



**LAHOTI**

OVERSEAS LIMITED

AN ISO 9001 : 2008 CERTIFIED COMPANY

**17th ANNUAL REPORT  
2011-2012**



GROWTH IS A WAY OF LIFE

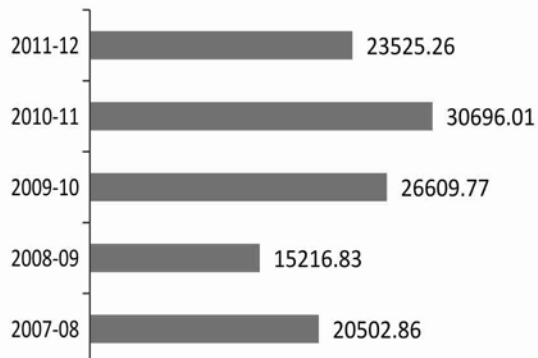


# LAHOTI OVERSEAS LIMITED

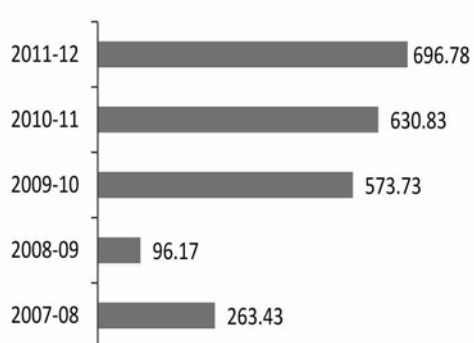


## PERFORMANCE REVIEW

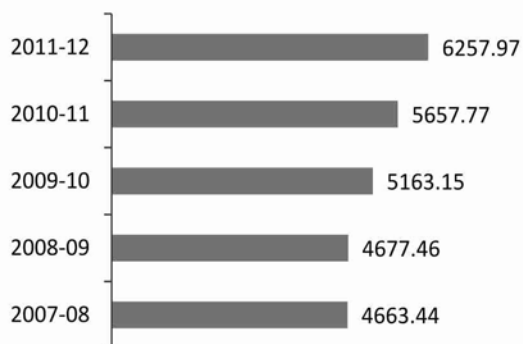
### Gross Income (₹in Lakhs)



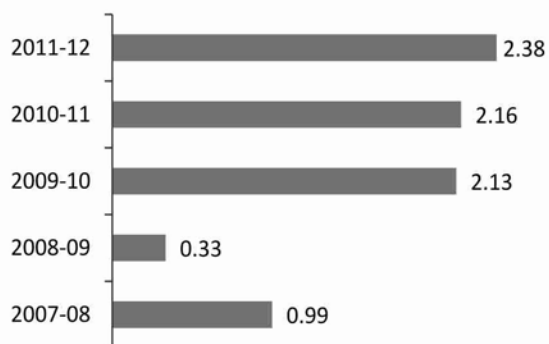
### Profit/(Loss) (₹in Lakhs)



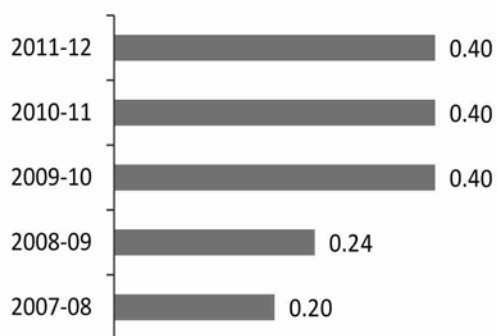
### Networth (₹in Lakhs)



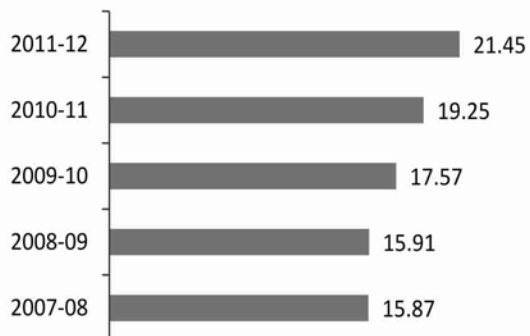
### Earning Per Share (₹)



### Dividend Per Share (₹)



### Book Value Per Share (₹)



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# LAHOTI OVERSEAS LIMITED

## CORPORATE INFORMATION

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### BOARD OF DIRECTORS

Mr. Ujwal R. Lahoti - Chairman  
Mr. Umesh R. Lahoti - Managing Director  
Mr. Aadhiya U. Lahoti - Jt. Executive Director  
Mr. Pradeep R. Rathi  
Mr. Prakash R. Bang  
Mr. Vijay D. Ajgaonkar  
Mr. Prem S. Malik

### COMPLIANCE OFFICER

Mr. Aveline Mendes

### STATUTORY AUDITORS

P. C. Ghadiali & Co.  
Chartered Accountants  
Mumbai

### INTERNAL AUDITORS

Lahoti Navneet & Co.  
Chartered Accountants  
Mumbai

### BANKERS

State Bank of India  
ICICI Bank Limited  
DBS Bank Ltd.  
HSBC Ltd.  
Punjab National Bank  
Citi Bank N.A.

### REGISTERED OFFICE

307, Arun Chambers,  
Tardeo Road, Mumbai - 400 034.  
Tel. No. : 022-40500 100  
Fax No. : 022-40500 150  
Email : investor@lahotioverseas.com  
Website : www.lahotioverseas.in

### REGISTERS & SHARE TRANSFER AGENTS

Sharepro Services (India) Private Limited  
13AB, Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072.  
Tel. No. : 91-22-6772 0300/400  
Fax No. : 91-22-2859 1568 / 2850 8927  
Email : sharepro@shareproservices.com  
Website : www.shareproservices.com

# LAHOTI OVERSEAS LIMITED



## NOTICE

**NOTICE** is hereby given that the Seventeenth Annual General Meeting of the Members of **LAHOTI OVERSEAS LIMITED** will be held on Friday, 28<sup>th</sup> September, 2012 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 businesses:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit & Loss Account for the year ended on that date together with the reports of the Board of Directors & Auditors' thereon.
2. To declare a Dividend on Equity Shares of the Company for the Financial Year ended on 31<sup>st</sup> March, 2012.
3. To appoint a Director in place of Mr. Vijay D. Ajgaonkar, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Prakash R. Bang, who retires by rotation and being eligible offers himself for re-appointment
5. To re-appoint M/s. P.C. Ghadiali & Co., Chartered Accountants, having firm registration No. 103132W, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board to fix their remuneration.

### SPECIAL BUSINESSES

6. To Consider and if thought fit, to pass, with or without modification(s), the Following resolution as an **Ordinary Resolution:**

**“RESOLVED THAT** Mr. Prem Sardarilal Malik, who was appointed as an Additional Director of the Company by the Board of Directors with effect from 28<sup>th</sup> March, 2012 and holds office up to the date of this Annual General Meeting and in respect of whom a notice under Section 257 of the Companies Act, 1956, has been received from a member signifying his intention to propose Mr. Prem Sardarilal Malik as a Candidate for the Office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.”

7. To consider and if thought fit, pass with or without modifications following resolution as a **Special resolution:**

**“RESOLVED THAT** pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, read with Schedule XIII of the said Act, including any statutory modification and re-enactment thereof for the time being in force, approval of the Company be and is hereby accorded to the reappointment of Mr. Aadhitiya Lahoti as Whole time Director designated as Jt. Executive Director of the Company (liable to retire by rotation) for a further period of five years with effect from 1<sup>st</sup> September, 2012 on the terms & conditions and remuneration as set out below:

(A) Salary: ₹ 30,000 per month

**“RESOLVED FURTHER THAT** the Board of Directors be and are hereby authorized to take such steps and do all other acts, deeds and things as may be necessary and desirable to give effect to this Resolution.”

**RESOLVED FURTHER THAT** in the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall pay Mr. Aadhitiya Lahoti, the remuneration by way of salary or any other allowances as specified above and in accordance with the limits specified under the Companies Act, 1956 or such other limits as may be prescribed by the Government from time to time in this regard, as minimum remuneration.”

**By Order of the Board of Directors**

**Umesh Lahoti**  
Managing Director

Place: Mumbai

Date: 29<sup>th</sup> May, 2012



## Notes:

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself/herself and the proxy need not be a member of the Company. The instrument appointing the proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
2. Corporate members intended to send their authorized representatives to attend the meeting are requested to send to the Company a certified copy of Board resolution authorizing their representative to attend and vote on their behalf 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 Meeting.
4. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 24/09/2012 to Friday, 28/09/2012 (both days inclusive).
5. The Shareholders are requested to notify their change of address immediately to the Registrars & Transfer Agent – **Sharepro Services (India) Private Limited** 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 2005, un-encashed /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. Prakash R. Bang and Mr. Vijay D. Ajgaonkar, 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.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

### ITEM NO.6

Mr. Prem Sardarilal Malik was appointed as an Additional Director of the Company by the Board of Directors with effect from 28<sup>th</sup> March, 2012. In terms of the provisions of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956, Mr. Malik holds office up to the date of the forthcoming Annual General Meeting.

Mr. Prem S. Malik, aged 70 Years, appointed as Additional Director on the Board of the Company on 28<sup>th</sup> March, 2012. He has around 45 years of vast experience at the top management level with the textile Companies. He is holding the Current Position in Companies like Bombay Dyeing Manufacturing Co. Limited as

# LAHOTI OVERSEAS LIMITED



Executive Director. He is also serving as Chief Executive Officer (CEO) of Mafatlal Industries Limited. He was the Nominee Director on the Board of Cotton Association of India. Mr. Malik is also holding a Directorship Position in Confederation of Indian Textile Industry. Mr. Malik is currently running a Management Consultancy in textiles and also engaged in Business of textiles.

A notice pursuant to Section 257 of the Companies Act, 1956 has been received from a member, signifying his intention to propose the appointment of Mr. Malik. This may also be treated as an individual notice to the members of his candidature, pursuant to Section 257 (1A) of the Companies Act, 1956.

Your Directors Recommend the resolution set out in the notice for your approval.

None of the Directors other than Mr. Malik are in any way, concerned or interested in the resolution.

## ITEM NO. 7

Mr. Aadhitiya Lahoti, 28 years, is B.Com & FMBA joined the Company in 2005 as Export Executive and now is looking after the Marketing in USA & European markets and also business development. His knowledge about modern business environment and management system will help the Company. Mr. Aadhitiya Lahoti is a part of core team that drives the growth and performance of Lahoti Overseas Limited. He envisioned new business platforms and is dedicated to building the innovation side of the business. He nurtured new lines of business, helped to build a high-talent organization, and was instrumental in introducing best-in-class practices in corporate governance.

Mr. Aadhitiya Lahoti was re-appointed as Whole-time Director designated as Jt. Executive Director of the Company at the 12<sup>th</sup> Annual General Meeting of the members of the Company held on 28<sup>th</sup> September 2007, for a period of five years ending 31<sup>st</sup> August, 2012. As part of the initiative to create enduring guidance for the Company, the Board of Directors of the Company, at their meeting held on 10<sup>th</sup> August, 2012, had approved the re-appointment of Mr. Aadhitiya Lahoti as Whole-time Director designated as Jt. Executive Director of the Company for a further period of five years commencing 1<sup>st</sup> September, 2012 on the terms and conditions and

remuneration as set out in resolution no. 7 of the accompanying notice.

Mr. Aadhitiya Lahoti holds 3,40,500 equity shares in the Company

The approval of shareholders in Annual General Meeting is required for this appointment. Your Directors recommend the resolution set forth in Item No. 7 for approval of the members.

None of the Directors other than Mr. Umesh Lahoti and Mr. Ujwal Lahoti are deemed to be concerned interested in the above resolution.

## By Order of the Board of Directors

**Umesh Lahoti**  
Managing Director

Place: Mumbai  
Date: 29<sup>th</sup> May, 2012

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





## DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited statements of Accounts of the Company for the year ended 31<sup>st</sup> March 2012.

### FINANCIAL HIGHLIGHTS:

The financial performance of the Company, for the year ended March 31, 2012 is summarised below:

(₹ In Lacs)

Particulars	For the Financial Year Ended	
	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
<b>Gross Income</b>	<b>23525.26</b>	30995.69
Gross Profit before, Depreciation and Tax	<b>1144.03</b>	1194.09
Less: Depreciation	<b>197.39</b>	204.05
<b>Profit Before Tax</b>	<b>946.64</b>	990.04
Provision for Tax		
Current Tax	<b>261.50</b>	295.00
Deferred Tax	<b>(11.64)</b>	64.21
Profit after Tax before period items	<b>696.78</b>	630.83
Prior period adjustment	----	----
<u>Add:</u> Excess Provision written Back	<b>38.80</b>	(0.61)
Balance b/f from previous year	<b>3666.57</b>	3219.47
<b>Amount available for appropriation</b>	<b>4402.15</b>	3850.30
<u>Less:</u> Proposed Dividend	<b>116.69</b>	117.53
Corporate Dividend Tax	<b>18.93</b>	19.52
Transferred to General Reserves	<b>52.26</b>	47.32
<u>Add:</u> Excess provision for Dividend	----	(0.61)
Balance carried to Balance Sheet	<b>4214.28</b>	3666.55

## 1. RESULTS OF OPERATIONS

During the year, your Company has recorded a total income of ₹ 23,525.26 Lacs, against ₹ 30,696.01 Lacs in the previous year, with the decrease of 23.36% due to change in the government policies in Cotton export and recession in European countries. Accordingly Net Profit before Taxation for the financial year ended March, 31, 2012 had also been decreased to ₹ 946.64 Lacs from ₹ 990.03 Lacs which is decreased of 22.28% in the previous year. However, the Profit After Tax increased from ₹ 630.93 Lacs to ₹ 696.78 Lacs an increase of 10.45%.

## 2. DIVIDEND

Your Directors have recommended a Dividend @20% (i.e. ₹ 0.40) per Equity Share on 2,91,17,500 Equity Shares of ₹ 2/- each absorbing an amount of ₹ 1,16,68,600. The dividend will be paid to those members whose name appears in the Register of Members as on September 28, 2012; subject to the approval by the members at the Annual General Meeting.

## 3. FORFEITURE OF PARTLY PAID-UP SHARES

During the year, your Company has forfeited 2,11,000 partly paid-up equity shares on account of non-payment of Call money of ₹ 1.45 per share after completion of necessary formalities in accordance with Article of Association of the Company. The said forfeiture of Equity Shares was approved by the BSE Limited vide their letter dated 26<sup>th</sup> April, 2012.

## 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

As required under Clause 49 of the Listing Agreement with the Stock Exchange, the Management Discussion and Analysis of the financial condition and results of consolidated operations of the Company under review, is annexed and forms an integral part of the Directors' Report.

## 5. SUBSIDIARY COMPANIES

The Company as of March 31, 2012 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 of the listing agreement. 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 sub-section (1) 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 Board Department of the Company in this regard.

The Annual Accounts of the subsidiary companies will also be kept open for inspection at the Registered Office of the Company and that of the respective subsidiary companies.

## 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

Pursuant to the Provisions of Section 260 of the Companies Act, 1956, the Articles of Association of the Company and other applicable provisions, in order to strengthen the Board, the Company appointed Mr. Prem Sardarilal Malik as the Additional Directors with effect from 28<sup>th</sup> March, 2012 and pursuant to the Clause 49 of the Listing Agreement with the Stock Exchanges they are the Non-Executive Independent Directors.

Pursuant to Section 260 of the Companies Act, 1956, Mr. Prem Sardarilal Malik hold office as Director upto the date of the ensuing Annual General Meeting but are eligible to be appointed as Directors. Approval of Members for their re-appointment is being sought at the ensuing Annual General Meeting.

Brief Resume of Mr. Prem Sardarilal Malik, nature of their expertise in specific functional area and the names of companies in which he hold directorship and/or membership/chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement entered into with the Stock Exchanges, are annexed and form part of this Report. (Annexure 1)

In accordance with Section 255 and 256 of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Vijay D. Ajgaonkar and Mr. Prakash R. Bang, Non-Executive Independent Director, retire by rotation and are being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 274(1)(g) of the Companies Act, 1956.

## 9. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts for the year ended March 31 2012, the applicable Accounting Standards read with the requirements set out under Schedule VI of the Companies Act, 1956 have been followed and there are no material departures from the same, if any;
- b. 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, 2012 and of the Profit of the Company for the year ended on that date;
- c. 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



- d. the Directors had prepared the annual accounts of the Company on a 'going concern' basis.

## 10. AUDITORS AND AUDITORS' REPORT

M/s. P. C. Ghadiali & Co., Chartered Accountants, Statutory 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 reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for reappointment 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 BSE Limited and Madhya Pradesh Stock Exchange Limited (MPSE) and the Company has paid Listing Fees to the above Stock Exchanges for the year 2012-13.

## 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 ₹ 21,673.86 Lacs and incurred the Foreign Exchange outgo of ₹ 156.40 Lacs.

## 14. CORPORATE GOVERNANCE

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by SEBI. The Company has implemented several best corporate governance practices as prevalent globally.

The Report on Corporate Governance, as stipulated under Clause 49 of the Listing Agreement, forms the part of Annual Report.

The requisite Certificate from the Auditors of the Company 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 appreciation for assistance and co-operation received from financial institutions, Banks, Government authorities, customers, vendors and members during the year under review.

Your Directors also wish to place on record their deep sense of appreciation for the committed services by the executives, officers and staff of the Company during the year.

### For and on behalf of the Board of Directors

**Ujwal R. Lahoti**  
Chairman

**Umesh R. Lahoti**  
Managing Director

Place: Mumbai

Date: May 29, 2012



## CORPORATE GOVERNANCE

**In accordance with Clause 49 of the Listing Agreement with the Stock Exchanges in India (Clause 49) and some of the best practices followed internationally on Corporate Governance System and processes at Lahoti Overseas Limited is as follows:**

### 1. CORPORATE 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:**

The Company's policy is to maintain optimum as of March 31, 2012, the Board consisted of Seven Members. The Composition and the category of Directors on the

# LAHOTI OVERSEAS LIMITED



Board of the Company as at March 31, 2012 were as under:

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

## Remuneration of Directors:

Table gives the details of Remuneration paid to Directors during 2011-2012:

Name of Directors	Sitting Fees (in ₹)	Salaries & Perquisites (in ₹)	Total (in ₹)
Mr. Ujwal R. Lahoti	NIL	24,00,000.00	24,00,000.00
Mr. Umesh R Lahoti	NIL	21,60,000.00	21,60,000.00
Mr. Aadhitiya U. Lahoti	NIL	3,60,000.0	3,60,000.00
Mr. Pradeep Rathi	NIL	NIL	NIL
Mr. Prakash Bang	14,000.00	NIL	14,000.00
Mr. Vijay Ajgaonkar	18,500.00	NIL	18,500.00

### Note:

- None of the Directors received any loans or advances from the Company during the year.

## 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 Financial Year 2011-2012, Five Board Meetings were held. These were on 13<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 10<sup>th</sup> November, 2011, 14<sup>th</sup> February, 2012 & 28<sup>th</sup> March, 2012.

## Director's Attendance Record and Directorships

Attendance at Board Meeting held during 2011-12 and at the last AGM, number of Directorships, Memberships / Chairmanships in Public Companies during 2011-12.

Name of Directors	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. Ujwal R. Lahoti	Chairman, Non Independent	5	Yes	6	Nil
Mr. Umesh R. Lahoti	Managing Director, Executive & Non Independent	5	Yes	8	2
Mr. Aadhitiya U. Lahoti	Executive, Non Independent	5	Yes	1	Nil
Mr. Prakash Bang	Non-Executive, Independent	5	Yes	4	1
Mr. Vijay Ajgaonkar	Non-Executive, Independent	5	Yes	8	4
Mr. Pradeep Rathi	Non-Executive, Independent	Nil	No	12	7
Mr. Prem S. Malik	Non-Executive, Independent	Nil	No	6	3

- 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 exclude Directorship in Foreign Company, Alternate Directorships, Companies registered under Section 25 of the Companies Act, 1956 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.



## 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. Vijay D. Ajgaonkar**, 68 years, is a Master of Commerce and C A.I.I.B by qualification. He is a financial consultant by profession. He is a financial consultant by profession. Earlier, Mr. Ajgaonkar worked with State Bank of India for about 21 years. During the last four years of career with SBI, he was on deputation with SBI Capital Markets Limited. After pre-matured retirement from the Bank, he joined Time Guaranty Financial Limited as a head of its Merchant Banking Division. With Experience in the Banking, Investment Banking and Finance, he currently works as a free lancer. His experience and

knowledge in the field of finance has been a guiding force to Company in the critical banking and other financial matter.

- ii. **Mr. Prakash R. Bang**, 55 years, is MBA with specialization in Marketing and is a successful Professional having 40 years of experience in activities of Advertising, Marketing and Internet Solution and Multimedia application. He is a Non-Executive Director of the Company. The knowledge & experience of Mr. Prakash Bang would be of immense benefit to the progress & growth of the Company. He serves on the Boards of various Public/Private Limited Companies.

## 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;
  1. Matters required to be included in the Directors Responsibility Statement included in the report of the Board of Directors;





2. Any changes in accounting policies and practices;
  3. Major accounting entries based on exercise of judgment by management;
  4. Qualifications in draft statutory audit report;
  5. Significant adjustments arising out of audit;
  6. Compliance with listing and other legal requirements concerning financial statements;
  7. 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:
- a. To investigate any activity within its terms of reference.
  - b. To seek any information from any employee.

- c. To obtain outside legal and professional advice.
- d. 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 2011-12

Audit Committee met 4 times during the year 2011-12 and the attendance record is as per the table given below:

Name of Directors	Number of meetings held	Meetings attended
Mr. Pradeep Rathi	4	Nil
Mr. Prakash Bang	4	4
Mr. Vijay D. Ajgaonkar	4	4

The Audit Committee held its meetings on 13<sup>th</sup> May, 2011, 12<sup>th</sup> August, 2011, 10<sup>th</sup> November, 2011, 14<sup>th</sup> February, 2012.

## 6. SHAREHOLDERS' / INVESTOR'S GRIEVANCES COMMITTEE

The Shareholder's/Investor's Grievances Committee held its meetings on 10<sup>th</sup> November, 2011 & 14<sup>th</sup> February, 2012.

## 7. DISCLOSURES

### 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 has 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, 2012.

## **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 is 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 in which security of the Company is listed and are published in the English Newspapers namely, Free Press Journal. In addition, the same are published in local language (Marathi) newspapers namely Navshakti within 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 years	Dates	Time	Venues
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.
2010-2011	29/09/2011	3.00 p.m.	307, Arun Chambers, Tardeo Road, Tardeo, Mumbai – 400 034.

### b. Details of the Special Resolutions passed in the previous three AGMs

1. At the AGM held on 29<sup>th</sup> September, 2009 – Re-appointment of Mr. Ujwal Lahoti as an Executive Director for a period of 5 years from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2014.
2. At the AGM held on 29<sup>th</sup> September, 2010 -
  - i. Re-appointment of Mr. Umesh Lahoti as a Managing Director for the period of 5 (Five) Years from 11<sup>th</sup> September, 2010 to 10<sup>th</sup> September, 2015 to avail his expertise services in the Area of Business Management and Business Development.

### c. Additional Shareholder Information

#### Annual General Meeting

**Date & Time** : 28<sup>th</sup> September, 2012 at 3.00 p.m.

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

**Financial year** : April to March

**Book Closure Date** : Monday, 24<sup>th</sup> September, 2012 to Friday, 28<sup>th</sup> September, 2012 (both days inclusive) for the purpose of Annual General Meeting and Dividend.

# LAHOTI OVERSEAS LIMITED



## Listed on Stock Exchanges :

1. BSE Limited, P. J. Tower, Dalal Street, Fort, Mumbai – 400 001.
2. Madhya Pradesh Stock Exchange Ltd. (MPSE) 201, “Palika Plaza”, Phase – II, M.T.H. Compound, Indore – 452 001, Madhya Pradesh.

**Stock Code/Symbol :** BSE: 531842/LAHOTIOV  
: MPSE : N.A.

## Financial Calendar 2011-12 (Tentative):

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

## STOCK DATA

Table below gives the monthly high and low prices and volumes of Lahoti Overseas Limited equity shares at BSE Limited, for the year 2011-2012:

Months	High	Low	No. of Shares traded
April – 2011	8.39	6.84	79737
May – 2011	7.79	6.71	55349
June – 2011	8.30	6.29	46947
July – 2011	7.45	6.01	38107
August – 2011	7.11	5.62	76931
September – 2011	6.99	5.81	72774
October – 2011	6.60	5.52	50331
November – 2011	6.38	5.16	78858
December – 2011	6.79	5.00	59062
January – 2012	6.90	5.22	36464
February – 2012	6.59	5.71	65189
March – 2012	7.35	5.81	67402

## 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 31<sup>st</sup> March, 2012.

Category	No. of shares held	Shareholding %
Promoters	15133925	51.88
Bodies Corporate (Group Cos.)	2317500	7.94
Other Bodies Corporate	5961821	20.44
NRI’s	690294	2.37
Banks/Financial Institutions	-	-
Indian Public	5067960	17.37
<b>TOTAL</b>	<b>2,91,71,500</b>	<b>100.00</b>

### b. Pattern of shareholding by share class as on 31<sup>st</sup> March, 2012.

Sr. No.	Category	Share Holders		Share Amount	
		Number	% to Total	(In ₹)	% to Total
	(1)	(2)	(3)	(4)	(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%

# LAHOTI OVERSEAS LIMITED



## DEMATERIALISATION

The Company's equity shares are under compulsory Demat trading. The ISIN of the Scrip is INE515C01023. As on 31<sup>st</sup> March, 2012, Dematerialized shares accounted for 98.21% 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 (INDIA) PRIVATE LIMITED**

Samhita Complex, Gala No-52 to 56, Bldg No. 13 A-B, Near Sakinaka Telephone Exchange Andheri-Kurla Road, Sakinaka, Mumbai-400 072.

Tel. No. 022-67720300/67720400

Fax No 022-28591568

E-mail: indira@shareproservices.com

Website: www.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.

## CORRESPONDENCE ADDRESS FOR INVESTORS

**Secretarial Department,**

**Lahoti Overseas Limited**

307, Arun Chambers, Tardeo Road, Mumbai – 400 034.

Tel.: 022-4050 0100 Fax No. 022-4050 0150

E-mail: investor@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-400 072.

Tel.-022-6772 0300/6772 0400 Fax No 022-2859 1568,

E-mail: indira@shareproservices.com

**Contact Person: Ms. Indira Karkera**

## 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, 2012, 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.

**For and on behalf of**

**P. C. Ghadiali & Co.**

**Chartered Accountants**

Firm No. 103132W

**Pannkaj Ghadiali**

Partner

Membership Number: 031745

Place: Mumbai

Dated: 29 May, 2012



## 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 Up gradation 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, Mediterranean, European, North and South American markets. 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 "Bronze Trophy" in Merchant Exporters category from TEXPROCIL for the year 2010-2011. Besides above, your Company has received Business World International Business Award for Category – "Best Export House" for excellent performance in exports.

### B) OPPORTUNITIES AND THREATS

The market for cotton yarns both domestically and internationally has been pretty volatile within F.Y. 2011-12. The prices of raw cotton has been volatile and besides the good crop of cotton, the prices of raw cotton did not decline in proportion. The overall weak sentiments in world market and especially the American and European markets has affected the growths for the cotton textiles exports. European demands in particular were seen on much lesser side. The high inflation and higher rate of interest have affected the cost of production besides huge power shortage faced by the spinning mills in Tamilnadu has taken a big toll on the cotton textile industry. The problems of the industry were increased due to volatile raw cotton prices and lesser demands from export and domestic markets.

### 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 Upgradation. 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 good times likely to come for the Indian Textile Industry and will do all out efforts to secure the bigger share of the increasing market in future.

The Company has taken proactive steps by opening Liaison office in Bangladesh which is emerging to be one of the big markets for Cotton Textiles. This will help the Company establish closer ties with the buyers and improve its services in this upcoming and potential market. Further the Company has given emphasis on better services and closer interaction with the buyers which has resulted in good growth in the overall profitability of the Company. The Company expects much better sales and profits for the F.Y. – 2012-13.

### 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 use 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

During the year, your Company has recorded a total income of ₹ 23,525.26 Lac, against ₹ 30,696.01 Lacs in the previous year, with the decrease of 23.36%. Net Profit before Taxation for the financial year ended March, 31, 2012 decreased to ₹ 946.64 Lac from ₹ 990.03 Lacs which is decreased of 22.28% in the previous year.



# LAHOTI OVERSEAS LIMITED



However, the Profit After Tax increased from ₹ 630.93 Lacs to ₹ 696.78 Lacs an increase of 10.45%.

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

Particulars	2011-2012 (₹ In Lacs)	2010-2011 (₹ In Lacs)
<b>Cash and Cash Equivalents -</b>		
Beginning of the year	93.24	141.39
End of the year	396.67	93.24
<b>Net Cash provided (used) by -</b>		
Operating activities	689.12	2129.13
Investment activities	662.91	(1530.09)
Financial activities	(1048.59)	(647.19)

The net cash outflow from the operating activities at ₹ 689.12 Lacs as compared to ₹ 2129.13 Lacs. However, the cash provided in investment activity stands at ₹ 662.91 Lacs as compared to cash used ₹ (1530.09) Lacs. The Cash inflow from financial activities at ₹ (647.19) Lacs as compared to ₹ 2175.91 Lacs. 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 2011-12.

## 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: May 29, 2012

**Umesh R. Lahoti**  
Managing Director

Place: Mumbai  
Date: May 29, 2012

**Umesh R. Lahoti**  
Managing Director





## ANNEXURE I

### Mr. Prem Sardarilal Malik

Mr. Prem S. Malik, aged 70 Years, appointed as Additional Director on the Board of the Company on 28<sup>th</sup> March, 2012. He has around 45 years of vast experience at the top management level with the textile Companies. He is holding the Current Position in Companies like Bombay Dyeing Manufacturing Co. Limited as Executive Director. He is also serving as Chief Executive Officer (CEO) of Mafatlal Industries Limited. He was the Nominee Director on the Board of Cotton Association of India. Mr. Malik is also holding a Directorship Position in Confederation of Indian Textile Industry. Mr. Malik is currently running a Management Consultancy in textiles and also engaged in Business of textiles.

He has been associated with various Companies as a Committee Members / Chairman. The Details are which are given below:

Sr. No.	Name of the Companies	Committee Positions held	
		Chairman	Member
1.	Spentex Industries Limited	--	✓ * ^
2.	GTN Textiles Limited	--	✓ *
3.	Gyscoal Alloys Limited	--	--
4.	Indo Count Industries Limited	--	--
5.	Four Seasons Residency Limited	--	--
6.	Patspin India Limited	--	--

\* Indicates Membership / Chairmanship of Audit Committee and ^ indicates Membership / Chairmanship of Remuneration Committee.

Mr. Malik does not hold any shares in the Company.

### 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 investor@lahotioverseas.com**



## 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, 2012, 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, 2012 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, 2012;
  - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
  - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For and on behalf of  
**P. C. Ghadiali & Co.**  
Chartered Accountants  
Firm No. 103132W

**Pannkaj Ghadiali**  
Partner  
Membership Number: 031745

Place: Mumbai  
Dated: May 29, 2012



## 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, 2012]

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) The Company has taken unsecured loan from its subsidiary viz. Lahoti Spintex Limited amounting to ₹ 4.22 lacs.
- (c) No interest is payable on the above loan taken.
- (d) In respect of the aforesaid loan, there is no stipulation in respect of repayment of principal or interest.
4. 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 Lacs 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, 2012 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, 2012 which have not been deposited on account of a dispute, are as follows -

Name of the statutes	Nature of dues	Amount involved ( ₹ in Lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Demand as per Order of CIT(A)	43.66	A.Y. 2002-03	ITAT
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.	41.60	A.Y. 2009-10	CIT (Appeal)

10. The Company has no accumulated losses as at March 31, 2012 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.

For and on behalf of  
**P. C. Ghadiali & Co.**  
 Chartered Accountants  
 Firm No. 103132W

**Pannkaj Ghadiali**  
 Partner  
 Membership Number: 031745

Place: Mumbai  
 Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED



## Balance Sheet as on 31<sup>st</sup> March, 2012

(₹ in lakhs)			
Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	584.59	584.59
(b) Reserves and surplus	2	5,673.39	5,073.19
		<u>6,257.97</u>	<u>5,657.77</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	4.22	304.22
(b) Deferred tax liabilities (net)	4	208.80	220.43
(c) Other long-term liabilities	5	55.18	68.40
(d) Long-term provisions	6	11.23	9.20
		<u>279.43</u>	<u>602.26</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	1,463.56	1,779.11
(b) Trade payables	8	154.53	261.93
(c) Other current liabilities	9	536.49	330.22
(d) Short-term provisions	10	143.78	144.33
		<u>2,298.35</u>	<u>2,515.59</u>
<b>TOTAL</b>		<u><b>8,835.76</b></u>	<u><b>8,775.61</b></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11	1,118.42	1,272.97
(b) Non-current investments	12	1,088.37	1,033.15
(c) Long-term loans and advances	13	516.39	272.83
		<u>2,723.18</u>	<u>2,578.95</u>
<b>2 Current assets</b>			
(a) Current investments	14	733.99	1,370.01
(b) Inventories	15	928.84	684.94
(c) Trade receivables	16	2,798.77	2,903.72
(d) Cash and cash equivalents	17	396.67	93.24
(e) Short-term loans and advances	18	777.00	1,017.84
(f) Other current assets	19	477.31	126.91
		<u>6,112.58</u>	<u>6,196.66</u>
<b>TOTAL</b>		<u><b>8,835.76</b></u>	<u><b>8,775.61</b></u>

See accompanying notes forming part of the financial statements

Per our report attached of even date

**For and on behalf of**

**P. C. Ghadiali & Co.**

Chartered Accountants

Firm No. 103132W

**Pannkaj Ghadiali**

Partner

Membership Number: 031745

Place: Mumbai

Dated: May 29, 2012

**For and on behalf of the Board of Directors**

**Ujwal R. Lahoti**

Chairman

**Umesh R. Lahoti**

Managing Director

Place: Mumbai

Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED



## Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

(₹ in lakhs)			
Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
<b>1 Income</b>			
(a) Revenue from operations (gross)	20	23,355.44	30,845.97
(b) Other income	21	<u>169.82</u>	<u>(149.97)</u>
<b>Total revenue</b>		<u><b>23,525.26</b></u>	<u><b>30,696.01</b></u>
<b>2 Expenses</b>			
(a) Cost of materials consumed			
(b) Purchases of stock-in-trade	22.a	20,811.47	27,479.73
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22.b	(243.89)	206.70
(d) Employee benefits expense	23	90.08	75.62
(e) Finance costs	24	165.01	219.38
(f) Depreciation and amortisation expense		197.39	204.05
(g) Other expenses	25	<u>1,558.56</u>	<u>1,520.48</u>
<b>Total expenses</b>		<u><b>22,578.62</b></u>	<u><b>29,705.96</b></u>
<b>3 Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>946.64</b>	990.04
<b>4 Exceptional items</b>		-	-
<b>5 Profit / (Loss) before extraordinary items and tax</b>		<b>946.64</b>	990.04
<b>6 Extraordinary items</b>		-	-
<b>7 Profit / (Loss) before tax</b>		<b>946.64</b>	990.04
<b>8 Tax expense:</b>			
(a) Current tax expense for current year		261.50	295.00
(b) Deferred tax		<u>(11.64)</u>	<u>64.21</u>
		<b>249.86</b>	359.21
<b>9 Profit / (Loss) for the year</b>		<u><b>696.78</b></u>	<u><b>630.83</b></u>
<b>10 Earnings per share (of ₹ 2/- each):</b>			
(a) Basic		2.38	2.16
(b) Diluted		-	-

See accompanying notes forming part of the financial statements

Per our report attached of even date

**For and on behalf of**  
**P. C. Ghadiali & Co.**

Chartered Accountants  
Firm No. 103132W

**Pannkaj Ghadiali**  
Partner

Membership Number: 031745

Place: Mumbai

Dated: May 29, 2012

**For and on behalf of the Board of Directors**

**Ujwal R. Lahoti**  
Chairman

**Umesh R. Lahoti**  
Managing Director

Place: Mumbai

Dated: May 29, 2012



# LAHOTI OVERSEAS LIMITED



## Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012

(₹ In Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and prior period items	946.64	990.04
Add/Less: Interest (Net)	91.10	123.09
Depreciation	197.39	204.05
Loss on Sale / Redemption of Investments	0.62	194.41
Profit on sale of Fixed Asset	-	(1.93)
Profit on Sale / Redemption of Investments	(93.94)	(9.91)
Rent Received	(7.06)	(3.96)
Dividend Received	(24.58)	(17.46)
Rounding Off	0.00	-
	163.54	488.29
<i>Operating profit before working Capital</i>	1,110.17	1,478.33
(Increase)/Decrease in Inventories	(243.89)	206.69
(Increase)/Decrease in Trade & Other Receivable	(99.49)	1,153.46
Increase/(Decrease) Current Liabilities & Provision	294.30	(351.47)
	(49.08)	1,008.69
<i>Cash Generated from Operations</i>	1,061.10	2,487.02
Tax paid	(371.98)	(357.89)
<i>Cash Flow Before Extraordinary Items</i>	689.12	2,129.13
Extra ordinary Items / Adjustments (Prior Period Item)	-	-
<i>Cash Flow After Extraordinary Items</i>	689.12	2,129.13
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(42.84)	(97.31)
Purchase of Investment	(571.22)	(3,359.25)
Sale of Fixed Asset	-	3.75
Sale of Investment	1,245.34	1,899.29
Interest Received	-	2.01
Dividend Received	24.58	17.46
Rent Received	7.06	3.96
	662.91	(1,530.09)
<i>Net Cash Used for Investing Activities</i>		
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(136.44)	(136.89)
Interest paid	(91.10)	(125.10)
Calls in Arrear (Premium) adjusted against Dividend	-	0.23
Calls in Arrear (Premium) adjusted against forfeiture	0.23	-
Increase/(Decrease) In Unsecured Loans	-	(100.00)
Increase/(Decrease) In Secured Loans	(821.29)	(285.43)
	(1,048.59)	(647.19)
<i>Net cash From Financing Activities</i>		
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	303.44	(48.15)
<b>Cash and Cash Equivalents (OPENING BALANCE)</b>	93.24	141.39
<b>Cash and Cash Equivalents (CLOSING BALANCE)</b>	396.67	93.24
	303.44	(48.15)

Note: 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 balance 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.

**For and on behalf of**  
**P. C. Ghadiali & Co.**

Chartered Accountants  
Firm No. 103132W

**Pannkaj Ghadiali**  
Partner

Membership Number: 031745

Place: Mumbai

Dated: May 29, 2012

**For and on behalf of the Board of Directors**

**Ujwal R.Lahoti**  
Chairman

**Umesh R.Lahoti**  
Managing Director

Place: Mumbai

Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED

## Notes forming part of the financial statements



### 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/transfer value. 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.

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

- 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:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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. FORWARD EXCHANGE CONTRACTS

In respect of forward exchange contracts, premium paid, gains/losses on settlement and losses on restatement are recognized in the profit and Loss account.

### 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 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.

### M. IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

### 1. Share capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
(a) Authorised Equity shares of ₹ 2 each with voting rights	30,000,000	600.00	30,000,000	600.00
(b) Issued Equity shares of ₹ 2 each with voting rights	29,382,500	587.65	29,382,500	587.65
(c) Subscribed and fully paid up Equity shares of ₹ 2 each with voting rights	29,171,500	584.59	29,382,500	584.59
<b>Total</b>	<b>29,171,500</b>	<b>584.59</b>	<b>29,382,500</b>	<b>584.59</b>

#### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
Equity shares with voting rights Opening Balance	29,382,500	58,458,586	29,382,500	58,458,586
Less : Shares Forfeited	(211,000)	-	-	-
Closing Balance	29,171,500	58,458,586	29,382,500	58,458,586

#### (ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Ujwal R Lahoti	3,823,000	13.11	3,823,000	13.01
Umesh R Lahoti	4,484,000	15.37	4,484,000	15.26
Jayashri U Lahoti	2,375,500	8.14	2,375,500	8.08
Manjushri Umesh Lahoti	1,934,500	6.63	1,934,500	6.58
Rukmini R Lahoti	1,522,000	5.22	1,522,000	5.18
Kirti Stock Brokers Private Limited	1,610,000	5.52	1,610,000	5.48
Billion Way Garment Limited	4,250,000	14.57	4,250,000	14.46

#### (iii) Details of calls unpaid

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
Equity shares with voting rights				
Aggregate of calls unpaid by others	-	-	211,000	306,414

#### (iv) Details of forfeited shares

Class of shares	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	Amount originally paid up ₹	Number of shares	Amount originally paid up ₹
Equity shares with voting rights	211,000	115,586	-	-

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>2. Reserves and surplus</b>		
(a) Securities premium account		
Opening balance	916.48	916.48
Less : Calls in arrears on 2,11,000 shares forfeited	(1.95)	
Less : Calls in arrears		(2.18)
Closing balance (a)	914.53	914.29
(b) General reserve		
Opening balance	492.33	445.01
Add: Transferred from surplus in Statement of Profit and Loss	52.26	47.32
Closing balance (b)	544.59	492.33
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	3,666.57	3,219.49
Add: Profit / (Loss) for the year	696.78	630.83
Excess Provision for Dividend written back	0.61	0.61
Excess Provision for Income Tax for earlier years written back	38.19	
Less: Dividends proposed to be distributed to equity shareholders (₹ 2 per share)	(116.69)	(117.53)
Tax on dividend	(18.93)	(19.52)
Transferred to General reserve	(52.26)	(47.32)
Closing balance (c)	4,214.28	3,666.57
<b>Total (a+b+c)</b>	<b>5,673.39</b>	<b>5,073.19</b>
<b>3. Long-term borrowings</b>		
(a) Term loans		
From banks - Secured [Note (i)]	-	300.00
(b) Loans and advances from related parties		
Unsecured	4.22	4.22
<b>Total</b>	<b>4.22</b>	<b>304.22</b>

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:

a) Terms of Repayment :		(₹ in lakhs)	(₹ in lakhs)
Particular	No. of quarter	Installment	Total Repayment
2010-11	2	50	100
2011-12	4	50	200
2012-13	4	75	300
Total	10		600

b) Particulars of Security :

- Primary: First hypothecation/Mortgage charge on two wind power machine at distt.Nandurbar, Maharashtra created out of banks finance
- Collateral: Hypothecation/mortgage charge on Company's existing windmill located at Village Salampalayam, erode, Tamil Nadu Of the above, Installment of Year 2011-12 has been considered as current maturities of long term debts and re-grouped accordingly under Other Current Liabilities in F.Y 2010-11. As entire amount of term loan has been repaid in the F.Y 2011-12, no amount stands outstanding either as current maturities or as long term liability.

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>4. Deferred Tax Liabilities (net)</b>		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	214.35	225.27
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for gratuity, leave salary and bonus	(5.56)	(4.83)
Net deferred tax liability / (asset) <b>Total</b>	<b>208.80</b>	<b>220.43</b>
<b>5. Other long-term liabilities</b>		
<u>Others:</u>		
(i) Payables on purchase of fixed assets	52.38	66.40
(ii) Trade / security deposits received	2.80	2.00
<b>Total</b>	<b>55.18</b>	<b>68.40</b>
<b>6. Other long-term Provisions</b>		
<u>Provision for employee benefits:</u>		
(i) Provision for gratuity (net)	11.23	9.20
<b>Total</b>	<b>11.23</b>	<b>9.20</b>
<b>7. Short-term borrowings</b>		
<u>Working capital Loans</u>		
From banks - Secured [Note(i)]	1,463.56	1,779.11
<b>Total</b>	<b>1,463.56</b>	<b>1,779.11</b>
(i) Break-up of secured short-term borrowings:		
(i) State Bank of India (P.C.F.C)	272.01	-
(ii) HSBC Bank Ltd (P.C.F.C)	1,191.30	1,133.81
(iii) State Bank of India (Packing Credit)	0.25	1.21
(iv) CITI Bank (PCFC)	-	205.62
(v) DBS (P.C.F.C)	-	119.31
(vi) Kotak Bank (P.C.F.C)	-	319.16
	<b>1,463.56</b>	<b>1,779.11</b>

The above loans are secured against Hypothecation of Stock and Book Debts of the Company



# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>8. Trade Payables</b>		
(a) Acceptances	154.53	261.93
(b) Other Than Acceptances	-	-
<b>Total</b>	<b>154.53</b>	<b>261.93</b>

Trade Payables consists of amounts due to creditors for goods and Services and creditors for Expenses

### 9. Other current liabilities

(a) Current maturities of long-term debt	-	200.00
(b) Interest accrued and due on borrowings	-	5.73
(c) Income received in advance (Unearned revenue)	39.77	-
(d) Other payables		
(i) Statutory remittances	11.69	11.67
(ii) Advances from customers	485.02	112.82
<b>Total</b>	<b>536.49</b>	<b>330.22</b>

Income received in advance consists of Unamortized premium on forward contracts

### 10. Short-term provisions

(a) <u>Provision for employee benefits</u>		
(i) Provision for bonus	4.75	4.03
(ii) Provision for Leave Salary	1.15	0.99
(a)	<b>5.90</b>	<b>5.02</b>
(b) <u>Provision - Others:</u>		
(i) Provision for tax (net of advance tax Rs.186.17 lakhs)	2.26	2.26
(ii) Provision for proposed equity dividend	116.69	117.53
(iii) Provision for tax on proposed dividends	18.93	19.52
(b)	<b>137.87</b>	<b>139.31</b>
<b>Total (a+b)</b>	<b>143.78</b>	<b>144.33</b>

# LAHOTI OVERSEAS LIMITED

## Notes forming part of the financial statements



### 11. Fixed assets (₹ in lakhs)

PARTICULARS	RATE	GROSS BLOCK			DEPRECIATION			NETBLOCK	
		As At 31-Mar-2011	Addition	Deduction	As At 31-Mar-2012	For the Year	Deduction	As At 31-Mar-2012	As At 31-Mar-2011
<b>Export Division</b>									
Land	-	68.62	-	-	68.62	-	-	68.62	68.62
Building	5%	33.84	-	-	33.84	0.87	-	16.47	17.34
Office Equipments	14%	35.43	0.95	-	36.37	2.40	-	15.23	16.68
Furniture & Fixtures	18%	79.40	-	-	79.40	3.08	-	13.93	17.01
Motor Car	26%	154.41	9.72	-	164.13	26.52	-	84.19	100.99
Computers	40%	36.47	3.80	-	40.27	2.72	-	6.61	5.53
<b>Total (A)</b>		<b>408.16</b>	<b>14.47</b>	<b>-</b>	<b>422.63</b>	<b>35.59</b>	<b>-</b>	<b>217.59</b>	<b>226.17</b>
<b>Wind Power I Division</b>									
Land		3.82	-	-	3.82	-	-	3.82	3.82
Plant & Machinery	15%	1,058.88	-	-	1,058.88	52.22	-	770.45	340.65
<b>Total (B)</b>		<b>1,062.70</b>	<b>-</b>	<b>-</b>	<b>1,062.70</b>	<b>52.22</b>	<b>-</b>	<b>770.45</b>	<b>344.47</b>
<b>Wind Power II Division</b>									
Land		15.91	-	-	15.91	-	-	15.91	15.91
Plant & Machinery	15%	811.38	28.37	-	839.75	109.58	-	605.22	686.42
<b>Total (C)</b>		<b>827.29</b>	<b>28.37</b>	<b>-</b>	<b>855.66</b>	<b>109.58</b>	<b>-</b>	<b>621.13</b>	<b>702.33</b>
<b>Total As On 31.03.2012</b>		<b>2,298.15</b>	<b>42.84</b>	<b>-</b>	<b>2,340.99</b>	<b>197.39</b>	<b>-</b>	<b>1,118.42</b>	<b>1,272.97</b>
Total As On 31.03.2011		2,216.71	97.31	15.88	2,298.15	204.05	14.05	1,272.97	1,385.32

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

Particulars	(₹ in lakhs)			(₹ in lakhs)	
	As at 31 March, 2012			As at 31 March, 2011	
	Face Value	No of Units/ Shares	Amount	No of Units/ Shares	Amount
<b>12. Non-current investments</b>					
Investments (At cost):					
<b>A. Trade</b>					
(a) Investment in fully paid up Equity Shares of Subsidiaries					
G. Varadan Limited	100.00	5,000	<b>47.60</b>	5,000	47.60
Lahoti Spintex Limited	10.00	50,000	<b>5.00</b>	50,000	5.00
Total - Trade (A)			<b>52.60</b>		<b>52.60</b>
<b>B. Other investments</b>					
(a) Investment property (specify nature), (net off accumulated depreciation and impairment, if any)					
Flat at Pune	-	-	<b>25.38</b>	-	25.38
Plot of land (At Ahmednagar)	-	-	<b>11.00</b>	-	11.00
Flat At Sewree, Mumbai	-	-	<b>508.38</b>	-	508.38
Flat at Mumbai	-	-	<b>318.68</b>	-	318.68
			<b>863.43</b>		<b>863.43</b>
(b) Investment in Equity Shares - Fully paid up					
(i) Quoted					
Emami Limited	1.00	2,400	<b>0.84</b>	2,400	0.84
Emami Infrastructure Limited	2.00	733	<b>0.00</b>	733	-
Jet Airways Limited	10.00	356	<b>3.92</b>	356	3.92
TCS Limited	1.00	1,148	<b>2.44</b>	1,148	2.44
Punjab National Bank	10.00	3,943	<b>4.61</b>	3,943	4.61
Union Bank Limited	10.00	2,900	<b>0.46</b>	2,900	0.46
L.G.Balkrishna Limited	10.00	100	<b>0.02</b>	100	0.02
Bank of India	10.00	900	<b>0.41</b>	900	0.41
Cadila Health Care Limited	5.00	1,500	<b>1.24</b>	1,500	1.24
FCS Software Limited	1.00	14,820	<b>0.37</b>	14,820	0.37
GSPL Limited	10.00	2,253	<b>0.61</b>	2,253	0.61
Reliance Industries Limited	10.00	346	<b>1.67</b>	346	1.67
LGB Forge Limited	1.00	1,000	<b>0.02</b>	1,000	0.02
Zydus Wellness Limited	10.00	320	<b>0.01</b>	320	0.01
			<b>16.61</b>		<b>16.61</b>
(ii) Un Quoted					
Web Source Tech. Limited	10.00	50,000.00	<b>50.00</b>	50,000.00	50.00
			<b>50.00</b>		<b>50.00</b>
			<b>66.61</b>		<b>66.61</b>
(c) Investment in government or trust securities					
(i) Government securities					

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

Particulars	(₹ in lakhs)			(₹ in lakhs)	
	As at 31 March, 2012			As at 31 March, 2011	
	Face Value	No of Units/ Share	Amount	No of Units/ Share	Amount
(i) Un Quoted					
National Saving Certificates	-	-	<b>0.20</b>	-	0.20
(ii) Quoted					
NABARD Bhavishya Nirman Bond	20,000.00	500	<b>50.31</b>	500	50.31
			<u><b>50.51</b></u>		<u>50.51</u>
(d) Investment in debentures fully paid up					
(i) Quoted					
India Infoline Investment Service Limited (Non Convertible Debentures)	1,000.00	3,500	<b>35.00</b>	-	-
(ii) Un Quoted					
Macquaire Finance (India) Private Limited-Structure Product	100,000.00	20	<b>20.22</b>	-	-
			<u><b>55.22</b></u>		
Total - Other investments (B)			<u><b>1,035.77</b></u>		<u>980.55</u>
<b>Total (A+B)</b>			<u><b>1,088.37</b></u>		<u>1,033.15</u>
Aggregate book value of quoted investments			<b>101.92</b>		66.92
Aggregate market value of listed and quoted investments			<b>177.09</b>		158.49
Aggregate book value of unquoted investments			<b>986.45</b>		966.23

Particulars	(₹ in lakhs)	
	As at	
	March 31, 2012	March 31, 2011
<b>13. Long-term loans and advances</b>		
(a) Security deposits		
Unsecured, considered good	<b>52.68</b>	52.68
(b) Loans and advances to employees		
Unsecured, considered good	<b>2.91</b>	4.10
(c) Advance income tax - Unsecured, considered good	<b>355.95</b>	178.69
(d) Balances with government authorities		
Unsecured, considered good		
(i) Sales tax under protest	<b>3.00</b>	3.00
(e) Other advances		
Unsecured, considered good	<b>101.85</b>	34.36
<b>Total</b>	<u><b>516.39</b></u>	<u>272.83</u>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at 31 March, 2012			As at 31 March, 2011	
	Face Value	No of Units	Amount	No of Units	Amount
<b>14. Current investments</b>					
(a) Investment in Mutual Funds - Fully paid up					
(i) Quoted					
DSP Blackrock - FMP - 12 M	10	-	-	3,000,000	300.00
HDFC Equity Fund - Retail - Growth (Sip)	10	7,077	<b>19.00</b>	2,431	7.00
HSBC Equity Fund	10	16,240	<b>15.00</b>	16,240	15.00
IDFC Fixed Maturity Plan - Yearly Series 3	10	-	-	3,000,000	300.00
Reliance Growth Fund	10	5,503	<b>23.00</b>	4,605	19.00
			<b>57.00</b>		<b>641.00</b>
(ii) Unquoted					
Pramerica Ultra Short Term Bond Fund-Weekly Div	1000	17,678	<b>177.00</b>	72,424	725.03
Reliance Money Manager Fund - Weekly Div	1000	-	-	397	3.98
Birla Sun Life Dynamic Bond Fund	10	1,743,902	<b>300.00</b>	-	-
BSL Dynamic Bond Fund - Mthly Div Payout	10	1,904,208	<b>200.00</b>	-	-
			<b>676.99</b>		<b>729.01</b>
<b>Total - Other current investments (i+ii)</b>			<b>733.99</b>		<b>1,370.01</b>
Aggregate book value of quoted investments			<b>57.00</b>		641.00
Aggregate market value of listed and quoted investments			<b>57.95</b>		657.61
Aggregate market value of unquoted investments			<b>690.30</b>		728.83
Aggregate book value of unquoted investments			<b>676.99</b>		729.01

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at	As at
	31 March, 2012	31 March, 2011
<b>15. Inventories</b>		
(At lower of cost and net realisable value)		
Stock-in-trade (acquired for trading)		
Goods-in-transit		
(i) Yarn	901.25	684.94
(ii) Fabrics	27.58	-
<b>Total</b>	<b>928.84</b>	<b>684.94</b>
<b>16. Trade receivables</b>		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	19.76	33.94
(b) Other Trade receivables		
Unsecured, considered good	2,779.00	2,869.78
<b>Total</b>	<b>2,798.77</b>	<b>2,903.72</b>
<b>17. Cash and cash equivalents</b>		
(a) Cash on hand	2.27	3.34
<b>(a)</b>	<b>2.27</b>	<b>3.34</b>
(b) Balances with banks		
(i) In current accounts	145.82	74.66
(ii) In deposit accounts	201.00	15.24
(iii) In earmarked accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	47.58	-
<b>(b)</b>	<b>394.40</b>	<b>89.90</b>
<b>Total (a+b)</b>	<b>396.67</b>	<b>93.24</b>
<b>18. Short-term loans and advances</b>		
(a) Security deposits		
Unsecured, considered good	-	7.50
(b) Prepaid expenses - Unsecured, considered good	3.08	11.28
(c) Balances with government authorities		
Unsecured, considered good		
(i) VAT credit receivable	-	28.58
(d) Advance to Suppliers for goods and services		
Unsecured, considered good	773.92	970.49
<b>Total</b>	<b>777.00</b>	<b>1,017.84</b>



# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>19. Other current assets</b>		
(a) Accruals		
(i) Interest accrued on investments	0.05	-
(ii) Dividend receivable	0.72	-
(a)	<u>0.76</u>	<u>-</u>
(b) Others		
(i) Forward Contact Receivable(Net)	30.44	-
(ii) Export Incentive Receivable	446.11	126.91
(b)	<u>476.55</u>	<u>126.91</u>
<b>Total (a+b)</b>	<u><b>477.31</b></u>	<u>126.91</u>
<b>20. Revenue from operations</b>		
(a) Sale of products [Note i]	22,459.41	30,508.86
(b) Other operating revenues [Note ii]	896.03	337.11
<b>Total</b>	<u><b>23,355.44</b></u>	<u>30,845.97</u>
Note:		
(i) Sale of products comprises		
<u>Manufactured goods</u>		
Generation of Power	298.46	288.86
<u>Traded goods</u>		
Trading in Yarn	21,237.99	30,220.00
Fabric	632.52	-
Raw Cotton	290.44	-
Total - Sale of products	<u>22,459.41</u>	<u>30,508.86</u>
(ii) Other operating revenues comprise:		
Duty drawback and other export incentives	896.03	337.11
Total - Other operating revenues	<u>896.03</u>	<u>337.11</u>
<b>21. Other income</b>		
(a) Interest income [Note (i)]	3.83	2.01
(b) Dividend Income from Mutual Fund	24.58	17.46
(c) Net gain on sale of:		
current investments	39.79	(0.10)
long-term investments	53.53	(184.40)
	<u>93.32</u>	<u>(184.50)</u>
(d) Other non-operating income [Note (ii)]	48.09	15.06
<b>Total</b>	<u><b>169.82</b></u>	<u>(149.97)</u>

# LAHOTI OVERSEAS LIMITED

## Notes forming part of the financial statements



(₹ in lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
Note :		
(i) Interest income comprises:		
Interest from banks on deposit	2.77	0.11
Interest on loans and advances to Employees	0.12	0.17
Interest on overdue trade receivables	0.89	-
Interest income from long term investments - Debentures	0.05	-
Interest on ICD	-	1.73
Total - Interest income	<u>3.83</u>	<u>2.01</u>
(ii) Other non-operating income comprises:		
Rental income from investment properties	7.06	3.96
Profit on sale of fixed assets	-	1.93
Forward Premium	29.93	-
Insurance Claim received	2.53	-
Commission	-	7.77
Liabilities / provisions no longer required written back	8.54	(1.01)
Miscellaneous income	0.02	2.42
Total - Other non-operating income	<u>48.09</u>	<u>15.06</u>
<b>22.a Purchase of traded goods</b>		
(a) Yarn	20,181.43	27,479.73
(b) Fabric	337.85	-
(c) Cotton	292.18	-
<b>Total</b>	<u>20,811.47</u>	<u>27,479.73</u>
<b>22.b Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
(a) <u>Inventories at the end of the year:</u>		
Stock-in-trade	928.84	684.94
(b) <u>Inventories at the beginning of the year:</u>		
Stock-in-trade	684.94	891.64
Net (increase) / decrease	<u>(243.89)</u>	<u>206.69</u>
<b>23. Employee benefits expense</b>		
(a) Salaries and wages	81.18	68.52
(b) Contributions to provident and other funds	7.27	5.06
(c) Staff welfare expenses	1.63	2.04
<b>Total</b>	<u>90.08</u>	<u>75.62</u>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>24. Finance costs</b>		
(a) Interest expense on:		
(i) Borrowings	94.93	124.69
(ii) Others		
- Interest on delayed payment of TDS and other overdue Interest	-	0.41
(b) Other borrowing costs	70.08	94.29
<b>Total</b>	<b>165.01</b>	<b>219.38</b>
<b>25. Other expenses</b>		
(a) <u>Office &amp; Administrative expenses:</u>		
Auditor's Remuneration [Note(1)]	3.22	3.55
(Gain)/Loss on Cancellation of Forward Contract	162.52	45.69
Directors' Remuneration	46.80	36.00
Donation	0.33	0.07
Early Delivery Charges	32.61	26.01
Electricity Expenses	3.55	3.44
(Gain)/Loss on Exchange Rate Difference	119.96	(175.96)
Insurance Premium	69.94	78.37
Legal and Professional Charges	30.99	39.76
Motor Car Expenses	8.08	6.41
Office & General Expenses	18.93	9.46
Operational Expenses (Wind Power)	49.66	48.59
Postage and Telephone Charges	17.60	13.21
Printing and Stationary	2.79	3.57
Rent, Rates and Taxes	31.70	9.70
Repairs & Maintenance	8.98	6.78
Travelling & Conveyance	51.72	31.93
<b>(a)</b>	<b>659.39</b>	<b>186.59</b>
(b) <u>Selling and Distribution expenses</u>		
Ocean Freight	439.80	749.82
Local Freight	321.14	361.07
Overseas Commission	90.25	163.59
Advertisement Expenses	1.25	2.22
Sales Promotion Expenses	18.79	4.67
Local Commission	27.79	52.06
Port Fees	0.15	0.45
<b>(b)</b>	<b>899.17</b>	<b>1,333.89</b>
<b>Total (a+b)</b>	<b>1,558.56</b>	<b>1,520.48</b>
Note (i)		
Payments to the auditors comprises		
As auditors - statutory audit	2.47	2.10
For taxation matters	0.22	0.22
For tax Audit	0.28	0.22
For Certification & Consultancy Services	0.25	1.01
<b>Total</b>	<b>3.22</b>	<b>3.55</b>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

26. 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.

### 27. Contingent Liabilities:

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

(₹ in lakhs)

		As at 31-Mar-12	As at 31-Mar-11
(i)	Sales Tax Matter	Nil	3.00
(ii)	Income Tax Matter (Pending before Appellate Authorities in respect of which the Company is in appeal)	231.66	375.98

### 28. Expenditure in foreign currency:

(₹ in Lakhs)

	As at 31-Mar-12	As at 31-Mar-11
Foreign Bank Charges	32.50	32.78
Foreign Traveling Expenses	33.65	20.31
Overseas Commission	90.25	163.59
<b>TOTAL</b>	<b>156.40</b>	216.68

### 29. Earning in Foreign Exchange:

FOB value of export: ₹ 21,673.86/- Lakhs,  
(Previous Year ₹ 29,442.38 Lakhs).

30. 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.

31. 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.

### 32. Related Party Disclosure: -

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

<u>Subsidiary Companies:</u>	Holding(%)
Lahoti Spintex Limited	100
G. Varadan Limited	100

#### Associate Companies:

Lahoti Terra Knitfab Limited	NIL
(Ceased to be associate during the F.Y 2010-11)	

#### 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:

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

(₹ in Lakhs)

Nature of Transaction	Associates (Lahoti Terra Knitfab Ltd)		Other Related Company (PSWare Information Pvt. Ltd. & Bauble Investments Private Limited)		Subsidiary (Lahoti Spintex Ltd.)		Key Management Personnel	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Loan and advances Given	-	8.26	-	0.09	-	-	-	-
Refund of Loan and advances Given	-	-	-	-	-	-	-	-
Repayment of loan and advances taken	-	-	-	-	-	-	-	-
Rent Paid	-	-	1.80	-	-	-	-	-
Managerial Remuneration	-	-	-	-	-	-	51.00	41.70
Outstanding balances								
<u>Loans and Advances</u>								
Receivable	-	-	51.00	51.00	-	-	-	-
Payable	-	-	-	0.51	4.21	4.21	-	-

### 33. Earning Per Share:

	As At 31 Mar 2012	As At 31 Mar 2011
1. Net profit available for Equity shareholders (₹ in Lakhs)	696.78	630.83
2. Number equity shares for basic Earning Per Share	2,92,28,661	2,92,29,293
3. Basic Earning Per Share ( in ₹)	2.38/-	2.16/-
4. Face value per share	₹ 2/-	₹ 2/-

34. Company has not been able to appoint a Company Secretary during the year, In spite of it's best efforts.

35. The company has taken effort to verify the closing balances of the sundry creditors / Debtors subject to pending confirmations.

36. Additional Disclosure pursuant to clause 32 of Listing Agreement, (Excepting for employees) is not applicable as there are no transactions in that nature.

# LAHOTI OVERSEAS LIMITED



## Notes forming part of the financial statements

### 37. Segment Reporting

a) Information about business segments (information provided in respect of revenue items for the year ended March 31, 2012 and in respect of assets/liabilities as at March 31, 2012)

	Trading		Wind Power		Total	
	As At 31-Mar-2012	As At 31-Mar-2011	As At 31-Mar-2012	As At 31-Mar-2011	As At 31-Mar-2012	As At 31-Mar-2011
Gross Segment Revenue	23,056.97	30,557.11	298.46	288.86	23,355.44	30,845.97
Less:- Intersegment Revenue	-	-	-	-	-	-
Net Segment Revenue	23,056.97	30,557.11	298.46	288.86	23,355.44	30,845.97
Segment Results :	925.85	1,049.28	66.67	52.02	992.52	1,101.30
( Profit / Loss Before Tax , Interest and Investment Income from each segment)						
Add:- Income from Interest					3.83	2.01
Add:- Profit/(Loss) on sale of investments					93.32	9.91
Add:- Profit/(Loss) on sale of Fixed Assets					-	1.93
Profit before Interest and Tax					1,089.67	1,115.14
Less:- Interest					(143.03)	(125.10)
Profit Before Tax					946.64	990.04
Provision for Tax						
Current					261.50	295.00
Deferred					(11.64)	64.21
Fringe Benefit Tax					-	-
Profit After Tax					696.78	630.83
<b>Capital Employed</b>						
<b>Segment Assets</b>						
Fixed Assets	205.04	226.17	913.37	1,046.80	1,118.42	1,272.97
Investments	1,822.17	2,402.96	0.20	0.20	1,822.37	2,403.16
Current Assets,Loans and Advances(Excluding Tax Assets)	5,807.67	5,031.98	87.30	67.51	5,894.97	5,099.48
Deferred Revenue Expenditure						
Total Assets	7,834.88	7,661.11	1,000.87	1,114.51	8,835.76	8,775.61
<b>Segment Liabilities</b>						
Loan Funds	1,467.78	1,783.33	-	505.73	1,467.78	2,289.06
Current Liabilities & Provisions Excluding Tax Liabilities)	848.82	541.22	52.38	67.12	901.21	608.35
Deferred Tax Liabilities	208.80	220.43	-	-	208.80	220.43
Total Liabilities	2,525.40	2,544.99	52.38	572.86	2,577.78	3,117.84
<b>Net Segment Assets</b>	5,309.49	5,116.10	948.49	541.65	6,257.98	5,657.75
Capital Expenditure	14.47	97.31	28.37	-	42.84	97.31
Segment Depreciation	35.59	18.09	161.80	185.96	197.39	204.05
Non - Cash Expenses other than Depreciation	-	-	-	-	-	-

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.

ii) Segment Identification :Business segment have been on the basis of nature of product/services, the ri-return profile of individual business.

iii) 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.

38 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.

Per our report attached of even date

**For and on behalf of**  
**P. C. Ghadiali & Co.**

Chartered Accountants  
Firm No. 103132W

**Pannkaj Ghadiali**  
Partner

Membership Number: 031745

Place: Mumbai

Dated: May 29, 2012

**For and on behalf of the Board of Directors**

**Ujwal R.Lahoti**  
Chairman

**Umesh R.Lahoti**  
Managing Director

Place: Mumbai

Dated: May 29, 2012



# LAHOTI OVERSEAS LIMITED



**Statement pursuant to Section 212 of the Companies Act, 1956,  
relating to Company's interest in Subsidiary Companies.**

Name of Subsidiary Company	Lahoti Spintex Limited	G. Varadan Limited
1. The Financial year of the Subsidiary Companies ended on	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2012
2.a. Number of shares held by Lahoti Overseas Limited with Its nominees in the subsidiaries at the end of the financial year of the subsidiary Companies	50,000 Equity Shares of ₹ 10/- each.	5,000 Equity Shares of ₹100/- each
b. Extent of interest of holding Company at the end of the Financial year of the subsidiary Companies	100%	100%
3. The net aggregate amount of the Subsidiary companies profit/(loss) so far as it concerns the members of the holding Company		
a. Not dealt with in the holding Company's accounts		
i) For the financial year ended 31 <sup>st</sup> March, 2012	Nil	₹ (15,102)
ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries.	Nil	₹ (27,482)
b. Dealt with in holding Company's Accounts:		
i) For The Financial Year Ended 31 <sup>st</sup> March, 2012	Nil	Nil
ii) For the previous financial years of the subsidiary companies since they became the holding Company's subsidiaries	Nil	Nil

Place: Mumbai  
Date : May 29, 2012

**For & on behalf of the Board of Directors**

**Ujwal Lahoti**  
Chairman

**Umesh Lahoti**  
Managing Director



## 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, 2012, 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, 2012. 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” 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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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, 2012;
    - (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.

For and on behalf of  
**P. C. Ghadiali & Co.**  
Chartered Accountants  
Firm No. 103132W  
**Pannkaj Ghadiali**  
Partner  
Membership Number: 031745  
Place: Mumbai  
Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED



## Consolidated Balance Sheet as on 31<sup>st</sup> March, 2012

		(₹ in Lakhs)	
Particulars	Note No.	As at	
		31 March, 2012	31 March, 2011
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	1	584.59	584.59
(b) Reserves and surplus	2	5,670.17	5,070.12
		<u>6,254.75</u>	<u>5,654.70</u>
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	3	-	300.00
(b) Deferred tax liabilities (net)	4	208.81	220.45
(c) Other long-term liabilities	5	55.18	68.40
(d) Long-term provisions	6	11.23	9.20
		<u>275.22</u>	<u>598.05</u>
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	1,463.56	1,779.11
(b) Trade payables	8	154.79	262.11
(c) Other current liabilities	9	536.49	330.22
(d) Short-term provisions	10	143.89	144.44
		<u>2,298.72</u>	<u>2,515.87</u>
<b>TOTAL</b>		<u><b>8,828.70</b></u>	<u><b>8,768.63</b></u>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	11.a	1,118.47	1,273.03
(ii) Intangible assets	11.b	39.80	39.80
(b) Non-current investments	12	1,035.78	980.56
(c) Long-term loans and advances	13	516.39	272.83
(d) Other non-current assets	14	0.55	0.50
		<u>2,711.00</u>	<u>2,566.72</u>
<b>2 Current assets</b>			
(a) Current investments	15	737.99	1,372.51
(b) Inventories	16	928.84	684.94
(c) Trade receivables	17	2,798.77	2,903.72
(d) Cash and cash equivalents	18	397.79	95.98
(e) Short-term loans and advances	19	777.00	1,017.84
(f) Other current assets	20	477.31	126.91
		<u>6,117.70</u>	<u>6,201.91</u>
<b>TOTAL</b>		<u><b>8,828.70</b></u>	<u><b>8,768.63</b></u>

See accompanying notes forming part of the financial statements

Per our report attached of even date

**For and on behalf of**

**P. C. Ghadiali & Co.**

Chartered Accountants

Firm No. 103132W

**Pannkaj Ghadiali**

Partner

Membership Number: 031745

Place: Mumbai

Dated: May 29, 2012

**For and on behalf of the Board of Directors**

**Ujwal R. Lahoti**

Chairman

**Umesh R. Lahoti**

Managing Director

Place: Mumbai

Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED



## Consolidated Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2012

(₹ in Lakhs)

Particulars	Note No.	As at	
		31 March, 2012	31 March, 2011
<b>1 Income</b>			
(a) Revenue from operations (gross)	21	<b>23,355.44</b>	30,845.97
(b) Other income	22	<b>169.81</b>	(149.94)
<b>Total revenue</b>		<b>23,525.25</b>	30,696.03
<b>2 Expenses</b>			
(a) Cost of materials consumed			
(b) Purchases of stock-in-trade	23.a	<b>20,811.47</b>	27,479.73
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23.b	<b>(243.89)</b>	206.70
(d) Employee benefits expense	24	<b>90.08</b>	75.62
(e) Finance costs	25	<b>165.02</b>	219.39
(f) Depreciation and amortisation expense		<b>197.39</b>	204.05
(g) Other expenses	26	<b>1,558.69</b>	1,520.63
<b>Total expenses</b>		<b>22,578.76</b>	29,706.11
<b>3 Profit / (Loss) before exceptional and extraordinary items and tax</b>		<b>946.49</b>	989.91
<b>4 Exceptional items</b>		-	-
<b>5 Profit / (Loss) before extraordinary items and tax</b>		<b>946.49</b>	989.91
<b>6 Extraordinary items</b>		-	-
<b>7 Profit / (Loss) before tax</b>		<b>946.49</b>	989.91
<b>8 Tax expense:</b>			
(a) Current tax expense for current year		<b>261.50</b>	295.00
(b) Deferred tax		<b>(11.64)</b>	64.20
		<b>249.86</b>	359.20
<b>9 Profit / (Loss) for the year</b>		<b>696.63</b>	630.72
<b>10 Earnings per share (of ₹ 2/- each):</b>			
(a) Basic		<b>2.38</b>	2.16
(b) Diluted		-	-

See accompanying notes forming part of the financial statements

Per our report attached of even date

**For and on behalf of**  
**P. C. Ghadiali & Co.**

Chartered Accountants  
Firm No. 103132W

**Pannkaj Ghadiali**  
Partner

Membership Number: 031745

Place: Mumbai  
Dated: May 29, 2012

**For and on behalf of the Board of Directors**

**Ujwal R. Lahoti**  
Chairman

**Umesh R. Lahoti**  
Managing Director

Place: Mumbai  
Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED



## Consolidated Cash Flow Statement for the year ended 31<sup>st</sup> March, 2012

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before Tax and prior period items	946.49	989.91
Add: Interest (Net)	91.10	123.09
Depreciation	197.39	204.05
Loss on Sale / Redemption of Investments	0.62	194.41
Loss on sale of Fixed Asset	-	-
Profit on sale of Fixed Asset	-	(1.93)
Profit on Sale / Redemption of Investments	(93.94)	(9.93)
Rent Received	(7.06)	(3.96)
Dividend Received	(24.58)	(17.46)
Rounding Off	0.00	
	<b>163.54</b>	<b>488.27</b>
<i>Operating profit before working Capital</i>	<b>1,110.03</b>	<b>1,478.19</b>
(Increase)/Decrease in Inventories	(243.89)	206.69
(Increase)/Decrease in Trade & Other Receivable	(99.54)	1,153.48
Increase/(Decrease) Current Liabilities & Provision	294.38	(351.44)
	<b>(49.05)</b>	<b>1,008.73</b>
<i>Cash Generated from Operations</i>	<b>1,060.97</b>	<b>2,486.92</b>
Tax paid	(371.98)	(357.89)
<i>Cash Flow Before Extraordinary Items</i>	<b>688.99</b>	<b>2,129.03</b>
Extra ordinary Items / Adjustments (Prior Period Item)	-	-
<i>Cash Flow After Extraordinary Items</i>	<b>688.99</b>	<b>2,129.03</b>
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(42.84)	(97.31)
Purchase of Investment	(572.72)	(3,359.25)
Sale of Fixed Asset	-	3.75
Sale of Investment	1,245.34	1,901.41
Interest Received	3.83	2.01
Dividend Received	24.58	17.46
Rent Received	7.06	3.96
<i>Net Cash Used for Investing Activities</i>	<b>665.24</b>	<b>(1,527.97)</b>
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividend Paid	(136.44)	(136.89)
Interest paid	(94.93)	(125.10)
Calls in Arrear (Premium) adjusted against Dividend	0.23	0.23
Increase/(Decrease) In Unsecured Loans	-	(100.00)
Increase/(Decrease) In Secured Loans	(821.29)	(285.43)
<i>Net cash From Financing Activities</i>	<b>(1,052.43)</b>	<b>(647.19)</b>
<i>Net Increase in Cash and Cash Equivalents (A+B+C)</i>	<b>301.81</b>	<b>(46.13)</b>
<i>Cash and Cash Equivalents (OPENING BALANCE)</i>	<b>95.98</b>	<b>142.11</b>
<i>Cash and Cash Equivalents (CLOSING BALANCE)</i>	<b>397.79</b>	<b>95.98</b>
	<b>301.81</b>	<b>(46.13)</b>

Note: 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 balance 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.

**For and on behalf of**  
**P. C. Ghadiali & Co.**  
Chartered Accountants  
Firm No. 103132W  
**Pannkaj Ghadiali**  
Partner  
Membership Number: 031745  
Place: Mumbai  
Dated: May 29, 2012

**For and on behalf of the Board of Directors**  
**Ujwal R.Lahoti**  
Chairman  
**Umesh R.Lahoti**  
Managing Director  
Place: Mumbai  
Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

### 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 from 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:

Long term Investments are stated at cost/transfer value. 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



# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

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:

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

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. FORWARD EXCHANGE CONTRACTS

In respect of forward exchange contracts, premium paid, gains/losses on settlement and losses on restatement are recognized in the profit and Loss account.

### L. 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.

### M. 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.
  - 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

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

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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.

### N. IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer

exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, except in case of revalued assets.

### O. 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 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.

### For and on behalf of P. C. Ghadiali & Co.

Chartered Accountants  
Firm No. 103132W

### Pannkaj Ghadiali

Partner  
Membership Number: 031745

Place: Mumbai  
Dated: May 29, 2012

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated Financial Statements

### 1. Share capital

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹ in lakhs	Number of shares	₹ in lakhs
(a) Authorised				
Equity shares of ` 2 each with voting rights	30,000,000	600.00	30,000,000	600.00
(b) Issued				
Equity shares of ` 2 each with voting rights	29,382,500	587.65	29,382,500	587.65
(c) Subscribed and fully paid up				
Equity shares of ` 2 each with voting rights	29,171,500	584.59	29,382,500	584.59
<b>Total</b>	<b>29,171,500</b>	<b>584.59</b>	<b>29,382,500</b>	<b>584.59</b>

#### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
<u>Equity shares with voting rights</u>				
Opening Balance	29,382,500.00	58,458,586.00	29,382,500.00	58,458,586.00
Less : Shares Forfeited	(211,000.00)	-	-	-
Closing Balance	29,171,500.00	58,458,586.00	29,382,500.00	58,458,586.00

#### (ii) Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
Ujwal R Lahoti	3,823,000	13.11	3,823,000	13.01
Umesh R Lahoti	4,484,000	15.37	4,484,000	15.26
Jayashri U Lahoti	2,375,500	8.14	2,375,500	8.08
Manjushri Umesh Lahoti	1,934,500	6.63	1,934,500	6.58
Rukmini R Lahoti	1,522,000	5.22	1,522,000	5.18
Kirti Stock Brokers (P) Ltd	1,610,000	5.52	1,610,000	5.48
Billion Way Garment Limited	4,250,000	14.57	4,250,000	14.46

#### (iii) Details of calls unpaid

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
<u>Equity shares with voting rights</u>				
Aggregate of calls unpaid by others	-	-	211,000.00	306,414.00

#### (iv) Details of forfeited shares

Class of shares	As at 31 March, 2012		As at 31 March, 2011	
	" Number of shares "	" Amount originally paid up ₹ "	" Number of shares "	" Amount originally paid up ₹ "
Equity shares with voting rights	211,000.00	115,586.00	-	-

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated Financial Statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>2. Reserves and surplus</b>		
(a) Securities premium account		
Opening balance	916.48	916.48
Less : Calls in arrears on 2,11,000 shares forfeited	(1.95)	-
Less : Calls in arrears	-	(2.18)
Closing balance	914.53	914.29
(b) General reserve		
Opening balance	492.33	445.01
Add: Transferred from surplus in Statement of Profit and Loss	52.26	47.32
Closing balance	544.59	492.33
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	3,663.50	3,216.53
Add: Profit / (Loss) for the year	696.63	630.72
Excess Provision for Dividend written back	0.61	0.61
Excess Provision for Income Tax for earlier years written back	38.19	-
Less: Dividends proposed to be distributed to equity shareholders (₹ 2 per share)	(116.69)	(117.53)
Tax on dividend	(18.93)	(19.52)
Transferred to General reserve	(52.26)	(47.32)
Closing balance	4,211.06	3,663.50
<b>Total</b>	<b>5,670.17</b>	<b>5,070.12</b>

### 3. Long-term borrowings

(a) Term loans		
From banks - Secured [Note (i)]	-	300.00
<b>Total</b>	<b>-</b>	<b>300.00</b>

(i) Details of terms of repayment for the long-term borrowings and security provided in respect of the secured long-term borrowings:

a) Terms of Repayment :		(₹ in Lakhs)	(₹ in Lakhs)
Particular	No. of quarter	Installment	Total Repayment
2010-11	2	50	100
2011-12	4	50	200
2012-13	4	75	300
<b>Total</b>	<b>10</b>		<b>600</b>

b) Particulars of Security :

- Primary: First hypothecation/Mortgage charge on two wind power machine at distt.Nandurbar, Maharashtra created out of banks finance
- Collateral: Hypothecation/mortgage charge on Company's existing windmill located at Village Salampalayam, erode, Tamil Nadu Of the above, Installment of Year 2011-12 has been considered as current maturities of long term debts and re-grouped accordingly under Other Current Liabilities in F.Y 2010-11. As entire amount of term loan has been repaid in the F.Y 2011-12, no amount stands outstanding either as current maturities or as long term liability.

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>4. Deferred Tax Liabilities (net)</b>		
<u>Tax effect of items constituting deferred tax liability</u>		
On difference between book balance and tax balance of fixed assets	214.37	225.28
<u>Tax effect of items constituting deferred tax assets</u>		
Provision for gratuity, leave salary and bonus	(5.56)	(4.83)
Net deferred tax liability / (asset) <b>Total</b>	<b>208.81</b>	<b>220.45</b>
<b>5. Other long-term liabilities</b>		
<u>Others:</u>		
(i) Payables on purchase of fixed assets	52.38	66.40
(ii) Trade / security deposits received	2.80	2.00
<b>Total</b>	<b>55.18</b>	<b>68.40</b>
<b>6. Other long-term Provisions</b>		
<u>Provision for employee benefits:</u>		
(i) Provision for gratuity (net)	11.23	9.20
<b>Total</b>	<b>11.23</b>	<b>9.20</b>
<b>7. Short-term borrowings</b>		
<u>Working capital Loans</u>		
From banks - Secured [Note (i)]	1,463.56	1,779.11
<b>Total</b>	<b>1,463.56</b>	<b>1,779.11</b>
(i) Break-up of secured short-term borrowings:		
(i) State Bank of India (P.C.F.C)	272.01	-
(ii) HSBC Bank Ltd (P.C.F.C)	1,191.30	1,133.81
(iii) State Bank of India (Packing Credit)	0.25	1.21
(iv) CITI Bank (PCFC)	-	205.62
(v) DBS (P.C.F.C)	-	119.31
(vi) Kotak Bank (P.C.F.C)	-	319.16
	<b>1,463.56</b>	<b>1,779.11</b>

The above loans are secured against Hypothecation of Stock and Book Debts of the Company

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>8. Trade Payables</b>		
(a) Acceptances	154.79	262.11
(b) Other Than Acceptances	-	-
<b>Total</b>	<b>154.79</b>	<b>262.11</b>

Trade Payables consists of amounts due to creditors for goods and Services and creditors for Expenses

### 9. Other current liabilities

(a) Current maturities of long-term debt	-	200.00
(b) Interest accrued and due on borrowings	-	5.73
(c) Income received in advance (Unearned revenue)	39.77	-
(d) Other payables		
(i) Statutory remittances	11.69	11.67
(ii) Advances from customers	485.02	112.82
<b>Total</b>	<b>536.49</b>	<b>330.22</b>

Income received in advance consists of Unamortized premium on forward contracts

### 10. Short-term provisions

(a) <u>Provision for employee benefits</u>		
(i) Provision for bonus	4.75	4.03
(ii) Provision for Leave Salary	1.15	0.99
(a)	<b>5.90</b>	<b>5.02</b>
(b) <u>Provision - Others:</u>		
(i) Provision for tax (net of advance tax ₹186.17 lakhs)	2.37	2.37
(ii) Provision for proposed equity dividend	116.69	117.53
(iii) Provision for tax on proposed dividends	18.93	19.52
(b)	<b>137.99</b>	<b>139.42</b>
<b>Total (a+b)</b>	<b>143.89</b>	<b>144.44</b>

# LAHOTI OVERSEAS LIMITED

Notes forming part of Consolidated financial statements



## 11.a Tangible Assets (₹ in Lakhs)

PARTICULARS	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As At 31-Mar-2011	Addition	Deduction	As At 31-Mar-2012	As At 31-Mar-2011	For the Year	Deduction	As At 31-Mar-2012	As At 31-Mar-2011	As At 31-Mar-2012
<b>Export Division</b>											
Land	-	68.62	-	-	68.62	-	-	-	68.62	-	68.62
Building	5.00%	33.84	-	-	33.84	16.50	0.87	-	17.37	16.47	17.34
Office Equipments	13.91%	35.89	0.95	-	36.84	19.15	2.41	-	21.56	15.28	16.74
Furniture & Fixtures	18.10%	79.40	-	-	79.40	62.39	3.08	-	65.47	13.93	17.01
Motor Car	25.89%	154.41	9.72	-	164.13	53.42	26.52	-	79.93	84.19	100.99
Computers	40.00%	36.47	3.80	-	40.27	30.94	2.72	-	33.66	6.61	5.53
<b>Total (A)</b>		<b>408.63</b>	<b>14.47</b>	<b>-</b>	<b>423.10</b>	<b>182.40</b>	<b>35.59</b>	<b>-</b>	<b>218.00</b>	<b>205.10</b>	<b>226.23</b>

## Wind Power I Division

Land		3.82	-	-	3.82	-	-	-	-	3.82	3.82
Plant & Machinery	15.33%	1,058.88	-	-	1,058.88	718.23	52.22	-	770.45	288.43	340.65
<b>Total (B)</b>		<b>1,062.70</b>	<b>-</b>	<b>-</b>	<b>1,062.70</b>	<b>718.23</b>	<b>52.22</b>	<b>-</b>	<b>770.45</b>	<b>292.25</b>	<b>344.47</b>

## Wind Power II Division

Land		15.91	-	-	15.91	-	-	-	-	15.91	15.91
Plant & Machinery	15.33%	811.38	28.37	-	839.75	124.96	109.58	-	234.54	605.22	686.42
<b>Total (C)</b>		<b>827.29</b>	<b>28.37</b>	<b>-</b>	<b>855.66</b>	<b>124.96</b>	<b>109.58</b>	<b>-</b>	<b>234.54</b>	<b>621.13</b>	<b>702.33</b>
<b>Total As On 31.03.2012</b>		<b>2,298.62</b>	<b>42.84</b>	<b>-</b>	<b>2,341.46</b>	<b>1,025.59</b>	<b>197.39</b>	<b>-</b>	<b>1,222.98</b>	<b>1,118.47</b>	<b>1,273.03</b>
Total As On 31.03.2011		2,217.18	97.31	15.88	2,298.62	835.59	204.05	14.05	1,025.59	1,273.03	1,385.32

## 11.b Intangible Assets (₹ in lakhs)

PARTICULARS	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK			
		As At 31-Mar-2011	Addition	Deduction	As At 31-Mar-2012	As At 31-Mar-2011	For the Year	Deduction	As At 31-Mar-2012	As At 31-Mar-2011	As At 31-Mar-2012
Goodwill (On Consolidation)	-	39.80	-	-	39.80	-	-	-	-	39.80	39.80



# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at 31 March, 2012			As at 31 March, 2011	
	Face Value	No of Units/ Share	Amount	No of Units/ Share	Amount
<b>12. Non-current investments</b>					
Investments (At cost) - Non Trade:					
(a) Investment property (specify nature), (net off accumulated depreciation and impairment, if any)					
Flat at Pune			25.38		25.38
Plot of land (At Ahmednagar)			11.00		11.00
Flat At Sewree, Mumbai			508.38		508.38
Flat at Mumbai			318.68		318.68
			<u>863.43</u>		<u>863.43</u>
(b) Investment in Equity Shares - Fully paid up					
(i) Quoted					
Emami Limited	1.00	2,400	0.84	2,400	0.84
Emami Infrastructure Limited	2.00	733	0.00	733	-
Jet Airways Limited	10.00	356	3.92	356	3.92
TCS Limited	1.00	1,148	2.44	1,148	2.44
Punjab National Bank	10.00	3,943	4.61	3,943	4.61
Union Bank Ltd	10.00	2,900	0.46	2,900	0.46
L.G.Balkrishna Ltd	10.00	100	0.02	100	0.02
Bank of India	10.00	900	0.41	900	0.41
Cadila Health Care Limited	5.00	1,500	1.24	1,500	1.24
FCS Software Ltd.	1.00	14,820	0.37	14,820	0.37
GSPL Ltd.	10.00	2,253	0.61	2,253	0.61
Reliance Industries Limited	10.00	346	1.67	346	1.67
LGB Forge Limited	1.00	1,000	0.02	1,000	0.02
Zydus Wellness Limited	10.00	320	0.01	320	0.01
			<u>16.61</u>		<u>16.61</u>
(ii) Un Quoted					
Web Source Tech. Limited.	10.00	50,000	50.00	50,000	50.00
Arun Com. Premises Co-operative Society Limited	<u>50.00</u>	<u>15</u>	<u>0.01</u>	<u>15</u>	<u>0.01</u>
			<u>50.01</u>		<u>50.01</u>
<b>Total(i+ii)</b>			<u>66.61</u>		<u>66.61</u>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at 31 March, 2012			As at 31 March, 2011	
	Face Value	No of Units/ Share	Amounts	No of Units/ Share	Amount
(i) Un Quoted					
National Saving Certificates	-	-	0.20		0.20
(ii) Quoted					
NABARD Bhavishya Nirman Bond	20,000.00	500	50.31	500	50.31
			<u>50.51</u>		<u>50.51</u>
(d) Investment in debentures fully paid up					
(i) Quoted					
India Infoline Investment Service Ltd. ( Non Convertible Debentures)	1,000.00	3,500	35.00	-	-
(ii) Un Quoted					
Macquaire Finance (India) Pvt Ltd. - Structure Product	100,000.00	20	20.22		
			<u>55.22</u>		
Total (A+B)			<u>1,035.78</u>		<u>980.56</u>
Aggregate book value of quoted investments			101.92		66.92
Aggregate market value of listed and quoted investments			177.09		158.49
Aggregate book value of unquoted investments			933.86		913.64

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>13. Long-term loans and advances</b>		
(a) Security deposits		
Unsecured, considered good	52.68	52.68
(b) Loans and advances to employees		
Unsecured, considered good	2.91	4.10
(c) Advance income tax - Unsecured, considered good	355.95	178.69
(d) Balances with government authorities		
Unsecured, considered good		
(i) Sales tax under protest	3.00	3.00
(e) Other advances		
Unsecured, considered good	101.85	34.36
<b>Total</b>	<u>516.39</u>	<u>272.83</u>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>14. Other non-current assets</b>		
(To the extent not written off or Adjusted)		
(i) Preliminary Expenses	0.34	0.34
(i) Pre Operative Expenses	0.21	0.16
<b>Total</b>	<b>0.55</b>	<b>0.50</b>

(₹ in lakhs) (₹ in lakhs)

Particulars	As at 31 March, 2012			As at 31 March, 2011	
	Face Value	No of Units/ Share	Amount	No of Units/ Share	Amount

### 15. Current investments

(a) Investment in Mutual Funds - Fully paid up

(i) Quoted

DSP Blackrock - FMP - 12 M	10	-	-	3,000,000	300.00
HDFC Equity Fund - Retail - Growth (Sip)	10	7,077	19.00	2,431	7.00
HSBC Equity Fund	10	16,240	15.00	16,240	15.00
IDFC Fixed Maturity Plan - Yearly Series 3	10	-	-	3,000,000	300.00
Reliance Growth Fund	10	5,503	23.00	4,605	19.00
			<b>57.00</b>		<b>641.00</b>

(ii) Un Quoted

Pramerica Ultra Short Term Bond Fund-Weekly Div	1000	17,678	177.00	72,424	725.03
Reliance Money Manager Fund - Weekly Div	1000	149	1.50	397	3.98
Birla Sun Life Dynamic Bond Fund	10	1,743,902	300.00	-	-
BSL Dynamic Bond Fund - Mthly Div Payout	10	1,904,208	200.00	-	-
JM Basic Fund	10	8,345	2.50	8,345	2.50
			<b>680.99</b>		<b>731.51</b>

#### Total - Other current investments

			<b>737.99</b>		<b>1,372.51</b>
Aggregate book value of quoted investments			57.00		641.00
Aggregate market value of listed and quoted investments			57.95		657.61
Aggregate market value of unquoted investments			692.51		729.57
Aggregate book value of unquoted investments			680.99		731.51

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>16. Inventories</b>		
(At lower of cost and net realisable value)		
Stock-in-trade (acquired for trading)		
Goods-in-transit		
(i) Yarn	901.25	684.94
(ii) Fabrics	27.58	-
<b>Total</b>	<b>928.84</b>	<b>684.94</b>
<b>17. Trade receivables</b>		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	19.76	33.94
(b) Other Trade receivables		
Unsecured, considered good	2,779.00	2,869.78
<b>Total</b>	<b>2,798.77</b>	<b>2,903.72</b>
<b>18. Cash and cash equivalents</b>		
(a) Cash on hand	2.28	3.35
<b>(a)</b>	<b>2.28</b>	<b>3.35</b>
(b) Balances with banks		
(i) In current accounts	146.93	77.39
(ii) In deposit accounts	201.00	15.24
(iii) In earmarked accounts		
- Balances held as margin money or security against borrowings, guarantees and other commitments	47.58	-
<b>(b)</b>	<b>395.51</b>	<b>92.63</b>
<b>Total (a+b)</b>	<b>397.79</b>	<b>95.98</b>
<b>19. Short-term loans and advances</b>		
(a) Security deposits		
Unsecured, considered good	-	7.50
(b) Prepaid expenses - Unsecured, considered good	3.08	11.28
(c) Balances with government authorities		
Unsecured, considered good		
(i) VAT credit receivable	-	28.58
(d) Advance to Suppliers for goods and services		
Unsecured, considered good	773.92	970.49
<b>Total</b>	<b>777.00</b>	<b>1,017.84</b>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>20. Other current assets</b>		
(a) Accruals		
(i) Interest accrued on investments	0.05	-
(ii) Dividend receivable	0.72	-
<b>(a)</b>	<b>0.76</b>	<b>-</b>
(b) Others		
(i) Forward Contact Receivable(Net)	30.44	-
(ii) Export Incentive Receivable	446.11	126.91
<b>(b)</b>	<b>476.55</b>	<b>126.91</b>
<b>Total (a+b)</b>	<b>477.31</b>	<b>126.91</b>
<b>21. Revenue from operations</b>		
(a) Sale of products [Note i]	22,459.41	30,508.86
(b) Other operating revenues [Note ii]	896.03	337.11
<b>Total</b>	<b>23,355.44</b>	<b>30,845.97</b>
Note:		
(i) Sale of products comprises		
<u>Manufacture</u>		
Generation of Power	298.46	288.86
<u>Traded goods</u>		
Trading in Yarn	21,237.99	30,220.00
Fabric	632.52	-
Raw Cotton	290.44	-
<b>Total - Sale of products</b>	<b>22,459.41</b>	<b>30,508.86</b>
(ii) Other operating revenues comprise:		
Duty drawback and other export incentives	896.03	337.11
<b>Total - Other operating revenues</b>	<b>896.03</b>	<b>337.11</b>
<b>22. Other income</b>		
(a) Interest income [Note (i)]	3.83	2.01
(b) Dividend Income from Mutual Fund	24.58	17.46
(c) Net gain on sale of:		
current investments	39.79	(0.10)
long-term investments	53.53	(184.38)
	<b>93.32</b>	<b>(184.48)</b>
(d) Other non-operating income [Note (ii)]	48.08	15.06
<b>Total</b>	<b>169.81</b>	<b>(149.94)</b>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
Note :		
(i) Interest income comprises:		
Interest from banks on deposit	2.77	0.11
Interest on loans and advances to Employees	0.12	0.17
Interest on overdue trade receivables	0.89	-
Interest income from long term investments - Debentures	0.05	-
Interest on ICD	-	1.73
Total - Interest income	<u>3.83</u>	<u>2.01</u>
(ii) Other non-operating income comprises:		
Rental income from investment properties	7.06	3.96
Profit on sale of fixed assets	-	1.93
Forward Premium	29.93	-
Insurance Claim received	2.53	-
Commission	-	7.77
Liabilities / provisions no longer required written back	8.53	(1.01)
Miscellaneous income	0.02	2.42
Total - Other non-operating income	<u>48.08</u>	<u>15.06</u>
<b>23.a Purchase of traded goods</b>		
(a) Yarn	20,181.43	27,479.73
(b) Fabric	337.85	-
(c) Cotton	292.18	-
<b>Total</b>	<u>20,811.47</u>	<u>27,479.73</u>
<b>23.b Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
(a) <u>Inventories at the end of the year:</u>		
Stock-in-trade	928.84	684.94
(b) <u>Inventories at the beginning of the year:</u>		
Stock-in-trade	684.94	891.64
Net (increase) / decrease	<u>(243.89)</u>	<u>206.70</u>
<b>24. Employee benefits expense</b>		
(a) Salaries and wages	81.18	68.52
(b) Contributions to provident and other funds	7.27	5.06
(c) Staff welfare expenses	1.63	2.04
<b>Total</b>	<u>90.08</u>	<u>75.62</u>

# LAHOTI OVERSEAS LIMITED



## Notes forming part of Consolidated financial statements

(₹ in Lakhs)

Particulars	As at	
	31 March, 2012	31 March, 2011
<b>25. Finance costs</b>		
(a) Interest expense on:		
(i) Borrowings	94.93	124.69
(ii) Others		
- Interest on delayed payment of TDS and other overdue Interest	-	0.41
(b) Other borrowing costs	70.08	94.29
<b>Total</b>	<b>165.02</b>	<b>219.39</b>
<b>26. Other expenses</b>		
(a) Office & Administrative expenses:		
Operational Expenses (Wind Power)	49.66	48.59
Travelling & Conveyance	51.72	31.93
Legal and Professional Charges	30.99	39.76
Postage and Telephone Charges	17.60	13.21
Rent, Rates and Taxes	31.70	9.71
Directors' Remuneration	46.80	36.00
(Gain)/Loss on Cancellation of Forward Contract	162.52	45.69
Office & General Expenses	18.93	9.46
Insurance Premium	69.94	78.37
Motor Car Expenses	8.08	6.41
Repairs & Maintenance	8.98	6.78
Electricity Expenses	3.55	3.44
Printing and Stationary	2.79	3.57
Early Delivery Charges	32.61	26.01
(Gain)/ Loss on Exchange Rate Difference	119.96	(175.96)
Auditor's Remuneration [Note(1)]	3.36	3.69
Donation	0.33	0.07
<b>(a)</b>	<b>659.52</b>	<b>186.74</b>
(b) Selling and Distribution expenses		
Ocean Freight	439.80	749.82
Local Freight	321.14	361.07
Overseas Commission	90.25	163.59
Advertisement Expenses	1.25	2.22
Sales Promotion Expenses	18.79	4.67
Local Commission	27.79	52.06
Port Fees	0.15	0.45
<b>(b)</b>	<b>899.17</b>	<b>1,333.89</b>
<b>Total (a+b)</b>	<b>1,558.69</b>	<b>1,520.63</b>
Note (i)		
Payments to the auditors comprises		
As auditors - statutory audit	2.60	2.23
For taxation matters	0.22	0.22
For tax Audit	0.28	0.22
For Certification & Consultancy Services	0.25	1.01
<b>Total</b>	<b>3.36</b>	<b>3.69</b>



# LAHOTI OVERSEAS LIMITED



## 27. 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.

## 28. 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, 2012	
				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

## 29. 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.

## 30. Expenditure in foreign currency:

(₹ in Lakhs)

	As at 31, March 2012	As at 31 March, 2011
Foreign Bank Charges	32.50	32.78
Foreign Traveling Expenses	33.65	20.31
Overseas Commission	90.25	163.59
TOTAL	156.40	216.68

## 31. Earning in Foreign Exchange:

FOB value, including third party export: ₹ 21,673.83/- Lakhs (Previous Year ₹ 29,442.38/- Lakhs)

## 32. Contingent Liabilities:

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

(₹ in Lakhs)

		As at 31, March 2012	As at 31, March 2011
(i)	Sales Tax	Nil	3.00
(ii)	Income Tax (Pending before Appellate Authorities in respect of which the Company is in appeal)	231.66	375.98

## 33. 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.

## 34. 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.

## 35. Related Party Disclosure:

- i) The Company has identified following parties for the purpose of Related Party Disclosure:
- a. Associate Companies:  
Lahoti Terra Knitfab Limited (ceased to be associate during the previous year)
- b. Related Companies / Firm:  
PSWare Information Private Limited  
Sri Laxmi Exports  
Kirti Stock Brokers (P) Ltd.  
Bauble Investment Pvt. Ltd.

# LAHOTI OVERSEAS LIMITED



Nature of Transaction	Associates (Lahoti Terra Knitfab Ltd)		Other Related Company (PSWare Information Pvt. Ltd. & Bauble Investments Private Limited)		Key Management Personnel	
	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	-	-	-	-	-	-
Rent Paid	-	-	1.80	-	-	-
Managerial Remuneration	-	-	-	-	51.00	41.70
Outstanding balances						
<b>Loans and Advances</b>						
Receivable	-	-	51.00	51.00	-	-
Payable	-	-	-	0.51	-	-

### c. Key Management Personnel:

1. Shri Umesh R. Lahoti - Managing Director
2. Shri Ujjwal R Lahoti - Executive Director
3. Shri Aadhiya Lahoti - Director

### ii) Transactions during the year with related parties:

### 36. Earning Per Share:

(₹ in Lakhs)

		As At 31 March, 2012	As At 31 March, 2011
	Computation of Basic Earnings per share		
1	Net profit available for Equity shareholders (₹ in Lakhs)	<b>696.63</b>	630.72
2	Number equity shares for basic Earning Per Share	<b>2,92,28,661</b>	2,92,29,293
3	Basic Earning Per Share ( in ₹)	<b>2.38</b>	2.16
4	Face value per share	<b>₹ 2/-</b>	₹ 2/-

37. 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

**For and on behalf of**  
**P. C. Ghadiali & Co.**  
Chartered Accountants  
Firm No. 103132W

**Pannkaj Ghadiali**  
Partner  
Membership Number: 031745

Place: Mumbai  
Dated: May 29, 2012



**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 17<sup>th</sup> Annual General Meeting  
of the Members of the Company to be held at the 307, Arun Chambers, Tardeo  
Road, Mumbai - 400 034 on Friday, 28th September, 2012 at 3.00 p.m.

As witness my/our hand this.....day of.....2012

Signature of the Members.....

Affix a  
1 Rupee  
Revenue  
Stamp

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 17<sup>TH</sup> ANNUAL GENERAL MEETING HELD ON

FRIDAY, 28<sup>TH</sup> SEPTEMBER, 2012 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 28<sup>TH</sup> SEPTEMBER, 2012



## ACHIEVEMENTS

### From TEXPROCIL

2010 - 11	Merchant Exports	Bronze
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 Government of India (FIEO)

"Niryat Shree" Award for Excellence in Export Performance for the 2003-04

### 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.

Besides above, Company has received Business World International Business Award for Category "Best Export House" for excellent performance in exports.

