



LAHOTI

OVERSEAS LIMITED

AN ISO 9001 : 2008 CERTIFIED COMPANY

**16th ANNUAL REPORT
2010-2011**

**GROWTH
IS A WAY
OF LIFE**



LAHOTI OVERSEAS LIMITED



MANAGING DIRECTOR	:	SHRI UMESH R. LAHOTI
EXECUTIVE DIRECTOR	:	SHRI UJWAL R. LAHOTI
JT. EXECUTIVE DIRECTOR	:	SHRI AADHITIYA U. LAHOTI
DIRECTORS	:	SHRI PRADEEP R. RATHI SHRI PRAKASH R. BANG SHRI VIJAY AJGAONKAR
AUDITORS	:	P. C. GHADIALI & CO. CHARTERED ACCOUNTANTS MUMBAI
INTERNAL AUDITORS	:	LAHOTI NAVNEET & CO. CHARTERED ACCOUNTANTS MUMBAI
BANKERS	:	STATE BANK OF INDIA UNION BANK OF INDIA DBS BANK LTD. HSBC LTD. PUNJAB NATIONAL BANK CITI BANK N.A. KOTAK MAHINDRA BANK LTD.
SOLICITORS	:	SHIRALKAR & CO. MUMBAI
REGISTERED OFFICE	:	307, ARUN CHAMBERS, TARDEO ROAD, MUMBAI - 400 034.
REGISTRAR & SHARE TRANSFER AGENTS	:	SHAREPRO SERVICES (I) PVT. LTD. SAMHITA COMPLEX GALA NO-52 TO 56, BLDG NO.13 A-B, NEAR SAKINAKA TELEPHONE EXCHANGE ANDHERI-KURLA ROAD, SAKINAKA, MUMBAI-400072

NOTICE

Notice is hereby given that the **Sixteenth Annual General Meeting** of the Members of **Lahoti Overseas Limited** will be held on Thursday, 29th September 2011 at 3.00 P.M. at the Registered Office of the Company at 307, Arun Chambers, Tardeo Road, Mumbai - 400 034 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2011 and Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors & Auditors' thereon.
2. To approve and declare Dividend on Equity Shares.
3. To appoint a director in place of Mr. Pradeep Rathi, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Vijay Ajgaonkar, who retires by rotation and being eligible offers himself for re-appointment
5. To re-appoint M/s. P.C. Ghadiali & Co., Chartered Accountants, Mumbai as an Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

By Order of the Board

Place: Mumbai
Date: August 12, 2011

Umesh Lahoti
Managing Director

Notes:

1. **A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the company. The proxies in order to be effective must be received by the company not less than 48 hours before the meeting.**
2. Corporate members are requested to send duly certified copy of Board resolution authorizing their representative to attend and vote at the meeting.
3. Members/Proxy holders are requested to bring their copy of Annual Report and Attendance slip sent herewith, duly filled-in for attending the Annual General Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 23/09/2011 to Thursday 29/09/2011 (both days inclusive).
5. The Shareholders are requested to notify their change of address immediately to the Registrars & Transfer Agent – **Sharepro Services (India) Pvt. Ltd.** The Company or its registrar will not act on any request received directly from the shareholder holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant by the Shareholders.
6. Those members who have not yet encashed the dividend warrants for the previous years may approach the Regd. Office of the Company for the issuance of fresh cheque for dividend of the relevant year.
7. The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect to special business annexed hereto.
8. The members may note that the dividend declared by the Company before the year 2004, unencashed /unclaimed for a period of 7 (Seven Years) will be transferred to the Investors Education and Protection Fund (IEPF) constituted by the Central Government u/s 205A & 205C of the Companies Act, 1956. Further note that under the amended provision of Section 205B of the

Companies Act, 1956 no claim by the share holders shall lie for the unclaimed dividend transferred to IEPF.

9. Equity shares of the Company are under compulsory demat trading by all investors. Those shareholders who have not dematerialized their equity shares are advised to dematerialize their shareholding, to avoid inconvenience in future.
10. Re-appointment of directors: At the ensuing Annual General Meeting Mr. Pradeep Rathi and Mr. Vijay Ajaonkar, liable for retire by rotation, and being eligible, offer themselves for re-appointment. The details pertaining to these directors required to be provided pursuant to

clause 49 of the listing agreement are furnished in the statement on Corporate Governance published elsewhere in this Annual report.

11. Members intending to seek explanation / clarification about the Accounts at the Annual General Meeting are requested to inform the Company at least a week in advance of their intention to do so, so that relevant information may be made available, if the Chairman permits such information to be furnished.
12. Members are requested to intimate their Email IDs for correspondence and quicker response to their queries.

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, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to register the same with the Company’s Share Transfer Agent, Sharepro Services (India) Private Limited by sending e-mail to **indira@shareproservices.com or aweline@lahotioverseas.com**

DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the **Sixteenth Annual Report** together with the audited statements of accounts of the Company for the year ended 31st March 2011.

Financial Results:

The performance of the Company for the financial year ended March 31, 2011 is summarized below:

(₹ In Lakhs)

Particulars	Financial year ended 31-03-2011	Financial year ended 31-03-2010
Gross Income	30995.69	26609.77
Gross Profit before Interest, Depreciation and Tax	1194.09	900.60
Less: Depreciation	204.05	90.95
Profit before Tax	990.04	809.65
Provision for Tax		
Current Tax	295.00	138.33
Deferred Tax	64.21	97.59
Profit after Tax before period items	630.83	573.73
Prior period adjustment	----	49.04
Add: Excess provision written back	(0.61)	(0.31)
Balance b/f from previous year	3219.47	2780.63
Amount available for appropriation	3850.30	3403.40
Less : Proposed Dividend	117.53	117.53
: Corporate Dividend Tax	19.52	19.97
: Transferred to General Reserves	47.32	46.71
Add: Excess provision for Dividend	(0.61)	(0.31)
Balance carried to Balance Sheet	3666.55	3219.49

1. Financial Performance:

During the year, your Company has recorded a total income of ₹ 30995.69 Lakhs, against ₹ 26,609.77 Lakhs in the previous year, increase of 16.48 %. Net Profit Before Taxation for the financial year ended March, 31, 2011 increased to ₹ 990.04 Lakhs from ₹ 809.65 Lakhs which is increased of 22.28% in the previous year.

2. Dividend

Your Board of Directors proposed the Final Dividend @ 20% (i.e. ₹ 0.40) per share on 2,93,82,500 Equity Shares of ₹ 2/- each absorbing an amount

of ₹ 1,17,53,000. The dividend will be paid to those members whose name appears in the register of members as on 29th September, 2011 subject to the approval by the members at the Annual General Meeting.

3. Exports

In light of the favorable condition in some of the big markets, the Company achieved a better export performance due to consistent & timely supply of quality goods. Looking at the new trend emerging in the markets, your company focused on the value added and specialized items for export from the textile industry.

4. Management Discussion and Analysis

The Management Discussion and analysis report for the year under review, as stipulated under clause 49 of the listing agreement with the stock exchanges in India, is presented in a separate section which forms, part of the annual report.

5. Subsidiary Companies

The Company as of March 31, 2011 had two subsidiaries, viz **Lahoti Spintex Limited** and **G. Varadan Limited** as wholly owned subsidiaries of Lahoti Overseas Limited.

No Independent Director on the Board of the Company is required to be inducted on the Board of its subsidiaries as none of the subsidiary is a material non listed subsidiary company as defined under revised clause 49. The Audit Committee of the Company reviews the financial statements of the unlisted subsidiary companies. The minutes of the Board meetings of unlisted subsidiary companies are regularly placed at the Board meetings of the Company.

6. Annual Accounts of the Subsidiary Companies

Ministry of Corporate Affairs (MCA), Govt. of India has, vide circular No.5/12/2007-CL-III dated February 08, 2011, issued general exemption under section 212(8) of the Companies Act, 1956 to the companies fulfilling the conditions contained in the above circular from complying with the provisions of section 212 of the Companies Act, 1956 which requires holding companies to attach annual accounts



and other documents of subsidiary companies to its balance sheet. Accordingly, the Company has not attached the annual accounts and other documents of its subsidiaries to this Annual Report. Summarized financial information of each subsidiary has been included in the disclosures to Consolidated Financial Statements of the Company.

Annual Accounts of each of Company's subsidiary companies and the related detailed information will be made available to the shareholders of the holding and subsidiary companies seeking such information at any point of time. Interested shareholders may write to the Company in this regard.

The annual accounts of each of the Company's subsidiary companies will also be available for inspection by any shareholder in the head offices of the holding and subsidiary companies. Addresses of the Company and the subsidiary companies are given at the end of the corporate governance chapter.

7. Fixed Deposit

Your Company has not accepted any fixed deposit from public. As such, no amount of principal or interest is outstanding as of the Balance Sheet date.

8. Directors

At the ensuing Annual General Meeting Mr. Pradeep Rathi and Mr. Vijay Ajgaonkar are liable to retire by rotation and is being eligible for re-appointment.

Mrs. Rukmini Lahoti and Mr. Arun Godbole have resigned from the office of the Chairpersonship and Directorship of the Company on 17th February, 2011. Your Board places on record their sincere appreciation of the valuable guidance and support received from these Directors.

9. Directors' Responsibility Statement

Pursuant to the requirements under section 217(2AA) of the Companies Act, 1956, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- i. in the preparation of the Accounts for the financial year ended March 31 2011, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 and of the Profit of the Company for the year under review.
- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors had prepared the accounts for the financial year ended March 31, 2011 on a going concern basis.

10. Auditors

M/s. P. C. Ghadiali & Co., Chartered Accountants as Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The company has received letter from M/s. P. C. Ghadiali & Co., Chartered Accountants, to the effect that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the Companies Act 1956.

The observations made in the Auditors report read together with the relevant notes thereon, are self explanatory and hence do not call for any comments under section 217 of the Companies Act, 1956.

11. Listing

At present the Company's Equity Shares are listed at Bombay Stock Exchange Limited (BSE) and Madhya Pradesh Stock Exchange Ltd. (MPSE) and the Company has paid Listing Fees to the above Stock Exchanges for the year 2011-12.

12. Particulars of Employees

No employee of the company draws remuneration in excess of limit prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.



13. Energy Conservation Measures, Technology Absorption and R & D Efforts and Foreign Exchange Earnings and Outgo:

Your Company is a Trading Company and hence the particulars required to be furnished under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 regarding conservation of energy and technology absorption and R & D efforts are not applicable to the company.

During the period under review the company has earned Foreign Exchange of ₹ 29,442.38 Lakhs and incurred the Foreign Exchange outgo of ₹ 216.68 Lakhs.

14. Corporate Governance

The Company has adopted the Corporate Governance Policies and Code of Conduct, which has set out the systems, processes and policies conforming to International Standards. The report on Corporate Governance, as stipulated under clause 49 of the listing agreement with the Stock Exchanges, forms the part of Annual Report. A Certificate from M/s. P. C. Ghadiali & Co., Chartered Accountants, confirming compliance with conditions of Corporate Governance as stipulated under the aforesaid clause 49, is annexed to this report.

15. Acknowledgement

Your Directors would like to express their sincere appreciation of the co-operation and assistance received from shareholders, bankers, regulatory bodies and other business constituents during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the commitment displayed by all executives, officers and staff, resulting in successful performance of the company during the year.

For and on behalf of the Board of Directors

Umesh R. Lahoti
Managing Director

Ujwal R. Lahoti
Executive Director

Place: Mumbai
Date: August 12, 2011

Corporate Governance

Lahoti Overseas Limited has maintained the highest standards of Corporate Governance policies, principles and best practices which are followed by all the constituents in the group. These policies and code prescribe a set of systems, processes and principles conforming to international standards which are reviewed periodically to ensure their continued relevance, effectiveness and responsiveness to the needs of local and global investors and all other stakeholders.

1. Our Governance Philosophy

The Company's philosophy on Corporate Governance is driven by its desire towards attainment of the highest levels of transparency, accountability and equity, in all facets of its operations, and in all its interactions with its stakeholders, from customers, shareholders and employees, to government, lenders and the wider community. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall enterprise value and safeguarding the shareholders trust. In our commitment to practice sound governance principles, we are guided by the following core principles:

i) Transparency

To maintain the highest standards of transparency in all aspects of our intentions and dealings

ii) Disclosures

To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders.

iii) Empowerment and Accountability

To demonstrate the highest levels of accountability in all aspects and to ensure that employees consistently pursue excellence in everything they do.

iv) Compliances

To comply with all laws and regulations as applicable to the company.

v) Ethical Conduct

To conduct the affairs of the Company in an ethical manner.

vi) Stakeholders Interest

To promote the interest of all stakeholders including of customers, shareholders, employees, lenders, vendors, government etc.

2. Governance practices beyond regulatory requirements

Our governance practices seek to go beyond the statutory and regulatory requirements. Our Endeavour is to follow the spirit of good governance rather than the mere letter of the conditions specified by regulatory authorities. With this objective, we have formulated, inter alia, the following policy documents and introduced best practices of governance:

a. Values and commitments

We have set out and adopted policy documents on values and commitments of Lahoti Overseas Limited. We believe that any business conduct can be ethical only when it rest on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

b. Code of ethics

Our policy documents on code of ethics in essence, direct that our employees should conduct the business with integrity by excluding consideration of personal advantage.

c. Business policies

Our business policies cover a comprehensive range of governance issues such as fair market practice, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety, environment and quality.

d. Prohibition of Insider trading policy.

This document contains the policy on prohibiting trading in equity shares of the company, based on inside or privileged information.

e. Environment policy

The company is committed to achieving excellence in environment performance, and preservation and promotion of environment are of fundamental concern in all our business activities.

f. Risk Management

Our Risk management procedures ensure that the management controls risks through means of a properly defined frame work.

We present our report on compliance of governance conditions specified in clause 49.

3. Board Of Directors

Board Strength and representation:

As of March 31, 2011, the board consisted of seven members. The composition and the category of directors on the board of the company as at March 31, 2011 were as under:

Category	Name of Director
Promoter / Managing Director	Mr. Umesh R. Lahoti
Promoter / Executive Director	Mr. Ujwal R. Lahoti
Promoter / Jt. Executive Director	Mr. Aadhitiya U. Lahoti
Non Executive and Independent Director	Mr. Pradeep R. Rathi Mr. Prakash R. Bang Mr. Vijay D. Ajgaonkar

- Smt. Rukmini R. Lahoti and Mr. Arun Godbole are resigned from the post of Chairpersonship and Directorship respectively as on 17th February, 2011.

Remuneration of Directors:

Table gives the details of Remuneration paid or payable to Directors during 2010-2011:

Name of Director	Sitting Fees (₹)	Salaries & Perquisites (₹)	Total (₹)
*Smt. Rukmini R. Lahoti	6,000.00	NIL	6,000.00
Mr. Umesh R Lahoti	NIL	16,20,000.00	16,20,000.00
Mr. Ujwal R. Lahoti	NIL	18,00,000.00	18,00,000.00
Mr. Pradeep Rathi	6,000.00	NIL	6,000.00
Mr. Prakash Bang	12,000.00	NIL	12,000.00
*Mr. Arun Godbole	3,000.00	NIL	3,000.00
Mr. Aadhitiya U. Lahoti	NIL	3,60,000.0	3,60,000.00
Mr. Vijay Ajgaonkar	9,000.00	NIL	9,000.00

Note:

- None of the directors received any loans or advances from the Company during the year.
- Smt. Rukmini R. Lahoti and Mr. Arun Godbole are resigned from the post of Chairpersonship and Directorship respectively as on 17th February, 2011.

Board Procedure

The directors of the Company are informed about the agenda of the Board Meetings and committee meetings, containing relevant information/ supporting data, as required well in advance, to enable the Board to take informed. Statutory Auditors are also requested to attend the Board or committee meeting as and when required. When deemed expedient, the Board also approves by circular resolution important items of business which are permitted under the Companies Act, 1956, and which can not be deferred till the next Board Meeting.

Matters discussed at Board Meeting generally relate to Company's performance, quarterly results of the Company, approval of related-party transactions, general notice of interest of Directors, review of the reports of the internal auditors, Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements, etc.

Number of Board Meetings

During the Year 2010-2011, 5 (Five) Board Meetings were held. These were on 11th May, 2010, 13th August, 2010, 2nd November, 2010, 11th February, 2011 & 17th February, 2011.

Director's attendance record and directorships

See Annexure-I for details.

None of the directors held directorships in more than 15 Public Limited Companies.

No director had membership of more than 10 committees of Boards, nor is any director is Chairman of more than 5 committees of Boards.

Information Supplied To the Board

Among others, information supplied to the board includes:

- * Quarterly results for the company and its operating divisions,
- * Minutes of meetings of Audit Committee and other Committees,
- * Materially important show cause, demand, prosecution and penalty notices,
- * Fatal or serious accidents or dangerous occurrences,

- * Any materially relevant default in financial obligations to and by the company or substantial
- * Non-payment for goods sold by the company,
- * Any issue which involves possible public or product liability claims of a substantial nature,
- * Details of any joint venture or collaboration agreement,
- * Sale of material nature of investments, subsidiaries, assets, which is not in normal course of business,
- * Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement; and
- * Non-compliance of any regulatory, statutory nature or listing requirements and shareholder service such as non-payment of dividend and delay in share transfer.

The Board of Lahoti Overseas Limited is presented with detailed notes along with the agenda papers well in advance of the meeting.

Directors

Disclosure regarding re-appointment of Directors required as per Clause 49 (VI) (A) of the Listing agreement :

- i. **Mr. Pradeep Rathi**, 58 years, is a B.S.C., M.S. (Chemical Engineer) (M.I.T), MBA (Columbia) in the USA; he attended various industry oriented courses. He has a work experience of 34 years in various fields. He has undertaken many summer jobs and also undertook the task of promoting the Company's product and doing the liaison work for technical collaboration. The knowledge and experience of Mr. Pradeep Rathi would be of immense benefit to the progress and growth of the Company. He serves on the Boards of various Public and Private Limited Companies.
- ii. **Shri Vijay Ajgaonkar**, 68 years, is M.COM, LLB and CAIIB, has experience of 32 years in Banking and Financial Management services with specialization in project finance and other related capital market activities. He is a Non-Executive Director of the Company. He serves on the Boards of various Public/Private Limited Companies.

Attendance at Board Meeting held during 2010-11 and at the last AGM, number of Directorships, Memberships/Chairmanships in Public Companies during 2010-11 (Annexure - I)

Name of Director	Category	No. of Board meetings attended out of 5 meetings held	Whether attended last AGM	Number of directorships in other Public Limited Companies	No. of Committee positions held in other Public Limited Companies
Mr. Umesh R. Lahoti	Managing Director, Executive & Non Independent	5	Yes	6	2
Mr. Pradeep Rathi	Non Executive, Independent	2	No	10	7
Mr. Ujwal R. Lahoti	Executive, Non Independent	5	Yes	5	Nil
Smt. Rukmini R. Lahoti *6	Chairperson Non Executive & Independent	3	Yes	2	Nil
Mr. Arun Godbole *6	Non Executive, Independent	1	No	Nil	Nil
Mr. Prakash Bang	Non Executive, Independent	5	No	4	1
Mr. Aadhitiya U. Lahoti	Executive, Non Independent	5	Yes	Nil	Nil
Mr. Vijay Ajaonkar	Non Executive, Independent	3	No	4	Nil

- None of the Directors held directorships in more than 15 Public Limited Companies.
- No director had membership of more than 10 committees of Boards, nor is any director is Chairman of more than 5 committees of Boards.
- Directorships excludes directorship in foreign company, Alternate directorships, companies registered under section 25 of the companies act and private companies.
- Committee includes Audit committee and Shareholders/Investors Grievances Committee as required under Clause 49 of Listing Agreement.\
- Membership of Committees includes Chairmanship also.
- Smt. Rukmini R. Lahoti and Mr. Arun Godbole as resigned from the post of Chairperson and Director respectively as on 17th February, 2011.

4. Code of Conduct:

The Board of Directors has laid down a Code of Conduct, applicable to all Board Members and Senior Executives of the Company. All the Board Members and Senior Management Personnel have confirmed compliance with the code. A declaration by Managing Director affirming the compliance of the Code of Conduct by Board Members and Senior Management Executives is annexed at the end of the Report.

5. Audit Committee

The Audit Committee of Lahoti Overseas Limited consists of all the three independent directors of the company. All the directors have good knowledge of finance, accounts and Company law. The Chairman of the committee is Mr. Prakash R. Bang. The committee held 4 (Four) meetings during the year. The Audit Committee also advises the Management on the areas where internal control system can be improved. The terms of reference of the Audit Committee are in accordance with all the items listed in clause 49 (II) (D) and (E) of the listing agreement and section 292 of the Companies Act, 1956 as follows:

- Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible;
- Reviewing with management the annual financial statement before submission to the Board, focusing primarily on;
 - matters required to be included in the directors responsibility statement included in the report of the Board of Directors;
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgment by management;
 - qualifications in draft statutory audit report;
 - significant adjustments arising out of audit;
 - compliance with listing and other legal requirements concerning financial statements;
 - any related party transactions.

- Reviewing with the management the quarterly financial statements before submission to the Board for approval.
- Reviewing with the management, statutory auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, 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.
- Discussion with internal auditors any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and reporting the matters to the Board;
- Discussion with Statutory auditors before the audit commences about nature and scope of audit, as well as post-audit discussion to ascertain any area of concern;
- Carrying out any other function as is mentioned in the terms of reference of the audit committee.
- Review the following information:
 - a. Management discussion and analysis of financial condition and results of operations;
 - b. Internal audit reports relating to internal control weakness;
 - c. Management letters/letters of internal control weakness issued by statutory/internal auditors;
 - d. Statement of significant related party transactions; and

The Audit Committee has the following powers:

- i. to investigate any activity within its terms of reference.
 - a. to seek any information from any employee.
 - b. To obtain outside legal and professional advice.
 - c. To secure attendance of outsiders with relevant expertise, if it considers it necessary.

5.1 Composition, Name and Chairman

The Audit Committee of Lahoti Overseas Limited consists of qualified and non-executive Directors. It consists of

- a) Mr. Prakash R. Bang (Chairman of the Committee & Independent Director)
- b) Mr. Pradeep Rathi (Independent Director) and
- c) Mr. Vijay Ajgaonkar (Independent Director having Accounting and Financial knowledge)

The internal auditors are M/s. Lahoti Navneet & Co., Chartered Accountants, Mumbai.

5.2 Meetings and Attendance during the year 2010-11

Audit Committee met 4 times during the year 2010-11 and the attendance record is as per the table given below:

Name of Director	Number of meetings held	Meetings attended
Mr. Pradeep Rathi	4	2
Mr. Arun Godbole	4	2
Mr. Prakash Bang	4	4
Mr. Vijay D. Ajgaonkar	4	3

The Audit Committee held its meetings on 11th May, 2010, 13th August, 2010, 2nd November, 2010, 11th February, 2011.

6. Shareholders'/Investor's Grievances Committee

The Shareholder's / Investor's Grievances Committee held its meetings on 11th May, 2010; 13th August, 2010; 2nd November, 2010, 20th December 2010 and 11th February, 2011.

7. DISCLOSUR

7.1 Related Party Transaction

The Register of Contracts containing the transactions in which Directors are interested is placed before the Board regularly for its approval. There are no materially significant related party transactions which have potential conflict with the interest of the company at large. Declarations have been received from the senior management personnel to this effect.

7.2 Statutory Compliance, Penalties and Strictures

The Company has complied with the requirements of the Stock Exchanges/SEBI/ and Statutory Authority on all matters related to capital markets during the last three years. No penalties or strictures have been imposed on the companies by these authorities.

7.3 Disclosure of accounting treatment

The financial statements are prepared on accrual basis of accounting and in accordance with the Indian GAAP, provisions of the companies Act, 1956 (the Act) and comply in material aspects with the accounting standards notified under section 211 (3C) of the act read with the companies (Accounting Standard) Rules, 2006

7.4 Disclosure on risk management

The company has laid down procedures to inform the members of the board about the risk assessment and minimization procedures. A risk management committee consisting of senior executives of the company periodically reviews these procedures to ensure that executives' management controls risk through means of a properly defined framework. A senior independent director is associated with the committee. The company has framed the risk assessment and minimization procedure which is periodically reviewed by the board.

7.5 CEO / CFO Certification

The Managing Director of the Company have been certified to the Board in accordance with Clause 49(V) of the Listing Agreement pertaining to CEO/CFO Certification for the financial year ended March, 31, 2011.

LAHOTI INSIDER TRADING POLICY

The Company has implemented an Insider Trading Policy to comply with the relevant Insider Trading Regulation. In accordance with the policy, the Company announces quiet period for designated employees from time to time.

The Company has a policy of observing a 'quiet period' from the last day of the end of the quarter till two trading days after the financial results are published. The Company may also announce 'quiet period' during and after the occurrence of certain events mentioned in the Insider Trading Policy.

The Company is strictly monitoring its Insider Trading Policy.

8. Compliance with other mandatory requirements

8.1 Management Discussion and Analysis report

A management Discussion and Analysis report forms part of the annual report and includes discussions on various matters specified under clause 49 (IV) (F) of the listing agreement.

8.2 Subsidiaries

The company does not have any material non-listed Indian subsidiary company and hence, it is not required to have an Independent director of the company on the Board of such subsidiary company. The Audit Committee reviews the financial statements, particularly, the investments made by the company's unlisted subsidiary companies. The proceedings of minutes of the meetings of the Board are placed before the Board of Directors of the company and the attention of the directors is drawn to all significant transactions and arrangements entered into by the subsidiary company.

9. Compliance with non- mandatory requirements

9.1 Shareholders Rights

The quarterly financial results including summary of significant events of relevant period of three months are published in newspaper.

9.2 Audit Qualification

Strategic decisions were taken during the year resulting in unqualified financial statements of the company.

9.3 Training of Board Members

For Orientation and to get familiar with the company's business operations, governance procedures and practices, detailed presentations are periodically made to the Board members on the business model of the company, risk profile of the business parameters and their responsibilities as directors.

9.4 Means of Communication

The Board of Directors of the Company approves and takes on record quarterly, half yearly and yearly financial results in the format prescribed by Clause 41 of the Listing Agreement within 45 days from the close of the respective period and the approved financial results are forthwith sent to the stock exchange and are published in the English Newspapers namely, Free Press Journal. In addition, the same are published in local language (Marathi) newspapers namely Navshakti with in Forty Eight hours of approved thereof. All important information pertaining to the company is also mentioned in the Annual Report of the Company containing inter-alia Audited Accounts, Directors' Report, Auditors' Report, Management Discussion and Analysis (MDA) and Corporate Governance Section which is circulated to the members and others entitled thereto for each financial year.

9.5 Auditors Certificate on Corporate Governance

The Auditors Certificate on compliance of clause 49 of the listing agreement relating to corporate governance is published as an annexure to Directors report.

9.6 Review of Governance practices

We have in this report attempted to present the governance practices and principles being followed at Lahoti Overseas Limited as evolved over the years, and as best suited to the needs of our Business and stakeholders.

Our disclosures and governance practices are continually revisited, reviewed and revised

to respond to the dynamic needs of our business and ensure that our standards are at par with the globally recognized practices of governance so as to meet the expectations of our stakeholders.

10. Details on General Body Meetings

a. Date, time and venue for the last three annual general meetings

Financial year	Date	Time	Venue
2007-2008	29/09/2008	3.00 P.M.	307, Arun Chambers, Tardeo Road, Tardeo, Mumbai – 400 034
2008-2009	29/09/2009	3.00 P.M.	307, Arun Chambers, Tardeo Road, Tardeo, Mumbai – 400 034
2009-2010	29/09/2010	3.00 P.M.	307, Arun Chambers, Tardeo Road, Tardeo, Mumbai – 400 034

b. Details of the Special Resolutions passed in the previous three AGM^s

1. At the AGM held on 29th September, 2009
Re-appointment of Mr. Ujwal Lahoti as an Executive Director for a period of 5 years from 1st April, 2009 to 31st March, 2014.
2. At the AGM held on 29th September, 2010-
 - i. Re- appointment of Mr. Umesh Lahoti as a Managing Director for the period of 5 (Five) Years from 11th September, 2010 to 10th September, 2015 to avail his expertise services in the Area of Business Management and Business Development.
 - ii. Appointment of Mr. Vijay D. Ajgaonkar as an Additional Director of the Company w.e.f. May 11, 2010, as a Non – Executive rotational Director.

ii Additional Shareholder Information

Annual General Meeting

Date & Time : 29th September, 2011 at 3.00 p.m.

Venue : 307, Arun Chambers, Tardeo Road, Mumbai – 400 034, Maharashtra.

Financial year : April to March

Book Closure : Friday, 23rd September, 2011 to

Date Thursday, 29th September, 2011 (both days inclusive) for the purpose of Annual General Meeting and Dividend.

Listing on Stock Exchange : 1. Bombay Stock Exchange Limited, (BSE) Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai 400 001
2. Madhya Pradesh Stock Exchange (MPSE) 201, "Palika Plaza", Phase – II, M.T.H. Compound, Indore 452 001 (MP)

Stock Code : BSE : 531842

: MPSE : N.A.

Financial Calendar 2011-12 (Tentative):

Financial Reporting for the quarter ending June 30, 2011	2 nd Week of August, 2011
Financial Reporting for the quarter ending September 30, 2011	2 nd Week of November, 2011
Financial Reporting for the quarter ending December 31, 2011	2 nd Week of February, 2012
Financial Reporting for the quarter ending March 31, 2012	2 nd Week of May, 2012

STOCK DATA

Table below gives the monthly high and low prices and volumes of Lahoti Overseas Limited equity shares at Bombay Stock Exchange, Mumbai for the year 2010-2011:

Month	High	Low	No. of shares traded
April – 2010	5.90	5.00	144026
May – 2010	8.20	4.40	417381
June – 2010	8.09	5.76	272445
July – 2010	8.15	6.80	214769
August – 2010	9.00	7.01	465998
September – 2010	10.11	7.03	468502
October – 2010	9.25	7.11	233061
November – 2010	9.00	6.25	202056
December – 2010	7.69	6.00	85400
January – 2011	7.50	6.28	58775
February – 2011	8.26	5.21	87972
March – 2011	8.00	6.25	60388

SHARE TRANSFER AGENTS AND SHARE TRANSFER SYSTEM

Lahoti Overseas Limited has appointed **SHAREPRO SERVICES (INDIA) PRIVATE LIMITED** as Registrars and Transfer Agents to handle the physical Share Transfer related work and for Electronic connectivity as per the directives of SEBI. The Company's equity shares are traded in the Stock exchanges compulsorily in Demat mode. The Share Holders & Investors Grievances Committee meets periodically for dealing with matters concerning securities of the company.

For transfer of shares in physical form, the Company has introduced transfer cum demat facility to avoid unnecessary mailing of certificates. Certificates duly transferred are returned to those, who opt to receive certificates in physical form. There are no legal proceedings against the Company on any share transfer matter.

SHAREHOLDING PATTERN

Table below gives the pattern of shareholding by ownership and share class respectively:

a. Pattern of shareholding by ownership as on 31st March, 2011.

Category	No. of sharesheld	Shareholding%
Promoters	15133925	51.51
Bodies Corporate (Group Cos.)	2317500	7.89
Other Bodies Corporate	6038280	20.55
NRI's	689542	2.35
Banks/Financial Institutions	-	-
Indian Public	5203253	17.70
TOTAL	29382500	100.00

b. Pattern of shareholding by share class as on 31st March, 2011.

Sr. No.	Category	Share Holders		Share Amount	
		Number (2)	% to Total (3)	(In ₹) (4)	% to Total (5)
1	Upto - 500	1907	51.30%	1044654	1.78%
2	501 - 1000	865	23.27%	1597950	2.72%
3	1001 - 2000	415	11.17%	1327532	2.26%
4	2001 - 3000	148	3.98%	774496	1.31%
5	3001 - 4000	84	2.26%	611566	1.04%
6	4001 - 5000	118	3.18%	1141780	1.94%
7	5001 - 10000	94	2.53%	1391702	2.37%
8	Above 10000	86	2.31%	50875320	86.58%
Total		3717	100.00%	58765000	100.00%

DEMATERIALISATION

The Company's equity shares are under compulsory Demat trading. The ISIN of the Scrip is INE515C01023. As on 31st March, 2011, Dematerialized shares accounted for 98.20% of the total equity. The Company has appointed **SHAREPRO SERVICES (INDIA) PRIVATE LIMITED** as Registrars & Transfer Agents to handle the physical Share Transfer related work and for Electronic connectivity as detailed below:

SHAREPRO SERVICES (I) PVT. LTD.

Samhita Complex
Gala No-52 to 56, Bldg No.13 A-B
Near Sakinaka Telephone Exchange
Andheri -Kurla Road, Sakinaka
Mumbai-400072
Telephone-022-67720300/67720400
Fax No 022-28591568
E-mail: indira@shareproservices.com
Contact person: Ms. Indira Karkera

DETAILS OF PUBLIC FUNDING OBTAINED IN THE LAST THREE YEARS

No capital has been raised from public in the last three years.

INVESTOR CORRESPONDENCE ADDRESS

Secretarial Department
Lahoti Overseas Limited
307, Arun Chambers, Tardeo Road,
Mumbai – 400 034
Fax No. 022-40500150
Phone No. 022-40500100
E-mail: aweline@lahotioverseas.com
Contact person: Mr. Aweline Mendes.

SHAREPRO SERVICES (I) PVT. LTD.

Samhita Complex
Gala No-52 to 56, Bldg No.13 A-B
Near Sakinaka Telephone Exchange
Andheri -Kurla Road, Sakinaka, Mumbai-400072
Phone No. 022-67720300/67720400
Fax No 022-28591568
E-mail: indira@shareproservices.com
Contact Person: Ms. Indira Karkera

Place: Mumbai
Date: August 12, 2011

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

The Members,

Lahoti Overseas Limited

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

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, there were no investor grievances remaining unattended/pending for more than 30 days.

We further 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.

Pannkaj Ghadiali
Partner
Membership Number: 031745

For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W
Place: Mumbai
Dated: August 12, 2011



MANAGEMENT DISCUSSION AND ANALYSIS

A) INDUSTRY STRUCTURE AND DEVELOPMENT

The textile industry plays a crucial role in the Indian economy. It has a significant weight in the industrial production. Being a priority sector, the Government has extended Technological Upgradation Fund Scheme for providing necessary impetus to achieve quantum growth in the short term.

Lahoti Overseas Limited is an ISO 9001:2008 certified Company and is mainly engaged in the export trading of cotton yarn in all coarser and fine counts, where the Company has strong presence and leadership. The Company is mainly targeting the export of cotton yarn to Far East Asian countries like South Korea, China, Japan, Hong Kong, Malaysia, Vietnam and also cater to Gulf, Meditarian, European, North and South American as well as Russian market. The Company enjoys the excellent relationship with its overseas customers, which has been built over the years by strictly adhering to delivery schedules maintaining consistent quality and providing prompt after sales service.

In Recognition of the Company's excellent export performance, your Company has received Gold, Silver & Bronze trophies consistently since 1997 from TEXPROCIL (Cotton Textile Export Promotion Council) for excellence in export of cotton yarn. Your Company has received the Prestigious "Gold Trophy" in Merchant Exporters category from TEXPROCIL for the year 2009-2010. Besides above, your Company has received "Gold Plaque" award in Trading House Category from Govt. of Maharashtra for the year 2009-10 for excellent performance in exports.

B) OPPORTUNITIES AND THREATS

Post End 2009 – The textile market shown a good amount of improvement in the market sentiment and the overall downturn observed during 2009-10 was reversed in 2010. The demand for the textile products particularly for Cotton yarns has shown a good amount of increment in demand. During October 2010, i.e. about the start of the arrival of new Indian cotton crop in the market, the prices of raw cotton started increasing sharply. The same trend was observed in Cotton yarns. In certain cases, the yarn prices almost increased to the level of 70% over the prevailing prices for September 2010 during the period of end 2010 and January 2011. During the first week of January

2011, the expected export sealing specified by the Government of India for exports of Cotton yarns for the year 2010-11 exhausted 3 months earlier, than expected, due to very good demand in the markets. Government of India took cautious decision and halted the further exports of Cotton yarns for certain time to cool down the prices. The step was taken particularly on the demand of the garment industry facing steep rise in prices of yarns, which serves as a raw materials for them. The sudden price rise in prices was mainly due to good demand from overseas markets due to failure of raw cotton crops in major producer countries such as USA and China.

But due to the sudden measures taken by the Government the entire scenario of the market changed a lot and by the time of end March 2011, the prices started showing steep decline and the demands reduced to a great extent. The overall 2010-11 was a very volatile year as concerned with demand and prices for the cotton yarn industry and textile industry in general from India.

C) OUTLOOK

The long term objective of the Company is to remain strong player in the cotton export market with strong emphasis on product and market development, value added yarns, customer services and Technology Up gradation. Your Company is also continuously improving its operational efficiency, and cost control which alone can improve the bottom line in future in highly competitive environment. Further, your Company is hopeful to get advantage of the overall boom likely to happen for the Indian Textile Industry and will do all out efforts to secure the bigger share of the increasing market in future.

D) INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has a proper adequate internal control system to ensure that all the assets are safe guarded and protected against the loss from unauthorized used or disposition and that transactions are authorized, recorded and reported correctly.

The internal control is supplemented by an extensive internal audit, periodical review by the management and documented policies, guidelines and procedures. The internal control is designed to ensure that the financial and other records are reliable for preparing financial statements and other data and for maintaining accountability of assets.

E) FINANCIAL AND OPERATIONAL PERFORMANCE

The Company has achieved Sales Turnover of ₹ 30220.00 Lakhs for the year ended 31st March, 2011 which is higher by 20.60% as compared to the previous year. Profit before tax of the Company has increased by 22.28% compared to the previous year. The ongoing cost reduction measures and efficient operational system implemented by the Company has resulted in better utilization of resources and funds of the Company.

LIQUIDITY AND CAPITAL RESOURCES (₹ In Lakhs)

Particulars	2010-2011	2009-2010
Cash and cash equivalents –		
Beginning of the year	141.39	397.91
End of the year	93.24	141.39
Net Cash provided (used) by -		
Operating activities	2129.13	(1798.23)
Investment activities	(1530.09)	(634.20)
Financial activities	(647.19)	2175.91

The net cash outflow from the operating activities at ₹ 2129.13 Lakhs as compared to ₹ (1798.23) Lakhs. Cash inflow in the previous year primarily due to change in working capital. The cash used in investment activity increased from ₹ (634.20) Lakhs to ₹ (1530.09) Lakhs during the year under review due to Company's investments in various mutual funds and real estate properties. The cash inflow from financial activities at ₹ (647.19) Lakhs as compared to ₹ 2175.91 Lakhs. Cash used in previous year is primarily due to raising further working capital funds.

F) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES

The Company continues to lay emphasis on developing and facilitating optimum human performance. Performance management was the key word for the Company this year. Recruitment process has been strengthened to ensure higher competence levels.

ANNUAL DECLARATION BY CEO PURSUANT TO CLAUSE 49(I) (D) (ii) OF THE LISTING AGREEMENT

As per the requirements of Clause 49(I)(D)(ii) of the Listing Agreement, I, Umesh R. Lahoti, Managing Director, hereby declare that all the Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Business Conduct and Ethics for the Financial Year 2010-11.

Place : Mumbai
Date : August 12, 2011

Umesh R. Lahoti
Managing Director

CERTIFICATION BY THE MANAGING DIRECTOR ON FINANCIAL STATEMENTS OF THE COMPANY

I, Umesh R. Lahoti, Managing Director of Lahoti Overseas Limited, certify that:

- (a) I have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best our knowledge the belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- (c) We are responsible for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
 - (i) significant changes in internal control during the year;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Place : Mumbai
Date : August 12, 2011

Umesh R. Lahoti
Managing Director

AUDITORS' REPORT TO THE MEMBERS OF LAHOTI OVERSEAS LIMITED

1. We have audited the attached Balance Sheet of **LAHOTI OVERSEAS LIMITED** as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
 2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
 3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
 4. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2011 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2011;
 - ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - ii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Pannkaj Ghadiali
Partner
Membership Number: 031745

For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W
Place: Mumbai
Dated: August 12, 2011

ANNEXURE TO AUDITORS' REPORT

[Referred to in paragraph 3 of the Auditors' Report of even date to the members of LAHOTI OVERSEAS LIMITED on the financial statements for the year ended March 31, 2011]

1. (a) The company has maintained block wise records of Fixed Assets showing particulars of quantitative details and location of the same.
- (b) We are informed that, the fixed assets of the company have been physically verified by the management at the end of the year and no material discrepancies between the book records and the physical inventory have been noticed. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of the fixed assets have not been disposed of by the company during the year.
2. (a) According to information and explanation given to us, the Company does not maintain any physical stock of goods, other than stock-in-transit, in respect of which confirmation have been obtained from the management.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
3. (a) The company has not granted unsecured loans to the companies covered in the register maintained under Section 301 of the Act.
- (b) No interest is charged on loan given to its subsidiary company viz. G. Varadan Limited.
- (c) In respect of the aforesaid loans, there is no stipulation in respect of repayment of principal or interest.
- (d) In respect of the aforesaid loans, there is no question of overdue amount more than Rupees One Lakh.
- (e) In our opinion and according to the information and explanations given to us, having regard to the explanation that certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase and sale of inventory and fixed assets. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
5. (a) According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, commenting on transactions made in pursuance of such contracts or arrangements does not arise.
- (b) In our opinion and according to the information and explanations given to us, there are no transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, which have been made at prices which are not reasonable having regard to the prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.
8. The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the company.

9. (a) According to the information and explanations given to us and the records of the company examined by us, in our opinion, the company is generally regular in depositing undisputed statutory dues including investor education and protection fund, income-tax, wealth tax, service tax, customs duty, and other material statutory dues as applicable, with the appropriate authorities. There are no undisputed dues as referred to above as at March 31, 2011 outstanding for period of more than six months from due date they become payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, the particulars of dues of income-tax as at March 31, 2011 which have not been deposited on account of a dispute, are as follows -

Name of the statute	Nature of dues	Amount involved (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Demand as per ITAT Order	6.18	A.Y. 2001-02	High Court of Judicature at Bombay
Income Tax Act	Demand as per ITAT Order	0.66	A.Y. 2004-05	High Court of Judicature at Bombay
Income Tax Act	Demand as per Order of CIT(A)	5.38	A.Y. 2007-08	ITAT
Income Tax Act	Demand as per Order of A.O.	169.43	A.Y. 2008-09	CIT (Appeal)

10. The company has no accumulated losses as at March 31, 2011 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
11. According to the records of the company examined by us and the information and explanation given to us, the company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
12. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund/societies are not applicable to the company.
14. In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
15. In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
16. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
17. On the basis of an overall examination of the balance sheet of the company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
19. The company has not issued any debentures during the year.
20. The company has not raised any money by public issue during the year.
21. During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W
Place: Mumbai
Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED

BALANCE SHEET AS AT MARCH 31, 2011



	SCHEDULE	AS AT 31-Mar-2011	AS AT 31-Mar-2010
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	"A"	584.59	584.59
b) Reserves & Surplus	"B"	5,073.17	4,578.56
		<u>5,657.75</u>	<u>5,163.15</u>
2. LOAN FUNDS			
a) Secured Loans	"C"	2,284.84	2,570.27
b) Unsecured Loans	"D"	4.22	104.22
		<u>2,289.06</u>	<u>2,674.49</u>
3. DEFERRED TAX LIABILITY			
		220.43	156.23
TOTAL FUNDS EMPLOYED		<u>8,167.25</u>	<u>7,993.87</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	"E"	2,298.15	2,216.71
b) Less : Depreciation		<u>1,025.20</u>	<u>835.18</u>
c) Net Block		1,272.95	1,381.53
2. INVESTMENTS			
	"F"	2,403.16	1,127.70
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	"G"	684.94	891.64
b) Sundry Debtors	"H"	2,919.67	3,875.67
c) Cash and Bank Balances	"I"	93.24	141.39
d) Loans and Advances	"J"	1,501.11	1,583.37
		<u>5,198.96</u>	<u>6,492.06</u>
LESS : CURRENT LIABILITIES AND PROVISIONS			
a) Liabilities	"K"	484.99	836.45
b) Provisions		<u>222.84</u>	<u>170.97</u>
		707.83	1,007.43
NET CURRENT ASSETS		4,491.14	5,484.64
TOTAL ASSETS (NET)		<u>8,167.25</u>	<u>7,993.87</u>
SIGNIFICANT ACCOUNTING POLICIES		"P"	
NOTES TO ACCOUNTS		"Q"	

As per our report attached of even date

Pannkaj Ghadiali

Partner

Membership Number: 031745

For and on behalf of

P. C. Ghadiali & Co.

Chartered Accountants

Firm No. 103132W

Place: Mumbai

Dated: August 12, 2011

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai

Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Lakhs)

	SCHEDULE	AS AT 31-Mar-2011	AS AT 31-Mar-2010
I. INCOME :			
Sales		30,220.00	25,058.74
Export Incentives		337.11	1,256.72
Exchange Rate Gain / (Loss)		104.26	113.49
Sale of Power		288.86	144.60
Other Income	"L"	45.45	36.23
		30,995.69	26,609.77
II. EXPENDITURE:			
Cost of Sales	"M"	27,686.43	24,480.89
Office, Administrative and Selling Expenses	"N"	1,701.38	1,114.02
Interest and Finance Charges :-	"O"		
Banks		215.61	109.20
Others		3.78	5.07
Loss on Sale of Investments (LT)		194.17	-
Loss on Sale of Investments (ST)		0.24	-
Depreciation		204.05	90.95
		30,005.64	25,800.13
III. PROFIT BEFORE TAXATION		990.04	809.65
IV. PROVISION FOR TAXATION			
a) CURRENT TAX		295.00	138.33
b) DEFERRED TAX		64.21	97.59
		359.21	235.92
V. PROFIT AFTER TAXATION (BEFORE PRIOR PERIOD ITEMS)		630.83	573.73
VI. PRIOR PERIOD ADJUSTMENTS		-	49.04
VII. PROFIT AFTER TAX (AFTER PRIOR PERIOD ITEMS)		630.83	622.76
VIII. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		3,219.49	2,780.63
IX. AMOUNT AVAILABLE FOR APPROPRIATION		3,850.30	3,403.40
X. APPROPRIATIONS			
a) General Reserve		47.32	46.71
b) Proposed Dividend		117.53	117.53
c) Corporate Dividend Tax		19.52	19.97
		184.37	184.21
Less :			
Excess provision for Dividend written back		(0.61)	(0.31)
		183.75	183.91
X. BALANCE CARRIED TO BALANCE SHEET		3,666.55	3,219.49
XI. SIGNIFICANT ACCOUNTING POLICIES	"P"		
XII. NOTES TO ACCOUNTS	"Q"		
XIII. EARNING PER SHARE			
BASIC EARNINGS PER SHARE (IN ₹)		2.16	0.33
DILUTED EARNINGS PER SHARE (IN ₹)		-	-
FACE VALUE PER SHARE (IN ₹)		2.00	2.00

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011

Place: Mumbai
Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED



CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and prior period items	990.04	809.65
Add: Interest (Net)	123.09	34.46
Depreciation	204.05	90.95
Loss on Sale / Redemption of Investments	194.41	-
Profit on sale of Fixed Asset	(1.93)	(0.68)
Profit on Sale / Redemption of Investments	(9.91)	(13.65)
Rent Received	(3.96)	(3.75)
Dividend Received	(17.46)	(15.09)
	<u>488.29</u>	<u>92.25</u>
Operating profit before working Capital	1,478.33	901.90
(Increase)/Decrease in Inventories	206.69	(757.20)
(Increase)/Decrease in Trade & Other Receivable	1,153.46	(2,303.97)
Increase/(Decrease) Current Liabilities & Provision	(351.47)	544.91
	<u>1,008.69</u>	<u>(2,516.26)</u>
Cash Generated from Operations	2,487.02	(1,614.36)
Tax paid	(357.89)	(183.87)
Cash Flow Before Extraordinary Items	2,129.13	(1,798.23)
Extra ordinary Items / Adjustments (Prior Period Item)	-	-
Cash Flow After Extraordinary Items	2,129.13	(1,798.23)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(97.31)	(829.41)
Purchase of Investment	(3,359.25)	(59.31)
Sale of Fixed Asset	3.75	1.45
Sale of Investment	1,899.29	233.65
Interest Received	2.01	0.59
Dividend Received	17.46	15.09
Rent Received	3.96	3.75
Net Cash Used for Investing Activities	(1,530.09)	(634.20)
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(136.89)	(68.45)
Interest paid	(125.10)	(35.05)
Calls in Arrear (Premium) adjusted against Dividend	0.23	0.12
Increase/(Decrease) In Unsecured Loans	(100.00)	99.98
Increase/(Decrease) In Secured Loans	(285.43)	2,179.29
Net cash From Financing Activities	(647.19)	2,175.90
Net Increase in Cash and Cash Equivalents (A+B+C)	<u>(48.15)</u>	<u>(256.53)</u>
Cash and Cash Equivalents (OPENING BALANCE)	141.39	397.91
Cash and Cash Equivalents (CLOSING BALANCE)	<u>93.24</u>	<u>141.39</u>
	(48.15)	(256.53)

Notes: 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement. 2 Cash and cash equivalent at the end of year represents cash and bank balances. 3 Previous year's figures have been rearranged/regrouped, wherever necessary. 4. This is the Cash Flow Statement referred to in our report of even date.

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011

Place: Mumbai
Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
SCHEDULE A :		
SHARE CAPITAL		
AUTHORISED		
3,00,00,000 Equity Shares of ₹ 2/- each	600.00	600.00
ISSUED, SUBSCRIBED AND PAID-UP		
2,93,82,500 Equity Shares of ₹ 2 /- each	587.65	587.65
Less: Calls in Arrears (2,11,000 Equity Shares)	(3.06)	(3.06)
TOTAL	584.59	584.59
SCHEDULE B :		
RESERVES AND SURPLUS		
SHARE PREMIUM		
Opening Balance	916.48	916.48
Less: Calls In Arrears	(2.18)	(2.41)
	914.06	914.06
GENERAL RESERVE		
Opening Balance	445.01	398.30
Add: Amount transferred from Profit and Loss Account	47.32	46.71
	492.33	445.01
PROFIT AND LOSS ACCOUNT		
Balance in Profit and Loss Account	3,666.55	3,219.49
	3,666.55	3,219.49
TOTAL	5,073.17	4,578.56
SCHEDULE C :		
SECURED LOANS		
Pre and Post Shipment Credit for Banks (Secured against hypothecation of stock and book debts)	1,779.11	1,970.07
Term Loan from Bank	500.00	600.00
Add: Interest Accrued (Secured by way of equitable mortgage Against Wind Power machine at Distt. Nandurbar, Maharashtra)	5.73	0.20
TOTAL	2,284.84	2,570.27
SCHEDULE D:		
UNSECURED LOANS		
From Others (Inter-corporate deposits)	4.22	104.22
	4.22	104.22

LAHOTI OVERSEAS LIMITED

SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011



(₹ in Lakhs)

SCHEDULE E: FIXED ASSETS

PARTICULARS	RATE	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		"As At 31-Mar-2010"	Addition	Deduction	"As At 31-Mar-2011"	"As At 31-Mar-2010"	For the Year	Deduction	"As At 31-Mar-2011"	"As At 31-Mar-2010"
Export Division										
Land	-	68.62	-	-	68.62	-	-	-	68.62	72.44
Building	5.00%	33.84	-	-	33.84	0.91	-	16.50	17.34	18.25
Plant & Machinery	13.91%	34.36	1.07	-	35.43	2.65	-	18.75	16.68	18.26
Furniture & Fixtures	18.10%	79.40	-	-	79.40	3.76	-	62.39	17.01	20.77
Motor Car	25.89%	77.69	92.59	15.88	154.41	8.45	14.05	53.43	100.97	18.65
Computers	40.00%	32.82	3.66	-	36.47	2.32	-	30.94	5.53	4.20
Total (A)		326.73	97.31	15.88	408.16	18.09	14.05	182.02	226.15	152.56
Wind Power Division I										
Land		3.82	-	-	3.82	-	-	-	3.82	3.82
Plant & Machinery	15.33%	1,058.88	-	-	1,058.88	61.68	-	718.23	340.65	402.32
Total (B)		1,062.70	-	-	1,062.70	61.68	-	718.23	344.47	406.14
Wind Power Division II										
Land		15.91	-	-	15.91	-	-	-	15.91	15.91
Plant & Machinery	15.33%	811.38	-	-	811.38	124.28	-	124.96	686.42	810.70
Total (C)		827.29	-	-	827.29	124.28	-	124.96	702.33	826.61
Total As On 31.03.2011		2,216.71	97.31	15.88	2,298.15	204.05	14.05	1,025.20	1,272.95	1,385.32
Total As On 31.03.2010		1,829.45	829.41	442.14	2,216.71	90.98	122.70	835.21	1,381.50	962.52

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	Nos. of Shares	AS AT 31-Mar-2011	AS AT 31-Mar-2010
SCHEDULE F :			
INVESTMENTS (AT COST, NON TRADE AND NON CURRENT UNLESS OTHERWISE SPECIFIED)			
A) EQUITY SHARES (Quoted)			
1 Emami Limited (Shares) (Previous year - 2200 shares of ₹ 2 each) (Market value ₹ 9,59,880/-)	2,400	0.84	1.54
2 Emami Infrastructure Limited (Previous year - 733 shares) (Market value ₹ 24,995/-)	733	0.00	0.00
3 Jet Airways Limited (Previous year - 356 shares of ₹ 10 each) (Market value ₹ 1,59,185/-)	356	3.92	3.92
4 TCS Limited (Previous year - 1148 shares of ₹ 1 each) (Market value ₹ 13,57,510/-)	1,148	2.44	2.44
5 Punjab National Bank (Previous year - 3943 shares of ₹ 10 each) (Market value ₹ 48,11,051/-)	3,943	4.61	4.61
6 Union Bank Ltd (Previous year - 2,900 shares of ₹ 10 each) (Market value ₹ 10,07,605/-)	2,900	0.46	0.46
7 Comfort Intech Limited (Formerly Comfort Fininvest Limited) (Previous year - 1,31,500 shares of ₹ 10 each)	-	-	23.62
8 L.G.Balkrishna Ltd (Previous year - 1,000 shares of ₹ 1 each) (Market value ₹ 25,905/-)	100	0.02	0.02
9 Bank of India (Previous year-900 shares of ₹ 10 each) (Market value ₹ 4,30,290/-)	900	0.41	0.41
10 Cadila Health Care Limited (Previous year - 1200 shares of ₹ 10 each) (Market value ₹ 11,86,950/-)	1,500	1.24	1.49
11 FCS Software Ltd. (Previous year - 741 shares of ₹ 10 each) (Market value ₹15,561/-)	14,820	0.37	0.37
12 GSPL Ltd. (Previous year - 2253 shares of ₹10 each) (Market value ₹ 2,23,385/-)	2,253	0.61	0.61
13 Reliance Industries Limited (Previous year - 2778 shares of ₹10 each) (Market value ₹ 3,62,538/-)	2,778	1.67	1.67
14 LGB Forge Limited (Previous year - 1000 shares of ₹ 10 each) (Market value ₹ 2,710/-)	1,000	0.02	0.02
15 Zydus Wellness Limited (Previous year - 320 shares of ₹10 each) (Market value ₹ 1,91,120/-)	320	0.01	0.01
(Aggregate Market Value of Quoted Investment -₹ 1,07,58,687/-) (Previous Year - ₹1,58,85,529/-)		16.61	41.18

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
B) EQUITY SHARES (Trade & Unquoted)		
Web Source Tech. Limited. (Previous year - 50,000 shares of ₹ 10 each)	50.00	50.00
Lahoti Terra Knitfab Ltd. (Previous year - 4,87,600 shares of ₹100 each)	-	558.36
	<u>50.00</u>	<u>608.36</u>
C) INVESTMENT IN SUBSIDIARY COMPANY (Unquoted)		
G.Varadan Limited (Previous year - 5,000 shares of ₹100 each)	47.60	47.60
Lahoti Spintex Ltd. (Previous year - 50,000 shares of ₹ 10 each)	5.00	5.00
	<u>52.60</u>	<u>52.60</u>
D) UNITS OF MUTUAL FUNDS		
DSP BLACKROCK - FMP - 12 M (Previous Year - NIL) (Market Value ₹ 30,371,400/-)	300.00	-
HDFC EQUITY FUND - RETAIL - GROWTH (SIP) (Previous Year - NIL) (Market Value ₹ 6,88,592/-)	7.00	
HSBC Equity Fund (Previous Year - 12228.93 units of ₹ 10 each) (Market Value ₹ 17,09,598/-)	15.00	11.00
IDFC FIXED MATURITY PLAN - YEARLY SERIES 3 (Previous Year - NIL) (Market Value ₹ 30,876,000/-)	300.00	-
PRAMERICA ULTRA SHORT TERM BOND FUND-WEEKL (Previous Year - NIL) (Market Value ₹ 72,484,223/-)	725.03	-
Reliance Growth Fund (Previous Year - 2488.76 units of ₹ 10 each) (Market Value ₹ 21,15,191/-)	19.00	9.00
Reliance Money Manager Fund - Weekly Div (Previous Year - NIL) (Market Value ₹ 3,99,110/-)	3.98	-
	<u>1,370.01</u>	<u>20.00</u>

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
E) INVESTMENT IN PROPERTY		
Flat at Pune	25.38	25.38
Plot of land (At Ahmednagar)	11.00	11.00
Flat At Sewree, Mumbai	508.38	-
Flat at Mumbai (Transferred from Fixed Assets)	318.68	318.68
	<u>863.43</u>	<u>355.05</u>
F) INVESTMENT (OTHERS)		
National Saving Certificates	0.20	0.20
NABARD Bhavishya Nirman Bond (Previous Year ₹ 50,53,995/-) (Market Value ₹ 57,12,500/-)	50.31	50.31
	<u>50.51</u>	<u>50.51</u>
TOTAL (A+B+C+D+E+F)	<u>2,403.16</u>	<u>1,127.70</u>
SCHEDULE G :		
INVENTORIES		
Stock in Transit :		
(As per inventories valued and certified by Managing Director) (Valued at lower of cost or net realisable value)		
	684.94	891.64
TOTAL	<u>684.94</u>	<u>891.64</u>
SCHEDULE H :		
SUNDRY DEBTORS		
(Unsecured, Considered Good)		
Debts outstanding for a period exceeding six months	28.64	24.67
Other Debts	<u>2,891.03</u>	<u>3,851.00</u>
	2,919.67	3,875.67
TOTAL	<u>2,919.67</u>	<u>3,875.67</u>
SCHEDULE I :		
CASH AND BANK BALANCES		
A Cash on hand	3.34	2.56
B Balance with Scheduled Banks in :		
Current Account	74.66	138.69
Fixed Deposit Account (lodged with Government Authorities)	<u>15.24</u>	<u>0.14</u>
	89.90	138.82
TOTAL	<u>93.24</u>	<u>141.39</u>

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
SCHEDULE J:		
LOANS AND ADVANCES (Unsecured , Considered Good)		
A Loans		
G.Varadan Pvt.Ltd. - Subsidiary Company (Interest free and no repayment schedule) (Maximum amount during the year ₹ 0.10 Lakhs. Previous year ₹ 0.10 Lakhs)	-	0.10
Lahoti Terra Knitfab Limited - Associates company (Interest free -Since Received) (Maximum amount during the year ₹ 8.26/- Lakhs. Previous year ₹ 189.46/- Lakhs)	-	8.26
Body Corporate	-	
Others	-	15.78
Employees	<u>4.10</u>	<u>4.34</u>
	4.10	28.48
B <u>Advances</u>		
Advance Tax Paid & TDS	293.80	178.60
Sundry Deposits (Includes ₹ 51 Lakhs with a company under same management)	60.18	62.95
Export Incentive Receivable	126.91	594.41
Advance To Supplier	965.25	581.85
Advance Recoverable in cash or in kind or for value to be received	<u>50.88</u>	<u>137.09</u>
	1,497.01	1,554.89
TOTAL	<u>1,501.11</u>	<u>1,583.37</u>
SCHEDULE K :		
CURRENT LIABILITIES AND PROVISIONS		
A LIABILITIES		
Sundry Creditors		
For goods	87.84	33.82
For Commission	61.49	38.42
For Expenses	108.00	93.96
For Capital Goods	<u>66.91</u>	<u>163.78</u>
	324.26	329.97
Advance from Buyers	128.77	485.80
Other Current Liabilities	31.96	20.68
	<u>484.99</u>	<u>836.45</u>

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
B PROVISIONS		
Provision for Taxation	85.79	33.47
Proposed Dividend	117.53	117.53
Corporate Dividend Tax	19.52	19.97
	<u>222.84</u>	<u>170.97</u>
TOTAL	<u>707.83</u>	<u>1,007.43</u>

SCHEDULE L:

OTHER INCOME

Commission	7.77	-
Dividend Received	17.46	15.09
Interest Received	2.01	0.59
Rent Received	3.96	3.75
Miscellaneous Receipt	2.42	2.29
Profit on Sale of Investments (LT STT Paid)	9.77	-
Profit on Sale of Investments (ST)	0.14	13.65
Profit on sale of Fixed Asset	1.93	0.68
Sundry Balance Written Back	-	0.20
TOTAL	<u>45.45</u>	<u>36.23</u>

SCHEDULE M:

COST OF SALES

Opening Stock	891.64	134.44
Add: Purchases & Other Direct Expenses	27,479.73	25,238.09
	<u>28,371.37</u>	<u>25,372.53</u>
Less: Closing Stock (In Transit)	(684.94)	(891.64)
TOTAL	<u>27,686.43</u>	<u>24,480.89</u>

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
<u>SCHEDULE N :</u>		
OFFICE, ADMINISTRATION AND SELLING EXPENSES		
Ocean Freight	749.82	433.45
Local Freight	361.07	327.42
Operational Expenses (Wind Power)	48.59	19.53
Premium For Keyman Policy	-	12.82
Salaries and Employee related Benefits	75.62	60.66
Travelling & Conveyance	31.93	39.72
Overseas Commission	163.59	92.38
Advertisement Expenses	2.22	1.04
Legal and Professional Charges	38.49	16.81
Postage and Telephone Charges	13.21	16.55
Rent, Rates and Taxes	9.70	9.49
Directors' Remuneration	36.00	15.05
Sales Promotion Expenses	4.67	6.57
Office & General Expenses	11.74	9.01
Insurance Premium	78.37	10.99
Local Commission	52.06	10.05
Motor Car Expenses	6.41	5.55
Repairs & Maintenance	6.78	7.77
Electricity Expenses	3.44	4.08
Port Fees	0.45	0.75
Printing and Stationary	3.57	3.04
Auditor's Remuneration	3.55	2.99
Provision For Bad & Doubtful Debts	-	8.18
Donation	0.07	0.11
TOTAL	<u>1,701.38</u>	<u>1,114.02</u>
<u>SCHEDULE O:</u>		
INTEREST AND FINANCE CHARGES		
Bank Charges and Commission	94.29	79.21
Interest On Loan	3.37	5.07
Bank Interest	121.32	29.98
Other Interest Charges	0.41	-
TOTAL	<u>219.38</u>	<u>114.26</u>

SCHEDULE "P": -

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles [GAAP], in compliance with the provisions of Companies Act, 1956 and Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and disclosures related to contingent liabilities as of the date of financial statements. Examples of such estimate includes future obligation in respect of retirement benefit plans, etc. Differences if any, between the actual results and estimates is recognised in the period in which the results are known.

B. FIXED ASSETS:

Fixed Assets are stated at cost of acquisition and/or construction. They are stated at historical cost less accumulated depreciation.

C. DEPRECIATION:

- i) Depreciation on fixed assets is provided on written down value method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Ministry of corporate Affairs.
- ii) Depreciation on assets acquired/disposed off during the year is provided on pro-rata basis with reference to the date of acquired/disposal.

D. REVENUE RECOGNITION:

- i) The company accounts for its Export Sales, consistently on the basis of date of Bill of Lading. This applies to all export sales made on Cost Insurance and Freight (CIF), Free on Board (FOB), Cost & Freight (C & F), and Cash against Delivery of Documents (CADD) basis.
- ii) Income from sale of power is recognized on per Kilo Watt Hour(s).
- iii) Income form trading is recognized on accrual basis.
- iv) Dividend income from Investments is recognized when the company's right to receive payment is established.
- v) Interest income is recognized on the time proportion basis taking into account the amount outstanding and the rate applicable.
- vi) Export benefits under duty entitlement passbook and duty drawback are accounted on accrual basis to the extent considered receivable.

E. 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 permanent in nature.

F. INVENTORIES:

Inventories are valued at lower of cost or net realizable value after providing for obsolescence, if any.

G. FOREIGN CURRENCY TRANSACTIONS:

- i) Initial Recognition: Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.

- ii) Conversion: At the year-end, monetary items in foreign currencies, other than those covered by forward contracts, are converted into rupee equivalents at the year end exchange rates.
- iii) Exchange Differences: All exchange differences arising on settlement and conversions of foreign currency transactions are included in the Profit and Loss Account.
- iv) Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the reporting date is recognized as gain / loss.

H. RETIREMENT BENEFITS:

- i) Provident Fund: The Company's contributions towards provident fund are charged to the Profit and Loss Account.
- ii) Gratuity: The Company's contributions towards gratuity are charged to the Profit and Loss Account on the basis of actuarial valuation.
- iii) Leave Encashment: Provision is made for value of unutilized leave due to employees at the end of the year.

I. SEGMENT REPORTING:

Following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment.
- ii) Expenses that are directly identifiable with/allocable to segment are considered for determining the segment result.
- iii) Segment assets and liabilities include those directly identifiable with the respective segments.

J. TAXATION:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognized on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period in accordance with AS 22- Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India.

K. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

1. Provisions are recognised for liabilities that can be measured or by using a reasonable degree of estimation based on the following criteria:-
 - i) the company has a present obligation as a result of a past event,
 - ii) a probable outflow of resources is expected to settle the obligation and
 - iii) the amount of the obligation can be reliably estimated.
 - iv) a possible obligation from past events where the probability of outflow of resources is not remote.
2. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.
3. Contingent Liability is disclosed in case of
 - i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - ii) a present obligation arising from past events, when no reliable estimate is possible; and
4. Contingent assets are neither recognised, nor disclosed.
5. Provisions, Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

L. IMPAIRMENT OF ASSETS

An assets is treated as impaired when the carrying cost of assets exceed its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified by management as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

SCHEDULE "Q":

NOTES ON ACCOUNTS

- The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amount and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.
- In the opinion of Directors, Current Assets, Loans and Advances have the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business and the provision for all known liabilities is adequate and not in excess of or less than the amount reasonably necessary.
- Contingent Liabilities:
 - Contingent Liabilities not provided for in respect of Bills Discounted ₹ NIL (Previous Year ₹ 117.91 Lakhs).
 - Claims not acknowledged by the Company relating to cases contested by the Company :

(₹ in lakhs)

		As at 31-Mar-11	As at 31-Mar-10
(i)	Sales Tax	3.00	Nil
(ii)	Income Tax (Pending before Appellate Authorities in respect of which the Company is in appeal)	375.98	

- Prior Period Items:

(₹ in Lakhs)

	Current Year	Previous Year
Income Tax for earlier year	0	(61.89)
Reversal of Deferred Tax Liability – See Note 14	0	110.93
Expenses related to earlier year	0	
Net Credit / (Debit)	0	49.04

- Expenditure in foreign currency:

(₹ in Lakhs)

	Current Year	Previous Year
Foreign Bank Charges	32.78	22.70
Foreign Traveling Expenses	20.31	13.87
Overseas Commission	163.59	92.38
TOTAL	216.68	128.95

- Earning in Foreign Exchange:

FOB value, including third party export: ₹ 29,442.38 /- Lakhs, (Previous Year ₹ 24,270.93 Lakhs).

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

7. Auditor's Remuneration:

(₹ in Lakhs)

	Current Year	Previous Year
Audit fees	2.09	1.38
Tax Audit Fees	0.45	0.45
Tax Matters	0.00	0.65
Certification & Consultation Fees	1.00	0.52

8. Managerial Remuneration:

(₹ in Lakhs)

(a) Managerial Remuneration

	<u>Current Year</u>	<u>Previous Year</u>
Managing Director and Whole time Director		
Salary	37.80	15.05
Perquisites	3.90	3.33
Total	41.70	18.38

(b) Computation of Profit as per Section 349

	<u>Current Year</u>	<u>Previous Year</u>
Profit As per Profit & Loss Account	990.04	809.65
Add :		
Director Remuneration	41.70	15.05
Provision for Doubtful Debts		8.18
Depreciation As per books	204.05	245.75
Less :		
Profit on sale of Investment	9.91	13.65
Depreciation As per books of Accounts	204.05	(213.96)
Profit under Section 349 of the Companies Act, 1956	1021.84	819.23
Maximum remuneration payable:		
(a) 10% of the above to the Managing Director and Whole time Directors	102.18	81.92
(b) 1% of the above to the Non-whole time Directors	10.22	8.19
(c) Remuneration paid / provided to the Managing Director and Whole time Director	41.70	18.38

9. The information as required under Micro, Small and Medium Enterprises Development Act, 2006 was called from relevant parties. In view of no response, no such information is furnished.

10. The Management is of the view of that the fixed assets of the Company are capable of generating adequate returns over their useful lives in the course of business. Therefore the assets are not impaired and do not call for providing any loss.

11. Particulars in respect of opening stock, purchases, closing stock and sales of goods traded during the period ended on March 31, 2011:

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

(Amount. in Lakhs)

PARTICULARS	Unit of Measurement	OPENING STOCK		PURCHASES		SALES		CLOSING STOCK	
		QTY	VALUE	QTY	VALUE	QTY	VALUE	QTY	VALUE
		Kgs.	(₹)	(Kgs.)	(₹)	(Kgs.)	(₹)	(Kgs.)	(₹)
Yarns	Kgs	728,885 (1,40,182)	891.68 (134.44)	1,68,46,182.49 (2,04,64,865)	27,480.03 (25,241.23)	17200641.53 (1,98,76,162)	30,323.7 (25,059.88)	374,425.76 (7,28,885)	684.94 (891.64)

12. Related Party Disclosure: -

i) The Company has identified following parties for the purpose of Related Party Disclosure:

Subsidiary Companies:

Holding (%)

Lahoti Spintex Limited

100

G. Varadan Limited

100

Associate Companies:

Lahoti Terra Knitfab Limited

NIL

(Ceased to be associate during the year)

Other Related Parties:

PSWare Information Private Limited

Sri Laxmi Exports (Partnership Firm)

Kirti Stock Brokers Private Limited

Bauble Investment Private Limited

Key Management Personnel:

Shri Umesh R. Lahoti - Managing Director

Shri Ujwal R Lahoti - Executive Director

Shri Aadhiya Lahoti - Director

ii) Transactions during the year with related parties:

(₹ in Lakhs)

Nature of Transaction	Lahoti Terra Knitfab Ltd (Associates)		PSWare Information Pvt. Ltd.(Related Company)		Lahoti Spintex Ltd. (Subsidiary)		Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan and advances Given			0.09	-	-	-	-	-
Refund of Loan and advances Given	8.26	-	-	-	-	-	-	-
Repayment of loan and advances taken	-	-	-	-	-	0.02	-	-
Rent Paid	-	-	-	0.60	-	-	-	-
Managerial Remuneration	-	-	-	-	-	-	41.70	15.05
Outstanding balances								
<u>Loans and Advances</u>								
Receivable	-	8.26	-	-	-	-	-	-
Payable	-	-	0.51	-	4.21	4.21	-	1.30

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE ACCOUNTS AS AT MARCH 31, 2011

13. Earning Per Share:

	As At 31 Mar 2011	As At 31 Mar 2010
1. Net profit available for Equity shareholders (₹ in Lakhs)	630.83	622.76
2. Number equity shares for basic Earning Per Share	2,92,29,293	2,92,29,293
3. Basic Earning Per Share (in ₹)	2.16/-	2.13/-
4. Face value per share	₹ 2/-	₹ 2/-

14. Deferred Tax :

The deferred tax liability as at March 31, 2010 comprise of the following:-

(₹ In Lakhs)

Item	Opening Balance DTL / (DTA)	Provision During the Year	Reversal During the year	Closing Balance
Depreciation	156.23	64.20	--	220.43
Total	156.23	64.20	--	220.43

15. Company has not been able to appoint a Company Secretary during the year, In spite of it's best efforts.
16. The company has taken effort to verify the closing balances of the sundry creditors / Debtors subject to pending confirmations.
17. Additional Disclosure pursuant to clause 32 of Listing Agreement, (Excepting for employees) is made under schedule "J" to the Accounts.

SIGNATURES TO THE SCHEDULES "A to "P"
AND NOTES TO ACCOUNTS "Q"

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

Place: Mumbai
Dated: August 12, 2011

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011

SEGMENT REPORTING

a) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2011 and in respect of assets/liabilities as at March 31, 2011)

I) Primary Segments (Business Segments):

(₹ in Lakhs)

	Trading		Wind Power		Total	
	AS AT 31-Mar-2011	AS AT 31-Mar-2010	AS AT 31-Mar-2011	AS AT 31-Mar-2010	AS AT 31-Mar-2011	AS AT 31-Mar-2010
Gross Segment Revenue	30,661.37	26,428.94	288.86	144.60	30,950.23	26,573.54
Less:- Intersegment Revenue	0.00	0.00	0.00	0.00	0.00	0.00
Net Segment Revenue	30,661.37	26,428.94	288.86	144.60	30,950.23	26,573.54
Segment Results :	1,027.85	772.04	52.02	38.88	1,079.88	810.92
(Profit / Loss Before Tax, Interest and Investment Income from each segment)						
Add:- Income from Investments					17.46	15.09
Add:- Income from Interest					2.01	0.59
Add:- Income from Rent					3.96	3.75
Add:- Insurance Claim Received					0.00	0.00
Add:- Profit/(Loss) on sale of investments					9.91	13.65
Add:- Profit/(Loss) on sale of Fixed Assets					1.93	0.68
Less:- Loss on sale of Fixed assets					0.00	0.00
Profit before Interest and Tax					1,115.14	844.67
Less:- Interest					(125.10)	(35.05)
Profit Before Tax					990.04	809.62
Provision for Tax						
Current					295.00	138.33
Deferred					64.21	97.58
Fringe Benefit Tax					0.00	0.00
Profit After Tax					630.83	573.71
Capital Employed						
Segment Assets						
Fixed Assets	226.15	152.56	1,046.80	1,232.75	1,272.95	1,385.32
Investments	2,402.96	1,127.50	0.20	0.20	2,403.16	1,127.70
Current Assets, Loans and Advances (Excluding Tax Assets)	5,131.46	6,424.57	67.51	67.50	5,198.96	6,492.07
Total Assets	7,760.57	7,704.63	1,114.51	1,300.45	8,875.08	9,005.09
Segment Liabilities						
Loan Funds	1,783.33	2,074.29	505.73	600.20	2,289.06	2,674.49
Current Liabilities & Provisions Excluding Tax Liabilities)	640.70	837.07	67.12	170.36	707.83	1,007.43
Deferred Tax Liabilities	220.43	156.22	0.00	0.00	220.43	156.22
Total Liabilities	2,644.47	3,067.58	572.86	770.56	3,217.32	3,838.14
Net Segment Assets	5,116.10	0.00	541.65	635.82	5,657.75	5,166.95
Capital Expenditure	97.31	2.11	0.00	827.29	97.31	829.40
Segment Depreciation	18.09	17.46	185.96	73.52	204.05	90.98
Non - Cash Expenses other than Depreciation	0.00	0.00	0.00	0.00	0.00	0.00

b) Segment reporting: segment identification, reportable segments

- i) Primary/secondary segment reporting format: The risk-return profile of the company's business is determined predominantly by the nature of its products and services. Accordingly, business segments constitute the primary segments for disclosure of segment information. The Company has not recognised
- ii) Segment Identification: Business segment have been on the basis of nature of product/services, the ri-return profile of individual business.
- ii) Reportable Segment: Reportable segment has been identified as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting Issued by the Institute of Chartered Accountants of India.



Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1) Company's Registration Details		
Registration No.	:	11-87643
State Code	:	11
Balance Sheet Date	:	31-Mar-11
2) Capital Raised During the year		
(Amounts in ₹ Thousands)		
Public Issue	:	NIL
Preferential Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
3) Position of Mobilization and Deployment of Funds		
(Amounts in ₹ Thousands)		
Total Liabilities	:	816,725
Total Assets	:	816,725
Sources of Funds		
Paid up Capital	:	58,459
Reserves & Surplus	:	507,317
Secured Loans	:	228,484
Unsecured Loans	:	422
Deferred Tax Liability	:	22,043
Application of Funds		
Net Fixed Assets	:	127,295
Investments	:	240,316
Net Current Assets	:	449,114
Misc. Expenditure	:	-
Profit and Loss Account	:	-
4) Performance of Company		
(Amounts in ₹ Thousands)		
Turnover	:	3,099,569
Total Expenditure	:	3,000,564
Profit Before Tax	:	99,004
Profit After Tax	:	63,083
Earnings Per Share in ₹ (Annualized)	:	2.16
Dividend Rate %	:	20%
5) Genericnames of Three Principal Products/Services of the Company (as per Monetary Terms)		
Item Code	:	520300
Product Description	:	Trading in Yarn, Fabric & Raw Cotton
6) Figures of previous year have been regrouped / recast wherever necessary.		

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

Place: Mumbai
Dated: August 12, 2011

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011

AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF LAHOTI OVERSEAS LIMITED

1. We have audited the attached Consolidated Balance Sheet of LAHOTI OVERSEAS LIMITED, as at March 31, 2011, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the following entities:

Lahoti Spintex Limited, a subsidiary, whose financial statements reflect total assets (net of current liabilities and provisions) of ` 5 Lakhs as at March 31, 2011.

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion, in so far as it relates to the amounts included in respect of these entities, is based solely on the reports of other auditors.
4. We report that the consolidated financial statement have been prepared by the Company in accordance with the requirement of Accounting Standard (AS) 21-"Consolidated Financial Statements" and Accounting Standard 23-"Accounting for Investments in Associates in Consolidated Financial Statements", issued by the Institute of Chartered Accountant of India, and on the basis of the separate audited financial statement of LAHOTI OVERSEAS LIMITED, its subsidiaries and associate included in the consolidated financial statement.
5. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of 'The Companies Act, 1956' of India (the 'Act') and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
6. Further to our comments in the Annexure referred to in paragraph 3 above, 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 purposes 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 Consolidated Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Consolidated Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on March 31, 2010 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2010 from

being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

- (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information required by the Act and give a true and fair view in conformity with the accounting principles generally accepted in India:
- (i) in the case of the Consolidated Balance Sheet, of the state of affairs of the company as at March 31, 2011;
 - (ii) in the case of the Consolidated Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Pannkaj Ghadiali

Partner

Membership Number: 031745

For and on behalf of

P. C. Ghadiali & Co.

Chartered Accountants

Firm No. 103132W

Place: Mumbai

Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2011



(₹ in Lakhs)

	SCHEDULE	AS AT 31-Mar-2011	AS AT 31-Mar-2010
I. SOURCES OF FUNDS			
1. SHAREHOLDERS' FUNDS			
a) Share Capital	"A"	584.59	584.59
b) Reserves & Surplus	"B"	5,070.10	4,574.60
		<u>5,654.68</u>	<u>5,159.18</u>
2. LOAN FUNDS			
a) Secured Loans	"C"	2,284.84	2,570.27
b) Unsecured Loans	"D"	-	100.00
		<u>2,284.84</u>	<u>2,670.27</u>
3. DEFERRED TAX LIABILITY		220.45	156.24
TOTAL FUNDS EMPLOYED		<u>8,159.97</u>	<u>7,985.70</u>
II. APPLICATION OF FUNDS			
1. FIXED ASSETS			
a) Gross Block	"E"	2,338.42	2,256.98
b) Less : Depreciation		<u>1,025.61</u>	<u>835.59</u>
c) Net Block		1,312.81	1,421.40
2. INVESTMENTS	"F"	2,353.07	1,078.69
3. CURRENT ASSETS, LOANS & ADVANCES			
a) Inventories	"G"	684.94	891.64
b) Sundry Debtors	"H"	2,919.67	3,875.67
c) Cash and Bank Balances	"I"	95.98	142.11
d) Loans and Advances	"J"	1,501.18	1,583.53
		<u>5,201.78</u>	<u>6,492.94</u>
LESS : CURRENT LIABILITIES AND PROVISIONS	"K"		
a) Liabilities		485.16	836.62
b) Provisions		223.02	171.16
		<u>708.19</u>	<u>1,007.77</u>
NET CURRENT ASSETS		4,493.59	5,485.18
4. MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)	"L"	0.50	0.43
TOTAL ASSETS (NET)		<u>8,159.97</u>	<u>7,985.70</u>
SIGNIFICANT ACCOUNTING POLICIES	"Q"		
NOTES TO ACCOUNTS	"R"		

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011

Place: Mumbai
Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

(₹ in Lakhs)

	SCHEDULE	AS AT 31-Mar-2011	AS AT 31-Mar-2010
I. INCOME :			
Sales		30,220.00	25,058.74
Export Incentives		337.11	1,256.72
Exchange Rate Gain / (Loss)		104.26	113.49
Sale of Power		288.86	144.60
Other Income	"M"	45.47	32.05
		30,995.71	26,605.59
II. EXPENDITURE:			
Cost of Sales	"N"	27,686.43	24,480.89
Office, Administrative and Selling Expenses	"O"	1,701.52	1,114.11
Interest and Finance Charges :-	"P"		
Banks		215.61	109.20
Others		3.78	5.07
Loss on Sale of Investments (LT)		194.17	-
Loss on Sale of Investments (ST)		0.24	-
Depreciation		204.05	90.96
		30,005.79	25,800.23
III. PROFIT BEFORE TAXATION		989.91	805.36
IV. PROVISION FOR TAXATION			
a) CURRENT TAX		295.00	138.33
b) DEFERRED TAX		64.20	97.58
		359.20	235.91
V. PROFIT AFTER TAXATION (BEFORE PRIOR PERIOD ITEMS)		630.72	569.45
VI. PRIOR PERIOD ADJUSTMENTS (Refer Note 4)		-	49.04
VII. PROFIT AFTER TAX (AFTER PRIOR PERIOD ITEMS)		630.72	618.48
VIII. NET SHARE OF PROFIT/(LOSS) IN ASSOCIATES		-	(1.17)
IX. BALANCE BROUGHT FORWARD FROM PREVIOUS YEAR		3,218.32	2,784.91
X. AMOUNT AVAILABLE FOR APPROPRIATION		3,849.03	3,402.22
XI. APPROPRIATIONS			
a) General Reserve		47.32	46.71
b) Proposed Dividend		117.53	117.53
c) Corporate Dividend Tax		19.52	19.97
		184.37	184.21
Less :			
Excess provision for Dividend written back		(0.61)	(0.31)
XII. BALANCE CARRIED TO BALANCE SHEET		183.75	183.91
XIII. SIGNIFICANT ACCOUNTING POLICIES	"Q"	3,665.28	3,218.32
XIV. NOTES TO ACCOUNTS	"R"		
XV. EARNING PER SHARE			
BASIC EARNINGS PER SHARE (IN ₹)		2.16	2.13
DILUTED EARNINGS PER SHARE (IN ₹)		-	-
FACE VALUE PER SHARE (IN ₹)		2.00	2.00

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011

Place: Mumbai
Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2011



(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax and prior period items	989.91	805.36
Add: Interest (Net)	123.09	34.46
Depreciation	204.05	90.96
Loss on Sale / Redemption of Investments	194.41	-
Profit on sale of Fixed Asset	(1.93)	(0.68)
Profit on Sale / Redemption of Investments	(9.93)	(13.65)
Rent Received	(3.96)	(3.75)
Dividend Received	(17.46)	(15.35)
	<u>488.27</u>	<u>92.00</u>
Operating profit before working Capital	1,478.19	897.36
(Increase)/Decrease in Inventories	206.69	(757.20)
(Increase)/Decrease in Trade & Other Receivable	1,153.48	(2,299.68)
Increase/(Decrease) Current Liabilities & Provision	(351.44)	544.86
	<u>1,008.73</u>	<u>(2,512.02)</u>
Cash Generated from Operations	2,486.92	(1,614.66)
Tax paid	(357.89)	(183.87)
Cash Flow Before Extraordinary Items	2,129.03	(1,798.53)
Extra ordinary Items / Adjustments (Prior Period Item)	-	-
Cash Flow After Extraordinary Items	2,129.03	(1,798.53)
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(97.31)	(829.41)
Purchase of Investment	(3,359.25)	(59.31)
Sale of Fixed Asset	3.75	1.45
Sale of Investment	1,901.41	233.65
Interest Received	2.01	0.59
Dividend Received	17.46	15.35
Rent Received	3.96	3.75
Net Cash Used for Investing Activities	(1,527.97)	(633.94)
C CASH FLOW FROM FINANCING ACTIVITIES		
Dividend Paid	(136.89)	(68.45)
Interest paid	(125.10)	(35.05)
Calls in Arrear (Premium) adjusted against Dividend	0.23	0.12
Increase/(Decrease) In Unsecured Loans	(100.00)	100.00
Increase/(Decrease) In Secured Loans	(285.43)	2,179.29
Net cash From Financing Activities	(647.19)	2,175.92
Net Increase in Cash and Cash Equivalents (A+B+C)	(46.13)	(256.56)
Cash and Cash Equivalents (OPENING BALANCE)	142.11	398.67
Cash and Cash Equivalents (CLOSING BALANCE)	95.98	142.11
	<u>(46.13)</u>	<u>(256.56)</u>

Notes: 1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard - 3 on Cash Flow Statement. 2 Cash and cash equivalent at the end of year represents cash and bank balances. 3 Previous year's figures have been rearranged/regrouped, wherever necessary. This is the Cash Flow Statement referred to in our report of even date.

As per our report attached of even date

Pannkaj Ghadiali

Partner

Membership Number: 031745

For and on behalf of

P. C. Ghadiali & Co.

Chartered Accountants

Firm No. 103132W

Place: Mumbai

Dated: August 12, 2011

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai

Dated: August 12, 2011

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

PARTICULARS	AS AT 31-Mar-2011	AS AT 31-Mar-2010
SCHEDULE A :		
SHARE CAPITAL		
AUTHORISED		
3,00,00,000 Equity Shares of ₹ 2/- each	<u>600.00</u>	<u>600.00</u>
ISSUED, SUBSCRIBED AND PAID-UP		
2,93,82,500 Equity Shares of ₹ 2 /- each	587.65	587.65
Less: Calls in Arrears (2,11,000 Equity Shares)	(3.06)	(3.06)
TOTAL	<u>584.59</u>	<u>584.59</u>
SCHEDULE B :		
RESERVES AND SURPLUS		
SHARE PREMIUM		
Opening Balance	916.48	916.48
Less: Calls In Arrears	(2.18)	(2.41)
	<u>914.29</u>	<u>914.06</u>
CONSOLIDATED REVENUE RESERVE	<u>4,155.80</u>	<u>3,613.83</u>
TOTAL	<u>5,070.10</u>	<u>4,574.60</u>
SCHEDULE C :		
SECURED LOANS		
Pre and Post Shipment Credit for Banks (Secured against hypothecation of stock and book debts)	1,779.11	1,970.07
Term Loan from Bank	500.00	600.00
Add: Interest Accrued (Secured by way of equitable mortgage Against Wind Power machine at Distt. Nandurbar, Maharashtra)	5.73	0.20
TOTAL	<u>2,284.84</u>	<u>2,570.27</u>
SCHEDULE D:		
UNSECURED LOANS		
From Others (Inter-corporate deposits)	-	100.00
	<u>-</u>	<u>100.00</u>

LAHOTI OVERSEAS LIMITED

SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011



SCHEDULE E: FIXED ASSETS

PARTICULARS	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		As At 31-Mar- 2010	Addition	Deduction	As At 31-Mar- 2011	As At 31-Mar- 2010	For the Year	Deduction	As At 31-Mar- 2011	As At 31-Mar- 2010
Goodwill (On Consolidation)	-	39.80	-	-	39.80	-	-	-	39.80	39.80
Land	-	88.35	-	-	88.35	-	-	-	88.35	88.35
Building	5.00%	34.30	-	-	34.30	15.99	0.92	16.91	17.39	18.31
Plant & Machinery	13.91%	1,904.62	1.07	-	1,905.69	673.32	188.61	861.93	1,043.75	1,231.29
Furniture & Fixtures	18.10%	79.40	-	-	79.40	58.63	3.76	62.39	17.01	20.77
Motor Car	25.89%	77.69	92.59	15.88	154.41	59.01	8.45	53.43	100.97	18.68
Computers	40.00%	32.82	3.66	-	36.47	28.62	2.32	30.94	5.53	4.20
Total As On 31.3.2011		2,256.98	97.31	15.88	2,338.42	835.59	204.05	14.05	1,312.81	1,421.40
Total As On 31.3.2010		1,869.72	829.41	442.14	2,256.98	867.33	90.96	122.70	1,421.40	1,002.39

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

	QTY	AS AT 31-Mar-2011	AS AT 31-Mar-2010
SCHEDULE F :			
INVESTMENTS (AT COST, NON TRADE AND NON CURRENT UNLESS OTHERWISE SPECIFIED)			
A) EQUITY SHARES (Quoted)			
1 Emami Limited (Shares) (Previous year - 2200 shares of ₹ 2 each) (Market value ₹ 9,59,880/-)	2,400	0.84	1.54
2 Emami Infrastructure Limited (Previous year - NIL) (Market value ₹ 24,995/-)	733	0.00	0.00
3 Jet Airways Limited (Previous year - 356 shares of ₹10 each) (Market value ₹1,59,185/-)	356	3.92	3.92
4 TCS Limited (Previous year - 1148 shares of ₹1 each) (Market value ₹ 13,57,510/-)	1,148	2.44	2.44
5 Punjab National Bank (Previous year - 3943 shares of ₹10 each) (Market value ₹ 48,11,051/-)	3,943	4.61	4.61
6 Union Bank Ltd (Previous year - 2,900 shares of ₹10 each) (Market value ₹ 10,07,605/-)	2,900	0.46	0.46
7 Comfort Intech Limited (Formerly Comfort Fininvest Limited) (Previous year - 1,31,500 shares of ₹10 each)	-	-	23.62
8 L.G.Balkrishna Ltd (Previous year - 1,000 shares of ₹ 1 each) (Market value ₹ 25,905/-)	100	0.02	0.02
9 Bank of India (Previous year-900 shares of ₹10 each) (Market value ₹ 4,30,290/-)	900	0.41	0.41
10 Cadila Health Care Limited (Previous year - 1200 shares of ₹10 each) (Market value ₹ 11,86,950/-)	1,500	1.24	1.49
11 FCS Software Ltd. (Previous year - 741 shares of ₹10 each) (Market value ₹ 15,561/-)	14,820	0.37	0.37
12 GSPL Ltd. (Previous year - 2253 shares of ₹10 each) (Market value ₹ 2,23,385/-)	2,253	0.61	0.61
13 Reliance Industries Limited (Previous year - 2778 shares of ₹10 each) (Market value ₹ 3,62,538/-)	2,778	1.67	1.67
14 LGB Forge Limited (Previous year - 1000 shares of ₹ 10 each) (Market value ₹ 2,710/-)	1,000	0.02	0.02
15 Zydus Wellness Limited (Previous year - 320 shares of ₹10 each) (Market value ₹ 1,91,120/-) (Aggregate Market Value of Quoted Investment - ₹ 1,07,58,687/-) (Previous Year - ₹ 1,58,85,529/-)	320	0.01	0.01
		16.61	41.18

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

	AS AT 31-Mar-2011	AS AT 31-Mar-2010
B) EQUITY SHARES (Trade & Unquoted)		
Web Source Tech. Limited. (Previous year - 50,000 shares of ₹ 10 each)	50.00	50.00
Arun Com. Premises Co-operative Society Limited (Previous year - 15 shares of ₹ 50 each)	0.01	0.01
	<u>50.00</u>	<u>50.01</u>
C) INVESTMENT IN ASSOCIATE COMPANY (Unquoted)		
Lahoti Terra Knitfab Ltd. (Previous year - 4,87,600 shares of ₹ 100 each) (including Goodwill of ₹ 74,87,955/- arising on acquisition)	-	558.36
Less: Adjustment for post-acquisition share of Profit/(Loss) of associates (Equity Method)	-	(1.02)
	<u>-</u>	<u>557.34</u>
D) UNITS OF MUTUAL FUNDS		
DSP BLACKROCK - FMP - 12 M (Previous Year - NIL)	300.00	-
HDFC EQUITY FUND - RETAIL - GROWTH (SIP) (Previous Year - NIL)	7.00	
HSBC Equity Fund (Previous Year - 12,228.93 units of ₹ 10 each)	15.00	11.00
IDFC FIXED MATURITY PLAN - YEARLY SERIES 3 (Previous Year - NIL)	300.00	-
PRAMERICA ULTRA SHORT TERM BOND FUND-WEEKL (Previous Year - NIL)	725.03	-
Reliance Growth Fund (Previous Year - 2488.76 units of ₹10 each)	19.00	9.00
Reliance Money Manager Fund - Weekly Div (Previous Year - NIL)	3.98	-
JM Basic Fund (Previous Year - 8344.989 units of ₹ 10 each)	2.50	2.50
Reliance Diversified Power Sector Fund - Dividend Plan (Previous Year - 4014.843 units of ₹10 each)	-	2.10
	<u>1,372.51</u>	<u>24.60</u>
E) INVESTMENT IN PROPERTY		
Flat at Pune	25.38	25.38
Plot of land (At Ahmednagar)	11.00	11.00
Flat At Sewree, Mumbai	508.38	-
Flat at Mumbai (Transferred from Fixed Assets)	318.68	318.68
	<u>863.43</u>	<u>355.05</u>
F) INVESTMENT (OTHERS)		
National Saving Certificates	0.20	0.20
NABARD Bhavishya Nirman Bond (Previous Year ₹ 50,53,995/-) (Market Value ₹57,12,500/-)	50.31	50.31
	<u>50.51</u>	<u>50.51</u>
TOTAL (A+B+C+D+E+F)	<u>2,353.07</u>	<u>1,078.69</u>

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

		AS AT 31-Mar-2011	AS AT 31-Mar-2010
SCHEDULE G :			
INVENTORIES			
Stock in Transit :			
(As per inventories valued and certified by Managing Director)			
(Valued at lower of cost or net realisable value)			
		<u>684.94</u>	<u>891.64</u>
	TOTAL	<u>684.94</u>	<u>891.64</u>
SCHEDULE H :			
SUNDRY DEBTORS			
(Unsecured, Considered Good)			
Debts outstanding for a period exceeding six months			
		28.64	24.67
		2,891.03	3,851.00
	TOTAL	<u>2,919.67</u>	<u>3,875.67</u>
SCHEDULE I :			
CASH AND BANK BALANCES			
A	Cash on hand	3.34	2.57
B	Balance with Scheduled Banks in :		
	Current Account	77.39	
	Fixed Deposit Account (lodged with Government Authorities)	15.24	139.54
	TOTAL	<u>92.63</u>	<u>142.11</u>
		<u>95.97</u>	<u>142.11</u>
SCHEDULE J:			
LOANS AND ADVANCES			
(Unsecured , Considered Good)			
A	Loans		
	G.Varadan Pvt.Ltd. - Subsidiary Company (Interest free and no repayment schedule) (Maximum amount during the year ₹ 0.10 Lakhs. Previous year ₹ 0.10 Lakhs)	-	-
	Lahoti Terra Knitfab Limited - Associates company (Interest free -Since Received) (Maximum amount during the year ₹ 8.26/- Lakhs. Previous year ₹ 189.46/- Lakhs) - Body Corporate	-	8.26
	Others	-	15.78
	Employees	4.10	4.34
		<u>4.10</u>	<u>28.38</u>
	Advance Tax Paid & TDS	293.87	178.67
	Sundry Deposits	60.18	62.95
	Export Incentive Receivable	126.91	594.41
	Advance To Supplier	965.25	581.85
	Advance Recoverable in cash or in kind or for value to be received	50.88	137.27
	TOTAL	<u>1,497.08</u>	<u>1,555.15</u>
		<u>1,501.18</u>	<u>1,583.53</u>

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

(₹ in Lakhs)

	AS AT 31-Mar-2011	AS AT 31-Mar-2010
SCHEDULE K :		
CURRENT LIABILITIES AND PROVISIONS		
A	LIABILITIES	
	Sundry Creditors	
	For goods	87.84
	For Commission	61.49
	For Expenses	108.18
	For Capital Goods	66.91
	<u>324.43</u>	<u>330.14</u>
	Advance from Buyers	128.77
	Other Current Liabilities	31.96
	<u>485.16</u>	<u>836.62</u>
B	PROVISIONS	
	Provision for Taxation	85.97
	Proposed Dividend	117.53
	Corporate Dividend Tax	19.52
	<u>223.02</u>	<u>171.16</u>
	<u>708.19</u>	<u>1,007.77</u>
	TOTAL	
SCHEDULE L :		
MISCELLANEOUS EXPENDITURE (To the extent not written off or adjusted)		
	Preliminary Expenses	33,981.00
	Pre Operative Expenes	15,761.00
	<u>49,742.00</u>	<u>33,981.00</u>
	<u>49,742.00</u>	<u>43,326.00</u>
SCHEDULE M:		
OTHER INCOME		
	Commission	7.77
	Dividend Received	17.46
	Interest Received	2.01
	Rent Received	3.96
	Miscellaneous Receipt	2.42
	Insurance Claim Received	-
	Profit on Sale of Investments (LT STT Paid)	9.79
	Profit on Sale of Investments (ST)	0.14
	Profit on sale of Fixed Asset	1.93
	Sundry Balance Written Back	(0.00)
	<u>45.47</u>	<u>32.05</u>
SCHEDULE N :		
COST OF SALES		
	Opening Stock	891.64
	Add: Purchases & Other Direct Expenses	27,479.73
	<u>28,371.37</u>	<u>25,238.09</u>
	Less: Closing Stock	(684.94)
	<u>27,686.43</u>	<u>24,480.89</u>
	<u>27,686.43</u>	<u>24,480.89</u>

LAHOTI OVERSEAS LIMITED



SCHEDULES FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

	AS AT 31-Mar-2011	AS AT 31-Mar-2010
<u>SCHEDULE O:</u>		
OFFICE, ADMINISTRATION AND SELLING EXPENSES		
Ocean Freight	749.82	433.45
Local Freight	361.07	327.42
Operational Expenses (Wind Power)	48.59	19.53
Premium For Keyman Policy	-	12.82
Salaries and Employee related Benefits	75.62	60.66
Travelling & Conveyance	31.93	39.72
Overseas Commission	163.59	92.38
Advertisement Expenses	2.22	1.04
Legal and Professional Charges	38.49	16.85
Postage and Telephone Charges	13.21	16.55
Rent, Rates and Taxes	9.71	9.50
Directors' Remuneration	36.00	15.05
Sales Promotion Expenses	4.67	6.57
Office & General Expenses	11.74	9.01
Insurance Premium	78.37	10.99
Local Commission	52.06	10.05
Motor Car Expenses	6.41	5.55
Repairs & Maintenance	6.78	7.77
Electricity Expenses	3.44	4.08
Port Fees	0.45	0.75
Printing and Stationary	3.57	3.04
Auditor's Remuneration	3.69	3.05
Provision For Bad & Doubtful Debts	-	8.18
Donation	0.07	0.11
TOTAL	<u>1,701.52</u>	<u>1,114.11</u>
<u>SCHEDULE P:</u>		
INTEREST AND FINANCE CHARGES		
Bank Charges and Commission	94.29	79.21
Interest On Loan	3.37	5.07
Bank Interest	121.32	29.98
Other Interest Charges	0.41	-
TOTAL	<u>219.39</u>	<u>114.26</u>

SCHEDULE "Q": -

SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF ACCOUNTING:

The Company maintains its accounts on accrual basis following the historical cost convention in accordance with generally accepted accounting principles [GAAP], in compliance with the provisions of Companies Act, 1956 and Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 prescribed by the Central Government.

The preparation of financial statements in conformity with GAAP requires that the management to make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and disclosures related to contingent liabilities as of the date of financial statements, examples of such estimate includes future obligation in respect of retirement benefit plans, etc. Differences if any, between the actual results and estimates is recognised in the period in which the results are known.

B. PRINCIPLES OF CONSOLIDATION

The financial statements of the Parent Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and unrealized profits or losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

C. FIXED ASSETS:

Fixed Assets are stated at cost of acquisition and/or construction. They are stated at historical cost less accumulated depreciation.

D. DEPRECIATION:

- i) Depreciation on fixed assets is provided on written down value method at rates and in the manner specified in Schedule XIV to the Companies Act, 1956 read with the relevant circulars issued by the Ministry of company Affairs.
- ii) Depreciation on assets acquired/disposed off during the year is provided on pro-rata basis with reference to the date of addition/disposal.

E. REVENUE RECOGNITION:

- i) The company accounts for its Export Sales, consistently on the basis of date of Bill of Lading. This applies to all export sales made on Cost Insurance and Freight (CIF), Free on Board (FOB), Cost & Freight (C & F), and Cash against delivery of Documents (CADD) basis.
- ii) Income from sale of power is recognized on per Kilo Watt Hour(s).
- iii) Income form trading is recognized on accrual basis.
- iv) Dividend income from Investments is recognized when the company's right to receive payment is established.
- v) Interest income is recognized on the time proportion basis taking into account the amount outstanding and the rate applicable.
- vi) Export benefits under duty entitlement passbook and duty drawback are accounted on accrual basis to the extent considered receivable.

F. INVESTMENTS:

All the securities are held on Long Term basis. 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 permanent in nature.

G. INVENTORIES:

Inventories are valued at lower of cost or net realizable value after providing for obsolescence, if any.

H. FOREIGN CURRENCY TRANSACTIONS:

- i) Initial Recognition: Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction.
- ii) Conversion: At the year-end, monetary items in foreign currencies, other than those covered by forward contracts, are converted into rupee equivalents at the year end exchange rates.
- iii) Exchange Differences: All exchange differences arising on settlement and conversions of foreign currency transactions are included in the Profit and Loss Account.
- iv) Forward Exchange Contracts: In respect of transactions covered by forward exchange contracts, the difference between the forward rate and the exchange rate at the reporting date is recognized as expense.

I. RETIREMENT BENEFITS:

- i) Provident Fund: The Company's contributions towards provident fund are charged to the Profit and Loss Account.
- ii) Gratuity: The Company's contributions towards gratuity are charged to the Profit and Loss Account on the basis of actuarial valuation.
- iii) Leave Encashment: Provision is made for value of unutilized leave due to employees at the end of the year.

J. SEGMENT REPORTING:

Segment accounting policies are in conformity with accounting policies of the company. In addition, following specific accounting policies have been followed for segment reporting:

- i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment.
- ii) Expenses that are directly identifiable with/allocable to segment are considered for determining the segment result.
- iii) Segment assets and liabilities include those directly identifiable with the respective segments.

K. TAXATION:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognized on timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent period in accordance with AS 22- Accounting for Taxes on Income issued by The Institute of Chartered Accountants of India.

L. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

1. Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if
 - i) the company has a present obligation as a result of a past event,
 - ii) a probable outflow of resources is expected to settle the obligation and
 - iii) the amount of the obligation can be reliably estimated.
2. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

3. Contingent Liability is disclosed in case of
 - i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
 - ii) a present obligation arising from past events, when no reliable estimate is possible; and
 - iii) a possible obligation from past events where the probability of outflow of resources is not remote.
4. Contingent assets are neither recognised, nor disclosed.
5. Provisions, Contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

M. IMPAIRMENT OF ASSETS

An assets is treated as impaired when the carrying cost of assets exceed its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identifies by management as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

N. GOODWILL ON CONSOLIDATION

Goodwill comprises the portion of a purchase price for an acquisition that exceeds the Group' share of the identifiable assets, with deductions for liabilities, calculated on the date of acquisition.

Goodwill arising from the acquisition of associate company is included in the value of the holdings in the associate company.

Goodwill is deemed to have an indefinite useful life and is reported at acquisition value with deduction for accumulated impairments. An impairment loss on goodwill is reported in the consolidated profit and loss accounts.

SCHEDULE "R": -

NOTES ON ACCOUNTS

1. Basis of preparation
 - a. The Consolidated Financial Statements (CFS) is prepared in accordance with Accounting standard (AS) 21 "Consolidated Financial Statements" as specified in the Companies (Accounting Standards) Rules, 2006. The CFS comprises the financial statements of Lahoti Overseas Limited (LOL), its subsidiaries, associates. Reference in these notes to LOL, Company, Parent Company, Companies or Group shall mean to include Lahoti Overseas Limited or any of its subsidiaries, associates unless otherwise stated.
 - b. The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group's position. In this respect, the company has disclosed such notes and policies which represent the required disclosure.
2. The list of subsidiaries, associates and joint ventures included in the consolidated financial statements are as under:-

Sr. No.	Name of Company	Country of Incorporation	Relationship	As at March 31, 2011	
				Proportion of ownership interest (%)	Proportion of voting power held (%)
1	G Vardan Limited	India	Subsidiary	100	100
2	Lahoti Spintex Limited	India	Subsidiary	100	100

3. The previous year's figures have been reworked, regrouped, rearranged and reclassified wherever necessary. Amount and other disclosures for the preceding year are included as an integral part of the current year financial statements and are to be read in relation to the amounts and other disclosures relating to the current year.
4. In the opinion of Directors, Current Assets, Loans and Advances have the value at which these are stated in the Balance Sheet, if realized in the ordinary course of business and the provision for all known liabilities is adequate and not in excess of or less than the amount reasonably necessary.

5. Prior Period Items:

(₹ in Lakhs)

	Current Year	Previous Year
Income Tax for earlier year	--	(61.89)
Reversal of Deferred Tax Liability	--	110.93
Expenses related to earlier year		
Net Credit / (Debit)	--	49.04

6. Expenditure in foreign currency:

(₹ in Lakhs)

	Current Year	Previous Year
Foreign Bank Charges	32.78	22.70
Foreign Traveling Expenses	20.31	13.87
Overseas Commission	163.59	92.38
TOTAL	216.68	128.95

7. Auditor's Remuneration:

(₹ in Lakhs)

	Current Year	Previous Year
Audit fees	2.23	1.47
Tax Audit Fees	0.45	0.45
Tax Matters	0.00	0.65
Certification & Consultancy Fees	1.00	0.46
Other Fees	0.00	0.09

8. Earning in Foreign Exchange:

FOB value, including third party export: ₹ 29,442.38/- Lakhs (Previous Year ₹ 24,270.93 Lakhs)

9. Contingent Liabilities:

- i) Contingent Liabilities not provided for in respect of Bills Discounted ₹ NIL (Previous Year ₹ 117.91 Lakhs).
- ii) Claims not acknowledged by the Company relating to cases contested by the Company :

LAHOTI OVERSEAS LIMITED



SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

(₹ in lakhs)

		As at 31-Mar-11	As at 31-Mar-10
(i)	Sales Tax	3.00	Nil
(ii)	Income Tax (Pending before Appellate Authorities in respect of which the Company is in appeal)	375.98	Nil

10. The information as required under Micro, Small and Medium Enterprises Development Act, 2006 was called from relevant parties. In view of no response, no such information is furnished.
11. The Management is of the view of that the fixed assets of the Company are capable of generating adequate returns over their useful lives in the course of business. Therefore the assets are not impaired and do not call for providing any loss.
12. Related Party Disclosure:
- i) The Company has identified following parties for the purpose of Related Party Disclosure:
- a. Related Companies / Firm:
 PSWare Information Private Limited
 Sri Laxmi Exports
 Kirti Stock Brokers (P) Ltd.
 Bauble Investment Pvt. Ltd.
- b. Key Management Personnel:
1. Shri Umesh R. Lahoti - Managing Director
 2. Shri Ujjwal R Lahoti - Executive Director
 3. Shri Aadhitiya Lahoti - Director
- ii) Transactions during the year with related parties:

(₹ in Lakhs)

Nature of Transaction	Lahoti Terra Knitfab Ltd (Associates)		PSWare Information Pvt. Ltd.(Related Company)		Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan and advances Given	-	26.65	0.09	-	-	-
Refund of Loan and advances Given	8.26	181.20	-	-	-	-
Repayment of loan and advances taken	-	-	-	-	-	-
Rent Paid	-	-	-	0.60	-	-
Managerial Remuneration	-	-	-	-	41.70	15.05
Outstanding balances						
<u>Loans and Advances</u>						
Receivable	-	8.26	-	-	-	-
Payable	-	-	0.51	-	-	1.00

LAHOTI OVERSEAS LIMITED



SCHEDULE FORMING PART OF THE CONSOLIDATED ACCOUNTS AS AT MARCH 31, 2011

13. Earning Per Share:

	As At 31 Mar 2011	As At 31 Mar 2010
COMPUTATION OF BASIC EARNING PER SHARE		
1 Net profit available for Equity shareholders (₹ in Lakhs)	630.72	618.485
2 Number equity shares for basic Earning Per Share	2,92,29,293	2,92,29,293
3 Basic Earning Per Share (in ₹)	2.16	2.12
4 Face value per share	₹ 2/-	₹ 2/-

14. Deferred Tax :

The deferred tax liability as at March 31, 2011 comprise of the following:-

(₹ in Lakhs)

Item	Opening Balance DTL / (DTA)	Provision During the Year	Reversal During the year	Net Balance
Depreciation	156.24	64.21	--	220.45
Total	156.24	64.21	--	220.45

SIGNATURES TO THE SCHEDULES "A to "Q"
AND NOTES TO ACCOUNTS "R"

PER OUR REPORT ATTACHED

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

Place: Mumbai
Dated: August 12, 2011

For & On behalf of the Board

Umesh R. Lahoti - Managing Director
Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011



Additional information as required under Part IV of Schedule VI to the Companies Act, 1956

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1) Company's Registration Details		
Registration No.	:	11-87643
State Code	:	11
Balance Sheet Date	:	31-Mar-11
2) Capital Raised During the year (Amounts in ₹ Thousands)		
Public Issue	:	NIL
Preferential Issue	:	NIL
Rights Issue	:	NIL
Bonus Issue	:	NIL
Private Placement	:	NIL
3) Position of Mobilization and Deployment of Funds (Amounts in ₹ Thousands)		
Total Liabilities	:	816,725
Total Assets	:	816,725
Sources of Funds		
Paid up Capital	:	58,459
Reserves & Surplus	:	507,317
Secured Loans	:	228,484
Unsecured Loans	:	422
Deferred Tax Liability	:	22,043
Application of Funds		
Net Fixed Assets	:	127,295
Investments	:	240,316
Net Current Assets	:	449,114
Misc. Expenditure	:	-
Profit and Loss Account	:	-
4) Performance of Company (Amounts in ₹ Thousands)		
Turnover	:	3,099,569
Total Expenditure	:	3,000,564
Profit Before Tax	:	99,004
Profit After Tax	:	63,083
Earnings Per Share in ₹ (Annualized)	:	2.16
Dividend Rate %	:	20%
5) Genericnames of Three Principal Products/Services of the Company (as per Monetary Terms)		
Item Code	:	520300
Product Description	:	Trading in Yarn, Fabric & Raw Cotton
6) Figures of previous year have been regrouped / recast wherever necessary.		

As per our report attached of even date

Pannkaj Ghadiali
Partner
Membership Number: 031745
For and on behalf of
P. C. Ghadiali & Co.
Chartered Accountants
Firm No. 103132W

For & On behalf of the Board

Umesh R. Lahoti - Managing Director

Ujwal R. Lahoti - Executive Director

Place: Mumbai
Dated: August 12, 2011

Place: Mumbai
Dated: August 12, 2011

PROXY

LAHOTI OVERSEAS LIMITED

Registered Office : 307, Arun Chambers, Tardeo Road, Mumbai - 400 034.

Please Fill in Here.

Member's Folio No.....
(as stated on address slip)

I/We.....
.....of.....

being a MEMBER/MEMBER'S LAHOTI OVERSEAS LIMITED hereby appoint

.....of.....
OR
.....of.....

as my/our proxy to vote for me/us on my/our behalf at the 16th Annual General Meeting of the Members of the Company to be held at the 307, Arun Chambers, Tardeo Road, Mumbai - 400 034, on Thursday 29th September, 2011 at 3.00 p.m.

As witness my/our hand this.....day of.....2011

Affix a
1 Rupee
Revenue
Stamp

Signature of the Members.....

N.B.: The PROXY MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE MEETING. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

ATTENDANCE SLIP

LAHOTI OVERSEAS LIMITED

Registered Office : 307, Arun Chambers, Tardeo Road, Mumbai - 400 034.

RECORD OF ATTENDANCE AT THE 16TH ANNUAL GENERAL MEETING HELD ON

THURSDAY, 29TH SEPTEMBER, 2011 AT 3.00 P.M. AT
307, Arun Chambers, Tardeo Road, Mumbai - 400 034.

PLEASE COMPLETE THIS ATTENDANCE SLIP

AND HAND OVER AT THE ENTRANCE OF THE MEETING HALL

NAME OF THE SHARHOLDER OR PROXY OR REPRESENTATIVE
ATTENDING THE MEETING

Mr./Mrs./Miss.....
(in Capitals)

Member's Folio No.....Signature.....

(increase the shares are held in Demat mode);

DP ID.....

Client ID.....

TO BE USED ONLY WHEN THE FIRST - NAMED SHARED HOLDER ATTENDS

PLEASE GIVE NAME OF THE FIRST - NAMED SHARE HOLDER

Mr./Mrs./Miss.....

Member's Folio No.....No. of Shares held.....

DATED 29TH SEPTEMBER 2011



ACHIEVEMENTS

From TEXPROCIL

2009-10	Counts 51 & above	Gold
2009-10	Merchant Exports	Gold
2008-09	Merchant Exports	Gold
2007-08	Merchant Exports	Gold
2006-07	Merchant Exports	Gold
2005-06	Merchant Exports	Gold
2004-05	Merchant Exports	Bronze
2003-04	Merchant Exports	Silver
2002-03	Merchant Exports	Gold
2000-01	Non-quota Exports	Silver
1999-00	Non-quota Exports	Bronze
1998-99	Non-quota Exports	Silver
1997-98	Merchant Exports	Gold
1997-98	Non-quota Exports	Silver
1996-97	Merchant Exports	Bronze
1995-96	Non-quota Exports	Gold

From FIEO

2003-04	Niryatshree	Silver
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From GOVERNMENT OF MAHARASHTRA

Gold Plaque Award for the year 2009-10 in Trading House Category.

The Silver Plaque Awards, consistently for 2 years in 1995 - 96 and 1996 - 97, bestowed for the highest performance in Maharashtra State for exports under the Merchant Exporters category.

