

BOOK - POST



**ANNUAL REPORT
2012-13**

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)

GANAPATI, A'bad. (079)26568111



PRADIP OVERSEAS LTD.



PRADIP OVERSEAS LTD.

CORPORATE INFORMATION

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

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

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

COMPANY SECRETARY : Kaushik B. Kapadia

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

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

IMPORTANT COMMUNICATION TO MEMBERS

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

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NOTICE

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

Ordinary Business:

1. To receive, consider and adopt the Balance Sheet as on 31st March, 2013 and the Profit and Loss Account for the year ended on that date along with Directors' Report and Auditors' Report thereon.
2. To appoint Shri Gurbur Ramdas Kamath as a Director of the Company, who retires by rotation and being eligible offer himself for re appointment
3. To Appoint Auditors and to fix their Remunerations.

SPECIAL BUSINESS:

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

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

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

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

By Order Of The Board Of Directors

Place : Ahmedabad.
Date : 30th May, 2013

Sd/-
(Pradip J. Karia)
Managing Director



NOTICE (Contd...)

NOTE:

- 1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. A proxy form must reach to the company at its registered office on or before 48 hours of the commencement of the meeting.**
2. An explanatory statement pursuant to section 173 of the Companies Act, 1956 setting out the facts relating to the special business is attached herewith.
3. The Register of members and Share transfer Register will remain closed from 16th September, 2013 to 30th September, 2013 (both days inclusive).

ANNEXURE TO THE NOTICE

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

Item no 4:

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

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

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

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

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

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

Item No 5:

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

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

By Order Of The Board Of Directors

Place : Ahmedabad.
Date : 30th May, 2013

Sd/-
(Pradip J. Karia)
Managing Director



DIRECTORS' REPORT

To the Members of Pradip Overseas Limited

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

1) FINANCIAL REVIEW: [₹ in lacs]

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

2) OPERATIONS:

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

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

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

3) DIVIDEND:

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

4) BONUS SHARES :

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

5) FIXED DEPOSIT:

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



DIRECTORS' REPORT (Contd...)

6) DIRECTORS' RESPONSIBILITY STATEMENT:

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

- a. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- b. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year.
- c. That the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safe guarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d. That the Directors have prepared the Annual accounts on a going concern basis.

7) DIRECTORS:

Mr. Sudhir Jumani had resigned as a Director of the Company with effect from 5th March, 2013.

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

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

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

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

9) AUDITORS:

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

10) AUDITORS' REPORT:

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

11) CORPORATE GOVERNANCE:

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

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

12) DEVELOPMENT OF INDUSTRIAL HUB :

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

13) Application for settlement with IT Department :

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

14) Acknowledgement:

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

For And on behalf of the Board of Directors

Sd/-

Pradip J. Karia

Chairman & Managing Director

Place : Ahmedabad.

Date : 30th May, 2013



DIRECTORS' REPORT (Contd...)

ANNEXURE I TO DIRECTORS' REPORT

CONSERVATION OF ENERGY

(A) Energy conservation measures taken :

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

(B) Additional Investment and proposal being implemented :

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

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

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

RESEARCH & DEVELOPMENT

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

TECHNOLOGY ABSORPTION, ADOPTION AND INNOVATION :

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

POWER AND FUEL CONSUMPTION IN RESPECT OF:

Sr. No.	Particular	2012-2013	2011-2012
(A)	Electricity		
(1)	Purchase		
	Unit Nos.	8629846	8081052
	Total Amt. (₹ in Lacs)	580.24	502.28
	Rate Per Unit (₹)	6.72	6.22
(2)	Own Generation		
	Through Diesel Generation Set	0.00	95517
	Unit Per Liter of Diesel Oil	0.00	4.69
	Cost Per Unit (₹)	0.00	9.38
(B)	Consumption of Electricity in unit for Per Unit of Production	0.08	0.06

(C) FOREIGN EXCHANGE EARNINGS AND OUT GO :

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

	(₹ In lacs)
	<u>2012-13</u>
a) Earnings	9388.47
b) Outgo	273.64

ANNEXURE II TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS OF EMPLOYEES

INFORMATION REQUIRED AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013

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

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



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

1. OVERVIEW:

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

2. INDUSTRY STRUCTURE AND DEVELOPMENT:

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

3. OPPORTUNITIES AND THREATS:

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

4. SEGMENT REVIEW AND ANALYSIS:

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

5. RISKS AND CONCERNS:

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

6. OUTLOOK:

The Company has put thrust on Development of Industrial HUB as reported earlier in this report.

7. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

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

8. HEALTH AND SAFETY AND THEIR ADEQUACY:

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

9. HUMAN RESOURCES:

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

**CORPORATE GOVERNANCE REPORT****COMPANY'S 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 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, 2013

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

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

Details of attendance of the Directors at the Board Meetings held during the year 2012-13 and the last Annual General Meeting are given below:

Sr. No.	Name of the Directors	Designation	No. of Board meetings held during the year	No. of meeting attended	General Meeting attended
1	Mr. Pradip J. Karia	Managing Director	9	9	Yes
2	Mr. Chetan J. Karia	Whole Time Director	9	9	Yes
3	Mr. Vishal R. Karia	Whole Time Director	9	9	Yes
4	Mr. Jivansingh Negi	Director	9	4	Yes
5	Mr. Gurpur Ramdas Kamath	Director	9	6	No
6	Mr. Sudhi Jumani *	Director	9	3	Y

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

Audit Committee:

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



CORPORATE GOVERNANCE REPORT (Contd...)

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

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

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

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



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, 6 Audit Committee Meetings were held on 14/05/2012, 13/08/2012, 20/08/2012, 24/08/2012, 12/11/2012 and 14/02/2013

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. Gurpur Ramdas Kamath	Chairman	6	4
2.	Mr. Jivansingh Negi	Member	6	5
3.	Mr. Pradip J. Karia	Member	6	6
4.	Mr. Sudhir Jumani	Member	6	3

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

Note : Mr. Sudhir Jumani who had resigned as a Director of the Company with effect from 5th March, 2013 and therefore ceased to be a member of the Remuneration 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:****No meeting of the remuneration committee was held during the year under review.****Remuneration of Directors:**

(₹ In Lacs)

Sr. No	Name	Salary ₹	Perquisites & allowances ₹	Sitting fees ₹	Commission /bonus ₹	Total ₹
1.	Mr. Pradip J. Karia	36.00	0.00	0.00	0.00	36.00
2.	Mr. Chetan J. Karia	24.00	0.00	0.00	0.00	24.00
3.	Mr. Vishal R. Karia	12.00	0.00	0.00	0.00	12.00
4.	Mr. Jivansingh Negi	0.00	0.00	0.60	0.00	0.60
5.	Mr. Gurpur Ramdas Kamath	0.00	0.00	0.90	0.00	0.90
6.	Mr. Sudhir Jumani	0.00	0.00	0.45	0.00	0.45

INVESTORS' GRIEVANCES COMMITTEE:

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

Name	Designation	Nature of Directorship
Mr. Jivansingh Negi	Chairman	Independent & Non Executive Director
Mr. Gurpur Ramdas Kamath	Member	Independent & Non Executive Director

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

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

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

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

Note : Mr. Sudhir Jumani who had resigned as a Director of the Company with effect from 5th March, 2013 and therefore ceased to be a member of the Investors' Grievances Committee.



CORPORATE GOVERNANCE REPORT (Contd...)

General Body Meeting:

1. Location and time where the last three AGM held:

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

Date	Time	Venue
29 th September, 2010	11:00 a.m.	Ahmedabad Textile Mills Association Hall, Ashram Road, Navrangpura, Ahmedabad – 380 009
27 th September, 2011	11:00 a.m.	104, 105, 106, Chacharwadi, Vasna, Opp. Zydus Cadila, Sarkhej Bavla Highway, Changodar, Ahmedabad-382 213
29 th September, 2012	11:00 a.m.	104, 105, 106, Chacharwadi, Vasna, Opp. Zydus Cadila, Sarkhej Bavla Highway, Changodar, Ahmedabad-382 213

2. Whether any special resolution passed in the previous 3 AGMs

Year	Date of the Meeting	Details of the Special Resolution passed in the Annual General Meeting
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
2011-12	29-09-2012	None

DISCLOSURES:

The related party transaction has already been given in the schedule no. 29.

- There are NO penalties and strictures imposed on the Company by the Stock Exchange or SEBI or any statutory Authority, on any matter related to Capital Markets during the last three years.
- No personnel have been denied access to the Audit Committee.

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 : 30th September,2013

Time : 11.00 a.m.

Venue : 104,105,106, Chancharwadi, Vasna, Opp. Zydus Cadila, Sarkej Bavla Highway, Changodar, Ahmedabad-382213

(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: 16th September, 2013 to 30th September, 2013 (Both days inclusive)

(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

Financial Year – 2012-13	Bombay Stock Exchange		National Stock Exchange	
	Highest (₹)	Lowest (₹)	Highest (₹)	Lowest (₹)
April-12	95.90	72.00	95.95	72.00
May-12	92.40	81.50	92.40	76.65
June-12	86.00	81.50	99.95	81.20
July-12	90.00	54.80	89.45	54.60
August-12	94.00	75.55	93.30	71.70
September-12	91.80	78.25	91.70	78.05
October-12	127.70	48	124.80	48.10
November-12	58.10	33.65	57.70	33.50
December-12	35.15	22.00	35.25	22.15
January-13	24.85	15.65	24.50	15.60
February-13	17.40	11.30	17.50	11.15
March-13	12.00	6.69	12.25	6.65

(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 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, 2013

No. of Equity Shares held	No. of shareholders	% of shareholders	No. of Share held	% Share holding
1-500	13286	87.1785	1589709	3.2818
501-100	827	5.4265	566584	1.1697
1001-2000	526	3.4514	723283	1.4931
2001-3000	199	1.3058	495345	1.0226
3001-4000	77	0.5052	267642	0.5525
4001-5000	61	0.4003	277059	0.5720
5001-10000	112	0.7349	775699	1.6014
10001 and above	152	0.9974	43744862	90.3070
TOTAL	15240	100.0000	48440183	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:

104,105,106, Chancharwadi, Vasna, Opp. Zydus Cadila, Changodar, Ahmedabad-382213

14) Address for correspondence:

1) PRADIP OVERSEAS LIMITED

Registered Office:

104,105, 106, Chancharwadi, 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 30th May, 2013.



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, 2013, 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)

Sd/-
(CA Ashok Dhariwal)
Partner
Membership No.36452

Place : Ahmedabad
Date : 30th May, 2013



INDEPENDENT AUDITORS' REPORT

To the Members of Pradip Overseas Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Pradip Overseas Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India including Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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, 2013;
- b. In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") 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 Order.
2. As required by Section 227(3) of the Companies Act, 1956, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - c. The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d. In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards referred to in section 211(3C) of the Act;
 - e. On the basis of the written representations received from the directors as on March 31, 2013, taken on record by the Board of Directors, none of the directors is Disqualified as on March 31, 2013, from being appointed as a director in terms of Section 274(1)(g) of the Act.

For, **Ashok Dhariwal & Co.,**
Chartered Accountants,
(Reg. No. 100648W)
(CA Ashok Dhariwal)
Partner
Membership No. 36452

Place : Ahmedabad
Date : 30/05/2013



ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in Paragraph 1 under the heading of “report on other legal and regulatory requirements” of our report of even date

1. In respect of its fixed assets:
 - a. The Company has maintained proper records showing full particulars including Quantitative details and situation of fixed assets on the basis of available Information.
 - b. As explained to us, all the fixed assets have been physically verified by the management in a phased periodical manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off a substantial 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 inventories have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
 - b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
3. In respect of the loans, secured or unsecured, granted or taken by the Company to / from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956:
 - a. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
 - b. The Company has taken unsecured loans from Directors. The outstanding amount of unsecured loan as on March 31, 2013 is ₹23,89,46,460 (Previous Year ₹16,79,26,000). 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 is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. In respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
 - a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements that need to be entered in the register maintained under Section 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 / arrangements entered in the Register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000 in respect of each party during the year have been made at prices which appear reasonable as per information available with the Company.
6. According to the information and explanations given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of Clause (vi) of paragraph 4 of the Order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



ANNEXURE TO INDEPENDENT AUDITORS' REPORT (Contd...)

8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
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, 2013. The Company has incurred cash losses during the financial period covered by our audit. The cash losses were also 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 term loan of ₹2.57 Cr. (SBI, Canara & IOB) and ₹20.86 Cr. (Allahabad Bank). The company has decided to approach the Corporate Debt Restructuring Cell to restructure its debt obligations. The above mentioned loans will now form part of the CDR package.
12. In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the Company is not a chit fund /nidhi / mutual benefit fund / society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order are not applicable to the Company.
14. The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been made therein. All shares, securities, debentures and other investments have been held by the Company in its own name.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for the loan 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 are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
19. The Company has no outstanding debentures during the period under audit.
20. The Company has not raised any money by public issue during the year.
21. In our opinion and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the year.

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

(CA Ashok Dhariwal)
Partner

Membership No. 36452

Place : Ahmedabad
Date : 30/05/2013

**PRADIP OVERSEAS LTD.****BALANCE SHEET AS AT 31ST MARCH, 2013**

(₹ in Lacs)

PARTICULARS	Nos.	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	4,844.02	4,036.68
Reserves and Surplus	2	12,306.99	24,377.82
Non-current liabilities			
Long-term borrowings	3	56,918.95	44,241.60
Long-term provisions	5	47.47	37.75
Current liabilities			
Short-term borrowings	6	59,260.77	58,639.87
Trade Payables	7	3,851.11	6,965.35
Other current liabilities	8	7,788.75	4,211.62
Short-term provisions	9	46.14	1,304.63
TOTAL		145,064.20	143,815.32
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	10	10,753.84	10,877.98
Intangible assets	10	14.82	10.27
Capital Work-in-Progress	10	2,757.44	1,247.30
Non-current investments	11	45.67	45.67
Deferred tax assets (net)	4	7,566.08	3,195.54
Long-term loans and advances	12	1,757.19	5,423.97
Current assets			
Inventories	13	38,396.79	47,236.16
Trade receivables	14	82,337.30	67,646.88
Cash and Bank Balances	15	856.10	7,217.65
Short-term loans and advances	16	578.97	913.90
Total		145,064.20	143,815.32

Significant Accounting Policies

Notes on Financial Statements 1 to 37

As per our Report attached
For, **Ashok Dhariwal & Co.,**
Chartered Accountants,Sd/-
(CA Ashok Dhariwal)
PartnerMembership No. 36452
(Reg. No. 100648W)

Place : Ahmedabad

Date : May 30,2013

For and on behalf of the Board

Sd/-

(Pradipkumar J. Karia)
Chairman cum Managing Director

Sd/-

(Chetan J. Karia)
Whole Time Director

Sd/-

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad

Date : May 30,2013

**PRADIP OVERSEAS LTD.****STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31ST MARCH, 2013**

(₹ in Lacs)

PARTICULARS	Nos.	2012-13	2011-12
I. INCOME			
Revenue from Operations (gross)	19	94,293.44	166,991.16
Less : Excise duty		-	-
Revenue from Operations (net)		94,293.44	166,991.16
Other Income	20	962.80	2,036.65
Total (I)		95,256.24	169,027.81
II. EXPENDITURE			
Cost of Materials Consumed	21	66,116.47	140,866.74
Purchases of Stock-in-Trade		-	11,724.86
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	22	19,583.50	(1,082.04)
Employee Benefit Expenses	23	567.88	902.20
Finance Costs	24	14,510.10	14,501.38
Depreciation and Amortization Expense	25	826.38	732.68
Other Expenses	26	10,458.84	12,823.48
Total (II)		112,063.17	180,469.30
III. Profit / (Loss) before extraordinary items and Tax (I-II)		(16,806.93)	(11,441.49)
IV. Add / (Less) : Extraordinary Items		-	-
V. Profit for the year before taxation		(16,806.93)	(11,441.49)
VI. Tax Expense:			
Current tax		0.44	0.50
Deferred Tax		(4,370.55)	(3,811.43)
Total Tax Expenses (VI)		(4,370.11)	(3,810.93)
Prior Period Adjustment		(1,173.32)	-
Profit/ (Loss) for the year (V-VI)		(11,263.50)	(7,630.56)
Earnings Per Equity Share			
Basic and Diluted	30	(23.25)	(15.75)

Significant Accounting Policies

Notes on Financial Statements

1 to 37

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

Sd/-
(CA Ashok Dhariwal)
Partner

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

Place : Ahmedabad

Date : May 30,2013

For and on behalf of the Board

Sd/-

(Pradipkumar J. Karia)
Chairman cum Managing Director

Sd/-

(Chetan J. Karia)
Whole Time Director

Sd/-

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad

Date : May 30,2013



PRADIP OVERSEAS LTD.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Lacs)

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
A. Cash flow from operating activities				
Net Profit / (Loss) before tax	(16,806.92)	(16,806.92)	(11,441.49)	(11,441.49)
Non-cash adjustment to reconcile profit before tax to net cash flows				
Depreciation/ amortisation on continuing operation	826.38		732.68	
Interest income	(212.91)		(746.88)	
Dividend income	-		-	
Finance Charges	14,510.10		14,501.38	
Profit on sale of investment	-		(50.90)	
Profit on sale of Fixed Assets	(10.97)		-	
Extra Ordinary Item (loss on fire)	-		-	
Net prior year adjustments	1,173.33	-	-	
		16,285.93		14,436.29
Operating profit / (loss) before working capital changes		(520.99)		2,994.80
Movements in working capital:				
Decrease/ (increase) in trade and other receivables	(14,690.42)		(23,045.56)	
Decrease/ (increase) in inventories	8,839.36		23,077.94	
Increase/ (decrease) in trade and other payables	(785.88)		(17,168.02)	
		(6,636.94)		(17,135.65)
Cash generated from / (used in) operations		(7,157.93)		(14,140.84)
Direct taxes paid (net of refunds)		(0.45)		(0.51)
Net cash flow from / (used in) operating activities (A)		(7,158.38)		(14,141.35)
B. Cash flow from investing activities				
Interest received	212.91		746.88	
Dividend received	-		-	
Movement in loans & advances	4,001.71		48.83	
Purchase of Fixed Assets	(2,300.64)		(4,475.25)	
Sales of Fixed Assets	94.70		-	
Purchase of Investments	-		(54.79)	
Sales of Investments	-		735.01	
Investment in Bank Deposits (having original maturity of more than three months)	3,836.52		(535.46)	
		-		-
Net cash flow from / (used in) investing activities (B)		5,845.20		(3,534.79)
C. Cash flow from financing activities				
Dividends	-		-	
Unclaimed Dividend Accounts	0.01		(0.24)	
Finance Charges	(14,510.10)		(14,501.38)	
Share Issue Expenses	-		-	
Proceeds / (Repayment) of Long Term Borrowings	12,677.35		37,639.08	
Proceeds / (Repayment) of Short Term Borrowings	620.91		(8,939.64)	
Margin Money	2,773.09		2,676.23	
Net cash flow from / (used in) financing activities (C)		1,561.26		16,874.04
D. Net increase / (decrease) in Cash and cash equivalents (A+B+C)		248.08		(802.11)
E. Cash and cash equivalents at the beginning of the year (refer note 15)		307.07		1,109.18
Cash and cash equivalents at the end of the year (D+E)		555.15		307.07
Add : Bank Balances not considered as Cash & Cash Equivalents		300.95		6,910.58
Cash & Bank Balances as on March 31,2013 (note 15)		856.10		7,217.65

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

Sd/-
(CA Ashok Dhariwal)
Partner
Membership No. 36452
(Reg. No. 100648W)
Place : Ahmedabad
Date : May 30,2013

For and on behalf of the Board

Sd/-
(Pradipkumar J. Karia)
Chairman cum Managing Director

Sd/-
(Chetan J. Karia)
Whole Time Director

Sd/-
(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad
Date : May 30,2013



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. INVENTORY

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. PRIOR PERIOD AND EXCEPTIONAL ITEMS

All identifiable items of Income and Expenditure pertaining to prior period are accounted through "Prior Period items". Exceptional items are general non-recurring items of income and expense within profit or loss from ordinary activities, which are of such size, nature or incidence that their disclosure is relevant to explain the performance of the company for the year.

6. FIXED ASSETS/INTANGIBLE ASSETS & DEPRECIATION

- i. Fixed assets are stated at their original cost of acquisition including respective taxes duties freight and other incidental expenses related to acquisition and installation of the respective assets. The Company is providing depreciation on its assets at the rate prescribed as per Schedule XIV of the Companies Act, 1956 at Straight Line Method. However the depreciation on addition made during the year has been provided on pro-rata basis from the date of their purchase/use.
- ii. Addition in Fixed Assets is stated at cost net of CENVAT credit (where applicable).
- iii. Intangible Assets are recognized as per the principle laid down in Accounting Standard 26 – Intangible Assets, as specified in the Companies (Accounting Standard) Rules, 2006 (as amended).

7. REVENUE RECOGNITION

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

- (a) Sale of products/job work is recognized when they are invoiced to customers.



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

- (b) Amount collected from customers prior to the performance to the services are recorded as deferred revenue. These advances are amortised to revenues in accordance with the companies' policies on revenue reorganization.
- (c) Insurance, Duty Drawback and other claims are accounted for as and when admitted by the appropriate authorities.
- (d) Dividend on Investments is recognized when the right to receive is to be established.
- (e) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.
- (f) 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 ₹18,67,005 (Previous year ₹28,34,594) 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.



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

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.
- (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 DERIVATES 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, 2013, the company had no outstanding forward exchange contracts.

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.



SIGNIFICANT ACCOUNTING POLICIES (Contd...)

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.

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 indication 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, 2013

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****1. SHARE CAPITAL**

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Authorised Share Capital		
500,00,000 (4,20,00,000) Equity Shares of ₹ 10 (10) each	5,000.00	4,200.00
Issued, Subscribed and fully paid up		
4,84,40,183 (4,03,66,819) Equity Shares of ₹ 10 (10) each fully paid up	4,844.02	4,036.68
TOTAL	4,844.02	4,036.68

(a) Reconciliation of the Number of Shares Outstanding

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	Nos.	₹ in Lacs	Nos.	₹ in Lacs
Equity Shares at the beginning of the year	40,366,819	4,036.68	40,366,819	4,036.68
Add : Shares issued on exercise of Employee Stock Options	-	-	-	-
Add : Allotted on Bonus Issue of Shares	8,073,364	807.34	-	-
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	48,440,183	4,844.02	40,366,819	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

(Nos.)

Particulars	As at 31st March, 2013	As at 31st March, 2012
Equity Shares allotted as fully paid bonus shares by capitalization of securities premium	8,073,364	14,483,385
Equity Shares allotted as fully paid pursuant to contracts for consideration other than cash	-	12,068,385
Equity Shares bought back by the company	-	-
TOTAL	8,073,364	26,951,770



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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

Name of the shareholder	As at 31st March,2013		As at 31st March,2012	
	Nos.	% holding	Nos.	% holding
Mr. Pradipkumar J. Karia	9,013,003	18.61%	7,510,836	18.61%
Mr. Chetankumar J. Karia	9,012,976	18.61%	7,510,814	18.61%
Mr. Vishal R. Karia	4,286,340	8.85%	3,571,950	8.85%
Pradip Petrofils Private Limited	4,664,160	9.63%	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,2013		As at 31st March,2012	
2.1 SECURITY PREMIUM RESERVE				
As per last Balance Sheet	9,724.73		9,724.73	
Add : On issue of shares	-		-	
Less : Premium utilised on expenses incurred for issue of Share Capital	807.34	8,917.39	-	9,724.73
2.2 CAPITAL RESERVE				
As per last Balance Sheet		150.76		150.76
2.3 SURPLUS IN PROFIT & LOSS				
As per last Balance Sheet	14,502.34		22,132.90	
Add : Profit / (loss) for the year	(11,263.50)		(7,630.56)	
Amount available for appropriations	3,238.84		14,502.34	
Less : Appropriations				
Proposed Dividend on Equity Shares	-		-	
Tax on Dividend	-	3,238.84	-	14,502.33
TOTAL		12,306.99		24,377.82

3. LONG TERM BORROWINGS

(₹ in Lacs)

	As at 31st March,2013		As at 31st March,2012	
	Non Current	Current	Non Current	Current
SECURED				
Term Loans from Banks (refer note 3.1)	49,200.48	6,777.10	37,166.56	2,743.18
	49,200.48	6,777.10	37,166.56	2,743.18
UNSECURED				
Inter- Corporate Loans	5,329.01	-	5,395.78	-
Loan from Directors	2,389.46	-	1,679.26	-
	7,718.47	-	7,075.04	-
TOTAL	56,918.95	6,777.10	44,241.60	2,743.18



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

3.1 Debt Restructuring :

In F.Y. 2011-12, Several external factors such as high volatility in the cotton prices (main raw material), meltdown in overseas financial markets, RBI monetary policy, etc. had impacted the company's ability to repay its debts in a timely manner leading to severe liquidity challenges. As a result, company had filed an application with SBI (lead banker of the loan consortium) to recast its debt obligations which was approved 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, 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 (from March, 2012 till 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 directors.

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

3.3 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 ₹2.57 Cr. (from SBI,Canara Bank and IOB) were outstanding as on March 31,2013. The Interest rate for the loan is 14.50% p.a. The said term loans will now form part of the CDR package as mentioned in point no. 3.4.
- (b) Term loan of ₹47 Cr. from Allahabad Bank (Interest @12.50% p.a.) was outstanding as on March 31,2013. Installment of ₹3.96 Cr. was due for payment in the year 2012-13 but was not paid by the company. The loan is secured against mortgage of parcels of land of the company. The said term loan will now form part of the CDR package as mentioned in point no. 3.4
- (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 were due for payment in 2012-13 but were not paid by the company. The said term loans will now form part of the CDR package as mentioned in point no. 3.4

3.4 NOTE ON CORPORATE DEBT RESTRUCTURING (CDR)

The Company had gone for restructuring of its debt as per note no. 3.1. But due to continuing financial crisis, sluggish overall market scenario, constraints on capacity utilisation due to environmental issues etc., the company was not in position to repay the debt as per the above proposal. Hence the company has decided to approach Corporate Debt Restructuring (CDR) Cell and is in the process of filing Flash Report to CDR cell for admission.

3.5 Going Concern :

During the year, the company underwent various challenges in form of high volatility in the prices of its raw materials, continuing financial crisis, sluggish overall market scenario, constraints on capacity utilisation due to environmental issues etc., All these led to drop in revenues and profit in the current financial year. The company undertook to restructuring of its debts and since the first restructuring could not bring about the desired results, the company has decided to approach CDR cell for its Corporate Debt Restructuring. Post the admission, the company is confident of successful implementation of the CDR package. Therefore it has prepared the financial statements on a going concern basis.

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****4. DEFERRED TAX LIABILITIES / ASSETS**

(₹ in Lacs)

DEFERRED TAXATION	Balance as on 01.04.2012	Arising during the year	Balance as on 31.03.2013
A. Deferred Tax Liabilities			
Fixed Assets : Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	978.14	14.13	992.27
Others	-	-	-
Gross Deferred Tax Liabilities	978.14	14.13	992.27
B. Deferred Tax Assets			
Disallowances u/s. 43B of the Income Tax (IT) Act	13.00	3.21	16.21
Preliminary Expenses u/s. 35D of the IT Act	0.43	(0.90)	(0.47)
Initial Public Offer Expenses	26.82	(13.41)	13.41
Unabsorbed Depreciation	551.87	283.75	835.61
Unabsorbed Business Loss	3,574.15	4,112.02	7,686.17
Long Term Capital Loss	7.41	-	7.41
Gross Deferred Tax Assets	4,173.68	4,384.67	8,558.34
NET DEFERRED TAX LIABILITIES / (ASSETS)	(3,195.54)	(4,370.54)	(7,566.07)

5. LONG TERM PROVISIONS

(₹ in Lacs)

	As at 31st March,2013	As at 31st March,2012
Provision for employee benefits :		
Provision for gratuity (refer note 23.1)	47.46	37.75
Other Provisions	-	-
TOTAL	47.46	37.75

6. SHORT-TERM BORROWINGS

(₹ in Lacs)

	As at 31st March,2013	As at 31st March,2012
Secured Borrowings		
Working Capital Loans from Banks (refer note 3.1)	59,260.77	58,639.87
TOTAL	59,260.77	58,639.87



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

7. TRADE PAYABLES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Micro, Small and Medium Enterprises	188.57	69.52
Others	3,662.54	6,895.83
TOTAL	3,851.11	6,965.35

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	31.03.2013	31.03.2012
Principal amount due and remaining unpaid	188.57	69.52
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	-	-

Dues 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 has been relied upon by the auditors.

8. OTHER CURRENT LIABILITIES

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Current portion of long term debt (refer note 3.3)	6,777.10	2,743.18
Unclaimed Dividends	1.13	1.14
Creditors for Capital Expenditure	989.48	154.37
Other payables (refer note 8.1)	21.04	1,312.93
TOTAL	7,788.75	4,211.62

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

9. SHORT TERM PROVISIONS

(₹ in Lacs)

	As at 31st March, 2013	As at 31st March, 2012
Provisions for Employee Benefits		
Provision for Salary & Reimbursements	27.33	36.92
Provision for Gratuity (refer note 23.1)	1.35	1.40
Provision for Leave Encashment	1.99	2.23
Provision for Bonus	5.25	5.59
Others		
Provisions for Income Tax	-	1,187.13
Provision for Wealth Tax	0.45	0.51
Other Expenses	9.77	70.85
TOTAL	46.14	1,304.63

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****12. LONG TERM LOANS AND ADVANCES (Unsecured, considered good) (₹ in Lacs)**

	As at 31st March,2013	As at 31st March,2012
Capital Advances	1,049.05	4,431.54
Deposits with Others	111.52	449.15
Advance Income Tax	182.14	388.87
Other Loans and Advances	414.48	154.41
TOTAL	1,757.19	5,423.97

13. INVENTORIES (₹ in Lacs)

	As at 31st March,2013	As at 31st March,2012
Raw Materials	32,211.52	21,404.30
Stock -in - Process	3,814.12	12,523.28
Finished Goods	2,033.87	12,908.21
Stores, Chemicals and Packing Materials	337.28	400.37
TOTAL	38,396.79	47,236.16

14. TRADE RECEIVABLES (₹ in Lacs)

	As at 31st March,2013	As at 31st March,2012
Receivables outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	25,260.22	1,384.52
Receivables outstanding for a period less than six months from the date they are due for payment		
Unsecured, considered good	57,077.08	66,262.36
TOTAL	82,337.30	67,646.88

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****15. CASH AND BANK BALANCES**

(₹ in Lacs)

	As at 31st March,2013	As at 31st March,2012
Cash and cash Equivalents		
Balances with banks :		
- in current accounts	548.46	237.51
- in deposits with original maturity less than three months	-	-
Cheques / drafts on hand	-	-
Cash on hand	6.69	69.56
Total (A)	555.15	307.07
Other bank balances		
- Deposits with original maturity of more than twelve months	299.82	4,136.35
- In unclaimed dividends accounts	1.13	1.14
- Margin Money Deposits (lodged against bank guarantee and letter of credit)	-	2,773.09
Total (B)	300.95	6,910.58
TOTAL (A+B)	856.10	7,217.65

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

(₹ in Lacs)

	As at 31st March,2013	As at 31st March,2012
Loans and advances to related parties	-	-
Others		
Staff Advance	33.58	-
Prepaid Expenses	10.61	-
Trade Advances	176.00	508.69
Advances recoverable in cash or in kind	12.64	1.09
Balance with Customs, Central Excise Authorities	346.14	404.12
TOTAL	578.97	913.90

17. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in Lacs)

	As at 31st March,2013	As at 31st March,2012
Bank Guarantee	15.00	15.00
Export Obligation pending against advance license	33.34	28.70
TOTAL	48.34	43.70

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****18. INITIAL PUBLIC OFFER (IPO)**

Company had 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 ₹ 9,995.00 Lacs, for the working capital requirement for the existing unit of the company till the aforesaid new unit commences 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, 2013	For the year ended 31st March, 2012
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 :		
Utilised in Business Activities	10,779.85	10,224.76
Balance with Banks	4.88	559.97
TOTAL	10,784.73	10,784.73

19. REVENUE FROM OPERATIONS

(₹ in Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Sale of Products	94,293.44	166,991.16
Less: Excise Duty / Service Tax Recovered	-	-
TOTAL	94,293.44	166,991.16

21.1 PARTICULARS OF SALE OF PRODUCTS

(₹ in Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Grey Fabrics	94,293.44	155,135.52
Traded Goods	-	11,855.64
Others	-	-
TOTAL	94,293.44	166,991.16



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

20. OTHER INCOME

(₹ in Lacs)

Particulars	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	₹	%	₹	%
Interest Income				
From Current Investments	212.91		746.88	
From Long - Term Investments	-	212.91	-	746.88
Net gain on sale of investments				
From Current Investments	-		10.78	
From Long - Term Investments	-	-	40.12	50.90
Duty Drawback and other export incentives		732.22		1,234.23
Profit on sale of Fixes Assets		14.67		-
Rental Income		3.00		4.65
TOTAL		962.80		2,036.66

21. COST OF MATERIALS CONSUMED

(₹ in Lacs)

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	₹	%	₹	%
Inventory at the beginning of the year	21,404.30		45,541.64	
Add: Purchases during the year	76,923.69		116,729.41	
		98,327.99		162,271.05
Less: Inventory at the end of the year		32,211.52		21,404.30
TOTAL		66,116.47		140,866.75

21.1 PARTICULARS OF MATERIALS CONSUMED

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
	₹ in Lacs	% of Consumption	₹ in Lacs	% of Consumption
Grey Fabrics				
- Imported	-	-	61.57	0.04%
- Indigenous	66,116.47	100.00%	140,805.18	99.96%
Others	-	-	-	
TOTAL	66,116.47	100%	140,866.75	100%

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****22. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE** (₹ in Lacs)

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
Inventories (at close)				
Finished Goods / Stock-in-Trade	2,033.87		12,908.21	
Stock-in-Process	3,814.12	5,847.99	12,523.28	25,431.49
Inventories (at commencement)				
Finished Goods / Stock-in-Trade	12,908.21		12,230.60	
Stock-in-Process	12,523.28	25,431.49	12,118.85	24,349.45
TOTAL		19,583.50		(1,082.04)

23. EMPLOYEE BENEFIT EXPENSES (₹ in Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Salaries and Wages	529.96	870.07
Contribution to Provident and Other Funds	14.58	11.89
Gratuity Expenses	9.66	4.82
Staff Welfare Expenses	13.68	15.42
TOTAL	567.88	902.20

23.1 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	2012-13	2011-12
Employer's Contribution to Provident Fund and Pension Fund	14.58	11.89

B. Defined Benefit Plans

Contributions to Defined Benefit Plan is as under :

Change in defined benefit obligation

Opening defined benefit obligation	39.15	34.33
Service Cost	11.09	10.63
Interest Cost	3.32	2.85
Actuarial losses (gains)	(4.75)	(8.66)
Benefits paid	-	-
Closing defined benefit obligation	48.81	39.15



NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

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	48.81	39.15
Amount recognised in Balance Sheet	48.81	39.15
The net amount recognised in the statement of Profit & Loss for the year ended 31st March, 2013		
Current service Cost	11.09	10.63
Interest on obligation	3.33	2.85
Expected return on plan assets	-	-
Net actuarial losses (gains) recognised in the period	(4.75)	(8.66)
Total included in 'employee benefit expense'	9.67	4.82

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

Grauity	2012-13	2011-12	2010-11	2009-10	2008-09
(a) Present value of the defined benefit obligation	48.81	39.15	34.33	26.44	-
Fair value of the plan assets	-	-	-	-	-
(Surplus) / Deficit in the plan	48.81	39.15	34.33	26.44	-
(b) Experience Adjustments	-	-	-	-	-
On Plan Liabilities	(6.12)	(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.

**NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)**

	2012-13	2011-12
Discount Rate	8.25%	8.50%
Expected rate of return on Plan Assets	-	-
Annual increase in Salary costs	6.50%	6.50%
Mortality Table	Indian Assured Lives Mortality (2006-08) 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.

24. FINANCE COSTS

(₹ in Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Interest Expenses	13,962.67	11,653.98
Other Borrowing Costs	547.43	2,847.40
TOTAL	14,510.10	14,501.38

25. DEPRECIATION AND AMORTISATION EXPENSE

(₹ in Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Depreciation of Tangible Assets	824.83	727.99
Amortisation of Intangible Assets	1.55	4.69
	826.38	732.68
Less : Transferred from revaluation reserve	-	-
TOTAL	826.38	732.68

26. OTHER EXPENSES

(₹ in Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Manufacturing Expenses		
Stores, Chemicals and Packing Materials	5,032.27	6,168.49
Electric Power, Fuel and Water	1,948.06	1,774.14
Labour Processing, Production Royalty and Machinery Hire Charges	1,543.04	1,973.03
Repairs to Buildings	2.83	8.65
Repairs to Machinery	130.02	103.17
Exchange Difference (Net)	70.29	65.16
	8,726.51	10,092.64

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****26. OTHER EXPENSES (Contd...)** (₹ in Lacs)

Particulars	For the year ended 31st March, 2013		For the year ended 31st March, 2012	
Selling and Distribution Expenses				
Clearing and Forwarding	431.82		667.44	
Advertisement Expenses	8.46		274.63	
Sales Tax / VAT / Service Tax	-		-	
Sales Commission	254.27		346.78	
Other Selling and Distribution Expenses	38.57	733.12	112.57	1,401.42
Others				
Professional fees	121.17		183.55	
Communication Expenses	48.89		26.80	
Printing and Stationery	23.32		21.14	
Freight and Forwarding	279.61		350.44	
General Expenses	207.98		272.20	
Rent	92.52		94.14	
Insurance	102.35		187.15	
Rates & Taxes	0.89		1.27	
Other Repairs	17.45		18.87	
Travelling and Coveyance Expenses	84.08		119.84	
Charity and Donations	8.58		32.68	
Payment to Auditors (refer note 26.1)	12.36	999.20	21.34	1,329.42
TOTAL		10,458.83		12,823.48

26.1 PAYMENT TO AUDITORS (₹ in Lacs)

Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
As Auditors	8.43	14.05
For Taxation Matters	2.81	7.02
For Other Services	1.12	0.28
TOTAL	12.36	21.35

**PRADIP OVERSEAS LTD.****NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013****II. Nature and Volume of Transactions with Related Parties :** (₹ in Lacs)

Particulars	Key Managerial Personnel (KMP)	Enterprises over which KMP have significant influence:
Rent Paid	-	6.00 (6.00)
Remuneration	143.50 (387.00)	-

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

30. EARNINGS PER SHARE (EPS)

Particulars	2012-13	2011-12
Net Profit for the year (₹ in Lacs)	(11,263.50)	(7,630.56)
Weighted average number of shares outstanding during the year (in Lacs)	484.40	403.67
Earning Per Share (in ₹)	-	-
Nominal Value Of Share (in ₹)	10	10

31. VALUE OF IMPORTS ON CIF BASIS

(₹ in Lacs)

Particulars	2012-13	2011-12
Raw Materials and Stock-in-Trade	-	61.57
Chemicals, Packing Materials and Other Stores	78.12	-
Capital Goods	-	-

32. EXPENDITURE IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	2012-13	2011-12
Travelling Expenses	20.78	18.08
Commission	174.74	195.93



PRADIP OVERSEAS LTD.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

33. EARNING IN FOREIGN CURRENCY

(₹ in Lacs)

Particulars	2012-13	2011-12
F.O.B. value of exports	9,388.47	16,277.04

34. FINANCIAL AND DERIVATIVE INSTRUMENTS

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	USD	Euro	USD	Euro
Forward Contracts	-	-	6,815,031	-

35. The company has made an application before the Hon'ble Settlement Commission, Mumbai u/s 245C of the Income Tax Act, 1961, for A.Y. 2006-07 to 2012-13. The application for Settlement has been admitted u/s 245 D(1) by the Hon'ble Settlement Commission vide order dated May 6, 2013. The Company has paid taxes (incl interest) of ₹ 82,45,000. The proceedings are pending before the Hon'ble Settlement Commission. The ultimate liability, if any, is dependent on the outcome of the proceedings and will be quantified only on the completion of the same.

36. 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.

37. 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. The amounts have been reclassified as per Revised Schedule VI and the line items which are either not applicable or were NIL for both the years are omitted in presentation.

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

Sd/-
(CA Ashok Dhariwal)
Partner
Membership No. 36452
(Reg. No. 100648W)
Place : Ahmedabad
Date : May 30,2013

For and on behalf of the Board

Sd/-

(Pradipkumar J. Karia)
Chairman cum Managing Director

Sd/-

(Chetan J. Karia)
Whole Time Director

Sd/-

(Kaushik B. Kapadia)
Company Secretary

Place : Ahmedabad
Date : May 30,2013



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, 2013. |
| (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 2013 | : | |
| (1) For the Subsidiary's financial year ended 31st March 2013. | | 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 2013 | | |
| (1) For the Subsidiary's financial year ended 31st March 2013. | | Nil |
| (2) For the previous financial years of the Subsidiary. | | Nil |

For and on behalf of the Board

Sd/-

(Pradipkumar J. Karia)

Chairman cum Managing Director

Sd/-

(Chetan J. Karia)

Whole Time Director

Sd/-

(Kaushik B. Kapadia)

Company Secretary

Place : Ahmedabad

Date : May 30,2013

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 Monday 30th September, 2013 at 11.00 a.m. at the Registered Office of the Company at 104, 105,106, Chancharwadi , Vasna, Opp. Zydus Cadila, Sarkhej Bavla Highway, Changodar, Ahmedbad 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 Monday, the 30th September, 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013.

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.



PRADIP OVERSEAS LTD.

Corporate Office : A/601, Narnarayan Complex, Swastik Cross Roads,
Navrangpura, Ahmedabad - 380 009. Gujarat, INDIA.


Phone : 0091-79-26560630, 26431594 Fax : 0091-79-26420408

Website : www.pradipoverseas.com

FORM A

(Under clause 31 of the Listing Agreement)

CIN No. L17290GJ2005PLC046345

1.	Name of the Company:	PRADIP OVERSEAS LIMITED
2.	Annual financial statements for the year ended	31 st March 2013
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A
5.	To be Signed by:- <ul style="list-style-type: none">• CEO/Managing Director• Auditor of the Company• Audit Committee Chairman	For, PRADIP OVERSEAS LTD.  Managing Director 