134.79 | 146.36 |
| 9 | Furniture & Fittings | 138.51 | 37.42 | 0.00 | 175.94 | 43.48 | 9.27 | 0.00 | 52.75 | 123.19 | 95.03 |
| 10 | Vehicles | 130.46 | 23.59 | 0.00 | 154.05 | 39.34 | 13.02 | 0.00 | 52.36 | 101.70 | 91.12 |
| 11 | Laboratory Equipment | 12.96 | 0.89 | 0.00 | 13.86 | 3.12 | 0.66 | 0.00 | 3.77 | 10.07 | 9.85 |
| 12 | Shop | 0.00 | 66.70 | 0.00 | 66.71 | 0.00 | 0.00 | 0.00 | 0.00 | 66.69 | 0.00 |
| | Total (A) | 11,227.43 | 3,382.35 | 0.00 | 14,609.79 | 3,003.81 | 728.00 | 0.00 | 3,731.80 | 10,877.98 | 8,223.63 |
| B | Intangible Assets | | | | | | | | | | |
| 1 | Computer Software | 6.24 | 9.18 | 0.00 | 15.42 | 2.46 | 3.85 | 0.00 | 6.31 | 9.11 | 3.78 |
| 2 | Trade Mark | 3.33 | 0.00 | 0.00 | 3.32 | 1.32 | 0.84 | 0.00 | 2.16 | 1.16 | 2.00 |
| | Total (B) | 9.57 | 9.18 | 0.00 | 18.74 | 3.78 | 4.69 | 0.00 | 8.47 | 10.27 | 5.78 |
| | Grand Total (A + B) | 11,237.00 | 3,391.53 | 0.00 | 14,628.53 | 3,007.59 | 732.68 | 0.00 | 3,740.27 | 10,888.25 | 8,229.41 |
| | Previous Year | 10,312.80 | 924.20 | 0.00 | 11,237.00 | 2,437.13 | 570.46 | 0.00 | 3,007.59 | 8,229.41 | 7,875.67 |
| C | Capital Work-in-Progress | | | | | | | | | 1247.30 | 163.58 |

11. NON-CURRENT INVESTMENTS

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|------------------------|------------------------|
| TRADE INVESTMENTS | | |
| In Equity Shares of Subsidiary Companies - Unquoted, fully paid up | | |
| 100 Equity Shares of Pradip Home Fashion INC at USA of \$0.01 each | 0.00 | 0.00 |
| In Equity Shares of Associate Companies - Unquoted, fully paid up | | |
| 500 Equity Shares of Pradip Integrated Textile Park Pvt. Ltd. of ₹ 10 each | 0.05 | 0.05 |
| 523 Equity Shares of Elegant Home Fashion INC of \$200 each | 45.62 | 0.00 |
| TOTAL | 45.67 | 0.05 |

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****12. LONG TERM LOANS AND ADVANCES (Unsecured, considered good) (₹ in Lacs)**

| | As at 31st March,2012 | As at 31st March,2011 |
|-------------------------------|--------------------------|--------------------------|
| Capital Advances | 4,431.54 | 3,515.90 |
| Deposits with Related Parties | - | - |
| Deposits with Others | 449.14 | 201.52 |
| Advance Income Tax | 388.87 | - |
| Other Loans and Advances | 154.41 | 280.71 |
| TOTAL | 5,423.97 | 3,998.13 |

13. CURRENT INVESTMENTS (₹ in Lacs)

| | As at 31st March,2012 | As at 31st March,2011 |
|--|--------------------------|--------------------------|
| Investment in Mutual Fund - Quoted fully paid up | | |
| NIL (Previous Year 48,46,687.368 units of REL Regular Saving Fund Debts Inst - GP @10.4339 face value of ₹10 each) | - | 599.93 |
| NIL (Previous Year 7,22,682.5978 units of Canara Reboco Indogo Fund Series II @10.3780 ; face value of ₹10 each) | - | 75.00 |
| TOTAL | - | 674.93 |

14. INVENTORIES (₹ in Lacs)

| | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| Raw Materials | 21,404.30 | 45,541.64 |
| Stock -in - Process | 12,523.29 | 12,118.85 |
| Finished Goods | 12,908.21 | 12,230.60 |
| Stores, Chemicals and Packing Materials | 400.36 | 423.01 |
| TOTAL | 47,236.16 | 70,314.10 |

15. TRADE RECEIVABLES (₹ in Lacs)

| | As at 31st March,2012 | As at 31st March,2011 |
|---|--------------------------|--------------------------|
| Receivables outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured, considered good | 1,384.52 | 352.67 |
| Receivables outstanding for a period less than six months from the date they are due for payment | | |
| Unsecured, considered good | 66,262.36 | 43,101.48 |
| TOTAL | 67,646.88 | 43,454.15 |

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****16. CASH AND BANK BALANCES**

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---------------------------|---------------------------|
| Cash and cash Equivalents | | |
| Balances with banks : | | |
| - in current accounts | 237.52 | 1,090.59 |
| - in deposits with original maturity less than three months | - | - |
| Cheques / drafts on hand | - | - |
| Cash on hand | 69.56 | 18.59 |
| Total (A) | 307.08 | 1,109.18 |
| Other bank balances | | |
| - Deposits with original maturity of more than twelve months | 4,136.35 | 3,600.89 |
| - In unclaimed dividends accounts | 1.14 | 0.89 |
| - Margin Money Deposits (lodged against bank guarantee and letter of credit) | 2,773.08 | 5,449.33 |
| Total (B) | 6,910.57 | 9,051.11 |
| TOTAL (A+B) | 7,217.65 | 10,160.29 |

17. SHORT-TERM LOANS AND ADVANCES (Unsecured, considered good)

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|--|---------------------------|---------------------------|
| Loans and advances to related parties | - | - |
| Others | | |
| Staff Advance | - | 7.75 |
| Prepaid Expenses | - | 9.96 |
| Trade Advances | 508.69 | - |
| Advances recoverable in cash or in kind | 1.09 | - |
| Balance with Customs, Central Excise Authorities | 404.12 | 147.28 |
| TOTAL | 913.90 | 164.99 |

18. OTHER CURRENT ASSETS

(₹ in Lacs)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|----------------------------|---------------------------|---------------------------|
| Insurance Claim Receivable | - | 1,147.17 |
| TOTAL | - | 1,147.17 |

19. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|---|---|---|
| Bank Guarantee | 15.00 | 15.00 |
| Export Obligation pending against advance license | 28.70 | 26.38 |
| TOTAL | 43.70 | 41.38 |

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****20. 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.

Position of IPO Funds at the end of the year is as follows: (₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|-------------------------------------|-------------------------------------|-------------------------------------|
| Amount Collected through IPO | 11,660.05 | 11,660.05 |
| Less : IPO Expenses | 875.32 | 875.32 |
| Net Proceeds | 10,784.73 | 10,784.73 |
| Deployment of Funds : | | |
| Investment in Mutual Funds | - | 674.93 |
| Utilised in Business Activities | 10,224.76 | 9,138.25 |
| Balance with Banks | 559.97 | 971.55 |
| TOTAL | 10,784.73 | 10,784.73 |

21. REVENUE FROM OPERATIONS

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|---|-------------------------------------|-------------------------------------|
| Sale of Products | 166,991.16 | 213,851.90 |
| Less: Excise Duty / Service Tax Recovered | - | - |
| TOTAL | 166,991.16 | 213,851.90 |

21.1 PARTICULARS OF SALE OF PRODUCTS

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|--------------|-------------------------------------|-------------------------------------|
| Grey Fabrics | 155,135.52 | 180,765.04 |
| Traded Goods | 11,855.64 | 33,086.86 |
| Others | - | - |
| TOTAL | 166,991.16 | 213,851.90 |



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

22. OTHER INCOME

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | | For the year ended 31st March, 2011 | |
|---|--|-----------------|--|-----------------|
| Interest Income | | | | |
| From Current Investments | 746.88 | | 718.96 | |
| From Long - Term Investments | - | 746.88 | - | 718.96 |
| Dividend Income | | | | |
| From Current Investments | - | | 88.21 | |
| From Long - Term Investments | - | - | - | 88.21 |
| Net gain on sale of investments | | | | |
| From Current Investments | 10.78 | | 72.57 | |
| From Long - Term Investments | 40.12 | 50.90 | - | 72.57 |
| Other non operating income - Exchange Rate Fluctuation | | - | | 9.80 |
| Insurance Claim | | - | | 2,267.00 |
| Duty Drawback and other export incentives | | 1,234.23 | | 776.31 |
| Rental Income | | 4.65 | | - |
| TOTAL | | 2,036.66 | | 3,932.85 |

23. COST OF MATERIALS CONSUMED

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|--|---|---|
| Inventory at the beginning of the year | 45,541.64 | 31,029.68 |
| Add: Purchases during the year | 116,729.41 | 168,942.48 |
| | 162,271.05 | 199,972.17 |
| Less: Inventory at the end of the year | 21,404.30 | 45,541.64 |
| TOTAL | 140,866.75 | 154,430.52 |

23.1 PARTICULARS OF MATERIALS CONSUMED

| Particulars | For the year ended 31st March, 2012 | | For the year ended 31st March, 2011 | |
|--------------|--|---------------------|--|---------------------|
| | ₹ in Lacs | % of Consumption | ₹ in Lacs | % of Consumption |
| Grey Fabrics | | | | |
| - Imported | 61.57 | 0.04% | 134.54 | 0.09% |
| - Indigenous | 140,805.18 | 99.96% | 154,295.98 | 99.91% |
| Others | | - | | - |
| TOTAL | 140,866.75 | 100% | 154,430.52 | 100% |

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE** (₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | | For the year ended 31st March, 2011 | |
|--------------------------------------|--|-------------------|--|-------------------|
| Inventories (at close) | | | | |
| Finished Goods / Stock-in-Trade | 12,908.20 | | 12,230.60 | |
| Stock-in-Process | 12,523.28 | 25,431.48 | 12,118.84 | 24,349.44 |
| Inventories (at commencement) | | | | |
| Finished Goods / Stock-in-Trade | 12,230.60 | | 7,615.51 | |
| Stock-in-Process | 12,118.84 | 24,349.44 | 12,358.24 | 19,973.74 |
| TOTAL | | (1,082.04) | | (4,375.70) |

25. EMPLOYEE BENEFIT EXPENSES (₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|---|---|---|
| Salaries and Wages | 874.88 | 616.18 |
| Contribution to Provident and Other Funds | 11.89 | 13.05 |
| Staff Welfare Expenses | 15.42 | 9.94 |
| TOTAL | 902.20 | 639.17 |

25.1 The company has made provision in the accounts for gratuity based on actuarial valuation. The particulars under the AS 15 (Revised) furnished below are those which are relevant and available to company for this year.

A. Defined Contribution Plans (₹ in Lacs)

Contributions to Defined Contribution Plans, recognised as expense for the year is as under :

| Particulars | 2011-12 | 2010-11 |
|--|---------|---------|
| Employer's Contribution to Provident Fund and Pension Fund | 11.89 | 13.05 |

B. Defined Benefit Plans

Contributions to Defined Benefit Plan is as under :

Change in defined benefit obligation

| | | |
|---|--------------|--------------|
| Opening defined benefit obligation | 34.33 | 26.44 |
| Service Cost | 10.63 | 9.32 |
| Interest Cost | 2.85 | 2.21 |
| Actuarial losses (gains) | (8.66) | (3.64) |
| Benefits paid | - | - |
| Closing defined benefit obligation | 39.15 | 34.33 |



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

| Particulars | 2011-12 | 2010-11 |
|--|--------------|--------------|
| B. Defined Benefit Plans (contd...) | | |
| Change in plan assets | | |
| Opening fair value of plan assets | - | - |
| Expected return on plan assets | - | - |
| Contributions by employer | - | - |
| Actuarial losses / (gains) | - | - |
| Benefits paid | - | - |
| Closing fair value of plan assets | - | - |
| Reconciliation of fair value of assets and obligations | | |
| Fair value of Plan assets | - | - |
| Present value of obligation | 39.15 | 34.33 |
| Amount recognised in Balance Sheet | 39.15 | 34.33 |
| The net amount recognised in the statement of Profit & Loss for the year ended 31st March, 2012 | | |
| Current service Cost | 10.63 | 9.32 |
| Interest on obligation | 2.85 | 2.20 |
| Expected return on plan assets | - | - |
| Net actuarial losses (gains) recognised in the period | (8.66) | (3.64) |
| Total included in 'employee benefit expense' | 4.82 | 7.88 |

Disclosures as required under Para 120(n) of the Accounting Standard -15 (₹ in Lacs)

| Grauity | 2011-12 | 2010-11 | 2009-10 | 2008-09 | 2007-08 |
|---|---------|---------|---------|---------|---------|
| (a) Present value of the defined benefit obligation | 39.15 | 34.33 | 26.44 | - | - |
| Fair value of the plan assets | - | - | - | - | - |
| (Surplus) / Deficit in the plan | 39.15 | 34.33 | 26.44 | | |
| (b) Experience Adjustments | - | - | - | - | - |
| On Plan Liabilities | (7.84) | * | * | - | - |
| On Plan Assets | - | * | * | - | - |

* The details of experience adjustments arising on account of plan assets and liabilities as required by paragraph 120(n)(ii) of AS 15 (Revised) on Employee Benefits are not available in the valuation report and hence, are not furnished.



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

| | 2011-12 | 2010-11 |
|--|---------------------------|---------------------------|
| Discount Rate | 8.50% | 8.32% |
| Expected rate of return on Plan Assets | - | - |
| Annual increase in Salary costs | 6.50% | 6.50% |
| Mortality Table | LIC (1994-96) Ultimate | LIC (1994-96) Ultimate |

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

Current and non current classification is done based on actuarial valuation certificate.

26. FINANCE COSTS (₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|-----------------------|--|--|
| Interest Expenses | 11,653.99 | 7,334.96 |
| Other Borrowing Costs | 2,847.39 | 2,985.81 |
| TOTAL | 14,501.38 | 10,320.77 |

27. DEPRECIATION AND AMORTISATION EXPENSE (₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|---|--|--|
| Depreciation of Tangible Assets | 728.00 | 568.07 |
| Amortisation of Intangible Assets | 4.68 | 2.39 |
| | 732.68 | 570.46 |
| Less : Transferred from revaluation reserve | - | - |
| TOTAL | 732.68 | 570.46 |

28. OTHER EXPENSES (₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | | For the year ended 31st March, 2011 | |
|---|--|-----------|--|-----------|
| Manufacturing Expenses | | | | |
| Stores, Chemicals and Packing Materials | 6,168.48 | | 6,677.78 | |
| Electric Power, Fuel and Water | 1,774.14 | | 1,597.90 | |
| Labour Processing, Production Royalty and Machinery Hire Charges | 1,973.03 | | 1,702.07 | |
| Repairs to Buildings | 8.65 | | 4.50 | |
| Repairs to Machinery | 103.17 | | 125.99 | |
| Exchange Difference (Net) | 65.17 | 10,092.64 | - | 10,108.24 |

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****28. OTHER EXPENSES (Contd...)**

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | | For the year ended 31st March, 2011 | |
|--|--|------------------|--|------------------|
| Selling and Distribution Expenses | | | | |
| Clearing and Forwarding | 667.44 | | 464.92 | |
| Advertisement Expenses | 274.63 | | 10.77 | |
| Sales Tax / VAT / Service Tax | - | | - | |
| Sales Commission | 346.78 | | 170.26 | |
| Other Selling and Distribution Expenses | 112.57 | 1,401.42 | 31.25 | 677.20 |
| Others | | | | |
| Professional fees | 183.55 | | 132.36 | |
| Communication Expenses | 26.80 | | 26.31 | |
| Printing and Stationery | 21.14 | | 19.81 | |
| Freight and Forwarding | 350.44 | | 371.15 | |
| General Expenses | 272.20 | | 200.85 | |
| Rent | 94.14 | | 58.29 | |
| Insurance | 187.15 | | 74.67 | |
| Rates & Taxes | 1.27 | | 0.40 | |
| Other Repairs | 18.87 | | 14.97 | |
| Travelling and Coveyance Expenses | 119.84 | | 76.85 | |
| Charity and Donations | 32.68 | | 20.62 | |
| Payment to Auditors (refer note 28.1) | 21.34 | | 23.71 | |
| Prior Period Adjustments (refer note 28.2) | - | 1,329.42 | 290.16 | 1,310.15 |
| TOTAL | | 12,823.48 | | 12,095.58 |

28.1 PAYMENT TO AUDITORS

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|----------------------|---|---|
| As Auditors | 14.05 | 13.79 |
| For Taxation Matters | 7.02 | 9.65 |
| For Other Services | 0.27 | 0.27 |
| TOTAL | 21.34 | 23.71 |

28.2 PRIOR PERIOD ADJUSTMENTS

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|--|---|---|
| Interest on Income Tax | - | 291.46 |
| Rate & Taxes | - | 0.26 |
| Excess Provision of tax on Proposed Dividend | - | (1.56) |
| TOTAL | - | 290.16 |



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

29. EXTRAORDINARY ITEMS

(₹ in Lacs)

| Particulars | For the year ended 31st March, 2012 | For the year ended 31st March, 2011 |
|------------------|-------------------------------------|-------------------------------------|
| Loss due to fire | - | 1,215.17 |
| TOTAL | - | 1,215.17 |

30. In the opinion of the management and to the best of their knowledge and belief, the value under the head of current and non-current assets (other than fixed assets and non-current investments) are approximately of the value stated, if realised in ordinary course of business, except unless stated otherwise. The provision for all known liabilities is adequate and not in excess of amount considered reasonably necessary.

31. SEGMENT REPORTING

As the Company’s business activity falls within a single segment viz. ‘Textile’ and the sales substantially being in the domestic market, the disclosure requirements of the Accounting Standard - 17 “Segment Reporting” as prescribed by the Companies (Accounting Standard) Rules, 2006 are not applicable. However it does not have any impact on the true and fair view of the state of affairs in case of Balance Sheet and Profit and Loss account.

32. RELATED PARTY DISCLOSURES

As per the Accounting Standard 18, disclosure of transactions with related parties (as identified by the management), as defined in the Accounting Standard are given below:

I. Names of Related Parties & Description of Relationship

(A) Subsidiaries of Company : Pradip Home Fashions, INC (USA)

(B) Associates with whom transactions done during the year : Elegant Home Fashion INC

(C) Key Managerial Personnel :

Shri Pradip J. Karia, Chairman cum Managing Director

Shri Chetan Karia, Whole Time Director

Shri Vishal R. Karia, Whole Time Director

Shri Amit H. Thakkar, President

Shri Anil Agarwal, Vice President (Production)

Shri A. N. Saboo, Vice President (HRD & Admin.)

Shri Anand Shiplkar, Vice President (Technical)

Shri Kamal Garg, Vice President (Marketing)

Shri Kaushik Kapadia, Company Secretary & Compliance Officer

(D) Enterprises over which (C) above have significant influence:

Pradip Exports

Pradip Integrated Textile Park Pvt. Ltd.

Pradip Enterprises Limited

Pradip Energy Limited

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012****II. Nature and Volume of Transactions with Related Parties :** (₹ in Lacs)

| Particulars | Associates | Key Managerial Personnel (KMP) | Enterprises over which KMP have significant influence: |
|--------------|------------|--------------------------------|--|
| Rent Paid | - | - | 6.00 (6.00) |
| Remuneration | - | 387.00 (366.70) | - |

III. During the year, company has made an investment of ₹45,61,546 by acquiring 523 shares of Elegant Home Fashion INC @ \$200 each fully paid up.

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

33. EARNINGS PER SHARE (EPS)

| Particulars | 2011-12 | 2010-11 |
|---|------------|----------|
| Net Profit for the year (₹ in Lacs) | (7,630.56) | 6,635.35 |
| Weighted average number of shares outstanding during the year (in Lacs) | 403.67 | 403.67 |
| Earning Per Share (in ₹) | - | 16.44 |
| Nominal Value Of Share (in ₹) | 10 | 10 |

34. VALUE OF IMPORTS ON CIF BASIS

(₹ in Lacs)

| Particulars | 2011-12 | 2010-11 |
|---|---------|---------|
| Raw Materials and Stock-in-Trade | 61.57 | 134.54 |
| Chemicals, Packing Materials and Other Stores | - | 27.49 |
| Capital Goods | - | 48.45 |

35. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

| Particulars | 2011-12 | 2010-11 |
|---------------------|---------|---------|
| Travelling Expenses | 18.08 | 41.48 |
| Commission | 195.93 | 99.98 |



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

36. EARNING IN FOREIGN CURRENCY

(₹ in Lacs)

| Particulars | 2011-12 | 2010-11 |
|-------------------------|-----------|-----------|
| F.O.B. value of exports | 16,277.04 | 11,449.61 |

37. FINANCIAL AND DERIVATIVE INSTRUMENTS

Derivative contracts entered into by the company and outstanding as on the year end

| Particulars | As at March 31, 2012 | | As at March 31, 2011 | |
|-------------------|-------------------------|------|-------------------------|-----------|
| | USD | Euro | USD | Euro |
| Forward Contracts | 6,815,031 | - | 6,500,000 | 2,564,000 |

38. Pradip Overseas Ltd. had formed a company named "Pradip Home Fashions Inc.", USA on 31-01-2011 by subscribing all 100 Equity Shares 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. As per 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 accordingly 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 related to "Consolidated Financial Statement" states that it applies to material items and if there are no material transactions, the accounts of the subsidiary may not be consolidated. Accordingly, since no other transaction has been carried out by the subsidiary company, except issue of share capital, the Consolidated accounts have not been printed in this Annual Accounts.

39. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statement. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figure have been regrouped / reclassified, wherever necessary to confirm to this year's classification / disclosure. Further the figures have been rounded off to the nearest rupee.

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

(CA Ashok Dhariwal)

Partner

Membership No. 36452

(Reg. No. 100648W)

Place : Ahmedabad

Date : August 24, 2012

For and on behalf of the Board

(Pradipkumar J. Karia)

Chairman cum Managing Director

(Chetan J. Karia)

Whole Time Director

(Sudhir Jumani)

Director

(Kaushik B. Kapadia)

Company Secretary

Place : Ahmedabad

Date : August 24, 2012



PRADIP OVERSEAS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

| Particulars | For the year ended 31 March, 2012 | | For the year ended 31 March, 2011 | |
|---|--------------------------------------|--------------------|--------------------------------------|--------------------|
| A. Cash flow from operating activities | | | | |
| Net Profit / (Loss) before tax | (11,441.49) | (11,441.49) | 11,451.60 | 11,451.60 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | | | |
| Depreciation/ amortisation on continuing operation | 732.67 | | 570.45 | |
| Interest income | | (746.87) | | (718.96) |
| Dividend income | - | | (88.21) | |
| Finance Charges | | 14,501.38 | | 10,320.77 |
| Profit on sale of investment | (50.90) | | (72.57) | |
| Extra Ordinary Item (loss due to fire) | | | (1,215.17) | |
| | | 14,436.28 | | 8,796.31 |
| Operating profit / (loss) before working capital changes | | 2,994.79 | | 20,247.91 |
| Movements in working capital: | | | | |
| Decrease/ (increase) in trade and other receivables | (23,045.56) | | (16,875.59) | |
| Decrease/ (increase) in inventories | 23,077.94 | | (18,951.16) | |
| Increase/ (decrease) in trade and other payables | (17,168.02) | | (2,220.94) | |
| | | (17,135.64) | | (38,047.69) |
| Cash generated from / (used in) operations | | (14,140.85) | (17,799.78) | |
| Direct taxes paid (net of refunds) | | (0.51) | (3,560.98) | |
| Net cash flow from / (used in) operating activities (A) | | (14,141.36) | | (21,360.76) |
| B. Cash flow from investing activities | | | | |
| Interest received | 746.87 | | 718.96 | |
| Dividend received | - | | 88.21 | |
| Movement in loans & advances | 48.82 | | (2,701.22) | |
| Purchase of Fixed Assets | (4,475.25) | | (820.49) | |
| Sales of Fixed Assets | - | | - | |
| Purchase of Investments | (54.79) | | (6,556.79) | |
| Sales of Investments | 735.01 | | 9,553.38 | |
| Investment in Bank Deposits (more than three months) | (535.46) | | (3,600.89) | |
| Net cash flow from / (used in) investing activities (B) | | (3,534.80) | | (3,318.84) |
| C. Cash flow from financing activities | | | | |
| Dividends | - | | (469.15) | |
| Unclaimed Dividend Accounts | (0.24) | | (0.89) | |
| Finance Charges | (14,501.38) | | (10,320.77) | |
| Share Issue Expenses | - | | 60.61 | |
| Proceeds / (Repayment) of Long Term Borrowings | 37,639.08 | | (3,030.45) | |
| Repayment of Short Term Borrowings | (8,939.64) | | 24,652.85 | |
| Margin Money | 2,676.23 | | 3,442.32 | |
| Net cash flow from / (used in) financing activities (C) | | 16,874.05 | | 14,334.52 |
| D. Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | (802.11) | | (10,345.08) |
| E. Cash and cash equivalents at the beginning of the year (refer note 16) | | 1,109.18 | | 11,454.26 |
| Cash and cash equivalents at the end of the year (D+E) | | 307.07 | | 1,109.18 |
| Add : Bank Balances not considered as Cash & Cash Equivalents | | 6,910.58 | | 9,051.11 |
| Cash & Bank Balances as on March 31,2012 (note 16) | | 7,217.65 | | 10,160.29 |

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

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

Place : Ahmedabad
Date : August 24, 2012

For and on behalf of the Board

(Pradipkumar J. Karia)
Chairman cum Managing Director

(Sudhir Juman)
Director

(Chetan J. Karia)
Whole Time Director

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad
Date : August 24, 2012



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, 2012. |
| (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 2012 | : | |
| (1) For the Subsidiary's financial year ended 31st March 2012. | | 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 2012 | | |
| (1) For the Subsidiary's financial year ended 31st March 2012. | | Nil |
| (2) For the previous financial years of the Subsidiary. | | Nil |

For and on behalf of the Board

(Pradipkumar J. Karia)
Chairman cum Managing Director

(Chetan J. Karia)
Whole Time Director

Place : Ahmedabad
Date : August 24, 2012

(Sudhir Jumani)
Director

(Kaushik B. Kapadia)
Company Secretary

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.

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 accordingly 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. Accordingly since as 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 : 104,105,106, Chacharwadi Vasna, Opp. Zydus Cadila,
Sarkhej Bavla Highway, Changodar, Ahmedabad-382213

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 on Saturday, 29th September, 2012 at 11.00 a.m. at 104, 105,106, Chacharwadi, Vasna, Opp. Zydus Cadila, Sarkhej Bavla Highway, Changodar, Ahmedabad-382 213.

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

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 Saturday, the 29th September, 2012 and at any adjournment thereof.

Signed this _____ day of _____ 2012.

Signed by the said _____

Affix
Revenue
Stamp

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

BOOK - POST

If undelivered, please return to :



PRADIP OVERSEAS LTD.

Corporate Office :

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