

# IMPACTING GLOBAL CUISINE...

...by bringing more to the table



For pork recipes are as easy as this then England style don't find pork from outside in supermarket, you can use the pork chops instead

## INGREDIENTS

- 1/2 cup maple syrup
- 1/2 cup brown sugar
- 1/2 cup ketchup
- 1/2 cup soy sauce
- 1/2 cup apple cider
- 1/2 cup apple juice
- 1/2 cup apple cider
- 1/2 cup apple juice

1. In a small bowl, stir together the maple syrup, mustard, salt and pepper until well combined.

2. Place the pork chops in a large skillet, add the pork, then add the sauce and shake it to coat the chops.

3. Heat the oil in a large skillet over medium-high heat. Add the pork and cook it for 3 minutes on each side until golden brown. Add the cider and apple wedges. Bring the cider to a boil, reduce the heat and let it simmer covered for 3 to 5 minutes or until the pork is done the heat and uncovered.

4. Stir in the maple syrup mixture and cook the pork for 3 minutes more or until the pork sauce is thick and sticky. Makes 4 servings.

**TIPS** Kids can mix the maple syrup glaze and be



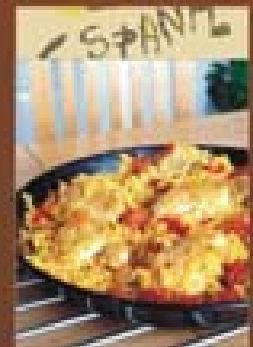
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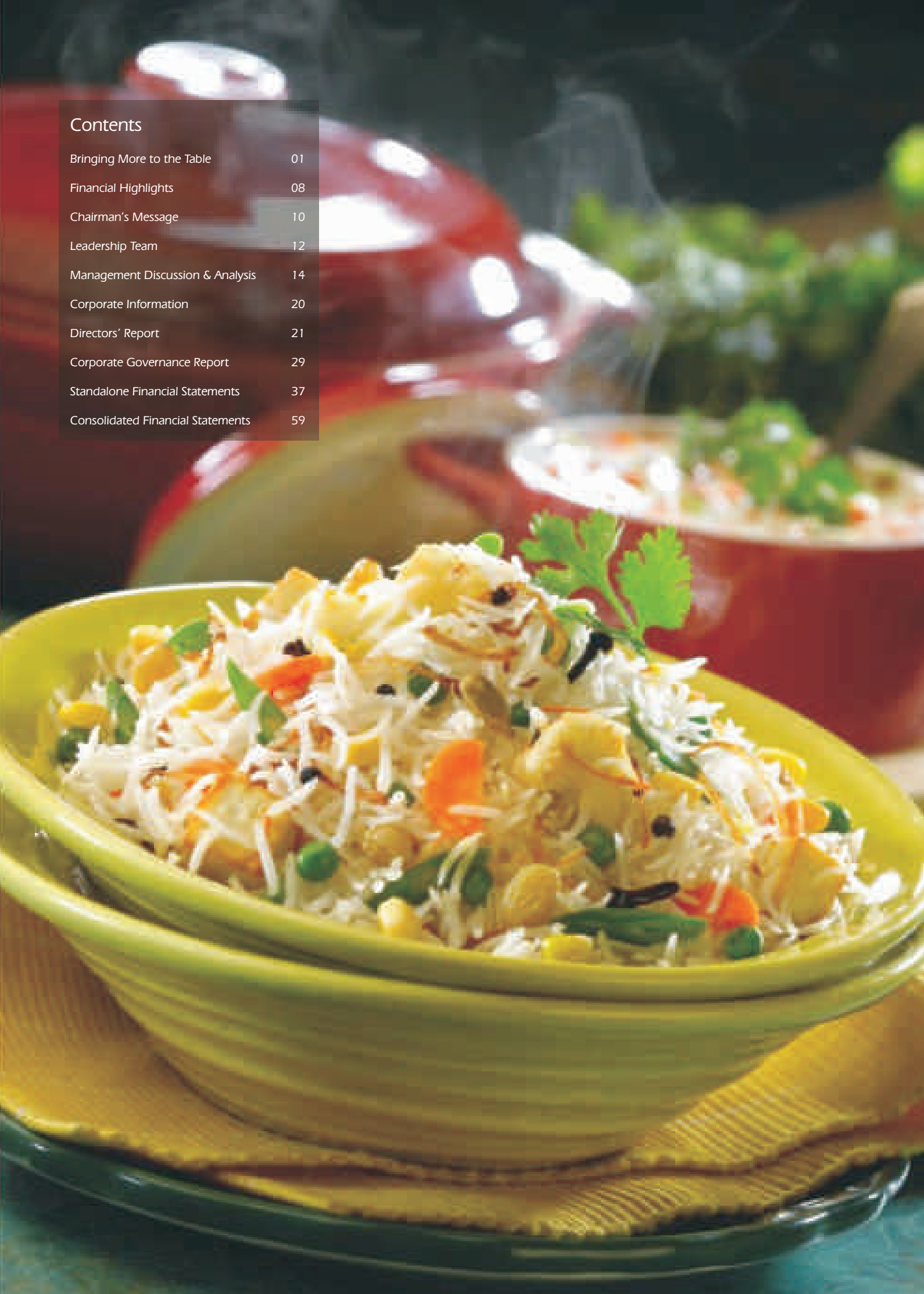
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## IMPACTING GLOBAL CUISINE... ...by bringing more to the table

LT Foods has been catering to the core traditional market as well as keeping up with global dietary trends. The latter are influenced by health and nutrition information, daily work and meal schedules, environmental concerns, and cultural exchange.

Consumers are influenced by convenience, weight management, quickness, and easy storage and serving. What, where, and how much they eat are all getting redefined. LT Foods has the experience and is poised to tap the opportunities arising out of this. It is transitioning smoothly from a branded grain provider to a global food brand with a whole basket of convenient, ready-to-cook, heat-and-eat snacks and dishes. It has a worldwide distribution chain in place. It has many known and accepted food brands in various markets. It is acknowledged for its standards in hygiene, product quality and wholesomeness.

LT Foods is now targetting the consumers worldwide and will leverage the strength of its brands to deliver new exciting products and to popularise them. It will thus impact contemporary cuisine. The products are formulated taking into account consumer data, preferences and tastes, and the demands of modern lifestyles. Even more sophisticated processes and packaging are involved in bringing these products to the table. The higher value-addition carried out in the LT Foods product portfolio will increase revenues, consolidate its brands and earn higher shareholder returns.



## **TODAY'S RESEARCH,** tomorrow's recipe



We are what we eat.

We are continuously evolving. Ditto with what we eat.

We are more nutritionally informed today. We know about body mass ratio (BMR). About eating smaller meals more often. About calorie values. About organically grown. About saturated and unsaturated fats. And all this knowledge is influencing us in what we eat, when we eat, how much we eat. And we are changing and evolving towards a new diet and lifestyle.

What won't change, however, is the appeal of food that looks good, natural, appetising and healthy. Taste, wholesomeness, flavour and aroma will rule as ever.

At LT Foods, these are not just facts of life. These are our unfolding opportunities.





## WHAT'S FOR LAUNCH?



We are establishing and growing brands that are being savoured in homes and restaurants around the world. We sold about 30% more volume of quality rice than in the previous year, and are targeting a 40% jump in 2010 in the Indian market. We are introducing an array of new value-added rice products – rice cakes, rice chips, rice chivda and more – that are in sync with today's emphasis on convenience. Without compromising on health or taste, our new offerings are irresistible as ready snacks.

The world is embracing organically produced items – beverages, corn, cheese, fruits, snack foods, personal care products, flowers, wool and a whole lot else - with a fervour. Concerns about health and also the environment are driving this. In North America alone, sales of organic products grew by 17% in 2008 to touch US \$ 24 billion, of which US \$ 22.9 billion was food.

Our wholly owned subsidiary, Nature Bio Foods is a pioneer since 1997 in organic agriculture and operates currently in five states in northern India. It exports foods free from artificial chemicals to Germany, Holland, France, Italy, Eastern Europe, US, Australia, New Zealand and UAE. LT Foods is thus poised strongly to avail of the market prospects from this significant trend that has picked up momentum.

## **AGGRO ON AGRO**

– aiming for brand leadership in foods



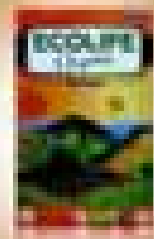
LT Foods has also considerably improved its **Supply Chain Management** and its customer support. **Ernst & Young's** expertise has helped us to analyse and re-engineer several of our processes. These have raised our reputation for timely execution of orders and also helped in cost efficiencies. The Company has also taken initiatives in silos and warehousing, and has commissioned new processing plants. Improved business forecasts have also helped in maintaining optimum inventory and better procurement.

The acquisition of Kusha Inc. has given us a 50% share of the rice market in the US. Kusha's well-developed links with the distribution and retail networks there are being leveraged to place a good number of differentiated products in the premium segment across the US. The Company has also launched 2 lb Jars in North America and is taking the Royal brand to Canada, where Daawat is already known. A diverse range of products such as pastes, sauces, chutneys, grapeseed oil etc. are under consideration for the export market. Another key market in which LT Foods has a team in place is the Middle East where its subsidiary Nice International is steadily expanding its distribution and its relationships with retailers.

Branded products, premium export markets, a new value-added range, expansion of the organic products portfolio... it's action along several fronts for the LT Foods, which is set on emerging as a brand of stature among Global Food Majors.

A competent and motivated team of about 800 people is working to make it happen. With the support of nearly 300 distributors and about 38,000 retailers across the world.

Yes, we'd like to have our brands relished, and assimilated into popular cuisine and culture, and to stand for taste, health and convenience in food.



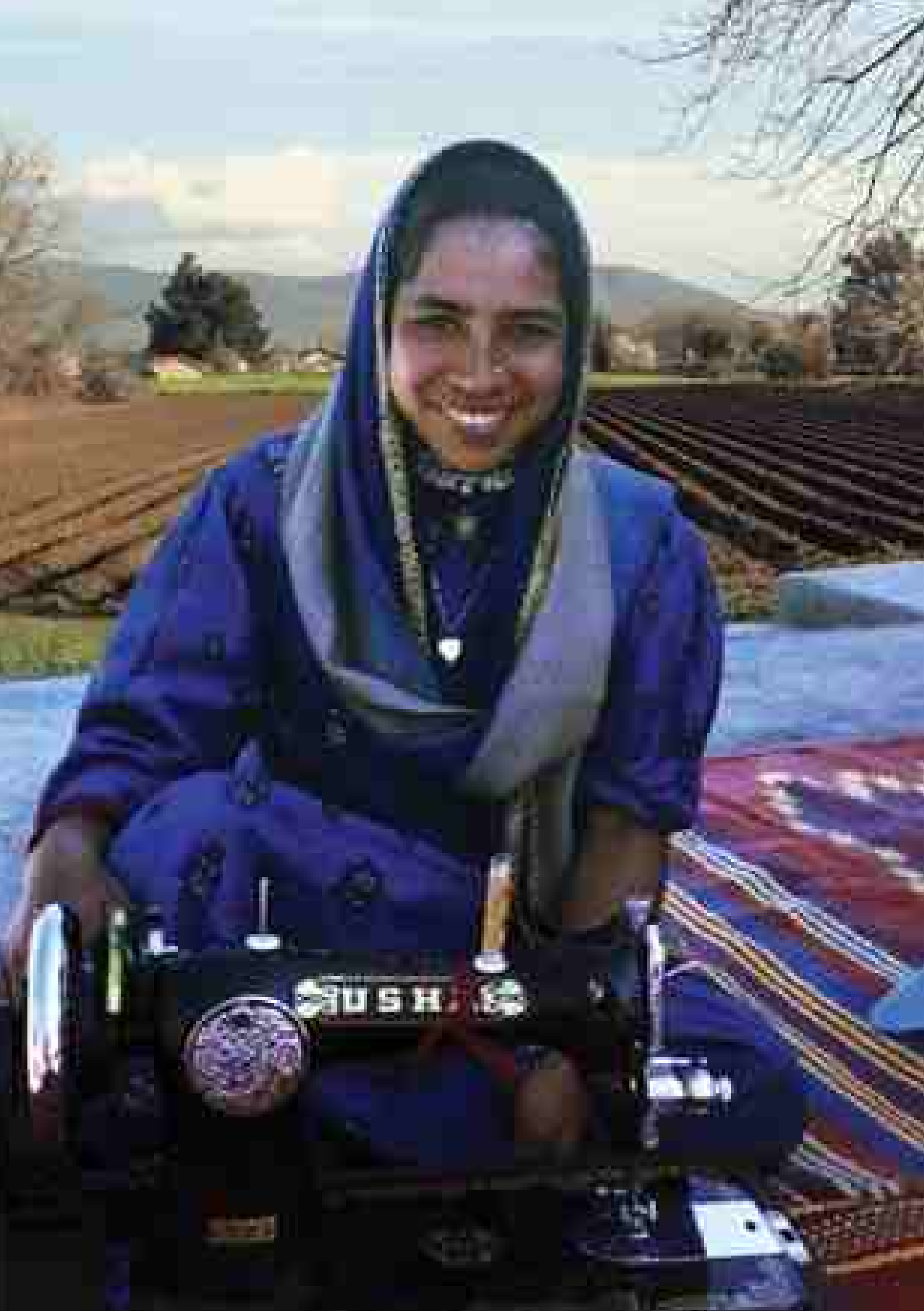
## **SHIFT IN CONSUMER BELIEFS** gifts us with a healthy opportunity

Sustainable lifestyle and sustainable technology are pressing quests today across the globe as we combat a situation of environmental crisis. Doing things will be more useful than spreading worry. Since 1997, our subsidiary Nature Bio Foods Ltd has been promoting Organic Agriculture and was the first company in India to export certified organic basmati rice.

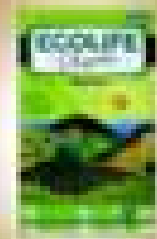
The principal advantages of the organic approach are that ecological diversity is maintained and there is richer soil biology. Both are vitally important for the future of the planet and to support human lives. Organically grown foods have higher nutritive value, are free from toxins, and have the most natural taste.

As there is a discernible shift towards organic produce, there is also a huge opportunity. LT Foods and its companies are equipped and ready with their experience. Nature Bio Foods follows complete traceability from the farm to shelf thus fulfilling stringent organic regulations such as USDA's NOP, EEC 2092/91 and India's NPOP. Working in close association with over eight thousand farming families, Nature Bio Foods is actively promoting organic agriculture in a dedicated way.

The Group will leverage its strengths along the chain from the farm to the mart, from the supply base to the consumer mindshare to create quality brands internationally. Yes, we'd like to have our brands relished, and assimilated into popular cuisine and culture, and to stand for taste, health and convenience in food.







## **HOLISTIC VALUES:** a wholesome view of people

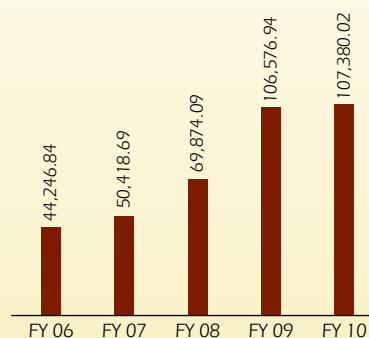
Apart from our nearly thousand employees, our several hundred distributors, our numerous retailers, LT Group sees itself as having an even larger extended family. There are about fifty thousand people of the farming community whose linkage with the Company is an enduring one. The Group has been contributing to the development of the community by organising training workshops, improving their livelihood arrangements, and helping to implement advanced farming techniques to raise output. The Eco Social project is underway in many villages where Nature Bio Foods has its organic projects. The women of the village are imparted training in stitching and embroidery which helps to augment their income.

At LT Foods, the sense of responsibility is both towards the community as well as to nature. Its value system balances the drive to reduce costs with the need to preserve nature. Its brands blend serving convenience with taste and nutrition. The Group's holistic approach is strengthening its presence in markets across the world and indeed building a savoury reputation for its brand offerings.

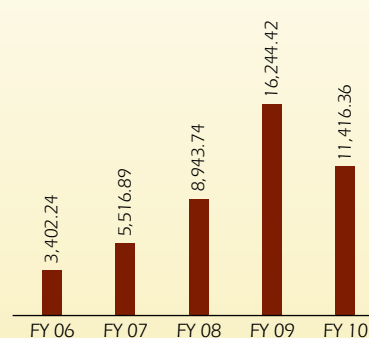


# Financial Highlights

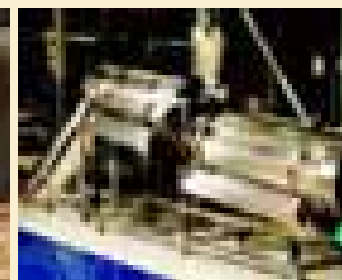
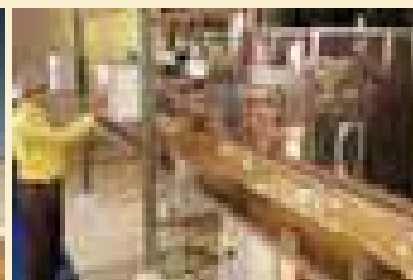
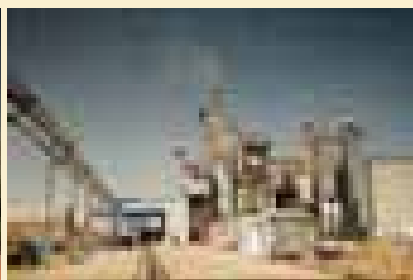
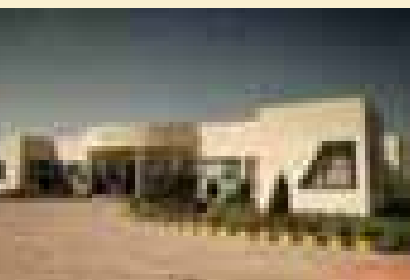
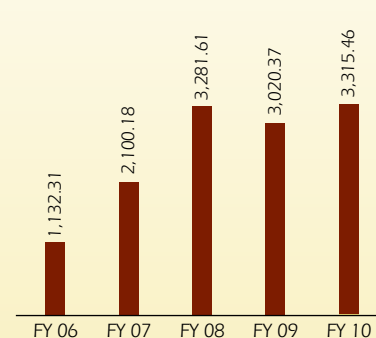
**Total Revenue**  
(Rs. in Lacs)



**EBITDA**  
(Rs. in Lacs)



**PAT after exceptional items**  
(Rs. in Lacs)



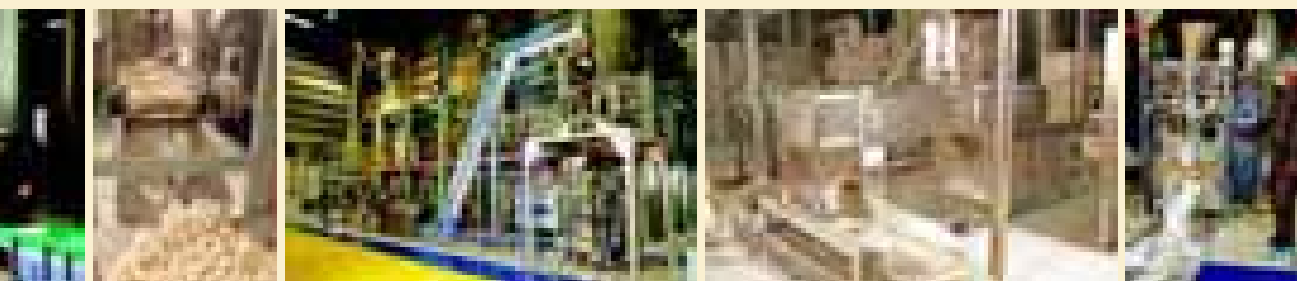
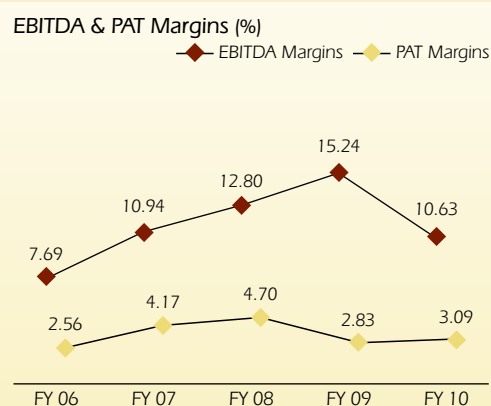
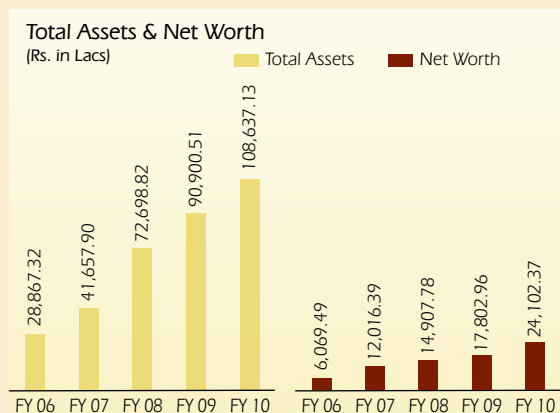
## OPERATIONAL REIIEW

(Rs. in Lacs)

	FY 10	FY 09	FY 08	FY 07	FY 06
Gross Sales	1,05,288.16	1,06,097.08	69,506.89	50,262.18	43,866.89
Other income	2,091.86	479.86	367.20	156.51	379.95
Total Revenue	1,07,380.02	1,06,576.94	69,874.09	50,418.69	44,246.84
EBITDA	11,416.36	16,244.42	8,943.74	5,516.89	3,402.24
PAT after exceptional items	3,315.46	3,020.37	3,281.61	2,100.18	1,132.31
EPS	11.28	13.56	14.74	12.77	15.85

## MARGINS & RATIO

EBITDA Margins(%)	10.63	15.24	12.80	10.94	7.69
PAT Margins(%)	3.09	2.83	4.70	4.17	2.56
Debt to Equity (times)	0.60	0.72	0.67	0.23	0.40
Equity	2,611.84	2,226.99	2,226.99	2,226.99	723.45



## FINANCIAL STRUCTURE

(Rs. in Lacs)

	FY 10	FY 09	FY 08	FY 07	FY 06
Net Fixed Assets	22,534.74	20,775.31	13,421.41	6,821.07	3,755.77
Capital Work-in-Progress	2,679.11	1,099.09	1,538.07	1,499.99	1,627.33
Investments	382.42	365.59	431.16	425.10	303.49
Net Current Assets	82,785.66	68,242.57	56,804.55	32,460.20	22,633.79
Misc. Expenditure	255.20	417.95	503.63	451.54	546.94
<b>Total Assets</b>	<b>1,08,637.13</b>	<b>90,900.51</b>	<b>72,698.82</b>	<b>41,657.90</b>	<b>28,867.32</b>
Net Worth	24,102.37	17,802.96	14,907.78	12,016.39	6,069.49
Term Loans	14,522.84	12,901.07	9,997.66	2,816.88	2,444.26
Working Capital Loans	57,927.77	49,589.24	39,903.44	18,751.87	17,926.23
Unsecured Loans	9,996.11	10,390.05	7,776.48	7,657.43	2,059.74
Minority Interest	1,814.67	33.75	12.95	54.12	48.07
Deffered Tax Liabilities	273.37	183.44	100.51	361.21	319.53
<b>Total Liabilities</b>	<b>1,08,637.13</b>	<b>90,900.51</b>	<b>72,698.82</b>	<b>41,657.90</b>	<b>28,867.32</b>



**Dear Shareholders,**

The year gone by turned out to be a year of consolidation for economies across the globe. Aided by fiscal stimulus and policy changes across several major economies, global economy returned on the path to recovery. The pace of recovery was varied though – moderate in many advanced economies and robust in some emerging ones including China and India.

Indian Economy returned back on the growth path during the current year and recorded a GDP growth of 7.4%, as indicated by the Central Statistical Office of the Government of India in its Revised Estimate. The growth could have been higher, but for the dismal performance of the agriculture sector.

Having crossed the revenue landmark of Rs. 1000 crore in the previous year, your Company continued its journey forward through the fiscal year 2009-10. With a view that monsoon's unpredictable behavior will keep impacting the input cost in our business, we continued on developing an effective insulation for our business. Over the past couple of years, we have been brainstorming on what could be that effective insulation. We have been finding answers and implementing and integrating them with the key objective of seeking 'sustainable growth', notwithstanding the vagaries of any kind including erratic monsoon.

It was in this direction that we transited from being a rice company to become an integrated food company and in the process we added new revenue streams – in distributing staples in India, in distributing branded FMCG in the USA, in developing a promising bouquet of organic products and brands. We also transited from being a family owned family managed company to a family owned professionally managed company. The thrust on inducting best available professionals as employees, consultants and/or advisors was complemented with an earnest attempt to imbibe a professional culture in the rank and file of our Company.

Your Company has inducted key stalwarts from critical domains like marketing communication and brand development and value-added product development. Our Advisory Board has got a fillip with induction of few luminaries during the year and is effectively guiding the management on strategic issues.

Our concerted efforts to revamp Sales and Distribution function and switch to best practices in Supply Chain Management brought significant results in the current year. We did seek professional assistance from renowned consultants in these areas and succeeded in not only expanding our reach but also our off-takes.

We have astutely been maintaining an even balance between our domestic and exports sales. And have been deploying specific strategies to penetrate deeper in these markets. We managed to align our key distributors in overseas markets with our corporate goals through a slew of measures and expand our presence



## CHAIRMAN'S message

through aggressive participation in various trade shows and fairs. In the last year, Company has worked on changing the corporate identity and invested on new packaging. The new packaging is aimed at educating the consumers on diverse usage of the chosen rice varieties.

With a view that our consumers deserve the best quality and/or value for money, we have maintained very stringent quality measures across our operations – from seed to paddy to processing to packaging. We were amongst the first adopters of silos for storage of rice and did introduce silos at all our units. Our expertise with silos opened another revenue stream in the current year with the Government of Punjab awarding us a contract worth Rs. 35 crores for construction of 4 wheat silos of 12,500 MT each.

The robustness of our business model and its prospects on long term value creation got vindicated when a leading Agri Fund, promoted by Rabo Bank placed private equity in your Company in the current year. While the infused capital will go a long way in funding our business expansion, their trust in LT Foods business vision and plan to emerge as a global rice food brand is a bigger gain in my opinion.

Going forward, LT Foods is ready to enter the value-added snacks business with rice chips and various namkeens. These products have fat content as low as 7% and score highly over other snacks available in the market which contain fat content of 25-30%. We are poised to launch these product as health snacks under a new brand 'My My' in the second half of the fiscal year 2010-11. We will go ahead with regional launch in the initial phase and follow up with more variants and take it to more regions. We are also at advanced stage of introducing other products on health and convenience platform.

My vision for future of LT Foods revolves around 'Global Food Brands'; created, managed and grown by 'Professionals'; aided by processes that marry the consumer insight with the farmer insight successfully; governed by a corporate objective of sustained value creation for all stakeholders.

Such a meaningful vision could not have been furthered during the current year without valued contribution of all our stakeholders. I place on record my sincere appreciation of the contributions made by your Company's Board of Directors, Advisors and Consultants. During the year, Radha Singh, Former Secretary of Agriculture, GOI and Rajesh Srivastava, Chairman & Managing Director, Rabo Equity Advisors have joined us on the Board of Directors. Both of them bring extensive experience, which will go a long way in achieving sustainable growth for your Company. On behalf of all our stakeholders, I welcome them on our Board.

I acknowledge the valued contribution of all our employees, agents, distributors, retailers, vendors and partners. I remain thankful to our lenders and shareholders for their continued trust in our capabilities. Last but not a bit least; I thank our friends in farming community for their participation in our value co-creation programs.

I look forward to a brighter future for LT Foods and invite all the stakeholders to make an even greater participation and partake from our sustained value creation drive, going forward.

With Best Regards,

**Vijay K Arora**

## LEADERSHIP TEAM



Sitting: **Mr. Vijay Kumar Arora**, Chairman & Managing Director

Standing left to right: **Mr. Surinder Arora**, Joint Managing Director. **Mr. Ashwani Arora**, Joint Managing Director. **Mr. Ashok Arora**, Joint Managing Director





**Mr. Rajesh Srivastava**  
Chairman & Managing Director  
Rabo Equity Advisors  
(A subsidiary of Rabobank)



**Mr. K. N. Memani**  
Former CMD  
E&Y India



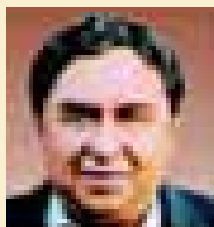
**Ms. Radha Singh**  
Former Secretary  
of Agriculture, GOI



**Mr. J. C. Sharma**  
Former Secretary Ministry  
of External Affairs



**Sunil Alagh**  
Former CEO  
Britannia



**Mr. Abhiram Seth**  
Former Executive Director  
Exports & External Affairs  
Pepsico India Holdings  
(Pvt.) Ltd



**Mr. S. C. Gupta**  
Ex. Chairman  
Punjab National Bank



**Mr. Pramod Bhagat**  
Lawyer



Leadership Summit at Tarudhan valley on 26th February, 2010 .

## MANAGEMENT DISCUSSION & ANALYSIS

### ECONOMIC OVERVIEW

The global economy is recovering at varied pace – moderately in many advanced economies and steadily in most emerging economies. An increasing number of countries have registered positive quarterly growth of gross domestic product (GDP), along with a notable recovery in international trade and global industrial production. While money markets appear to stabilise with equity markets rebounding; access to credit remains difficult for small & medium size enterprises. Rising public deficits and debt in some economies might lead to sovereign defaults – a risk which the current recovery can ill afford.

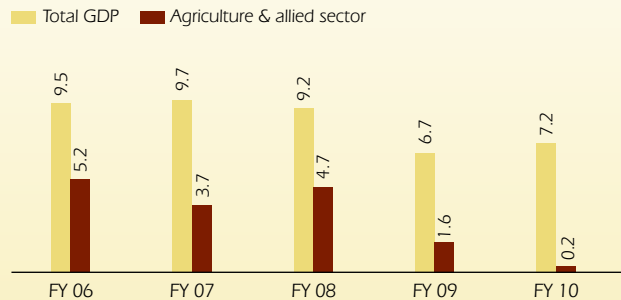
World Economic Outlook, released in April 2010 by International Monetary Fund estimated the world output to rise by about 4¼% in 2010, following a ½ % contraction in 2009.

### Indian Economy

Having arrested the impact of the global downturn successfully in the previous year, Indian Economy continued on the path of consolidation during the fiscal year 2009-10. The economy posted faster recovery, which was fueled primarily by Government's stimulus and easing out of liquidity scenario in the first half, and rise in private demand and coinciding acceleration in industrial output in the second half of the current year. The deficient monsoon led to considerable pressure on the farm output and the same was reflected in food inflation touching record high during the year.

Consolidating faster, India once again emerged as the second fastest growing economy amongst the major economies of the world. The revised estimate of Central Statistical Office (CSO) indicated the growth in Indian GDP to be 7.4%. In the backdrop of earlier estimates predicting a contraction of 0.2%, the agriculture sector bettered its performance

Indian GDP Growth vis-a-vis Agriculture Growth (%)



with a marginal growth of 0.2%. The sectors of manufacturing, construction, and 'trade, hotel, transport & communication'



contributed more than 50% to the GDP. Importantly, all these sectors showed a sustained growth trend quarter over quarter.



“ Last year when we were scouting for suitable bid in the grain sector we came across LT Foods Limited. The first interaction with the Promoters and their senior management revealed the sincerity in approach and commitment to business

which are two critical attributes for any Private Equity firm.

What clinched the issue for us was the receptivity for our inputs, including on governance, and an anxiety to imbibe all sustainable business ideas. Since we invested in LT Foods and additionally in its subsidiary Daawat Foods Limited, the Group has come a long way. There have been modest to radical improvements in all business and operating areas. The Governance has improved by several notches and I have no hesitation in saying that, at the current run rate, LT Foods will be known as the best rice based foods company in the country within the next few years.

In summary, we are proud to partner with the LT Foods Group.”

**Rajesh Srivastava,**  
CMD; Rabo Equity Advisors





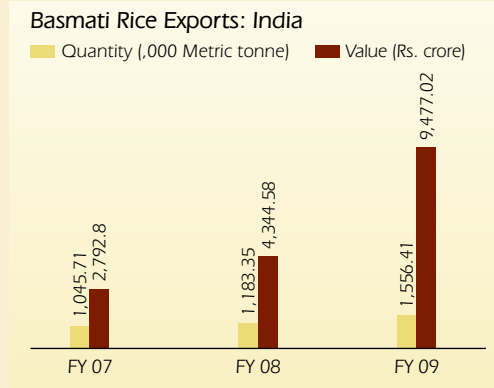
The Union Budget 2010 has pinned hopes on improving upon the agricultural growth to 2.2% in the next year (FY 11). These encouraging trends, together with the prediction of a favourable southwest monsoon and accelerated spending on infrastructure development, shall help Indian economy return back to the GDP growth range of 8.5-9.0% in FY 11.

### INDIAN RICE INDUSTRY

Rice is the second largest produced cereal in the world and is cultivated in over 100 countries. In India, rice accounts for nearly one third of its agricultural production, 13% of overall agricultural exports and 1.6% of total exports from India. The rice industry in India is worth around Rs. 1,00,000 crore, which is broadly divided into two segments i.e. basmati and non-basmati with the non-basmati constituting over 95% production by volume. Basmati



rice is a premium rice variant grown in India and Pakistan. With production share of 53%, India is the largest producer and exporter of basmati rice and commands premium over its traditional rivals in terms of prices and quality.

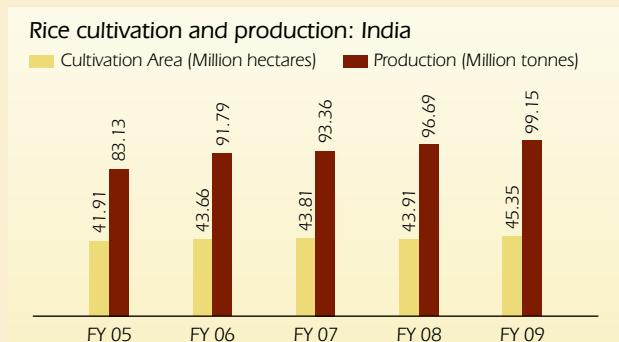


With rapid urbanisation, improving per capita income and lifestyle and evolution of organised retail, the Indian rice industry is witnessing a gradual shift towards branded rice. While the branded rice constitutes ~10% of the Indian rice market, its demand has been growing at around 15% in the domestic market and is likely to catch up with the international trend of ~25% annually.

In FY 09, the basmati rice exports from India recorded an impressive growth of 118% and reached Rs. 9,477 crore in value terms. In contrast, following the restrictions imposed by the government, export of non-basmati rice shrunk to Rs. 1,687 crore in value terms in FY 09 in comparison to Rs. 7,409 crore in FY 08. Of the total basmati exports, branded basmati constitutes less than 15% in volume terms. The leading export destinations include Saudi Arabia, Kuwait, the UAE and the US. The growth in exports of basmati from India is expected to have sustained in FY 10, despite the overall agricultural growth slipping to 0.2%.

LT Foods, with its strong franchisee network and a significant export market share is poised to reap the benefits of growing penetration of branded basmati. Production of basmati has recorded a 3% CAGR in the last three years whereas domestic consumption has been increasing at over 10% for the same period. On the international front, basmati is being preferred as a staple in Middle-East markets and is increasingly finding its way on platters of European and American consumers.

With food processing gaining industry status gradually in India, the rice sector is expected to grow at an increasing momentum. Improvement in logistics, gradual de-commoditisation of rice and accelerating pace of modern retail is likely to augment the growth of branded rice in India.



## REVIEW OF OPERATIONS

LT Foods entered the fiscal year 2009-10 with tremendous optimism despite the uncertainties of global downturn of the previous year still hovering around. On course to emerge as a global rice food company offering a diverse bouquet of basmati rice and rice based value-added products, we continued balancing our focus between harvesting today and investing on tomorrow.

At LT Foods, we stayed focused on creating future growth foundations. We continued expanding and diversifying our value-added product portfolio; developing and further strengthening our market penetration in India and abroad; and investing in brands, infrastructure and people.

**Focus on Professional Pool:** LT Foods furthered its vision of transforming as a professionally governed and managed company during the year. The Company appointed Ms. Radha Singh, IAS (Retd.), Former Secretary of Agriculture, GoI and Mr. Rajesh Srivastava, Chairman & Managing Director, Rabo Equity Advisors Pvt. Ltd. on its Board of Directors during the year. With the induction of these new Directors, combined with the existing Director, Mr. J. C. Sharma, IFS (Retd.); LT Foods today has probably the most distinguished Board amongst the companies in the grain sector in India.

The Company, led by its promoters' vision to leverage strategic value of eminent professionals, has created an advisory board which meets



**Improving Operational Efficiencies:** The Company has effected significant changes in its operating infrastructure by undertaking various steps including seeking external help from experts. These include revamping of Sales and Distribution chains through the advice of Ernst n Young; Business Process Engineering across the Company under the advice of Accenture; and introduction of Annual Operation Plans (AOPs) for all verticals and group companies commencing current financial year.

**New Products:** During the year, the Company introduced a range of new products for specific usage like Original Aroma, Biryani, Pulav, Kheer and even everyday cooking. Subsequently, the Company's brand portfolio got enriched with DAAWAT Traditional Basmati Rice; DAAWAT Biryani Basmati Rice; DAAWAT Pulav Basmati Rice; DAAWAT Super Basmati Rice; and DAAWAT Rozana. The Group remained focused on diversification into related areas. It has undertaken several initiatives during the year in this direction, some of which are still underway. These initiatives include the re-launch of basmati rice in different usage-based variants and new packaging; launch of rice based snack foods on the health/nutrition platform under the brand 'My-My'; and fillip to organic



regularly on various strategic issues. The advisory board consisted of luminaries like Mr. K. N. Memani, Former CMD, E&Y India; Mr. S. C. Gupta, Former Chairman, Punjab National Bank; Mr. Ashwani Windlas, Former CEO, Hutchison; and Mr. Rajesh Srivastava, CMD, Rabo Equity Advisors. The statutory auditor for the company and its subsidiary 'Daawat Foods Limited' is being changed to Grant Thornton from the fiscal year 2010-11. The Group has hired the services of Mr. Sunil Alagh, Ex-CEO of Britannia and a leading authority on brands and marketing as a Consultant for relaunching and propagating the rice brands of LT Foods. He has already demonstrated his superior knowledge by forcing radical changes in the product design and positioning.

Mr. Abhiram Seth, Ex-ED, Pepsico has been inducted on the Board of Daawat Foods Limited. He brings with him rich experience of F&B business and is adding value to the current and future operations. In due course of time the Board of other subsidiary companies - SDCL and Nature Bio will also have Independent Directors.

business under Nature Bio Foods.

**Infrastructure Development:** The construction work on 'fully automated parboiling mill' commenced at Amritsar during the year. With installed capacity of 12T/hr, this mega facility will deploy new parboiling technology that guarantees odour-free parboiled rice. The estimated cost of this project is Rs. 50 crores and the plant is poised to commence commercial production in the rice season 2010 (October 2010). Food plant of Daawat Foods Limited (a subsidiary Company) also got added during the year. The Company commenced the setting up of grain silos in Punjab for PUNGRAIN, a wheat processing facility in Bhopal (DFL) during the year.

**Initiatives in exports:** During the year under review, consolidation of distribution network remained the key focus. The Company concentrated its Middle East focus in Dubai & Qatar during the year and intends to replicate the learning and success in Saudi Arabia, Kuwait, Yemen and Iran in the coming years. These countries are heavy

consumers of parboiled rice. The Company expects to deploy the parboiling capability of its upcoming plant at Amritsar to meet the future demand from these countries. The Company has established the ground for the launch of value-added products in this region in the second half of the coming fiscal year.

The Company has been furthering its brand promotion and distribution network in the overseas markets through participation in key trade-fairs across potential geographies. During the year under review, it participated in Anuga – a leading fair on food & beverages organised at Cologne, Germany every alternate year; and Gulfood – Middle East's leading exhibition on food service and hospitality sectors. The Company successfully furthered its twin objectives of launching new products and brands to the consumers as well as soliciting and identifying new distributors for respective regions/countries. Its subsidiary in the USA – Kusha Inc. – got strengthened with the induction of a stalwart as Vice Chairman. It is gearing up for handling sales of other cereals and food products in the US.

**Strengthening Distribution Network:** The Company continued to strengthen its distribution network with customised strategy for various channels like retail, wholesale and institutional sales and restructured manpower deployment to suit the specific needs of each channel. The Company is successfully leveraging of its domestic distribution channel for distribution of other food products under its subsidiary 'Staple Distribution Company Limited'. Adoption of information technology at distributor level was done during the year to facilitate daily billing updates and demand forecasting. The reward structure was recast to include the range of company brands/products sold to form another judging criterion besides turnover. In order to enthuse distributors, various incentive trips were formulated during the year including 'Leaders today, Leading tomorrow' and 'Rising Star' with Cruise to Hong Kong and Trip to Thailand as respective rewards for achievers.

## REVIEW OF FINANCIALS (Consolidated Accounts)

(Amount in Rs. lacs except for EPS)

	Fiscal Year 2009-10	Fiscal Year 2008-09	Change (%)
Total Revenue	1,07,380.02	1,06,576.94	0.75
Profit Before Tax	4,177.51	3,648.42	14.50
Profit After Tax	3,315.46	3,020.37	9.77
Earnings per Share (Rs.)	11.28	13.56	(16.81)

At Rs. 1,07,380 lacs, total revenue recorded a growth of 0.75% over previous year. Profit before tax grew by 14.50% to reach Rs. 4,177 lacs during the year. Profit after tax grew by 9.77% to reach Rs. 3,315 lacs. Earnings per Share, though, contracted by 16.81% due to induction of Private Equity in November 2009..



## Financial Condition

(Amount in Rs. lacs)

	Fiscal Year 2009-10	Fiscal Year 2008-09
Share Capital	2,611.84	2,226.99
Reserves and Surplus	21,490.53	15,575.97



During the year, our share capital increased by Rs. 384.85 lacs to reach Rs. 2,611.84 lacs on account of issuance of fresh equity shares including bonus shares – by capitalisation of profits and fully paid up shares issued for considerations other than cash. Reserves and surplus increased to Rs. 21,490.53 lacs during the year, recording a growth of Rs. 59,14.56 lacs over the previous year.

Inventory increased by Rs. 4,401.52 lacs to reach Rs. 68,201.82 lacs as at 31.03.10 from Rs. 63,800.30 lacs a year ago. Other current assets including Cash and Bank Balance reached Rs. 1,813.02 lacs as at 31.03.10, recording an increase of Rs. 48.43 lacs from Rs. 1,764.59 lacs in the previous year. Sundry debtors increased to Rs. 16,547.03 lacs from Rs. 14,143.29 lacs in the previous year. During the year, loans and advances increased to Rs. 5,695.14 lacs from Rs. 4,626.44 lacs in the previous year. Current liabilities and provisions decreased to Rs. 9,471.33 lacs as at 31.03.10 from Rs. 16,092.05 lacs a year ago. Net current assets increased to Rs. 82,785.68 lacs as at 31.03.10 from Rs. 68,242.57 lacs in the previous year.

## RISK MANAGEMENT

Our business may be impacted by numerous macroeconomic, social and environmental factors. At LT Foods, our approach to risk management is a preventive and preemptive one. We stay alert and attentive to the set of prevalent and potential risks that might affect our business and have put in place a robust risk management framework for identification, assessment and management of risk.

## Environmental Risk

Our raw material is largely sourced from agricultural produce of India, majority of which is dependent on rain. Environmental factors like excess or deficient monsoon may impact the quality and quantity of raw material procured, in turn impacting our business.

The Company maintains a healthy stock to counter shortage in supply. Moreover, in a short supply situation the yield goes up with rising prices and sets off the impact of fall in stocks to some extent. Company's storage capacities too are well equipped to counter heavy rains.

## Procurement Risk

The procure of right quantity of quality raw material at the right price is imperative for our business, as raw material constitutes a major



component and is critical to our brands too. In order to mitigate this risk to the extent possible, we have entered into contract farming. We supply quality seeds, supervise through the growing season till cultivation to ensure the quality and quantity of the paddy procured. Contract farming also reduces our dependence upto some extent on purchase from open market. We deploy our sophisticated testing machines for ascertaining the quality of paddy being procured.

Farmers being a key stakeholder in our business, we have consistently been working towards increasing their and their farm's productivity. We proactively educate them on modern farming practices, integrated pest control management, curing and grading techniques, and post harvest product management. These initiatives help farmers with better and higher yields and also make farming cost-effective. And help us achieve on our social agenda of bettering the lives of farmers alongside meeting our business objectives.

#### **Export Risk**

A substantial portion of our revenues come from exports to the US and other overseas markets. Any change in the socio-economic environment in those markets may impact our business. Rice being a primary staple in the country, any change in government policies to export it may also impact our business.

Our Company together with its US based subsidiary, 'Kusha Inc.' handles ~52% of the rice exports to the US market. We are also increasing our exports to other countries Canada, Australia, New Zealand, Middle Eastern countries to reduce our dependence on a small base. We regularly undertake several initiatives to penetrate in new geographies to diversify the risk. Our strategy of evenly balancing the revenue mix between exports and domestic sales is also aimed at mitigating the export risk in adverse times. Presently Company is exporting its product to more than 45 countries.

#### **Domestic Market Risk**

Increasing competition in the domestic market coupled with customers' rising expectations of value for money may adversely impact our business.

We counter this risk by operating in the premium branded rice segment, maintaining product superiority and making significant investment towards raising our brand equity. We deploy a pool of diverse professionals as advisors in order to stay ahead of competition and counter this risk. We are consistently strengthening our market presence by restructuring and realigning our sales and distribution methodology with the help of professionals/experts. These initiatives are aimed at not only increasing our brands' market-share but also

enhance the productivity of our existing distribution network. In order to understand the fast changing and evolving expectations of consumers from our brand, we continue making significant investments towards tracking consumer's behavior and respond with their expectations from the brand.

#### **Interest Rate Risk**

With material cost alone constituting approx. three fourth of the total cost, our business is working capital intensive and any rise in the cost of funds may impact our business.

Having attained significant scale in our business and vibrancy in our brands, the Company manages to raise adequate funds/debts at competitive rates. We lay special emphasis on utilising low-cost funds. In order to ensure the cost competitiveness of funds vis-a-vis that of competition, top management evaluates the comparative details on going basis.

#### **Currency Risk**

With exports contributing almost half of our total revenues, any adverse fluctuation in the exchange rate may impact our business.

We mitigate this risk with a well defined policy for hedging of exports. A team of highly experienced professionals guides on the steps to be taken to mitigate the exchange risk. Foreign Exchange position is reviewed on going basis by the management.



#### **MATERIAL DEVELOPMENT IN HR**

The Company has traditionally had low attrition rate. Instead of being complacent with it, the Company is introducing various talent attraction and retention measures. It has created proper HR architecture with job profiles, grades, ranks, designations, pay-scales and career progression planning. It is in the process of engaging an HR Firm for mapping the HR needs of the Group over the next 5 years in furtherance of the business vision set by the Group. It introduced fixed and variable pay structures for the middle and senior management personnel in phase I where the ratio between the fixed and variable will steadily become 60:40. It is proposing to introduce Employee Stock Option Plan (ESOP) for the middle and senior management personnel across the Group during the year 2010-11.

The spirit of collaboration and commitment to create enduring value for stakeholders holds the Company's HR Pool together. As at March 31, 2010, 850 people were employed by the Company and its subsidiaries.



### Internal Control Systems and their adequacy

Our Company believes that internal control is a necessary concomitant of the principles of governance and freedom of management should be exercised within a framework of appropriate checks and balances. We believe that by building a strong foundation of the internal control systems, the Company will be able to smoothly face the challenges of sustainable growth in future.

In our effort to build a robust internal audit and control system, we have built an independent internal audit function, which is staffed with professionally qualified people, whose experience and expertise will help the Company to build and execute adequate checks and balances in a systematic manner. Standard operating procedures in line with global practices have been laid along with authority control.

The Internal audit process continuously monitors the status of operating systems and policies and their compliances and any deviation thereof and the quality of management decision making process. Under the framework, various risk facing the Company are identified and assessed across all levels and functions, and suitable control activities are designed to address and mitigate the significant risk. Planned monthly periodic reviews are carried on resulting in identification of control deficiencies and formulation of



successfully balanced between a narrow business focus and diverse business view simultaneously. As a result of its sustained endeavours, it has contrasting business avenues like domestic and exports market, basmati rice and value-added rice products, organic and health/nutrition appeal, brands business and distribution business.

It has stayed focused on deploying and leveraging best professional talent from within and outside in shaping up its long-term growth platform. It has successfully managed to infuse capital for its



time bound action plan to improve efficiency and business performance.

The adequacy and effectiveness of the Internal Control Department is reviewed by the Audit Committee of the Board which recommends control measures from time to time.

### Future Outlook

LT Foods has consciously and tirelessly built a robust business foundation that transcends the traditional grains business. It has

operational and capital expenditures. It is on the basis of all these parameters that LT Foods' outlook remains very bright and promising. Going forward, it is likely to record twin benefits of increasing revenues on account of its capacity and market expansion and increasing profitability on account of its improved product quality/brands, enhanced operational efficiencies and the addition of high margin value-added products in the snacks segments.

### CAUTIONARY STATEMENT

Statements in this Management Discussion and Analysis describing the Company's objectives, projection estimates and expectations may be "forward looking statements" within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downward trend in food industry, significant changes in political and economic policies in India, Tax Laws, litigation and other costs.

## CORPORATE INFORMATION

### Board of Directors

Mr. Vijay Kumar Arora, Chairman & Managing Director

Mr. Ashwani Arora, Joint Managing Director

Mr. Surinder Arora, Joint Managing Director

Mr. Ashok Arora, Joint Managing Director

Mr. Rajesh Srivastava, Nominee Director

Ms. Radha Singh, Independent Director

Mr. Pramod Bhagat, Independent Director

Mr. Jagdish Chandra Sharma, Independent Director

### Compliance Officer & Company Secretary

Mrs. Monika Chawla Jaggia

### Plants

43Km Stone, GT Road,  
Bahalgarh, Sonapat - 131001

Phoola Road, Distt. Amritsar  
Punjab - 143303

Mandideep, Bhopal, Madhya Pradesh - 462046

Kamaspur, Bahalgarh, Sonapat - 131001

Varpal, Punjab - 143022

### Auditors

M/s TU & Co  
Chartered Accountants, Delhi

### Bankers

Oriental Bank of Commerce  
(Lead Consortium)

IDBI Bank Limited

HDFC Bank Limited

Bank of India

### Registrar & Transfer Agent

Bigshare Services (P) Limited  
E- 2/3, Ansa Industrial Estate  
Saki Vihar Road, Saki Naka  
Andheri (East), Mumbai - 400072  
Ph: 022-28470652, Fax: 022-28475207  
Email: ipo@bigshareonline.com  
Contact person: Mr. N.V.K. Mohan

### Registered Office

A-21, Green Park, Aurobindo Marg  
New Delhi - 110017  
Tel.: 011 - 26857099, Fax: 011 - 26859344

### Corporate Office

Plot No. 119, Sector - 44, Institutional Area  
Gurgaon, Haryana - 122002.  
Tel.: 0124 - 3055100, Fax: 0124 - 3055160.

## DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the 20th Annual Report of your Company together with the Audited Statement of Accounts for the Financial Year ended on March 31, 2010.

### FINANCIAL RESULTS

The performance highlights of the Company for the year ended on March 31, 2010 are as follows:

(Rs. in Lacs)

Particulars	2009-10	2008-09
Sales and Other Income	1,07,380.02	1,06,576.94
Profit before Tax	4,177.51	3,648.42
Tax on Profit	862.05	628.05
Profit after Tax	3,315.46	3,020.37
Dividend*	462.47	222.70
Tax on Proposed Dividend	76.81	57.35
Transfer to General Reserves	275.10	305.11

\* Proposed, subject to the approval of shareholders' in the ensuing Annual General Meeting

	2009-10	2008-09
Earning per Share (Rs.)	11.28	13.56
Dividend per Share (Rs.)	1.50	1.00

### FINANCIAL REVIEW FOR THE YEAR

Coming on the back of the global meltdown and financial crisis of the previous year, financial year 2009-10 proved to be a challenging year. During the year under review, the Company achieved Sales Turnover of Rs. 1,05,288.16 lacs and PBDIT of Rs 1,24,85.77 lacs. The Company's Profit after Tax was Rs. 3,315.46 lacs and Earning per Share stood at Rs. 11.28.

The details of the Company's operations have been provided separately in the Management Discussion Analysis Report, which forms part of this report.

Audited Consolidated Financial Statement for the year ended on March 31, 2010 also forms part of this report.

### DIVIDEND

Your Company is pursuing sustainable growth through numerous expansions & diversifications in the food sector, which requires the Company to make qualitative investments on continuing basis. At the same time, it is responsive to the dividend expectation of its shareholders. Your Board of Directors, at their meeting held on May 26, 2010 have recommended a final dividend of 15% (Rs 1.50 per Share of Rs. 10 each) for the financial year 2009-10, which is subject to the approval of shareholders at the ensuing Annual General Meeting. The dividend payout by the Company, when approved, will total Rs.391.78 lacs including the dividend

distribution tax of Rs. 37.04 lacs and DFL also has recommended a final dividend of 12.5% (Rs. 1.25 per share of Rs. 10 each) for the year 2009-10. The dividend payout by DFL would be Rs. 279.21 lacs inclusive of Dividend Tax.

### TRANSFER TO RESERVES

Subsequently, an amount of Rs.275.10 lacs is proposed to be transferred to the General Reserves.

### OVERVIEW

Agriculture together with the Food Processing Sector forms an important constituent of the Indian Economy and holds key to the overall GDP growth agenda of India. It assumes greater significance for its ability to fillip the inclusive growth aspirations of a country with a billion plus people, where it employs more than 50% of country's workforce.

### BUSINESS OVERVIEW

Amidst difficult macro-economic environment, your Company managed to achieve a modest growth in the domestic market during the year. More importantly, from a long term perspective, the Company stayed focused on overcoming two key challenges of improving operational efficiency and cost rationalisation. A slew of initiatives were rolled out during the year to improve productivity through effective application of technology towards improving the manufacturing process and leveraging the sequential cost and quality advantages. The Company undertook proactive initiatives to create an efficient and robust supply chain. As a result, our supply chain got revamped and we achieved noteworthy cost savings. Methodical approach to forecasting demand improved our capability of procuring the requisite raw materials on time, which brings its inherent cost advantages.

The Company's healthy growth over recent years shall be attributed to a set of key factors like a focused business strategy, visionary entrepreneurial leadership, best available advisors and consultants, highly motivated and committed talent pool and best-in-class practices across technology, processes and human capital management.

Our flagship brand, 'Daawat' has increased its presence across the length and breadth of the Country. Numerous new channel partners were enrolled and existing ones were made more efficient. The Company is currently working on revamping its identity and introducing new packaging for its key brands.

The Company will continue to focus on channel initiatives, synergising all levers, including distribution, trade marketing, market activation and advertising. It will continue to sharpen its edge through service, quality and customer insight.

### CREDIT RATING

ICRA has reaffirmed the LBBB- (pronounced as triple B minus) rating to 0.5 billion term loans and Rs. 4.50 billion fund based facilities of

the Company. The outlook on the rating remains stable. ICRA has also reaffirmed the “A3” (pronounced as A three) rating to Rs. 0.5 billion non fund based facilities of the Company.

The above reaffirmations takes into account our experienced management, proven track-record in basmati rice business and long standing relationships with clients in domestic and export markets.

## **BUSINESS OUTLOOK**

The Government’s continued thrust on Food Processing Sector and development of its requisite infrastructure will continue propelling the sector on healthy growth over long term. Your Company is geared up to participate in the growth of this sector and leverage its pioneering leadership towards greater value creation from the sector.

The Company’s core strategy will be to strengthen current brands through product design, delivery and introduction of new and differentiated products. Its focus on understanding and responding to consumers’ needs and expectations shall drive increased takeoff of its products. Company’s ensuing line of healthy snacks and other products shall further strengthen its prospects, going forward.

Together with our subsidiary companies, we are embarking on new food products like Fast Cooking Brown Rice, Rice Cakes, Rice Chips and several rice based snacks. Aided by a series of such initiatives and led by a farsighted and forward planning management team, the Company will continue exploring and implementing value-creating steps to enhance its market position. Your Company is also exploring other segments in the food industry in addition to contemplating line extensions in order to pursue sustainable growth.

During the year under review, the Company has bagged the “Wheat Silos Project” on Build-Own-Operate (BOO) basis for a period of 30 years from Punjab State Grains Procurement Corporation Limited of Government of Punjab for storage and handling of 50,000 MT of wheat.

## **FINANCE**

Being in a working capital intensive business, the Company avails large working capital facilities from a consortium of banks. The Company has successfully procured finance for its operations at competitive rates on the strength of its excellent track record, and financial strength and discipline. As a policy, the Company hedges forex risk for the pending export orders in hand.

## **DOMESTIC OPERATIONS**

As a part of our never ending endeavor to improve our systems and processes, the Company decided to bring in Country’s leading business process consultants to tread the path of success in domestic operations. The systems and approach suggested by them has resulted in improved operations and reduced cost of operations.

## **EXPORTS**

As a fallout of recent slowdown, the business scenario in overseas markets remained highly competitive and challenging during the year. We opted to consolidate on the gains made in the earlier years and relook at enhancing efficiency, reducing the cost of logistics, exploring virgin markets and expanding our customer-base during the year.

## **QUALITY**

Quality has long been our effective differentiator in domestic as well as overseas markets. We remain committed to respond to consumer needs and expectations with products of highest quality.

## **RECOGNITIONS AND ACCREDITATIONS**

The biggest plant of the Company situated at Bahalgarh bears a true testimony to our quality standards with ISO 14000 certification by SGS, UK. During the year, it was recertified for International Accreditations of SQF, BRC, OU (Orthodox Union) and EIA.

Quality Management System of Company’s Bhopal plant is certified for “Paddy receiving, processing, packing and dispatch of Rice” in accordance with the requirements of the international standard ISO 22000 -2005 by SGS, UK.

## **CAPITAL AND PREFERENTIAL ALLOTMENT OF SHARES**

The authorized capital of the Company has been increased from Rs. 2,500 lacs to Rs. 3,000 lacs in order to meet its growth objectives during the year.

Subsequent to the approval of shareholders, the Company introduced private equity from India Agri Business Fund for funding expansion, modernization and diversification. Equity was inducted by way of preferential allotment of shares to the strategic investors in the Extra Ordinary General Meeting held on October 26, 2009. A total of 38,48,485 equity shares were issued to India Agri Business Fund Limited, Mauritius and Real Trust.

Indian Agri Business Fund is managed by Rabo Equity Advisors, an arm of the Dutch based Rabo Bank, AAA rated bank which is also a key contributor to the Fund.

## **POSTAL BALLOT FOR ALTERATION OF MEMORANDUM AND ARTICLES OF ASSOCIATION**

During the year under review, the Company had sought approval of the members vide postal ballot for alteration of the Memorandum and Articles of Association of the Company.

In terms of Section 17 and 31 of the Companies Act, 1956 (the Act) and in terms of Section 192A of the Act read with Clause 4(f) of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, approval of the shareholders was obtained by means of a Postal Ballot for alteration of clause 3 and 4 of the Main object of the Company to include the provision that the activities of the Company will be in compliance with applicable laws, and insertion of Article 125(c) in the Articles of Association of the Company and the results were declared on December 5, 2009.

Again, in terms of Section 31 of the Companies Act, 1956 (the Act) and in terms of Section 192A of the Act read with Clause 4(f) of the Companies (Passing of the Resolution by Postal Ballot) Rules, 2001, approval of the shareholders was obtained by means of a Postal Ballot for alteration of Articles of Association by insertion of Article 60A with respect to right of minority shareholders and the results were declared on January 15, 2010.

## **SUBSIDIARIES**

Indian Subsidiaries

### **Daawat Foods Limited (DFL)**

This value added arm of the Company was set up in Mandideep, Bhopal in December 2007 for production of parboiled rice and other value added rice products i.e Rice Cakes, Rice Chips, Rice Noodles etc.

During the year, DFL has procured Foreign Investment in the form of Equity Capital from Indian Agri Business Funds of Mauritius. At present, DFL is a majority owned subsidiary of your Company.



DFL has expanded its business operations and has set up a food plant for manufacturing of rice based products during the year. The commercial production will start in the financial year 2010-11. A grain clearing plant was set up and commenced during the year. LT Agri Services Private Limited, a wholly owned subsidiary of DFL, is engaged in furthering the cause of DFL in the farming community. It helps farmers with quality inputs including seeds and agricultural know-how. In return, it helps DFL procure quality paddy from the farmers.

#### **Nature Bio Foods Limited (NBFL)**

As a dedicated subsidiary, Nature Bio Foods Limited is your Company's answer to modern lifestyle and its fascination with the organically grown products. It exports organically grown products including basmati and non-basmati rice and other value-added products like brown rice flour, sesame, brown flax seeds and cashew nuts. During the year under review, it made direct exports to Germany, Holland, the USA, Australia and New Zealand.

To maximize from the growing demand of organic products, it is further diversifying its product bouquet. The domestic market too has witnessed increasing off-take of the organic products in recent times. The Company is poised to launch its organic brand 'Ecolife' in the domestic market soon.

#### **Staple Distribution Company Limited (SDCL)**

This modern retail subsidiary of the Company has posted a strong sales growth of over 75% during the year. SDCL is grown to become a Rs 5,000 lacs Company, with presence in key markets of India including Mumbai, Pune, West Bengal, Tamil Nadu, Gujarat, Madhya Pradesh, National Capital Region, Punjab and Haryana.

SDCL has launched its own label in two food categories namely Wheat Flour & Basmati Rice, under the brand name of 'SDC Pure' during the year. SDCL has also bagged a food supply chain management assignment from Pungrain, a nodal agency of the Government of Punjab. It has devised end-to-end sourcing and supply chain solutions for distribution of fortified Atta for APL card holders through Public Distribution Supply outlets in Punjab.

During the year, Company has incorporated a subsidiary 'Expo Services (P) Limited' to strengthen its distribution network across length and breadth of India.

#### **LT International Limited**

LT International Ltd, a subsidiary of the Company is engaged in trading of varied merchandise. The Company is exploring various opportunities for growth under this unit.

#### **Overseas subsidiaries**

##### **LTO NA and Kusha Inc., USA**

Kusha Inc. is a fellow subsidiary of your Company and wholly owned subsidiary of LTO N.A. It is currently number one Basmati Rice seller in America with brand names Royal and Daawat. It also offers other products including Jasmine Rice, Arborio Rice, Couscous, Grape seed Oil, Tea and Dried Mangoes. Kusha's core competency lies in marketing and selling high quality Indian Basmati Rice and other authentic imported grains.

The Company is expanding its brand footprint in more stores with

more items with a special focus to expand footprint of 'Royal' in more ethnic stores. The Company is exploring other food products like sauces, pastes and chutneys.

#### **Sona Global Limited & Nice International FZE, Dubai**

Nice International FZE, Dubai is a fellow subsidiary of your Company and wholly owned subsidiary of Sona Global Limited. These Companies were incorporated in Middle East for setting up the platform for selling rice and rice products. Middle East and the Saudi countries have a great potential for parboiled rice.

#### **PARTICULARS REQUIRED UNDER SECTION 212 OF THE COMPANIES ACT, 1956.**

Pursuant to the provisions of Section 212(8) of the Companies Act, 1956, the Company has been granted exemption by the Ministry of Company Affairs, from attaching the individual accounts of the each of the subsidiaries. The accounts of the subsidiary companies and the related detailed information will be made available to any shareholder seeking such information at any point of time. The accounts of the subsidiary companies are also available for inspection by any shareholder at the registered office of the Company or at the registered office of the subsidiary.

In accordance with the Accounting Standards (AS-21) on Consolidated Financial Statements, your Directors provide the Audited Consolidated Financial Statements as a part of this Annual Report.

In accordance with the conditions stipulated by the Ministry of Company Affairs, while granting exemption from attaching the individual accounts of each of the subsidiaries, a one page financial summary for the subsidiaries is disclosed as a part of this Annual Report.

The statement relating to subsidiaries pursuant to Section 212(1) (e) of the Companies Act, 1956 is also attached as a part of this Annual Report.

#### **CORPORATE GOVERNANCE**

Your Company has been complying with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchanges. A certificate from the Auditors to this effect forms part of this Report.

In its practice of Good Corporate Governance over the years, the Board lays strong emphasis on transparency, accountability and integrity. In the belief of strengthening the governance practices, the Company has constituted a Committee of Directors known as 'Governance Committee'.

In terms of such sub clause (v) of Clause 49 of Listing Agreement, Certificate of CEO/CFO, inter alias, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said clause, is also enclosed as a part of said Report.

#### **MANAGEMENT DISCUSSION AND ANALYSIS**

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange is presented as a separate Section forming part of this Report.

## DIRECTORS

Mr. Jagdish Chandra Sharma and Mr. Pramod Bhagat, Directors of your Company are retiring by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Your Directors recommend their re-appointment.

During the period under review, Mr. Rajesh Kumar Srivastava was appointed as Additional Director of the Company on November 09, 2009. He is a Nominee Director of the strategic investors India Agri Business Fund Limited and Real Trust on the Board of the Company. The Company has received a Notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose Mr. Srivastava for the office of Director. Your Directors recommend approval of his appointment, the particulars of which are contained in the Notice of the Annual General Meeting.

Further, Ms. Radha Singh was appointed as Additional Director of the Company on January 29, 2010. She is an Independent Director on the Board of the Company. The Company has received a Notice from a Member under Section 257 of The Companies Act, 1956, signifying his intention to propose Ms. Radha Singh for the office of Director. Your Directors recommend approval of her appointment, the particulars of which are contained in the Notice of the Annual General Meeting.

Mr. Ashok Arora has been appointed as Additional Director in the meeting of the Board on May 26, 2010 and he has been further appointed as Joint Managing Director of your Company by the Board of Directors on May 26, 2010 for a period of five years, subject to approval of the shareholders. He has been actively involved in the activities of the Company and was independently taking care of operations of the group in Punjab. Your Directors recommended his appointment, the particulars of which are contained in the Notice of the Annual General Meeting.

The brief resume of the said directors as required in terms of Clause 49 of the Listing Agreement with the stock exchanges, is provided in the report on Corporate Governance annexed to the Directors' Report.

## AUDITORS

TU & Co., Chartered Accountants, New Delhi – the Statutory Auditors of the Company shall hold office till the conclusion of this ensuing Annual General Meeting. The Board, in view of the increasing international operations of your Company, opines to recommend the appointment of an international accounting firm M/s Walker and Chandio, International Accountants & Business Advisors, as Statutory Auditors of the Company for the Financial Year 2010-11, as recommended by the Audit Committee. The Company has received a special notice from a member pursuant to Section 225 of the Companies Act, 1956, proposing appointment of M/s Walker and Chandio as Statutory Auditors to hold office from the conclusion of the forthcoming Annual General Meeting till the conclusion of the following Annual General Meeting of the Company. The Company has received a certificate from the said Auditors under Section 224(1B) of the Companies Act, 1956 to the effect that their appointment, if made, would be within the prescribed limits as per the said Section. The members are requested to consider their appointment as statutory auditors for the financial year 2010-11, at a remuneration to be decided by the Board of Directors.

Paragraph B (10) of schedule 18 in the notes on accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments.

## DEPOSITS

During the year, the Company did not accept any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

## EMPLOYEES (Disclosure under Section 217(2A) of the Companies Act, 1956)

Information as per Section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of employees) Rules, 1975:

- a. Employed throughout the year under review and were in receipt of remuneration for the year which, in aggregate was not less than Rs. 24,00,000/- per annum:

Name	Age (Years)	Designation	Remuneration	Date of Commencement of employment	Particulars of last employment
Vijay Kumar Arora	52	Chairman and Managing Director	Mentioned in CG report	29.09.2004	N. A.
Ashwani Kumar Arora	43	Joint Managing Director	-do-	22.06.2007	N. A.
Surinder Arora	48	Joint Managing Director	-do-	22.06.2007	N. A.
Som Nath Chopra	42	VP- Accounts and Taxation	31 lacs	1.09.2006	Private Practice
Vijay Malik	51	VP- Sales and Sr. Manager (Commercial)	28 lacs	4.09.2000	United Riceland Limited

- b. There were no other employees who were in the Company's employment for a part of the year under review and were in receipt of remuneration for any part of the financial year at a rate in aggregate, were not less than Rs. 2,00,000/- p. m.

Mr. Vijay Kumar Arora, Mr. Ashwani Kumar Arora and Mr. Surinder Arora are relatives within the meaning of Section 6 of the Companies Act, 1956.

## RESEARCH & DEVELOPMENT

LT Research provides solutions for good tasting rice that brings nutrition, health, convenience and wellness to consumers.

Daawat brand is very well placed and a highly trusted all over India. Indian market place is rapidly changing, the corner Kirana shops are converting themselves into modern retail outlets. Indian consumers are demanding greater choices in Foods. As elsewhere, sophisticated, educated and well-traveled Indian consumers are also placing high importance to Taste, Convenience and Health. To meet this new gap in the market, our R&D activities aim at developing innovative and exciting new products. Some research ideas were developed into prototype products in the new R&D kitchen with the help of Research Scientists and Technologists. These products were consumer tested to determine both acceptability and directions for improvement. With these consumer insights, flavors were finalized and we await the launch of snack products in the second quarter of financial year 2010-11.

## PARTICULARS OF CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE AND OUTGO

Information as required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 are set out hereunder:

### Conservation of energy

Energy conservation is a priority area for the Company. Company's continued efforts reduce and optimize the use of energy consumption have shown positive results. Better controls are planned to achieve further reduction in energy consumption. All the new manufacturing facilities of the Company are equipped with hi-tech energy monitoring and conservation systems to monitor usage.

### Power & fuel Consumption

Particulars	2009-10	2008-09
<b>Electricity</b>		
<b>Through Purchases</b>		
Units (in lacs)	174.94	152.35
Total Amount (Rs. In lacs)	832.99	740.30
Rate /Unit (Rs.)	<b>4.76</b>	<b>4.86</b>
<b>Through Diesel Generator</b>		
Units generated (in lacs)	23.94	16.44
Total Amount (Rs. In lacs)	231.30	179.13
Cost /Unit (Rs.)	<b>9.66</b>	<b>10.90</b>

### Technology absorption, adaptation and innovation:

- During the year, we have made strides in improving our overall infrastructure. At the rice milling unit by adding new rice silos, this is in addition to the paddy silos we have in place. We are additionally adding new packaging lines with new re-closable small packs for the mainstream stores across the world.
- Company has derived the benefits as a result of the above said efforts, e.g. products development, product improvement, cost reduction, etc. The said efforts also helped in satisfying

consumer needs as well as business requirements of introducing new and consistent products with better quality.

### Imported technology

The Company is importing machinery for the projects time to time.

### Deatils of Foreign Exchange Transactions

	(Rs. in lacs)
<b>Consolidated Amount</b>	
<b>Import on CIF Basis</b>	
Packing Material	15.76 (11.99)
Spare Parts & Consumables	43.00 (44.19)
Capital Goods	546.51 (918.95)
<b>Total</b>	<b>605.27</b> <b>(975.13)</b>
<b>Expense in Foreign Exchange</b>	
Legal fees	9.45 (4.05)
Interest & Other Charges to Banks	744.48 (431.72)
Others	982.91 (147.07)
<b>Total</b>	<b>1,736.84</b> <b>(582.84)</b>
<b>Earning in Foreign Exchange</b>	
<b>FOB Value of Export</b>	
Rice	49,647.72 (53,250.82)
Packing Material	13.92 (14.26)
Seasame Seed	28.16 (21.12)
<b>Total</b>	<b>49,689.81</b> <b>(53,286.20)</b>

### DIRECTORS RESPOSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors confirm that:

- In preparation of the Annual Accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2010 and of the profits 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;
- (d) the Directors have prepared the annual accounts on a going concern basis.

#### **CORPORATE SOCIAL RESPONSIBILITY**

The foundation of your Company's business lay on co-creating value with and for the farming community. The Company helps farmers to improve yield from their farms by sharing quality seeds and know-how on best farming practices.

With a view to further woman empowerment, the Company runs few stitching training centers in villages surrounding its place of operations. The Company also provides rice to various NGOs.

#### **EMPLOYEES STOCK OPTION SCHEME**

The Board recognizes the contributions of the permanent employees of the Company and its subsidiary companies. With a view to solicit their greater participation in the sustainable growth of the Company, the Board has proposed that a Scheme be formulated in accordance with the ESOP Guidelines, 1999 to offer securities to the employees (including employees of the subsidiary companies) under the "LT Foods Employee Stock Option Plan – 2010". The Board has accordingly decided to seek approval of the shareholders of the Company. The detailed information for the scheme as per applicable provisions of law has been provided in the notice to the Annual General Meeting.

#### **APPRECIATION**

Your Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to remain at the forefront of the industry despite increased competition from several existing and new players.

#### **TRADE RELATIONS**

The Board desires to place its appreciation for the support and co-operation that the Company received from suppliers, distributors and others associated with the Company as its trading partners. The Company has always looked upon them as partners in its progress and has happily shared with them the rewards of growth. It will be Company's endeavor to build and nurture strong links with the trade partners based on mutuality, respect and co-operation with each other and consistent with customer interest.

#### **ACKNOWLEDGEMENT**

Your Directors take this opportunity to thank all investors, clients, vendors, banks, regulatory and government authorities and stock exchanges, for their continued support. Your Directors also wish to place on record their appreciation of the Contribution made by our business partners/associated at all levels.

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

**Place : Gurgaon**

**Date : 09.08.2010**

**Ashwani Arora**

**Joint Managing Director**

## Statement Pursuant to Section 212 of the Companies Act, 1956 relating to the Subsidiary Companies

(Amount in Rs. lacs)

Name of the Subsidiary Companies	Nature Bio Foods Limited (Wholly Owned Sub)	Daawat Foods Limited (Subsidiary)	LT Agri Services Pvt. Ltd. (Fellow Subsidiary)	Staple Distribution Company Ltd. (Subsidiary)	Expo Services Pvt. Ltd. (Fellow Subsidiary)	L T International Limited (Subsidiary)	Sona Global Ltd. UAE (Wholly Owned Sub)	Nice International UAE (Fellow Subsidiary)	LTO North America Inc. USA (Wholly Owned Sub)	Kusha Corporation USA (Fellow Subsidiary)
1. Financial year of the subsidiary ended on	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010	31.03.2010
2. Share of the subsidiary held by the Company on the above date:										
(a) Number and face value	50,000 Nos. of Equity shares of Rs.10 each	1,34,99,994 Nos. of Equity shares of Rs.10 each	70,476 Nos. of Equity shares of Rs.10 each	8,00,000 Nos. of Equity shares of Rs.10 each	80,000 Nos. of Equity shares of Rs.10 each	17,99,581 Nos. of Equity shares of Rs.10 each	10,000 Nos. of shares of AED 100 Each	1 Nos. of shares of AED 1,000,000	Common Stock of US\$ 100,000	2,000 Nos. of shares of US\$ 50 Each
(b) Extent of holding	100.00%	70.48%	70.48%	80.00%	80.00%	89.98%	100.00%	100.00%	100.00%	100.00%
3. Change if any in the holding Company's interest in the subsidiary	NIL	-29.52%	N.A.	NIL	N.A.	NIL	NIL	NIL	N. A.	N. A.
4. The net aggregate amount of Profits / (Losses) as far as it concerns the member of the L T Foods Limited and is not dealt within the accounts, its follows:										
i) For the financial year	51.85	721.78	(1.61)	33.97		11.45	(18.94)	7.10	(510.44)	458.91
ii) For the previous financial years	162.69	924.71	NIL	8.82	NIL	(18.46)	(28.09)	133.68	(413.91)	1,092.56
5. The aggregate amount of Profit / (Loss) of the subsidiary Company , which has been dealt with in accounts of The L T Foods Limited is as follows:										
i) For the financial year	NIL	168.75	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) For the previous financial years	NIL	337.50	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
6. Material changes between the end of Subsidiaries financial year and the end of Holding Company's financial year	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
7. Reporting Currency	INR	INR	INR	INR	INR	INR	AED	AED	US\$	US\$

### Note:

Indian Rupee equivalent of the figures in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2010 [1US\$ = Rs. 45.14 and 1AED = Rs. 12.25]

## Financial Summary of the subsidiaries of the Company for the year ending 31st March, 2010

[Statement pursuant to exemption received under Section 212(8) of the Companies Act, 1956 relating to Subsidiary Companies]

(Amount in Rs. lacs)

Name of the Subsidiary Company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments other than investment in Subsidiaries	Turnover (including Other Income)	Profit before Taxation	Provision for Taxation	Profit after Taxation	Dividend Paid	Country
Nature Bio Foods Limited	INR	1.00	5.00	214.54	2,238.46	2,018.91	-	1,912.69	80.23	28.37	51.85	-	India
Daawat Foods Limited	INR	1.00	1,915.53	4,061.75	21,436.10	15,458.82	100.00	18,297.95	848.76	(175.34)	1,024.10	239.44	India
LT Agri Services Pvt. Ltd.	INR	1.00	1.00	(2.29)	5.53	6.82	-	70.12	(2.32)	(0.03)	(2.29)	-	India
Staple Distribution Company Limited	INR	1.00	100.00	53.49	1,218.12	1,064.64	-	5,002.36	46.44	3.97	42.47	-	India
Expo Service Pvt. Ltd.	INR	1.00	1.00	(0.34)	11.69	11.04	-	-	(0.34)	-	(0.34)	-	India
L T International Limited	INR	1.00	200.00	(7.78)	206.66	14.44	-	17.39	15.98	3.25	12.73	-	India
Sona Global Limited	AED	12.25	119.48	(25.87)	245.61	152.01	-	-	(18.94)	-	(18.94)	-	UAE
Nice International FZE	AED	12.25	137.87	111.87	525.54	275.79	-	4,345.06	7.10	-	7.10	-	UAE
LTO North America Inc.	US\$	45.14	1,881.71	(1,331.92)	7,142.71	6,592.92	-	-	(690.67)	(180.22)	(510.44)	-	USA
Kusha Corporation	US\$	45.14	39.97	2,622.85	12,246.25	9,583.43	-	31,503.31	702.56	243.65	458.91	-	USA

### Note:

Indian Rupee equivalent of the figures in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2010 [1US\$ = Rs. 45.14 and 1AED = Rs. 12.25]

# CORPORATE GOVERNANCE REPORT

## PHILOSOPHY OF CORPORATE GOVERNANCE

Corporate Governance signifies acceptance by Management of the inalienable rights of Shareholders as the true owners of the Organization and of their own role as trustees on behalf of the Shareholders. The Corporate Governance framework adopted by the Company already encompasses a significant portion of the recommendations contained in the Corporate Governance Voluntary Guidelines, 2001 issued by the Ministry of Corporate Affairs.

### Whistle Blower Policy

LT Foods has formulated a Whistle Blower Policy. In terms of this policy, employees of LT Foods are free to raise issues, if any, on breach of any law, statute or regulation by the Company and on the accounting policies and procedures adopted for any area or item and report them to Audit Committee through specified channels. This mechanism has been communicated to all members and employees of the Company.

### BOARD OF DIRECTORS

LT Foods has a broad based Board of Directors, constituted in compliance with the Companies Act, 1956 and Listing Agreements entered with Stock Exchanges and in accordance with Good Corporate Governance practices. The Board functions either as a full Board or through its Committees constituted to oversee

specific operational areas. The Board has formed six Committees viz. Audit Committee, Remuneration Committee, Shareholder's Grievance Committee, Management Committee, Governance Committee and Selection Committee.

- Board of your Company comprises of Eight (8) Directors as on March 31, 2010 representing the optimum combination of professionalism, knowledge and experience. Out of these eight directors, three are Executive Directors and five are Non Executive Directors. The composition of the Board is in conformity with Clause 49 of the Listing Agreements entered into with Stock Exchanges.
- None of the Directors on the Board are members of more than ten committees or Chairman of more than five Committees. Necessary disclosures regarding Committee positions in other Public Companies as on March 31, 2010 have been made by the Directors.
- The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and number of Directorships and Committee Chairmanships/ Memberships held by them in other Companies are given herein below.

The Composition of the Board and attendance record of Directors for 2009-10:

Name	Category	Shareholding in Company (No. of Shares)	Number of Board meetings during 2009-10		Whether attended last AGM	Number of Directorships in other Public Companies	Number of Committee positions held in Public Companies	
			Held	Attended			Chairman	Member
Mr. Vijay Kumar Arora Chairman & Managing Director	Chairman Executive	22,30,033	7	5	Yes	9	3	4
Mr. Ashwani Arora Joint Managing Director	Managing Director, Executive	22,10,441	7	5	Yes	10	1	5
Mr. Surinder Arora Joint Managing Director	Managing Director, Executive	22,40,343	7	2	No	2	1	0
Mr. Suparas Bhandari Director	Non-Executive/ Independent	Nil	7	5	No	1	0	3
Mr. Pramod Bhagat Director	Non- Executive/ Independent	Nil	7	5	Yes	1	0	3
Mr. Jagdish Chandra Sharma Director	Non- Executive/ Non- Independent	Nil	7	7	Yes	1	0	3
Mr. Rajesh Kumar Srivastava* Director	Non- Executive	Nil	7	2	No	3	0	6
Ms. Radha Singh** Director	Non- Executive/ Independent	Nil	7	0	No	2	0	0
Mr. Suneet Gupta*** Director	Non- Executive	Nil	7	0	No	2	0	0

\* Mr. Rajesh Kumar Srivastava appointed as Additional/Nominee Director on behalf of Investors (i.e. India Agro Business Fund Limited, Mauritius and Real Trust, Delhi w.e.f. 09.11.2009).

\*\* Ms. Radha Singh appointed as Additional Director w.e.f. 29.01.2010.

\*\*\* Mr. Suneet Gupta ceased to be an Alternate Director to Mr. Rajesh Srivastava.

@ Mr. Vijay Kumar Arora also holds 16,06,320 Equity in joint holding with Mr. Ashwani Arora.

# Mr. Surinder Arora also holds 11,09,520 Equity in joint holding with Mr. Gurucharan Dass Arora.

- d) During the year, seven meetings were held and the gap between two meetings did not exceed four months. The dates on which the said meeting were held: May 26, 2009; June 30, 2009; July 28, 2009, September 30, 2009, October 29, 2009, November 9, 2009 and January 29, 2010.
- e) During the year, information as mentioned in Annexure - 1A to clause 49 of the Listing Agreement has been placed before the Board for its consideration.
- f) None of the Non Executive Directors have any material pecuniary relationship or transactions with the Company.
- g) Scheduling and selection of Agenda items for Board Meetings.

All departments of the Company schedule their work plans in advance, particularly with regard to matters requiring consideration at the Board/Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in Agenda for the Board/Committee Meetings.

## BOARD COMMITTEES

There are Six Committees of the Board of Directors, which have been delegated requisite powers to discharge their functions and they meet as often as required. These Committees are:

- I. Audit Committee
- II. Remuneration Committee
- III. Shareholders' Grievance Committee
- IV. Management Committee
- V. Governance Committee
- VI. Selection Committee

## I. AUDIT COMMITTEE

The Audit Committee of the Board has been constituted in accordance with the requirements prescribed under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The primary objective of the Audit Committee is to monitor and provide effective supervision of the management's financial reporting progress with a view to ensure accurate, timely and proper disclosures and transparency, integrity and quality of financial reporting.

The Committee oversees the work carried out by the Management, Internal Auditors on the financial reporting process and the safeguards employed by them.

## Composition, Meetings & Attendance

The Audit Committee comprises of three Non - Executive & Independent Directors and one Non - Executive Nominee Director viz Mr. Suparas Bhandari (Chairman), Mr. Pramod Bhagat (Member), Mr. Jagdish Chandra Sharma (Member) and Mr. Rajesh Kumar Srivastava (Member).

During the Financial year, five Audit Committee Meetings were held. The dates and other details of the said meetings are as follows:

May 26, 2009, June 30, 2009, July 28, 2009, October 29, 2009 and January 29, 2010.

Members of the Committee	Category	Number of Meetings held during the year 2009- 10	
		Held	Attended
Mr. Suparas Bhandari Chairman	Independent, Non Executive	5	5
Mr. Pramod Bhagat	Independent, Non Executive	5	4
Mr. Jagdish Chandra Sharma	Independent, Non Executive	5	5
Mr. Rajesh Kumar Srivastava*	Nominee, Non Executive	5	1

\*Mr. Rajesh Kumar Srivastava appointed as Member of the Audit Committee w.e.f. 09.11.2009.

The Audit committee invites such of the executives as it considers appropriate (particularly the head of finance function), representatives of the Statutory Auditors and representatives of the Internal Auditor to be present at its meetings. The Company Secretary acts as the Secretary of the Audit Committee.

All the members of the Audit Committee are financially literate. Mr. Suparas Bhandari, Chairman of the Committee has got accounting and financial management expertise.

Mr. Suparas Bhandari, Chairman of the Audit Committee couldn't make himself available at the Nineteenth Annual General Meeting of the Company on health grounds, however, Mr. Jagdish Chandra Sharma, Member of the Audit Committee was present to answer the query of shareholders in his place.

The terms of reference and Role of the Audit Committee includes the matters as stated in Clause 49 (II) (D) of the Listing Agreement.

## II. REMUNERATION COMMITTEE

### Brief Description & Terms of reference:

The Committee comprises of three Independent Directors and one Non Executive Nominee Director viz: Mr. Jagdish Chandra Sharma (Chairman), Mr. Pramod Bhagat (Member), Mr. Suparas Bhandari (Member) and Mr. Rajesh Kumar Srivastava. Mr. Srivastava was inducted as Member of the Committee w.e.f. 09.11.2009.

The Remuneration Committee frames company's policies on the Board of Directors with the approval of the Board, to recommend compensation payable to the Executive Directors.

### Details of Remuneration paid to Non – Executive Directors

No remuneration was paid to Non-Executive Directors during the financial year ended 31st March 2010, except sitting fees @ 10,000/- for attending meetings of the Board/ Audit Committee(s).

The details of sitting fees paid to the Non - Executive Directors for attending the meetings of the Board(s)/Audit Committee(s) during the financial year ending 31st March 2010 are as under:

(Amount in Rs.)	
Name of Directors	Sitting Fee
Mr. Suparas Bhandari	1,00,000.00
Mr. Pramod Bhagat	90,000.00
Mr. Jagdish Chandra Sharma	1,20,000.00
Ms. Radha Singh	Nil

### Details of Remuneration paid to Executive Directors

The Executive Directors have been appointed for a period of five years from their respective date of appointment. The details of remuneration paid to the Executive Directors for the financial year ending 31st March 2010, are as under:

(Amount in Rs.)			
Name of the Director	Salary & Allowances	Perquisites	Retirement benefits
Mr. Vijay Kumar Arora	60,00,000.00	Nil	9,360.00
Mr. Ashwani Arora	39,11,667.00	6,65,000.00	9,360.00
Mr. Surinder Arora	39,11,667.00	8,32,500.00	9,360.00

## III. SHAREHOLDER'S GRIEVANCE COMMITTEE

### Brief Description & Terms of reference:

There are three Independent Directors viz Mr. Pramod Bhagat (Chairman), Mr. Suparas Bhandari (Member), Mr. Jagdish Chandra Sharma (Member) and one Non – Executive Nominee Director viz Mr. Rajesh Kumar Srivastava (Member) who are the members of this committee. Mr. Srivastava was inducted to the Committee w.e.f. 09.11.2009. The Shareholders Grievance Committee looks into the redressal of investor requests/ complaints pertaining to transfer/transmission/demat/remat/split of shares, non-receipt of



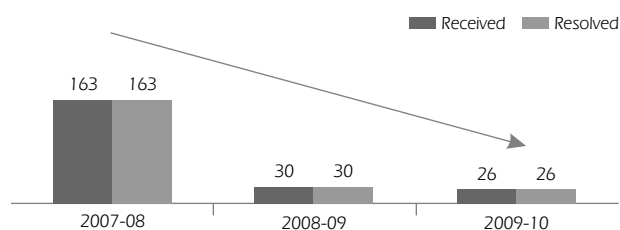
dividend and annual accounts etc and oversees the performance of Registrar and Transfer Agent of the Company.

The Committee also monitors the implementation and compliance of the company's Code of Conduct for Prohibition of Insider Trading in pursuance of the SEBI (Prohibition of Insider Trading) Regulations, 1992.

#### Shareholder's Complaints:

Investor's complaints received and resolved during the last three years:

#### INVESTORS COMPLAINT TREND



#### IV. MANAGEMENT COMMITTEE

##### Brief Description & Terms of reference:

Management Committee comprises three directors viz Mr. Vijay Kumar Arora (Chairman), Mr. Ashwani Arora (Member) and Mr. Surinder Arora (Member). The Board has delegated some of its powers to Management Committee for the smooth functioning of day to day business of the Company.

#### V. GOVERNANCE COMMITTEE

##### Brief Description & Terms of reference:

During the years, the Board has constituted a Governance Committee comprising three members viz

Mr. Vijay Kumar Arora (Chairman),	(Executive Director)
Mr. Ashwani Arora (Member) and,	(Executive Director)
Mr. Rajesh Kumar Srivastava (Member)	(Non - Executive Director)

Committee was formed to consider, discuss certain matters listed in Annexure IA of Clause 49 of the Listing Agreement and further recommend to the Board for their consideration and approval.

#### VI. SELECTION COMMITTEE

##### Brief Description & Terms of reference:

During the year, the Board has constituted Selection Committee comprising three members viz

Mr. Vijay Kumar Arora (Chairman),	(Executive Director)
Mr. Ashwani Arora (Member) and,	(Executive Director)
Mr. Rajesh Kumar Srivastava (Member)	(Non-Executive Director)

The 'Selection Committee' of the Board of Directors was formed to take decision on the appointment, terms of appointment including remuneration and termination of the identified 'Key Men' positions and further apprise the same to Board of Directors.

#### RISK MANAGEMENT

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. The procedures are periodically reviewed to ensure that executive management controls risk through means of a properly defined framework.

#### DETAILS OF ANNUAL GENERAL MEETING

##### Location, date and time where the Annual General Meetings (AGM) were held:

Financial Year	General Meeting	Location	Date	Time
2008-09	19 <sup>th</sup> AGM	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi.	24.09.2009	3.00 P.M.
2007-08	18 <sup>th</sup> AGM	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi.	26.08.2008	3.00 P.M.
2006-07	17 <sup>th</sup> AGM	NCUI Auditorium, Khel Gaon Marg, New Delhi.	22.06.2007	9.30 A.M.

During the last three Annual General Meetings, the Shareholders of the Company have approved the Special Resolutions as provided in the notice of the respective Annual General Meetings. Brief details of such resolutions are as under:

Financial Year	General Meeting	Sl. No.	Particulars of Special Resolution(s) passed
2008-09	19 <sup>th</sup> AGM		No Special Resolution was passed.
2007-08	18 <sup>th</sup> AGM	1	Change the name of the Company from "LT OVERSEAS LIMITED" to "LT FOODS LIMITED".
		2	Alteration in the Object Clause by shifting some of the objects mentioned in the "Main Objects" clause to "Other Objects" clause of the memorandum of Association of the Company.
		3	Carry on the business mentioned in Clause III (C) 29, 30 and 31 of Memorandum of Association of the Company.
2006-07	17 <sup>th</sup> AGM	1	Alteration of Articles of Association of the Company.

##### Location, Date and Time where last three Extra - Ordinary General Meetings were held:

Extra-Ordinary General Meeting of the Shareholders of the Company was held on Monday, the 26th day of October, 2009 at 12.00 P.M. at Air Force Auditorium, Subroto Park, New Delhi.

#### POSTAL BALLOT

During the financial year under review, the members of the Company approved the following resolutions by way of Postal Ballot:

Pursuant to Section 192A of the Companies Act, 1956, read with the Companies (Passing of the Resolution by Postal Ballot) Rules 2001, approval of the Members of the LT Foods Limited was sought by means of Postal Ballot vide notice dated 29.10.2009, for passing of special resolutions under section 17 and Section 31 of the Companies Act, 1956, for altering of the Object clause of the Memorandum of Association and Articles of Association of the Company.

Based on the Scrutinizer's Report Dated 4th December, 2009, the

Chairman of the Company had declared the result of Postal Ballot as under:

Sl. No.	Particulars of Resolution	No. of valid Ballot Papers	No. of Ballots/ Votes cast in favour	No. of Ballots/ Votes cast against	No. of Invalid Ballots/ Votes
1	Special Resolution under Section 17 of the Companies Act, 1956 seeking Members' consent for alteration in Object Clause of Memorandum of Association	53	1,48,17,435 Equity shares	Nil	4
2	Special Resolution under Resolution 31 of the Companies Act, 1956 seeking consent for alteration of the Articles of Association.	53	1,48,17,410 Equity shares	Nil	4

Pursuant to Section 192A of the Companies Act, 1956 read with the Companies (Passing of the resolution by Postal Ballot) Rules 2001, approval of the shareholders of the LT Foods Limited was sought by means of Postal Ballot vide notice dated 09.11.2009, for passing of special resolution under Section 31 of the Companies Act, 1956, for insertion of Article 60A of the Articles of Association of the Company.

Based on the Scrutinizer's Report, the Chairman had declared the result of Postal Ballot on 15th January 2010 at the corporate office of the Company as under:

Sl. No.	Particulars of Resolution	No. of valid Ballot Papers	No. of Ballots/ Votes cast in favour	No. of Ballots/ Votes cast against	No. of Invalid Ballots/ Votes
1	Special Resolution under Resolution 31 of the Companies Act, 1956 seeking consent of shareholders for alteration of Articles of Association.	30	29	Nil	8

- All the above resolutions were approved by the shareholders with overwhelming majority.
- TU & Co., Practicing Chartered Accountants, New Delhi were appointed as Scrutinizer for conducting both the above mentioned postal ballot exercise.
- The Postal Ballot process was conducted in accordance with Section 192A of the Companies Act, 1956, read with Companies (Passing of the resolution by Postal Ballot) Rules, 2001.

No Resolution is proposed at the ensuing Annual General Meeting, which requires to be passed through Postal Ballot process.

## DISCLOSURES

- During the financial year ended on 31st March 2010, there were no materially significant transactions with related parties viz promoters, relatives, the management, subsidiaries etc. that may have a potential conflict with the interest of the Company at large. The required disclosures on related parties and transactions with them is appearing in the Notes to the Accounts [Schedule-21].
- No penalty or stricture was imposed on the Company by any Stock Exchange, SEBI or any statutory authority on accounts of non –

compliance by the Company on any matter related to Capital markets during the financial year ended 31st March 2010.

- The CEO/CFO Certificates in terms of Clause 49 (V) has been placed before the Board.
- In Compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, on prevention of Insider trading, the Company has a comprehensive code of conduct and the same being strictly adhered by its management, staff and relevant business associates. The Code expressly lays down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the company and cautioning them on the consequences of the non-compliance thereof.
- The Company follows closure of Trading Window prior to the publication of price sensitive information. During this period, Company has set up a mechanism where the management and relevant staff & business associates of the company are informed the same and are advised not to trade in Company's securities.
- The Company is complying with all the mandatory requirements of Clause 49 on 'Corporate Governance'. The Company is in the process of complying with the non- mandatory requirements of Listing Agreement on 'Corporate Governance'.
- Secretarial Audit

A qualified Company Secretary carried out secretarial audit to reconcile the total admitted equity capital with National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL) and the total issued and listed equity capital. The Secretarial Audit report confirms that the total issued/paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

## CODE OF CONDUCT

The Company has adopted a Code of Conduct and ethics for Directors and Senior Management personnel vide Board meeting held on 12.12.2006. A copy of the code has been put on the Company's website. The code has been circulated to all members of the Board and senior management personnel who have confirmed compliance with the code of conduct for the year under review.

## A DECLARATION SIGNED BY THE CHAIRMAN AND THE MANAGING DIRECTOR IS GIVEN BELOW:

I hereby confirm that:

The Company has obtained from all members of the Board and Senior Management personnel, affirmation that they have complied with the code of conduct and ethics for Directors and senior management personnel for the financial year 2009-10

(Vijay Kumar Arora)

Chairman and Managing Director

## MEANS OF COMMUNICATION

- The Quarterly and Annual results were generally published in the Business Standard.
- The Quarterly results are also displayed on the website of the Company, i.e. [www.ltoverseas.com](http://www.ltoverseas.com).
- The Management Discussion and Analysis (MD & A) report covering the operations of the Company forms part of the Annual Report.

## GENERAL SHAREHOLDER'S INFORMATION

### Twentieth Annual General Meeting:

Date & Time	Thursday, the 30 <sup>th</sup> September 2010 at 3.00 P.M.
Venue	PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi – 110 016.

### Financial Calendar for the Year 2009-10:

Financial Year	1 <sup>st</sup> April 2009 to 31 <sup>st</sup> March 2010.
Dividend Payment Date	The Board of Directors have recommended payment of final dividend at the rate of Rs. 1.50 per equity share of Rs.10/- each fully paid up (@15%) for the financial year ended on 31 <sup>st</sup> March 2010, subject to the approval of the shareholders at the Twentieth Annual General Meeting .  The dividend, if approved, will be paid within 30 days from the date of declaration.
Book Closure	The Register of Members and Share Transfer Books of the Company will remain closed from Saturday, 25 September, 2010 to Thursday, 30 September, 2010, both days inclusive.

### Registered Office & Corporate Office:

Registered Office	A-21, Green Park, Main Aurobindo Marg, New Delhi - 110016.
Corporate Office	Plot No - 119, Sector- 44, Institutional Area, Gurgaon-122002.

### Listing on Stock Exchanges:

The Equity shares of the Company are listed on Bombay Stock Exchange Ltd (BSE) & National Stock Exchange of India Limited (NSE) since 18<sup>th</sup> December 2006.

Bombay Stock Exchange Limited	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers Dalal Street, Mumbai - 400001 Tel. No. 022- 22721233/34 Fax: 022- 22721919	Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C-1, G- Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400051. Tel.: 022- 26598110- 14 Fax: 022- 26598120
Security Code:532783	Security Code: DAAWAT
ISIN No. for NSDL & CDSL : <b>INE818H01012</b>	

### Listing Fee / Custodial Fee for 2010 - 11 :

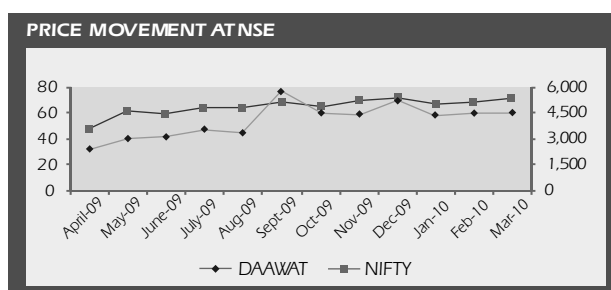
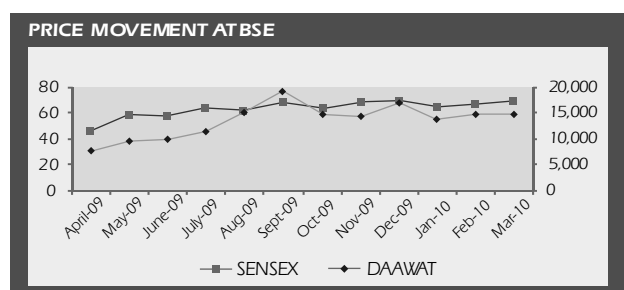
The annual listing fee has been paid to BSE and NSE and also annual custodial fee has been paid to NSDL & CDSL for the financial year 2010 - 11.

### Stock Market Data:

(Amount in Rs.)

Month	Bombay Stock Exchange Limited					National Stock Exchange of India Limited				
	High	Low	Close	Volume	Sensex	High	Low	Close	Volume	S&P CNX Nifty
April'09	34.5	28.85	31.05	8,20,018	11,403	34.45	28.05	31.10	86,646	3,474
May'09	42.85	30.75	38.60	5,66,817	14,625	43.50	31.05	38.85	36,205	4,449
June'09	49.80	38.75	40.10	8,43,636	14,494	49.10	38.65	40.20	62,525	4,291
July'09	49.90	34.20	46.00	3,96,450	15,670	49.00	34.25	46.00	27,811	4,636
August'09	64.30	43.35	60.35	27,96,440	15,667	66.80	42.65	42.65	2,22,514	4,662
September'09	84.60	57.30	76.30	85,09,849	17,127	84.25	57.80	76.30	5,93,168	5,084
October'09	82.00	58.05	59.00	24,85,221	15,896	82.00	57.75	58.75	2,29,461	4,712
November'09	63.90	51.65	56.75	11,57,524	16,926	63.70	51.70	56.55	96,133	5,033
December'09	74.90	50.95	68.20	66,04,059	17,465	74.90	56.90	68.30	4,74,855	5,201
January'10	71.85	53.00	55.15	11,97,299	16,358	71.80	53.15	55.65	1,14,791	4,882
February'10	72.50	55.80	59.00	42,94,674	16,430	72.35	55.30	58.80	3,98,824	4,922
March'10	63.50	56.10	58.90	10,37,525	17,525	63.50	56.00	58.80	86,047	5,249

Sources: BSE & NSE website



## Dividend Payment

The Board has proposed final dividend Rs.1.50 /- per share of Rs. 10/- each.

## Payment of Dividend

Dividend will be paid by account payee non – negotiable instruments or through the electronic clearing service (ECS), as notified by the SEBI through the Stock Exchanges.

## Unclaimed Dividends

The shareholders who have not encased their dividend warrants for the year 2008-09 are requested to claim the amount from Registrar & Transfer Agent (in case, shares are held in demat form) /Corporate Office (in case, shares are held in physical form).

As per Section 205 of the Companies Act, 1956, any money transferred by the Company to the Unpaid Dividend Account and remaining unclaimed for a period of seven years from the date of such transfer shall be transferred to a fund called 'The Investor Education and Protection Fund' set up by the Central Government. No claim shall lie against the fund or the Company in respect of amount so transferred.

## Share Transfer System & Registrar & Share Transfer Agent

All request for dematerialization, rematerialization transfer, transmission, issue of duplicate share certificate, sub-division, issue of demand drafts in lieu of dividend warrants etc. is being handled by Registrar & Transfer Agent and registered within 15days of receipt of documents, if found in order.

All requests for transfer of shares in physical form are processed and the duly transferred share certificates are returned to the transferee within the time prescribed by the law in this behalf, subject to the share transfer documents being valid and complete in all respects.

Address & Contact No. of Registrar & Share Transfer Agent are as follows:

Bigshare Services Private Limited

E-2/3, Ansa Industrial Estate,

SakiVihar Road, Saki Naka,

Andheri (East), Mumbai

Pin code-400072.

Contact Person: Mr. N.V.K.Mohan

Tel No. 022-28470652

Fax No. 022-28475207

Email id: mohan@bigshareonline.com

The Board has authorized the Investors' Grievance Committee to sub-delegate its power to the officers of the Company, for prompt redressal of investor requests/complaints. Accordingly, the Committee has sub-delegated its power to approve transfer/demat/remat/sub-division/consolidation of share certificates etc. to the Company secretary. A summary of requests for transfer/demat/remat etc. approved by the Company secretary between two intervening meetings of the Committee is placed at the subsequent meeting of the committee.

As required under clause 47 (c) of Listing Agreement of Stock Exchanges, the Company obtains a certificate on half yearly basis from a company Secretary –in-practice, regarding share transfer compliances, copy of which is filed with the Stock Exchanges.

## Dematerialization of Shares & Liquidity

Procedure for dematerialization/ dematerialization of shares

Shareholders seeking demat/remat of their shares need to approach their Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical shares certificate, the Registrars and Share transfer Agent ("the Registrar") of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same. Upon verification, the Registrar will request National Securities Depository Ltd. (NSDL)/ Central Depository Services Ltd. (CDSL) to confirm the demat request. The demat account of the respective shareholder will be credited with equivalent number of shares. In case of rejection of the request, the same shall be communicated to the shareholder.

In case of remat, upon receipt of the request from the shareholder, the DP generate a request and verification of the same is done by the Registrar. The registrar then request NSDL and CDSL to confirm the same. Approval of the company is being sought and equivalent number of shares are issued in Physical form to the shareholder.

The share certificates are dispatched within one month from the date of issue of shares.

## Number of Outstanding GDRs/ADRs/Warrants or any other convertible Instrument

No GDRs/ADRs/warrants or any convertible instruments have been issued by the Company.

## Distribution of Shareholding as on dated 31.03.2010:

(A) Distribution of shareholding by Ownership :

Sl No	Category	No. of Folios	Shares Held	Voting Strength (%)
1.	Resident Indians	12,092	47,99,574	18.37621
2.	Directors	5	66,80,817	25.57895
3.	Employees	20	42,614	0.16316
4.	Indian Promoters	16	81,34,943	31.14639
5.	Bodies Corporate	446	22,59,344	8.65039
6.	Non Resident Individuals (NRIs)	101	2,59,621	0.99402
7.	Overseas Corporate Body (OCB)	1	50,000	0.19144
8.	Private Equity Fund/FII	1	38,35,015	14.68318
9.	Trust	6	13,963	0.05346
10.	Clearing members	85	42,523	0.16281
<b>Total</b>		<b>12,773</b>	<b>2,61,18,414</b>	<b>100.00000</b>

## Distribution of shareholding by size :

No. of Shares	No. of Shareholders	% of Total Shareholders	Share Amount (Rs.)	% to Total
1- 5000	11,290	88.38957	1,43,24,210	5.48433
5001-10000	724	5.66821	61,92,760	2.37103
10001-20000	336	2.63055	53,90,620	2.06392
20001-30000	110	0.86119	26,86,530	1.02860
30001-40000	60	0.46974	20,84,180	0.79797
40001-50000	63	0.49323	29,38,040	1.12489
50001-100000	103	0.80639	75,20,160	2.87926
100001 and above	87	0.68112	22,00,47,640	84.25000
<b>Total</b>	<b>12,773</b>		<b>26,11,84,140</b>	

**Top Ten Shareholders as on 31st March 2010 :**

Sl No	Name(s) of Shareholders	Category (as per depository)	Shares	%
1.	India Agri Business Fund Limited	Private Equity Fund	38,35,015	14.68318
2.	Vijay Kumar Arora	Promoter	22,30,033	8.53816
3.	Mr. Ashok Arora	Promoter	21,07,640	8.06956
4.	Gurucharan Dass Arora	Promoter Group	20,37,606	7.80142
5.	Vijay Kumar Arora with Ashwani Arora	Promoter	16,06,320	6.15014
6.	Surinder Kumar Arora	Promoter	14,06,917	5.38669
7.	Ashwani Arora	Promoter	11,76,081	4.50288
8.	Gurucharan Dass Arora with Surinder Arora	Promoter Group	11,09,520	4.24804
9.	Mr. Ashwani Arora	Promoter	10,34,360	3.96027
10.	Surinder Arora	Promoter	8,33,426	3.19095

**Plant Locations:**

Presently Company has five plants including its Subsidiaries:

1. 43 K. Stone, GT Road, Bahalgarh, Sonapat.
2. Phoola Road, Distt. Amritsar, Punjab.
3. Mandideep, Bhopal, Madhya Pradesh.
4. Kamaspur, Bahalgarh, Sonapat.
5. Varpal, Punjab.

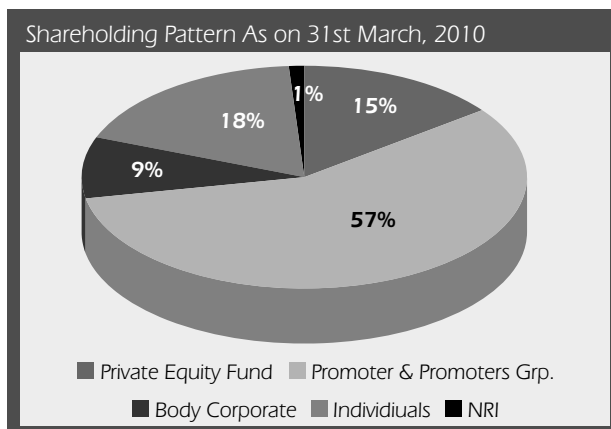
**Investors Correspondence:**
**Registered office**

A-21, Green Park,  
Main Aurobindo Marg,  
New Delhi – 110016.

Mail id: ipo@ltgroup.in  
Alternate mail id: ir@ltgroup.in

**Corporate Office & Investor Cell:**

Plot No.119, Sector – 44,  
Gurgaon – 122002.


**Company Secretary & Compliance Officer**

Name: Mrs. Monika Chawla Jaggia  
Address: Plot No.119, Sector-44,  
Institutional Area Gurgaon,  
Haryana – 122002.  
Contact Details: Ph:91-124-3055101  
Fax:91-124-3055199  
Mail Id: monika@ltgroup.in

**On behalf of the Board of Directors**

Place: Gurgaon  
Date: 09.08.2010

(Ashwani Arora)  
Joint Managing Director

## **CEO/CFO CERTIFICATION PURSUANT TO CLAUSE 49 (V) OF THE FINANCIAL YEAR ENDING 2009-10.**

To

**The Board of Directors**

**LT Foods Limited**

A-21, Green Park,  
Main Aurobindo Marg,  
New Delhi

This is to certify that

- a. We have reviewed financial statements and cash flow statement for the year 2009-10 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 the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and 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 accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee,
  - I. Significant changes in internal control over financial reporting during the year,
  - II. Significant change in accounting policies during the year 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 over financial reporting.

Thanking you

**For LT Foods Limited**

**Vijay Kumar Arora**  
**Chairman and Managing Director**

**S.K.Salhortha**  
**Chief Financial Controller**

**Date : 01.04.2010**

**Place : New Delhi**

## **COMPLIANCE CERTIFICATE FROM THE STATUTORY AUDITORS OF THE COMPANY**

No. M-18/DEL/TU/2010-11/07

To

**The Members of LT Foods Limited**

We have examined the compliance of conditions of Corporate Governance by LT Foods Limited, for the year ended 31st March 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of the 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 the 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

**For TU & Co.**  
**Chartered Accountants**

**Tilak Chandna**  
**(Partner)**  
**Membership No.: 082382**  
**Date : 26.05.2010**  
**Place : Delhi**

# AUDITORS' REPORT

## AUDITORS' REPORT TO THE MEMBERS OF L T FOODS LIMITED

1. We have audited the attached Balance Sheet of M/s LT Foods Limited (formerly known as LT Overseas Limited) as at 31st March 2010 and related Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test 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 Companies (Auditor's Report) (Amendment) Order 2004 (together 'the Order') 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 & 5 of the said Order.
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
  - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns from the branches;
  - (iv) In our opinion, the Balance Sheet, Profit & 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;
  - (v) On the basis of written representations received from the directors, as on 31st March 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act;
  - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes to accounts in schedule 17 to the financial accounts, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
    - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2010;
    - (b) in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
    - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (ii) 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.

**For T U & Co.,**  
Chartered Accountants

**Tilak Chandna**  
Partner  
M.No.082382

Date: 26.05.2010  
Place : Gurgaon

# ANNEXURE TO THE AUDITOR'S REPORT

[Referred to in the Auditors' Report of even date to the members of L.T. Foods Ltd. (the Company) for the year ended March 31, 2010]

1. In respect of Fixed Assets:
  - (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) All the assets have not been physically verified by the management during the period but there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
  - (c) In our opinion and according to the information and explanations given to us, no substantial part of fixed assets has been disposed off by the Company during the year.
2. In respect of its inventories:
  - (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
3. In respect of loans, secured or unsecured, granted or taken by the Company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies act, 1956:
  - (a) The Company has given unsecured loans to nine parties covered in the register maintained under Sec.301 of the Companies Act, 1956. The amount outstanding as on 31.03.2010 is Rupees 1,385.74 lacs (The maximum amount outstanding during the year is Rupees 6,771.70 lacs.)
  - (b) Out of the above, the Company has not charged interest from three parties. The amount outstanding from those parties as on 31-03-2010 is Rs. 217.51 lacs. (The maximum amount outstanding from those parties during the year is Rs. 217.90 lacs).
  - (c) The loans given by the company are demand loans and no repayment terms are stipulated for the principal or interest.
  - (d) There is no amount, exceeding Rupees one lakh, which is overdue for recovery.
  - (e) The Company has taken unsecured loans from one party covered in the register maintained under Sec.301 of the Companies Act, 1956. The amount outstanding as on 31.03.2010 is Rupees 101.81 lacs (The maximum amount outstanding during the year is Rupees 101.81 lacs)
  - (f) The rates of interest and other terms and conditions of loans taken by the company, secured or unsecured, are not, prima facie, prejudicial to the interest of the Company.
  - (g) The loans taken by the Company are demand loans and no repayment terms are stipulated for the principal or interest.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventories and fixed assets and with regard to sales of goods and services. During the course of our audit we have not observed any continuing major weakness in such internal controls.
5. In respect of the contracts or arrangements referred to in section 301 of the companies act, 1956:
  - (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
  - (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. According to information and explanation give to us, the Company has not accepted any deposits from the public. Therefore, the provisions of clause (vi) of paragraph 4 of the order are not applicable to the Company.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 in respect of the products manufactured by the Company.
9. In respect of Statutory dues:
  - (a) According to the information & explanations given to us and on the basis of our examination of the books of accounts, the Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax (except some delay in advance tax payments and income tax dues), sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
  - (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, except a sum of Rupees thirty five lacs ninety two thousand four hundred and seventy one only, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31.03.2010 for a period of more than six months from the date they became payable.
  - (c) According to the information and explanation given to us, there are following dues of sales tax, income tax which have not been deposited on account of dispute.

S. No	Assessment Year	Act	Forum before which Matter is pending	Amount (Rs. In lacs)
1.	1999-00	Income Tax	ITAT	5.51
2.	2000-01	Income Tax	CIT (Appeals)	216.28
3.	2002-03	Income Tax	ITAT	33.66
4.	2003-04	Income Tax	ITAT	44.55
5.	2006-07	Income Tax	CIT(Appeals)	12.65
6.	2002-03 & 2003-04	Sales Tax	Commissioner Appeals Sales Tax	41.91



10. The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately preceding such financial year.
11. As per books and records maintained by the Company, and according to the information and explanations made available to us, the Company has not defaulted in repayment of any dues to financial institutions or banks.
12. According to information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.
13. The Company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly clause 4(xiii) of the Companies (Auditor's Report) order, 2003 is not applicable to the Company.
14. According to the information & explanation given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.
15. According to the information & explanation given to us, the company has given Guarantees of (i) a sum of Rupees 34,009.56 lacs for loans taken by subsidiaries/ enterprises controlled by the company and (ii) a sum of Rupees 3,000 lacs for loans taken by others from banks or financial institutions, the terms and conditions whereof are not, prima facie, prejudicial to the interest of the Company.]
16. As per information & explanations given to us, the term loans have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the no funds raised on short-term

basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except working capital.

18. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. Accordingly, clause 4(xviii) of the order is not applicable.
19. According to the information and explanations given to us, during the period covered by our audit report, the company had not issued debentures. Accordingly, clause 4(xix) of the order is not applicable.
20. The Company has not raised any monies by way of public issues 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 instances of material fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the management.

**For T U & Co.,**  
Chartered Accountants

**Tilak Chandna**  
(Partner)  
M.No.082382  
Firm No.004555N

Date: 26.05.2010  
Place : Gurgaon

# BALANCE SHEET AS AT MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	SCHEDULE	March 31, 2010	March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share Capital	1	2,611.84	2,226.99
Reserves & Surplus	2	17,221.94	13,044.66
<b>LOAN FUNDS</b>	3		
Secured Loans		41,691.96	37,567.18
Unsecured Loans		9,934.51	8,663.17
<b>DEFERRED TAX LIABILITY</b>		387.88	231.41
<b>TOTAL</b>		<b>71,848.13</b>	<b>61,733.41</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	4		
Gross Block		17,818.97	14,551.27
Less: Depreciation		6,996.38	5,621.68
Net Block		10,822.59	8,929.59
Capital Work-in-Progress		1,153.41	466.25
<b>INVESTMENTS</b>	5	3,931.02	4,440.48
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	6		
Inventories		44,614.25	42,276.00
Sundry Debtors		8,469.67	11,748.08
Cash & Bank Balances		1,160.33	470.75
Other Current Assets		226.94	248.76
Loans & Advances		7,689.10	6,427.41
		62,160.29	61,171.00
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	7		
Current Liabilities		3,574.13	8,825.63
Provisions		2,823.12	4,762.54
		6,397.25	13,588.17
<b>NET CURRENT ASSETS</b>		55,763.04	47,582.83
Miscellaneous Expenditure (to the extent not written off)	8	178.07	314.26
<b>TOTAL</b>		<b>71,848.13</b>	<b>61,733.41</b>
Significant Accounting policies	16		
Notes to accounts	17		
The schedules referred to above form an integral part of Balance Sheet			

For and on behalf of the Board

This is the Balance sheet referred to in our report of even date

**For T U & Co.**

Chartered Accountants

**By TILAK CHANDNA**

(PARTNER)

M. No. : 082382

DATED : 26.05.2010

PLACE : Gurgaon

**ASHWANI ARORA**  
Joint Managing Director

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SURINDER ARORA**  
Joint Managing Director

**SOM CHOPRA**  
Vice President- Accounts & Taxation

# PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	SCHEDULE	March 31, 2010	March 31, 2009
<b>INCOMES</b>			
Sales	9	69,617.06	69,439.55
Other Incomes	10	1,779.80	773.11
Accretion/Decretion to Stock	11	2,263.51	2,975.48
<b>TOTAL</b>		<b>73,660.37</b>	<b>73,188.14</b>
<b>EXPENDITURES</b>			
Material Consumed	12	36,778.45	32,590.01
Purchases		19,314.96	19,714.30
Manufacturing Expenses	13	1,891.41	1,791.75
Administrative, Selling & Other Expenses	14	7,866.23	8,267.32
Financial Cost	15	4,147.70	5,683.74
Depreciation	4	1,422.21	1,281.90
<b>TOTAL</b>		<b>71,420.96</b>	<b>69,329.02</b>
<b>PROFIT BEFORE EXTRAORDINARY INCOME/ADJUSTMENT/EXPENSE</b>			
		2,239.41	3,859.12
Mark To market Adjustment on Outstanding Derivative Transaction		(1,069.42)	2,912.37
Prior Period Items		5.95	(54.23)
<b>PROFIT BEFORE TAXES</b>		3,302.88	1,000.98
Less : Tax Expense			
a) Income Tax-Current Year		651.44	60.71
b) Fringe Benefit Tax-Current Year		-	34.00
c) Deferred Tax Liability/(Asset)		156.47	51.27
d) Income Tax/FBT Earlier Years		-	(265.77)
e) MAT Credit Receivables Earlier Year		-	50.42
<b>NET PROFIT AFTER TAX FOR THE YEAR</b>		2,494.97	1,070.35
Balance brought down from previous year		9,082.76	8,342.14
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>11,577.73</b>	<b>9,412.49</b>
<b>APPROPRIATIONS</b>			
a) General Reserve		249.50	107.03
b) Dividend (Not Subject to TDS)			
- Dividend on Equity Shares		391.78	222.70
- Dividend Distribution Tax current Year		37.04	-
- Dividend Distribution Tax Earlier Year			
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>10,899.41</b>	<b>9,082.76</b>
<b>EARNINGS PER SHARE</b>			
- Basic & Diluted Earnings per Share in Rs.		10.49	4.81
- Weighted Average of Share		23,777,835	22,269,929
Significant Accounting policies	16		
Notes to accounts	17		
The schedules referred to above form an integral part of Profit & Loss Account			

For and on behalf of the Board

This is the profit and loss referred to in our report of even date

**For T U & Co.**

Chartered Accountants

**ASHWANI ARORA**  
Joint Managing Director

**SURINDER ARORA**  
Joint Managing Director

**By TILAK CHANDNA**  
(PARTNER)  
M. No. : 082382

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SOM CHOPRA**  
Vice President- Accounts & Taxation

DATED : 26.05.2010  
PLACE : Gurgaon

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
30,000,000 Equity Shares of Rs. 10 each (Previous year 25,000,000 Equity Shares of Rs. 10 each)	3,000.00	2,500.00
<b>ISSUED SUBSCRIBED &amp; PAID UP</b>		
26,118,414 Equity Shares of Rs 10 each fully paid up (Previous Year 22,269,929 Equity Shares of Rs. 10 each fully paid up)	2,611.84	2,226.99
<b>TOTAL</b>	<b>2,611.84</b>	<b>2,226.99</b>

**Note:**

The above includes:

- 1) 8,374,505 (Previous Year 8,374,505) equity shares issued of Rs. 10 each as fully paid up by way of bonus shares by capitalisation of Profits.
- 2) 4,600,000 (Previous year 4,600,000) equity shares of Rs. 10 each fully paid up issued for consideration other than cash.

<b>SCHEDULE : 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve/Subsidy	108.61	108.61
Share Premium		
- As per last account	3,388.41	3,388.41
Addition during the year	2,155.15	-
Less: Expenses for issue of Shares	44.04	-
	5,499.52	3,388.41
General Reserves		
- As per last account	464.90	357.87
Addition during the year	249.50	107.03
	714.40	464.90
Profit & Loss A/c		
- As per Profit & Loss account	10,899.41	9,082.74
<b>TOTAL</b>	<b>17,221.94</b>	<b>13,044.66</b>

<b>SCHEDULE : 3</b>		
<b>LOAN FUNDS</b>		
<b>A) SECURED LOANS</b>		
a) Rupee Working Capital Loans		
- From Banks (Refer Note 2 & 3)	8,098.33	30,791.91
b) Foreign Currency Working Capital Loans		
- From Banks (refer to Note 2 & 3)	25,421.52	2,190.85
c) Rupee term Loans		
- From Banks (Refer Note 1, 2(b) & 3)	8,172.11	4,560.09
- From Others	-	24.33
<b>TOTAL</b>	<b>41,691.96</b>	<b>37,567.18</b>
<b>B) UNSECURED LOANS</b>		
a) Short Term Loan		
- From Banks	9,728.64	8,543.69
- From Subsidiaries	205.87	119.48
<b>TOTAL</b>	<b>9,934.51</b>	<b>8,663.17</b>

**Note:**

- 1 a) A sum of Rs. 117.62 lacs (Previous Year 203.33 lacs) is secured by Hypothecation of Vehicles.
- b) A Sum of Rs. NIL (Previous Year 85.35 lacs) is secured by Properties under Development for office Block.
- c) The Balance of Rs. 8056.82 lacs (Previous Year 4271.40 lacs) is secured by Equitable Mortgage/Hypothecation/ 1st charge on fixed assets of the Company.
- 2 a) Secured by Hypothecation of stock of Raw Material, Finished goods, stores & spares and Receivables.
- b) Secured by mortgage & Hypothecation of fixed assets of the Company.
- 3) Secured Working Capital Loans & Term Loans other than Vehicles Loans are also personally guaranteed by Directors.
- 4) Short term loans are personally guaranteed by the Directors.
- 5) The Term Loans repayable within next one year Rs. 2684.95 Lacs (Previous year Rs. 1035.51 lacs).



## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 5</b>		
<b>INVESTMENTS</b>		
<b>TRADE INVESTMENTS - LONG TERM</b>		
<b>(i) Subsidiary Companies</b>		
<b>Equity Shares (Unquoted)</b>		
- L. T. International Ltd. 1,799,581 (Pr. Year 1,799,581) Fully paid up Equity Shares of Rs.10 each	179.96	179.96
- Nature Bio Foods Ltd. 49,994 (Pr. Year 49,994) Equity Shares fully paid up of Rs.10 each	5.00	5.00
- Sona Global Ltd.- DUBAI 10,000 (Pr. Year 10,000) Shares fully paid up of AED 100 each	119.48	119.48
- Daawat Foods Ltd. 13,249,944 (Pr. Year 13,249,944) Equity Shares fully paid up of Rs.10 each	1,324.99	1,324.99
250,050 (Pr. Year 250,050) Non voting Equity Shares of Rs.10 each fully paid up	25.01	25.01
- Staple Distribution Company Ltd. 800,000 (Pr. Year 800,000) Equity Shares fully paid up of Rs.10 each	80.00	80.00
- LT OVERSEAS NA, INC CALIFORNIA 100,000 (Pr. Year 100,000) Shares fully paid up	1,881.71	1,881.71
<b>(ii) Investment in Partnership Firm</b>		
- M/s Raghunath Agro Industries (Refer Note 1)	32.45	558.74
<b>(iii) Investment in Associates</b>		
- 42,500 (Pr. Year 42,500) Equity Shares of L.T. Infotech (P) Ltd. of Rs.10 each	4.25	4.25
<b>OTHER INVESTMENT - LONG TERM</b>		
<b>(a) Fully Paid-up Equity Shares (Quoted)</b>		
Nil (Pr. Year 10,326) Equity Shares - Emmsons Intl. Ltd.	-	1.03
2,300 (Pr. Year 2,300) Equity Shares - Andhra Bank	0.23	0.23
<b>(b) Investment in Mutual Funds (Quoted)</b>		
50,000 Units of Principal PNB Long Term Equity Fund	5.00	5.00
48,875.855 Units of Templeton India Equity Income Fund Growth	5.00	5.00
12,999.619 Units of HDFC MIP Long Term Dividend Fund	1.50	1.50
2,023.636 Units of Sundram BNP Paribas Select Midcap Div. Plan	0.30	0.30
894.055 Units of Reliance Vision Fund	0.40	0.40
<b>(c) Fully Paid-up Equity Shares (Unquoted)</b>		
- 500 Equity Shares of India International Marketing Ltd.	0.05	0.05
<b>(d) Keyman Insurance Policies</b>	190.47	172.61
<b>(e) Investment in Immovable Properties</b>	75.22	75.22
	<b>3,931.02</b>	<b>4,440.48</b>

	March 31, 2010		March 31, 2009	
	Book Value	Market Value	Book Value	Market Value
<b>Aggregate value of quoted Investment</b>				
- Trade Investments				
- Other Investments	12.43	19.33	13.46	13.72
<b>Aggregate value of unquoted Investment</b>				
- Trade Investments	3,648.60	-	4,174.89	-
- Other Investments	269.99	-	252.13	-
	<b>3,931.02</b>	<b>19.33</b>	<b>4,440.48</b>	<b>13.72</b>

**Note:** 1) The Partnership firm comprises of two partners namely Daawat Foods Ltd. and LT Foods Ltd. having profit sharing ratio of 96% and 4% respectively. The capital of the firm as on 31.03.2010 is Rs. 811.32 Lacs. (Pr. Year 607.82 Lacs)

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 6</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
As verified, taken and valued by Management		
a) Raw Material	23,932.10	23,910.61
b) Finished Goods	20,492.36	18,228.85
c) Consumable Stores & Spares	189.79	136.54
<b>SUB-TOTAL</b>	<b>44,614.25</b>	<b>42,276.00</b>
<b>SUNDRY DEBTORS *</b>		
(Unsecured Considered good unless stated otherwise)		
a) Debts Outstanding for a period exceeding Six Months		
- Considered Good	387.71	1,357.22
b) Others	8,081.96	10,390.86
<b>SUB- TOTAL</b>	<b>8,469.67</b>	<b>11,748.08</b>
*Due from Companies under Same Management within the meaning of sub section (1B) of section 370		
Kusha Corporation	2,643.81	5,766.36
Staples Distribution Co. Ltd.	385.47	464.11
Nature Bio Foods Ltd.	4.80	-
<b>CASH &amp; BANK BALANCE</b>		
a) Cash On Hand		
i) In Indian Currency	25.41	38.51
ii) In Foreign Currency	1.12	0.70
b) With Scheduled Banks		
i) In Current Account	502.94	309.26
ii) In Deposits/Margin Money	630.86	122.28
<b>SUB- TOTAL</b>	<b>1,160.33</b>	<b>470.75</b>
<b>OTHER CURRENT ASSETS</b>	226.94	248.76
<b>SUB- TOTAL</b>	<b>226.94</b>	<b>248.76</b>
<b>B. LOANS AND ADVANCES</b>		
(Unsecured Considered Good unless stated Otherwise)		
Loans and advances to subsidiary companies	4,083.50	2,551.19
Firms in which Company is a partner*	-	858.75
Advances Recoverable in Cash or in kind or value to be received	1,628.56	1,341.73
Security Deposit	178.92	157.49
Income Tax	1,533.02	1,139.10
MAT credit Entilement	211.85	320.05
Others	53.25	59.10
<b>SUB- TOTAL</b>	<b>7,689.10</b>	<b>6,427.41</b>
<b>TOTAL</b>	<b>62,160.29</b>	<b>61,171.00</b>

\* Refer to Note No. 13 of Notes to accounts

Maximum amount outstanding during the period to whole time directors is Rs. Nil (Prev. Year Rs. 96.22 lacs)

## SCHEDULES FORMING PART OF THE BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Acceptances *</b>	382.88	108.25
<b>Sundry Creditors</b>		
- Small Scale Industries	367.56	444.39
- Others **	1,920.75	7,305.67
Due to Firm in which Company is a partner	42.87	-
Security Deposits from Suppliers/ Distributor	9.73	16.07
Other Liabilities	824.43	943.82
Unclaimed Dividend	8.92	7.43
Exchange loss accrued on Forward Contracts	16.99	-
<b>SUB-TOTAL</b>	<b>3,574.13</b>	<b>8,825.63</b>
<b>PROVISIONS</b>		
- Gratuity	13.58	46.27
- Income Tax-Current Year	543.24	60.71
- Income Tax- Earlier Years	901.82	841.11
- Fringe Benefit Tax	74.00	74.00
- Dividend (Incl. Tax on Dividend)	428.82	222.70
- MTM Adjustment on Outstanding Derivatives	795.20	3,378.97
- Leave Encashment	24.22	24.24
- Others	42.24	114.54
<b>SUB-TOTAL</b>	<b>2,823.12</b>	<b>4,762.54</b>
<b>TOTAL</b>	<b>6,397.25</b>	<b>13,588.17</b>
* Acceptances are against Letter of Credits opened by Banks and it includes a sum of Rs.382.88 lacs (Pr. Yr. 108.24 lacs) due to Capital Goods Suppliers.		
** Creditors include a sum of Rs. 1500.00 lacs (Pr. Yr. Rs. 6048.42 lacs) for which company has given gurantee to banks.		

<b>SCHEDULE : 8</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
Deferred Revenue Expenditure		
Opening Balance	1,032.74	1,032.74
Less: Amount Amortised to date	854.67	718.48
<b>TOTAL</b>	<b>178.07</b>	<b>314.26</b>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 9</b>		
<b>SALES</b>		
<b>EXPORT SALES</b>		
Rice	30,172.34	34,621.70
Other Items	13.92	14.26
Add: Export Incentives	-	34.21
Add: Exchange Fluctuation	540.94	(2,295.96)
	30,727.20	32,374.21
<b>DOMESTIC SALES</b>		
Rice	36,516.74	34,995.56
Other Items	2,373.12	2,069.78
	38,889.86	37,065.34
<b>TOTAL</b>	<b>69,617.06</b>	<b>69,439.55</b>



## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 10</b>		
<b>OTHER INCOME</b>		
Profit from Sale of Shares	8.09	-
Dividend from Non Trade Investments	0.61	0.16
Profit from Sales of Fixed Assets	52.53	209.40
Income from Long term & Trade Investment	274.19	459.91
Interest on Fixed Deposits	9.68	13.31
Profit From Exchange Difference	1,245.45	-
Other Receipts	189.25	90.33
<b>TOTAL</b>	<b>1,779.80</b>	<b>773.11</b>
<b>SCHEDULE : 11</b>		
<b>ACCRETION/(DECRETION) TO STOCK</b>		
OPENING STOCK	18,228.85	15,253.37
CLOSING STOCK	20,492.36	18,228.85
Accretion/(Decretion) to stock	<b>2,263.51</b>	<b>2,975.48</b>
<b>SCHEDULE : 12</b>		
<b>MATERIAL CONSUMED</b>		
<b>OPENING STOCK</b>		
- Bardana	357.69	642.94
- Packing Material	347.68	375.59
- Paddy	23,205.24	17,701.30
	23,910.61	18,719.83
<b>PURCHASES</b>		
- Paddy	33,645.19	35,247.36
- Bardana	695.05	523.11
- Packing Material	2,459.70	2,010.32
	36,799.94	37,780.79
<b>CLOSING STOCK</b>		
- Bardana	(495.31)	(357.69)
- Packing Material	(351.82)	(347.68)
- Paddy	(23,084.97)	(23,205.24)
	(23,932.10)	(23,910.61)
<b>TOTAL</b>	<b>36,778.45</b>	<b>32,590.01</b>
<b>SCHEDULE : 13</b>		
<b>MANUFACTURING &amp; TRADING EXPENSES</b>		
Ware House/Factory Rent	83.12	105.83
Wages	329.21	275.57
Job Work	19.79	59.45
Factory Insurance	21.62	8.76
Power and Fuel	696.04	595.95
Security Services	72.56	66.94
Research & Development	0.83	0.40
Packing Expenses	192.08	102.94
Repair & Maintenance		
- Repair to Machinery	86.51	122.91
- Repair to Building	31.05	50.84
- Repair (Others)	31.23	27.78
Other Manufacturing Expenses	-	0.31
<b>CONSUMABLES, STORES &amp; SPARES CONSUMED</b>		
Opening Stock	136.54	134.18
Add: Purchases	380.62	376.43
Less: Closing Stock	(189.79)	(136.54)
<b>TOTAL</b>	<b>1,891.41</b>	<b>1,791.75</b>

## SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 14</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Salaries, Wages and Bonus	855.24	639.64
Contribution to Provident and Other Fund	68.40	54.46
Staff Welfare Expenses	60.60	49.89
Advertisement	113.83	315.96
Insurance	36.91	19.74
Legal & Professional Charges	400.03	372.45
Rates & Taxes	55.99	45.45
Donation & Charity	127.66	26.36
Payment to Directors		
Directors' Remuneration	130.30	100.54
Directors' Sitting Fees	3.10	2.20
Directors' Perquisites	14.98	18.32
Contribution to Provident Fund	0.28	0.28
Payment to Auditor	19.54	16.96
Fines & penalties	2.95	2.41
Rent	208.81	172.38
Vehicle Running & Maintenance	29.18	28.65
Other Administrative Expenses	242.71	204.65
Travelling & Conveyance Expenses (including Directors' Foreign Travelling)	336.42	321.44
Rebate & Discount	296.00	707.03
Commission to Selling Agents	114.65	57.48
Clearing, Forwarding & Freight Charges	1,046.68	865.95
Export Duty	-	2,057.31
Market Development Expenses	564.80	219.84
Business Promotion Expenses	78.46	80.73
Freight Outward	291.62	346.57
Other Selling Expenses	2,262.24	1,089.17
Amount/Assets Written Off/ Back	368.66	275.45
Deffered Revenue Expenses W/o	136.19	176.01
<b>TOTAL</b>	<b>7,866.23</b>	<b>8,267.32</b>
<b>SCHEDULE : 15</b>		
<b>FINANCIAL COST</b>		
Interest on Working Capital Loans	2,853.10	3,258.77
Interest on Fixed Loans	1,114.68	1,172.86
	3,967.78	4,431.63
Less: Capitalised	48.27	75.66
	3,919.51	4,355.97
Bank Charges	206.16	307.78
Premium on Forward Contract	22.03	22.56
Loss on Exchange Fluctuation	-	997.43
<b>TOTAL</b>	<b>4,147.70</b>	<b>5,683.74</b>

# SCHEDULES FORMING PART OF THE BALANCE SHEET AND PROFIT & LOSS ACCOUNT

## SCHEDULE - 16

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountants of India (ICAI) and the provisions of Companies Act, 1956. These accounting policies have been consistently applied, except where newly issued accounting standard is initially adopted by the Company. Management evaluates the effect of accounting standards issued on an on-going basis and ensures they are adopted as mandated by the ICAI.

#### 2. REVENUE RECOGNITION

The Company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

#### 3. USE OF ESTIMATES

The preparation of the financial statements in conformity with Accounting Standards & GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include useful life of fixed assets, provisions for doubtful debts, income taxes, write-off of deferred revenue expenditures and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

#### 4. FIXED ASSETS AND DEPRECIATION

- Fixed assets are stated at cost less accumulated depreciation/amortization/impairment Loss. All costs including financing cost till commencement of commercial production attributable to the fixed assets are capitalized.
- Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956.
- Intangible Assets i.e. Goodwill and Brand Equity - Trade mark, acquired from outside, are amortized over a period of 20 years.
- Intangible Asset acquired are amortized over a period of 10 years, as the license is for the indefinite period, in accordance with the Accounting Standard on "Intangible Assets" (AS-26) issued by the Institute of Chartered Accountants of India.

#### 5. INVESTMENT

Trade Investments are the investment made to enhance the Company business interest. Investments are either classified as Current or Long Term, based on management intention at the time of purchase. Current Investments are carried at the lower of cost and fair value. Cost of overseas investments comprises the Indian Rupee Value of the consideration paid for the investment.

Long Term Investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Dividends, if any, are recorded as income in the Profit & Loss Account. The amounts paid under Key man Insurance Policies are considered as Investment.

#### 6. INVENTORIES

The inventories are measured at lower of cost or net realizable value. Cost of inventories comprises cost of purchase, cost of

conversion and other costs incurred in bringing them to their respective present location and condition. Borrowing cost is included in the cost of inventory as inventory generally held by the Company is an asset that necessarily takes a substantial period of time to get ready. Cost of the Raw Material, stores and spares, packing materials, jute bags, trading and other products are determined on FIFO basis. By Products are valued at net realizable value. Cost of Finished Goods is determined on Absorption costing method. Material in process, being not material, is taken as part of raw materials and measured accordingly.

#### 7. FOREIGN CURRENCY TRANSACTION

Foreign currency transactions (1) transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of transaction (2) monetary items denominated in foreign currencies at the year end are reinstated at year end rates (3) non monetary foreign currency items are carried at cost (4) any income or expense on account of exchange difference either on settlement or translation is recognized in the profit and loss account.

#### FORWARD EXCHANGE CONTRACT:

Forward exchange contracts (1) entered into to hedge an existing asset/liability (i) the premium or discount arising at the inception of such forward contract is amortized as expense or income over the life of the contract (ii) forward exchange contract is recorded as an asset / liability and (2) entered into to hedge a firm commitment or highly probable forecast transaction, the loss or gain is recognized in the profit and loss account.

#### 8. EARNING PER SHARE

In determining earning per share, the Company considers the net profit after tax. The number of shares used in computing earning per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

#### 9. CASH FLOW STATEMENT

Cash flow are reported using the indirect method, thereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the Company are segregated.

#### 10. EMPLOYEES BENEFITS

##### Short Term Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services employees rendered, after deducting amount already paid, is recognized as a liability in the balance sheet and expensed in the profit and loss account unless another accounting standard requires or permits the inclusion of the benefits in the cost of an asset. Cost of accumulating compensated absences that has accumulated on the balance sheet date is measured and recognized as short term benefits.

##### Post Employment Benefits

- GRATUITY: Company is recognizing liability of gratuity payable to its employees to the extent of contribution is determined to be paid by contribution plan undertaken by the Company with Life Insurance Corporation of India. In the view of the Company, such contributions to the plan undertaken by the Company will take care of its liability on account of gratuity payable under the payment of Gratuity Act. Accordingly, Company has not undertaken the exercise

of measuring and recognizing gratuity liability under defined benefit plan in accordance with The Payment of Gratuity Act, 1972. The amount for defined contribution plan is recognized as an expense in the profit and loss account, unless another accounting standard requires or permits the inclusion of the benefits in the cost of an asset.

- (II) **PENSIONS:** The pension benefits are recognized in the form of defined contribution plan required to be made by the Company in accordance with and under The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and rules made there-under.
- (III) **OTHER LIABILITIES:** Company is not measuring and recognizing any other liability.

#### Other Long Term Employee Benefits

Company has not determined and recognized liability and expense on account of other long term benefits to employees as in its opinion no reliable estimate of the obligation can be made at present. The Company, though, may have such liability on account of long term compensated absences and long term disability benefits.

### 11. INCOME TAX

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that

originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

### 12. BORROWING COSTS

Borrowing Costs attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Borrowing costs, which are not relatable to qualifying assets, are recognized as an expense in the period in which they are incurred. The basis of determination of qualifying assets for the purpose of AS-16 is those assets which are not put to use immediately on acquisition but take time for construction/assembly before these are put to use.

### 13. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

All known liabilities are provided for in the accounts except liabilities of a contingent nature, which have been adequately disclosed in the accounts.

### 14. ACCOUNTING FOR DERIVATIVES

Pending compliance with AS 30 "Financial Instruments Recognition and Measurement" issued by the Institute of Chartered Accountants of India, premium paid, gains and losses on derivatives are recognized in Profit & Loss account in accordance with announcement of Institute of Chartered Accountants of India.

### 15. OTHER ACCOUNTING POLICIES

These are consistent with the generally accepted accounting principles and practices.

## SCHEDULE NO. 17

### NOTES TO ACCOUNTS

#### 1. CONTINGENT LIABILITIES :

(Rs. in Lacs)

	2009-10	2008-09
(a) Claims against the Company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages: (Figures as per demand notice received by the Company exclusive of interest thereafter)#		
(i) Income-Tax Demands		
Assessment Year 1999 – 00**	5.51	5.51
Assessment Year 2000 – 01 *	135.18	135.18
Assessment Year 2000 – 01 (Penalty)	81.10	81.10
Assessment Year 2002 – 03 **	33.66	33.66
Assessment Year 2002 – 03 (Penalty)	NIL	4.39
Assessment Year 2003 – 04	44.55	44.55
Assessment Year 2003 – 04 (Penalty)	NIL	4.05
Assessment Year 2004 – 05 (Penalty)	NIL	5.27
Assessment Year 2005 – 06 (Penalty)	NIL	8.17
Assessment Year 2006 – 07	11.70	11.70
Assessment Year 2006 – 07 (Penalty)	0.95	NIL
(ii) Sales Tax Demand – Ghaziabad	41.91	41.91
(iii) HRDF Demand of Market Committee, Sonapat	91.75	166.75
(iv) FCI Demand for Differential Price / Freight / Taxes	339.00	339.00
(v) Labour Related Claims	9.62	9.62
(vi) Trademark Related Claims	NIL	20.00
(b) Guarantees given by Banks on behalf of the Company	123.92	93.26
(c) Letter of credits opened with bankers and remaining outstanding	1011.33	108.53
(d) Liability against Duty Saved under EPCG Licenses Issued	1027.33	1008.42
(e) Guarantee given by Company to Bank on behalf of Subsidiary/ Firm in which the Company is a Partner	34009.56	23025.50
(f) Guarantee given by Company to subsidiary for export obligation under EPCG scheme	14.68	14.67
(g) Guarantee given by Company to other Company on behalf of Subsidiary	451.40	509.50

#### Notes:

\* The demand is disputed and the matter is subjudice with CIT who has directed the AO to provide Remand Report. The Company has deposited Rs. 45.00 Lacs against this disputed demand.

\*\* These are departmental appeals with ITAT and ITAT has redirected the AO to recomputed the deduction under section 80IA and 80HHC.

# Future cash outflows in respect of (a) above can be determined only on receipt of Judgment/ Decisions pending with various Forums/ Authorities.

**2. CAPITAL COMMITMENTS (NET OF ADVANCES) NOT PROVIDED FOR:**

	(Rs. in Lacs)
Capital Contract remaining to be executed	1321.93
	(34.76)

3. The Company has been advised that the computation of net profit for the Directors' remuneration under section 349 of the Companies Act, 1956 need not be set out since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to the Managing Director and to the Directors as per term of their appointment

**REMUNERATION PAID OR PAYABLE TO DIRECTORS**

(Rs. in Lacs)

**FUNCTIONAL DIRECTORS****CHAIRMAN CUM MANAGING DIRECTOR'S REMUNERATION**

- Salary	60.00
	(31.18)
- Perquisites	NIL
	(NIL)

**OTHER WHOLE-TIME DIRECTORS' REMUNERATION**

- Salary	78.23
	(69.36)
- Perquisites*	14.98
	(18.32)

**INDEPENDENT DIRECTORS**

Sitting Fees	3.10
	(2.20)

\*Excludes free telephone at the residence and car with chauffeur for personal use of which monetary values are not ascertained.

**4. PAYMENTS TO STATUTORY AUDITORS (inclusive of Service Tax)**

(Rs. in Lacs)

(a) As Auditor	17.65
	(15.56)
(b) As advisor, or any other capacity, in respect of-	
(i) Management services	0.00
	(0.30)
(c) in any other manner	1.90
	(1.10)
<b>Total</b>	<b>19.55</b>
	<b>(16.96)</b>

5. Some of the receivables, loans & advances and payables are subject to confirmation from the parties.
6. Travelling Expenses include foreign travelling expenses of Rs. 104.14 Lacs (Previous Year - Rs. 106.46 Lacs).
7. As required by Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

**8. PROVISIONS**

(Rs. in Lacs)

	As at 01.04.09	Provision made during the year	Adjust -ments	Payment made during the year	As at 31.03.10
Income Tax (includes FBT)	975.82	651.44	108.20	0.00	1519.06
Gratuity	46.27	13.58	NIL	46.26	13.58
Leave Encashment	24.24	0.00	0.00	0.02	24.22

9. List of Small Scale Industrial Undertakings to whom payment is outstanding for more than 30 days as on 31st March, 2010 to the extent available to the Company, is as under:

Adishri Marketing & Packaging Co, Ashmit Packaging Co, Avon Containers Pvt Limited, Bag Poly International Pvt. Ltd., Bharat Hosiery Factory, Box & Carton India Pvt. Ltd, Daawat Foods Pvt. Ltd., Bhopal, G.R.M. Plastic, Golden Rolls Pvt.Ltd, Indo Pack Industries, Jhaveri Flexo India Ltd., JBL Saks Pvt. Ltd., Jets Inks Private Limited, Kris Flexipacks Pvt. Ltd., Leotronic Scales Pvt. Ltd, Montage Enterprises Pvt. Ltd., Mheshwari Printpack, Nanak Chand Bhagwan Dass Jain, New Sales Corporation, Neel Kanth Packaging Industries, Nichrome India Limited, Nirmal Packaging Systems, Orient Press Limited, Packaging India Pvt. Ltd, Pearl Polymers Limited, Rajesh Die Cutting Works, Rajeev Enterprises, Reed Midway Packaging Company of, Sanmati Printo Graphics, Shri Radhey Enterprises, Shree Ram Corg Pack, S R S Engg. Co., S.R. Agro Engineering, The Paper Products Ltd., Unique Corrugated Containers, Visitech Engineers Pvt. Ltd.

**10. DEFERRED TAX LIABILITY**

The Company has provided the Deferred Tax Liability as per AS-22 issued by ICAI, the details of which are as under:-

(Rs. in Lacs)

	AS AT 31.03.2010	AS AT 31.03.2009
<b>Deferred Tax Liabilities on account of</b>		
WDV of Fixed Assets	262.62	231.41
Keyman Insurance Policy	64.74	0.00
Deferred Revenue Expenditure	60.52	0.00
<b>Total Deferred Tax Liabilities</b>	<b>387.88</b>	<b>231.41</b>
<b>Net DTL credited to P &amp; L Account</b>	<b>156.47</b>	<b>51.27</b>

**11. DISCLOSURE AS REQUIRED BY THE CLAUSE 32 OF THE LISTING AGREEMENT**

Loans and Advances includes following sums due from:-

(Rs. in Lacs)

	Outstanding Balance as on 31.03.10	Maximum Amount Outstanding during the year
<b>i. Subsidiaries / fellow subsidiaries of the company</b>		
Nature Bio Foods Ltd.	392.15 (1225.39)	1225.64 (1233.79)
Daawat Foods Ltd.	620.04 (1020.00)	4116.89 (4689.86)
Staple Distribution Company Ltd.	0.00 (10.18)	21.94 (75.55)
Sona Global Ltd., Dubai, UAE	150.68 (124.34)	150.68 (124.34)
LT Overseas North America Inc., California, USA	133.13 (133.13)	133.13 (133.13)
L. T. International Ltd.	5.36 (1.69)	5.36 (691.64)
Kusha Inc., California, USA	2793.79 (36.45)	2793.79 (40.77)
Nice International FZE, Dubai, UAE	-101.81 (NIL)	N.A. (N.A.)
Raghunath Agro Industries, Amritsar	NIL (-52.05)	1033.29 (NIL)
<b>ii. Associates</b>		
LT Infotech Private Ltd.*	67.97 (55.69)	68.34 (148.05)
Cordia LT Communications Pvt. Ltd.*	16.41 (4.08)	16.43 (4.08)

\*Interest free advances given by the Company to its Associates.

12. The details of Raghunath Agro Industries, Phoola Road, Bhikiwind, Amritsar, Punjab, in which the Company is a partner are as under:

(Rs. in Lacs)

Sl. No.	Name	Profit Sharing Ratio **	Capital as on 31.03.10	Profit Sharing Ratio	Capital as on 31.03.09
1.	L.T. Foods Ltd.	4%	32.45	96%	558.74
2.	Daawat Foods Ltd.	96%	778.87	4%	49.08
<b>TOTAL</b>			<b>811.32</b>		<b>607.82</b>

\*\* The share of profits of LT FOODS Limited in the said partnership firm changed from 96% to 4% and the share of profits of Daawat Foods Limited in the said partnership firm changed from 4% to 96% w.e.f. 30.09.2009

Financial statement of Partnership firm as at 31.03.2010 is as under:

(Rs. in Lacs)

Assets	6485.86 (5766.04)
Liabilities	5674.54 (5158.22)
Revenues	12607.74 (12134.72)
Expenditure	12273.75 (11934.71)

#### VI. Relatives of Key Management Personnel

Key Management Personnel	Mother	Wife	Brother	Sister	Son	Daughter
V.K.Arora	Parvesh Rani	Ranju Arora	Ashok Arora Ashwani Arora Surinder Arora	Neelu Grover	Abhinav Arora	Sona Arora
Ashwani Arora	Parvesh Rani	Vandana Arora	Ashok Arora V.K.Arora Surinder Arora	Neelu Grover	Ritesh Arora	Sanjana Arora
Surinder Arora	Parvesh Rani	Sakshi Arora	Ashok Arora V.K.Arora Ashwani Arora	Neelu Grover	Anmol Arora	Isha Arora Purva Arora
Ashok Arora	Parvesh Rani	Anita Arora	Ashwani Arora V.K.Arora Surinder Arora	Neelu Grover	Aditya Arora Gursajjan Arora	

#### VII. Enterprise owned or significantly influenced by group of individuals or their relatives having control or significant influence over the Company

- Swami Freight Brokers
- R S Rice & General Mills

#### Transactions with Related Parties

(Rs. in Lacs)

Particulars	Subsidiaries	Fellow Subsidiaries	Enterprises controlled by Company / Joint Ventures	Key Management Personnel (KMP)	Relat.ives of KMP	Enterprises	Total
Sales (Including Fixed Assets)	5840.49 (3361.87)	18105.51 (18971.77)	280.98 (307.81)	- (0.00)	- (0.00)	- (0.00)	24226.98 (22641.44)
Purchase of raw materials, intermediaries & finished goods	5641.50 (8869.27)	1.09 (3.66)	176.59 (450.25)	- (0.00)	- (0.00)	- (0.00)	5819.19 (9323.18)
Loans & Advances (Net of repayments)	49.79 (-1019.00)	46.26 (0.00)	137.67 (-10.52)	- (0.00)	- (0.00)	- (0.00)	233.73 (-1029.52)
Purchase of Investment	- (75.00)	- (0.00)	- (0.00)	- (0.00)	- (0.00)	- (0.00)	- (75.00)
Sale of Investment	631.73 (0.85)	- (0.00)	- (0.00)	- (0.00)	- (0.00)	- (0.00)	631.73 (0.85)
Inter Corporate Deposits Received	- (0.00)	- (0.00)	- (0.00)	- (0.00)	- (0.00)	- (0.00)	- (0.00)
Interest (Expense)/ Income	105.33 (227.92)	0.00 (0.00)	0.00 (-4.25)	- (0.00)	- (0.00)	- (0.00)	105.33 (223.67)
Rent (Expenses)/ Income	43.02 (55.67)	0.00 (0.00)	0.00 (0.00)	- (0.00)	0.00 (7.31)	- (0.00)	43.02 (62.98)
Remuneration	- (0.00)	- (0.00)	- (0.00)	138.23 (118.86)	- (0.00)	- (0.00)	138.23 (118.86)

#### 13. Related Party Disclosure

##### A. Related Parties and their Relationship

###### I. Subsidiary Companies

Sona Global Ltd., Dubai, UAE  
L T Overseas North America Inc., California, USA  
Daawat Foods Ltd.  
L T International Ltd.  
Nature Bio Foods Ltd.  
Staple Distribution Company Ltd.

###### II. Fellow Subsidiaries

Nice International FZE, Dubai, UAE  
Kusha Corporation, California, USA

###### III. Enterprises controlled by Company

Raghunath Agro Industries, Bhikiwind, Amritsar (PUNJAB)

###### IV. Associate Enterprises

LT Infotech (Pvt.) Ltd.  
Cordia LT Communications Pvt. Ltd.

###### V. Key Management Personnel

Mr. Vijay Kumar Arora (Chairman & Managing Director)  
Mr. Surinder Arora (Joint Managing Director)  
Mr. Ashwani Arora (Joint Managing Director)  
Mr. Ashok Arora (President – Punjab Operations)

(Rs. in Lacs)

Particulars	Subsidiaries	Fellow Subsidiaries	Enterprises controlled by Company / Joint Ventures	Key Management Personnel (KMP)	Relatives of KMP	Enterprises	Total
Dividend	168.75 (337.50)	0.00 (0.00)	0.00 (0.00)	82.87 (149.31)	52.75 (14.68)	- (0.00)	304.37 (501.49)
Reimbursement of Expenses	10.69 (0.00)	303.37 (0.00)	0.00 (17.05)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	314.07 (17.05)
Balance Outstanding as at the year-end	1677.50 (1854.71)	5284.66 (5456.35)	41.01 (-175.54)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	7003.17 (7127.52)
Misc Income	0.19 (0.51)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)	0.19 (0.51)

**DISCLOSURE OF TRANSACTIONS WITH RELATED PARTIES**

(Rs. in Lacs)

**Purchase/(-) Sale of Investments**

Daawat Foods Ltd.	-631.73 (0.00)
Staple Distribution Company Ltd.	0.00 (75.00)

**Revenues**

Daawat Foods Ltd.	2375.79 (1618.13)
Nature Bio Foods Ltd.	32.58 (483.75)
Staple Distribution Company Ltd.	3432.12 (1259.99)
Nice International FZE, Dubai	252.38 (77.39)
Kusha Corporation, California	15581.69 (18894.38)
Raghunath Agro Industries	280.98 (307.81)

**Purchase of goods, services & facilities**

Daawat Foods Ltd.	5484.35 (7984.77)
L T International Ltd.	0.00 (683.51)
Raghunath Agro Industries	176.59 (450.25)
Kusha Inc., USA	1.09 (3.66)
Staple Distribution Co. Ltd.	0.00 (99.03)
Nature Bio Foods	157.16 (101.96)

**Debtors, Loans & Advances**

Sona Global Ltd., Dubai	9.41 (0.00)
LTO North America Inc., California	0.00 (133.13)
Daawat Foods Ltd.	922.56 (-1793.00)
L T International Ltd.	3.27 (0.00)
Nature Bio Foods Ltd.	-875.27 (763.90)
Staple Distribution Company Ltd.	-10.18 (10.09)
Nice International FZE, Dubai	17.67 (0.00)
Raghunath Agro Industries	113.06 (0.00)
Kusha Inc., USA	28.59 (0.00)

(Rs. in Lacs)

LT Infotech Private Ltd.	12.28 (92.36)
Cordia LT Communications Pvt. Ltd.	12.33 (77.89)

**Remuneration to Key Management Personnel**

Vijay Kumar Arora	60.00 (31.18)
Surinder Arora	39.11 (43.72)
Ashwani Arora	39.11 (44.26)

**Interest Received**

Sona Global Ltd.	16.92 (16.22)
Daawat Foods Ltd.	37.62 (120.00)
L T International Ltd.	0.39 (14.07)
Nature Bio Foods Ltd.	45.39 (77.63)
Staple Distribution Co. Ltd.	33.42 (0.00)

**Rent Paid**

Dawat Foods Ltd.	43.02 (55.67)
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**Rent Received**

Staple Distribution Co. Ltd.	0.00 (0.05)
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**Reimbursement of Expenses/ (Incomes)**

Cordia LT Communications Pvt. Ltd.	15.21 (17.05)
Nature Bio Foods Ltd.	4.61 (0.00)
Staple Distribution Company Ltd.	8.85 (0.00)
Raghunath Agro Industries	0.04 (0.00)
Kusha Inc.	279.17 (0.00)
Nice International Fze	24.20 (0.00)

**Dividend Received**

Daawat Foods Ltd.	168.75 (337.50)
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**Miscellaneous Incomes**

Nature Bio Foods Ltd.	0.19 (0.00)
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#### 14. Segment Reporting

##### Information about Secondary Business Segments

(Rs. in Lacs)

	India	Outside India	Total
<b>REVENUE:</b>			
External	38884.94 (32,374.21)	30186.26 (37,065.34)	69071.20 (69,439.55)
Inter segment	Nil (Nil)	Nil (Nil)	Nil (Nil)
Total	38884.94 (32,374.21)	30186.26 (37,065.34)	69071.20 (69,439.55)
Carrying amount of Segment Assets*	-	-	78,245.38 (75,317.51)
Addition to fixed assets	-	-	2476.42 (3875.19)

\*The Assets used for earning revenue from geographical locations above are not maintained separately as the same is impractical and not feasible.

#### 15. Information pursuant to provisions of paragraph 3 & 4 of part II of Schedule VI of the Companies Act, 1956.

##### I. CAPACITY – PADDY MILLING (INSTALLED)

OWNED	33.0 MT PER HOUR (33.0 MT PER HOUR)
ON LEASE	5.00 MT PER HOUR (4.5 MT PER HOUR)

The installed capacity given above is based on the information provided by the management. This being the technical matter, the auditors have relied upon.

##### II. QUANTITATIVE DETAILS

Items	Opening Stock (Qty in MT)	Purchases/ Production (Qty in MT.)	Closing Stock (Qty in MT.)	Sales/ Consp. Trf. To Prod. (Qty in MT.)	Sales Value (Rs. in Lacs)
Paddy (Raw Material)	86,724.110 (66,509.955)	1,67,641.861 (1,61,892.598)	95,659.549 (86,724.110)	1,58,706.422 (1,41,678.443)	43.74 (20.60)
Rice (Finished Good)	31,879.879 (36,886.40)	1,61,118.264 (1,37,492.181)	40,022.761 (31,879.878)	1,52,975.590 (1,42,498.987)	67230.02 (69,617.26)
Rice Bran (By Product)	0.00 (46.392)	13758.319 (11,482.656)	15.789 (0.00)	13742.53 (11,529.048)	1306.98 (1160.96)
Paddy Husk (By Product)	35.360 (25.72)	37302.943 (32,823.45)	50.954 (35.36)	37287.349 (32,813.81)	396.22 (396.70)

##### III. MATERIALS CONSUMED

(Rs. in Lacs)

	Value	Percentage
<b>Paddy</b>		
Indigenous	33765.45 (31813.19)	91.87% (91.52%)
Imported	NIL (NIL)	NIL (NIL)
<b>Packing Material</b>		
Indigenous	2439.79 (2129.18)	6.64% (6.12%)
Imported	15.76 (11.99)	0.04% (0.03%)
<b>Bardana</b>		
Indigenous	532.32 (808.36)	1.45% (2.33%)
Imported	NIL (NIL)	NIL (NIL)
<b>Consumables &amp; Spares Parts</b>		
Indigenous	284.63 (337.81)	87.72% (90.31%)
Imported	39.86 (36.26)	12.28% (9.69%)

##### IV. VALUE OF IMPORTS ON CIF BASIS

- Trading Items	15.76 (11.99)
- Packing Materials	
- Spare Parts & Consumables	39.86 (36.26)
- Capital Goods	281.98 (660.57)

##### V. EXPENSES IN FOREIGN EXCHANGE

- Legal Fees	9.45 (4.05)
- Interest & Other Charges to Banks	744.48 (431.72)
- Others	968.32 (123.96)

##### VI. EARNINGS IN FOREIGN EXCHANGE

- FOB Value of Exports	
Rice	29959.99 (34194.61)
Corn	NIL (NIL)
Packing Materials	13.92 (14.26)



## 16. Earning Per Share

i)	Net Profit /Loss (-) after Extra Ordinary Items & Provision for Taxes (Used as numerator for calculating E.P.S.)	2494.97 Lacs (1070.35Lacs)
ii)	Weighted average No. of Equity Shares outstanding (Used as denominator for calculating E.P.S.)	
	- For Basic EPS	23,777,835 (22,269,929)
	- For Diluted EPS	23,777,835 (22,269,929)
iii)	Earning per Share after Extraordinary Items	
	- Basic EPS	10.49 (4.81)
	- Diluted EPS	10.49 (4.81)
Equity Share of face value of Rs. 10 each		

## 17. Derivative Financial Instruments

The Company, in accordance with its risk / interest management policies and procedures, enters into foreign currency forward contracts and currency option contracts to manage its exposure in foreign exchange rates and interest costs. The counter party is generally a bank. These contracts are generally for a period between one day and eight years.

The Company has following outstanding derivative instruments as on March 31, 2010.

### (i) The following are outstanding Foreign Exchange Forward Contracts, which has been designated

### as cash flow Hedges:

(Rs. in Lacs)

Foreign Currency	No. of Contracts	Notional Amount	Gain / (-Loss)
U. S. Dollar	9 (6)	2138.81 (3140.56)	(-48.28) (-110.11)

Loss of Rs. 48.28 Lacs (Previous year - Rs. 110.11 Lacs) is recognized under Exchange Fluctuation in the Profit & Loss Account.

### (ii) The following are outstanding Currency Option Contracts, which have been designated as cash flow Hedges:

(Rs. in Lacs)

No. of Contracts	Gain / (-Loss)
3	1069.42
(5)	(2912.38)

Profit of Rs. 1069.42 Lacs ( Previous Year - Rs. -2912.38 Lacs) is recognized in the Profit & Loss Account under "Mark to Market Adjustment on outstanding Derivatives Transactions".

18. As per the exit rights agreement between company, Daawat Foods Limited, India Agri- business Fund Limited and Real Trust (the last two parties termed as investors in the agreement), contingent upon trigger events, investors shall have the right but not the obligation to require the company to acquire all( but not less than all) of the subscription shares held by investors at the put option price on spot delivery basis. For the purpose of the agreement put option price shall mean an amount which gives investors an IRR of fifteen percent per annum on the investment or the fair market value whichever is higher. Investors are holding 56,55,341 equity share of rupees ten each, fully paid up of Daawat foods Limited at an investment price of rupees 23,30,00,050/-. Company proposes to account for this liability on occurrence of triggering events.
19. Previous year figures have been regrouped, recast and rearranged wherever necessary.
20. Figures are rounded off nearest to the Rupees in lacs.

### For T U & Co.

Chartered Accountants

### By TILAK CHANDNA

(PARTNER)

M. No. : 082382

DATED : 26.05.2010

PLACE : Gurgaon

ASHWANI ARORA  
Joint Managing Director

MONIKA CHAWLA JAGGIA  
Company Secretary

SURINDER ARORA  
Joint Managing Director

SOM CHOPRA  
Vice President- Accounts & Taxation

For and on behalf of the Board

## CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before Tax	3,302.87	1,000.96
Adjustments to reconcile profit before tax to cash provided by operating activities	-	-
(Profit)/ loss on sale of fixed assets	(52.53)	(209.40)
Depreciation and amortization	1,422.21	1,457.92
Interest and Dividend income	(0.61)	(0.16)
Income from Investment	(274.19)	(459.90)
(Profit)/ loss on sale of investment	(8.09)	-
Provisions for doubtful debts/ recoveries	-	275.45
Provision for Expenses	55.83	138.93
Interest Paid	4,173.94	5,683.74
Provision for Loss/Damages	-	2,912.38
<b>Changes in current assets and liabilities</b>		
Sundry Debtors	3,278.41	(808.69)
Inventory	(2,338.26)	(8,168.61)
Loans and Advances	(1,261.68)	1,063.92
Other Current Assets	(486.76)	558.28
Trade Payable	(8,226.58)	549.82
Preliminary expenses	-	-
<b>NET CASH GENERATED BY OPERATING ACTIVITIES</b>	<b>(415.44)</b>	<b>3,994.64</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Dividends paid during the year, including Dividend Tax	(222.70)	(390.82)
Proceeds from issuance of Share Capital	2,495.96	-
Proceeds from borrowing secured	4,124.78	3,536.83
Proceeds from borrowing unsecured	1,271.34	948.54
Interest Paid	(4,173.94)	(5,683.74)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>3,495.44</b>	<b>(1,589.19)</b>

PARTICULARS	(Rs. in Lacs)	
	March 31, 2010	March 31, 2009
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of Fixed Assets and changes in Capital Work-in-progress	(3,950.73)	(3,691.68)
Proceeds from Disposals of Fixed Assets	137.08	1,145.64
Investment	509.46	(248.71)
Deferred Revenue Expenditure	-	-
Interest and dividend Income	0.61	0.16
Income from investment	274.19	459.90
Profit from Sale of Investment	8.09	-
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(3,021.30)</b>	<b>(2,334.69)</b>
Effect of exchange Differences on translation of foreign currency cash and cash equivalents	-	-
Excess provision for earlier years	-	-
Net(decrease)/increase in cash equivalents during the year	58.70	70.76
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	470.77	275.96
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	529.47	346.72
Cash & Bank Balance	1,160.33	470.77
Less: Deposits/Margin with Banks	630.86	124.05
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>529.47</b>	<b>346.72</b>

This is the Cash Flow referred to in our report of even date

**For T U & Co.**

Chartered Accountants

**By TILAK CHANDNA**

(PARTNER)  
M. No. : 082382

DATED : 26.05.2010  
PLACE : Gurgaon

**ASHWANI ARORA**  
Joint Managing Director

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SURINDER ARORA**  
Joint Managing Director

**SOM CHOPRA**  
Vice President- Accounts & Taxation

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### (I) REGISTRATION DETAILS

REGISTRATION NO.	41790	STATE CODE	55
BALANCE SHEET DATE	31.03.2010		

### (II) CAPITAL RAISED DURING THE YEAR (Amt. in Rs. Thousand)

PUBLIC ISSUE	NIL	RIGHT ISSUE	NIL
BONUS ISSUE	NIL	PRIVATE PLACEMENT	38485

### (III) POSTION OF MOBILISATION AND DEPLOYEMENT OF FUNDS (Amt. in Rs. Thousand)

TOTAL LIABILITIES	7,824,538	TOTAL ASSETS	7,824,538
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#### SOURCES OF FUNDS

PAID UP CAPITAL	261,184	RESERVES & SURPLUS	1,722,194
SECURED LOANS	4,169,196	UNSECURED LOANS	993,451
DEFERRED TAX LIABILITY	38,788		

#### APPLICATION OF FUNDS

NET FIXED ASSETS	1,197,600	INVESTMENTS	393,102
NET CURRENT ASSETS	5,576,304	MISC. EXPENDITURE	17,807
ACCUMULATED LOSSES	Nil	DEFFERRED TAX ASSETS	Nil

### (IV) PERFORMANCE OF COMPANY (Amt. in Rs. Thousand)

TURNOVER (GROSS REVENUE)	7,139,686	TOTAL EXPENDITURE	6,809,398
PROFIT/ LOSS (BEFORE TAX)	330,288	PROFIT/ LOSS AFTER TAX	249,497
EARNING PER SHARE (in Rs.)	10.49	DIVIDEND RATE	15%

### (V) GENERIC NAME OF THREE PRINCIPAL PRODUCT SERVICES OF COMPANY (As per Monetary terms)

ITEM CODE NO.	100610
PRODUCT DESCRIPTION	RICE

For and on behalf of the Board

**ASHWANI ARORA**  
Joint Managing Director

**SURINDER ARORA**  
Joint Managing Director

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SOM CHOPRA**  
Vice President- Accounts & Taxation

# AUDITORS' REPORT

## Auditors' Report to the Board of Directors of the Company on the Consolidated Financial Statements

To  
The Board of Directors of  
LT Foods Limited

1. We have audited the attached Consolidated Balance Sheet of M/s LT Foods Limited ("the company") and its subsidiaries (collectively called "LT Group"), as at 31st March, 2010, and also the related consolidated Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed hereto. The financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. 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 also 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 the 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 subsidiaries, whose financial statements together reflect total assets of Rs. 51,643.52 lacs as on 31st March, 2010, total revenue of Rs.73,797.43 lacs, total expenditure (including taxes) of Rs.72,526.50 lacs for the year then ended. These financial statements and other financial information have been audited by the other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the company's management in accordance

with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.

5. Based on our audit and consideration of the reports of other auditors on separate financial statements and on the other information of the subsidiaries, and to the best of our information and explanations given to us, we are of the opinion that the attached consolidated financial statements read with notes to accounts in schedule 18 and subject to note no. 15 regarding different accounting policies followed by the subsidiaries, give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) In the case the consolidated balance sheet, of the state of affairs of LT Group as at March 31, 2010
  - b) In the case the consolidated profit and loss account, of the profit for the year ended on that date.
  - c) In the case the consolidated cash flow statement, of the cash flow for the year ended on that date.

**For TU & Co.,**  
Chartered Accountants

**Tilak Chandna**  
Partner  
M.No.082382  
Firm Regn No. 004555N

Date: 26.05.2010  
Place : Gurgaon

# CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	SCHEDULE	March 31, 2010	March 31, 2009
<b>SOURCES OF FUNDS</b>			
<b>SHAREHOLDERS' FUNDS</b>			
Share capital	1	2,611.84	2,226.99
Reserves and surplus	2	21,490.53	15,575.97
<b>LOAN FUNDS</b>	3		
Secured loans		72,450.61	62,490.31
Unsecured loans		9,996.11	10,390.05
<b>MINORITY INTEREST</b>		1,814.67	33.75
<b>DEFERRED TAX LIABILITY</b>		273.37	183.44
		<b>108,637.13</b>	<b>90,900.51</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>	4		
Gross block		31,662.42	27,627.28
Less: Accumulated depreciation		9,127.68	6,851.97
		22,534.74	20,775.31
Capital work-in-progress		2,679.11	1,099.09
<b>INVESTMENTS</b>	5	382.42	365.59
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>	6		
Inventories		68,201.82	63,800.30
Sundry debtors		16,547.03	14,143.29
Cash and bank balances		1,564.02	860.56
Other current assets		248.99	904.03
Loans and advances		5,695.14	4,626.44
		92,257.00	84,334.62
<b>LESS: CURRENT LIABILITIES &amp; PROVISIONS</b>	7		
Current liabilities		5,672.77	10,556.36
Provisions		3,798.57	5,535.69
		9,471.34	16,092.05
<b>NET CURRENT ASSETS</b>		82,785.66	68,242.57
Miscellaneous Expenditure (to the extent not written off)	8	255.20	417.95
		<b>108,637.13</b>	<b>90,900.51</b>
		-	-
Significant Accounting policies	17		
Notes to accounts	18		
The schedules referred to above form an integral part of consolidated balance sheet			

For and on behalf of the Board

This is the Consolidated Balance sheet referred to in our report of even date

**For T U & Co.**

Chartered Accountants

**By TILAK CHANDNA**

(PARTNER)

M. No. : 082382

DATED : 26.05.2010

PLACE : Gurgaon

**ASHWANI ARORA**  
Joint Managing Director

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SURINDER ARORA**  
Joint Managing Director

**SOM CHOPRA**  
Vice President- Accounts & Taxation

# CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	SCHEDULE	March 31, 2010	March 31, 2009
<b>INCOMES</b>			
Sales	9	105,288.16	106,097.08
Other Incomes	10	2,091.86	479.86
Accretion/Decretion to Stock	11	9,356.13	850.31
		<b>116,736.15</b>	<b>107,427.25</b>
<b>EXPENDITURES</b>			
Material Consumed	12	57,359.53	49,690.44
Purchases	13	28,116.00	21,489.68
Manufacturing & trading expenses	14	3,234.79	2,536.43
Administrative and selling expenses	15	16,616.53	17,430.63
Finance cost	16	5,933.86	7,692.89
Depreciation	4	2,374.41	1,990.73
		<b>113,635.12</b>	<b>100,830.80</b>
<b>PROFIT BEFORE EXTRAORDINARY INCOME/ ADJUSTMENT/ EXPENSES</b>		<b>3,101.03</b>	<b>6,596.45</b>
Mark To market adjustment on outstanding derivative transactions		(1,069.42)	2,912.38
Prior period items		(7.06)	35.65
<b>PROFIT BEFORE TAXES</b>		<b>4,177.51</b>	<b>3,648.42</b>
Less : Provisions for tax			
a) Income tax-current year		1,051.05	708.61
b) Fringe benefit tax-current year		-	47.35
c) Deferred tax liability/ (asset)		89.93	82.93
d) Income tax/ FBT earlier years		54.99	(261.26)
e) MAT credit receivables current year		(123.34)	-
f) MAT credit receivables earlier year		(210.58)	50.42
		<b>862.05</b>	<b>628.05</b>
<b>NET PROFIT AFTER TAX FOR THE YEAR</b>		<b>3,315.46</b>	<b>3,020.37</b>
Balance brought down from previous year		11,269.43	8,835.55
Less: Share of minority		632.30	1.33
<b>AMOUNT AVAILABLE FOR APPROPRIATION</b>		<b>13,952.59</b>	<b>11,854.59</b>
a) General Reserve		275.10	305.11
b) Dividend			
- Dividend on Equity Shares		462.47	222.70
- Dividend Distribution Tax Current Year		76.81	57.35
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<b>13,138.21</b>	<b>11,269.43</b>
<b>EARNINGS PER SHARE</b>			
- Basic & Diluted Earnings per Share		11.28	13.56
- Weighted Average of Share		23,777,835	22,269,929
Significant Accounting policies	17		
Notes to accounts	18		
The schedules referred to above form an integral part of consolidated profit & loss account			

For and on behalf of the Board

This is the consolidated profit and loss referred to in our report of even date

**For T U & Co.**

Chartered Accountants

**ASHWANI ARORA**  
Joint Managing Director

**SURINDER ARORA**  
Joint Managing Director

**By TILAK CHANDNA**  
(PARTNER)  
M. No. : 082382

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SOM CHOPRA**  
Vice President- Accounts & Taxation

DATED : 26.05.2010  
PLACE : Gurgaon

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 1</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
30,000,000 (Previous year 25,000,000) Equity Shares of Rs.10 each	3,000.00	2,500.00
<b>ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>		
26,118,414 (previous year 22,269,929) equity shares of Rs.10 each fully paid up	2,611.84	2,226.99
<b>TOTAL</b>	<b>2,611.84</b>	<b>2,226.99</b>

**Note:**

The above includes:

- 1) 8,374,505 (Previous Year 8,374,505) equity shares issued of Rs.10 each as fully paid up by way of bonus shares by capitalization of profits.
- 2) 4,600,000 (Previous year 4,600,000) equity shares of Rs.10 each fully paid up issued for consideration other than cash.

<b>SCHEDULE : 2</b>		
<b>RESERVES &amp; SURPLUS</b>		
Capital Reserve/Subsidy	108.61	108.61
Share Premium		
As per last account	3,388.41	3,388.41
Less: Share of Minority	520.93	-
Addition during the year	3,919.62	-
Less: Expenses on issue of shares	71.49	-
	6,715.61	3,388.41
General Reserves		
As per last account	662.98	357.87
Less: Share of minority	66.04	-
Addition during the year	275.10	305.11
	872.04	662.98
Surplus as per Profit and loss account	13,138.21	11,269.43
Foreign exchange fluctuation reserve	656.06	146.54
	<b>21,490.53</b>	<b>15,575.97</b>

<b>SCHEDULE : 3</b>		
<b>LOAN FUNDS</b>		
<b>A) SECURED LOANS</b>		
a) Rupee working capital loans		
- From Banks	22,225.83	40,077.98
b) Foreign currency working capital loans		
- From Banks	35,701.94	9,511.26
c) Rupee term loans		
- From Banks	14,522.84	12,876.74
- From Others	-	24.33
	<b>72,450.61</b>	<b>62,490.31</b>
<b>B) UNSECURED LOANS</b>		
a) Short Term Loan		
- From Banks	9,728.64	10,287.67
- From Others	242.93	74.68
- From Directors	24.54	27.70
	<b>9,996.11</b>	<b>10,390.05</b>





## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 5</b>		
<b>INVESTMENTS</b>		
<b>TRADE INVESTMENTS - LONG TERM</b>		
<b>(a) Investment in Associates</b>		
42,500 (Pr. 42,500) Equity shares of L.T. Infotech (P) Ltd. of Rs.10 each	4.25	4.25
<b>OTHER INVESTMENT - LONG TERM</b>		
<b>(a) Fully Paid-up Equity Shares (Quoted)</b>		
Nil (Pr. Year 10,326) Equity Shares of Emmsons Intl. Ltd. Of Rs.10 each fully paid up	-	1.03
2,300 (Pr. Year 2,300) Equity Shares of Andhra Bank of Rs.10 each fully paid up	0.23	0.23
<b>(b) Investment in Mutual Funds (Quoted)</b>		
50,000 (Pr. Year 50,000) Units of Principal PNB Long Term Equity Fund	5.00	5.00
48,875.855 (Pr. Year 48,875.855) Units of Templeton India Equity Income Fund	5.00	5.00
12,999.619 (Pr. Year 12,999.619) Units of HDFC MIP Long Term Dividend Fund	1.50	1.50
2,023.636 (Pr. Year 2,023.636) Units of Sundram BNP Paribas Select Midcap Div. Plan	0.30	0.30
894.055 (Pr. Year 894.055) Units of Reliance Vision Fund	0.40	0.40
<b>(c) Investment in Mutual Funds (Unquoted)</b>		
1,000,000 (Pr. Year 1,000,000) Units of CIG Realty Fund	100.00	100.00
<b>(d) Fully Paid-up Equity Shares (Unquoted)</b>		
500 (Pr. Year 500) Equity shares of India International Marketing Ltd.	0.05	0.05
<b>(e) Keyman Insurance Policies</b>	190.47	172.61
<b>(f) Investment in immovable properties</b>	75.22	75.22
	<b>382.42</b>	<b>365.59</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 6</b>		
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>		
<b>A. CURRENT ASSETS</b>		
<b>INVENTORIES</b>		
As verified, taken and valued by Management		
Raw Material	35,680.23	34,624.44
Finished Goods / Traded Goods	32,289.04	28,998.74
Consumable Stores & Spares	232.55	177.12
	<b>68,201.82</b>	<b>63,800.30</b>
<b>SUNDRY DEBTORS</b>		
(Unsecured considered good unless otherwise stated)		
Debts outstanding for a period exceeding six months		
Considered good	709.10	2,729.64
Considered doubtful	15.18	-
Others debts		
Considered good	15,837.93	11,413.65
Considered doubtful	4.00	-
	16,566.21	14,143.29
Less : Provision for doubtful debts	19.18	-
	<b>16,547.03</b>	<b>14,143.29</b>
<b>CASH &amp; BANK BALANCE</b>		
<b>a) Cash in hand</b>		
i) In Indian currency	48.77	53.07
ii) In Foreign currency	3.26	3.68
<b>b) Balance with scheduled banks</b>		
i) Current account	767.91	591.16
ii) Deposits/ Margin money	744.08	212.65
	<b>1,564.02</b>	<b>860.56</b>
<b>OTHER CURRENT ASSETS</b>	248.99	904.03
	<b>248.99</b>	<b>904.03</b>
<b>B. LOANS AND ADVANCES</b>		
(Unsecured considered Good unless otherwise stated)		
Advances Recoverable in Cash or in kind for value to be received	2,209.70	1,587.63
Security deposits	429.41	150.32
Income Tax	2,232.56	1,360.79
Minimum alternative tax credit receivable	545.77	320.05
Others*	277.70	1,207.65
	<b>5,695.14</b>	<b>4,626.44</b>
	<b>92,257.00</b>	<b>84,334.62</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 7</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>Acceptances *</b>	382.88	108.25
<b>Sundry Creditors</b>		
Small Scale Industries	367.56	444.39
Others **	3,523.65	8,079.17
Security deposits from suppliers/ distributor	40.93	47.27
Other liabilities	1,291.04	1,869.85
Unclaimed dividend	8.92	7.43
Forward payable (net)	57.79	-
	<b>5,672.77</b>	<b>10,556.36</b>
<b>PROVISIONS</b>		
Employee benefits	60.42	79.22
Income tax-current year	814.27	805.28
Income tax- earlier years	1,274.12	841.11
Fringe benefit tax	94.59	93.86
Dividend (Incl. tax on dividend)	708.03	222.70
MTM Adjustment on outstanding derivatives	795.20	3,378.97
Others	51.94	114.55
	<b>3,798.57</b>	<b>5,535.69</b>
<b>TOTAL</b>	<b>9,471.34</b>	<b>16,092.05</b>

<b>SCHEDULE : 8</b>		
<b>MISCELLANEOUS EXPENDITURE</b>		
(To the extent not written off or adjusted)		
<b>Deferred Revenue Expenditure</b>		
Opening balance	1,159.59	1,159.59
Less: Amount amortised to date	905.42	743.85
	<b>254.17</b>	<b>415.74</b>
<b>Preliminary Expenses</b>		
Opening balance	2.21	11.59
Add: Additions	0.49	-
	2.70	11.59
Less: Written off during the year	1.67	9.38
	<b>1.03</b>	<b>2.21</b>
	<b>255.20</b>	<b>417.95</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 9</b>		
<b>SALES</b>		
<b>EXPORT</b>		
Rice	59,207.60	65,118.70
Other Items	2,505.99	1,398.28
Add: Export incentives	-	101.60
Add (less): Exchange fluctuation	670.40	(2,317.75)
	<b>62,383.99</b>	<b>64,300.83</b>
<b>DOMESTIC</b>		
Rice	38,352.50	37,236.33
Other Items	4,551.67	4,559.92
	<b>42,904.17</b>	<b>41,796.25</b>
	<b>105,288.16</b>	<b>106,097.08</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 10</b>		
<b>OTHER INCOME</b>		
Profit from Sale of Shares	8.09	-
Dividend from Non Trade Investments	0.61	0.16
Profit from Sales of Fixed Assets	52.53	202.55
Interest on Fixed Deposits	20.92	19.90
Service Charges received	232.39	-
Other Receipts	324.70	257.25
Profit on Exchange Fluctuation	1,452.62	-
	<b>2,091.86</b>	<b>479.86</b>
<b>SCHEDULE : 11</b>		
<b>ACCRETION/(DECRETION) TO STOCK</b>		
Opening Stock	22,932.91	22,082.60
Closing Stock	32,289.04	22,932.91
Accretion/(Decretion) to stock	<b>9,356.13</b>	<b>850.31</b>
<b>SCHEDULE : 12</b>		
<b>MATERIAL CONSUMED</b>		
<b>Opening Stock</b>		
Bardana	681.54	896.35
Packing material	432.63	448.87
Paddy	33,506.69	27,585.20
	<b>34,620.86</b>	<b>28,930.42</b>
<b>Purchases</b>		
Paddy	53,443.26	51,251.02
Bardana	937.67	848.03
Packing material	4,037.96	3,281.83
	<b>58,418.89</b>	<b>55,380.88</b>
<b>Less: Closing Stock</b>		
Bardana	879.93	681.54
Packing material	424.49	432.63
Paddy	34,375.80	33,506.69
	<b>35,680.22</b>	<b>34,620.86</b>
	<b>57,359.53</b>	<b>49,690.44</b>
<b>SCHEDULE : 13</b>		
<b>PURCHASES</b>		
Rice	25,078.32	15,337.43
Other Items	3,037.68	6,152.25
	<b>28,116.00</b>	<b>21,489.68</b>
<b>SCHEDULE : 14</b>		
<b>MANUFACTURING &amp; TRADING EXPENSES</b>		
Ware House/Factory Rent	479.52	63.01
Wages	417.83	395.06
Job Work	36.37	59.72
Factory Insurance	21.62	8.76
Power and Fuel	1,064.30	919.43
Security Services	86.00	79.98
Research & Development	1.00	1.14
Packing Expenses	344.66	150.02
Repair to Machinery	108.51	173.03
Repair to Building	38.96	60.37
Repair (Others)	31.23	27.78
Other Manufacturing/Direct Expenses	37.78	101.82
Stores and spares consumed	567.01	496.31
	<b>3,234.79</b>	<b>2,536.43</b>

## SCHEDULES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>SCHEDULE : 15</b>		
<b>ADMINISTRATIVE, SELLING &amp; OTHER EXPENSES</b>		
Salaries, wages and bonus	2,267.05	1,743.45
Contribution to provident and other fund	104.57	77.83
Staff welfare expenses	111.68	98.83
Advertisement	167.15	324.13
Insurance	111.41	87.71
Legal & professional Charges	588.16	645.65
Rates & taxes	119.79	62.23
Donation and charity	129.38	27.01
Directors' remuneration	171.08	114.04
Directors' sitting fees	3.50	2.20
Directors' perquisites	17.00	18.32
Contribution to provident fund	0.37	0.28
Payment to auditor	41.91	23.72
Fines & penalties	2.95	6.97
Rent	416.21	275.69
Vehicle running and maintenance	71.44	56.62
Other administrative expenses	648.10	651.43
Travelling and conveyance expenses (including Directors' Foreign Travelling)	589.72	567.52
Rebate and discount	928.65	995.52
Commission to selling agents	126.89	566.77
Clearing, forwarding and freight charges	3,111.94	3,416.60
Export duty	-	2,658.04
Market development expenses	571.57	251.83
Business Promotion Expenses	379.31	128.49
Freight outward	408.85	456.84
Other selling expenses	4,768.89	3,832.10
Loss on sales of fixed assets	65.15	-
Amount/assets written off/ back	511.40	138.50
Provision for doubtful recoveries	19.18	-
Deferred revenue expenses w/o	161.56	201.38
Preliminary expenses written off	1.67	0.93
	<b>16,616.53</b>	<b>17,430.63</b>

<b>SCHEDULE : 16</b>		
<b>FINANCE COST</b>		
Interest on working capital loans	4,186.07	5,500.06
Interest on fixed loans	1,401.75	818.43
	5,587.82	6,318.49
Less: Capitalised	48.27	75.66
	5,539.55	6,242.83
Bank charges	330.37	430.07
Premium on forward contract	36.82	22.56
Loss on exchange fluctuation	27.12	997.43
	<b>5,933.86</b>	<b>7,692.89</b>

# SCHEDULES FORMING PART OF THE CONSOLIDATED BALANCE SHEET AND PROFIT & LOSS ACCOUNT

## SCHEDULE - 17

### SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation of Financial Statements

The accompanying financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards issued by the Institute of Chartered Accountant of India (ICAI) and the provisions of Companies Act, 1956. These accounting policies have been consistently applied, except where newly issued accounting standard is initially adopted by the company. Management evaluates the effect of accounting standard issued on an on-going basis and ensures they are adopted as mandated by the ICAI.

#### 2. Principles of Consolidation.

The consolidated financial statements relate to LT Foods Limited and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements”, Accounting Standard 23 – “Accounting for Investment in Associates in Consolidated Financial Statements” and Accounting Standard 27 – “Financial Reporting of Interest in Joint Ventures” issued by the Institute of Chartered Accountants of India.
- The financial statements of the Company and the subsidiary companies have been consolidated on a line by line basis by adding together the book value of like item of

assets, liabilities, incomes and expenses and thereafter eliminating intra group balances, intra group transactions and unrealized profits.

- As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, for like transactions and events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements except for transactions and events which are disclosed separately.
- The excess of cost to the Company of its investment in the subsidiary companies is recognized in the consolidated financial statements as goodwill and the excess of Company’s portion of equity of the subsidiary over the cost of the investments therein is treated as capital reserve.
- Minority interest in the net assets of consolidated subsidiaries consists of the amount of equity attributable to the minority share holders at the dates on which investments are made by the Company in the subsidiaries companies and further movements in their share in the equity, subsequent to the dates of investments as stated above.

If, the amount of losses applicable to the minority on consolidation exceeds the minority interest in the equity of the subsidiary, the excess and any further losses applicable to the minority are adjusted against the majority interest except to the extent that minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority’s share of losses previously absorbed by the majority has been recovered.

- The following subsidiary companies and / or partnership concerns are considered in the consolidated financial statements:

Name of Subsidiary	Country of Incorporation	Percentage of Voting Power as on 31.03.10	Year ending of Subsidiary Considered for consolidation	Audited By
<b>Subsidiary (Held Directly)</b>				
Daawat Foods Ltd.	India	70.48%	31.03.2010	Walker, Chandio & Co.
Nature Bio Foods Ltd.	India	100.00%	31.03.2010	Nager Goel & Chawla
Staple Distribution Company Ltd.	India	80.00%	31.03.2010	Vishal G. Jain & Associates
LT International Ltd.	India	89.98%	31.03.2010	Nager Goel & Chawla
Sona Global Ltd.	Dubai	100.00%	31.03.2010	UHY Saxena
LT Overseas NA Inc*.	USA	100.00%	31.03.2010	Limited review by The Chugh Firm
<b>Subsidiary (Held Indirectly)</b>				
Nice International FZE	Dubai	100.00%	31.03.2010	UHY Saxena
Kusha Corporation*	USA	100.00%	31.03.2010	Limited review by The Chugh Firm
LT Agriservices Pvt. Ltd.	India	70.48%	31.03.2010	T U & Co.
Expo Services Pvt. Ltd.	India	80.00%	31.03.2010	Vishal G. Jain & Associates
<b>Name of Partnership Firm</b>				
Raghunath Agro Industries	India	71.66%	31.03.2010	Raman Arora & Co.

\*Reporting date of these companies is year ending 31.08.2009.

#### 3. Revenue Recognition

The Company and its subsidiaries generally follow mercantile system of accounting and recognize significant items of income and expenditure on accrual basis.

#### 4. Use of Estimates

The preparation of the consolidated financial statements in conformity with Accounting Standards & GAAP requires LT Foods’ management (Management) to make estimates and assumptions that affect the reported balances of assets

and liabilities and disclosure relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include useful life of fixed assets, provisions for doubtful debts, income taxes, write-off of deferred revenue expenditures and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

## 5. Fixed Assets and Depreciation

- (a) Fixed assets are stated at cost less accumulated depreciation/amortization and impairment loss. All costs including financing cost till the respective asset is put to use and attributable to the fixed assets are capitalized.
- (b) Depreciation on fixed assets is provided on written down value method at the rates and in the manner prescribed in schedule XIV of the Companies Act, 1956, except the following differences
  - i. LT Overseas, North America and Kusha Inc. provide the depreciation on Straight Line Method and amortize the assets over the useful life of respective assets as per the estimates of the management of such companies.
  - ii. Nice International FZE, provides the depreciation on straight line method and amortize its fixed assets over a period of 4 years.
  - iii. Raghunath Agro Industries, the partnership firm, provides the depreciation on their fixed assets on written down value method, at the rates given in the Income Tax Act, 1961
  - iv. Staple Distribution Company Limited is providing depreciation at a rate of 100% per annum in case of items of fixed assets costing less than Rs. 5,000.
- (c) Intangible Assets i.e. Goodwill, Brand Equity, Trade mark and assets similar in nature, acquired from outside, are amortized over a period of 20 years.
- (d) Intangible Asset like right/license to use software acquired, having indefinite life, are amortized over a period of 10 years. Other intangible assets are amortized over the expected useful life of the asset.

However, the subsidiary Company namely Daawat Foods Limited is amortizing such intangible assets over a period of 5 years only.

## 6. Investment

Trade Investments are the investment made to enhance the Company business interest. Investments are either classified as Current or Long Term, based on management intention at the time of purchase. Current Investments are carried at the lower of cost and fair value. Cost of overseas investments comprises the Indian Rupee Value of the consideration paid for the investment.

Long Term Investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment. Dividends, if any, are recorded as income in the Profit & Loss Account. The amounts paid under Keyman Insurance Policies are considered as Investment.

## 7. Inventories

Items of inventories are measured at lower of cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Borrowing cost is included in the cost of inventory as inventory generally held by the company is an asset that necessarily takes a substantial period of time to get ready. Cost of raw materials, stores and spares, packing materials, jute bags, trading and other products are determined on FIFO basis. By Products are valued at net realizable value. Cost of finished goods is determined on absorption costing method. Material in process, being not material, is taken part of raw materials and measured accordingly.

However, LT Overseas, North America and Kusha Inc. follow weighted average method for the valuation of their inventories.

## 8. Foreign Currency Transaction

Foreign currency transactions (1) transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of transaction (2) monetary items denominated in foreign currencies at the year end are reinstated at year end rates (3) non

monetary foreign currency items are carried at cost (4) any income or expense on account of exchange difference either on settlement or translation is recognized in the profit and loss account.

## Forward Exchange Contract

Forward exchange contracts (1) entered into to hedge an existing asset/liability (i) the premium or discount arising at the inception of such forward contract is amortized as expense or income over the life of the contract (ii) forward exchange contract is recorded as an asset / liability and (2) entered into to hedge a firm commitment or highly probable forecast transaction, the loss or gain is recognized in the profit and loss account.

## Translation of Foreign Operations

For the purpose of Consolidation, the amounts appearing in foreign currencies in the financial statements of the foreign subsidiaries are translated at the following rates of exchange:

- a. Average rates for Incomes and Expenditures
- b. Year end rates for Assets and Liabilities

## 9. Earning Per Share

In determining earning per share, the company considers the net profit after tax. The number of shares used in computing earning per share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earning per share comprises the weighted average shares considered for deriving basic earning per share, and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares.

## 10. Cash Flow Statement

Cash flow are reported using the indirect method, thereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

## 11. Retirement benefits to employee

### Short Term Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered, after deducting amount already paid, is recognized as a liability in the balance sheet and expensed in the profit and loss account unless another accounting standard requires or permits the inclusion of the benefits in the cost of an asset. Cost of accumulating compensated absences that has accumulated on the balance sheet date is measured and recognized as short term benefits.

However, the provisions for leave encashment have not been made by the group companies except the two companies of the group namely LT Foods Limited and Daawat Foods Limited.

### Post Employment Benefits

- (i) **GRATUITY:** Company is recognizing liability of gratuity payable to its employees to the extent of contribution is determined to be paid by contribution plan undertaken by the Company with Life Insurance Corporation of India. In the view of the Company, such contributions to the plan undertaken by the Company will take care of its liability on account of gratuity payable under the payment of Gratuity Act. Accordingly, Company has not undertaken the exercise of measuring and recognizing gratuity liability under defined benefit plan in accordance with the Payment of Gratuity Act, 1972. The amount for defined contribution plan is recognizes as an expense in the profit and loss account, unless another accounting standard requires or permits the inclusion of the benefits in the cost of an asset.

However, the provisions for gratuity have not been made by the group companies except the two companies of the group namely LT Foods Limited and Daawat Foods Limited.



- (ii) **PENSIONS:** The pension benefits are recognized in the form of defined contribution plan required to be made by the Company in accordance with and under The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and rules made there-under.
- (iii) **OTHER LIABILITIES:** Company is not measuring and recognizing any other liability.

#### Other Long Term Employee Benefits

Company has not determined and recognized liability and expense on account of other long term benefits to employees as in its opinion no reliable estimate of the obligation can be made at present. The Company, though, may have such liability on account of long term compensated absences and long term disability benefits.

#### 12. Income Tax

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period in which the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount

being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

#### 13. Borrowing Costs

Borrowing Costs attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset. Borrowing costs, which are not relatable to qualifying assets, are recognized as an expense in the period in which they are incurred.

#### 14. Provisions, Contingent Liabilities and Contingent Assets

All known liabilities are provided for in the accounts except liabilities of a contingent nature, which have been adequately disclosed in the accounts.

#### 15. Accounting for Derivatives

Pending compliance with AS 30 "Financial Instruments Recognition and Measurement" issued by the Institute of Chartered Accountants of India, premium paid, gains and losses on derivatives are recognized in the Profit & Loss account in accordance with announcement of the Institute of Chartered Accountants of India.

#### 16. Other Accounting Policies

These are consistent with the generally accepted accounting principles and practices.

### SCHEDULE-18

#### NOTES ON ACCOUNTS

##### 1. Contingent Liabilities:

(Rs. in Lacs)

	2009-10	2008-09
(a) Claims against the Company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages: (Figures as per demand notice received by the Company exclusive of interest thereafter)#		
(i) Income-Tax Demands		
Assessment Year 1999 – 00**	5.51	5.51
Assessment Year 2000 – 01 *	135.18	135.18
Assessment Year 2000 – 01 (Penalty)	81.10	81.10
Assessment Year 2002 – 03 **	33.66	33.66
Assessment Year 2002 – 03 (Penalty)	NIL	4.39
Assessment Year 2003 – 04	44.55	44.55
Assessment Year 2003 – 04 (Penalty)	NIL	4.05
Assessment Year 2004 – 05 (Penalty)	NIL	5.27
Assessment Year 2005 – 06 (Penalty)	NIL	8.17
Assessment Year 2006 – 07	11.70	11.70
Assessment Year 2006 – 07 (Penalty)	0.95	NIL
(ii) Sales Tax Demand – Gaziabad	41.91	41.91
(iii) HRDF Demand of Market Committee, Sonapat	91.75	166.75
(iv) FCI Demand for Differential Price / Freight / Taxes	339.00	339.00
(v) Labour Related Claims	9.62	9.62
(vi) Trademark Related Claims	NIL	20.00
(b) Guarantees given by Banks on behalf of the company	213.94	172.95
(c) Letter of credits opened with bankers and remaining outstanding	1,011.33	397.81
(d) Liability against Duty Saved under EPCG Licenses Issued	1,267.54	1,216.82

#### Notes:

\* The demand is disputed and the matter is subjudice with CIT(A) who has directed the AO to provide Remand Report. The Company has deposited Rs. 45.00 Lacs against this disputed demand.

\*\* These are departmental appeals with ITAT and ITAT has redirected the AO to recompute the deduction under section 80IA and 80HHC.

# Future cash outflows in respect of (a) above can be determined only on receipt of Judgment/ Decisions pending with various Forums/ Authorities.

## 2. Capital Commitments (Net of Advances) not provided for:

	(Rs. in Lacs)
Capital Contract remaining to be executed	1,357.26
	(135.59)

3. The Company has been advised that the computation of net profit for the Directors' remuneration under section 349 of the Companies Act, 1956 need not be set out since no commission has been paid to the Directors. Fixed monthly remuneration has been paid to the Managing Director and to the Directors as per term of their appointment.

### REMUNERATION PAID OR PAYABLE TO DIRECTORS

	(Rs. in Lacs)
<b>Functional Directors</b>	
<b>Managing Director's Remuneration</b>	
- Salary	60.09
	(31.27)
- Perquisites*	NIL
	(NIL)
<b>Directors Remuneration</b>	
- Salary	111.36
	(83.05)
- Perquisites*	17.00
	(18.32)
<b>Independent Directors</b>	
Sitting Fees	3.10
	(2.20)

\*Free Telephone at the residence and car with chauffeur for personal use of which monetary value not ascertained.

## 4. Payments to Statutory Auditors

	(Rs. in Lacs)
a. As auditor	37.38
	(20.20)
b. As advisor, or in any other capacity, in respect of-	
(i) Taxation matters	0.00
	(0.00)
(ii) Company law matters	0.37
	(0.33)
(iii) Management services	4.16
	(0.30)
c. in any other manner	0.00
	(5.69)
	<b>41.91</b>
	<b>(26.52)</b>

5. Some of the receivables, loans and advances and payables are subject to confirmation.
6. Traveling Expenses include foreign traveling expenses of Rs.113.41 (Previous year: Rs. 123.11).
7. As required by Accounting Standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the

## II. Relatives of Key Management Personnel

Key Management Personnel	Mother	Wife	Brother	Sister	Son	Daughter
V.K.Arora	Parvesh Rani	Ranju Arora	Ashok Arora Ashwani Arora Surinder Arora	Neelu Grover	Abhinav Arora	Aditi Arora
Ashwani Arora	Parvesh Rani	Vandana Arora	Ashok Arora V.K.Arora Surinder Arora	Neelu Grover	Ritesh Arora	Sanjana Arora
Surinder Arora	Parvesh Rani	Sakshi Arora	Ashok Arora V.K.Arora Ashwani Arora	Neelu Grover	Anmol Arora	Isha Arora Purva Arora
Ashok Arora	Parvesh Rani	Anita Arora	Ashwani Arora V.K.Arora Surinder Arora	Neelu Grover	Aditya Arora Gursajjan Arora	-

Company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

## 8. Provisions

	As at 01.04.09	Provision made during the year	Provision Reversed / Utilized during the year	As at 31.03.10
Income Tax (includes FBT)	1,740.26	814.27	371.55	2,182.98
Gratuity	51.85	27.65	46.26	33.24
Leave Encashment	27.37	0.00	0.19	27.18

## 9. Deferred Tax Liability

The Company has provided the Deferred tax liability as per AS-22 issued by ICAI, the details of which are as under:-

Deferred Tax Liabilities	
Depreciation	269.95
	(239.79)
Keyman Insurance Policy	64.74
	(NIL)
Deferred Revenue Expenditure	60.52
	(NIL)
<b>Total Deferred Tax Liability</b>	<b>395.21</b>
	<b>(239.79)</b>
Deferred Tax Assets	
Carry Forward Losses	121.46
	(56.35)
Depreciation	0.35
	(NIL)
Preliminary Expenses	0.02
	(NIL)
<b>Total Deferred Tax Assets</b>	<b>121.83</b>
	<b>(56.35)</b>
<b>Net Deferred Tax Liability / (-Assets)</b>	<b>273.38</b>
	<b>(183.44)</b>
<b>Net Deferred Tax Liability / (-Assets) charged / (-credited) to P &amp; L Account</b>	<b>89.94</b>
	<b>(82.93)</b>

## 10. Related Party Disclosure

### A. Related Parties and their Relationship

#### I. Key Management Personnel

Mr. Vijay Kumar Arora (Chairman & Managing Director)

Mr. Surinder Arora (Joint Managing Director)

Mr. Ashwani Arora (Joint Managing Director)

Mr. Ashok Arora (President – Punjab Operations)

Mr. Rajinder Wadhawan (Director – Daawat Foods Ltd.)

Mr. Tapan Ray (Managing Director – Nature Bio Foods Ltd.)

Mr. Manoj Satia (Managing Director – Staple Distribution Company Ltd.)

### III. Enterprise owned or significantly influenced by group of individuals or their relatives having control or significant influence over the Company

Swami Freight Brokers  
R S Rice & General Mills

### IV. Associates

LT Infotech (Pvt.) Ltd.  
Cordia LT Communications Pvt. Ltd.

### B. Transactions with Related Parties

(Rs. in Lacs)

Particulars	Enterprises controlled by Company / Joint Ventures	Key Management Personnel	Relatives of KMP	Total
Remuneration	- (-)	171.08 (114.04)	- (-)	171.08 (114.04)
Perquisites	- (-)	17.00 (18.33)	- (-)	17.00 (18.33)
Dividend	- (-)	82.87 (149.31)	52.75 (14.68)	135.62 (163.89)
Interest Paid	- (4.25)	2.04 (1.89)	- (-)	2.04 (6.14)
Rent Paid	- (-)	7.80 (7.80)	- (7.31)	7.80 (15.11)
Other Expenses	- (0.70)	- (-)	- (-)	- (0.70)
Reimbursement of Expenses	- (17.05)	- (-)	- (-)	- (17.05)

### C. Disclosure of Material Transactions with Related Parties

Particulars	(Rs. in Lacs)
<b>Remuneration to Key Management Personnel</b>	
Vijay Kumar Arora	60.00 (31.18)
Surinder Arora	39.11 (43.42)
Ashwani Arora	39.11 (44.26)
Rajinder Wadhawan	12.00 (9.00)
Tapan Ray	12.13 (4.50)
Manoj Satia	8.73 (24.00)
<b>Perquisites to Key Management Personnel</b>	
Surinder Arora	8.32 (7.42)
Ashwani Arora	6.65 (10.90)
Manoj Satia	2.03 (NIL)
<b>Interest Paid</b>	
Cordia LT Communications Pvt. Ltd.	NIL (4.25)
Ashok Arora	2.04 (1.89)
<b>Rent Paid</b>	
Manoj Satia	7.80 (7.80)

of Chartered Accountants of India. The information about secondary business segment is given below:

### Information about Secondary Business Segments

(Rs. in Lacs)

	India	Outside India	Total
<b>REVENUE:</b>			
External	42,131.69 (41,796.25)	63,156.47 (64,300.83)	1,05,288.16 (1,06,097.08)
Inter Segment	Nil (Nil)	Nil (Nil)	Nil (Nil)
Total	42,131.69 (41,796.25)	63,156.47 (64,300.83)	1,05,288.16 (1,06,097.08)
Carrying Amount of Segment Assets*	0.00 (0.00)	0.00 (0.00)	1,17,944.19 (106,992.56)
Addition to Fixed Assets	0.00 (0.00)	0.00 (0.00)	4,315.48 (9,496.23)

\*The Assets used for earning revenue from geographical locations above are not maintained separately as the same is impractical and not feasible.

### 12. Earning Per Share

i)	Net Profit /Loss (-) after Extra Ordinary Items & Provision for Taxes (Used as numerator for calculating E.P.S.)	2,683.15 (3,019.03)
ii)	Weighted average No. of Equity Shares outstanding (Used as denominator for calculating E.P.S.)	
	- For Basic EPS	23,777,835 (22,269,929)
	- For Diluted EPS	23,777,835 (22,269,929)

### 11. Segment Reporting

The company is having only one reportable primary segment i.e. manufacturing and sale of rice and therefore segment reporting is not required under AS – 17 issued by the Institute

iii)	Earning per Share after Extraordinary Items	
	- Basic EPS	11.28 (13.56)
	- Diluted EPS	11.28 (13.56)
	Equity Share of face value of Rs. 10 each	
iv)	Earning per Share before Extra Ordinary Items	6.76 (26.64)

### 13. Derivative Financial Instruments

The company, in accordance with its risk / interest management policies and procedures, enters into foreign currency forward contracts and currency option contracts to manage its exposure in foreign exchange rates and interest costs. The counter party is generally a bank. These contracts are generally for a period between one day and eight years.

The Company has following outstanding derivative instruments as on March 31, 2010.

- (i) The following are outstanding Foreign Exchange Forward Contracts, which have been designated as cash flow Hedges:

(Rs. in Lacs)			
Foreign Currency	No. of Contracts	Notional Amount	Gain / (-Loss)
U. S. Dollar	9	2138.81	(-48.28)
	(6)	(3140.56)	(-110.11)

Loss of Rs. 48.28 Lacs (Previous year – Rs. 110.11 Lacs) is recognized under Exchange Fluctuation in the Profit & Loss Account.

- (ii) The following are outstanding Currency Option Contracts, which have been designated as cash flow Hedges:

No. of Contracts	Gain / (-Loss)
3	1069.42
(5)	(2912.38)

Profit of Rs. 1069.42 Lacs (Previous Year - Rs. -2912.38 Lacs) is recognized in the Profit & Loss Account under "Mark to Market Adjustment on outstanding Derivatives Transactions".

14. As per the exit rights agreement between company, Daawat Foods Limited, India Agri- business Fund Limited and Real Trust (the last two parties termed as investors in the agreement), contingent upon trigger events, investors shall have the right but not the obligation to require the Company to acquire all (but not less than all) of the subscription shares held by investors at the put option price on spot delivery basis. For the purpose of the agreement put option price shall mean an amount which gives investors an IRR of fifteen percent per annum on the investment or the fair market value whichever is higher. Investors are holding 56,55,341 equity share of rupees ten each, fully paid up of Daawat foods Limited at an investment price of rupees 23,30,00,050/-. Company proposes to account for this liability on occurrence of triggering events.
15. Some of the accounting policies adopted by the subsidiaries in respect of (a) Fixed Assets and depreciation thereon, (b) Retirement benefits to employees and (c) Inventories are different than the policies adopted by the company, the impact of which on the Consolidated Profit and Loss Account and the Consolidated Balance Sheet has not been ascertained.
16. Previous year figures have been regrouped, recast and rearranged wherever necessary.

**For T U & Co.**

Chartered Accountants

**By TILAK CHANDNA**  
(PARTNER)

DATED : 26.05.2010  
PLACE : Gurgaon

**ASHWANI ARORA**  
Joint Managing Director

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SURINDER ARORA**  
Joint Managing Director

**SOM CHOPRA**  
Vice President- Accounts & Taxation

For and on behalf of the Board

## CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2010

(Rs. in Lacs)

PARTICULARS	March 31, 2010	March 31, 2009
<b>Cash Flows From Operating Activities</b>		
Net Profit before taxation	4,177.51	3,648.43
Adjustments to reconcile profit before tax to cash provided by operating activities		
(Profit)/ loss on sale of fixed assets	12.62	(202.55)
Depreciation and amortization	2,535.97	2,192.11
Interest and Dividend income	(21.53)	(20.06)
Income from Investment	-	-
(Profit)/ loss on sale of investment	(8.09)	-
Provisions for doubtful debts/ recoveries	19.18	-
Exchange difference on translation of foreign currency cash and cash equivalents	509.52	146.53
Provision for Expenses	(81.39)	235.24
Finance Charges	5,982.12	7,768.55
Provision for Loss/Damages	(1,069.42)	2,912.38
loss from subsidiary before relationship	-	-
Preliminary expenses	1.67	0.93
<b>Changes in current assets and liabilities</b>		
(Increase)/ decrease in sundry debtors	(2,422.93)	(2,798.04)
(Increase)/ decrease in inventory	(4,401.52)	(12,430.88)
(Increase)/ decrease in loans and advances	(1,229.36)	2,574.01
(Increase)/ decrease in other current assets	123.60	(184.29)
(Increase)/ decrease in trade and other payables	(6,340.60)	(2,513.29)
Minority Interest	7.62	12.46
<b>Cash (used in)/ generated from operations</b>	<b>(2,205.03)</b>	<b>1,341.51</b>

		(Rs. in Lacs)
PARTICULARS	March 31, 2010	March 31, 2009
<b>Cash flow from financing activities:</b>		
Dividends paid during the year, including dividend tax	(280.06)	(448.18)
Proceeds from minority	2,291.05	-
Proceeds from issuance of share capital	2,495.96	-
Proceeds from borrowing secured loans	9,960.32	12,589.21
Proceeds from borrowing unsecured loans	(393.94)	2,613.57
Finance charges paid	(5,982.12)	(7,768.55)
<b>Net cash generated from financing activities:</b>	<b>8,091.21</b>	<b>6,986.05</b>
<b>Cash flow from investing activities:</b>		
Purchases of fixed assets and changes in capital		
Work-in-progress	(5,877.94)	(9,258.82)
Proceeds from sale of fixed assets	151.48	555.73
Investments made	(16.83)	65.57
Miscellaneous Expenditure	(0.49)	(116.63)
Interest and dividend Income	21.53	20.06
Profit from Sale of Investment	8.09	-
<b>Net cash used in investing activities</b>	<b>(5,714.16)</b>	<b>(8,734.09)</b>
<b>Net(decrease)/increase in cash equivalents during the year</b>	<b>172.02</b>	<b>(406.54)</b>
<b>Opening cash and cash equivalents</b>	<b>647.92</b>	<b>1,054.46</b>
<b>Closing cash and cash equivalents</b>	<b>819.94</b>	<b>647.92</b>
Cash & Bank Balance	1,564.03	860.56
Less: Deposits/Margin with Banks	744.09	212.65
<b>Closing cash and cash equivalents</b>	<b>819.94</b>	<b>647.92</b>

This is the Consolidated Cash Flow referred to in our report of even date

For and on behalf of the Board of Directors

**For T U & Co.**

Chartered Accountants

**ASHWANI ARORA**  
Joint Managing Director

**SURINDER ARORA**  
Joint Managing Director

**By TILAK CHANDNA**  
(PARTNER)

**MONIKA CHAWLA JAGGIA**  
Company Secretary

**SOM CHOPRA**  
Vice President- Accounts & Taxation

DATED : 26.05.2010  
PLACE : Gurgaon

# DAAWAT

*Specialist*  
BASMATI RICE

Every Special Recipe  
Needs a *Special* Rice



*NEW Specialist RANGE*



*Brings People Together*

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LT Foods Ltd.

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Fax: 91-011-26857044

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