

DAAWAT



LT Foods Ltd.

ANNUAL REPORT 2011-12



Creating  
value  
across the  
agri food  
chain...

..by building brand strength  
...through strategic initiatives  
...by expanding geographies

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## Corporate Information

### BOARD OF DIRECTORS

Mr. Vijay Kumar Arora  
*Chairman & Managing Director*

Mr. Surinder Kumar Arora  
*Joint Managing Director*

Mr. Ashwani Kumar Arora  
*Joint Managing Director*

Mr. Rajesh Kumar Srivastava  
*Nominee Director*

Mrs. Radha Singh  
*Independent Director*

Mr. Pramod Bhagat  
*Independent Director*

Mr. Jagdish Chandra Sharma  
*Independent Director*

Mr. Alok Sinha  
*Independent Director*

### COMPLIANCE OFFICER & COMPANY SECRETARY

Mrs. Monika Chawla Jaggia

### PLANTS

43Km Stone, GT Road, Bahalgarh, Sonapat

Kamaspur, Bahalgarh, Sonapat

Mandideep, Bhopal

Phoola Road, Amritsar

Varpal, Punjab

### AUDITORS

Walker, Chandio & Co

### BANKERS

Oriental Bank of Commerce

Allahabad Bank

Punjab National Bank

Bank of Baroda

State Bank of Hyderabad

ICICI Bank

Corporation Bank

Axis Bank

Karur Vysya Bank

Indian Overseas Bank

IDBI Bank Limited

HDFC Bank Limited

### REGISTRAR & SHARE TRANSFER AGENT

Bigshare Services (P) Ltd.

E-2/3, Ansa Industrial Estate,

Saki Vihar Road, Saki Naka,

Andheri (East), Mumbai-400072

Tel: 91-22-28470652

Fax: 91-22-28475207

Email: ipo@bigshareonline.com

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

### REGISTERED OFFICE

Unit-134, 1st Floor, Rectangle-1,

Saket District Centre, New Delhi-110017

### CORPORATE OFFICE

Plot No. 119, Sector-44, Institutional Area,

Gurgaon, Haryana-122002

Tel: 91-124-3055100

Fax: 91-124-3055199





A value-accretive business philosophy lies at the core of LT Foods' growth strategy. The Company believes in creating and delivering holistic and long-term value to all its stakeholders across the entire gamut of its business structure.

Propelled by its value-centric, progressive focus, the Company has consistently expanded its business portfolio into new product streams and geographies through impactful strategic initiatives, backed by an expanding, domestic and global marketing and distribution network.

From being a pure rice player, the Company has evolved into a leading organisation engaged in value creation across the complete agri food chain.

↳ **Building a strong, future-focused platform**

to leverage the emerging opportunities beyond its core business of rice and allied products, it has consistently expanded its value chain to encompass new business streams, such as Organic Food, Private Label, Agri-infrastructure and Food Ingredients.

↳ **Leveraging its brand strength,**

it has expanded its global portfolio beyond its niche offering of basmati to span non-basmati and value-added products through its foray into International Trading.

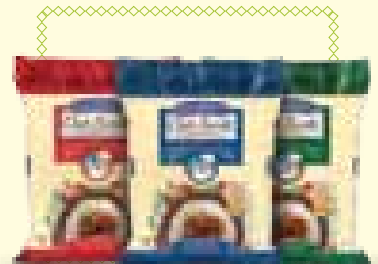
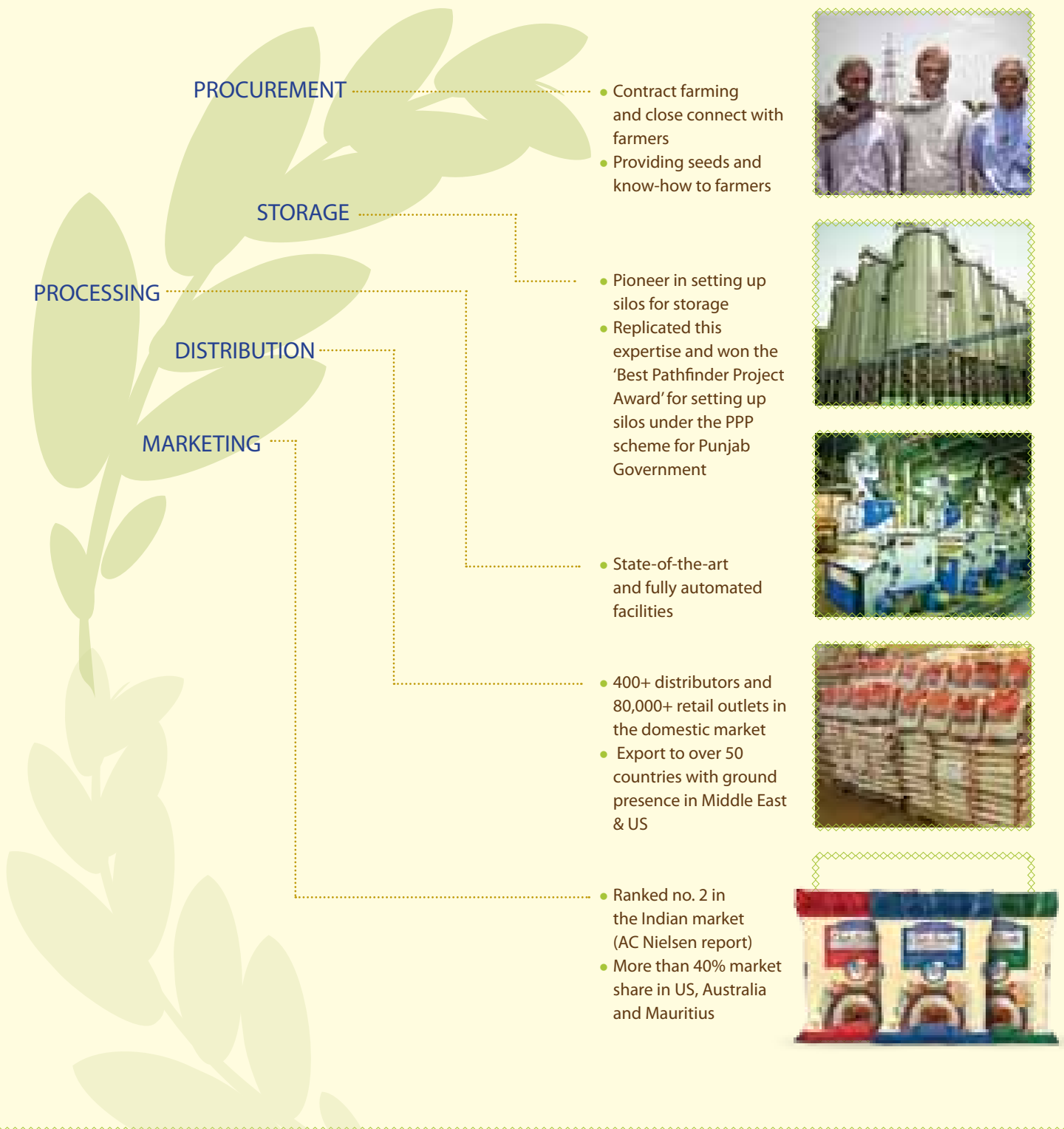
↳ **Steered by a futuristic vision,**

it has gone in for extensive backward and forward integration, building a strong connect across its value chain – from the farm to the fork, continuously strengthening its relations with the farmers as well as consumers.

↳ **Continuously upgrading and modernising**

its plants and storage facilities, it has pioneered setting up of silos through its foray into agri-infrastructure and has built robust state-of-the-art processing and milling facilities.

## Strong presence across the value chain





## Chairman's message



### Dear Shareholders,

The challenging macro environment notwithstanding, 2011-12 proved to be a satisfactory year for your Company. The consistent growth in the food vertical blended with the strong momentum being built in the new businesses to underline your Company's positive performance. Our diversification focus moved on track with our planned targets to set the platform for robust, cohesive growth during the coming years. Our value-centric thrust continued to sustain our growth beyond numbers to ensure long-term strategic strength for your Company.

#### TACKLING CHALLENGES SUCCESSFULLY

Propelled by our inherent strengths, we successfully managed to tackle the myriad challenges that faced the industry at large. With rupee on a freefall trajectory, forex management emerged as a major, unforeseen challenge during the year under review. Your Company took a strategic decision to put in place a focused policy to tackle the forex problem and ease the risk attached to it. We are optimistic that our new forex management policy shall help check exposure to volatility, thus helping us protect our bottom-line at all costs.

In the domestic market, we faced difficulties with the entry of several low priced competitors on the one hand and the downswing in market prices on the other. This placed a twin pressure on volumes and profits. We were however able to successfully meet these challenges with the strength of our brand franchise and through marketing and sales initiatives to sustain and grow consumer preference for our brands. We further expanded the portfolio through innovative products like Daawat Fast Cook Brown Rice and Daawat Pulav Basmati Rice, both were well accepted by consumers. I am pleased to share that during the year, we grew our volumes and increased our market share in the domestic market which resulted in occupying the number two slot in terms of market share.

#### GROWTH AND EXPANSION ON TRACK

With strong policy initiatives to boost business sentiment, your Company was not only able to sustain its growth momentum but, in fact, expanded its business portfolio

## “The focus, going forward, shall be on continued growth beyond numbers through both, the organic and the inorganic route.”

across revenue streams, product lines and geographies during FY 12.

With the launch of our International Trading division, we leveraged our distribution and marketing strengths in the global markets to create a new platform for growth in the non-basmati segment of rice as well as other value-added products with synergistic strengths.

A constantly enriching product basket in the foods and organic foods segments led to strong growth across these businesses, with our healthy snacking vertical, soft-launched in the previous fiscal, evoking favourable response. We are now set for the formal, pan-India launch of this segment, which we expect to emerge as one of the key growth driver for your Company, going forward.

We are also optimistic about the future of our agri-infrastructure business, which offers significant growth potential for your Company, with its extensive expertise in silos management. We are currently looking at an investing partner to join hands with us in taking this business forward to new levels of growth.

The flagship Daawat brand continued to lead your Company's growth impetus in our segments. It is our focused endeavour to position Daawat as specialty rice in both, the domestic and the international markets. With new rice blends and variants being regularly introduced by your Company in existing and new markets, the opportunity matrix continues to be bright.

### POISED TO DELIVER MORE VALUE

Leveraging the learnings of the fiscal under review, we are now looking at pushing the boundaries of our business even further to deliver long-term growth and value not just in the foods business but across the agri value chain.

As the investments of the past couple of years begin to yield positive results, we shall continue to further diversify our business portfolio with value-additions to our product range, as well as through geographical expansion. Geographically, we are targeting about a dozen more countries on the LT Foods roadmap for development in the coming year.

New blends of rice under the Royal brand will further augment our core business in the fast-growing US market. In the organic stream, we are exploring other healthy, nutritious food option, after having successfully launched organic soyabean.

We are looking at a more cost-effective model for our silo business, with new capacities on the anvil. Our international trading business, which has kick-started to a highly positive response, is set for expansion in the coming year, with the addition of new products and geographies.

It also gives me a great sense of pride in sharing with you that our flagship brands Daawat and Royal were launched 25 years ago in their respective markets. This year, we celebrate “25 years of excellence” for these well established brands. These brands have been built on product quality, consumer responsiveness and innovation, which have all engendered strong relationship of trust and preference amongst our consumers.

### MOVING TOWARDS GREATER GROWTH

I am personally very optimistic and bullish about all the verticals of your Company. The focus, going forward, shall be on continued growth beyond numbers through both, the organic and the inorganic route. We are currently identifying opportunities to scale up growth through strategic Joint Ventures, Alliances and M&As.

Committed to living up to our vision of “customer delight through value-added agri business”, we have plans of expanding extensively into value-added rice products, rice based snacks, organic foods and also diversify with products of similar nature. With this spirit of reaching new heights, the Company is looking at an overall growth rate of 25%.

Your continued support, as well as the dedicated efforts of our team members, under the able guidance of the Advisory Board and also the Board of Directors, will steer our value-driven growth plans in the coming years.

Best regards,  
Vijay Kumar Arora



## From the CEO's desk

### Dear Shareholders,

Progress is defined not by numbers alone but by growth that delivers value beyond numbers. In this belief lies the growth philosophy of your Company, which continued to expand beyond its traditional business and product streams to launch new, value-added products across established and new business divisions, even as it expanded its geographical reach across new boundaries.

#### POSITIVE OPERATIONAL PERFORMANCE

With a consolidated revenue growth of 13.4%, the growth index of your Company remained firmly on track during FY 12. An EBIDTA growth of 48.8% indicated robust operational performance reported by your Company during the year, even though increased finance cost and massive rupee depreciation impacted PBT. Though forex volatility impacted results, our operational performance remained positive and we expect our new forex policy to stabilise growth further during the coming year.

Operationally, the growth momentum was well sustained in the international business, driven by new geographies and an expanding customer base, during FY 12.

#### STRATEGIC BLUEPRINT

Our strategic blueprint is centred on our brand focus, which is evident in our vision to make Daawat the most preferred kitchen brand. We will achieve this through strategic expansion into categories that can provide both, convenience and taste to the consumer.

We have progressively been undertaking several brand-building initiatives, enabling us to build a strong brand platform that can be leveraged for long-term brand portfolio development and brand value creation. We have carved a leadership position in several markets across our product lines and will work towards further strengthening and building on these positions.

#### SUSTAINABLE BUSINESS MODEL

As we pursue our strategic roadmap for future growth, we do see the strength of our robust and sustainable business model, which we have developed and strategically realigned to the evolving market scenario over the years.

Even as we focus on growth in our branded foods business, we are constantly looking at new and emerging opportunities in allied products, such as organic foods, healthy snacks and other value-added offerings, such as dalia, suji.

Our existing capacities and capabilities are sufficient to facilitate our foray into extruded and roasted snacks market and we are slated to go in for a formal launch in this segment in the latter half of FY 13. While we have no immediate plans for capex additions, if required, we are ready to set up dedicated facilities for manufacture of value-added products as we expand this business stream to encompass new offerings and markets.

Our backward integration initiatives also remain a focused area of business development and we are actively engaged in sourcing of agri commodities, processing and packaging such as wheat, pulses, wheat flour (chakki atta), besan, in Madhya Pradesh.

With our contract farming thrust in an expansion mode and showing consistent growth, we are continuously strengthening our procurement policy, which we further evolved during the year with help from Ernst & Young.

Our strategic efforts to expand our business geographically found manifestation in the development of a strong, professional team to focus on different verticals of sales and markets to grow our outlet reach in the domestic market, while commensurately increasing our international presence. The favourable Government policy regarding MEP removal is sure to give a boost to exports, with your Company effectively positioned to make the most of this opportunity.



“Progress is defined not by numbers alone but by growth that delivers value beyond numbers.”

#### **STRONG FOCUS ON VALUE CREATION**

Focused on greater value creation for all our stakeholders, going forward, we shall strive to further strengthen our distribution and branding niche, while continuously adding more food products to our portfolio over the next 2-3 years. Enriching the product basket to drive improved margins shall remain our key focus, with packaged food a strong area of our growth plans, along with new organic foods and food ingredients.

We shall also look at JVs in packaged food areas to jointly develop capability to address white space in the convenience food areas.

We shall continue to build the momentum on our brand focus in existing and new markets, both within and outside the country. On the domestic front, we shall be investing significantly in brand building, particularly for our specialty range, which is doing quite well in this market. We are looking at double digit growth in both, the domestic and the international segments, during FY 13.

Further, with our focused efforts towards increasing the depth, width and reach of distribution, we perceive strong growth emanating across our business lines in the coming years.

#### **IN CONCLUSION**

As we embark on the next phase of our growth, I would like to thank, on my own behalf and on behalf of the Management, all our team members, customers, JV partners and shareholders for their continued support and belief in us. It shall be our constant endeavour to deliver greater value to all of them as we scale new levels of progress.

Sincerely,  
Ashwani Kumar Arora



# A journey of value-driven evolution

## CONSUMER PRODUCTS – FOODS

- Domestic (Daawat, Heritage, Chef's Secretz, Devaaya)
- International (Royal, Daawat, Devaaya, Heritage, Leher)

## INTERNATIONAL TRADING

- Rice
- Other Staples

## ORGANIC FOODS

- Rice, Pulses, Soyabean, Cashew Nuts
- Flaxseeds, Others

Domestic



ECOLIFE<sup>™</sup>  
Organic



International





From humble beginnings as a small rice trading business back in the 70s, LT Foods has crossed many an iconic milestone to evolve into a domain leader. Since the incorporation of LT Overseas into a private limited company in 1990-91, LT Foods has emerged as an over ₹1400 Crore group with a strong leadership presence.

Driven by a culture of strong values and steered by the expertise of its experienced management and advisory board, it has emerged as a leading player in the rice industry with strong interests and growing presence in diverse areas.

**INGREDIENTS (EXTRUSION PROCESS) FOR FOODS**

- Pallets
- Rice Flour

**PRIVATE LABEL**

- Associated with Mars, Pepsi, Master Foods

**AGRI-INFRASTRUCTURE**

- Silos (Build Own & Operate model)



“Manufacturing excellence continues to be key driver for LT Group's strength. Our focus in the coming years will be to improve capacity utilisation, further strengthen business processes, launch more products and create new benchmarks in our industry.”

**Surinder Kumar Arora**  
Joint Managing Director

**Ashok Kumar Arora**  
President - Punjab Operations



The Company, which is aspiring to achieve leadership position in value-added products in the agri business, is on a global expansion trajectory, with exports to 50+ countries. It has a strong ground presence in the US and Middle East, covering GCC markets. With more than 40% share, it is the leading player in the US and Mauritius markets and has a growing presence in UK, Germany, South Africa and Australia.

It has strong and deep-rooted associations with world-renowned companies like PepsiCo and has widespread presence in international chains and ethnic stores.

Armed with the motto of ensuring total customer delight, it has an expanding distribution network of 400+ distributors and 80,000+ retail outlets.

LT Foods follows high quality standards to command tremendous respect across the industry and consumers alike. The Company's strong focus on consumer insights has led to the launch of a customised range of basmati, under its flagship brand Daawat.

**PIONEERING INITIATIVES**

The Company has a history of firsts that make it a leading brand and technology innovator. Being the pioneer in rice industry, it has mastered the art of formulating specific rice variants for cooking special rice dishes, Daawat Specialist Basmati range is thus the first recipe based range in the industry which

enables consumers to make the right choice of the perfect rice for their particular rice recipe, such as Biryani or Pulav.

- First company in India to introduce innovative consumer packs in the rice industry
- Introduced fast-cooking brown rice
- Pioneer in organic food in the country
- First company to install state-of-the-art silos in the rice industry
- First company to acquire a company in the US in the rice segment

**MANUFACTURING CAPACITIES**

The Company's modern, integrated facilities, strategically located in north and central India, are well equipped to produce high quality rice – the core business of LT Foods, along with various value-added products. The Company also has a modern packaging unit in Houston, US.

The Bahalgarh manufacturing facility, spread across 45 acres in Sonapat (Haryana), is a fully integrated, automatic unit with a capacity of 33 MT per hour. The Company's biggest unit, it is dedicated to producing raw rice. Another facility in Haryana produces organic rice. The Madhya Pradesh unit, spread over 65 acres, produces all value-added products – parboiled rice, health snacks, grains, flour etc. The Company has another world-class unit at Varpal for producing raw and parboiled rice.





Delivering value  
across geographies



Please note, the map is not to scale and locations marked are indicative.



### VISION

Customer delight through value-added agri business

### VALUES

#### Ownership

Trust, dedication & commitment by empowering resource. Accountability and responsibility to the people & respect for all.

#### Passion for Excellence

Perseverance & endurance with no compromise to remain best in class.

#### Customer Centricity

Offering superior customer experience through safe and high quality products and provide value for money.

#### Business Ethics

Sincerity and honesty in delivering the best by being honest & transparent in our processes.

#### Innovation

Improving continuously by experimenting with new ideas for superior product and process.



*When I joined the business, I was impressed with the depth of strategic and structural changes that the Company had made to become a professionally managed, multi-business Group. Over the past few years, the Company has successfully benchmarked its processes to global best practices, while retaining its core of entrepreneurial spirit and the drive for seizing new opportunities. This has resulted in good business growth and the Company is now well placed for sustaining this growth momentum.*

*We are now scripting the strategic blueprint for the second phase of LT Foods' journey, which will transform it from a leading rice company into a leading global foods company. I believe there is large unrealised potential in the brands and the businesses that we have already built to create a high growth and high profitability consumer foods business. As a leader of this journey, I feel a tremendous sense of excitement and a deep sense of responsibility in defining and delivering the strategies that will unlock value to our consumers, our customers and our shareholders.*

**Vivek Chandra**  
CEO - Foods

## Delivering value through numbers

### OPERATIONAL REVIEW

(₹ IN LACS)

Particulars	FY 12	FY 11	FY 10	FY 09	FY 08
Gross sales	1,42,176.44	1,26,041.58	1,05,288.16	1,06,097.08	69,506.89
Other income	1,373.84	519.16	2,091.86	479.86	367.20
Total revenue	1,43,550.28	1,26,560.74	1,07,380.02	1,06,576.94	69,874.09
EBITDA	17,722.80	11,909.80	11,416.36	16,244.42	8,943.74
PAT after exceptional items	(201.50)	2,519.52	3,315.46	3,020.37	3,281.61
EPS (₹)	(0.41)	9.65	11.28	13.56	14.74

### FINANCIAL STRUCTURE

(₹ IN LACS)

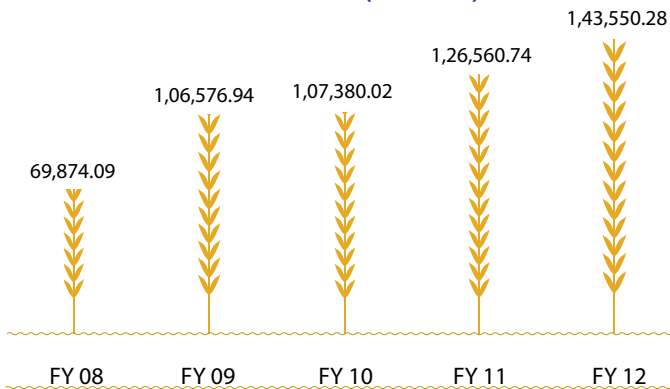
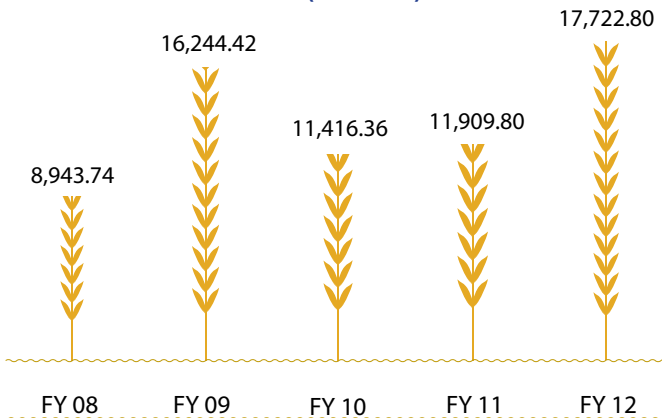
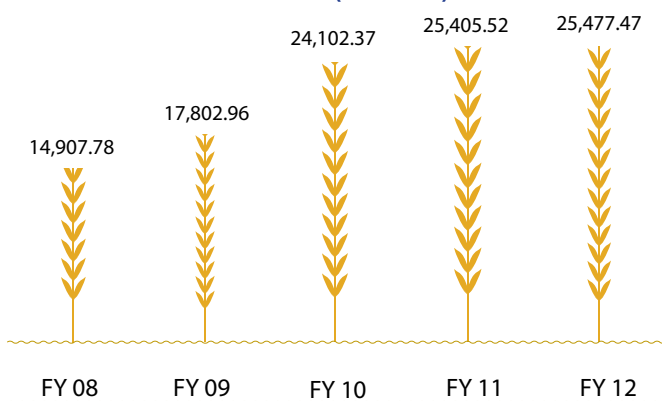
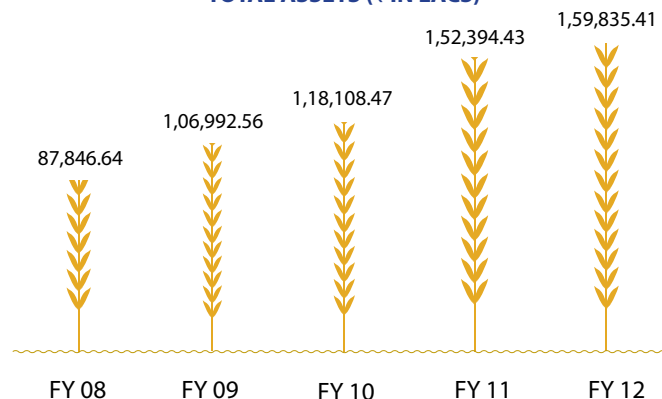
Particulars	FY 12	FY 11	FY 10	FY 09	FY 08
Net fixed assets	33,050.08	26,982.05	22,534.74	20,775.31	13,421.41
Capital work-in-progress	533.32	5,321.18	2,679.11	1,099.09	1,538.07
Investments	480.59	328.56	382.42	365.59	431.16
Net current assets	1,16,007.18	1,07,232.10	82,785.66	68,242.57	56,804.55
Total assets	1,59,835.41	1,52,394.43	1,18,108.47	1,06,992.56	87,846.64
Net worth	25,477.47	25,405.52	24,102.37	17,802.96	14,907.78
Term loans	19,134.13	14,628.69	14,522.84	12,901.07	9,997.66
Working capital loans	1,01,966.58	89,351.22	57,927.77	49,589.24	39,903.44
Unsecured loans	1,083.60	7,690.29	9,996.11	10,390.05	7,776.48
Minority interest	1,981.12	2,059.07	1,814.67	33.75	12.95
Deferred tax liabilities	428.27	729.10	273.37	183.44	100.51
Total liabilities	1,34,357.94	1,26,988.91	1,08,637.13	90,900.51	72,698.82

### MARGINS & RATIO

(₹ IN LACS)

Particulars	FY 12	FY 11	FY 10	FY 09	FY 08
EBITDA margins (%)	12.35	9.41	10.63	15.24	12.80
PAT margins (%)	(0.14)	1.99	3.09	2.83	4.70
Debt on equity (times)	0.75	0.57	0.57	0.74	0.69
Share capital	2,611.84	2,611.84	2,611.84	2,226.99	2,226.99



**TOTAL REVENUE (₹ IN LACS)****EBITDA (₹ IN LACS)****NET WORTH (₹ IN LACS)****TOTAL ASSETS (₹ IN LACS)**

“Even in my brief stint with LT Group, I have perceived the strength of the Group’s foundation. The Company is on a strong growth track, with continued geographic expansion and an expanding portfolio of value-added products as an adjacency to its core strength. This expansion will significantly enhance the Company’s ability to service its customers and grow long-term value across all stakeholders. I strongly believe that the ongoing efforts to strengthen systems and processes in all key functions, so as to enhance control, compliance and risk management environment across the organisation, will help to attain and sustain future growth in the coming years.

While being actively engaged in management of funds and its costs, I shall personally remain focused on transforming the Company to ensure adequacy of cost structures through changing market conditions. Concurrently, my focus will also be on building and executing a winning strategy to drive sustainable future growth combined with increased thrust on inorganic growth.”

**Anil Khandelwal**  
Director - Finance and Strategy

## Leveraging quality to deliver value



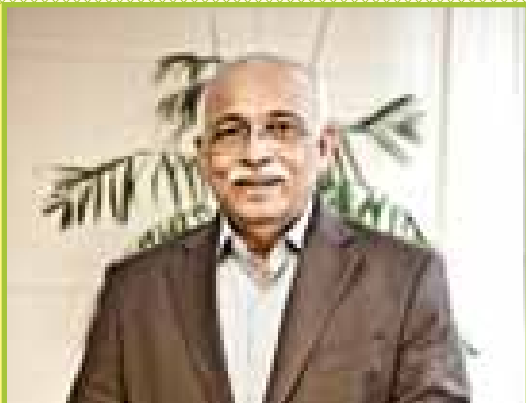
Food being a quality-centric business, quality continued to be a critical and central driver of the Company's growth during the year. In the face of increasing global awareness about food quality, the Company is constantly striving to enhance its quality focus at every step of its value chain.

The Company is focused on ensuring quality across all its functional and operational parameters, with a strong system of brand monitoring and evaluation in place.

Aligning its quality strategy to the changing market dynamics and benchmarking it to international standards, the Company ensures best practices in hygiene & sanitation, safety, environment, etc. across all its business units.

The various quality certifications earned by the Company endorse its strong quality commitment. Some of the standards secured by the Company across different units include FSSC 22000, SQF, ISO 22000, BRC, Kosher, Halal, & ISO 14001, reflecting its stringent adherence to the HACCP (Hazard Analysis & Critical Control Points) programme.

The focus at LT Foods is to move towards a sustainable quality regime in a phased manner to provide value to teams across all units and give confidence to consumers around the world.



*"The five years that I have spent with LT Foods so far has been a wonderful ride. In these five years, the Company has transformed itself from a well-recognised Indian basmati rice company into a trusted safe food producer, not only for consumers but also for other global food giants like PepsiCo and Mars Incorporated."*

*With the addition of two new, fully automated parboiling plants, which are running at capacity, our parboiled rice quality has scaled unparalleled levels. The addition of the new plant at Mandideep has opened a new era of growth for the Company, while our R&D pipeline promises a whole new experience of innovative and delightful products for consumers.*

*LT Foods is also a great place to work, with each day bringing in new challenges, new learnings and new opportunities. It's a place where hard working professionals work together to develop tomorrow's opportunities with excellence and freedom. The future promises to be more than rewarding with the Company's ongoing five growth platform strategy."*

**Kaizar Colombowala**  
Director - Technical



## Endorsing our value-led growth

The Company's value-centric and growth-led policies and programmes have enabled it to earn many an accolade and recognition over the years. FY 12 saw the Company's visionary success being endorsed by many such awards.

- Chosen Power Brand by Planman Media for the year 2012
- Featured as The Most Trusted Brand by Reader's Digest in 2012
- Punjab Silo Project awarded Best Pathfinder Project at the Partnerships Award in London in 2012





## Enabling value for communities



Organic Farming



Nature Bio-Foods Ltd. (NBFL)



Fair Trade





## The Company has imbibed the Corporate Social Responsibility (CSR) ethos into its business philosophy.

LT Group's visionary focus on serving the communities it operates in has led to its emergence as a life-changer not just for its employees but also for people around its facilities and other places. The Company has imbibed the Corporate Social Responsibility (CSR) ethos into its business philosophy.

With its dedicated engagement in CSR activities, Nature Bio-Foods Ltd. (NBFL), a wholly owned subsidiary of LT Group, has played a pivotal role in transforming communities in the field of health, environment, education, community development, women empowerment, etc. Focused on sustainable development of all the sections of the society, it is continuously working for the socio-economic development of the economically disadvantaged, neglected and underprivileged masses, comprising the majority of the Indian farming community.

With a strong focus on the farming community, the Company has initiated several backward integration measures to help farmers increase their basmati acreage in Madhya Pradesh. Working in eight districts of the state, the Company has successfully increased the irrigated land to cover 400 villages across 50,000 acres, thus bringing about a positive change in the lives of nearly 5,000 farmers, whose earning has gone up more than 100% consequent to these initiatives.

Under its agreement with DO IT, Europe, NBFL

is working in Madhya Pradesh under the Tamia project, involving small and marginal tribal farmers, to develop high quality soyabean for the European market. The project is aimed at the socio-economic and sustainable development of the farmer groups and will benefit more than 2,000 farming families through organic production of soyabean and its export to the European market.

Encouraged by the response under the Tamia project, DEG, Germany, is supporting the Company's efforts towards improving the living conditions of the tribals in the region through regular grants.

NBFL has also introduced farmers to organic production of black rice, kidney bean, chick peas (garbanzo bean), food grade soyabean (white hylum), sweet corn, popcorn etc. It is expected that these new varieties will maximise their income due to high product value, unique qualities and health benefits.

NBFL has also joined hands with DO IT to support the programme of organic agriculture and environmentally & economically sustainable farming programme in Kesla block of Hoshangabad district.

The Company is also associated with various organisations such as Udyan Care and is regularly engaged in initiatives to support their welfare activities.

# Directors' Report and Management Discussion and Analysis

The Directors are pleased to present the 22<sup>nd</sup> Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended March 31, 2012.

## FINANCIAL PERFORMANCE (CONSOLIDATED)

The consolidated financial highlights of the Company for the year ended March 31, 2012 are as under:-

(₹ in Crores)

	Fiscal 2012		Fiscal 2011		
	₹ in Crores	% of revenue	₹ in Crores	% of revenue	% growth
<b>Income</b>	<b>1,435.50</b>	<b>100%</b>	<b>1,265.61</b>	100%	13.4%
<b>Expenses</b>					
Material consumed	701.83	48.9%	702.75	55.5%	-0.1%
Purchase of traded goods	399.47	27.8%	219.42	17.3%	82.1%
Changes in inventories of finished goods and traded goods	-68.83	-4.8%	20.20	1.6%	
Employee benefits	42.58	3.0%	35.26	2.8%	20.8%
Other expenses	183.22	12.8%	168.88	13.3%	8.5%
<b>EBITDA</b>	<b>177.23</b>	<b>12.3%</b>	<b>119.10</b>	<b>9.4%</b>	<b>48.8%</b>
Finance cost	107.48	7.5%	58.74	4.6%	83.0%
Depreciation & amortisation	33.96	2.4%	25.96	2.1%	30.8%
<b>Profit before prior period, exceptional items and tax</b>	<b>35.79</b>	<b>2.5%</b>	<b>34.40</b>	<b>2.7%</b>	<b>4.0%</b>
Exceptional items & prior period items	35.81		0.54		
<b>Profit before tax</b>	<b>-0.01</b>		<b>33.86</b>		
Tax expense	2.00	0.1%	8.66	0.7%	
<b>Profit after tax</b>	<b>-2.01</b>	<b>-0.1%</b>	<b>25.20</b>	<b>2.0%</b>	

## FINANCIAL REVIEW FOR THE YEAR

The financial year 2011-12 was unusual in certain ways. Though there was an improvement in sales and EBITDA by 13.4% and 48.8% respectively against the previous year, however, due to significant rupee depreciation against the US Dollar, there was a significant drop in profit before tax on account of increased finance cost and exchange losses.

The Company recorded consolidated sales of ₹ 1,435.51 Crores against ₹ 1,265.61 Crores in the previous year representing an increase of 13.4% against last year. This increase was primarily on account of geographical expansion, increased reach in the consumer market and expansion in new business verticals. However, despite improved sales and EBITDA margins, due to the sharp rupee depreciation against US Dollar, there was an exceptional charge of ₹ 35.62 Crores that impacted the bottom-line.

On the standalone basis, the Company's revenues grew by

19.47% to reach ₹ 999.85 Crores, from ₹ 836.93 Crores in the preceding year. Revenues from domestic sales stood at ₹ 506.72 Crores, an increase by 19.49%, while revenues from export sales stood at ₹ 477.48 Crores recorded an increase of 15.06%.

The Company's export turnover spurred by 15% as compared to 6.3% in the last year. With a plan to enhance the Company's brand image across the globe, the Company is stepping into new markets to launch and establish its flagship brand, 'Daawat'.

The Company has always believed in long-term growth and invested in related business verticals to be ready to seize growth opportunities as well maintaining sustainable growth in the domestic and international market.

## DIVIDEND

In view of losses incurred by the Company, no dividend has been proposed for the year ended 31<sup>st</sup> March, 2012.

## GENERAL ECONOMIC SCENARIO

A challenging economic environment prevailed through FY 12, adversely impacting businesses around the world, causing market sentiment to remain depressed for most part of the year. Widespread political and economic turmoil, including uprisings in the Middle East and North Africa, coupled with the tsunami in Japan and the sovereign debt crisis in the euro zone, triggered volatility in the commodity prices to hit the pace of recovery. Recovery slowed down in both, the mature and the emerging markets around the world as supply chains were disrupted and a general sense of uncertainty prevailed.

The Indian economy also did not remain insulated and suffered a slowdown, with manufacturing and investment spending particularly impacted. The Indian economic growth decelerated considerably during the year, growing below 7% in 2011-12 as compared to 8.4% in 2010-11. By the second half of the year, growth rate was, in fact, pushed below 6% as a result of the cumulative impact of a tight monetary policy stance adopted by the Reserve Bank of India (RBI) in a bid to balance the growth-inflation dynamic. Lower global demand and hardening international prices of crude oil further aggravated the economic situation.

The agricultural sector also continued to be caught in the downside during the year, with growth rate in the sector falling short of the targeted 4% annually despite higher levels of agricultural output and ample food stocks. The current growth estimate is around 3.8%, according to the Economic Survey 2011-12 tabled in Parliament. Agriculture and allied sectors growth is forecast at 2.5% during 2011-12. According to estimates by the Indian Government, India is expected to produce around 250.75 million tonnes of foodgrains in 2011-12, whereas in 2010-11, the food grain production of the country accounted for 244.78 million tonnes.

## GLOBAL RICE OUTLOOK

India and China remain the largest rice economies, when combined they account for 46% of area harvested, 51% of total milled production and 50% of total consumption.

The international rice market is characterised by high volatility for a number of reasons. Rice is characterised by inelastic supply and demand throughout much of Asia where rice is a dominant food staple. Only 7% of rice production is traded as opposed to 10% for coarse grains and 16% for wheat (FAFRI, 2010). Global rice exports are highly concentrated with the top five exporters accounting for 85% of global net trade.

Slower rice export growth is expected for Vietnam and US due to limitations and irrigation constraints in case of US. It is expected that India will surpass Vietnam and replace the latter as the second top rice exporter during 2012-13.

Foreign exchange rate plays an important factor which affects the prices in global rice trade as international rice prices are quoted in US dollars. Under normal condition, if the local currency of a rice exporter is appreciating relative to the US dollar, its rice export price (in US dollars) will increase which in



turn will weaken its competitiveness in the global rice market. On the other hand, if an importing country's local currency is appreciating relative to the US dollar, its rice import price (in US dollars) decreases which puts less burden on its local economy. The reverse is true for both cases.

## INDIA- BASMATI OUTLOOK

Indian basmati rice market is likely to continue its upward journey on the back of mounting export demand along with revival of domestic consumption demand coupled with increased consumer spend ability and transition to branded basmati rice.

Looking at the potential of the basmati crop, shift in cultivator's interest from non-basmati to basmati along with availability of high yielding varieties of basmati rice in domestic market might embrace the spiral trend of domestic basmati production. This may also enable the Indian basmati millers to improvise their strong presence in international market.

India produces more than 70% of the world's basmati rice production followed by Pakistan. India's basmati rice production has witnessed an increase over the years, from around 3 million tonnes in 2008-09 to 4.5 million tonnes in 2009-10 season. This is further scaled to 7.2 million tonnes (including both traditional & evolved varieties) in the year 2010-11. Haryana, Punjab, Himachal, Uttarakhand, Delhi, Uttar Pradesh and J&K are the basmati cultivation regions of India. Post a record surge over the past few years, the basmati rice production for 2012-13 is likely to increase by 10-12% to reach around 8-9 million tonnes.

## ADDING VALUE BEYOND NUMBERS

### Enhancing customer orientation

The Company is totally cognisant of the importance of a smooth and structured Supply Chain Management (SCM) and thereby enhancing operational efficiency. In an effort to align its supply chain processes better to emerging and transforming market demands, the Company has revamped the same. The Company realises the critical role played by SCM in streamlining the functioning of an organisation from day-to-day product flows to unexpected natural disasters. Hence, drawing on the expertise of Ernst & Young, it has capitalised on the inherent benefits of the SCM tools and techniques to revamp business processes and fix performance measures. This has enabled the Company to achieve on time delivery, create inventories as per

market demand and reduce loss of sales across its business streams, leading to improved overall performance.

#### **Improving manufacturing excellence**

The Company is constantly striving to improve its manufacturing excellence. As a step towards attaining higher operational efficiencies, the Company launched an ambitious programme of Strategic Process Innovation. The programme is aimed at initiating lean manufacturing initiatives and striving towards continuous improvement in quality, process, technology, culture, productivity, safety and leadership. The Company perceives significant benefits resulting from the improved efficiencies in the next fiscal.

#### **Consumer Products – Foods**

The Company's focus on its consumer products business remained steadfast during the year. It successfully unlocked value across its consumer products business to deliver strong growth momentum, with a differentiated business and brand strategy lending added strength to the business. As part of its new focused strategy, the Company realigned its people to its programmes and policies, to effectively execute its growth plans. This strategy, coupled with strong marketing efforts evolved in response to consumer insights, yielded positive results, and this vertical showed marked improvement in both, domestic and international market share, particularly in the branded segment. The brand building initiatives undertaken during the year particularly drove growth for the flagship basmati brand, Daawat, on the back of its positioning as a specialist rice.

The focused expansion efforts in this segment are manifest in the strong marketing initiatives and consumer promotions across all geographies, including West Indies, Far East, US, Canada, Europe, South America and Africa. As a result of these initiatives, the Company launched Daawat in Trinidad & Tobago, introduced the brand in Costco, Australia and launched Daawat Biryani in Singapore & Australia.

Further fuelling growth in the basmati space, LT Foods teamed up with distributors in new geographies.

The Company also launched fast cooking brown rice, as a healthy and nutritious offering and procured bulk sales for the same in Europe and US during the year.

#### **Venturing into International Trading**

The launch of a dedicated International Trading business division during FY 12 was aligned to the Company's vision to expand its international market portfolio into procurement and supply of non-basmati rice and other staples. While the focus on enhancing the basmati footprint continues, this venture also aims at to further improve the Company's top-line and bottom-line by broad-basing its product range to the logical extension of non-basmati rice and other agri products such as corn and sugar. The initial focus of this division is on the markets of Africa and South East Asia, both of which offer immense opportunities for growth in this domain.

#### **Growing food ingredients business**

In line with its strategy of value-addition across the agri chain, LT Foods is always exploring opportunities beyond rice and traditional foods. Even as it continues to expand its core to develop new competencies, the Company is investing in product areas that would help it gain experience and expertise in the processed food domain. The Company has set up state-of-the-art facilities which adhere to the stringent requirements of large MNCs to meet the growing market demands in this category. Moving forward, the Company shall continue to explore new product and expansion opportunities in this business space offering immense opportunities for growth.

#### **Harnessing the Africa opportunity**

As part of Company's focused strategy of experimenting and venturing into new growth avenues, Africa has emerged as a strong growth region in the foods business. Having established a strong presence in India and across 50 countries, including USA, Canada, among others, the Company is now focusing on strengthening its prospects in the growing markets of Africa. The Company's interest in the continent stems from its emergence as one of the fastest growing regions in the world after emerging unscathed from the global economic crisis. The Company has already made a foray into this region by deploying a competent team which will aid LT Foods in exploring various opportunities to strengthen its presence.

#### **Growing strong in Middle East**

Making the most of the strong opportunity matrix in the region, the Company has posted robust growth in the Middle East. It has tied up with some of the best distribution partners in the high-growth Middle East market to plug in the product portfolio gaps in the region. The Company's efforts are also targeted at customisation of its product portfolio to match the diverse needs of different consumer segments. The focus is on developing its leading brands like Daawat, Devaaya, Heritage and Surbhi into robust global brands.

#### **Expanding product basket in US**

The United States continued to be another key market for the Company during the year. Through its subsidiary Kusha Inc., the Company focused on further enriching its product basket in the US through its brand - Royal. Apart from its core product – rice, the Company is working on enhancing its product portfolio by adding value-added products. To further entrench its presence in the US market, the Company also added new points of distribution across all channels.

#### **Moving ahead in organic food business**

The Company has been constantly strengthening its presence in organic foods, which has witnessed strong demand in the international markets for the past few years. The Company manufactures and sells organic foods under the brand name Ecolife, through its 100% subsidiary, Nature Bio-Foods Ltd. (NBFL). During the year, the Company expanded this business further with the introduction of organic soya in Italy and France. The lifting of ban on export of organic food to Netherlands since the latter half of 2011 also augurs favourably for this business. NBFL's JV with DO IT, Netherlands, a pioneer and leader in organic foods domain across Europe and exporting to more



than 30 countries, has further raised the bar for the Company in this business stream. The JV company is focusing on exporting increasing number of organic products besides soyabean. These include chickpeas, beans, corn, millets and several others.

The Company's product presence in this business stream extends beyond organic basmati and non-basmati rice into other niche organic products such as organic staples, pulses, seeds, millets, spices, baby foods, etc. The Company is also exploring new organic varieties such as kidney beans and moong beans, besides corn and wheat.

Going ahead, the Company's focus on building this business in the international markets which include Australia, New Zealand and Middle East, shall continue. Concurrently, however, the Company is also looking at growing this business in India over the next few years as organic food products are slowly but steadily finding their way into the average Indian household. The concept of health food is fast gaining momentum across India indicating favourable growth opportunities ahead.

#### **Synergistic foray into agri-infrastructure**

A logical extension of its focused plan for growth along the agri business value chain, the Company's foray into agri-infrastructure has elevated it to new scales of long-term progress and value creation. In line with its vision for the future, the Company has already invested in four state-of-the-art wheat storage silos, with a total capacity of 50,000 MT, in Punjab. Punjab Silos, an IFC project that helps ensure India's food security, was awarded "Best Pathfinder Project" at the Partnership Awards in London recently.

This pioneering initiative of the Company has been facilitated by its strong skill-set in setting up and managing its own smaller silos in its factories and its strong business ties with leading silo manufacturers in the USA.

Having opened up a new growth opportunity with this foray, the Company now plans to leverage these ties to offer cost-effective solutions in the coming years. It is also exploring the possibility of a JV for setting up a silo manufacturing unit in India. The Company is also looking at geographical expansion of this business. Having successfully set up the infrastructure in Punjab, it is looking at expanding these facilities into Madhya Pradesh, where it has a strong ground presence.

#### **BUSINESS PERFORMANCE**

LT Foods continues to dominate the industry as one of the leading food companies in the domestic as well as the international markets, strengthening its brand portfolio under the Daawat, Devaaya and Royal brands. Brands continue to contribute significantly to rice sales on account of an expanding distribution network reaching out to new geographies.

Daawat, the flagship brand, is amongst the top 2 brands in domestic market. Daawat has emerged as an epitome of perfection, setting benchmarks of quality and consistency for basmati rice across the globe. Aimed at the discerning buyer, Daawat basmati rice is known for its richness in taste, flavour



*As a long-term investor, we are focused on the fundamentals of LT Foods Limited. In the last two and a half years, numerous initiatives have been taken by the Group which have already started showing results and will certainly add to the intrinsic value of the Group in future. It is encouraging to note that the Promoters continue to remain deeply committed to the business and have been willing recipients of strategic inputs given by us.*

*The focus of the Group is not just on the revenues but also on margins and profits which drives and improvements in various cost parameters. With focus on foods as a category and some new product launches on the cards, I have no doubt that LT Group will soon emerge as the "widely acclaimed" rice and foods Group in the coming years.*

**Rajesh Kumar Srivastava**  
CMD, Rabo Equity Advisors Pvt. Ltd.



and aroma. The brand has a huge range of products under its banner – specialty to economy. There is also a special range for institutional segment. And for the health conscious buyers, the quick cooking brown rice has been added to the Company's dynamic and robust product basket.

The Company's foray into non-basmati rice and other food staples in the international market marked a significant step in further boosting the Company's leadership position.

The Company registered a volume growth of around 10% in volume and 13.4% in value during the financial year. In volume terms, domestic sales grew by 19.81% to reach 127,000 MT in the fiscal year FY 12 in comparison to 106,000 MT in the previous year. Exports sales volumes stood at 56,480 MT for FY 12 as compared to 56,600 MT for the FY 11. Also, non-basmati sales volumes stood at 68,400 MT for FY 12.

The Company has strengthened the process, re-valued its marketing strategy and is working towards improving manufacturing efficiencies and costs.

## BUSINESS PERFORMANCE OF KEY SUBSIDIARIES

### Daawat Foods Limited (DFL)

The majority owned subsidiary of the Company has continued to demonstrate an overall efficiency of 98%. The subsidiary was registered with NPPPO and APEDA for US export. The facilities at Daawat Foods continued to produce quality products which meet International standards and are well accepted. The Company is also exploring joint venture opportunities with large MNCs for improved utilisation of flour and food ingredient facility. Programmes were launched to educate farmers to use minimum pesticide, enabling the Company to procure paddy with reduced pesticide residues for US and European markets. Daawat Foods Ltd. was recognised as Star Export House by Ministry of Commerce.

### Nature Bio-Foods Limited (NBFL)

The financial year 2011-12 remained to be one of the most significant business year for NBFL as it scaled new heights by reporting a 90% growth in the organic export business. The turnover stood at ₹ 38.22 Crores which is remarkably higher as compared to FY 11.

As the economic crises loomed at large in two of the major organic markets European Union Countries (EU) and United States of America (USA); the NBFL team continued its efforts to maintain the robust growth pace.

NBFL continued to export to European countries – Germany, The Netherlands, Italy, France, Denmark; followed by United States of America (USA), Australia, New Zealand, Canada and Middle East. There were various new farm products brought under the export operation which included organic soybean, brown flax seed, amaranth seed, chick peas, lentils and innovative products like organic baby food raw material, quick cooking brown basmati rice, amaranth flour, millet flour etc.

NBFL's member farming families witnessed a manifold increase to reach over 20,500 families with certified organic area

under crop production of over 70,000 acres. These farming areas are spread in 10 states across India from the Himalayan mountainous region to coastal plain belt of the southern India covering wide agro-climatic zones for diversified organic crop cultivation, thereby enriching the organic product portfolio.

Besides, diversification in the organic product basket with various certified organic products, value-addition of the existing products and introducing new organic products with export potential has enabled NBFL post this robust business growth. Product innovation, Research and Development and Product Quality have been the key to success in this domain.

In order to promote all these socio-economic-environmental work, NBFL has formed one Non-Government Organisation called "Fair Farming Foundation" (FFF) registered under the Society Registration Act in New Delhi. FFF is spreading socio-economic-environmental work across India.

With the world market growing at a healthy pace for various organic food categories, even the domestic market opening up for the organic products; NBFL will explore every opportunity to increase its existing market share as well as create new markets.

### Nice International FZE

Nice International closed the year with revenues ahead of planned numbers, largely on account of aggressive trading undertaken during the course of the year, exploitation of newly opened African markets for non-basmati rice and the opening up in India by the Government of non-basmati for exports for the first time since April 2008.

Brands such as Daawat, Devaaya, Surbhi, Heritage, Al Tarif and Hadeel are marketed in a combination of Middle East and African markets are overseen by Nice International. Regular brand promotion and support activities particularly focusing on brand visibility were undertaken.

Efforts were made to increase sales and realisation of parboiled "sella" type rice in key markets such as Iraq, UAE and Saudi Arabia. Focus areas were food service, wholesale and retail. Efforts were also made and are continuing into the present year to establish a foothold in Iran, a key growth market for aromatic basmati rice.

### Kusha Inc.

This subsidiary of the Company and wholly owned subsidiary of LTONA, the revenues for FY 12 reached \$65.77 million reflective of planned expectations. Based on this and previous year's growth patterns, revenue is expected to increase by 15% in the next financial year.

Following its mission to aggressively pursue distribution expansion, it successfully added new points of distribution across all channels. Capitalising on the now unified Royal brand umbrella, the focus is to build on this achievement. Key objectives concentrate on strengthening and growing the now established Royal brand franchise through aggressive distribution expansion into new regions and new and augmented usage opportunities.

***The Company persistently makes efforts towards upgrading the operating and food safety systems to measure up to the international standards. In compliance, it has managed to obtain numerous accreditations on quality and food safety systems.***

The coming years will be distinguished by a concerted effort to not only support and grow current business but to lead it into aggressive new ventures designed to expand not only Royal's "power brand" footprint but Kusha's growing portfolio of strong and expanding branded products across all consumer and pricing segments. Alongside, the Company will also further develop the private label business thereby ensuring expansion across all viable business opportunities.

### QUALITY FIRST

'Quality & Safety in Every Grain' is the mantra at LT Foods. The Company is committed to recognising the basic needs of customers by ardently responding with safe and superior quality products, world-class service and sensitivity. The Company persistently makes efforts towards upgrading the operating and food safety systems to measure up to the international standards. In compliance, it has managed to obtain numerous accreditations on quality and food safety systems.

- ☞ Bahalgarh (Sonepat) plant is certified for ISO 9001:2008, SQF (Safe Quality Food), BRC-Global Standard for Food Safety, ISO 14000:2004 (On Environmental Management) and OU (Kosher).
- ☞ Organic Division at Kamaspur (Sonepat) is certified for ISO 22000:2005 (Food Safety Standard), NOP, NPOP and EEC 837:2007.
- ☞ Rice plant at Bhopal (MP) also has ISO 22000:2005 certification, while the food plant in the same complex has been accredited with FSSC 22000:2010 (Food Safety System Standard - Inclusive of ISO 22000 & PAS 220)



certification. Food plant in Bhopal is the first plant to have been certified for this standard in India.

All food safety standards are based on HACCP, GHP and GMP formats.

### RISK AND CONCERNS

The Company has in place a robust risk management framework for identification, assessment and management of various risks from time to time. This rests on the three pillars of Business Risk Assessment, Operational Controls Assessment and Policy Compliance processes. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis.

Risk mitigation strategy revolves around:

- ☞ Efficient reporting system to prevent surprise losses so as to protect the bottom-line and ensure that all business heads are aware of all significant risks
- ☞ Enabling better decision-making through availability of reliable, actionable risk information to all concerned stakeholders
- ☞ Building a robust growth strategy by building understanding of new categories of risk
- ☞ Identify synergies across business verticals by facilitating the transfer of ideas and information and enabling the sharing of best practices among our businesses
- ☞ Developing a company-wide risk culture by building a shared understanding of our appetite for risk, a respect for risk and a process-based mindset

Although the Company has defined business objectives based on strategy for each of the businesses, it may or may not be able to achieve the expected results due to numerous internal and external variables, leading to probable strategic risks.

### Procurement Risk

Paddy, a major cost component, plays a crucial role in contributing to the Company's profitability. Additionally, its volume and quality have significant bearing on the competitiveness in the market.

The Company's longstanding engagement with farming communities proves to be an added advantage. It leverages these advantages in securing higher procurement of quality paddy. Additionally, the Company also supports farmers with

***The Company is committed not just towards profitable growth, but also towards leaving a deeper imprint on the society as a whole. Aply supporting the Company's efforts in this direction is Nature Bio-Foods Ltd. (NBFL), a wholly owned subsidiary of LT Group, which has played a key role in transforming communities in the field of health, environment, education, community development, women empowerment, to name a few.***

supply of quality seeds and sharing of best farming techniques. Further, the Company's presence in contract farming reduces its dependence on purchase from open market to some extent. Also, to ascertain, the quality of the paddy procured, the Company deploys testing expertise in this domain.

**Foreign Risk**

Significant volumes of the Company's revenue come from exports hence exchange rate movements, particularly between the Indian Rupee (INR) and United States Dollars (USD) have an impact on the Company's profitability.

In order to hedge this risk, the Company uses various tools such as foreign currency borrowings, currency forward and option contracts.

**Climate Risk**

Water plays a vital role in rice production. While many other cropping systems use water mainly for productive purpose (transpiration), the rice cropping system uses water in a wide variety of ways, both beneficial and non-beneficial. Paddy production in India is largely dependent on rainwater. Factors like excessive or deficient rain or even the unfavourable timing of rainfall might impact the quantity or quality of paddy produces, which in turn impacts the Company's business.

As a risk mitigation strategy, the Company has partnered with Pepsi for contract farming wherein paddy is cultivated with less usage of water. Also, a ground presence in the northern area which is known for extremely irrigated land further helps in addressing this risk.

**Market Risk**

Exports contribute significantly towards the Company's revenues. Any unfavourable economic disturbances in the

developed markets, in particular, may impact its business. Besides, rice being a primary staple in India, any change in Government policies to rice exports may also impact its business.

LT Foods, through its US-based subsidiary, 'Kusha Inc.' handles substantial share of the rice imports in the US market. Further, to de-risk its dependence on a single country or region, the Company is expanding footprints across Canada, Australia, New Zealand and Middle East.

Similarly, increasing competition in the domestic market coupled with customers' preference of value for money might adversely impact the Company's business.

The Company counters this risk by adding value-added premium branded rice segment, maintaining product superiority and making significant investment towards enhancing its brand visibility and differentiation. To stay ahead of competition, a professional team spearheaded by marketing professionals continuously monitors the business environment.

**Interest Rate Risk**

Paddy, a major component of raw material requires aging which in turn requires significant working capital investment. With the rising cost of funds and tightening fiscal environment, cost of funds may go up and consequently thereby impacting the Company's bottom-line.

To hedge this risk, the Company ensures impeccable track record and long relations with lenders in raising adequate funds/debts at competitive rates.

**CSR INITIATIVES**

Driven by a strong belief that business should have a positive impact on the communities they serve and on the environment, the Company has embarked on a series of far-reaching CSR initiatives. The Company is committed not just towards profitable growth, but also towards leaving a deeper imprint on the society as a whole. Aply supporting the Company's efforts in this direction is Nature Bio-Foods Ltd. (NBFL), a wholly owned subsidiary of LT Group, which has played a key role in transforming communities in the field of health, environment, education, community development, women empowerment, to name a few.

*Some key initiatives undertaken by NBFL for sustainable development of the farming community include:*

**Safe Environment Movement:** Fuelling the growth of





“SUSTAINABLE GREEN REVOLUTION” to check pollution through revival of organic farming, has reached 20,523 farming families across 10 Indian states till date.

- ❧ **Socio-Economic development of the underprivileged farming communities:** Benefiting farmers through organic agriculture inputs such as organic seeds, bio-fertilisers, biological control agents, bio-pesticides, biological tools etc. for successful organic production, thus maximising their income.
- ❧ **Microcredit to farming communities:** Providing microcredit for 2 to 8 months to over 20,000 farming families at the grassroot level, continuously fuelling production of organic crops.
- ❧ **Himalayan farmers organic products:** Initiative launched in July 2011 for the people of the mountainous Himalayan region, comprising 228 farming families, to achieve the objectives of environment protection and various sustainable measures.
- ❧ **Fair Trade:** Introduced international fair trade standards of FLO-Cert (Fair Trade Labelling Organisation) of Germany, bringing 1,334 farming families under the standard and certification programme till date.
- ❧ **Fair Farming Foundation (FFF) formation and supporting it for social need:** A society formed with objectives of ensuring all the above, besides health and nutrition in remote villages, introduction of multiple cropping system for the farmers’ own nutritional needs and maximising of their income.
- ❧ **Watershed development in tribal areas of Madhya Pradesh:** Project awarded by Government of Madhya Pradesh to develop “A Watershed Project” in an area of 7800 ha land spread across 13 villages of Chhindwara for storage of rainwater for utilisation in agriculture and domestic use.
- ❧ **Women Empowerment Programme:** Training school for village women to educate them in stitching and embroidery work to generate income means.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Internal audit plays an important role in the organisation’s corporate governance, internal control structure, risk management analysis and financial reporting process. The Company has appointed an external agency, assisted by a dedicated outsourced audit team, for carrying out robust processes for internal audit and corporate risk assessment and mitigation. The internal audit covers all the factories, sales offices, warehouses and businesses and functions controlled centrally. The audit cover plan is approved by the Audit Committee at the beginning of every year. Every quarter, the Audit Committee of the Board is presented with key control issues and actions taken on past issues. There is an ongoing process to track the evolution of the risks and delivery of mitigating action plans.

The Company is in the process of further strengthening the internal audit function to ensure improved visibility of:

- ❧ An internal control system that is adequate and effective in managing risks
- ❧ Assessing the efficiency and effectiveness of risk management processes and controls
- ❧ Reviewing entity-level controls that are relevant to the organisation’s integrity and ethical values, management’s philosophy and operating style, the organisational structure, human resources policies and procedures, the competence and integrity of personnel and the assignment of authority and responsibility
- ❧ Management’s decisions pertaining to internal control when it is appropriate
- ❧ Working closely with the Audit committee to facilitate improvements in the internal control structure across all processes and systems

## ACCOLADES

The various accolades received by the Company during the year under review are as follows:

- ❧ ‘Chosen Power Brand’ by Planman Media for the year 2012
- ❧ Featured as ‘The Most Trusted Brand’ by Reader’s Digest in 2012
- ❧ Punjab Silo Project awarded ‘Best Pathfinder Project’ at the Partnerships Award in London in 2012
- ❧ Awarded amongst India’s 500 best performing midsize companies in 2011
- ❧ Featured as one of the leaders in the “Spirit of Entrepreneurship”, an annual book published by the Times of India
- ❧ Won ‘Indian Star Award’ from the Indian Institute of Packaging



☞ Won numerous Awards from APEDA on Quality Produce, Export Achievement and other fields

**HUMAN RESOURCE DEVELOPMENT**

A critical component of an organisation's growth chart, human resources are pivotal to the Company's strategic plans for progress. The Company has a legacy of building a vibrant work culture aimed at fostering the employee mindset towards ownership and self development. The Company is committed to the creation of an open and transparent organisation that is focused on fostering the development of people and their capabilities, while promoting an environment that enables them to deliver superior performance. The Company's human resources strategy is focused largely on individual growth and development and the Company has undertaken several initiatives with a view to engaging employees and creating a culture of recognition among all levels in the organisation. During the year, the Company, with expert inputs of E&Y, reframed its vision, mission and values and shared the same with employees at various levels in corporate and units.

**SOME KEY HR INITIATIVES INCLUDE:**

**Talent Acquisition**

With the objective of shifting from the traditional hiring strategy to competency based hiring, the Company introduced a systematic recruitment process of evaluation. In an effort to be more focused on teamwork, the Company moved from applauding individual achievements to team applauds. The new policy seeks to bring in more transparency in the organisation and help build stable teams across all units. Further, in its pursuit of excellence, the Company has initiated special trainings to build the core team of management students from top B schools and encourage them to come up with new ideas and development methods so as to build a strong career graph.

**Empowerment and Retention**

The Company's endeavour to improve workplace environment was manifest in the introduction of a special feature of employee

involvement and feedback. Special '**Coffee with CMD**' sessions were introduced to build communication networks between the employees and the management. The sessions were aimed at understanding employee mindset, inviting ideas to build on improvement strategy and obtaining feedback on the systems and policies to make them more employee-friendly.

**Engagement**

The Company considers change to be an integral part of conscious development and innovation. Establishing innovation as a cultural shift frequently involves challenging the existing, breaking pre-established notions and trying to build new norms and culture. The HR department in LT Foods has initiated serious efforts towards imbuing people with creative ideas and sense of ownership, thus engaging them at various levels. Over the last financial year, LT Foods tied up with E&Y team to transform the processes and systems in HR, so as to build a bridge between talent and leaders.

**Learning & Development**

Training and development is integral to improving the performance of individuals and groups in organisational settings.

At LT Foods, the learning and development process encompasses:





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

A statement pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary Companies is attached to the Annual Report. In terms of general exemption granted by the Ministry of Corporate Affairs vide its Circular No. 2/2011 dated 8th February, 2011, the audited accounts and Report of Board of Directors and Auditors of the Companies subsidiaries have not been attached to this Annual Report. The Company has complied with the requirements as prescribed under the said circular. The annual accounts of the subsidiary company and the related detailed information are open for inspection by any shareholder including the shareholder of subsidiary company at the registered office of the Company and its subsidiary during the working hours on all working days.

In accordance with the Accounting Standard, AS-21 issued by the Institute of Chartered Accountant of India, Consolidated Financial Statements presented by the Company include the financial information of all its subsidiaries.

## CORPORATE GOVERNANCE

The Company has been in compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchange and a certificate from the Auditors to this effect is made part of the Annual Report.

Committed to the practice of good Corporate Governance, the Board lays strong emphasis on transparency, accountability and integrity, with its 'Governance Committee' specifically assigned the task of analysing the clause with respect to good governance practice.

In terms of such sub clause (v) of Clause 49 of Listing Agreement, Certificate of CEO/CFO, inter alia, 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.

## DIRECTORS

Mr. Jagdish Chandra Sharma and Mr. Ashwani Kumar Arora, Directors of the Company, are retiring by rotation at the ensuing Annual General Meeting and, being eligible, offer themselves for re-appointment. The Company's Directors recommend their re-appointment.

During the period under review, Mr. Ashwani Kumar Arora and Mr. Surinder Kumar Arora were re-appointed as Joint Managing Directors subject to approval of shareholders. The Directors recommend approval of their re-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 annexure to the notice of Annual General Meeting.

The details of the different Committees of the Board of Directors are provided in the report on Corporate Governance annexed to the annual report.

## AUDITORS

M/s Walker, Chandiook & Company, Chartered Accountants, the Statutory Auditors' of the Company, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of Statutory Auditors, if re-appointed the Audit Committee and the Board of Directors recommend their re-appointment as statutory auditors for the financial year 2012-2013 for shareholders' approval.

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:

Name	Age (Years)	Designation	Qualification and Experience	Gross Remuneration	Date of Commencement of employment	Particulars of last employment
Vijay Kumar Arora	53	Chairman and Managing Director	Graduate	78,00,000/-	29.09.2004	N. A.
Ashwani Kumar Arora	44	Joint Managing Director	Graduate	59,56,400/-	22.06.2007	N. A.
Surinder Kumar Arora	49	Joint Managing Director	Under Graduate	60,76,000/-	22.06.2007	N. A.
Vivek Chandra	55	CEO- Foods	MBA	80,00,000/-	24.11.2010	Associated British Foods

- a. Employed throughout the year under review and were in receipt of remuneration for the year which, in aggregate were not less than ₹ 60,00,000/- per annum
- b. Employed 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 ₹ 5,00,000/- p. m. : NIL

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

## RESEARCH & DEVELOPMENT

In line with its growth objectives, the Company set out its Research and Development priorities to develop new products that deliver health and taste and, at the same time, provide ease of preparation, specially for those who are new to the kitchen. The Company's entire MYMY brand of snacks food products were improved to deliver greater believability of healthy snacking and were given a more attractive eye appeal.

A full line of value-added rice is ready to go to the market in the coming year. These new products will add value to the Company's base rice and deliver excitement on the plate. Easy and quick preparation in the kitchen is the basis for these new products.

R&D made a concerted effort, along with Plant QA Departments, to increase product safety and quality awareness at all the manufacturing facilities. Product safety will play greater importance in all the markets and without which future sales will not be sustainable.

Food Research and Development continues to be focused on providing food options with the combination of superior aroma and taste, with specific enhancement in health and nutritional benefits to consumers. A series of new and superior products are under development helped by the Company's formidable R&D in this domain. Overall, R&D continues to occupy the centre stage in the scoping and conduct of business.

## 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. The Company's continued efforts to reduce and optimise 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 (BHL Plant including Kamaspur)

Particulars	2011-12	2010-11
Electricity		
Through Purchases		
Units	12674360	11742820
<b>Total Amount (₹)</b>	<b>71,028,965</b>	<b>60,026,608</b>
Rate/Unit (₹)	5.60	5.11
Through Diesel Generator		
Units generated	875741	1786579
<b>Total Amount (₹)</b>	<b>10,822,556</b>	<b>18,120,021</b>
Cost/Unit (₹)	12.36	10.14

### Power & Fuel Consumption (Varpal Plant)

Particulars	2011-12	2010-11
Electricity		
Through Purchases		
Units	3589430	1833068
<b>Total Amount (₹)</b>	<b>21,000,347</b>	<b>11,479,760</b>
Rate/Unit (₹)	5.85	6.26
Through Gen Set		
Units generated	72,400	34,800
<b>Total Amount (₹)</b>	<b>869,078</b>	<b>520,261</b>
Cost/Unit (₹)	12.00	14.95

### Technology absorption, adaptation and innovation:

1. During the year, the Company made strides in improving its overall infrastructure at its rice milling unit by adding new rice silos, which were in addition to the paddy silos it already had in place. The Company is also adding new packaging lines with new re-closable small packs for the mainstream stores across the world.
2. The Company has gained the benefits derived as a result of the above said efforts, e.g. products development, product improvement, cost reduction, automation, 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 from time to time.

### Details of Foreign Exchange Transactions

(₹ in lacs)

Standalone Amount	
Import on CIF Basis	
Packing Material	7.44
Spare Parts & Consumables	14.08
Capital Goods	225.01
<b>Total</b>	<b>246.53</b>
<b>Expense in Foreign Exchange</b>	<b>3108.15</b>
<b>Earning in Foreign Exchange</b>	<b>45779.70</b>

***In line with its growth objectives, the Company set out its Research and Development priorities to develop new products that deliver health and taste and, at the same time, provide ease of preparation, specially for those who are new to the kitchen.***

## DIRECTORS' RESPONSIBILITY 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 had selected such accounting policies and applied them consistently and made judgements 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, 2012 and of the profits of the Company for the year ended on that date;
- the Directors had 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;
- the Directors had prepared the annual accounts on a going concern basis.

## EMPLOYEES STOCK OPTION SCHEME

Under the Employee Stock Option Scheme of the Company as based on the approval of members in the Annual General Meeting held on 30<sup>th</sup> September, 2010 and in accordance with the disclosures in compliance with clause 12 of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, the same are set out in annexure to the Report.

The Company hereby states that it shall conform to the accounting policies as per the ESOP guidelines. It further specifies that the valuation has been done on fair value.

## FUTURE OUTLOOK

A combination of positive developments and factors indicate a positive outlook for the Company's businesses, going forward. The most notable among these is the Government's move to allow basmati rice to be exported without any minimum export price. This will help basmati rice exporters by improving the price competitiveness of Indian firms in overseas markets.

The development comes at a time when the Chinese Government has decided to import basmati from India – a move that is expected to fetch higher premium for Indian basmati. The growing foreign demand and China's interest in importing from India is expected to trigger competition in the



industry and the Company anticipates a huge surge in price realisation as a result.

Overall, demand for Indian basmati has been fairly good in global markets, particularly in Iran, Iraq, Saudi Arabia, Europe and the US, despite unfavourable global economic conditions. With an estimated annual production at 7.5 million tonnes, India has a 70% share in the global basmati export market. Considering that basmati rice production volumes remain almost stagnant and chances of inclusion of the non-basmati variety of higher quality are minimal, the growing foreign demand is expected to prove beneficial for exporters.

Going forward, the Company shall continue to focus on creating value across the agri food chain through several initiatives, which include:

- ☞ Diversifying the business portfolio with value-additions to the product range
- ☞ Geographical expansion
- ☞ Building the brand in existing and new markets
- ☞ Expanding business through the organic as well as the inorganic route

***A combination of positive developments and factors indicate a positive outlook for the Company's businesses, going forward. The most notable among these is the Government's move to allow basmati rice to be exported without any minimum export price.***



- ❧ Exploring newer synergistic businesses
- ❧ Strengthening distribution reach
- ❧ Introducing healthy ready-to-eat snacks
- ❧ Enriching the product basket

The Company expects these focused initiatives to provide strong impetus for long-term growth and value creation.

**CAUTIONARY STATEMENT**

Statement in the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities, law and regulations. The Company assumes no responsibility to publicly amend, modify or revise forward looking statements, on the basis of subsequent event or development. Actual results may differ materially from those expressed in the statement. Important factors that could influence the Company's operations affecting selling price of finished goods, input availability and price, changes in Government regulations, tax laws, economic development within and outside the country and other factors such as litigation and industrial relations.

**ACKNOWLEDGEMENT**

The 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.

The Directors also take this opportunity to thank all investors, clients, vendors, bankers, regulatory and Government authorities and stock exchanges for their continued support. The Directors also wish to place on record their appreciation of the contribution made by the business partners associated at all levels.

For and on behalf of the Board of Directors

**LT Foods Limited**

**Vijay Kumar Arora**

Chairman & Managing Director

Place: Gurgaon

Date: 13.08.2012

## Annexure

Particulars	Details	
Options granted	Date of Grant	April 01, 2011
	Total Options Granted	648,329
	Less options cancelled	0
	Less options exercised	0
	Total options outstanding under ESOP2010	648,329
Pricing formula	The options would be awarded at an exercise price of ₹ 38 (Rupees Thirty Eight Only)	
Vesting period	<ul style="list-style-type: none"> <li>• 25% of the Options shall vest on the completion of 12 months from the Grant Date</li> <li>• 25% of the Options shall vest on the completion of 24 months from the Grant Date</li> <li>• 25% of the Options shall vest on the completion of 36 months from the Grant Date</li> <li>• 25% of the Options shall vest on the completion of 48 months from the Grant Date</li> </ul>	
Options vested (excluding the options that have been exercised)	No options have vested till date	
Options exercised	No options have been exercised till date	
The total number of shares arising as a result of exercise of options (including options that have been exercised)	Nil	
Options forfeited / lapsed / cancelled	Nil	
Variation of terms of options	Nil	
Money realized by exercise of options	Nil	
Total number of options in force	648,329	
Employee wise detail of options granted to:		
(i) Directors / Senior managerial personnel	Name of the senior managerial personnel	No. of options granted under ESOP 2010
	Mr. S.K. Salhotra	48,472
	Mr. Som Nath Chopra	46,318
	Mr. Dipol Dhole	32,573
	Mr. Vijay Malik	48,472
	Mr. Vivek Chandra	86,173
	Mr. Vikram Patil	45,241
	Mr. Kevin Sunil Parker	53,858
	Mr. Kamal Poplai	36,758
	Mr. S. Venkatesh	53,673
(ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year	The following employees have received a grant in any one year of options amounting to 5% or more of the options granted during the year:	
	• Mr. S.K. Salhotra	
	• Mr. Som Nath Chopra	
	• Mr. Dipol Dhole	
	• Mr. Vijay Malik	
	• Mr. Vivek Chandra	
	• Mr. Vikram Patil	
	• Mr. Kevin Sunil Parker	
(iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant	None	



Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the AS 20	N.A.
Lock-in	Nil
Impact on profit and EPS of the last three years	Nil
Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and the impact of this difference on profits and on the Earnings Per Share of the Company	<p>Fair value per option = ₹ 27</p> <p>Intrinsic value per option = ₹ 25</p> <p>Difference per option = ₹ 2</p> <p>Impact on profit of this difference: ₹ 1,296,658</p> <p>Impact on EPS of this difference: ₹ 0.05</p>
Impact on the profits of our Company and on the earnings per share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years.	N.A since the options have been allotted in FY2010-11
Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock	<p>Weighted average exercise price = ₹ 38</p> <p>Weighted average fair value of options = ₹ 27</p>
Method and significant assumptions used to estimate the fair value of options granted during the year	
Method used	Black Scholes Option Valuation Method
Risk free return	6.52% (average over 4 year vesting schedule)
Expected life	4 years (average over 4 year vesting schedule)
Expected volatility	56.75% (average of comparator companies' volatility)
Expected dividends	Nil
Price of underlying shares in market at the time of the options grant	₹ 63
Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer *	N.A
Intention to sell Equity Shares arising out of the ESOP 2009 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having equity shares arising out of the ESOP 2010 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	N.A

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

Amount in ₹ lacs

Name of the Subsidiary Companies	Nature Bio Foods Limited (Wholly Owned Subsidiary)	Daawat Foods Limited (Subsidiary)	LT Agri Services Private Limited (Fellow Subsidiary)	SDC Foods India Limited (Subsidiary)	Expo Services Private Limited (Fellow Subsidiary)	Raghuvesh Foods & Infrastructure Limited (Subsidiary)	L T International Limited (Subsidiary)	Sona Global Limited (Wholly Owned Subsidiary)	Nice International UAE (Fellow Subsidiary)	Raghuvesh Power Projects Limited (Fellow Subsidiary)	LTO North America Inc. USA (Wholly Owned Subsidiary)	LT Foods USA LLC (Wholly Owned Subsidiary)	Kusha Corporation USA (Fellow Subsidiary)
1. Financial year of the subsidiary ended on	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012	31.03.2012
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 ₹ 10 each	1,34,99,994 Nos. of Equity shares of ₹ 10 each	7,048 Nos. of Equity shares of ₹ 10 each	8,00,000 Nos. of Equity shares of ₹ 10 each	8,000 Nos. of Equity shares of ₹ 10 each	50,000 Nos. of Equity shares of ₹ 10 each	17,99,581 Nos. of Equity shares of ₹ 10 each	65,000 Nos. of shares of AED 100 Each	1 Nos. of shares of AED 1,000,000	17972 Nos. of Equity shares of ₹ 10 each	Common Stock of US\$ 100,000	NIL	2,000 Nos. of shares of US\$ 50 Each
(b) Extent of holding	100.00%	70.48%	70.48%	80.00%	80.00%	100%	89.98%	100%	100%	35.94%	100%	100%	100%
3. Change if any in the holding Company's interest in the subsidiary	NIL	NIL	N.A.	NIL	N.A.	NIL	NIL	NIL	NIL	35.94%	N.A.	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	92.29	14.33	1.79	(367.62)	(40.11)	(1.18)	1.82	(23.17)	33.73	(0.31)	(79.63)	(45.58)	14.21
ii) For the previous financial years	244.58	1,883.29	(2.18)	86.98	78.81	(1.81)	(27.80)	(67.83)	158.52	-	(571.12)	(19.44)	1,201.46
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	-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
ii) For the previous financial years	NIL	101.26	NIL	NIL	NIL	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	NIL	NIL	NIL
7. Reporting Currency	INR	INR	INR	INR	INR	INR	INR	AED	AED	INR	US\$	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 31.03.2012 [1US\$ = ₹ 51.1565 and 1AED = ₹ 14.1077]

# Financial Summary of the subsidiaries of the Company for the year ending 31st March, 2012

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

Amount in ₹ 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	336.87	2,940.23	2,598.36	4.01	3,851.34	141.03	48.74	92.29	-	India
Daawat Foods Limited	INR	1.00	1,915.53	4,711.67	29,632.88	23,005.68	100.00	26,016.69	71.36	51.03	20.33	-	India
LT Agri Services Private Limited	INR	1.00	1.00	0.37	1.81	0.44	-	-	2.68	0.13	2.54	-	India
SDC Foods India Limited	INR	1.00	100.00	(350.79)	4,236.18	4,486.97	0.22	5,118.40	(661.23)	(201.71)	(459.52)	-	India
Expo Service Private Limited	INR	1.00	1.00	28.67	485.63	455.96	-	646.87	(50.53)	(0.39)	(50.14)	-	India
Raghuvesh Foods & Infrastructure Limited	INR	1.00	5.00	(2.99)	5.67	3.67	-	-	(1.15)	0.03	(1.18)	-	India
Raghuvesh Power Projects Limited	INR	1.00	5.00	(0.31)	5.21	0.52	-	-	(0.47)	(0.11)	(0.36)	-	India
L T International Limited	INR	1.00	200.00	(28.87)	172.67	1.54	-	4.32	2.55	0.52	2.03	-	India
Sona Global Limited	AED	14.11	907.73	(57.97)	850.88	1.13	-	-	(23.17)	-	(23.17)	-	UAE
Nice International FZE	AED	14.11	137.87	202.73	7,692.67	7,348.86	-	14,097.07	33.73	-	33.73	-	UAE
LTO North America Inc.	US\$	51.16	2,822.31	(1,076.68)	9,997.75	8,252.12	-	-	(131.60)	(51.97)	(79.63)	-	USA
LT Foods USA LLC	US\$	51.16	-	(70.47)	1,260.40	1,330.87	-	-	(69.06)	(23.48)	(45.58)	-	USA
Kusha Corporation	US\$	51.16	39.97	1,762.46	11,720.70	9,918.27	-	30,426.52	371.42	357.21	14.21	-	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 31.03.2012 [1US\$ = ₹ 51.1565 and 1AED = ₹ 14.1077]



# CORPORATE GOVERNANCE REPORT

## Company Philosophy

In a fast changing business scenario, good Corporate Governance enables a company to achieve the long term goal of enhancing Stakeholders' value. Corporate Governance focuses on commitment to values and adhering to ethical business practices. It encompasses everything from a corporate's structures and its culture to its policies, the transparency with which it conducts its affairs and the manner in which it deals with various stakeholders. Accordingly, timely, adequate and accurate disclosures of information on the performance and ownership form the cornerstone of Corporate Governance.

Your Company continuously strives to excel in governance and implement responsible management practices, benchmarking these with the best from across the globe. It has been implementing and practicing corporate governance principles well before they became mandatory. Your Company believes that for a company to be successful, it must maintain global standards of corporate conduct towards its Stakeholders. Towards this end, it has always focused on good corporate governance as the key driver of sustainable corporate growth and long term value creation.

Your Company perceives corporate governance in its widest sense, almost like a trusteeship, a philosophy to be promoted, a value to be imbibed and an ideology to be ingrained into its corporate culture.

LT envisions Corporate Governance not merely as compliance issue and a matter of creating checks and balances; for your Company, it is an ongoing measure of the superior delivery of its objectives, with a view to translating opportunities into reality. It involves leveraging the Company's resources and aligning its activities to nation needs, shareholders benefit and employee growth, thereby delighting all its Stakeholders, while minimizing risks. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, fairness, accountability, propriety, equity, sustainable value creation, ethical practices and to develop capabilities and identify opportunities that best serve the goal of value creation, thereby creating an organization that outperforms.

## Whistle Blower Policy

As a conscious and vigilant organization, LT Foods Limited believes in conducting its affairs and that of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethics.

It is the Company's endeavour to provide its employee with a secure and conducive working environment, in which they feel free to report any instance of unethical behavior, actual or suspected, fraud or violation of the Company's code of conduct or ethics policy to the Independent Ombudsman.

## BOARD OF DIRECTORS

LT Foods' Board of Directors, which comprises an eclectic blend of professionals, has been constituted in compliance with the Companies Act, 1956, Listing Agreement entered into with Stock Exchanges and in accordance with Good Corporate Governance practices. The Board functions both as a comprehensive whole or through its Committees, constituted to oversee specific operational areas. The Board has formed Six Committees - viz. Audit Committee, Remuneration/ Compensation Committee, Shareholders'/Investors Grievance Committee, Management Committee, Governance Committee and Selection Committee.

- a) The Board of your Company presently comprises of eight (8) directors who constitute an optimum combination of professionalism, knowledge and experience. Of these eight directors, three are Executive Directors, four are Non-Executive Directors and one is a Non-Executive Nominee Director.
- b) None of the Directors on the Board are members of more than ten committees or hold the post of Chairman on more than five Committees. Necessary disclosures regarding the Committee positions on the Boards of other Public Companies, as on March 31, 2012, have been made by the Directors.
- c) The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the numbers of Directorships and Committee Chairmanships/ Memberships held by them in other Companies are given below.

**The Composition of the Board and Attendance record of Directors for 2011-12**

Name	Category	Shareholding in Company (No. of Shares)	Number of Board meetings during 2011-12		Whether attended last AGM	Number of Directorships in other public companies	Number of <sup>1</sup> Committee positions held in Public Companies	
			Held	Attended			Chairman	Member
Mr. Vijay Kumar Arora Chairman & Managing Director @	Chairman Executive	1117964	5	3	NO	5	NIL	NIL
Mr. Ashwani Kumar Arora Joint Managing Director	Managing Director, Executive	2723152	5	5	NO	6	1	1
Mr. Surinder Kumar Arora Joint Managing Director #	Managing Director, Executive	2820152	5	2	YES	4	NIL	NIL
Mr. Pramod Bhagat Director	Non Executive/ Independent	Nil	5	5	YES	1	1	2
Mr. Jagdish Chandra Sharma Director	Non Executive/ Independent	Nil	5	4	NO	1	1	2
Mr. Rajesh Kumar Srivastava Director	Non Executive Nominee Director	Nil	5	2	NO	5	NIL	5
Ms. Radha Singh Director	Non Executive/ Independent	Nil	5	3	NO	2	NIL	2
Mr. Alok Sinha Director	Non Executive/ Independent	Nil	5	3	NO	2	NIL	NIL

<sup>1</sup>includes only Audit and Shareholders/ Investors Grievance Committees

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

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

- d) During the year, five meetings were held and the gap between two meetings did not exceed four months. The dates on which these meeting were held are April 13, 2011; May 30, 2011; August 11, 2011; November 14, 2011 and February 14, 2012.
- 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.

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 it can be included in the Agenda for the Board/Committee meetings.

#### BOARD COMMITTEES

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

##### 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 and timely disclosures and transparency and integrity. It must ensure the overall quality of the Company's financial reporting.





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

### Composition, Meetings and Attendance

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

During the Financial year under review, four Audit Committee Meetings were held. The dates and other details of these meetings are as follows:

**Dates: May 30, 2011, August 11, 2011, November 14, 2011 and February 14, 2012**

Members of the Committee	Category and Designation	Number of meetings held during the year 2011-12	
		Held	Attended
Mr. Pramod Bhagat	Independent, Non Executive (Chairman)	4	4
Mr. Jagdish Chandra Sharma	Independent, Non Executive	4	4
Mr. Rajesh Kumar Srivastava	Independent, Non Executive	4	1

The Audit Committee invites executives who 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. Pramod Bhagat was present at the Twenty First Annual General Meeting of the Company to answer the queries of shareholders.

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

## II. REMUNERATION/ COMPENSATION COMMITTEE

### Brief Description & Terms of reference:

The Committee comprises of three Independent Directors and one Non-Executive Nominee Director, viz. Ms. Radha Singh (Chairman), Mr. Jagdish Chandra Sharma, Mr. Pramod Bhagat and Mr. Rajesh Kumar Srivastava (Members), respectively.

The Remuneration/Compensation Committee frames suitable policies and systems to ensure that there is no violation of any laws applicable in India or overseas. On behalf of the Board and the shareholders, It determines your Company's policy on specific remuneration packages for executive directors, including pension rights and any compensation payment. It exercises its powers with respect to ESOP plans and such functions as are required to be performed by the Remuneration Committee under the ESOP Guidelines. Over and above this, it oversees other matters that may arise from time to time and attends to any statutory, contractual or other regulatory requirements that need the attention of such a committee.

During the Financial year, no Remuneration/Compensation Committee Meetings were held.

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

No remuneration was paid to Non-Executive Directors during the financial year ended 31st March 2012, except sitting fees @ 10,000/- for attending meetings of the Board and other Committees.

The details of sitting fees paid to the Non-Executive Directors for attending the meetings of the Board(s)/ and Committee(s) during the financial year ending 31st March 2012 is as under:

Name of the Directors	Sitting Fees paid
(Amount in ₹)	
Mrs. Radha Singh	60,000
Mr. Jagdish Chandra Sharma	1,20,000
Mr. Pramod Bhagat	1,30,000
Mr. Alok Sinha	30,000

### Details of Remuneration paid to Executive Directors

The Executive Directors have been appointed for a period of five years from their respective dates of appointment. The details of remuneration paid to the Executive Directors for the financial year ending 31st March 2012, are as under:

(Amount in ₹)

Name of the Director	Salary & Allowances	Perquisites	Retirement Benefits
Mr. Vijay Kumar Arora	78,00,000	Nil	9,360
Mr. Ashwani Kumar Arora	59,56,400	Nil	9,360
Mr. Surinder Kumar Arora	60,00,000	76,000	9,360

## III. SHAREHOLDERS'/ INVESTORS GRIEVANCE COMMITTEE

### Brief Description & Terms of reference:

The Committee comprises of three Independent Directors and one Non-Executive Nominee Director:

S.NO	NAME	CATEGORY	DESIGNATION
1	Mr. Jagdish Chandra Sharma	Chairman	Independent Non Executive Director
2	Mr. Pramod Bhagat	Member	Independent Non Executive Director
3	Mrs. Radha Singh	Member	Independent Non Executive Director
4	Mr. Rajesh Kumar Srivastava	Member	Non Executive Nominee Director

The Shareholders'/ Investors Grievance Committee looks into the redressal of investor requests/ complaints pertaining to transfers/ transmissions/demat/remat/split of shares, non-receipt of dividend and annual accounts etc and oversees the performance of Registrar and Share 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 keeping with SEBI (Prohibition of Insider Trading) Regulations, 1992.

### Shareholder's Complaints: 2011-12

#### Investors complaint received and resolved during the last year:

No. of Complaints received	No. of Complaints resolved	No. of Complaints pending
15	15	0

#### IV. MANAGEMENT COMMITTEE

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

The Management Committee comprises of three directors, viz.

S.NO	NAME	CATEGORY	DESIGNATION
1	Mr. Vijay Kumar Arora	Chairman	Executive Director
2	Mr. Ashwani Kumar Arora	Member	Executive Director
3	Mr. Surinder Kumar Arora	Member	Executive Director

The Board has delegated some of its powers to the Management Committee for the smooth-functioning of the day to day business of the Company.

#### V. GOVERNANCE COMMITTEE

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

The Governance Committee comprises of three members

S.NO	NAME	CATEGORY	DESIGNATION
1	Mr. Vijay Kumar Arora	Chairman	Executive Director
2	Mr. Ashwani Kumar Arora	Member	Executive Director
3	Mr. Rajesh Kumar Srivastava	Member	Non-Executive Director

The Committee considers and discusses certain matters listed in Annexure IA of Clause 49 of the Listing Agreement and recommend to the Board for their consideration and approval.

#### VI. SELECTION COMMITTEE

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

The Selection Committee comprises of three members:

S.NO	NAME	CATEGORY	DESIGNATION
1	Mr. Vijay Kumar Arora	Chairman	Executive Director
2	Mr. Ashwani Kumar Arora	Member	Executive Director
3	Mr. Rajesh Kumar Srivastava	Member	Non-Executive Director

The 'Selection Committee' of the Board of Directors takes decisions regarding the appointment, such as the terms of appointment, remuneration and termination, etc., of identified 'Key Men' positions and further apprises the Board of Directors of these.

#### 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 the 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
2010-11	21st AGM	Air Force Auditorium, Subroto Park, Dhaura Kuan, New Delhi-110010	21.09.2011	3.00P.M.
2009-10	20th AGM	PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016	30.09.2010	3.00P.M.
2008-09	19th AGM	Air Force Auditorium, Subroto Park, Dhaura Kuan, New Delhi-110010	24.09.2009	3.00P.M.

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

Financial Year	General Meeting	Particulars of Special Resolution(s) passed
2010-11	21st AGM	No Special Resolution was passed
2009-10	20th AGM	1.To offer Equity shares to the Employees of the Company and to Employees of the Subsidiaries under "LT FOODS EMPLOYEE STOCK OPTION PLAN-2010"
2008-09	19th AGM	No Special Resolution was passed

#### DISCLOSURES

- During the financial year ended 31st March 2012, 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 relevant disclosures on related parties and transactions with them appear 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 account of non-compliance by the Company on any matter related to the Capital Market during the financial year ended 31st March 2012.
- The CEO/CFO Certificate in terms of Clause 49 (V) has been placed before the Board.



- 4) 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 is being strictly adhered to 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. It also cautions them on the consequences of non-compliance thereof.
- 5) The Company follows the practice of 'Closure of Trading Window' prior to the publication of price sensitive information. During this period, the Company has set up a mechanism whereby the management and relevant staff and business associates of the company are informed regarding the same and are advised not to trade in the Company's securities.
- 6) The Company complies with all the mandatory requirements of Clause 49 on 'Corporate Governance'. It is in the process of also complying with the non- mandatory requirements of the Listing Agreement on 'Corporate Governance'.
- 7) Reconciliation of Share Capital Audit  
A qualified Chartered Accountant carried out a secretarial audit to reconcile the total admitted equity capital with the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL) and the total issued and listed equity capital. The Reconciliation of Share Capital Audit confirms that the total issued/paid up capital is in agreement with the total number of shares in the physical form and the total number of dematerialized shares held with NSDL and CDSL.
8. With regard to qualifications contained in the Auditors Report with respect to excess remuneration paid by the Company to the Managing Directors, we hereby explain that the remuneration paid was approved by the shareholders of the Company. However, on account of sharp depreciation in rupee and finance costs, the Company incurred losses for the year, which was not determinable on date of approval by the shareholders. In view of this, remuneration paid to Managing directors require approval of shareholders and the Central Government under the provisions of The Companies Act, 1956, for which necessary steps are being taken by the Company.
- 9) With regard to qualifications contained in the Auditors Report with respect to updating its records of fixed assets, we hereby confirm that The Company is in the process of updating its records for showing full particulars, including quantitative details and situation of fixed assets.

#### CODE OF CONDUCT

The Company has adopted a Code of Conduct and Ethics for Directors and Senior Management personnel vide a 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 2011-12.

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

#### MEANS OF COMMUNICATION

- The Quarterly and Annual results were generally published in the Financial Express and Jansatta Newspaper.
- The Quarterly results are also displayed on the website of the Company, i.e., www.ltgroup.in.
- The Management Discussion and Analysis (MDA) report, which covers the operations of the Company, forms part of the Annual Report.

#### GENERAL SHAREHOLDER'S INFORMATION

##### Twenty Second Annual General Meeting:

<b>Date &amp; Time:</b>	<b>Wednesday, the 19th September 2012 at 3.00 P.M.</b>
<b>Venue:</b>	Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi – 110010.

##### Financial Calendar for the Year 2011-12:

<b>Financial Year:</b>	<b>1st April 2011 to 31st March 2012.</b>
<b>Dividend Payment Date:</b>	The Board of Directors has not recommended any dividend for the financial year ended 31st March 2012
<b>Book Closure:</b>	The Register of Members and Share Transfer Books of the Company will remain closed from Friday, 14 September, 2012 to Wednesday, 19 September, 2012, both days inclusive.

##### Registered Office & Corporate Office:

Registered Office	:	Unit-134, 1st Floor, Rectangle-1, Saket District Center, New Delhi-110017
Corporate Office	:	Plot No - 119, Sector- 44, Institutional Area, Gurgaon-122002.

##### Listing on Stock Exchanges:

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

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

**Security Code: 532783 Scrip Id DAAWAT**

ISIN No. for NSDL & CDSL: INE818H01012

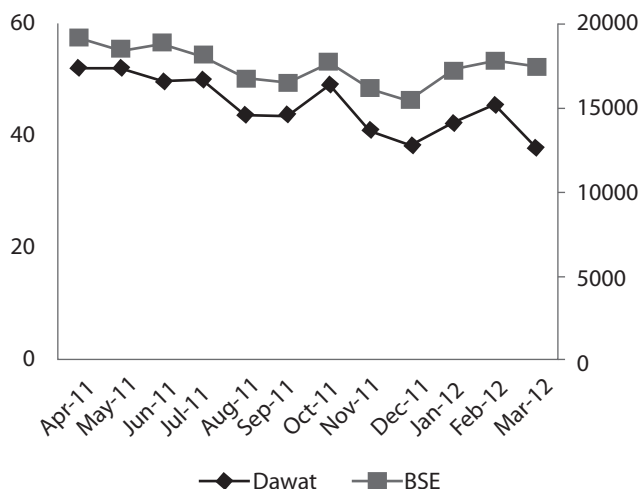
**Listing Fees / Custodial Fees for 2011 - 12:**

The annual listing fees have been paid to BSE and NSE. Annual custodian fees have also been paid to NSDL & CDSL for the financial year 2011-12.

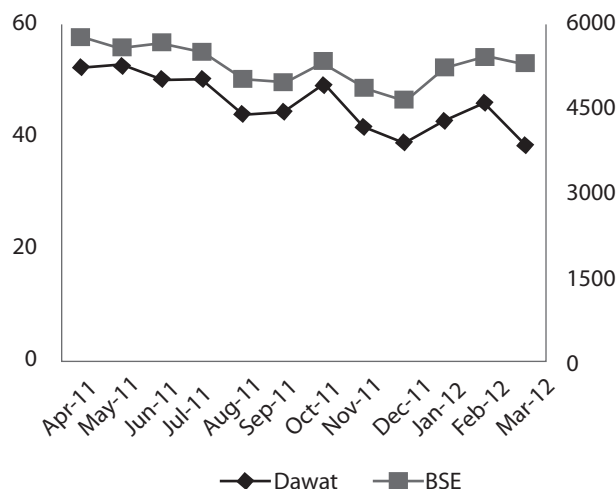
Stock Market Data

Month	Bombay Stock Exchange Limited					National Stock Exchange of India Limited				
	High	Low	Close	Volume	Sensex	High	Low	Close	Volume	S&P CNX Nifty
Apr-11	56.75	48.8	52.05	1,065,996	19136	57.75	48.85	52.05	2,968,347	5750
May-11	62	47.55	52.4	2,310,240	18503	60.4	46.2	52.65	5,051,330	5560
Jun-11	56.8	46.15	49.95	1,177,507	18846	56.85	46.1	49.95	2,705,852	5647
Jul-11	54.95	49.55	50	734,371	18197	54.85	49.6	49.95	1,943,421	5482
Aug-11	51.85	42	43.65	276,920	16677	50.8	41.6	43.85	803,815	5001
Sep-11	50.45	43.1	43.75	410,675	16454	50.5	43.2	44	1,084,899	4943
Oct-11	50.5	10.15	48.95	153,860	17705	50.9	39.25	48.9	613,844	5327
Nov-11	53	38.9	41.1	264,581	16123	53.7	39	41.4	951,767	4832
Dec-11	47.9	37	38.45	182,648	15455	47.5	38.25	38.65	580,941	4624
Jan-12	45.6	37.8	42.4	375,757	17194	45.4	37.5	42.4	878,518	5199
Feb-12	48.25	38.75	45.8	753,845	17753	48.2	38.45	45.65	1,774,105	5385
Mar-12	47.05	36.3	38	366,501	17404	49.5	36.05	38.1	905,154	5296

Price Movement at BSE



Price Movement at NSE



**Dividend Payment**

The Board has not proposed any dividend for the financial year 2011-12.

**Payment of Dividend**

Dividend, if any, 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 Dividend**

The shareholders who have not encashed their dividend warrants for the year 2010-11 are requested to claim the amount from the Registrar & Share Transfer Agent (in case shares are held in the demat form) or the Corporate Office (in case shares are held in the physical form).

As per Section 205 of the Companies Act, 1956, any money transferred by the Company to the Unpaid Dividend Account,

which remains unclaimed for a period of seven years from the date of the transfer shall be transferred to a fund called 'The Investor Education and Protection Fund' set up by the Central Government. No claim can be made against the fund or the Company in respect of the transferred amount.

**Share Transfer System & Registrar & Share Transfer Agent**

All requests for dematerialization, rematerialization, transfer, transmission, issue of duplicate share certificates, sub-divisions, issue of demand drafts in lieu of dividend warrants, etc. are being handled by the Registrar & Share Transfer Agent and registered within 15 days of receipt of documents, if found in order.

All requests for transfer of shares in the physical form are processed and the duly transferred share certificates are returned to the transferee within the time prescribed by the law in this regard, 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,  
Saki Vihar 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 Shareholders'/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 transfers/demat/remat/sub-division/consolidation of share certificates, etc., to the Company secretary. A summary of requests for transfers/demat/remat, etc., approved by the Company Secretary between two meetings of the Committee is placed at the subsequent meeting of the Committee.

As required under Clause 47C of the Listing Agreement of the Stock Exchanges, the Company obtains a certificate regarding share transfer compliances, on a half-yearly basis, from a Company Secretary who is in-practice. A copy of this certificate is filed with the Stock Exchanges.

### Distribution of Shareholding as on dated 31.03.2012:

#### (A) Distribution of shareholding by ownership:-

S.NO	Category	Total shareholders	Shares held	Voting Strength
1	Clearing Member	32	24489	0.0938
2	Corporate Bodies	378	1517273	5.8092
3	Directors- Relatives	4	6858082	26.2577
4	Foreign Institutional Investor	1	3835015	14.68
5	Promoter Owned Company	1	402076	1.5394
6	Non Resident Indians	82	188329	0.7211
7	Overseas Corporate Bodies	1	50000	0.1914
8	Promoters	15	7957678	30.4677
9	Public	13850	5284979	20.2347
10	Trusts	5	493	0.0019
	Total	14369	26118414	100.0000

#### (B) Distribution of shareholding by size

No. of shares	No of shareholders	% of total shareholders	Share Amount (₹)	% of total
1 - 5000	12776	88.9136	13802710	5.2847
5001-10000	814	5.6650	6841030	2.6192
10001-20000	378	2.6307	5956840	2.2807
20001-30000	108	0.7516	2712370	1.0385
30001-40000	59	0.4106	2103290	0.8053
40001-50000	56	0.3897	2653010	1.0158
50001-100000	79	0.5498	5714170	2.1878
100001 and above	99	0.6890	221400720	84.7681
Total	14369	100.0000	261184140	100.0000

### Dematerialization of Shares & Liquidity

#### Procedure for dematerialization/rematerialization of shares

Shareholders seeking demat/remat of their shares must approach the Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to the Registrar 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 the National Securities Depository Ltd. (NSDL)/Central Depository Services Ltd. (CDSL) to confirm the demat request. The demat account of the concerned shareholder will be credited with an equivalent number of shares. In case of a rejection of the request, it will be communicated to the shareholder.

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

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

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



**(C) Top Shareholders as on 31st March, 2012**

S. No.	Name of shareholder(s)	Category(As per Depository)	Shares	%
1	India Agri Business Fund Ltd	Foreign Institutional Investor	3835015	14.6832
2	Surinder Arora	Promoter	2820152	10.7976
3	Ashwani Kumar Arora	Promoter	2723152	10.4262
4	Ashok Kumar Arora	Promoter	2107640	8.0696
5	Vijay Kumar Arora & Ashwani Arora	Promoter	1606320	6.1501
6	Gurucharan Dass Arora	Promoter Group	1573932	6.0261
7	Vijay Kumar Arora	Promoter	1117964	4.2804
8	Gurucharan Dass Arora & Surinder Arora	Promoter Group	1109520	4.2480
9	Parvesh Rani	Promoter	680000	2.6035
10	Ashok Arora	Promoters	634778	2.4304
	Total		18208473	69.72

**Plant Locations:**

Presently, the Company has five plants including its Subsidiaries:

- 43 K. Stone, GT Road, Bahalgarh, Sonapat.
- Phoola Road, Distt. Amritsar, Punjab.
- Mandideep, Bhopal, Madhya Pradesh.
- Kamaspur, Bahalgarh, Sonapat.
- Varpal, Punjab.

**Investors Correspondence:**

Registered Office  
 Unit No. 134, 1st Floor,  
 Rectangle – I, Saket District Centre,  
 New Delhi – 110017  
 Mail id: ir@ltgroup.in

**Corporate Office & Investor Cell:**

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

**Company Secretary & Compliance Officer**

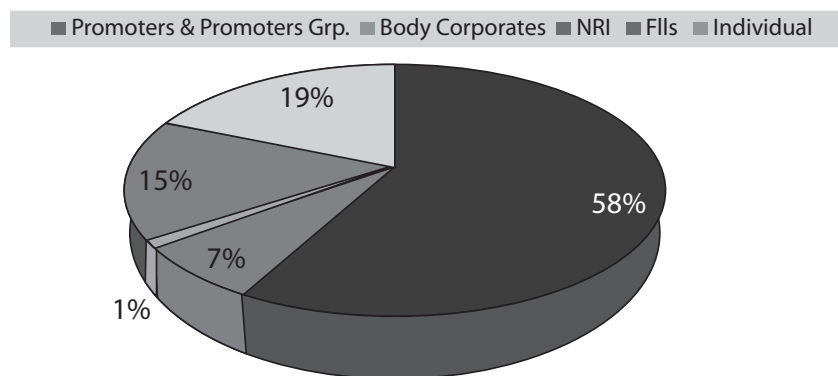
Name : Mrs. Monika Chawla Jaggia  
 Address : Plot No.119, Sector-44,  
 : Institutional Area Gurgaon, Haryana – 122002.  
 Contact Details : Ph: 91-124-3055101, Fax: 91-124-3055199  
 Mail Id: monika.jaggia@ltgroup.in

**On behalf of the Board of Directors**

**Shareholding Pattern As on 31st March, 2012**

Place: Gurgaon  
 Date : 13.08.2012

**(Vijay Kumar Arora)**  
 Chairman & Managing Director





# CEO/CFO CERTIFICATION

**To**  
**The Board of Directors**  
**LT Foods Limited,**  
Unit-134, 1st Floor, Rectangle-1,  
Saket District Centre,  
New Delhi-110017

## **CEO/CFO Certification pursuant to Clause 49(V) of the Listing Agreement for the financial year ending 2011-12.**

This is to certify that

- a. We have reviewed financial statements and cash flow statement for the year 2011-12 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 take 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 and that the same have been disclosed in the notes to the financial statements And
  - III. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Thanking you,

**For LT Foods Limited.**

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

Date : 24.05.2012  
Place: Gurgaon

# COMPLIANCE CERTIFICATE FROM THE STATUTORY AUDITORS OF THE COMPANY

To  
**The Members**  
**LT Foods Limited**

We have examined the compliance of conditions of corporate governance by LT Foods Limited ("the Company") for the year ended on March 31, 2012, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of corporate governance as stipulated in said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and as per representations made by directors and the management, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Walker, Chandiok & Co**  
Chartered Accountants  
Firm Registration No. 001076N

per **David Jones**  
Partner  
Membership No. 98113

Place: Gurgaon  
Date : August 13, 2012

# Auditors' Report

To  
the Members of **LT Foods Limited**

1. We have audited the attached Balance Sheet of LT Foods Limited ('the Company'), as at March 31, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto (collectively referred as the 'financial statements'). 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 ('the Order') (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 ('the Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
4. We did not audit the financial statements of the partnership firm, Raghunath Agro Industries, whose financial results for the year ended March 31, 2012 are recorded as a profit in share of partnership firm of ₹ 1.65 lacs (previous year ₹ 8.46 lacs) in the financial statements of the Company. The financial statements of Raghunath Agro Industries have been audited by other auditor, whose report has been considered by us.
5. *We report that, as detailed in note 39 of the accompanying financial statements, the Company has paid managerial remuneration to its directors in excess of the limits provided in Schedule XIII to the Companies Act, 1956, amounting to ₹ 119.25 lacs. Consequently, the loans and advances and reserves and surplus as at March 31, 2012 are understated and loss for the year then ended is overstated by the said amount.*
6. Further to our comments in the Annexure referred to above, we report that :

- (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
- (c) The financial statements dealt with by this report are in agreement with the books of account.
- (d) On the basis of written representations received from the directors, as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
- (e) In our opinion and to the best of our information and according to the explanations given to us, *subject to our comments in paragraph 5 above*, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:
  - (i) the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
  - (ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and
  - (iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

For **Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No.: 001076N

per **David Jones**  
Partner  
Membership No.: 98113

Place: Gurgaon  
Date: June 20, 2012

# Annexure to the Independent Auditors'

## Report of even date to the members of LT Foods Limited, on the financial statements for the year ended March 31, 2012

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

- (i) (a) *The Company is in the process of updating its records for showing full particulars, including quantitative details and situation of fixed assets.*
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 3 years 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, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii)(d) of the Order are not applicable.
- (b) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.
- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) The Company has an internal audit system, the scope and coverage of which, in our opinion, requires to be further enhanced to be commensurate with its size and the nature of its business.
- (viii) According to the information and explanations provided to us, the Companies (Cost Accounting Records) Rules 2011 have become applicable to the Company for its operations during the current year. The management believes that the cost records currently maintained by the Company provide the information required under the said rules and is in the process of appointing a cost auditor to evaluate the completeness of record. We have broadly reviewed the books of account maintained by the Company, and are of the opinion that, prima facie, the accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.
- (b) The dues outstanding in respect of sales-tax, income-tax, custom duty, wealth-tax, excise duty, cess on account of any dispute, are as follows:



Name of statutes	Nature of dues	Amount remaining unpaid (₹ in lacs)	Period to which the amounts relates	Forum where dispute is pending
Income tax Act, 1961	Income tax demands raised against the Company	180.96 (includes 45.00 deposited under protest)	AY 2000-01	CIT (Appeals)
Income tax Act, 1961	Income tax demands raised against the Company	100.04	AY 2003-04	CIT (Appeals)
Income tax Act, 1961	Income tax demands raised against the Company	107.78	AY 2004-05	CIT (Appeals)
Income tax Act, 1961	Income tax demands raised against the Company	859.96	AY 2005-06	CIT (Appeals)
Income tax Act, 1961	Income tax demands raised against the Company	809.68	AY 2006-07	CIT (Appeals)
Income tax Act, 1961	Income tax demands raised against the Company	986.37 (includes 280.00 deposited under protest)	AY 2007-08	CIT (Appeals)
Income tax Act, 1961	Income tax demands raised against the Company	116.80	AY 2009-10	CIT (Appeals) Rohtak

- (x) In our opinion, the Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and the immediately preceding financial year.
- (xi) The Company has no dues payable to a financial institution or debenture-holders during the year. Further, in our opinion, the Company has not defaulted in repayment of dues to banks during the year.
- (xii) 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, the provisions of clause 4(xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- (xiv) In our opinion, the Company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.
- (xv) In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company. Further, the Company has not given any guarantee for loans taken by others from financial institutions.
- (xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.
- (xvii) In our opinion, no funds raised on short-term basis have been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- (xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- (xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- (xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

For **Walker, Chandio & Co**  
Chartered Accountants  
Firm Registration No.: 001076N

per **David Jones**  
Partner  
Membership No.: 98113

Place: Gurgaon  
Date: June 20, 2012

# Balance Sheet

as at March 31, 2012

(₹ In lacs)

	Notes	March 31, 2012	March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,611.84	2,611.84
Reserves and surplus	4	19,068.25	18,552.88
		21,680.09	21,164.72
<b>Non-current liabilities</b>			
Long-term borrowings	5	6,464.91	6,877.16
Deferred tax liabilities (net)	6	756.64	863.35
Other long term liabilities	7	8.63	8.83
Long-term provisions	8	200.21	562.47
		7,430.39	8,311.81
<b>Current liabilities</b>			
Short-term borrowings	9	69,107.19	62,111.26
Trade payables	10	7,749.83	6,600.65
Other current liabilities	11	4,809.49	5,542.11
Short-term provisions	8	113.84	292.75
		81,780.35	74,546.77
		<b>110,890.83</b>	<b>104,023.30</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	17,667.91	13,018.44
Intangible assets	13	121.94	137.19
Capital work-in-progress		337.98	4,703.20
Non-current investments	14	5,664.69	4,934.40
Long-term loans and advances	15	1,297.49	1,498.78
Other non-current assets	19	55.23	43.92
		25,145.24	24,335.93
<b>Current assets</b>			
Inventories	16	49,987.59	54,436.94
Trade receivables	17	25,606.83	18,591.54
Cash and bank balances	18	2,473.55	1,467.14
Short-term loans and advances	15	7,676.08	5,189.88
Other current assets	19	1.54	1.87
		85,745.59	79,687.37
		<b>110,890.83</b>	<b>104,023.30</b>
Notes 1 to 42 are an integral part of these financial statements.			

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

For **Walker, Chandio & Co**  
Chartered Accountants

per **David Jones**  
Partner

Place : Gurgaon  
Date : June 20, 2012

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

**Ashwani Kumar Arora**  
Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : May 24, 2012

**Surinder Kumar Arora**  
Joint Managing Director

# Profit and Loss

for the year ended March 31, 2012

(₹ In lacs)

	Notes	March 31, 2012	March 31, 2011
<b>Income</b>			
Revenue from operations	20	98,419.93	82,293.19
Other income	21	1,565.72	1,399.71
<b>Total revenue</b>		<b>99,985.65</b>	<b>83,692.90</b>
<b>Expenses</b>			
Cost of materials consumed	22	52,066.50	48,046.18
Purchases of traded goods	23	22,051.74	17,480.96
Changes in inventories of finished goods, work-in-progress and traded goods	24	(435.77)	1,262.94
Employee benefits	25	2,332.02	1,602.66
Finance cost	26	7,726.35	3,896.76
Depreciation and amortisation expenses (Refer Note 12 and 13)		2,122.03	1,646.75
Other expenses	27	11,293.71	7,358.16
<b>Total expenses</b>		<b>97,156.58</b>	<b>81,294.41</b>
<b>Profit before prior period items, exceptional items and tax</b>		<b>2,829.07</b>	<b>2,398.49</b>
Prior period items	28	19.49	56.25
Exceptional items	29	2,412.77	-
<b>Profit before tax</b>		<b>396.81</b>	<b>2,342.24</b>
<b>Tax expense</b>			
Current tax		83.29	455.67
Minimum alternative tax receivable		(24.06)	(206.97)
Deferred tax			
- Current year		98.89	283.47
- Prior period		(205.60)	192.00
<b>Profit for the year</b>		<b>444.29</b>	<b>1,618.07</b>
<b>Earnings per equity share in ₹</b>			
Basic		1.70	6.20
Diluted *		1.70	6.20
* The amount has been rounded off to two decimals			
Notes 1 to 42 are an integral part of these financial statements.			

This is the statement of Profit and Loss referred to in our report of even date

For **Walker, Chandiok & Co**  
Chartered Accountants

per **David Jones**  
Partner

Place : Gurgaon  
Date : June 20, 2012

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

**Ashwani Kumar Arora**  
Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : May 24, 2012

**Surinder Kumar Arora**  
Joint Managing Director

# Cash flow statement

for the year ended March 31, 2012

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Cash flow from operating activities</b>		
<b>Profit before tax and prior period items</b>	416.30	2,398.49
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operations	2,122.03	1,646.75
Profit on sale of fixed assets	(1.63)	(26.64)
Unrealized foreign exchange loss/(profit)	302.42	(290.74)
Provision for share based payments	71.08	-
Provision for impairment of investment	84.25	-
Provision for doubtful debts	113.10	-
Provision on loans and advances	49.71	-
Share of profit of partnership firm	(1.65)	(8.47)
Provision for employees benefit	18.59	27.77
Interest from partnership firm	(5.38)	(3.89)
Premium on forward contract	0.68	56.75
Interest expense	7,520.91	3,754.17
Interest income	(120.21)	(57.08)
Prior period items (net)	(19.49)	4.99
Dividend income	(0.10)	(101.40)
<b>Operating profit before operating assets and liabilities</b>		
<b>Changes in operating assets and liabilities :</b>	<b>10,550.61</b>	<b>7,400.70</b>
Increase in trade payables	1,149.18	3,886.59
(Decrease)/ increase in long term provisions	(471.93)	619.34
Increase/(decrease) in short term provisions	99.75	(2,389.23)
(Decrease)/ increase in other current liabilities	(751.18)	2,006.82
Decrease in other long term liabilities	(0.20)	(0.90)
Increase in trade receivables	(6,690.51)	(10,277.90)
Decrease/(increase) in inventories	4,449.35	(9,822.69)
Decrease in long term loans & advances	272.60	1,375.39
(Increase)/decrease in short term loans & advances	(2,595.14)	632.38
Decrease in other current assets	0.33	7.29
Increase in other non current assets	(11.65)	(94.88)
Cash generated from/(used in) operations	<b>6,001.22</b>	<b>(6,657.09)</b>
Direct taxes paid (net of refunds)	(468.18)	(641.37)
Net cash flow from/ (used in) operating activities [A]	<b>5,533.04</b>	<b>(7,298.46)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets including intangible assets, CWIP and capital advances	(1,937.35)	(8,068.56)
Proceeds from sale of fixed assets	30.42	142.47
Purchase of non current investments	(807.51)	(964.74)
Interest received	119.87	57.08
Deposit in unpaid dividend account	(1.79)	(0.46)
Dividends received from subsidiary company	0.10	101.40
Net cash used in investing activities [B]	<b>(2,596.26)</b>	<b>(8,732.81)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term borrowings	1,747.00	3,952.83
Repayment of long term borrowings	(2,159.25)	(2,562.83)
Proceeds from short term borrowings	6,355.18	19,136.40
Interest paid	(7,587.96)	(3,754.17)
Dividends paid on equity shares	(287.13)	(428.82)
Net cash flow from/ (used in) financing activities [C]	<b>(1,932.16)</b>	<b>16,343.41</b>
Net increase in cash and cash equivalents [A+B+C]	1,004.62	312.14
Cash and cash equivalents at the beginning of the year	1,457.76	1,145.62
Cash and cash equivalents at the end of the year	2,462.38	1,457.76
<b>Components of cash and cash equivalents</b>		
Cash on hand	46.47	25.94
With banks on - current account	1,074.52	-
- on deposit account	1,341.39	1,431.82
Total cash and cash equivalents	<b>2,462.38</b>	<b>1,457.76</b>
Notes 1 to 42 are an integral part of these financial statements.		

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

For **Walker, Chandiook & Co**  
Chartered Accountants

per **David Jones**  
Partner

Place : Gurgaon  
Date : June 20, 2012

For and on behalf of the Board of Directors

**Ashwani Kumar Arora**  
Joint Managing Director

**Surinder Kumar Arora**  
Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : May 24, 2012

# Notes to the Financial Statements

for the year ended March 31, 2012

## 1. Corporate information

LT Foods Limited (the Company) is a public Company domiciled in India and incorporated under the provisions of the Companies Act, 1956. LT Foods Limited is primarily in the business of milling, processing and marketing of branded & non-branded basmati rice and manufacturing of rice food products in the domestic and overseas market. LT Foods Limited operations include contract farming, procurement, storage, processing, packaging and distribution. LT Foods Limited is also engaged in research and development to add value to rice and rice food products. LT Foods Limited rice product portfolio comprises brown rice, white rice, steamed rice, parboiled rice, organic rice, quick cooking rice, value added rice and flavored rice in the ready to cook segment.

## 2. Significant accounting policies

### (a) Basis of preparation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government in exercise of the power conferred under sub-section (1) (a) of section 642 and relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared on a going concern basis under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Company. All assets and liabilities have been classified as current or non-currents per the operating cycle of the Company or twelve months as applicable, as per the guidance as set out in the Revised Schedule VI to the Companies Act, 1956.

### (b) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

### (c) Revenue recognition

Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.

#### Sale of goods:

Revenue from sale of goods is recognised when the significant risks and rewards associated with the ownership of the goods are transferred to the customer and is stated net of sales returns, trade discounts and indirect taxes.

#### Business support services:

Income from business support services is recognised on accrual basis in accordance with the terms of the contract

entered into in respect thereof.

#### Dividend:

Income from dividend is recognised when the right to receive dividend has been established.

#### Interest:

Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

### (d) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises to purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

Intangible assets are stated at the cost of acquisition less accumulated amortisation and impairment loss, if any.

### (e) Depreciation and amortisation

Depreciation on fixed assets is provided on written down value method at the rates based on the estimated useful life of the asset which correspond to the rates in schedule XIV to the Companies Act, 1956.

Amortisation is charged over a period depending upon the expected useful life of an asset.

Depreciation rates used in Note No. 12 & 13 are as follows:

Assets	Rate of depreciation
Factory buildings	10%
Building others	5%
Temporary structures	100%
Plant and Machinery (based on double shift)	20.87%
Plant and Machinery others	13.91%
Furniture and fixtures	18.10%
Computers	40%
Motor lorries	30%
Other vehicles	25.89%
Office Equipment	13.91%

Brand equity is amortised over a period of twenty years.

### (f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value determined on an individual investment basis.

Long-term investments are carried at cost, however, provision for diminution in value is made to record other than temporary diminution in the value of such investments.

### (g) Inventories

Inventories are valued as follows:



# Notes to the Financial Statements

for the year ended March 31, 2012

## Raw materials, stores and spares and packaging materials

Lower of cost and net realisable value. Cost is determined on 'First In First Out' basis and includes interest as a carrying cost of materials where such materials are stored for a substantial period of time.

### Work in progress

At raw material cost and a proportion of direct and indirect overheads upto estimated stage of completion.

### Finished goods

Lower of cost and net realisable value. Cost includes cost of raw materials, direct and indirect overheads which are incurred to bring the inventories to their present location and condition.

## (h) Foreign currency transaction

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Monetary assets and liabilities that are denominated in foreign currency are translated at the exchange rate prevailing at the date of balance sheet. The resulting difference is also recognized in the profit & loss account.

The exchange differences arising on forward contracts to hedge foreign currency risk of an underlying asset or liability existing on the date of the contract are recognised in the profit and loss account of the period in which the exchange rates change, based on the difference between:

- i) foreign currency amount of a forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- ii) the same foreign currency amount translated at the later of the date of the inception of the contract and the last reporting date, as the case may be.

The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year upon such cancellation or renewal.

Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet

date if such mark to market results in exchange loss. Such exchange loss is recognised in the profit and loss account immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

## (i) Employee benefits

### Provident Fund

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. Contribution paid/ payable is recognised as an expense in the period in which the services are rendered by the employee.

### Gratuity

Gratuity is a post employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date.

The defined benefit/obligations calculated at the balance sheet date by an independent actuary using projected unit credit method. The actuarial gains or losses are recognised immediately in the profit and loss account.

### Compensated absences

Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method. The actuarial gains or losses are recognised immediately in the profit and loss account.

### Other short term benefits

Expense in respect of other short term benefits is recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

## (j) Borrowing costs

Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Borrowing cost which are not relatable to qualifying asset are recognized as an expense in the period in which they are incurred.

## (k) Earnings per share

Basic earnings per share is calculated by dividing the net profit

# Notes to the Financial Statements

for the year ended March 31, 2012

or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## (l) Income tax

Provision for current income tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred income taxes are recognized for the future tax consequences attributable to timing differences between the financial statement determination of income and their recognition for tax purposes. The effect on deferred tax assets and liabilities of change in tax rates is recognized in income using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. However, deferred tax arising from brought forward losses and depreciation are recognized only when there is virtual certainty supported by convincing evidence that such assets will be realized.

Deferred tax asset or liability arising during tax holiday period is not recognized to the extent it reverses out within the tax holiday period.

Minimum Alternate tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in guidance note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent it is not reasonably certain that the Company will pay normal income tax during the specified period.

## (m) Contingent liabilities and provisions

The Company makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Company;
- b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) present obligation, where a reliable estimate cannot be made.

## (n) Impairment of assets

The Company on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Company estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

## (o) Share-based payment

The Company operates an equity-settled share-based plan for its employees. Where persons are rewarded using share-based payments, the fair values of services rendered by employees are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised using the Black Scholes model at the respective measurement date. In the case of employees, the fair value is measured at the grant date. The fair value excludes the impact of non-market vesting conditions. All share-based remuneration is recognized as an expense in statement of profit and loss with a corresponding credit to 'share option reserve'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates and any impact of the change is recorded in the year in which change occurs.

Upon exercise of share options, the proceeds received up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as securities premium reserve.

# Notes to the Financial Statements

for the year ended March 31, 2012

## 3. Share capital

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
-Equity shares of ₹ 10 each	30,000,000	3,000.00	30,000,000	3,000.00
<b>Issued, subscribed and fully paid up capital</b>				
-Equity shares of ₹ 10 each	26,118,414	2,611.84	26,118,414	2,611.84
<b>Total</b>	<b>26,118,414</b>	<b>2,611.84</b>	<b>26,118,414</b>	<b>2,611.84</b>

a) There is no movement in the equity share capital during the current and previous year.

### b) Terms/rights attached to equity shares

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2012 the amount of per share dividend recognised as distributions to equity shareholders was nil (previous year ₹ 1 per share).

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Details of shareholders holding more than 5% of the equity shares of the Company

	Number	% shareholding	Number	% shareholding
Equity shares of ₹ 10 each				
India Agri Business Fund Limited	3,835,015	14.68	3,835,015	14.68
Ashwani Arora	3,526,312	13.50	3,526,312	13.50
Surinder Arora	3,374,912	12.92	3,374,912	12.92
Gurucharan Dass Arora	2,128,692	8.15	2,128,692	8.15
Ashok Kumar Arora	2,107,640	8.07	2,107,640	8.07
Vijay Kumar Arora	1,921,124	7.36	1,921,124	7.36

d) Details of Equity shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last 5 years are as follow:

Year ended	Face value	Bonus issue (Number of Shares)
March 31, 2007	10.00	7,234,550

### e) Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestments

The Company had reserved issuance of 6,48,329 ( Previous year Nil) Equity shares of ₹ 10 each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP). During the year, the Company had issued and allotted Nil (Previous year Nil) equity shares to eligible employees of the Company and its subsidiaries under ESOP. The option would vest over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria.

# Notes to the Financial Statements

for the year ended March 31, 2012

## 4. Reserves and surplus

(₹ In lacs)

		March 31, 2012	March 31, 2011
<b>Capital reserve</b>	(A)	108.61	108.61
<b>Securities premium reserve</b>	(B)	5,499.52	5,499.52
<b>General reserve</b>	(C)		
Balance at the beginning of the year		876.20	714.40
Add : Additions made during the year		-	161.80
Balance at the end of the year		876.20	876.20
<b>Share options outstanding amount</b>	(D)		
Balance at the beginning of the year		-	-
Add : Additions made during the year		71.08	-
Balance at the end of the year		71.08	-
<b>Surplus in the statement of profit and loss</b>	(E)		
Balance at the beginning of the year		12,068.55	10,899.41
Add : Transferred from statement of profit and loss		444.29	1,618.07
Less : Final / interim dividend proposed / paid		-	(261.18)
Less : Tax on dividends distributed during the year		-	(25.95)
Less : Transfer to general reserve		-	(161.80)
Balance at the end of the year		12,512.84	12,068.55
<b>Total reserves and surplus</b>	<b>(A+B+C+D+E)</b>	<b>19,068.25</b>	<b>18,552.88</b>

## 5. Long term borrowings

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Non current	current	Non current	current
<b>Secured</b>				
Term loans				
From banks				
-Term loans	6,398.31	3,625.43	6,784.74	3,462.09
-Vehicle loans	66.60	39.51	92.42	57.76
	<b>6,464.91</b>	<b>3,664.94</b>	<b>6,877.16</b>	<b>3,519.85</b>

# Notes to the Financial Statements

for the year ended March 31, 2012

a) Rupee term loan comprises of the following :

(₹ In lacs)

Name of the bank	Amount of Sanction	Year of Sanction	No of installments	Amount of installments	As at March 31, 2012	As at March 31, 2011
Oriental Bank of Commerce	1,050	2010-11	12 equal quarterly	88	437.50	787.50
Oriental Bank of Commerce	1,200	2010-11	5 equal yearly	240	394.00	745.00
Oriental Bank of Commerce	500	2008-09	20 equal quarterly	25	184.58	284.58
Oriental Bank of Commerce	500	2009-10	20 equal quarterly	25	239.30	314.30
Oriental Bank of Commerce	675	2008-09	12 equal quarterly	56	112.50	281.25
Oriental Bank of Commerce	500	2011-12	12 equal quarterly	42	374.73	309.56
Oriental Bank of Commerce	1,710	2011-12	12 equal quarterly	143	1,425.00	-
Corporation Bank	270	2010-11	12 equal quarterly	23	45.00	135.00
Corporation Bank	500	2005-06	20 equal quarterly	25	-	50.00
Corporation Bank	500	2007-08	20 equal quarterly	25	40.00	80.00
State bank of Hyderabad	1,550	2010-11	10 equal quarterly	155	310.00	1,085.00
Allahabad Bank	3,750	2010-11	24 equal quarterly	156	2,722.00	2,725.00
Allahabad Bank	2,700	2011-12	32 equal quarterly	156	2,526.00	1,460.00
Allahabad Bank	250	2011-12	12 equal quarterly	23	21.90	-
HDFC Bank	900	2010-11	equal monthly installments	26	179.04	444.11
ICICI Bank	1,000	2010-11	12 equal quarterly	83	666.66	1,000.00
Punjab National Bank	500	2008-09	20 equal quarterly	25	198.69	298.69
Punjab National Bank	500	2008-09	20 equal quarterly	25	146.84	246.84
					<b>10,023.74</b>	<b>10,246.83</b>

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of 31 March 2012 the interest rates ranges from 11.50% to 15.50% per annum.



# Notes to the Financial Statements

for the year ended March 31, 2012

## b) Vehicle loan comprises of the following :

(₹ In lacs)

Name of the bank	Amount of Sanction	Year of Sanction	No of installments	Amount of installments	As at March 31, 2012	As at March 31, 2011
HDFC Bank	6.15	2008-09	48	0.2	2.23	4.26
HDFC Bank	10	2009-2010	48	0.32	5.06	8.26
HDFC Bank	17	2009-2010	48	0.54	8.60	14.04
HDFC Bank	9.65	2008-09	48	0.25	0.73	3.50
HDFC Bank	11.75	2008-09	48	0.3	0.90	4.26
HDFC Bank	11.75	2008-09	48	0.3	0.90	4.27
HDFC Bank	11.75	2008-09	48	0.3	0.90	4.26
HDFC Bank	11.75	2008-09	48	0.3	0.90	4.26
HDFC Bank	11.75	2008-09	48	0.3	0.90	4.27
HDFC Bank	7.5	2010-11	72	0.19	5.25	6.96
HDFC Bank	7.5	2010-11	72	0.19	5.25	6.96
HDFC Bank	7	2011-12	72	0.23	6.67	-
HDFC Bank	8	2011-12	36	0.26	6.19	-
ICICI Bank	17.83	2010-11	60	0.38	13.59	16.60
ICICI Bank	60	2010-11	60	1.27	48.04	57.84
ICICI Bank	6.45	2006-07	58	0.14	-	0.40
Tata Capital	31.47	2008-09	36	1.02	-	3.02
ICICI Bank	39	2006-07	60	0.82	-	7.02
					<b>106.11</b>	<b>150.18</b>

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of 31 March 2012 the interest rates ranges from 8.50% to 12.00% per annum.

## c) Details of security for each type of borrowings:-

- (I) Rupee term loan from all banks amounting to ₹ 6,398.31 lacs are secured against first pari passu charge on the existing project assets, excluding assets charged specifically to the term lenders and Second Pari Passu on current assets of the Company.
- (II) Rupee term loan from Allahabad Bank amounting to ₹ 2,722 lacs is secured against first exclusive charge over the entire fixed assets created under the Varpal, Amritsar project. Second charge on current assets on reciprocal basis with ceding of second charge on the fixed assets in favour of working capital loan bankers.
- (III) Rupee term loan from Allahabad Bank amounting to ₹ 2,526 lacs is secured against first exclusive charge over the entire fixed assets of the Silos project located at Amritsar. Second pari -passu charge over fixed assets of Bahalgarh unit along with equitable mortgage over land and building on pari passu basis to secure entire credit facilities sanctioned by consortium.
- (IV) Vehicle loans from all banks are secured against hypothecation of respective motor vehicle financed.

## 6. Deferred taxes

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>a) Deferred tax liabilities arising on account of</b>		
Timing difference on tangible assets depreciation	788.80	816.20
Keyman Insurance Policy	74.26	68.00
	863.06	884.20
<b>b) Deferred tax assets arising on account of</b>		
Provision for employee benefits	(12.31)	(20.85)
Provision for employees stock option scheme	(23.06)	-
Provision for doubtful debts and advances	(52.83)	-
Permanent diminution in value of investment	(18.22)	-
	(106.42)	(20.85)
<b>Net deferred tax liability</b>	<b>756.64</b>	<b>863.35</b>

# Notes to the Financial Statements

for the year ended March 31, 2012

## 7. Other long term liabilities

(₹ In lacs)

	March 31, 2012	March 31, 2011
Security deposits from distributors	8.63	8.83
	8.63	8.83

## 8. Provisions

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Proposed dividend to equity shareholders (Also refer note (a) below)	-	-	-	261.18
Dividend tax	-	-	-	25.95
Provisions for employee benefits (Also refer note (b) below)	70.07	14.09	59.95	5.62
Provision for taxation (net of advance tax)	130.14	-	502.52	-
Others	-	99.75	-	-
	<b>200.21</b>	<b>113.84</b>	<b>562.47</b>	<b>292.75</b>
<b>a) Details with respect to proposed dividend</b>				
Dividends proposed to				
Equity shareholders		Nil		261.18
Proposed dividend per share				
Equity shareholders		Nil		₹ 1

### b) Employee benefits

"The Company has taken a group gratuity for its employees with the Life Insurance Corporation of India (LIC). Under this policy the eligible employees are entitled to receive gratuity payments upon their resignation or death in lumpsum after deduction of necessary taxes upto a maximum limit of ₹ 1,000,000.

The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation."

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Change in projected benefit obligation</b>		
Projected benefit obligation at the beginning of the year	123.92	71.01
Service cost	25.14	18.66
Interest cost	10.84	5.84
Actuarial (gain) / loss	(1.49)	39.05
Benefits paid	(5.62)	(10.64)
<b>Projected benefit obligation at the end of the year</b>	<b>152.79</b>	<b>123.92</b>
<b>Change in plan assets</b>		
Fair value of plan assets at the beginning of the year	84.78	79.90
Expected return on plan assets	8.65	7.06
Employer contributions	18.76	8.46
Benefits paid	(5.62)	(10.64)
<b>Fair value of plan assets at the end of the year</b>	<b>106.57</b>	<b>84.78</b>
<b>Reconciliation of present value of obligation on the fair value of plan assets</b>		
Present value of projected benefit obligation at the end of the year	152.79	123.92
Funded status of the plan assets	106.57	84.78
Liability recognised in the balance sheet	46.22	39.14
<b>Components of net gratuity costs are</b>		
Service cost	25.14	18.66
Interest cost	10.84	5.84
Expected returns on plan assets	(8.65)	(7.06)
Recognized net actuarial (gain)/ loss	(1.49)	16.58
<b>Net gratuity costs</b>	<b>25.84</b>	<b>34.02</b>
<b>Assumptions used</b>		
Discount rate	8.75%	8.25%
Long-term rate of compensation increase	5.00%	5.00%
Rate of return on plan assets	9.15%	8.57%
Average remaining life	23.70	23.70

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

# Notes to the Financial Statements

for the year ended March 31, 2012

## Notes

- (i) The gratuity expenses have been recognized under note 25  
 (ii) Provident fund contribution made by the company during the year is ₹ 40.82 lacs (Previous year ₹ 33.28 lacs).

### 9. Short-term borrowing

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Secured</b>		
Rupee working capital loans		
From banks	55,959.39	22,369.15
Foreign currency working capital loans		
From banks	13,112.83	32,202.34
<b>Unsecured</b>		
Loans repayable on demand		
From banks	34.97	7,539.77
	69,107.19	62,111.26

Cash credits/ working capital demand loans are secured by hypothecation of stocks and book debts of the Company.

The cash credits/working capital demand loans is repayable on demand and the interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. The interest rate ranges from 11.50 % to 15.50 % on rupee working capital loan and 3.00% to 6.50% on foreign currency working capital loans.

### 10. Trade payables

(₹ In lacs)

	March 31, 2012	March 31, 2011
Dues to micro and small enterprises	292.72	220.38
Other sundry creditors**	4,932.03	4,150.25
Acceptances	12.98	1,020.44
Due to subsidiary company	-	11.65
Due to partnership firm in which Company is a partner	2,512.10	1,197.93
	7,749.83	6,600.65
** Creditors include a sum of ₹ NIL (previous year ₹ 2,638.05 lacs) for which the Company has given guarantee to banks.		
a) Due to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006		
Principal amount remaining unpaid	292.72	220.38
Interest accrued and remaining unpaid as at year end	-	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2012 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act, 2006 is not expected to be material.

### 11. Other current liabilities

(₹ In lacs)

	March 31, 2012	March 31, 2011
Current maturity of long term debts (refer to note 5)	3,664.94	3,519.85
Interest accrued but not due on borrowings	100.39	81.83
Unclaimed dividend *	11.18	9.38
Forward payable (net)	-	10.42
Advances from customers	200.00	501.86
Other liabilities	832.98	1,418.77
	4,809.49	5,542.11
* Not due for deposit to Investor education and protection fund.		

# Notes to the Financial Statements

for the year ended March 31, 2012

## 12. Tangible assets

(₹ In lacs)

a)	Gross block	Land Freehold	Buildings	Plant and equipment	Furniture and fixtures	Office equipment	Vehicles	Total
	<b>Balance as at April 01, 2010</b>	<b>2,766.68</b>	<b>2,492.29</b>	<b>10,765.68</b>	<b>113.69</b>	<b>405.89</b>	<b>824.88</b>	<b>17,369.11</b>
	Additions during the year	20.44	239.16	3,497.18	25.66	130.03	230.90	4,143.37
	Disposals during the year	-	(14.59)	(241.96)	-	-	(47.08)	(303.63)
	- Borrowing costs *	-	-	53.75	-	-	-	53.75
	<b>Balance as at March 31, 2011</b>	<b>2,787.12</b>	<b>2,716.86</b>	<b>14,074.65</b>	<b>139.35</b>	<b>535.92</b>	<b>1,008.70</b>	<b>21,262.60</b>
	Additions during the year	371.50	2,795.12	3,214.78	62.27	120.40	135.37	6,699.44
	Disposals during the year	-	-	(70.51)	(0.94)	(1.39)	(44.33)	(117.17)
	- Borrowing costs	-	17.91	67.70	-	-	-	85.61
	<b>Balance as at March 31, 2012</b>	<b>3,158.62</b>	<b>5,529.89</b>	<b>17,286.62</b>	<b>200.68</b>	<b>654.93</b>	<b>1,099.74</b>	<b>27,930.48</b>
b)	<b>Accumulated depreciation and amortisation</b>							
	<b>Balance as at April 01, 2010</b>	-	<b>802.26</b>	<b>5,166.81</b>	<b>68.33</b>	<b>251.21</b>	<b>519.09</b>	<b>6,807.70</b>
	Depreciation charge for the year	-	121.93	1,325.69	10.86	62.15	103.63	1,624.26
	Reversal on disposal of assets	-	(1.24)	(164.56)	-	-	(22.00)	(187.80)
	<b>Balance as at March 31, 2011</b>	-	<b>922.95</b>	<b>6,327.94</b>	<b>79.19</b>	<b>313.36</b>	<b>600.72</b>	<b>8,244.16</b>
	Depreciation charge for the year	-	265.51	1,598.09	19.43	80.64	143.12	2,106.79
	Reversal on disposal of assets	-	-	(53.10)	(0.21)	(0.44)	(34.63)	(88.38)
	<b>Balance as at March 31, 2012</b>	-	<b>1,188.46</b>	<b>7,872.93</b>	<b>98.41</b>	<b>393.56</b>	<b>709.21</b>	<b>10,262.57</b>
(a-b)	<b>Net block</b>							
	<b>Balance as at March 31, 2012</b>	<b>3,158.62</b>	<b>4,341.43</b>	<b>9,413.69</b>	<b>102.27</b>	<b>261.37</b>	<b>390.53</b>	<b>17,667.91</b>
	Balance as at March 31, 2011	2,787.12	1,793.91	7,746.71	60.16	222.56	407.98	13,018.44
	<b>Assets acquired under lease</b>							
	* Interest capitalised to capital work in progress Nil (previous year ₹ 39.18 lacs)							

## 13. Intangible assets

(₹ In lacs)

a)	Gross block	Goodwill	Brand Equity	Total
	Balance as at April 01, 2010	12.11	300.00	312.11
	Balance as at March 31, 2011	12.11	300.00	312.11
	<b>Balance as at March 31, 2012</b>	<b>12.11</b>	<b>300.00</b>	<b>312.11</b>
b)	<b>Accumulated depreciation and amortisation</b>			
	Balance as at April 01, 2010	2.43	150.00	152.43
	Depreciation charge for the year	7.49	15.00	22.49
	Balance as at March 31, 2011	9.92	165.00	174.92
	Depreciation charge for the year	0.24	15.00	15.24
	<b>Balance as at March 31, 2012</b>	<b>10.17</b>	<b>180.00</b>	<b>190.17</b>
(a-b)	<b>Net block</b>			
	<b>Balance as at March 31, 2012</b>	<b>1.94</b>	<b>120.00</b>	<b>121.94</b>
	Balance as at March 31, 2011	2.19	135.00	137.19

# Notes to the Financial Statements

for the year ended March 31, 2012

## 14. Non-current investments

(Valued at cost unless stated otherwise)

(₹ In lacs)

		March 31, 2012		March 31, 2011	
		Trade	Others	Trade	Others
	<b>Investments in equity instruments (unquoted)</b>				
(i)	Subsidiary companies				
	-L T International Limited				
	1,799,581 (previous year 1,799,581) fully paid up equity shares of ₹ 10 each	179.96	-	179.96	-
	-Nature Bio Foods Limited				
	49,994 (previous year 49,994) fully paid up equity shares of ₹ 10 each	5.00	-	5.00	-
	-Sona Global Limited- Dubai				
	65,200 (previous year 10,000) fully paid up equity shares of AED 100 each	907.73	-	119.48	-
	-Daawat Foods Limited				
	13,249,944 (previous year 13,249,944) fully paid up equity shares of ₹ 10 each	1,324.99	-	1,324.99	-
	250,050 (previous year 250,050) non voting equity shares of ₹ 10 each fully paid up	25.01	-	25.01	-
	-SDC Foods India Limited (formally known as Staple Distribution Company Limited) 800,000 (previous year 800,000) fully paid up equity shares of ₹ 10 each	80.00	-	80.00	-
	Less: permanent diminution in value of investment	(80.00)	-	-	-
		-	-	80.00	-
	-LT Overseas North America, Inc 100,000 (previous year 100,000) shares fully paid up	2,822.31	-	2,822.31	-
	-Raghuvesh Foods & Infrastructure Limited				
	500,000 (previous year Nil) equity shares fully paid up of ₹ 10 each	5.00	-	5.00	-
(ii)	Investment in partnership firm *				
	M/s Raghunath Agro Industries (Refer note below)	153.33	-	146.31	-
(iii)	Investment in associate				
	-L T Infotech Private Limited				
	42,500 (previous year 42,500) equity shares of ₹ 10 each	4.25	-	4.25	-
	Less: Permanent diminution in value of investment	(4.25)	-	-	-
		-	-	4.25	-



# Notes to the Financial Statements

for the year ended March 31, 2012

		(₹ In lacs)			
		March 31, 2012		March 31, 2011	
		Trade	Others	Trade	Others
(iv)	Keyman insurance policies	228.88	-	209.61	-
	<b>Other investments- Quoted</b>				
(a)	Fully paid-up equity shares (quoted)				
	2,300 (previous year 2,300) equity shares - Andhra bank of ₹ 10 each fully paid up	-	0.23	-	0.23
(b)	Investment in mutual funds (quoted)				
	50,000 (previous year 50,000) units of Principal PNB Long Term Equity Fund	-	5.00	-	5.00
	48,875.855 (previous year 48,875.855) units of Templeton India Equity Income Growth Fund	-	5.00	-	5.00
	12,999.619 (previous year 12,999.619) units of HDFC MIP Long Term Dividend Fund	-	1.50	-	1.50
	2,023.636 (previous year 2,023.636) units of Sundram BNP Paribas Select Midcap Dividend Plan	-	0.30	-	0.30
	894.055 (previous year 894.055) units of Reliance Vision Fund	-	0.40	-	0.40
	<b>Other investments- Unquoted</b>				
(a)	Fully paid-up equity shares (unquoted)				
	500 (previous year 500) equity shares of India International Marketing Limited	-	0.05	-	0.05
		5,652.21	12.48	4,921.92	12.48
	<b>Aggregate amount of</b>				
	Quoted investments	-	12.43	-	12.43
	Market value of quoted investments	-	14.38	-	19.33
	Unquoted investments	5,652.21	0.05	4,921.92	0.05

## \* Share of Investments in partnership firm

The Company has 4% interest in partnership firm M/s Raghunath Agro Industries, which is engaged in the business of milling and export of rice. The financial results of the partnership firm for the year ended March 31, 2012 are as under:

	(₹ In lacs)	
	March 31, 2012	March 31, 2011
Assets	8,147.08	9,511.41
Liabilities	6,851.44	8,391.13
Revenues	7,636.22	11,106.35
Expenditure	7,528.12	10,926.51
Outstanding capital	1,295.65	1,120.28

- During the year the Company earned income of ₹ 1.65 lacs (previous year ₹ 8.47 lacs) as share profit from partnership firm and ₹ 5.38 lacs (previous year ₹ 3.89 lacs) as interest on capital in partnership firm, as the same has been re invested the same has been included in the carrying amount of investment.

Name of the partner and share in profit (%)

1	LT Foods Limited	4%	4%
2	Daawat Foods Limited	96%	96%

# Notes to the Financial Statements

for the year ended March 31, 2012

## 15. Loans and advances

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Unsecured, considered good unless otherwise stated				
Capital advances	-	-	396.87	-
Security Deposits	268.32	8.23	240.50	36.69
Loans and advances to related parties	-	1,851.97	-	2,543.19
Minimum alternative tax credit receivable	-	421.20	-	397.13
Advance income tax	675.12	-	662.61	-
Balances with central excise authorities	262.20	-	189.80	-
	1,205.64	2,281.40	1,489.78	2,977.01
Advances recoverable in cash or in kind or value to be received				
- Unsecured, considered good	91.85	5,394.68	9.00	2,212.87
- Consider doubtful	-	49.71	-	-
- Provision for doubtful advances	-	(49.71)	-	-
	91.85	5,394.68	9.00	2,212.87
	<b>1,297.49</b>	<b>7,676.08</b>	<b>1,498.78</b>	<b>5,189.88</b>

## 16. Inventories (valued at cost or lower of net realisable value)

(₹ In lacs)

	March 31, 2012	March 31, 2011
Paddy	28,749.32	33,776.68
Bardana	839.62	740.08
Packing Material	503.81	476.84
Finished goods	18,343.14	18,947.68
Traded goods	1,322.05	281.74
Stores and spares	229.65	213.92
	49,987.59	54,436.94

## 17. Trade receivables

(₹ In lacs)

	March 31, 2012	March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
-Unsecured considered good	552.06	401.29
-Doubtful	113.10	-
	665.16	401.29
Less : Provision for bad and doubtful debts	(113.10)	-
	(a) 552.06	401.29
Other debts		
-Unsecured considered good	(b) 25,054.77	18,190.25
	(a+b) <b>25,606.83</b>	<b>18,591.54</b>

# Notes to the Financial Statements

for the year ended March 31, 2012

## 18. Cash and bank balances

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Non-current	Current	Non-current	Current
Cash and cash equivalents				
(a) Cash in hand				
In Indian currency	-	39.23	-	25.09
In foreign currencies	-	7.24	-	0.85
(b) Balances with banks				
In current accounts	-	1,074.52	-	609.55
In deposit account (with maturity upto 3 months)	-	1,341.39	-	822.27
(c) Other bank balances				
Unpaid dividend account	-	11.17	-	9.38
(d) Bank deposits with maturity of more than 12 months	55.23	-	43.92	-
	55.23	2,473.55	43.92	1,467.14
Less : Amounts disclosed under non-current assets (Refer note 19)	(55.23)	-	(43.92)	-
	-	<b>2,473.55</b>	-	<b>1,467.14</b>

## 19. Other current assets

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Non-current	Current	Non-current	Current
Interest accrued but not due on fixed deposits	-	1.54	-	1.20
Deferred premium on forward contracts	-	-	-	0.67
Bank deposits with maturity of more than 12 months (Refer note 18)	55.23	-	43.92	-
	55.23	1.54	43.92	1.87

## 20. Revenue from operation

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Sale of products</b>		
<b>Export</b>		
Rice	45,257.92	34,363.29
Other items	2,489.87	7,136.27
<b>Domestic</b>		
Rice	47,953.54	37,905.66
Other items	2,718.60	2,887.97
	<b>98,419.93</b>	<b>82,293.19</b>
<b>Details of products sold</b>		
-Finished goods sold		
Rice	66,713.11	58,962.61
Others	2,287.63	2,046.65
-Traded goods sold		
Rice	26,498.35	13,306.34
Maize	1,803.13	-
Soyabean	419.50	7,159.97
Others	698.21	817.66
	<b>98,419.93</b>	<b>82,293.23</b>

# Notes to the Financial Statements

for the year ended March 31, 2012

## 21. Other income

(₹ In lacs)

	March 31, 2012	March 31, 2011
Dividend from non trade investments	0.10	0.15
Profit from sale of fixed assets (net)	1.63	26.64
Share of profit in partnership firm	1.65	8.47
Interest from partnership firm	5.38	3.89
Interest on bank fixed deposits	120.21	57.08
Dividend from trade investments *	-	101.25
Income from business support services	441.77	767.90
Export incentive	38.97	234.50
Miscellaneous	564.46	199.83
Service charges received	391.55	-
	<b>1,565.72</b>	<b>1,399.71</b>

\* During the year ended March 31, 2011 the Company recognised ₹ 101.25 lacs as dividend income from subsidiary company as per the requirements of Old schedule VI. As the right to receive the dividend accrues when the dividend is approved by the shareholders at the Annual general meeting, the same has not been recognised during the year ended March 31, 2012.

## 22. Material consumed

(₹ In lacs)

	March 31, 2012	March 31, 2011
Opening stock		
Paddy	33,776.68	23,084.97
Bardana	740.08	495.31
Packing material	476.84	351.82
	34,993.60	23,932.10
Add: purchases		
Paddy	33,111.58	45,420.45
Bardana	491.12	771.35
Packing material	3,276.34	3,293.70
Broken rice/unpolished rice	10,286.61	9,622.18
	47,165.65	59,107.68
Less: closing stock		
Paddy	28,749.32	33,776.68
Bardana	839.62	740.08
Packing material	503.81	476.84
	30,092.75	34,993.60
	<b>52,066.50</b>	<b>48,046.18</b>

## 23. Purchases of traded goods

(₹ In lacs)

	March 31, 2012	March 31, 2011
Rice	19,599.95	10,434.62
Soyabean	227.96	7,045.80
Maize	2,017.40	-
Others	206.43	0.54
	<b>22,051.74</b>	<b>17,480.96</b>

## 24. Changes in inventories of finished goods, work-in-progress and traded goods

(₹ In lacs)

	March 31, 2012	March 31, 2011
Opening stock of finished goods		
Manufactured goods	18,947.68	20,492.36
Traded goods	281.74	-
Closing stock of finished goods		
Manufactured goods	18,343.14	18,947.68
Traded goods	1,322.05	281.74
	<b>(435.77)</b>	<b>1,262.94</b>

# Notes to the Financial Statements

for the year ended March 31, 2012

## 25. Employee benefits expenses

(₹ In lacs)

	March 31, 2012	March 31, 2011
Salaries, wages and bonus (Refer note b)	1,961.78	1,288.31
Contribution to provident and other fund	86.35	84.08
Staff welfare expenses	105.36	71.77
Director's remuneration	178.53	158.50
	<b>2,332.02</b>	<b>1,602.66</b>

### a) Provident fund

Contribution made by the Company during the year is ₹ 40.82 lacs (previous year ₹ 33.28 lacs).

### b) Share-based payment

The Company maintains an equity settled share-based payment scheme LT foods employee stock option plan-2010, hereinafter referred to as 'the Plan') adopted and approved by share-holders on September 30, 2010.

Under the Plan the Board of Directors of the Company has the powers to determine, from time to time, the persons eligible for grant of share options; when and how each option shall be granted; what type or combination of types of option shall be granted; the provisions of each option granted, including the time or times when a person shall be permitted to receive shares pursuant to an option grant. The Group has no legal or constructive obligation to repurchase or settle the options. In accordance with the Plan, upon vesting, the stock options will be settled by issuance of new shares on payment of exercise price.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The total expense recognized in the income statement for the year ended March 31, 2012 is ₹ 71.08 lacs (March 31, 2011: Nil).

The fair values of options granted were determined using Black Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs.

The following principal assumptions were used in the valuation: Expected volatility was determined by assuming that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected option life, average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as nil as the Group has not paid any dividend. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviews its estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to 'retained earnings' in equity.

The inputs to the Black Scholes model for options that have been granted during the reporting periods are summarised as follows:

Grant date	April 01, 2011
Fair value of option using the Black Scholes model(in ₹)	21.05
Fair value of shares at grant date (INR)	49.5
Exercise price (in ₹)	38
Expected volatility	67%
Option life (in years)	4
Dividend yield	2.02%
Risk-free interest rate	5.80%

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

	March 31, 2012			March 31, 2011		
	Number of options	Weighted average exercise price	Weighted average remaining contractual life	Number of options	Weighted average exercise price	Weighted average remaining contractual life
		(in ₹)			(in ₹)	
Balance at beginning of the year	-	-	-	-	-	-
Granted during the year	648,329	38	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Balance at end of the year	648,329	38	-	-	-	-
Exercisable at end of the year	162,082	38	-	-	-	-



# Notes to the Financial Statements

for the year ended March 31, 2012

## 26. Finance cost

(₹ In lacs)

	March 31, 2012	March 31, 2011
Interest on working capital loans	5,682.17	2,110.90
Interest on term loans	1,924.35	1,736.20
	7,606.52	3,847.10
Less: Interest capitalised	(85.61)	(92.93)
	7,520.91	3,754.17
Bank charges	205.44	142.59
	<b>7,726.35</b>	<b>3,896.76</b>

## 27. Other expenses

(₹ In lacs)

	March 31, 2012	March 31, 2011
Warehouse rent	101.99	36.95
Wages and other manufacturing expenses	339.26	317.24
Factory insurance	47.33	20.05
Power and fuel	1,034.10	948.27
Security services	109.32	89.74
Research and development	1.46	1.20
Packing expenses	184.81	207.87
Repairs and maintenance		
- Machinery	85.00	79.68
- Building	93.61	60.37
- Others	28.86	29.53
Stores and spares consumed	434.64	387.12
Advertisement	853.75	482.39
Insurance	46.29	28.66
Legal and professional charges	482.54	458.96
Rates and taxes	58.55	50.31
Donation and charity	31.59	26.07
Directors' sitting fees	3.40	3.30
Auditors' remuneration *	19.90	21.90
Fines and penalties	2.55	2.30
Rent	351.02	339.51
Vehicle running and maintenance	45.28	41.25
Other administrative expenses	496.81	325.75
Travelling and conveyance	534.35	334.28
Rebate and discounts	276.75	119.49
Commission to selling agents	134.29	94.73
Clearing, forwarding and freight charges	3,754.75	1,965.54
Market development expenses	32.39	221.64
Business promotion expenses	157.52	102.88
Freight outward	465.38	245.14
Other selling expenses	818.87	123.86
Amounts written off	19.60	0.17
Provision for doubtful recoveries	162.82	-
Impairment of investment	84.25	-
Loss on exchange fluctuation (net)	-	135.26
Premium on forward contract	0.68	56.75
	<b>11,293.71</b>	<b>7,358.16</b>
<b>* Auditors' remuneration</b>		
Statutory audit (including fees for limited reviews) #	16.25	18.50
Tax audit	-	0.75
Other matters	1.15	0.25
Out of pocket expenses	0.64	0.39
Service tax	1.86	2.01
	19.90	21.90
# Includes fee paid to previous auditor ₹ Nil (previous year ₹ 5.25 lacs)		

# Notes to the Financial Statements

for the year ended March 31, 2012

## 28. Prior period items

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Expenditure</b>		
Income tax prior years	-	39.56
Minimum alternative tax	-	21.68
Miscellaneous expenditure written off	-	178.06
Electricity charges	19.07	-
Others	7.95	12.65
	27.02	251.95
<b>Income</b>		
Export incentive	-	166.03
Others	7.53	29.67
	7.53	195.70
	<b>19.49</b>	<b>56.25</b>

## 29. Exceptional items

(₹ In lacs)

	March 31, 2012	March 31, 2011
Loss on foreign exchange fluctuation	2,412.77	-
	<b>2,412.77</b>	-

## 30. Contingent liabilities

(₹ In lacs)

Nature of contingency	March 31, 2012	March 31, 2011
- Income-tax demands *	3,161.59	256.33
- Haryana rural development fund demand of market committee, Sonapat	30.78	102.03
- Food Corporation India demand for differential price /freight /taxes	339.00	339.00
- Liability against duty saved under EPCG licenses Issued	3,815.92	1,092.29
- Guarantee given by Company to bank on behalf of subsidiary/firm in which the Company is a partner	57,797.82	40,607.50
- Guarantee given by Company on the behalf of subsidiary for export obligation under EPCG scheme	14.68	14.68
- Guarantee given by Company to other company on behalf of subsidiary	511.57	446.50
- Guarantee given by Company for loan taken by others from banks	-	3,000.00
<b>Total</b>	<b>65,671.36</b>	<b>45,858.33</b>

\*The demand of ₹ 135.96 lacs are disputed and the matter is subjudice with Commissioner of Income tax Appeals.

These are departmental appeals with Income tax appellate tribunal, which has redirected the assessing officer to re-compute the deduction under section 80IA and 80HHC in the case for AY 2002-2003 and order of the Income tax appellate tribunal is awaited in the case for AY 2006-2007.

LT Foods Limited on August 19, 2011 received a tax demand of ₹ 2,863.83 lacs pursuant to the proceedings initiated by the income tax department post the search and seizure procedures on February 10, 2009. The Company has filed appeals against the above mentioned orders and no further provisions have been made pending conclusion of the appeals. The management believes that its position is likely to be upheld and no financial liability will devolve on the Company on account of these proceeding.

## 31. Capital commitments

Capital commitments remaining to be executed and not provided for, net of capital advances - ₹ 1.96 lacs (previous

year: ₹ 20.91 lacs).

## 32. Related party disclosures

In accordance with the requirements of Accounting Standard (AS)-18 on "Related Party Disclosures", the names of related parties where control exist and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are:

### (i) Names of related parties and description of relationship

#### - Subsidiary companies

Daawat Foods Limited  
SDC Foods India Limited  
Expo Services Private Limited  
Nature Bio Foods Limited  
LT International Limited  
LT Overseas North America, Inc.  
Kusha, Inc.  
Sona Global Limited

# Notes to the Financial Statements

for the year ended March 31, 2012

Nice International FZE  
 Raghuvesh Foods & Infrastructure Limited  
 LT Foods USA LLC.  
 Raghuvesh Power Projects Limited  
**- Partnership firm**  
 Raghunath Agro Industries  
**- Associate enterprises**  
 LT Infotech Private Limited  
 Cordia LT Communications Private Limited (Subsidiary of LT Infotech Private Limited)

## - Key Management Personnel

Name	Designation
Vijay Kumar Arora	Chairman and Managing Director
Surinder Kumar Arora	Joint Managing Director
Ashwani Kumar Arora	Joint Managing Director
Ashok Kumar Arora	President-Punjab Operations

## Transactions with subsidiary companies

(₹ In lacs)

Particulars	March 31, 2012	March 31, 2011
<b>Sales</b>		
SDC Foods India Limited	6,393.74	5,082.95
Kusha, Inc.	10,581.08	11,957.91
Nice International FZE	5,672.19	1,739.01
Daawat Foods Limited	2,444.34	1,388.54
Nature Bio Foods Limited	50.73	30.25
<b>Purchases</b>		
Nice International FZE	138.53	-
Daawat Foods Limited	3,466.04	7,033.88
Nature Bio Foods Limited	137.78	183.51
SDC Foods India Limited	16.79	-
<b>Rent paid</b>		
Daawat Foods Limited	42.24	47.32
<b>Rent received</b>		
Daawat Foods Limited	1.20	-
<b>Business Support Charges received</b>		
Expo Services Private Limited	441.77	-
<b>Processing Charges received</b>		
Nature Bio Foods Limited	186.16	-
<b>Investment (Sona Global Limited)</b>	788.25	-
<b>Interest received</b>		
SDC Foods India Limited	-	108.81
Daawat Foods Limited	-	75.51
Nature Bio Foods Limited	26.05	50.38
Sona Global Limited	20.25	18.08
LT International Limited	1.09	0.69
<b>Dividend received</b>		
Daawat Foods Limited	-	101.25
<b>Repayment of loan</b>		
Nice International FZE	-	205.87
<b>Balances at the year end</b>		
SDC Foods India Limited (net receivable)	3,701.53	1,614.10
Nice International FZE (net receivable)	2,904.80	1,358.22
Kusha, Inc.	569.68	1,627.73
Daawat Foods Limited	2,280.14	1,671.88
Expo Services Private Limited	316.20	134.01
Nature Bio Foods Limited (net receivable)	320.60	291.51
LT International Limited	12.23	6.71
LT Overseas North America Inc.	138.92	138.92
Sona Global Limited	189.01	168.76
Raghuvesh Foods & Infrastructure Limited	0.95	0.54

# Notes to the Financial Statements

for the year ended March 31, 2012

(₹ In lacs)		
Particulars	March 31, 2012	March 31, 2011
<b>Guarantees given on behalf</b>		
Kusha, Inc.	10,742.87	9,376.50
Daawat Foods Limited	24,103.68	16,222.68
Nature Bio Foods Limited	3,400.00	1,700.00
LT Overseas North America Inc.	11,766.00	5,804.50
SDC Foods India Limited	1,500.00	1,500.00
Nice International FZE	1,616.52	1,270.00
<b>Balance with associate companies</b>		
LT Infotech Private limited	66.73	66.73
Cordia LT Communications Private limited	32.69	16.41
<b>Transactions with partnership firm (Raghunath Agro Industries)</b>		
Sales	1,060.58	412.64
Purchases	2,087.37	111.02
Interest income	5.38	3.89
Share of profit	1.65	8.47
Balance payable at the year end	2,512.10	1,197.93
Guarantees given on behalf of Partnership Firm	5,195.00	5,195.00
<b>Transactions with key management persons</b>		
<b>Remuneration paid</b>		
Vijay Kumar Arora	78.00	78.00
Ashwani Kumar Arora	52.49	60.00
Surinder Kumar Arora	60.00	60.00
<b>Perquisites</b>		
Surinder Kumar Arora	0.76	8.97
Dividend paid to key management persons	110.10	158.19
Dividend paid to relatives of key management persons	38.06	64.04

### 33. Information pursuant to provisions of paragraph 3 & 4 of Part II of Schedule VI of the Companies Act, 1956:

#### (i) Raw material consumed

(₹ In lacs)

Particulars	March 31, 2012		March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	38,194.48	100%	34,728.74	100%
Imported	-	-	-	-
<b>Total</b>	<b>38,194.48</b>	<b>100%</b>	<b>34,728.74</b>	<b>100%</b>

#### (ii) Packing material

(₹ In lacs)

Particulars	March 31, 2012		March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	3,245.71	99.89%	3,168.68	99.56%
Imported	3.66	0.11%	13.88	0.44%
<b>Total</b>	<b>3,249.37</b>	<b>100%</b>	<b>3,182.56</b>	<b>100%</b>

#### (iii) Bardana

(₹ In lacs)

Particulars	March 31, 2012		March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	391.58	100%	526.58	100%
Imported	-	-	-	-
<b>Total</b>	<b>391.58</b>	<b>100%</b>	<b>526.58</b>	<b>100%</b>

# Notes to the Financial Statements

for the year ended March 31, 2012

## (iv) Consumable and Spares

(₹ In lacs)

Particulars	March 31, 2012		March 31, 2011	
	Value	Percentage	Value	Percentage
Indigenous	420.99	96.86%	345.12	89.15%
Imported	13.65	3.14%	42.00	10.85%
<b>Total</b>	<b>434.64</b>	<b>100%</b>	<b>387.12</b>	<b>100%</b>

## (v) Value of imports on CIF basis

(₹ In lacs)

	March 31, 2012	March 31, 2011
Capital goods	225.01	1,532.15
Packing materials	7.44	13.88
Stores and spares	14.08	42.00
	246.53	1,588.03

## (vi) Expenditure in foreign currency

(₹ In lacs)

	March 31, 2012	March 31, 2011
Legal Fees	17.60	2.86
Interest and other charges to bank	1,277.34	1,081.56
Steamer freight	1,329.13	-
Sales Promotion	217.59	-
Commission on export sales	66.15	-
Others	200.34	119.70
	3,108.15	1,204.12

## (vii) Earnings in foreign currency

(₹ In lacs)

	March 31, 2012	March 31, 2011
FOB value of exports		
Rice	43,327.55	33,517.06
Soyabean	409.82	7,039.99
Rapeseed	223.51	-
Maize	1,803.13	-
Chips and namkeen	3.70	-
Packing materials	11.99	-
	45,779.70	40,557.05

## 34. Earnings per share

Particulars	March 31, 2012	March 31, 2011
Net profit attributable to equity shareholders before prior period items and Exceptional Loss (₹ lacs)	2,670.95	1,866.31
Prior period items and Exceptional Loss (₹ lacs)	2,226.66	248.25
Net profit attributable to equity shareholders after prior period items and Exceptional Loss (₹ lacs)	444.29	1,618.06
Numbers of weighted average equity share outstanding at the year-end for Basic & Diluted (₹ in lacs)	261.18	261.18
Nominal value of equity share (₹)	10	10
Earnings Per Share after prior period items and Exceptional Loss-Basic (₹)	1.70	6.20
Diluted (₹)*	1.70	6.20

\* The amount has been rounded off to two decimal places.

35. In the opinion of the board of directors, the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the amounts at which they are stated and provision for all known liabilities have been made in the Financial Statements.



36. The Company is a lessee under an operating lease. Rental expense for operating lease for the years ended March 31, 2012 and 2011 was ₹ 453.01 lacs and ₹ 376.46 lacs respectively. The Company has not executed any non-cancelable operating leases.

37. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise is as follows:

(In lacs)

	As at March 31, 2012	As at March 31, 2011	As at March 31, 2012	As at March 31, 2011
i) Receivables in Foreign Currency				
- Sundry Debtors	13,145.58	2,882.60	USD 256.80 GBP 0.15	USD 66.42 GBP 0.10
ii) Payables in Foreign Currency				
- Sundry Creditors	12.10	57.79	USD 0.28 EURO 0.0036	USD 0.63 JPY 55.00

### 38. Transfer Pricing

As per the transfer pricing norms introduced in India with effect from April 1, 2001, the Company is required to use certain specified methods in computing arm's length price of international transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions/ class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial period. However, in the opinion of the Management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

39. The remuneration paid to Mr. Vijay Kumar Arora (Managing Director), Mr. Ashwani Kumar Arora (Joint Managing Director) and Mr. Surinder Kumar Arora (Joint Managing Director) was approved by the shareholders of the Company. However, owing to the insufficient profits during the year, not determinable on the date of such approval, the remuneration paid during the year ended March 31, 2012 is in excess of the limits specified under the provisions of the Companies Act, 1956 by ₹ 119.25lacs. The Company is taking necessary steps to seek approval from the shareholders and Central Government for excess remuneration paid.

40. In accordance with AS-17 "Segment Reporting", segment information has been given in the consolidated financial statements of LT Foods Limited, and therefore, no separate disclosure on segment information is given in these financial statements.

### 41. Details of Loan and advances in the nature of loan to subsidiary and fellow subsidiary

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Closing balances as at the balance sheet date</b>		
Sona Global Limited (subsidiary)	189.01	168.76
Nice International FZE (fellow subsidiary)	-	-
<b>Maximum balances outstanding during the year</b>		
Sona Global Limited (subsidiary)	189.01	168.76
Nice International FZE (fellow subsidiary)	-	205.87

### 42. Previous year figures

Till the year ended March 31, 2011 the Company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012 the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, its significantly impacts presentation and disclosure made in the financial statements, particularly presentation of balance sheet.

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

**Ashwani Kumar Arora**  
Joint Managing Director

**Surinder Kumar Arora**  
Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : May 24, 2012

# Auditors' Report

To  
the Board of Directors of **LT Foods Limited**

1. We have audited the attached consolidated balance sheet of **LT Foods Limited** (the Company), its subsidiaries, associates and partnership firm (hereinafter collectively referred to as 'the Group'), as at March 31, 2012, and also the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on the date annexed thereto (collectively referred as the 'consolidated financial statements'). These consolidated financial statements are the responsibility of the Group's management and have been prepared by the Group's management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated 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 whether the Consolidated Financial Statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Consolidated Financial Statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that:
  - (a) the Consolidated Financial Statements have been prepared by the Group's management in accordance with the requirements of Accounting Standard 21 on Consolidated Financial Statements and Accounting Standard 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006.
  - (b) We did not audit the financial statements of certain subsidiaries, associates and a partnership firm, whose financial statements reflect total assets (after eliminating intra-group transactions) of ₹ 43,668.89 lacs March 31, 2012; total revenues (after eliminating intra-group transactions) of ₹ 59,157.30 lacs and net cash

flows aggregating to ₹ 1,637.40 lacs for the year then ended. These financial statements and other financial information have been audited by other auditors whose report(s) has (have) been furnished to us by the management, and our opinion is based solely on the reports of the other auditors.

4. *We report that, as detailed in note 36 of the accompanying consolidated financial statements, the Company and one of its subsidiaries has paid managerial remuneration to its directors in excess of the limits provided in Schedule XIII to the Companies Act, 1956, amounting to ₹ 126.32 lacs. Consequently, the loans and advances and reserves and surplus as at March 31, 2012 are understated and loss for the year then ended is overstated by the said amount.*
5. Based on our audit and on consideration of reports of other auditors on the separate financial statements and on the other financial information of the subsidiaries and partnership firm, and to the best of our information and according to the explanations given to us, *subject to our comments in paragraph 4 above*, in our opinion, the attached consolidated financial statements give a true and fair view in con-formity with the accounting principles generally accepted in India, in case of:
  - (a) the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;
  - (b) the consolidated statement of profit and loss, of the loss for the year ended on that date; and
  - (c) the consolidated cash flow statement, of the cash flows for the year ended on that date.

For **Walker, Chandio & Co.**  
Chartered Accountants  
Firm Registration No: 001076N

per **David Jones**  
Partner  
Membership No.: 98113

Place: Gurgaon  
Date : July 23, 2012

# Consolidated Balance Sheet

as at March 31, 2012

(₹ In lacs)

	Notes	March 31, 2012	March 31, 2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
Share capital	3	2,611.84	2,611.84
Reserves and surplus	4	22,865.63	22,793.68
		25,477.47	25,405.52
<b>Non-current liabilities</b>			
Long-term borrowings	5	12,502.65	10,175.03
Deferred tax liabilities (net)	6	428.27	729.10
Other long term liabilities	7	15.83	8.83
Long-term provisions	8	237.23	96.63
Minority interest		1,981.12	2,059.07
		15,165.10	13,068.66
<b>Current liabilities</b>			
Short-term borrowings	9	103,050.18	97,041.51
Trade payables	10	7,243.02	8,423.30
Other current liabilities	11	8,244.98	7,513.06
Short-term provisions	8	654.66	942.38
		119,192.84	113,920.25
		<b>159,835.41</b>	<b>152,394.43</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets			
Tangible assets	12	26,214.68	20,631.31
Intangible assets	13	6,835.40	6,350.74
Capital work-in-progress		533.32	5,321.18
Non-current investments	14	480.59	328.56
Long-term loans and advances	15	1,992.64	1,609.02
Other non-current assets	16	385.70	127.41
		36,442.33	34,368.22
<b>Current assets</b>			
Inventories	17	82,956.44	81,929.53
Trade receivables	18	26,736.77	28,083.39
Cash and bank balances	19	5,423.62	2,669.01
Short-term loans and advances	15	8,229.04	5,254.05
Other current assets	16	47.21	90.23
		123,393.08	118,026.21
		<b>159,835.41</b>	<b>152,394.43</b>
<b>Notes 1 to 37 form an integral part of these financial statements</b>			

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

For **Walker, Chandio & Co**  
Chartered Accountants

per **David Jones**  
Partner

Place : Gurgaon  
Date : July 23, 2012

For and on behalf of the Board of Directors

**Ashwani Kumar Arora**  
Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : May 24, 2012

**Surinder Kumar Arora**  
Joint Managing Director

# Consolidated Profit and Loss

for the year ended March 31, 2012

(₹ In lacs)

	Notes	March 31, 2012	March 31, 2011
<b>Income</b>			
Revenue from operations	20	142,176.44	126,041.58
Other income	21	1,373.84	519.16
		143,550.28	126,560.74
<b>Expenses</b>			
Material consumed	22	70,183.53	70,274.67
Purchases of traded goods	23	39,947.12	21,941.84
Changes in inventories of finished goods and traded goods	24	(6,882.68)	2,020.41
Employee benefits	25	4,257.78	3,525.72
Finance costs	26	10,748.14	5,873.64
Depreciation, amortisation and impairment expense		3,395.98	2,595.81
Other expenses	27	18,321.73	16,888.30
		<b>139,971.60</b>	<b>123,120.39</b>
<b>Profit before prior period, exceptional items and tax</b>		<b>3,578.68</b>	<b>3,440.35</b>
Prior period items	28	18.39	53.85
Exceptional items			
Loss on foreign exchange fluctuation		3,562.13	-
<b>(Loss)/Profit before tax</b>		<b>(1.84)</b>	<b>3,386.50</b>
<b>Tax expense</b>			
Current tax		453.22	707.30
Tax earlier years		130.16	-
Minimum alternative tax receivable		(36.87)	(296.05)
Deferred tax-earlier tax		(182.46)	192.00
Deferred tax		(164.39)	263.73
<b>(Loss)/Profit after tax</b>		<b>(201.50)</b>	<b>2,519.52</b>
<b>Earnings per equity share (₹)</b>			
Basic and diluted *		(0.41)	9.65
* The amount is rounded off to two decimals			
<b>Notes 1 to 37 form an integral part of these financial statements</b>			

This is the consolidated Profit and Loss referred to in our report of even date

For **Walker, Chandiok & Co**  
Chartered Accountants

per **David Jones**  
Partner

Place : Gurgaon  
Date : July 23, 2012

For and on behalf of the Board of Directors

**Ashwani Kumar Arora**  
Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : May 24, 2012

**Surinder Kumar Arora**  
Joint Managing Director

# Consolidated Cash flow statement

for the year ended March 31, 2012

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Cash flow from operating activities</b>		
<b>Profit before tax and prior period items</b>	16.55	3,440.35
Non-cash adjustment to reconcile profit before tax to net cash flows		
Depreciation/amortization on continuing operations	3,395.98	2,595.81
Loss / (profit) on sale of fixed assets	1.77	(27.29)
Employee stock compensation expense	71.08	-
Provision for employees benefit	32.67	36.21
Unrealized foreign exchange loss	387.45	-
Provision for impairment of investment	4.25	-
Provision for doubtful debts	317.39	32.04
Provision for advances	49.71	-
Amount written back	(4.32)	-
Premium on forward contract	29.11	117.70
Loss on Investment	(3.47)	-
Miscellaneous expenditure written off	53.60	26.41
Interest expense	10,357.63	5,873.64
Interest income	(137.15)	(61.67)
Prior period items (net)	(18.38)	(53.85)
Dividend income	(0.10)	(0.15)
<b>Operating profit before operating assets and liabilities</b>	<b>14,553.77</b>	<b>11,979.20</b>
<b>Changes in operating assets and liabilities :</b>		
(decrease)/ Increase in trade payables	(1,335.12)	7,465.61
Increase in long term provisions	(474.23)	-
Increase/(decrease) in short term provisions	174.53	(4,949.94)
Increase in other current liabilities	(358.44)	2,255.82
Increase/(decrease) in other long term liabilities	7.00	(0.90)
Decrease/(Increase) in trade receivables	4,139.15	(11,568.39)
Increase in inventories	(265.85)	(13,727.72)
(Increase)/Decrease in long term loans and advances	187.72	357.09
Increase in short term loans and advances	(6,193.51)	(1,832.61)
Decrease in other current assets	(104.93)	212.91
(Increase)/ Decrease in other non current assets	(11.65)	36.67
Cash generated from/(used in) operations	<b>10,318.44</b>	<b>(9,772.26)</b>
Direct taxes paid (net of refunds)	(836.59)	(1,274.79)
Net cash generated from/(used in) operating activities [A]	<b>9,481.85</b>	<b>(11,047.05)</b>
<b>Cash flow from investing activities</b>		
Purchase of fixed assets including intangible assets, CWIP and capital advances	(3,135.00)	(10,386.21)
Proceeds from sale of fixed assets	44.58	161.27
Purchase of non current investments	(155.26)	(21.36)
Investment in bank deposits (having original maturity of more than three months)	(61.40)	(5.48)
Interest received	126.81	153.07
Deposit in unpaid dividend account	(1.79)	(9.38)
Dividends received from subsidiary company	0.10	0.15
Dividends received from other investments		
Net cash used in investing activities [B]	<b>(3,181.96)</b>	<b>(10,107.94)</b>
<b>Cash flow from financing activities</b>		
Proceeds from long term borrowings	6,912.51	5,034.79
Repayment of long term borrowings	(7,439.80)	(5,327.59)
Proceeds from short term borrowings	7,529.23	29,116.15
Interest paid	(10,355.62)	(5,941.82)
Dividends paid on equity shares	(352.85)	(538.82)
Proceeds from issue of share capital to minority	1.95	0.49
Net cash (used in)/ generated from financing activities [C]	<b>(3,704.58)</b>	<b>22,343.20</b>
Net increase in cash and cash equivalents [A+B+C]	2,595.31	1,188.21
Effect of exchange difference on cash and cash equivalents held in foreign currency	151.06	-
Cash and cash equivalents at the beginning of the year	2,642.12	1,453.91
Cash and cash equivalents at the end of the year	5,388.49	2,642.12
<b>Components of cash and cash equivalents</b>		
Cash on hand	94.17	646.78
With banks on current account	3,947.88	1,111.65
- on deposit account	1,346.44	883.69
Total cash and cash equivalents	<b>5,388.49</b>	<b>2,642.12</b>

Notes 1 to 37 are an integral part of these financial statements.

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

For **Walker, Chandio & Co**  
Chartered Accountants

per **David Jones**  
Partner

Place : Gurgaon  
Date : July 23, 2012

For and on behalf of the Board of Directors

**Ashwani Kumar Arora** **Surinder Kumar Arora**  
Joint Managing Director Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : May 24, 2012



# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 1. Basis of preparation of consolidated financial statements

The consolidated financial statements are prepared on accrual basis under the historical cost convention, in accordance with the generally accepted accounting principles applicable in India, the accounting standards referred under section 211 (3C) of the Companies Act, 1956 and the Rules framed there under.

## 2. Significant accounting policies

### a) Principles of consolidation

The financial statements of LT Foods Limited ("Parent Company" or "the Company"), together with its subsidiaries, associate and partnership firm (hereinafter collectively referred to as the "Group") are consolidated to form consolidated financial statements. The consolidated financial statements include the financial statements of the Parent Company, its subsidiaries, partnership firm and share of profits or losses in associate.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealized profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of the Parent Company and its share in the post-acquisition increase/ decrease in the reserves of the consolidated entities.

An investment in an associate has been accounted for by the equity method of consolidation from the date on which it falls within the definition of associate in accordance with Accounting Standard - 23 - "Accounting for Investments in Associates in Consolidated Financial Statements".

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by the Parent Company for its separate financial statements.

### b) Use of estimates

The preparation of Group's financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities at the date of financial statements and the reported amount of revenues and expenses during the period reported. Actual results could differ from those estimates. Any revision to accounting

estimates is recognized prospectively in current and future periods.

### c) Revenue recognition

Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Group.

### Sale of goods:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of sales returns and indirect taxes.

### Rental income:

Rental income for operating leases is recognized on straight line basis with reference to terms of the agreements.

### Interest:

Income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

### Service charges:

Income from service charges is recognised on accrual basis in accordance with the terms of the contract entered into in respect thereof.

### Dividend:

Income from dividend is recognised when the right to dividend has been established.

### d) Fixed assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses (if any). Cost comprises the purchase price and any attributable costs of bringing the assets to their working condition for their intended use.

Intangible assets are stated at the cost of acquisition less accumulated amortisation and impairment losses (if any).

### e) Depreciation and amortisation

Depreciation on assets is provided based on estimated useful life of assets and after considering depreciation rates prescribed under respective local laws.

Intangible assets, except for goodwill are amortised over their estimated useful life as follows:

Brand equity: 20 years

Computer software: 5 years

### f) Investments

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried at lower of cost and fair value

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

determined on an individual investment basis.

Long-term investments are carried at cost; however, provision for diminution in value is made to record other than temporary diminution in the value of such investments.

## g) Inventories

Inventories are valued as follows:

### Raw materials, stores and spares and packaging materials

Lower of cost and net realisable value. Cost is determined on 'First In First Out' basis and includes interest as a carrying cost of materials where such materials are stored for a substantial period of time.

### Work in progress

At raw material cost and a proportion of direct and indirect overheads upto estimated stage of completion.

### Finished goods

Lower of cost and net realisable value. Cost includes cost of raw materials, direct and indirect overheads which are incurred to bring the inventories to their present location and condition.

## h) Foreign currency transaction

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting respective company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

Monetary assets and liabilities that are denominated in foreign currency are translated at the exchanged rate prevailing at the date of balance sheet. The resulting difference is also recognized in the statement of profit and loss.

The exchange differences arising on forward contracts to hedge foreign currency risk of an underlying asset or liability existing on the date of the contract are recognised in the statement of profit and loss of the period in which the exchange rates change, based on the difference between:

- i) foreign currency amount of a forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and
- ii) the same foreign currency amount translated at the latter of the date of the inception of the contract and the last reporting date, as the case may be.

The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income

over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year upon such cancellation or renewal.

Forward exchange contracts entered to hedge the foreign currency risk of highly probable forecast transactions and firm commitments are marked to market at the balance sheet date if such mark to market results in exchange loss. Such exchange loss is recognised in the profit and loss account immediately. Any gain is ignored and not recognised in the financial statements, in accordance with the principles of prudence enunciated in Accounting Standard 1- Disclosure of Accounting Policies.

## i) Employee benefits

### Provident fund

The Group companies in India make contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 which is a defined contribution plan. Contribution paid / payable is recognised as an expense in the period in which the services are rendered by the employee.

### Gratuity

Gratuity is a post-employment benefit and is in the nature of defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit obligation as at the balance sheet date.

The defined benefit/ obligation is calculated at the balance sheet date by an independent actuary using projected unit credit method. The actuarial gains or losses are recognised immediately in the statement of profit and loss.

### Compensated absences

Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefits expected to be availed by the employees. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on March 31, 2012. The actuarial gains or losses are recognised immediately in the statement of profit and loss.

### Share-based payment

The Company operates an equity-settled share-based plan for its employees. Where persons are rewarded using share-based payments, the fair values of services rendered by employees are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised using the Black Scholes model at the respective measurement date. In the case of employees, the fair value is measured at

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

the grant date. The fair value excludes the impact of non-market vesting conditions. All share-based remuneration is recognized as an expense in statement of profit and loss with a corresponding credit to 'share option reserve'.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates and any impact of the change is recorded in the year in which change occurs.

Upon exercise of share options, the proceeds received up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as securities premium reserve.

## Other short term benefits

Expense in respect of other short term benefits are recognised on the basis of amount paid or payable for the period during which services are rendered by the employees.

## j) Borrowing costs

Borrowing costs directly attributable to acquisition or construction of fixed assets, which necessarily take a substantial period of time to get ready for their intended use are capitalised.

Borrowing cost which are not relatable to qualifying asset are recognized as an expense in the period in which they are incurred.

## k) Earning per share

Basic earning per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## l) Income tax

Provision for tax for the year comprises estimated current income-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of temporary timing differences representing the difference between

taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is calculated in accordance with the relevant domestic tax laws. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Minimum alternate tax ("MAT") payable under the provisions of the Income Tax Act, 1961 is recognised as an asset in the year in which credit becomes eligible and is set off in the year in which the Group companies become liable to pay income taxes at the enacted tax rates.

## m) Contingent liabilities and provisions

The Group makes a provision when there is a present obligation as a result of a past event where the outflow of economic resources is probable and a reliable estimate of the amount of the obligation can be made.

A disclosure is made for a contingent liability when there is a:

- a) possible obligation, the existence of which will be confirmed by the occurrence/non-occurrence of one or more uncertain events, not fully within the control of the Group;
- b) present obligation, where it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation;
- c) present obligation, where a reliable estimate cannot be made.

## n) Impairment of assets

The Group on an annual basis makes an assessment of any indicator that may lead to impairment of assets. If any such indication exists, the Group estimates the recoverable amount of the assets. If such recoverable amount is less than the carrying amount, then the carrying amount is reduced to its recoverable amount by treating the difference between them as impairment loss and is charged to the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 3. Share capital

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Number	Amount	Number	Amount
<b>Authorised share capital</b>				
-Equity shares of ₹ 10 each	30,000,000	3,000.00	30,000,000	3,000.00
<b>Issued, subscribed and fully paid up capital</b>				
-Equity shares of ₹ 10 each	26,118,414	2,611.84	26,118,414	2,611.84
<b>Total Issued, subscribed and fully paid up capital</b>	<b>26,118,414</b>	<b>2,611.84</b>	<b>26,118,414</b>	<b>2,611.84</b>

a) There is no movement in the equity share capital during the current and previous year.

### b) Terms/rights attached to equity shares

The Company has only one class of equity shares having the par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

The Company declares and pays dividend in Indian Rupees.

During the year ended March 31, 2012 the amount of per share dividend recognised as distributions to equity shareholders was nil (previous year ₹ 1 per share).

In the event of liquidation of the Company, the holder of equity shares will be entitled to receive remaining assets of the Company, after payment of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

### c) Details of shareholders holding more than 5% of the equity shares of the company

	Number	% shareholding	Number	% shareholding
Equity shares of ₹ 10 each				
India Agri Business Fund Limited	3,835,015	14.68	3,835,015	14.68
Ashwani Arora	3,526,312	13.50	3,526,312	13.50
Surinder Arora	3,374,912	12.92	3,374,912	12.92
Gurucharan Dass Arora	2,128,692	8.15	2,128,692	8.15
Ashok Kumar Arora	2,107,640	8.07	2,107,640	8.07
Vijay Kumar Arora	1,921,124	7.36	1,921,124	7.36

d) Details of equity shares issued pursuant to contract without payment being received in cash, allotted as fully paid up by way of bonus issues and brought back during the last 5 years are as follow:

Year ended	Face Value	Bonus issue (number of Shares)
March 31, 2007	10.00	7,234,550

### e) Shares reserved for issue under options and contracts / commitments for the sale of shares / disinvestments

The Company had reserved issuance of 6,48,329 ( Previous year Nil) Equity shares of ₹ 10 each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP). During the year, the Company had issued and allotted NIL (Previous year Nil) equity shares to eligible employees of the Company and its subsidiaries under ESOP. The option would vest over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria.

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 4. Reserves and surplus

(₹ In lacs)

		March 31, 2012	March 31, 2011
<b>Capital reserve/subsidy</b>	[A]	108.61	108.61
<b>Securities premium reserve</b>	[B]	6,715.61	6,715.61
<b>General reserve</b>	[C]		
Balance at the beginning of the year		1,033.84	872.04
Add : Additions during the year		-	161.80
Balance at the end of the year		1,033.84	1,033.84
<b>Share options outstanding amount</b>	[D]		
Balance at the beginning of the year		-	-
Add : Additions made during the year		71.08	-
Balance at the end of the year		71.08	-
<b>Surplus in the statement of profit and loss</b>	[E]		
Balance at the beginning of the year		14,899.17	13,138.21
Add : Transferred from statement of profit and loss		(201.52)	2,519.52
Less : Final / interim dividend proposed or paid		-	(303.60)
Less : Tax on dividend distributed		-	(49.25)
Less : Transfer to general reserve		-	(161.80)
Less : Share of minority		79.90	(243.91)
Balance at the end of the year		14,777.55	14,899.17
<b>Foreign currency translation reserve</b>	[F]	158.94	36.45
<b>Total reserves and surplus</b>	<b>[A+B+C+D+E+F]</b>	<b>22,865.63</b>	<b>22,793.68</b>

## 5. Long term borrowings

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Non current	Current	Non current	Current
<b>Secured</b>				
Term loans				
From banks				
-Term loans	12,301.71	6,428.28	10,080.79	4,302.10
-Vehicle loans	200.94	75.41	94.24	59.40
	<b>12,502.65</b>	<b>6,503.69</b>	<b>10,175.03</b>	<b>4,361.50</b>

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

a) Rupee term loan comprises of the following :

(₹ In lacs)

Name of the bank	Amount of Sanction	Year of Sanction	No of installments	Amount of installments	As at March 31, 2012	As at March 31, 2011
	(in ₹ lacs)			(in ₹ lacs)	(in ₹ lacs)	(in ₹ lacs)
Oriental Bank of Commerce	1,050.00	2010-11	12 equal quarterly	87.50	437.50	787.50
Oriental Bank of Commerce	1,200.00	2010-11	5 equal yearly	240.00	394.00	745.00
Oriental Bank of Commerce	500.00	2008-09	20 equal quarterly	25.00	184.58	284.58
Oriental Bank of Commerce	500.00	2009-10	20 equal quarterly	25.00	239.30	314.30
Oriental Bank of Commerce	675.00	2008-09	12 equal quarterly	56.25	112.50	281.25
Oriental Bank of Commerce	500.00	2011-12	12 equal quarterly	41.66	374.73	309.56
Oriental Bank of Commerce	1,710.00	2011-12	12 equal quarterly	142.50	1,425.00	-
Corporation Bank	270.00	2010-11	12 equal quarterly	22.50	45.00	135.00
Corporation Bank	500.00	2005-06	20 equal quarterly	25.00	-	50.00
Corporation Bank	500.00	2007-08	20 equal quarterly	25.00	40.00	80.00
State Bank of Hyderabad	1,550.00	2010-11	10 equal quarterly	155.00	310.00	1,085.00
Allahabad Bank	3,750.00	2010-11	24 equal quarterly	156.25	2,722.00	2,725.00
Allahabad Bank	2,700.00	2011-12	32 equal quarterly	156.25	2,526.00	1,460.00
Allahabad Bank	250.00	2011-12	12 equal quarterly	22.50	21.90	-
HDFC Bank	900.00	2010-11	equal monthly installments	26.47	179.04	444.11
ICICI Bank	1,000.00	2010-11	12 equal quarterly	83.33	666.66	1,000.00
Punjab National Bank	500.00	2008-09	20 equal quarterly	25.00	198.69	298.69
Punjab National Bank	500.00	2008-09	20 equal quarterly	25.00	146.84	246.84
Bank of Baroda, Deira, Dubai	304.87	2010-11	180 equal monthly	0.12	282.72	265.22
Allahabad Bank	USD 10.00 million	2011-12	USD 0.25 million for 4 quarterly installments then USD 0.75 million per quarter	USD 0.25 Million	2,557.83	-
Axis Bank	USD 13.00 million	2008-09	16 equal quarterly	332.52	2,835.65	2,495.12
Allahabad Bank	2,500.00	2011-12	12 equal quarterly	208.40	2,291.68	-
Dena Bank	77.97	2011-12	72 equal monthly	20.83	77.96	-
State Bank of India	2,395.00	2011-12	12 equal monthly	27.33	660.41	1,170.22
State Bank of Hyderabad	1,370.00	2009-10	19 equal quarterly	72.11	-	205.48
					<b>18,729.99</b>	<b>14,382.87</b>

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2012, the interest rate ranges from 11.50 % to 15.50 % on rupee term loan and 3.00% to 6.50% on foreign currency term loan per annum.



# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## b) Vehicle loan comprises of the following :

(₹ In lacs)

Name of the bank	Amount of Sanction	Year of Sanction	No of installments	Amount of installments	As at March 31, 2012	As at March 31, 2011
HDFC Bank	6.15	2008-09	48	0.20	2.23	4.26
HDFC Bank	10.00	2009-10	48	0.32	5.06	8.26
HDFC Bank	17.00	2009-10	48	0.54	8.60	14.04
HDFC Bank	9.65	2008-09	48	0.25	0.73	3.50
HDFC Bank	11.75	2008-09	48	0.30	0.90	4.26
HDFC Bank	11.75	2008-09	48	0.30	0.90	4.27
HDFC Bank	11.75	2008-09	48	0.30	0.90	4.26
HDFC Bank	11.75	2008-09	48	0.30	0.90	4.26
HDFC Bank	11.75	2008-09	48	0.30	0.90	4.27
HDFC Bank	7.50	2010-11	72	0.19	5.25	6.96
HDFC Bank	7.50	2010-11	72	0.19	5.25	6.96
HDFC Bank	7.00	2011-12	72	0.23	6.67	-
HDFC Bank	8.00	2011-12	36	0.26	6.19	-
ICICI Bank	17.83	2010-11	60	0.38	13.59	16.60
ICICI Bank	60.00	2010-11	60	1.27	48.04	57.84
ICICI Bank	6.45	2006-07	58	0.14	-	0.40
Tata Capital	31.47	2008-09	36	1.02	-	3.02
ICICI Bank	39.00	2006-07	60	0.82	-	7.02
HDFC Bank	7.50	2008-09	60	0.16	1.83	3.46
HDFC Bank	19.07	2011-12	48	0.50	15.68	-
HDFC Bank	19.07	2011-12	48	0.50	15.68	-
HDFC Bank	19.10	2011-12	48	0.49	17.14	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
HDFC Bank	19.10	2011-12	48	0.49	17.13	-
					<b>276.35</b>	<b>153.64</b>

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2012, the interest rate ranges from 8.50 % to 11.50 % per annum.

## c) Details of security for each type of borrowings :

- (i) Rupee term loan from all banks are secured against first pari passu charge on the existing project assets, excluding assets charged specifically to the term lenders and Second Pari Passu on current assets of the Company.
- (ii) Rupee term loan from Allahabad Bank is secured against first exclusive charge over the entire fixed assets created under the Varpal, Amritsar project. Second charge on current assets on reciprocal basis with ceding of second charge on the fixed assets in favour of working capital loan bankers.
- (iii) Rupee term loan from Allahabad Bank is secured against first exclusive charge over the entire fixed assets of the Silos project located at Amritsar. Second pari -passu charge over fixed assets of Bahalgarh unit along with equitable mortgage over land and building on pari passu basis to secure entire credit facilities sanctioned by consortium.
- (iv) USD term loan from Axis Bank is secured by pledge of shares of Kusha held by LT Overseas North America, Inc. and assignment of "Daawat" and "heritage" brands held by LT Foods limited.
- (v) USD term loan from Allahabad Bank is secured by assignment of "Kusha" brand.
- (vi) Vehicle loans from all banks are secured against hypothecation of respective motor vehicle financed.

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 6. Deferred taxes

(₹ In lacs)

	March 31, 2012	March 31, 2011
Deferred tax liabilities arising on account of:		
Depreciation and amortisation	847.06	762.52
Keyman insurance policy	74.26	68.00
Deferred revenue expenditure	-	18.01
Others	16.67	-
	937.99	848.53
Deferred tax assets arising on account of:		
Provision for employee benefits	(413.93)	(23.93)
Provision for employee stock option plan	(23.06)	-
Provision for doubtful debts	(54.13)	-
Diminution in value of investment	(18.22)	-
Expenses disallowed for tax computation	-	(53.29)
Others	(0.37)	(42.21)
	(509.71)	(119.43)
	<b>428.28</b>	<b>729.10</b>

## 7. Other long term liabilities

(₹ In lacs)

	March 31, 2012	March 31, 2011
Security deposits from distributor	15.83	8.83
	<b>15.83</b>	<b>8.83</b>

## 8. Provisions

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
Provisions for employee benefits (Also refer note (a) below)	107.09	14.46	96.63	-
Proposed dividend to equity shareholders	-	-	-	303.60
Dividend tax	-	-	-	49.25
Provision for taxation (net of advance tax)	130.14	540.45	-	589.53
Others	-	99.75	-	-
	<b>237.23</b>	<b>654.66</b>	<b>96.63</b>	<b>942.38</b>

### a) Employee benefits (Gratuity)

The parent company has a funded gratuity plan and subsidiaries have unfunded plans, for the purpose of funded gratuity obligation the parent company makes contribution to the LT Overseas Gratuity Fund, which is administered by its trustees. The trust further makes contribution to Life Insurance Corporation of India which administers its fund. Information regarding planed assets disclosed below has been obtained by the parent company from Life Insurance Corporation of India.

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	(Funded)	(Non funded)	(Funded)	(Non funded)
<b>Change in projected benefit obligation</b>				
Projected benefit obligation at the beginning of the year	123.92	11.39	93.48	15.76
Current service cost	25.14	4.53	18.66	7.63
Interest cost	10.84	1.00	5.84	0.93
Actuarial (gain) / loss	(1.49)	0.22	16.58	(1.47)
Benefits paid	(5.62)	-	(10.64)	-
Past service Cost	-	-	-	(4.46)
<b>Projected benefit obligation at the end of the year</b>	<b>152.79</b>	<b>17.14</b>	<b>123.92</b>	<b>18.39</b>
<b>Change in plan assets</b>				
	<b>(Funded)</b>		<b>(Funded)</b>	
Fair value of plan assets at the beginning of the year	84.78		79.90	
Expected return on plan assets	8.65		7.06	
Employer contributions	18.76		8.46	
Benefits paid	(5.62)		(10.64)	
<b>Fair value of plan assets at the end of the year</b>	<b>106.57</b>		<b>84.78</b>	

## Reconciliation of present value of obligation on the fair value of plan assets

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	(Funded)	(Non funded)	(Funded)	(Non funded)
Present value of projected benefit obligation at the end of the year	169.92		123.92	
Funded status of the plans	106.57		84.78	
<b>Liability recognised in the balance sheet</b>	<b>63.35</b>		<b>39.14</b>	
<b>Components of net gratuity costs are</b>				
Service cost	25.14	4.53	18.66	7.63
Interest cost	10.84	1.00	5.84	0.93
Expected returns on plan assets	(8.65)	-	(7.06)	-
Past service cost	-	-	-	(4.46)
Recognized net actuarial (gain)/ loss	(1.49)	0.22	16.58	(1.47)
<b>Net gratuity costs</b>	<b>25.84</b>	<b>5.75</b>	<b>34.02</b>	<b>2.63</b>
<b>Assumptions used</b>				
Discount rate	8.75%	8.75%	8.25%	8.25%
Long-term rate of compensation increase	5.00%	5.00%	5.00%	5.00%
Rate of return on plan assets	9.15%	N.A.	8.57%	N.A.
Average remaining life	23.70	23.70 to 24.10	23.70	24.80 to 26.70

The Company assesses these assumptions with the projected long-term plans of growth and prevalent industry standards.

## 9. Short-term borrowing

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Secured</b>		
From banks	101,966.58	89,351.22
<b>Unsecured</b>		
Loans repayable on demand		
From banks	34.97	7,539.77
From directors	28.68	26.53
From other parties	1,019.95	123.99
	<b>103,050.18</b>	<b>97,041.51</b>

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

- a) The cash credits/working capital demand loans is repayable on demand and the interest on above term loans from bank are linked to the respective banks base rates which are floating in nature. The interest rate ranges from 11.50 % to 15.50 % on rupee working capital loan and 3.00% to 6.50% on foreign currency working capital loans.
- b) Cash credits/ working capital demand loans are secured by hypothecation of stocks and book debts of the Company.

## 10. Trade payables

(₹ In lacs)

	March 31, 2012	March 31, 2011
Dues to micro and small enterprises (Also, refer note (a) below)	403.35	220.38
Other sundry creditors	6,826.69	7,182.48
Acceptances	12.98	1,020.44
	<b>7,243.02</b>	<b>8,423.30</b>

- a) Due to micro, small and medium enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

	March 31, 2012	March 31, 2011
Principal amount remaining unpaid	403.35	220.38
Interest accrued and remaining unpaid as at year end	-	-

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 . Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2012 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the (MSMED) Act, 2006 is not expected to be material.

## 11. Other current liabilities

(₹ In lacs)

	March 31, 2012	March 31, 2011
Current maturity of long term debts (refer to note 5)	6,503.69	4,361.49
Interest accrued but not due on borrowings	127.79	92.18
Unclaimed dividend *	11.18	9.38
Forward payable (net)	-	62.81
Advances form customers	464.75	574.24
Other liabilities	1,137.56	2,412.96
Security deposits from customer	-	-
	<b>8,244.97</b>	<b>7,513.06</b>

\* Not due for deposit to Investor Education and Protection Fund.

## 12. Tangible assets

(₹ In lacs)

a)	Gross block	Land freehold	Land leasehold	Buildings	Plant and machinery	Furniture and fixtures	Office equipment	Vehicle	Total
	<b>Balance as at April 01, 2010</b>	<b>3,498.04</b>	<b>434.08</b>	<b>3,874.00</b>	<b>14,167.25</b>	<b>225.19</b>	<b>587.59</b>	<b>1,066.61</b>	<b>23,852.76</b>
	Additions	442.17	162.64	1,573.39	4,979.74	84.45	168.71	323.30	7,734.40
	Disposals	-	-	(14.59)	(266.60)	-	(0.97)	(48.19)	(330.35)
	- Foreign exchange fluctuation	(8.01)	-	(20.14)	(96.04)	(6.26)	1.48	(21.24)	(150.21)
	- Borrowing costs	-	-	-	92.93	-	-	-	92.93
	<b>Balance as at March 31, 2011</b>	<b>3,932.20</b>	<b>596.72</b>	<b>5,412.66</b>	<b>18,877.28</b>	<b>303.38</b>	<b>756.81</b>	<b>1,320.48</b>	<b>31,199.53</b>
	Additions	375.82	-	3,285.63	4,185.91	98.88	159.75	397.80	8,503.79
	Disposals	-	-	-	(104.45)	(1.51)	(20.45)	(44.33)	(170.74)
	- Foreign exchange fluctuation	56.27	-	121.86	37.69	7.80	5.50	6.81	235.93
	- Borrowing costs	-	-	17.91	67.70	-	-	-	85.61
	<b>Balance as at March 31, 2012</b>	<b>4,364.29</b>	<b>596.72</b>	<b>8,838.06</b>	<b>23,064.13</b>	<b>408.55</b>	<b>901.61</b>	<b>1,680.76</b>	<b>39,854.12</b>

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

b) Accumulated depreciation								
<b>Balance as at April 01, 2010</b>	-	-	1,034.19	6,443.49	90.84	318.18	624.23	8,510.93
Depreciation charge	-	-	265.70	1,827.91	22.67	91.41	145.90	2,353.59
Reversal on disposal of assets	-	-	(1.24)	(171.94)	(0.22)	(0.30)	(22.67)	(196.37)
Translation Reserve	-	-	(31.55)	(27.74)	0.16	1.55	(42.35)	(99.93)
<b>Balance as at March 31, 2011</b>	-	-	<b>1,267.10</b>	<b>8,071.72</b>	<b>113.45</b>	<b>410.84</b>	<b>705.11</b>	<b>10,568.22</b>
Depreciation charge	-	-	442.41	2,302.58	53.10	110.65	230.45	3,139.19
Reversal on disposal of assets	-	-	-	(70.89)	(0.36)	(8.75)	(34.63)	(114.63)
Translation reserve	-	-	7.84	27.80	2.50	4.30	4.22	46.66
<b>Balance as at March 31, 2012</b>	-	-	<b>1,717.35</b>	<b>10,331.21</b>	<b>168.69</b>	<b>517.04</b>	<b>905.15</b>	<b>13,639.44</b>
<b>Net block</b>								
<b>Balance as at March 31, 2012</b>	<b>4,364.29</b>	<b>596.72</b>	<b>7,120.71</b>	<b>12,732.92</b>	<b>239.86</b>	<b>384.57</b>	<b>775.61</b>	<b>26,214.68</b>
Balance as at March 31, 2011	3,932.20	596.72	4,145.56	10,805.56	189.93	345.97	615.37	20,631.31

## 13. Intangible assets

(₹ In lacs)

a. Gross block	Goodwill	Brands/Trademarks	Computer software	Total
<b>Balance as at April 01, 2010</b>	<b>7,509.68</b>	<b>300.00</b>	-	<b>7,809.68</b>
Additions	8.41	-	-	8.41
- Foreign exchange fluctuation	(516.80)	-	-	(516.80)
<b>Balance as at March 31, 2011</b>	<b>7,001.29</b>	<b>300.00</b>	-	<b>7,301.29</b>
Additions	30.79	-	14.29	45.08
Disposals	(192.02)	-	-	(192.02)
- Foreign exchange fluctuation	888.39	-	-	888.39
<b>Balance as at March 31, 2012</b>	<b>7,728.45</b>	<b>300.00</b>	<b>14.29</b>	<b>8,042.74</b>
<b>b. Accumulated depreciation</b>	<b>466.76</b>	<b>150.00</b>	-	<b>616.76</b>
<b>Balance as at April 01, 2010</b>				
Depreciation charge*	227.22	15.00	-	242.22
- Foreign exchange fluctuation	91.57	-	-	91.57
<b>Balance as at March 31, 2011</b>	<b>785.55</b>	<b>165.00</b>	-	<b>950.55</b>
Depreciation charge	239.04	15.00	2.75	256.79
- Foreign exchange fluctuation	-	-	-	-
<b>Balance as at March 31, 2012</b>	<b>1,024.59</b>	<b>180.00</b>	<b>2.75</b>	<b>1,207.34</b>
<b>Net block</b>				
<b>Balance as at March 31, 2012</b>	<b>6,703.86</b>	<b>120.00</b>	<b>11.54</b>	<b>6,835.40</b>
Balance as at March 31, 2011	6,215.74	135.00	-	6,350.74

\*includes impairment loss of ₹ 219.73 lacs (previous year 219.73 lacs) on goodwill owing to reduction in value of subsidiary Kusha Inc.

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 14. Non-current investments

(Valued at cost unless stated otherwise)

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Trade	Others	Trade	Others
<b>Investments in equity instruments (unquoted)</b>				
-L T Infotech Private Limited of ₹ 10 each	4.25	-	4.25	-
Less: Provision for diminution in value of investment	(4.25)	-	-	-
	-	-	4.25	-
(ii) Keyman insurance policies	232.89	-	211.61	-
<b>Other investments- Quoted</b>				
(a) 2,300 (previous year 2,300) equity shares - Andhra bank of ₹ 10 each fully paid up	-	0.23	-	0.23
(b) Investment in mutual funds (quoted)				
50,000 (previous year 50,000) units of Principal PNB Long Term Equity Fund	-	5.00	-	5.00
48,875.855 (previous year 48,875.855) units of Templeton India Equity Income Growth Fund	-	5.00	-	5.00
12,999.619 (previous year 12,999.619) units of HDFC MIP Long Term Dividend Fund	-	1.50	-	1.50
2,023.636 (previous year 2,023.636) units of Sundram BNP Paribas Select Midcap Dividend Plan	-	0.30	-	0.30
894.055 (previous year 894.055) units of Reliance Vision Fund	-	0.40	-	0.40
<b>Other investments- Unquoted Fully paid-up equity shares (unquoted)</b>				
(a) 500 (previous year 500) equity shares of India International Marketing Limited of ₹ 10 each fully paid up.	-	0.05	-	0.05
(b) 13,50,000 (previous year Nil) equity shares of Express Warehousing Limited	-	135.00	-	-
(c) <b>Investment in Mutual funds</b>				
1,000,000 (previous year 1000,000) units of ₹ 10 each of CIG Realty Fund	-	100.00	-	100.00
(d) <b>In Government securities</b>				
National Saving Certificate	-	0.22	-	0.22
	<b>232.89</b>	<b>247.70</b>	<b>215.86</b>	<b>112.70</b>
<b>Aggregate amount of :</b>				
Quoted investments	-	12.43	-	12.43
Unquoted investments	232.89	235.27	215.86	100.27
<b>Market value of quoted investments</b>	-	14.38	-	19.33



# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 15. Loans and advances

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Long term	Short term	Long term	Short term
<b>Unsecured, considered good unless otherwise stated</b>				
Capital advances	213.44	-	418.71	-
Security deposits	503.88	11.52	426.68	74.52
Minimum alternative tax credit receivable	-	997.68	-	820.13
Advance income tax (net of provision for tax)	841.61	390.68	746.02	436.14
Balances with central excise authorities	262.20	22.86	-	406.80
	1,821.13	1,422.74	1,591.41	1,737.59
Advances recoverable in cash or in kind or value to be received				
- Unsecured, considered good	171.51	6,806.30	17.61	3,516.46
- Consider doubtful				
- Provision for doubtful advances				
- Consider doubtful	-	49.71	-	-
- Provision for doubtful advances	-	(49.71)	-	-
	171.51	6,806.30	17.61	3,516.46
	<b>1,992.64</b>	<b>8,229.04</b>	<b>1,609.02</b>	<b>5,254.05</b>

## 16. Other current assets

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Non current	Current	Non current	Current
Interest accrued but not due on fixed deposits	-	29.09	-	18.48
Deferred premium on forward contracts	-	14.10	-	12.93
Forward receivable (net)	-	4.02	-	-
Bank deposits with maturity of more than 12 months (refer note 19)	193.67	-	127.41	-
Others	192.03	-	-	58.82
	<b>385.70</b>	<b>47.21</b>	<b>127.41</b>	<b>90.23</b>

## 17. Inventories (valued at cost or lower of net realisable value)

(₹ In lacs)

	March 31, 2012	March 31, 2011
Paddy	42,956.05	49,381.50
Bardana	1,479.87	1,354.43
Packaging Material	790.64	681.00
Finished goods	36,094.55	29,972.07
Traded goods	1,322.05	281.74
Stores and spares	313.28	258.79
	<b>82,956.44</b>	<b>81,929.53</b>

## 18. Trade receivables

(₹ In lacs)

	March 31, 2012	March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured considered good	874.74	419.43
Considered doubtful	151.53	31.22
	1,026.27	450.65
Less : Allowances for bad and doubtful debts	(151.53)	(31.22)
	874.74	419.43
Other debts :		
Unsecured considered good	25,862.03	27,663.96
	<b>26,736.77</b>	<b>28,083.39</b>

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 19. Cash and bank balances

(₹ In lacs)

	March 31, 2012		March 31, 2011	
	Non-current	Current	Non-current	Current
Cash and cash equivalents:				
Cash in hand				
In Indian currency	-	85.20	-	645.61
In foreign currencies	-	8.97	-	1.17
Balances with banks				
- in current accounts	-	3,947.88	-	1,111.65
- in deposit account (with maturity upto 3 months)	-	1,346.44	-	883.69
Other bank balances:				
Unpaid dividend account	-	11.17	-	9.38
Balances with bank held as margin money	-	23.96	-	17.51
Bank deposits with maturity of more than 12 months	193.67	-	127.41	-
	193.67	5,423.62	127.41	2,669.01
Less : Amounts disclosed as Other non-current assets (Refer note 16)	(193.67)	-	(127.41)	-
	-	<b>5,423.62</b>	-	<b>2,669.01</b>

## 20 Revenue from operation

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Sale of products</b>		
Rice	131,031.17	108,507.67
Other items	10,498.40	14,277.83
	<b>141,529.57</b>	<b>122,785.50</b>
Sale of services	646.87	3,256.08
	<b>142,176.44</b>	<b>126,041.58</b>

## 21. Other income

(₹ In lacs)

	March 31, 2012	March 31, 2011
Dividend from non trade investments	0.10	0.15
Profit from sale of fixed assets (net)	1.63	27.38
Interest on bank fixed deposits	137.15	61.67
Export incentive	52.81	-
Amounts written back	4.32	-
Other receipts	765.28	412.14
Rental income	21.00	9.92
Profit from exchange fluctuation	-	7.90
Service charges	391.55	-
	<b>1,373.84</b>	<b>519.16</b>

## 22. Material consumed

(₹ In lacs)

	March 31, 2012	March 31, 2011
Opening stock		
Paddy	49,366.69	34,375.80
Bardana	1,354.43	879.93
Packing material	681.00	424.49
	<b>51,402.12</b>	<b>35,680.22</b>

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

Add: purchases		
Paddy	47,973.32	68,955.14
Bardana	664.77	1,164.08
Packing material	4,323.62	4,321.22
Broken rice/unpolished rice	10,997.31	11,556.13
Others	48.95	-
	64,007.97	85,996.57
Less: closing stock		
Paddy	42,946.86	49,366.69
Bardana	1,479.87	1,354.43
Packing material	790.64	681.00
Others	9.19	-
	45,226.56	51,402.12
	<b>70,183.53</b>	<b>70,274.67</b>

## 23. Other purchases

(₹ In lacs)

	March 31, 2012	March 31, 2011
Rice (traded)	35,237.33	12,968.01
Soyabean	265.60	7,079.73
Maize	2,397.79	-
Others	2,046.40	1,894.10
	<b>39,947.12</b>	<b>21,941.84</b>

## 24. Changes in inventories of finished goods and traded goods

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Opening stock of finished goods</b>		
Manufactured goods	30,252.19	32,194.21
Traded goods	281.74	94.83
<b>Closing stock of finished goods</b>		
Manufactured goods	36,094.56	29,986.89
Traded goods	1,322.05	281.74
	<b>(6,882.68)</b>	<b>2,020.41</b>

## 25. Employee benefit expenses

(₹ In lacs)

	March 31, 2012	March 31, 2011
Salaries, wages and bonus *	3,740.00	3,039.66
Contribution to provident and other fund	121.49	132.92
Staff welfare expenses	152.00	122.43
Directors' remuneration	185.60	161.80
Directors' remuneration of subsidiary companies	58.69	68.91
	<b>4,257.78</b>	<b>3,525.72</b>

\* The Company maintains an equity settled share-based payment scheme LT foods employee stock option plan-2010, hereinafter referred to as 'the Plan') adopted and approved by share-holders on September 30, 2010.

Under the Plan the Board of Directors of the Company has the powers to determine, from time to time, the persons eligible for grant of share options; when and how each option shall be granted; what type or combination of types of option shall be granted; the provisions of each option granted, including the time or times when a person shall be permitted to receive shares pursuant to an option grant. The Group has no legal or constructive obligation to

repurchase or settle the options. In accordance with the Plan, upon vesting, the stock options will be settled by issuance of new shares on payment of exercise price.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The total expense recognized in the income statement for the year ended March 31, 2012 is ₹ 71.08 lacs (March 31, 2011: Nil).

The fair values of options granted were determined using Black Scholes option pricing model that takes into account factors specific to the share incentive plans along with other external inputs.

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

The following principal assumptions were used in the valuation: Expected volatility was determined by assuming that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome. The expected option life, average expected period to exercise, is assumed to be equal to the contractual maturity of the option. Dividend yield is taken as nil as the Group has not paid any dividend. The risk-free rate is the rate associated with a risk-free security with the same maturity as the option. At each balance sheet date, the Company reviews its estimates of the number of options that are expected to vest. The Company recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to 'retained earnings' in equity.

The inputs to the Black Scholes model for options that have been granted during the reporting periods are summarised as follows:

Grant date	April 01, 2011
Fair value of option using the Black Scholes model(in ₹)	21.05
Fair value of shares at grant date (INR)	49.5
Exercise price (in ₹)	38
Expected volatility	67%
Option life (in years)	4
Dividend yield	2.02%
Risk-free interest rate	5.80%

The total outstanding and exercisable share options and weighted average exercise prices for the various categories of option holders during the reporting periods are as follows:

## Share options granted to employees and others providing similar services

(₹ In lacs)

	March 31, 2012			March 31, 2011		
	Number of options	Weighted average exercise price	Weighted average remaining contractual life	Number of options	Weighted average exercise price	Weighted average remaining contractual life
		(in ₹)			(in ₹)	
Balance at beginning of the year	-	-	-	-	-	-
Granted during the year	648,329	38	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	-	-	-	-	-	-
Expired during the year	-	-	-	-	-	-
Balance at end of the year	648,329	38	-	-	-	-
Exercisable at end of the year	162,082	38	-	-	-	-

## 26. Finance cost

(₹ In lacs)

	March 31, 2012	March 31, 2011
Interest on working capital loans	8,325.70	3,849.08
Interest on term loans	2,117.54	1,817.01
	10,443.24	5,666.09
Less: Interest capitalised	(85.61)	(92.93)
	10,357.63	5,573.16
Bank charges	390.51	300.48
	<b>10,748.14</b>	<b>5,873.64</b>

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 27. Other Expenses

(₹ In lacs)

	March 31, 2012	March 31, 2011
Warehouse rent	78.55	426.17
Wages	675.03	435.59
Job work	10.63	3.73
Factory insurance	47.33	20.05
Power and fuel	1,627.94	1,362.65
Security services	135.95	110.71
Research and development	1.69	1.82
Packing expenses	249.42	619.09
Repairs and maintenance		
- Machinery	123.13	95.00
- Building	107.90	67.17
- Others	73.59	40.25
Stores and spares consumed	641.73	579.14
Other manufacturing expenses	97.04	485.44
Advertisement	1,132.62	940.05
Insurance	182.54	136.77
Legal and professional charges	745.76	1,097.48
Rates and taxes	167.20	99.84
Donation and charity	31.81	26.61
Directors' sitting fees	5.40	-
Auditors' remuneration *	52.45	50.47
Fines and penalties	2.55	2.30
Rent	534.94	558.89
Vehicle running and maintenance	130.61	86.04
Other administrative expenses	876.64	703.13
Travelling and conveyance	702.07	665.23
Rebate and discounts	577.21	218.52
Commission to selling agents	435.65	397.41
Clearing, forwarding and freight charges	5,328.11	3,792.35
Market development expenses	47.38	49.47
Business promotion expenses	700.79	375.29
Freight outward	1,008.36	491.31
Other selling expenses	1,074.75	2,207.37
Loss on sales of fixed assets	3.40	0.09
Provision for doubtful debts and other amounts written off	70.77	486.72
Provision for doubtful recoveries	367.11	32.04
Deferred revenue expenses written off	54.99	25.37
Loss on exchange fluctuation (net)	40.21	-
Premium on forward contract	29.11	117.70
Service charges paid	45.50	-
Software support services	90.67	80.00
Preliminary expenses written off	13.20	1.04
	<b>18,321.73</b>	<b>16,888.30</b>
<b>* Auditors' remuneration</b>		
Statutory audit	46.31	41.73
Tax audit	0.45	1.45
Other matters	1.90	4.05
Out of pocket expenses	0.75	0.48
Service tax	3.04	2.76
	<b>52.45</b>	<b>50.47</b>

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## 28. Prior period items

(₹ In lacs)

	March 31, 2012	March 31, 2011
<b>Expenditure</b>		
Income tax prior years	-	24.43
Minimum alternative tax	-	21.69
Miscellaneous expenditure written off	-	178.06
Input tax credit earlier years	-	11.62
Others	34.92	16.36
	34.92	252.16
<b>Income</b>		
Export incentive	-	166.03
Others	16.53	32.28
	16.53	198.31
	<b>18.39</b>	<b>53.85</b>

## 29. Contingent liabilities

(₹ In lacs)

Nature of contingency	March 31, 2012	March 31, 2011
- Income-tax demands *	4,197.51	266.79
- HRDF Demand of Market Committee, Sonapat	30.78	102.03
- Letter of credits opened with Banks on behalf of the Group	162.04	1,010.49
- FCI Demand for differential price/freight/ taxes	339.00	339.00
- Shakti Bhog Foods Limited		
Demand for Claim of defective goods	35.25	-
- Guarantee given by Group for loan taken by others from banks	-	3,000.00
- Liability against duty saved under EPCG licenses issued	4,093.56	1,354.18
<b>Total</b>	<b>8,858.14</b>	<b>6,072.49</b>

\*The demand of ₹ 135.18 lacs of AY 2000-01 is disputed and the matter is subjudice with Commissioner of Income Tax who has directed the Assessing Officer ('AO') to provide Remand Report. The Parent Company has deposited ₹ 45.00 lacs against this disputed demand.

Departmental appeals for AY 2002-03 and 2006-07 are with Income Tax Appellate Tribunal ('ITAT') and it has redirected the AO to recompute the deduction under section 80IA and 80HHC in the case for AY 2002-03 and order of the ITAT is awaited in the case for AY 2006-07.

The group on August 19, 2011 received a tax demand of ₹ 3,889.28 lacs pursuant to the proceedings initiated by the income tax department post the search and seizure procedures on February 10, 2009. The group has filed appeals against the above mentioned orders and no further provisions have been made pending conclusion of the appeals". The management believes that its position is likely to be upheld.

## 30. Capital contracts

Capital commitments remaining to be executed and not provided for, net of capital advances [₹ 775.42 lacs (previous year: ₹ 34.56 lacs)].

## 31. Related party disclosures

In accordance with the requirements of Accounting Standard (AS)-18 on "Related Party Disclosures" as prescribed under the Companies (Accounting Standard) Rules, 2006 the names of related parties where control exist and/or with whom transactions have taken place during the year and description of relationships, as identified and certified by the management, are:

### (i) Names of related parties and description of relationship- Associates

LT Infotech Private Limited  
Cordia LT Communications Private Limited (Subsidiary of LT InfotechPrivateLimited)

### - Key Management Personnel and their relatives

Name	Designation
Vijay Kumar Arora	Chairman and Managing Director
Abhinav Arora	Son of Managing Director
Surinder Kumar Arora	Joint Managing Director
Ashwani Kumar Arora	Joint Managing Director
Ashok Kumar Arora	President-Punjab Operations



# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

## Transactions with key management persons and their relatives

(₹ In lacs)

Particulars	March 31, 2012	March 31, 2011
<b>Remuneration paid</b>		
Vijay Kumar Arora	78.00	78.00
Ashwani Kumar Arora	59.56	60.00
Surinder Kumar Arora	60.00	60.00
Ashok Kumar Arora	36.00	36.00
Abhinav Arora	49.22	23.05
<b>Perquisites</b>		
Ashwani Kumar Arora	-	-
Surinder Kumar Arora	0.76	8.97
Dividend paid to key management personnel	110.10	158.19
Dividend paid to relatives of key management personnel	38.06	64.04
<b>Interest paid</b> (Ashok Kumar Arora)	2.39	2.21
<b>Balance at year end</b>		
Ashok Kumar Arora	28.68	26.53

## Transactions with associates

(₹ In lacs)

Particulars	March 31, 2012	March 31, 2011
<b>Balance receivable at year end</b>		
LT Infotech Private Limited	66.73	66.73
Cordia LT Communications Private Limited	32.69	16.41

## 32. Earnings per share

(₹ In lacs)

Particulars	March 31, 2012	March 31, 2011
Net profit attributable to equity shareholders after minority interest and before prior period items (₹ lacs)	(183.11)	2,573.37
Prior period items (excluding tax) (₹ lacs)	18.39	53.85
Net profit attributable to equity shareholders after minority interest and prior period items (₹ lacs)	(201.50)	2,519.52
Numbers of weighted average equity share outstanding at the year (₹ lacs)	261.18	261.18
Nominal value of equity share (₹)	10	10
Earnings Per Share after prior period items - Basic and Diluted (₹)	(0.41)	9.65

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

Name of subsidiary	Country of operations	Percentage of holding by LT Foods Limited
<b>Subsidiaries</b>		
Daawat Foods Limited	India	70.48%
Nature Bio Foods Limited	India	100.00%
SDC Foods India Limited	India	80.00%
LT International Limited	India	89.98%
Sona Global Limited	Dubai	100%
LT Overseas North America, Inc	USA	100%
Raghuvesh Foods & Infrastructure Limited	India	100%
<b>Step subsidiaries</b>		
Nice International FZE	Dubai	100%
Kusha Inc.	USA	100%
LT Foods USA LLC	USA	100%
LT Agri Services Private Limited	India	100%
Expo Services Private Limited	India	80%
Raghuvesh Power Projects Limited	India	51%
<b>Name of partnership firm</b>		
Raghnath Agro Industries	India	100%*

\* LT Foods Limited has 4% share and Daawat Foods Limited has 96% share.

# Consolidated Notes to the Financial Statements

for the year ended March 31, 2012

34. The Group is engaged in the business of manufacture and storage of rice, which as per accounting standard 17 on "Segment Reporting" as prescribed under the Companies (Accounting Standard) Rules, 2006, is considered to be the only reportable business segment. Accordingly only secondary segment information has been disclosed below.

(₹ In lacs)

Particulars	India	North America	Rest of the world	Total
<b>Revenue:</b>				
External	56,408.87	30,889.46	54,878.10	142,176.44
Previous year	51,452.10	30,567.64	44,021.84	126,041.58
<b>Total</b>	<b>56,408.87</b>	<b>30,418.51</b>	<b>55,349.06</b>	<b>142,176.44</b>
Previous year	51,452.10	30,567.64	44,021.84	126,041.58
Segment assets	3,946.31	8,294.42	14,496.03	26,736.77
Previous year	9,139.99	4,644.10	14,299.30	28,083.39
Unallocated assets*				133,098.64
Previous year				124,311.05
Capital expenditure**				8,548.87
Previous year				7,742.81

\*The assets, other than receivables, used for earning revenue from geographical locations above are not maintained separately as the same is impractical and not feasible.

\*\*Includes addition of fixed assets from capital work in progress ('CWIP') and hence movement in CWIP has not been separately disclosed.

35. The Group is a lessee under an operating lease. Rental expense for operating lease for the years ended March 31, 2012 and 2011 was ₹ 632.90 lacs and ₹ 558.89 lacs respectively. The Group has not executed any non-cancelable operating leases.

36. The remuneration paid to Mr. Vijay Kumar Arora (Managing Director), Mr. Ashwani Kumar Arora (Joint Managing Director) and Mr. Surinder Kumar Arora (Joint Managing Director) was approved by the shareholders of the Company and one of its subsidiaries (in case of Mr. Ashwani Kumar Arora). However, owing to the insufficient profits during the year, not determinable on the date of such approval, the remuneration paid during the year ended March 31, 2012 is in excess of the limits specified under the provisions of the Companies Act, 1956 by ₹ 126.32 lacs. The Company and one of its subsidiaries are taking necessary steps to seek approval from the shareholders and Central Government for excess remuneration paid.

37. Till the year ended March 31, 2011 the Company was using pre-revised schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012 the revised schedule VI notified under the Companies Act 1956, has become applicable to the Company. The Company has reclassified previous year figures to confirm to this year's classification. The adoption of revised schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it's significantly impacts presentation and disclosure made in the financial statements, particularly presentation of balance sheet.

## For and on behalf of the Board of Directors

**Ashwani Kumar Arora**  
Joint Managing Director

**Surinder Kumar Arora**  
Joint Managing Director

**Monika Chawla Jaggia**  
Company Secretary

Place : Gurgaon  
Date : July 23, 2012





#### FORWARD LOOKING STATEMENT

In this annual report we have disclosed forward looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements, written and oral, that we periodically make contain forward looking statements that set out anticipated results based on the management's plan and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expects', 'project', 'intends', 'plans', 'believes' and words of similar substance in connection with any discussion of future performance.

We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. Investors should bear this in mind. We undertake no obligation to publicly update any forward looking statements, whether as a result of new information, future information or otherwise.

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