

CHAIRMAN'S MESSAGE

Dear Shareholders,

The dream that was conceived by Shri Raghunath Arora, in the year 1965, has seen through four glorious decades of improving the quality of rice. A company that got started in a small shed in village Bhikiwind, Amritsar, Punjab, today boasts of revenue of Rs.4860 million. The company has been through yet another exciting year and has emerged stronger with new accomplishments.

Basmati Rice, is essentially an image of lavish feasts and celebrations. For LT Overseas Basmati Rice is not only a premium commodity but a very high level of social commitment. Started as a trading company, it subsequently became a partnership firm by the name of Lal Chand Tirath Ram Rice Mills. Subsequently your company was formed and took over the business of said firm. Your company's contribution to the rice production in India has been significant but in the production of Basmati Rice its production efforts stand unrivalled today as the world's largest producer and exporter.

Looking into the future, your company plans to have an increased presence in Parboiled Rice segment by setting up a new 7 TPH capacity mill by October 2007 in Bhopal and doubling the capacity of Mandideep plant to give a better future to these people. Your company also has plans for a business growth strategy by going in for a Joint Venture with Phoenix Agri Silica Corporation, Canada for the commercial production of Silica – to be sold to the cement industry.

Your very own brand 'Daawat' was an answer to the needs of world market and for the women who actually played multiple roles, as a professional and a homemaker. The lack of time compounded with increased disposable incomes has created a demand. Daawat is very high quality branded basmati rice, which is hygienically packed and requires no tiresome cleaning before cooking. Daawat attained an iconic status amongst millions of households countrywide and is amongst the top three-basmati rice brands in India.

Your company has a commitment to its consumers through its Total Quality Control. At the plant the rice and paddy are matured under scientifically controlled conditions, to retain the maximum aroma. Yours is the only company to employ specialized driers (Automatic and Controlled) that help retain the aroma during the process of drying. Your company maintains international quality standards. To develop and design rice-processing machines your company is on the anvil for a tie-up with one of the world's biggest technology leaders. Your company plans to invest for installing new equipment, for which your employees will be bestowed with special training to match the world leaders in production. The employees are given regular training in manning stores, quality control and maintenance department.

LT Overseas is among a select set of rice manufacturing companies who use silos for storage of rice. The processes are fully mechanized at every stage. Your company has launched its brands in 40 countries. Its ever-expanding distribution network makes sure that Daawat is always available of the shelf and ensures the presence of the group's products into the market. LT Overseas has more than 100 exclusive distributors nationwide who provide the company the most important tool of marketing "End Customer Feedback", which actually enables the team to deliver the right product at right time to the right market. LT Overseas has both exclusive and non-exclusive distributors, where the exclusive arrangements with the distributors in North America, South America and European region, has helped you in categorizing and pushing the product in a more efficient manner. As a result, your company's revenues in consumer packs have increased by 20% with a total increase of 82% in Profit After Tax (PAT).

Daawat promises a consistent and better future as convenience food sector is witnessing a significant shift.

Your company plans to concentrate on the branded business and so have joined hands with a big retail chain store in the UK and France. In the ensuing years it plans to capture significant market share.

With the Mall culture coming into existence, your company intends to have exclusive outlets for your brands for the families with disposable incomes, where the global queen basmati has a new identity of 'Flavored Basmati Rice'. This is a very customized concept, which has been developed from the valuable customer feedback. Being the pioneer, we intend to continue to retain leadership market position. Your Research and Development department is developing advanced production techniques that are comparable to the best technologies worldwide. Your company has a consulting agreement that provides guidance and technical assistance in all aspects of rice production.

LT Overseas has exhibited a steady growth curve for the last three fiscals. The fiscal health of your company remains to be sound. Optimised operations has resulted in increase an increase in revenue by 20% in the year 2006-07 as compared to the revenue earned by the company in 2005-06. Your company sucessfully completed an Initial Public Offering during the year under review and got listed on Bombay Stock Exchange Limited and the National Stock Exchange Limited on 18th December, 2006.

Your company's committed, experienced and knowledgeable business partners have contributed significantly to the company's success and growth. I sincerely thank them and all other stakeholders for their continued support.

Vijay Kumar Arora
Chairman and Managing Director

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DIRECTORS' REPORT**Dear Shareholders**

Your Directors are pleased to present their seventeenth annual report on the business and operations of the company together with the audited accounts for the year ended March 31 2007

FINANCIAL RESULTS

Your company's performance during the financial year 2006-07 is summarized below:

	Rs. in	
lacs	2006-07	2005-06
Sales and other income	48543.70	40456.93
Profit before tax	2326.70	1200.78
Tax on profits	267.27	69.31
Profit after tax	2059.43	1131.47
Dividend	222.70	180.86
Tax on proposed dividend	31.23	25.37
Transfer to general reserves	51.49	125.00
Profit and Loss account balance carried forward	1754.01	800.24

Key Ratios

The underlying performance can be ascertained from the following key ratios:

	2006-07	2005-06
Earning per share (Rs.)	12.52	15.84
Dividend per share (Rs.)	1.00	2.50
Return on net worth (%)	17.16%	18.57%

APPROPRIATIONS**Dividend**

Your Directors recommend a final dividend of Rs. 1 per equity share (10%) absorbing a sum of Rs 222.70 lacs (exclusive of distribution tax) for the financial year 2006-2007 subject to the approval of the shareholders at the ensuing Annual General Meeting.

Transfer to reserves:

An amount of Rs 51.49 lacs is proposed to be transferred to general reserves.

Unclaimed Dividend

An amount of Rs. 175940 out of the interim dividend declared during the financial year 2005-06 is unpaid /unclaimed as on date. Shareholders are requested to contact the Company to revalidate their dividend cheques. Please note that Company is required to transfer any unpaid/unclaimed dividend to investors protection fund in consonance with the provisions of Companies Act, 1956, if they remain unpaid / unclaimed for a period of seven years from the date of its declaration.

PERFORMANCE REVIEW

Company achieved surpassed sales turnover of Rs. 481 Crores and Profit after tax Rs. 20.59 crores as against estimated sales turnover of Rs. 480 crores and profit after tax of 20 crores. During the year Company increased its capacity from 20mt per hour existing as on 31st March 2006 to 27mt per hour as at 31st March 2007. Company recorded significant increase in domestic sales by 36.5%. This could be made possible by introducing branded rice for all the segments of population and innovative packaging. Profit after tax recorded tremendous increase of 84%. This increase mainly resulted due to increase in gross profit margins, which increased by almost 4% viz -a-viz last year.

Rationalisation of paddy procurement policy and reduction in cost of manufacturing operations resulted into higher gross profit margins. Due to increase in profit margins EBITA margins also increased from 7.9% in 2005-06 to approximately 11% in 2006-07.

INCREASE IN SHARE CAPITAL

Bonus shares:

During the year your company capitalized Rs. 723.45 lacs out of its reserves and made a bonus issue of one equity share for every equity share held.

Initial Public offer:

The year 2006-07 saw a successful Initial Public offering of the company resulting in the allotment of 7036543 equity shares of Rs. 10 each for cash at a premium of Rs.46 per equity share The issue was oversubscribed 8.26 times and the equity shares were listed on the Bombay Stock Exchange Limited and the National Stock Exchange Of India Limited on December 18th, 2006. Your Directors are glad to report that the listing of the shares have enhanced the visibility of the company and its brand value

UTILISATION OF PUBLIC ISSUE PROCEEDS

The funds raised by the Initial Public Offering of the company has been utilized in the following manner:

Particulars	Projected		Actual	
	Amt	Schedule	Amt	Schedule
Expansion , Automation and Modernisation at Sonapat Haryana	70.2	April07-Sept 07	0	April07-Sept 07
a.)Parboiled rice processing and milling unit	41.01	Jan 06-July 06	42.46	Completed
b.)New milling line for producing value added rice	31.3	May 06 -Sept 06	29.45	Completed
c.)Balancing and modernisation of facilities				
d.)Increasing storage facility	98.39	June 06-June 07	29.03	Partly Completed
i)Silos grain storage	21.09	Jan 07-June 07	22.99	Completed
ii)New white rice storage	4.72	Mar 06-July 06	3.5	Completed
iii)Open Bardana Shed	50.52	June 06-June 07	10.62	Ist Phase Completed
Setting up of Power turbine at existing plant at Sonapat	177		177	Completed
General Corporate purpose	35.18		37.42	Completed
Public issue expenses	529.41		352.47	(*)

(*) Pending deployment in project, the balance of Rs.176.94 million has been utilised towards working capital.

SUBSIDIARY COMPANIES

Domestic subsidiaries :

Daawat Foods Private Ltd became a wholly owned subsidiary of the company on March 2, 2007 .The company is in the process of setting up of a plant in Mandideep, Bhopal and will focus on manufacture of value added rice.

Nature Bio Foods Limited, a wholly owned subsidiary of the company continued to carry on the business of manufacture organic rice and other agri products.

L T International Ltd, a subsidiary of the company is engaged in trading of varied merchandise.

Overseas subsidiaries:

Sona Global Limited Dubai and its subsidiary Nice International FZE, Dubai are engaged in trading of rice and rice products in the Middle East.

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

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

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

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

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

CORPORATE GOVERNANCE

A separate section on Corporate Governance forming part of the Directors' report and the certificate from the Company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing agreement with the Stock Exchanges is included in this report.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report for the year under review, as stipulated under Clause 49 of the Listing agreement with the Stock Exchanges is presented as a separate section forming part of this Annual Report.

DIRECTORS

Mr. Suparas Bhandari and Mr. Satish Bal, Directors of the Company retire by rotation at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment.

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

COMPOSITION OF THE AUDIT COMMITTEE OF THE BOARD

In pursuance with the provisions of Section 292A of the Companies Act, 1956, the composition of the audit committee of the Board is given here in below:

Mr. Suparas Bhandari	Chairman
Mr. Pramod Bhagat	Member
Mr. Satish Bal	Member

The audit committee has been provided terms of reference defining its scope and responsibilities. The section on corporate governance contains other details as regards the functioning of the said committee

AUDITORS

M/s. Tilak Chandna & Company, Chartered Accountants, New Delhi hold office till the conclusion of the ensuing Annual General Meeting and have expressed their willingness and eligibility to continue, if re-appointed. You are requested to consider their re-appointment.

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

The Company had no employee drawing remuneration in excess of limits specified under Section 217(2A) of the Companies Act, 1956.

RESEARCH & DEVELOPMENT

The company recognizes that research and development of new products are imperative for the company to consolidate, achieve and maintain leadership position in industry. The R&D department is focused on developing new and innovative products that cater to varied customer segments.

Below is the brief on various R&D initiatives during the year and their status:

Rice for Restaurants:

Delicacies like Biryani, Pulav and Fried Rice all have Basmati rice as an essential ingredient. Restaurants cook basmati rice in large quantities and serve as and when ordered. Traditional Basmati often breaks into small pieces or gets mushy, soft and clumpy when held for long period of time. To address the need of rice with more shelf life, a new process with precise controls was developed in a pilot plant to ensure that each and every grain was evenly processed. Consistency and uniformity differentiates this new product from other similar products in the market. The product and process were unique and the company has filed a patent application. The product has since been launched under the brand name "Chef's Secertz".

Fast Cooking Brown Rice: Rice though a great energy food loses its nutrients when bran is removed during milling. Bran is kept intact in brown rice. As such the grain is more nutritious than white rice. Specifically there are greater levels of protein, fat, minerals, vitamins, and fiber. However because of the bran layer, brown rice can go rancid quickly and also takes longer to cook. Both these deficiencies have been removed by creating a new product using a proprietary new technology. This product will have a shelf life of one year and take 15-18 minutes to cook, the same as white Basmati rice.

Flavoured Rice: Value added flavoured rice products have been developed working closely with a seasoning company from Canada. A leading consumer research company was also retained to carry out qualitative and quantitative research to fine tune marketing strategies and gauge market preferences. The company plans to launch five different flavoured rice products under a new brand name shortly.

Rice for diabetics: Starchy (Carbohydrate) foods are not preferred as diet of diabetics. However, different starch release sugars into blood stream at different rates. This rate is measured as glicemic index or GI value. Foods classified Medium to Low GI are permissible in diabetic diet. Basmati rice's GI is lower than that of non-Basmati rice. This is due to type of starch present in Basmati rice. Research is underway to reduce rice's GI to a level where it would be classified as medium to low GI value.

Exploratory Research into Micro Nutrients in Rice: Research is being carried out to classify micronutrients with special functional properties present in the rice grain. This is similar to discovery of flavanols in chocolate that has turned chocolate from a junk calories snack to “good for you” food. Fermented rice, sprouted rice etc are being examined to detect special health impacting properties of rice.

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

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

Conservation of energy:

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

Power & fuel Consumption

Particulars	2006-07	2005-06
Electricity		
Through purchases		
Purchased units	8245325	566984
Total Amount (Rs.)	33957376	23758328
Rate/unit (Rs.)	4.12	4.19
Through Diesel generator		
Units generated	1263967	279248
Total amount (Rs.)	40042475	8341137
Cost/Ltr.	31.68	29.87

Technology absorption, adaption and innovation

1. Efforts , in brief, made towards technology absorption, adaption and innovation:
 - i) Expansion of product range to meet the growing market needs.
 - ii) Up gradation in existing products
2. Benefits derived as a result of the above said efforts , e.g product development, product improvement, cost reduction etc:

The above efforts helped in satisfying consumer needs as well as business requirements of introducing new products. Research initiatives of the Company has been seperately dealt with elsewhere in the Report.

3. Imported technology

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

Foreign exchange used and earned

Particulars	Rupees in lacs	
	2006-07	2005-06
Total Foreign Exchange used	2449.79	4204.99
Total Foreign Exchange earned	17064.55	17109.38

DIRECTORS RESPONSIBILITY STATEMENT

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

- (a) in preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same ;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31,2007 and of the profit of the Company for the year ended on that date ;
- (c) 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 ;
- (d) the directors had prepared the annual accounts on a going concern basis .

HUMAN CAPITAL

The Company values the importance of human capital and continued emphasis has been placed on creating a working environment that promotes innovation, enhances work satisfaction and facilitates personal growth of its employees. The company has been continuously scaling up its human capital to keep pace with continued growth and future plans .The company has also undertaken initiatives for promoting HR policies that aim to attract and retain manpower and upgrade skills. The manpower strength has grown considerably to around 350 employees globally during the year under review.

ACKNOWLEDGEMENT

The Directors are thankful to the bankers and financial institutions for their support to the company. The Board places on record its appreciation of the continued support provided by its valued customers, suppliers, vendors and partners.

The directors also acknowledge the hard work put in by the employees of the company in carrying forward the company's vision and mission. The enthusiasm and continued efforts of the employees have enabled the company to establish itself as a leading player in the domestic and global market.

The directors also express their gratitude to the shareholders for their confidence in the company

For and on behalf of the Board of Directors

V.K.Arora
Chairman & Managing Director

Place: New Delhi
Date: 27th April, 2007

Financial summary of Subsidiaries of the Company for the year ending 31st March, 2007

Particulars	Nature Bio Foods Limited (Wholly Owned Subsidiary)	Daawat Foods Pvt. Limited (Wholly Owned Subsidiary)	L T International Limited (Subsidiary)	Sona Global Ltd. Dubai (Wholly Owned Subsidiary)	Nice International Dubai (Wholly Owned Subsidiary of Sona Global Ltd.)
Share Capital	500,000.00	14,900,500.00	20,000,000.00	11,947,647.00	11,733,300.00
Reserve & Surplus	10,860.85	(1,025,417.83)	(2,099,457.04)	(652,973.06)	(276,424.81)
Incomes	7,282,369.79	2,965,322.00	93,874,850.00	-	26,448,883.80
Expenditure	7,229,151.94	3,912,307.83	93,836,612.83	491,569.79	26,120,105.00
Profit Before Tax	53,217.85	(946,985.83)	38,237.17	(491,569.79)	328,778.80
Provision for Taxes	40,000.00	17,000.00	5,000.00	-	-
Profit after Taxes	13,217.85	(963,985.83)	33,237.17	(491,569.79)	328,778.80
Dividend Paid	Nil	Nil	Nil	Nil	Nil
Earning Per Share	0.26	(0.96)	0.02	(49.16)	32.88

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

Name of the Subsidiary Companies	Nature Bio Foods Limited (Wholly Owned Subsidiary)	Daawat Foods Pvt. Limited (Wholly Owned Subsidiary)	L T International Limited (Subsidiary)	Sona Global Ltd. Dubai (Wholly Owned Subsidiary)	Nice International Dubai (Wholly Owned Subsidiary of Sona Global Ltd.)
	31.03.2007	31.03.2007	31.03.2007	31.03.2007	31.03.2007
1. Financial year of the subsidiary ended on the above date:					
2. Share of the subsidiary held by the Company					
(a) Number and face value	49,994 Nos. of Equity shares of Rs. 10 each	10,00,044 Nos. of Equity shares of Rs. 10 each	17,99,581 Nos. of Equity shares of Rs. 10 each	10,000 Nos. of shares of AED 100 Each	10,000 Nos. of shares of AED 100 Each
(b) Extent of holding	99.99%	99.98%	89.98%	100%	100%
3. Change if any in the holding Company's interest in the subsidiary	NIL	NIL	NIL	NIL	NIL
4. The net aggregate amount of Profits / (Losses) as for as it concerns the member of the L.T Overseas Limited and is not dealt within the accounts , its follows:					
i) For the financial year	13,218 (2,357)	(963,986) (61,432)	33,237 (2,132,695)	(491,570) (161,403)	328,779 (605,204)
ii) For the previous financial years	NIL	NIL	NIL	NIL	NIL
5. The aggregate amount of Profit/(Loss) of the subsidiary Company , which has been dealt with in accounts of The L T Overseas Limited is as follows:					
i) For the financial year	NIL	NIL	NIL	NIL	NIL
ii) For the previous financial years	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

Place : New Delhi
Date : 27.04.2007

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure & Development

Rice industry

Rice is cultivated in more than 100 countries and is the staple food for over half of the world's population. Asia is the biggest rice producer for 90% of the world's production and consumption of rice. Rice accounts for 13% of overall agriculture exports and 1.6% of total exports from India.

India is the largest producer and exporter of basmati rice. Share of India in basmati exports is 55-60%. Basmati rice commands a substantial premium over non basmati rice because of its superior taste and aroma. Basmati rice enjoys a premium of almost 50-60% over normal rice. Presently, the share of branded basmati is 35% as compared to 22%. Rice Industry enjoys the benefit of relative inelastic demand, coupled with low substitutability and of strong geographical association. Exports of basmati and non basmati rice for the last two years are as under:

Year	(million mt)	
	2004-05	2003-04
Non basmati	3.64	2.64
Basmati	1.12	0.77

Processed food industry

The food processing industry is one of the largest industries in India-it is ranked fifth in terms of production, consumption, export and expected growth. The industry size has been estimated Rs. 3150 billion (US\$ 70 billion), including Rs. 990 billion (US\$22 billion) of value added products.

Going forward, a thrust on innovation, enhanced focus on branding, increased advertisement spends, focus on globalization, strengthening of the distribution system and improved penetration level are all going to be key drivers to growth.

Value added products or convenience foods include ready to cook and ready to eat food products. These products have enormous potential in the domestic & international market. Consumption of food is growing at CAGR of 8%. Processed food exports and value added agriculture produce will witness faster growth in their respective industry segments in the ensuing years.

Opportunities

- Consumers' ability and willingness to pay for better quality products
- Favourable demographics to aid increased domestic consumption
- Greater access to global market post WTO

Threats

- Emergence of low cost synthetic substitutes
- Improved performance by competitors.
- Strengthening rupee may reduce realization on exports
- Any significant change in Government's economic liberalization and deregulation policies could affect the business

Strengths

- Our global distribution network consists of both exclusive and non exclusive distributors.
- Our portfolio constitutes all kinds of basmati rice, value added products and vitamin enriched rice.

We have advanced survey technologies like satellite survey and field survey for procurement. This helps us in optimizing our procurement process.

Weakness

Lower net margins due to little differentiation
High working capital requirement, reducing return on capital
High dependence on monsoons

Process & Technology:

We keep ourselves abreast with latest technology relevant to our business. We are among the few rice manufacturers to use silos for storage of rice. We are using automatic colour sorting machine for quality purposes since 1992. We are among the first few players in the rice industry, to achieve ISO and Hazard analysis and critical control point (HACCP) certification from the British Standard Institute.

Outlook for 2007-08

LT Overseas is consistently innovating and enhancing its capabilities and operations to strengthen its competitive position. The year ahead promises to be an exciting one for FMCG players on the back of a combination of factors which include higher disposable income levels, increasing spends and improved standard of living and the company continues to be optimistic about its growth prospects for current financial year.

Risks and concern

The objective of LT risk management framework is to identify potential events that may affect the company, and manage risks in order to provide reasonable assurance regarding achieving the organization's objectives. The Board of Directors has been apprised of the risk management framework adopted by the company.

Strategic risks

Strategic plans for the company's business take in to account likely risks in the industrial environment from competition, changing customer needs, obsolescence and technological changes. The annual plans that are drawn up consider the risks that are likely to impact the company's objectives in that year, and the counter measures put in place. All major new project proposal include a view on risks and counter measures, at the time of evaluation. The company is also developing in house competencies through consistent R & D which enables it to offer unique products to its customers.

Operational risks

To manage operational risks, the company has well documented policies and procedures, which are followed in its day to day working. The company has a well defined delegation of power and comprehensive budgetary control and a review systems to monitor its operations. In addition, internal audits verify compliance of defined policies and procedures.

Financial risks

The financial risk assume greater importance with the expansion plan are being implemented by the company. However, they are well managed through prudent financial operations, innovative treasury risk management and effective use of hedge options.

Information technology risks

To mitigate the risks associated with security of systems, the company has put in place adequate safety mechanisms such as anti-virus software and firewalls to prevent intrusion across the organization. As a part of disaster recovery plan, back ups of the applications and data are being taken daily.

General risks:

The company has adequate Insurance policies in place for its plants to mitigate the risks associated with damage to assets, machinery, property, third party liabilities, employees accident, medical and

health and other relevant policies. For day to day operations, company has insured adequately to protect its consignments.

Internal Control System and their adequacy

The company has adequate system on internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions are authorised, recorded and reported correctly

An programme on internal audits, reviews by management, and documented policies, guidelines and procedures , supplements the internal control systems. The systems are designed to ensure that the financial and other records are reliable, for preparing financial statements and other data, for maintaining accountability of assets.

The internal controls are complemented, on an on-going basis, by program of internal audits being implemented through-out the year. The audit committee of the Board comprising independent directors, reviews on a regular basis , the internal audit reports along with management comments thereon.

Discussion on Financial Performance (1st April 2006 to 31st March 2007)

Key financial growth indicators

PBT increased by 93.75%

PAT increased by 82.05%

EPS increased by 26%

EBITA increased by 63.72%

Review of the results of operations:

The financial statements have been prepared in compliance with the requirements of the Companies Act, 1956 and Generally Accepted Accounting Principles(GAAP) in India. The Company's management accepts the responsibility for the integrity and objectivity of these financial statements as well as for various estimates and judgements used therein. There are no material departures in adoption of the prescribed accounting standards. The estimates and judgments related to financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true & fair manner the form and substance of the transactions, and reasonably reflect the company's present state of affairs and profits of the year.

a) Share capital: At present, the paid up share capital of the company consist only of Equity shares. During the year under review, 72,34,550 equity shares have been allotted on 4.5.2006 as Bonus shares in the ratio of 1:1. During the year company has also made private placement to Bennett, Coleman & Company Limited and with Deramann Limited of 714286 and 50000 equity shares respectively. During the year under review, company also issued 70,36,543 equity shares through Initial Public offer .

The paid up capital of the company subsequently increased from Rs. 7,23,45,500 divided in to 72,34,550 equity shares to Rs. 22,26,99,290 divided in to 2,22,69,929 equity shares.

b) Reserves & surplus : Out of the profits of the financial year ended 31st March 2007 Rs. 51.49 lacs have been transferred to General Reserves in comparison to Rs. 125.00 lacs in the financial year 2005-06.

c) Loans : Secured loans have increased by Rs. 379.00 lacs from Rs. 20357 lacs to Rs. 20736 lacs and unsecured loans also increased from 2000 lacs to 7452 lacs during the year.

Current Assets

- i) Inventories: During the year, inventory level increased by 5988 lacs from 18205 lacs to 24193 lacs
- ii) Sundry Debtors: There is an increase in Sundry debtors 3224 lacs i.e from 7682 lacs to 4458 lacs.
- iii) Loans & advances: During the year, the loans and advances increased by 2091 lacs i.e from 1690 lacs to 3781 lacs.

- iv) Current Liabilities: Current liabilities have increased by 1238 i.e from 3106 lacs to 4344 lacs.
- v) Net Current assets : During the year net current assets also increased by 9699 lacs i.e from 22266 lacs to 31965 lacs.
- vi) Interest: During the financial year interest cost increased by 705 lacs i.e from 1250 lacs to 1955 lacs.
- vii) Staff expenses: The Company's personnel cost increased from Rs. 433 lacs to Rs. 566 lacs.
- viii) Dividend: The company has proposed dividend @10% on the paid up equity share capital for the year 2006-07 as compared to 25% in the previous year.
- ix) Depreciation: During the financial year , depreciation increased from 572 lacs to 698 lacs.

Material Developments in Human Resources

The company added significantly to its employees strength and cordial relations prevailed with the employees of the company during the year under review.

Cautionary Statement

The company have included statements in this discussion , that contain words, phrases such as "will", "estimate", "intend", "plan", and similar expressions that are "forward looking statements."

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward looking statement. Important factors that could cause actual results to differ materially from the company's expectations include among others, economic conditions, affecting demand/supply and price conditions in the domestic and overseas markets in which the company operates, change in Government regulations, tax laws, other statutes and incidental factors.

REPORT ON CORPORATE GOVERNANCE**1. Company's philosophy of Corporate Governance**

The Company is a listed company on Bombay Stock Exchange Limited and National Stock Exchange of India Limited w.e.f 18th December 2006 and the requirement for Compliance of Clause 49 of the Listing Agreement became applicable to the Company pursuant to listing of its equity shares on the aforesaid exchanges. Your company strives towards achieving good governance and responsible management practices. The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders including shareholders, employees, lenders and the Government. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value over a sustained period of time.

The company is in compliance with the requirements of Corporate Governance and a certificate from the auditors of the company regarding compliance of conditions of Corporate Governance as enshrined in Clause 49 of the Listing agreement with the stock exchanges is attached.

2. Board of Directors

The Board of Directors along with its committees provides leadership and vision to the management and supervises the functioning of the company. The composition of the Board is governed by the Listing agreement executed with the Stock exchanges, the Companies Act, 1956 and the provisions of the Articles of Association of the Company. The Board has an optimum combination of executive and non executive Directors and presently comprises of Six Directors out of which three are non executive Directors. The Managing Director is responsible for conduct of the business and day to day affairs of the Company.

None of the Directors on the Company's Board is a member of more than ten committees and Chairman of more than five committees across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding Committee positions held by them in other companies. Also none of the Directors on board hold the office of Director in more than 15 companies, as required under Clause 49 of the Listing agreement.

The requisite information as enumerated in Annexure IA to Clause 49 of the listing agreement is being made available to the Board for discussion and their consideration. The maximum time gap between two Board meetings did not exceed more than 4 months.

The composition of the Board, attendance at Board meetings held during the year under review, number of Directorships, memberships and their shareholding in the company is given below:

Composition of Board of Directors

S.No	Name of Director	PD/ED/NED /ID*	Attendance in Board Meetings		Attendance in Last AGM	Other Board		
			Held	Attended		Directorship**	Committee Chairman	Committee Membership***
1.	V.K.Arora	PD	21	21	Present	5	0	0
2.	Ashwani Arora	PD/ED	21	18	Present	5	0	0
3.	Surinder Arora	PD/ED	21	19	Present	2	0	0
4.	Suparas Bhandari	NED/ID	21	4#	Present	3	1	2
5.	Satish Bal	NED/ID	21	3#	Absent	1	1	3
6.	Pramod Bhagat	NED/ID	21	5#	Absent	2	1	3

* PD – Promoter Director, ED-Executive Director, NED- Non Executive Director, ID-Independent Director

** In Indian Public Limited Companies as on 31.03.2007

*** In Audit, Remuneration and Shareholders Grievances Committee of Indian Public Limited Companies as on 31st March, 2007.

Leave of absence has been granted to the directors for the Board Meetings not attended by them.

Details of Board Meetings Held during the Year

Date of Board Meeting	10.04.06	15.5.06	07.06.06	28.6.06	5.7.06	22.7.06	23.8.06
Board Strength	6	6	6	6	6	6	6
No. of Directors Present	3	4	5	3	3	3	3
Date of Board Meeting	11.9.06	20.9.06	9.10.06	19.10.06	26.10.06	10.11.06	14.11.06
Board Strength	6	6	6	6	6	6	6
No. of Directors Present	3	3	3	3	3	3	3
Date of Board Meeting	18.11.06	2.12.06	5.12.06	12.12.06	30.12.06	15.1.07	2.3.07
Board Strength	6	6	6	6	6	6	6
No. of Directors Present	3	3	3	5	3	4	5

3. INFORMATION SUPPLIED TO THE BOARD

Among others, this include:

- * review of annual operating plans of business, capital budget & updates.
- * quarterly results of the company and its operating divisions & business segments.
- * minutes of meeting of audit committee and other committees.
- * minutes of meetings of the subsidiary companies.
- * Information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- * materially important show cause, demand, prosecution and penalty notices.
- * fatal or serious accidents or dangerous occurrences.
- * any materially significant effluent or pollution problems.
- * any materially relevant default in financial obligations to and by the Company or substantial non-payment for goods sold by the company.
- * any issue which involves possible public or product liability claims of a substantial nature
- * details of any joint venture or collaboration agreement
- * transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- * significant labour problems and their solutions
- * significant development in the human resources and industrial relations front.
- * sale of material nature of investments, subsidiaries, assets, which is not in normal course of business

The Board is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as a part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

Profile of the Directors seeking re appointment

a) Mr. Suparas Bhandari

Mr. Suparas Bhandari is a graduate in science and law. He has 40 years of experience in general insurance and the agricultural industry. He was the founder Chairman cum Managing Director of Agriculture Insurance Company of India Limited. He was also the director of the Oriental Insurance Company Limited. He is currently on the Board of Jodhpur Engineering college and Jodhpur Pharmacy college.

b) Mr. Satish Bal

Mr. Satish bal has over 37 years experience in research & teaching at IIT , Kharagpur. He has a degree in B.Tech(Hons.) from IIT , Kharagpur, MS in Agricultural Engineering from Louisiana State of University USA and Phd degree from IIT Kharagpur.He has worked as a UNDP consultant with the paddy marketing Board in Sri Lanka and has been senior consultant to the Agricultural Finance corporation.

c) Mr. Surinder Arora

Mr. Surinder Arora is a whole time director of the Company. A matriculate, he joined the partnership firm (LCTR) consisting of family members and has been associated with the Company right since its inception. he has vast experience in procurement, production and plant operation. he is one of the promoters of our company and has beenj a director of our Company since the year 2000. His key areas of responsibility are production and procurement.

d) Mr. Ashwani Arora

Mr. Ashwani Arora is whole time Director of our company. A commerce graduate, he has also attended the management development programme conducted by the Administrative Staff College, Hyderabad. he has been a promoter director of our company since inception and his key areas of responsibility are marketing and brand promotion of our company's products in the domestic market.

4. Audit Committee

The Company has re-constituted the Audit Committee on 17th February 2006 consisting of three Independent Directors. During the Financial Year the Company has held five Audit Committee Meeting on 15.5.2006, 10.08.2006, 15.11.2006,15.01.2007,27.02.2007.

All the members of the Audit Committee possess financial /accounting knowledge/expertise. The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing agreement. Ms. Monika Chawla Jaggia, Company Secretary is the Secretary to the audit Committee. The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to provide accurate, timely and proper disclosures and integrity and quality of the financial reporting. The terms of reference of the Audit Committee are in accordance with all the items listed in Clause 49 (II) (D) and (E) of the listing Agreement and inter alia is as follows:

- I. Oversight of the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- II. Recommending the appointment or removal of external auditor, fixation of audit fee and also approval for payment of any other services.
- III. Reviewing with Management the annual financial statements before submission to the Board, focusing primarily on :

- Any changes in accounting policies and practices.
- Major Accounting entries based on exercise of judgement by Management.
- Qualifications in audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial statements.
- Any related party transaction i.e transactions of the Company of material nature, with promoters or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.

Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit,
- Discussions with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors in to matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences, nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look in to reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.

The audit committee shall invite such of the executives, as it considers appropriate (and particularly the head of finance function) to be present at the meetings of the committee, but on occasions it may also meet the presence of any executives of the Company. The Chief Financial Officer, head of internal audit and when required, a representative of the external auditor shall be present as invitees for the meetings of the audit committee.

The Audit Committee has inter-alia the following powers:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.

4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Composition of Committee and Attendance of Members

S.No.	Name of Director and Position
1.	Mr. Suparas Bhandari, Chairman
2.	Mr. Satish Bal, Member
3.	Mr. Pramod Bhagat, Member

Date of Audit committee Meeting	15.5.06	10.8.06	15.11.06	15.1.07	27.2.07
Committee strength	3	3	3	3	3
No. of members Present	3	2	2	2	2

5. Remuneration Committee

The Company has appointed a Remuneration Committee on 17th February 2006 consisting of three Independent Directors. The remuneration committee has been constituted to recommend /review remuneration of the Managing Director and whole time Directors based on their performance and assessment criteria. During the Financial Year the Company has not held any meeting of this Committee.

S.No.	Name of Director and Position
1.	Mr. Satish Bal —Chairman
2.	Mr. Pramod Bhagat - Member
3.	Mr. Suparas Bhandari-Member

Brief Terms of Reference

- Make recommendations for the appointments on the Board.
- Frame Companies Policies on the Board and Directors with the approval of the Board.
- Recommend compensation payable to the executive directors.
- Review of HR Policies/initiatives & Senior level appointments

Remuneration Policy

The remuneration policy approved by the Board of Directors, *inter alia*, provides for the following:

Executive Directors

- Salary & Commission not to exceed limits prescribed under the Companies Act, 1956
- No Sitting Fee

Non-executive Directors

- Sitting Fee & Commission not to exceed the limits prescribed under the Companies Act, 1956.

Detail of Remuneration paid to Directors

S. No.	Name of Director	Salary & Perquisites	Bonus/ Commission	Sitting fee	Stock options	Service Contract
1.	Mr. V.K.Arora	21,00,000	nil	nil	Nil	*
2.	Mr. Ashwani Arora	24,40,000	nil	nil	Nil	**
3.	Mr. Surinder Arora	18,00,000	nil	nil	Nil	**
4.	Mr. Pramod Bhagat	Nil	nil	50,000	Nil	**
5.	Mr. Suparas Bhandari	Nil	nil	45,000	Nil	**
6.	Mr. Satish Bal	nil	nil	20,000	Nil	**

* 5 Years w.e.f. 1st April, 2004

** Retirement by Rotation

Notes:

- 1) The Company has not entered into any pecuniary relationship or transaction with the Non-executive directors.
- 2) The Company has not so far issued any stock options to executive and non executive directors.

6. Shareholders' Grievances Committees

The Board has constituted a Shareholders/Investors Grievance Committee on 17th February 2006 consisting of three Independent Directors. Mr. Pramod Bhagat heads the Committee.

The Committee, inter alia approves issue of duplicate certificates, oversees and reviews all matters connected with transfer of shares of the Company. The Committee also looks into redressal of investor complaints related to transfer of shares, non receipt of dividend and annual accounts etc. The Committee oversees the performance of the Registrar and Transfer agents of the Company. The Committee also monitors the implementation and compliance of the Company's code of Conduct for Prohibition of Insider trading in pursuance of the SEBI(Prohibition of Insider Trading) Regulations 1992

Name and Designation of Compliance Officer:
Mrs. Monika Chawla Jaggia, Company Secretary

7. Code of Conduct

The Board of Directors at its meeting held on 12.12.2006 adopted a Code of Conduct and ethics for Directors and Senior Management Personnel. 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 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 2006-07.

V.K.Arora
Chairman and Managing Director

8. Risk Management:

Your company continuously monitors the business environment and has put in place a framework for identification, assessment and management of risks. The risk framework takes in to account risk in all areas of operation & assessment of impact and likelihood of risks and exposure of LT to such risks in the context of achievement of business objectives. Appropriate risk response strategies have been developed for various risks identified. The audit committee has been mandated the accountability for integration of risk management practices into day to day activities.

9. Subsidiary companies:

The company has made additional investments during the year in an entity as a result of which a wholly owned subsidiary has been created. In addition the company has made investments in subsidiaries in India and abroad. The details of the same are provided in the Directors report. The minutes of these subsidiaries are placed before the Board for their perusal and review.

10. General Meetings**A) Date, time and venue of last three AGMs**

	2003-04	2004-05	2005-06
Date	29.09.2004	16.8.2005	12.6.2006
Time	10.00 A.M.	11.00 A.M.	10.30 A.M.
Venue	A-21, Green Park New Delhi -110016	A-21, Green Park New Delhi -110016	A-21, Green Park New Delhi -110016

Special Resolution passed at the Annual General Meetings

Year 2003-04 –No special resolution was passed.

Year 2004-05 – No Special resolution was passed.

Year 2005-06 – No Special Resolution was passed.

B) Extraordinary General Meeting:

During the year, the Company held three Extraordinary General Meetings for passing Resolutions for the below mentioned purposes:

- 1.04.2006 -Further issue of shares under Section 81(1A), Capitalization of reserves, alteration in articles of association
- 08.05.2006- Alteration in main objects of the company, resolution under Section 149(2A)
- 03.07.2006 - Preferential allotment of equity shares

10) Postal Ballot

During the year, no resolution were passed through postal ballot.

11) Disclosures

a) Disclosure on materially significant related party transactions

There were no material significant related party transactions during the financial year 2006-07 that may have potential conflict with the interest of the Company at large. The details of related party transactions as per Accounting Standard 18 are included in the notes to the accounts.

b) Details of non- compliance with regard to Capital Market

The equity shares of the company got listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) with effect from 18th December 2007. The company has complied with all the requirements of Listing agreement as well as the regulations and guidelines prescribed by the Securities and Exchange Board of India (SEBI) . The company has complied with clause 38 of the Listing agreement with respect to payment of listing fees to the Exchange for the year 2006-07 There were no penalties imposed nor strictures passed on the Company by the Stock Exchange, SEBI or any other statutory authority or any matter related to Capital Markets, during the year.

c) Disclosure of accounting treatment

There is no deviation in the treatments prescribed in any Accounting Standard in preparation of financial statements for the year 2006-07.

d) Board disclosures-risk management

The Board members of the Company have been appraised about the risk assessment and minimization procedures intended to be adopted. The audit committee of the Board is also regularly informed about the business risks and the steps taken to mitigate the same. The implementation of the risk assessment and minimization procedures is periodically upgraded .

e) Proceeds from the Public issue

The proceeds of the Initial Public offer(IPO) of the Company have been utilized for the purpose mentioned in the prospectus only and there is no deviation in the application of these funds.

f) Certification from CEO and CFO

The requisite certification from the Managing Director and Chief Financial officer required to be given under Clause 49(V) of the Listing agreement has been placed before the Board of Directors of the Company.

g) Details of compliance with mandatory requirements and adoption of non mandatory requirements of clause 49 of the Listing agreement

The Company has complied with the mandatory requirements a mandated under Clause 49 of the Listing agreement. A certificate from the Statutory Auditors of the Company to this effect has been

included in this report. Besides, mandatory requirements, the company has voluntarily constituted a remuneration committee to consider and recommend the remuneration of the directors .

h) Whistle blower policy

The company does not have a whistle blower policy

12) Means of Communication

(a) Quarterly/Annual Results

The quarterly/annual results and notices as required under Clause 41 of the Listing agreement are normally published in the Economic Times /Nav Bharat Times / Financial Express (English and Hindi edition as the case may be).

(b) Posting of information on the website of the company

The annual/quarterly results of the company , the official news releases and the presentations made by the company to analysts and institutional investors are posted on its website.

13) Management Discussion and Analysis Report

The management discussion and analysis report forms part of this report

14) Non-Mandatory Requirements

Remuneration Committee – The Board has set up a Remuneration Committee the details of which are furnished at Point No. 5 of this report.

INFORMATION TO SHAREHOLDERS

1. Date, Time & Venue of 17th AGM

Friday, 22nd June 2007, 9.30 A.M.
at NCUI Hall, Near Asiad Viilage,
Opp. Sirifort Auditorium, New Delhi.

2. Dates of Book Closure: From 21st June to 22nd June, both days inclusive for payment of dividend

3. Dividend Payment: on or after 22nd June 2006, but within the statutory time limit.

4. Financial Calendar For FY 2007-08 :

First quarterly results	on or before July, 31 2007
Second Quarterly Results	on or before October 31, 2007
Third Quarterly Results	on or before January 31, 2008
Fourth Quarter Results	on or before April 30, 2008

5. Listing on Stock Exchange: The equity shares of the company are listed on the Mumbai Stock Exchange Limited (BSE) and National Stock Exchange of India Limited(NSE) since 18th December 2006

6. Listing Fee for 2007-08: Paid to BSE and NSE on 19th April, 2007.

7. Registered Office and Investor Service center:

A-21, Green Park, Aurobindo Marg, New Delhi-110016

8. Registrar and Share Transfer Agent :

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri(East), Mumbai
Pin Code-400072
Tel no : 022-28470652
Fax no : 022-28475207
Email id : ipo@bigshareonline.com

Investor Services Complaints & Other Correspondence

	Opening Balance	Received	Resolved	Closing Balance
Complaints	2	260	256	6

9. Stock Market data

(a) Monthly high and low of closing quotations and volume of shares traded on Mumbai Stock Exchange Ltd. (BSE) are given hereunder

Month	High (Rs.)	Low(Rs.)	Volume Shares
December 2006	62.90	45.50	13458309
January 2007	57.00	46.40	5530070
February 2007	58.35	35.60	3038949
March 2007	54.70	35.60	1939153

Source: BSE Website

(b) Monthly high and low of closing quotations and volume of shares traded on National Stock Exchange of India Ltd. (NSE) are given hereunder

Month	High (Rs.)	Low(Rs.)	Volume Shares
December 2006	61.95	45.25	15530526
January 2007	57.40	46.70	6068208
February 2007	57.85	41.50	3149268
March 2007	54.85	38.35	2204686

Source: NSE Website

10. Legal Proceedings: There are no proceedings pending against the company that are material to effect adversely the profit or financial position of the company.

11. Distributions of Share Holding as on March, 31 2007

a. Distribution of Shareholding by size class

No. of Shares	No. of Shareholders	% of Total Shareholders	Share Amount (Rs.)	% to Total
1- 500	13178	91.15	20685350	9.28847
501-1000	591	4.08	5015130	2.25197
1001-2000	335	2.31	5382330	2.41686
2001-3000	85	0.58	2231170	1.00188
3001-4000	63	0.43	2199230	0.98753
4001-5000	60	0.41	2868730	1.28816
5001-10000	62	0.42	4524400	2.03162
10001 and above	82	0.56	179792950	80.73351
Total	14456	100.00	222699290	100.00

b. Distribution of Shareholding by ownership

S.No	Category	No. of Shareholders	Shares Held	Voting Strength
1.	Promoters, directors and their relatives	19	14225496	63.86
2.	Bodies Corporate (Domestic)	394	2275959	10.21
3.	Banks	1	63752	0.28
4.	Mutual Funds	1	29800	0.13
5.	Financial Institutions	6	639114	2.86%
6.	Foreign Institutional Investors	1	4,00,000	1.79%
7.	Non Resident Individuals (NRIs)/ Foreign Corporate Bodies/ Overseas Corporate Bodies (OCBs)	140	149311	0.67%
8.	Resident Individuals	13780	4290887	19.26
9.	In Trust	10	1913	.00859
10.	Clearing members	64	48650	0.21
	Total	14456	222699290	100.00

c. Top Ten Shareholders as on 31st March, 2007

S.No	Name(s) of Shareholders	Category (as per depository)	Shares	%
1.	Ashok Arora	Promoter Group	2107640	9.46
2.	Vijay Arora	Promoter	2087954	9.37
3.	Surinder Arora	Promoter	2086534	9.36
4.	Ashwani Arora	Promoter	2066520	9.27
5.	Gurucharan Dass	Promoter group	2037606	9.14
6.	Vijay Kumar Arora with Ashwani Arora	Promoter	1606320	7.21
7.	Gurucharan Dass with Surinder Arora	Promoters group	1109520	4.98
8.	Bennett, Coleman & Company Limited	Indian Company	714286	3.20
9.	Parvesh Rani	Promoter group	680000	3.05
10.	Matterhorn Ventures	FII	400000	1.80

12. Dematerialization of Shares and Liquidity

The Shares of the Company are tradable both in dematerialized (electronic) as well as physical form and available for trading under both the depository systems in India – NSDL & CDSL. 31.60% of the Company's shares were held in electronic form on March 31, 2007.

13. Share Transfer System

Shareholders/investors are requested to send share transfer related documents directly to our Registrar and Share Transfer Agents whose address is given as Point No. 15 of this section. If the transfer documents are in order, the transfer of shares(s) registered within 15 days of receipt of transfer documents by our Registrar and Share Transfer Agents.

14. Compliance Officer

Mrs. Monika Chawla Jaggia, Company Secretary is the Compliance officer under Clause 47 of the Listing Agreement with Stock Exchanges.

15. Investor Correspondence

All shareholders Complaints/Queries in respect of their shareholding may be addressed to the Company's Registrar & Share Transfer Agent.

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri(East), Mumbai 400072
Phone: 022-28470652
Fax :022-28475207
Email: ipo@bigshareonline.com
Website : www.bigshareonline.com

16. Stock exchange Codes

Stock Exchange

Mumbai Stock Exchange Limited (BSE)
National Stock Exchange of India Limited

Scrip code 532783,
Symbol Daawat

Scrip Id Daawat
Series EQ

ISIN no on both NSDL and CDSL is

INE818H01012

17. Statutory Compliance

During the year the company has complied with the applicable provisions, filed all returns/forms and furnished all relevant particulars as required under the Companies Act, 1956 and allied Acts and Rules, The Securities Exchange Board of India (SEBI) Regulations and the Listing Agreements with the Stock Exchange.

18. Changes to equity Share Capital during FY 2006-07

Date	Particulars	No. of Shares	Issue Price		Increase in Share Capital
			Face Value (Rs.)	Premium (Rs.)	
04.05.2006	Bonus Issue	72,34,550	10	-	7,23,45,500
22.07.2006	Private Placement	7,14,286	10	60	71,42,860
26.10.2006	—do—	50,000	10	60	5,00,000
12.12.2006	Public Issue	70,36,543	10	46	7,03,65,430
	Total	1,50,35,379			15,03,53,790

19. Secretarial Audit Report:

As stipulated by the Securities and Exchange Board of India, a qualified Practising Company Secretary carries out the Secretarial Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services Ltd (CDSL) and the total issued and listed capital of the company. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors. The audit, inter alia confirms that the total listed and paid up capital of the company is in agreement with the aggregate of the total number of shares in dematerialized form (held with CDSL and NSDL) and total number of shares in physical form.

20. Outstanding GDRs/ADRs etc:

No GDRs/ADRs/Warrants or convertible instruments are outstanding as on the date of this report

21. Plant location:

Company has four plants including its subsidiaries

- i) 43 K. Stone, GT Road,
Bahalgarh, Sonapat-131001
- ii) Phoola Road, Distt. Amritsar
Punjab - 143303
- iii) Phase-II Industrial Area
Mandieep, Bhopal
Madhya Pradesh -462046
- iv) Kamaspur, Bahalgarh
Sonapat -131001

22. Address for correspondence :

Registered office :
A 21 Green Park
Aurobindo Marg
New Delhi - 110 016
Tel : 011-26859244
Fax : 011-26859344
email : lt@ltoverseas.com
website : www. ltoverseas.com

Place: New Delhi
Dated: 27th April , 2007

For and on behalf of the Board of Directors

V.K.Arora
Chairman & Managing Director

Certificate under clause 49 (V) of the Listing Agreement

The Board of Directors
LT Overseas Limited
A - 21, Green Park
New Delhi 110 016

Reg.: CEO/CFO Certification pursuant to Clause 49(V) of the Listing Agreement

This is to certify that

- a. We have reviewed the financial statements and the cash flow statement for the financial year 2006-07 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best 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 & maintaining the 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 changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Thanking you,

For LT Overseas Limited

V. K. Arora
Chairman and Managing Director
Date 27.4.2007
Place : New Delhi

S. K. Salhotra
Chief Financial Controller

Compliance Certificate from the Statutory Auditors of the Company

The Members of LT Overseas Limited

We have examined the compliance of conditions of Corporate Governance by LT Overseas Limited, for the year ended 31st March, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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 the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

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

for Tilak Chandna & Co.

Tilak Chandna
Partner
Membership No. 82382

Place : New Delhi.
Dated : 27th April, 2007

AUDITORS' REPORT TO THE MEMBERS OF LT OVERSEAS LTD.

1. We have audited the attached Balance Sheet of M/s **LT Overseas Ltd.**, as at 31st March, 2007 and related Profit & Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditor's Report) (Amendment) Order 2004 (together 'the Order') issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 of India (the Act), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 & 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books and proper returns (unaudited) adequate for the purposes of our audit have been received from the branches not visited by us.
 - (iii) The Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns from the branches;
 - (iv) In our opinion, the Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (v) On the basis of written representations received from the directors, as on 31st March 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2007 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, subject to change in accounting policy mentioned at paragraph 10 of schedule 18 attached to financial statement with regard to Brand Promotion Expenditure and the corresponding overstatement and understatement of heads with amounts mentioned in said paragraph as well as subject to and read with other notes, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2007;
 - (b) in the case of the Profit & Loss Account, of the profit for the period ended on that date; and
 - (c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

**For Tilak Chandna & Co.
Chartered Accountants**

**Tilak Chandna
Partner**

**Membership No. : 82382
Place : Delhi
Date :27.04.2007**

Annexure to the Auditor's Report**[Referred to in the Auditors' Report of even date to the members of LT Overseas Ltd. (the Company) for the year ended March 31, 2007]**

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the assets have not been physically verified by the management during the period but there is a regular programme of verification, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company 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) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory record, the company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) The company has neither granted nor taken any loans, secured or unsecured, from or to companies/ firms or other parties covered in the register maintained under section 301 of the Act. Consequently, clauses 4(iii)(b), (iii)(c), (iii)(d), (iii)(f) and (iii)(g) of paragraph 4 of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanation given to us, the transactions made in pursuance of contracts or arrangement entered in the register maintained under section 301 of the Act and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion, and according to the information and explanations given to us, the company has complied with the provisions of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. According to the information and explanations given to us, no order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Tribunal on the Company in respect of the aforesaid deposits.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of the products manufactured by the company.
- (ix) (a) According to the information & explanations given to us and on the basis of our examination of the books of accounts, the company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax (except some delay in advance tax payment), sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31.03.2007 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are following dues of sales tax, income tax which have not been deposited on account of dispute.

S. No	Assessment Year	Act	Forum before which Matter is pending	Amount (Rs.in lakhs)
1.	1998-99	Income Tax	Income Tax Appellate Tribunal	68.76
2.	2000-01	Income Tax	Commissioner Income Tax (Appeal)	91.30
3.	2001-02	Income Tax	Commissioner Income Tax (Appeal)	46.57
4.	2003-04	Income Tax	Pending for Appeal effect	41.64
5.	2004-05	Income Tax	Rectification u/s 154 of Income Tax Act, 1961	24.55
6.	2002-03 & 2003-04	Sales Tax	Commissioner Appeal Sales Tax Ghaziabad	32.39
7.		HRDF	Director Panchayat, Chandigarh.	166.75
(x)	The company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year and in the financial year immediately proceeding such financial year.			
(xi)	As per books and records maintained by the company, and according to the information and explanations made available to us, the company has not defaulted in repayment of any dues to financial institutions or banks.			
(xii)	According to information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, clause 4(xii) of the order is not applicable.			
(xiii)	The company is not a chit fund, nidhi, mutual benefit fund or a society. Accordingly clause 4(xiii) of the Companies (Auditor's Report) order, 2003 is not applicable to the company.			
(xiv)	According to the information & explanation given to us, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) order, 2003 are not applicable to the company.			
(xv)	According to the information & explanation given to us, the company has not given any Guarantee for loans taken by others from Bank or Financial Institution, the terms and conditions whereof are prejudicial to the interest of the company.			
(xvi)	As per information & explanations given to us, the term loans have been applied for the purpose for which they were raised.			
(xvii)	According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except working capital.			
(xviii)	According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act. Accordingly, clause 4(xviii) of the order is not applicable.			
(xix)	According to the information and explanations given to us, during the period covered by our audit report, the company had not issued debentures. Accordingly, clause 4(xix) of the order is not applicable.			
(xx)	During the year, the company has raised Rs. 394,046,408/- by its initial public offer and the end use of public offer has been disclosed by the management in the paragraph 24 of the notes to accounts and the same has been verified by us.			
(xxi)	During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor we have been informed of such case by the management.			

**For Tilak Chandna & Co.
Chartered Accountants**

**Tilak Chandna
(Partner)
Membership No. : 82382
Place : Delhi
Date : 27.04.2007**

BALANCE SHEET AS AT 31ST MARCH, 2007

Amount in Rs.

	SCH.	AS AT 31 MARCH 2007	AS AT 31 MARCH 2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	222,699,290	72,345,500
Reserves & Surplus	2	977,228,220	536,905,284
LOAN FUNDS			
Secured Loans	3	2,073,606,734	2,035,705,914
Unsecured Loans		745,241,086	199,997,810
DEFERRED TAX LIABILITY		36,121,373	31,952,593
TOTAL		4,054,896,703	2,876,907,101
APPLICATION OF FUNDS			
FIXED ASSETS			
Gross Block	4	951,099,068	632,072,180
Less: Depreciation to date		341,116,872	274,894,448
NET BLOCK		609,982,196	357,177,732
Capital Work-in-Progress		108,289,309	162,733,156
INVESTMENTS			
	5	95,631,259	75,777,659
CURRENT ASSETS, LOANS & ADVANCES			
Inventories		2,419,266,177	1,820,515,822
Sundry Debtors		768,194,536	445,819,963
Cash & Bank Balances		106,710,267	91,270,277
Other Current Assets		24,158,151	22,499,618
Loans & Advances		378,080,950	169,048,877
		3,696,410,081	2,549,154,557
LESS: CURRENT LIABILITIES & PROVISIONS			
Current Liabilities	7	434,419,306	310,599,748
Provisions		65,441,683	12,000,000
		499,860,989	322,599,748
NET CURRENT ASSETS		3,196,549,092	2,226,554,809
Miscellaneous Expenditure	8	44,444,847	54,663,745
TOTAL		4,054,896,703	2,876,907,101

Contingent liabilities, 18

Notes and Accounting policies

The Schedules referred to above form an integral part of the Balance Sheet.

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

for and on behalf of the Board

for **Tilak Chandna & Co.**

Chartered Accountants

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

SURINDER ARORA
DIRECTOR

Tilak Chandna
(Partner)

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION

DATED : 27.04.2007**PLACE : New Delhi**

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Amount in Rs.

PARTICULARS	SCH.	YEAR ENDED	
		31.03.2007	31.03.2006
INCOME			
Sales	9	4,811,191,658	4,008,324,006
Other Income	10	43,177,887	37,369,174
Accretion/Decretion to stock	11	461,254,545	(9,965,353)
TOTAL		<u>5,315,624,090</u>	<u>4,035,727,827</u>
EXPENDITURES			
Raw Material consumed	12	1,737,650,128	1,541,327,611
Purchases	13	2,241,107,932	1,549,630,890
Manufacturing & Trading expenses	14	123,900,957	135,126,976
Administrative, Selling & Other Exps.	15	653,266,640	461,679,637
Financial Cost	16	222,941,327	143,610,593
Depreciation	4	69,806,299	57,205,245
Deferred Revenue Exps. written off		14,255,025	11,020,452
Provisions for doubtful Recovery and Write Off	17	6,872,392	9,076,770
TOTAL		<u>5,069,800,700</u>	<u>3,908,678,174</u>
Profit before Extra Ordinary Income/Adjustment/Expenses		245,823,390	127,049,653
Extra Ordinary Expenses			-
- Loss on Sale of Unit		-	6,972,023
- Provision for Damages		12,078,750	-
- Previous Year Expenses		1,075,123	-
Profit After Extra Ordinary Items		<u>232,669,517</u>	<u>120,077,630</u>
Less : Provisions for Tax			
a) Income Tax -Current Year		27,581,000	10,000,000
b) Fringe Benefit Tax -Current Year		1,820,000	2,000,000
c) Deferred Tax Liability		4,168,780	4,442,627
d) Income Tax Earlier Years		9,551,469	-
Less: Excess Provision of Earlier Years written back	595,138	9,511,559	-
Less : MAT Credit Receivables		15,800,000	26,726,111
NET PROFIT AFTER TAXATION		<u>205,943,406</u>	<u>113,146,562</u>
Balance brought down from previous year		506,820,700	426,797,127
PROFIT AVAILABLE FOR APPROPRIATION		<u>712,764,106</u>	<u>539,943,689</u>
APPROPRIATION			
a) Transferred to General Reserve		5,149,000	12,500,000
b) Dividend (Not subject to TDS)			
- Dividend on Equity Shares		22,269,929	18,086,375
- Corporate Dividend Tax		<u>3,123,358</u>	<u>2,536,614</u>
Balance carried to Balance Sheet		<u>682,221,819</u>	<u>506,820,700</u>
EARNING PER SHARE			
Basic & Diluted Earning per share		12.52	15.84
- Weighted Average of Shares		16,452,234	7,143,262

Contingent liabilities, Notes & Accounting Policies 18

The schedule referred to above form an integral part of the Profit & Loss Account

This is the Profit & Loss Account referred to in our report of even date

for and on behalf of the Board

for Tilak Chandna & Co.

Chartered Accountants

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

SURINDER ARORA
DIRECTOR

Tilak Chandna
(Partner)

DATED : 27.04.2007
PLACE : New Delhi

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION

SCHEDULE -1

Amount in Rs.

SHARE CAPITAL

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2007	
AUTHORISED				
25,000,000 Equity Shares of Rs. 10/- each (Previous year 25,000,000 Equity Shares of Rs. 10/- each)		250,000,000		250,000,000
ISSUED, SUBSCRIBED & PAID -UP				
22,269,929 Equity Shares of Rs 10/- each fully paid up (Previous Year 7,234,550 Equity Shares of Rs. 10/- each fully paid up)		222,699,290		72,345,500
		222,699,290		72,345,500

Note:

The above includes:

- 1) 8,374,505 (Previous Year 1,139,955) equity shares issued of Rs. 10/- each as fully paid up by way of bonus shares by capitalisation of Profits.
- 2) 4,600,000 (Previous year 4,600,000) equity shares of Rs. 10 each have been issued for consideration other than cash.

SCHEDULE -2

Amount in Rs.

RESERVE & SURPLUS

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
Capital Reserve/Subsidy				
- As per Last Account	10,861,439		9,079,139	
Add : Capital Subsidy	-	10,861,439	1,782,300	10,861,439
Share Premium				
- As per Last Account	6,723,145		3,323,145	
Add : Additions during the Year	369,538,138		3,400,000	
Less: Public Issue Expenses *	(37,419,821)	338,841,462	-	6,723,145
General Reserve				
- As per Last Account	12,500,000		-	
Add : Transferred from Profit & Loss Account	5,149,000	17,649,000	12,500,000	12,500,000
Profit & Loss A/c				
- As per Last Account	682,221,819		506,820,700	
Less: Capitalised for Bonus Shares	72,345,500	609,876,319	-	506,820,700
		977,228,220		536,905,284

* Includes Rs. 1,683,600 paid to Auditors

SCHEDULE -3

Amount in Rs.

LOAN FUNDS

PARTICULARS	AS AT	
	31 MARCH 2007	31 MARCH 2006
A) SECURED LOANS		
a) Rupee Working Capital Loans - From Banks (Refer Note 2 & 3)	1,657,331,300	1,498,129,800
b) Foreign Currency Working Capital Loans - From Banks (Refer Note 2 & 3)	115,295,550	160,663,471
c) Rupee Term Loans - From Banks (Refer Note 1, 2 (b) & 3)	249,753,852	243,082,643
d) Other Loans & Advances (Refer Note 1 (d))	51,226,032	133,830,000
Total	<u>2,073,606,734</u>	<u>2,035,705,914</u>
B) UNSECURED LOANS		
a) Short Term Loan (Refer Note 4) - From Banks	745,241,086	199,997,810
Total	<u>745,241,086</u>	<u>199,997,810</u>

NOTE:—

- 1) a) A sum of Rs.10,082,120 (Pr. Year 3,766,009) is secured by Hypothecation of Vehicles.
 b) A sum of Rs. 40,268,699 (Pr. Year 14,037,660) is secured by properties under development for office Block.
 c) The balance of Rs. 199,403,032 (Pr. Year 225,278,974) is secured by Equitable Mortgage/Hypothecation/1st charge on fixed assets of the Company.
 d) The balance of Rs. 51,226,032 (Pr. Year 133,830,000) is secured by way of Bank Guarantee.
- 2) a) Secured by Hypothecation of stock of Raw Material, Stock-in- Process, Finished goods, stock & spares and Receivables.
 b) Secured by mortgage & Hypothecation of fixed assets of the company
- 3) Secured Working Capital Loans & Term Loans other than Vehicles Loans are also personally guaranteed by Directors
- 4) Short term loans are personally guaranteed by the directors.
- 5) REPAYMENTS
 The term loans repayable within next one year Rs. 453.15 Lacs (previous year Rs.557.63 lacs).

SCHEDULE—4

FIXED ASSETS AS ON 31ST. MARCH 2007

PARTICULARS	G R O S S B L O C K			D E P R E C I A T I O N			N E T B L O C K		
	COST AS AT 01.04.2006	ADDITION DURING THE YEAR	WRITTEN BACK/ADJ. YEAR	AS ON 31.03.2007	UPTO DURING THE YEAR	WRITTEN BACK/ADJ. YEAR	UPTO 31.03.2006	AS AT 31.03.2007	AS AT 31.03.2006
A. TANGIBLE ASSETS									
LAND	38,102,978	530,000	-	38,632,978	-	-	-	38,632,978	38,102,978
BUILDING *	123,445,799	39,078,147	-	162,523,946	40,841,376	7,713,212	48,554,588	113,969,358	82,604,423
PLANT & MACHINERY	367,193,610	248,559,865	2,386,430	613,367,045	188,996,968	50,518,336	238,130,532	375,236,513	178,196,642
FURNITURE & FIXTURES	8,729,180	3,584,178	2,011,348	10,302,010	5,316,699	689,264	1,499,786	5,795,832	3,412,481
OFFICE EQUIPMENT	23,913,161	3,687,740	296,087	27,304,814	12,392,610	2,528,974	131,100	12,514,330	11,520,551
VEHICLE	25,701,344	29,863,909	1,583,085	53,982,168	17,475,966	6,107,207	568,217	30,967,212	8,225,378
SUB-TOTAL	587,086,072	325,303,838	6,276,950	906,112,960	265,023,619	67,556,993	328,996,737	577,116,223	322,062,453
B. INTANGIBLE ASSETS									
BRAND EQUITY	30,000,000	-	-	30,000,000	9,000,000	1,500,000	-	19,500,000	21,000,000
GOODWILL	14,986,108	-	-	14,986,108	870,830	749,305	-	13,365,973	14,115,278
SUB-TOTAL	44,986,108	-	-	44,986,108	9,870,830	2,249,305	12,120,135	32,865,973	35,115,278
TOTAL	632,072,180	325,303,838	6,276,950	951,099,068	274,894,449	69,806,298	341,116,872	609,982,196	357,177,731
PREVIOUS YEAR	702,313,076	97,981,126	168,222,022	632,072,180	288,915,880	57,205,246	71,226,677	357,177,732	413,397,196

* Includes Building worth Rs. 5,193,570 constructed on Lease hold land taken for 5 years.

SCHEDULE -5

Amount in Rs.

INVESTMENTS

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
TRADE INVESTMENTS - LONG TERM				
(i) Subsidiary Companies				
Equity Shares (Unquoted)				
- L. T. International Ltd. 1799581 Fully paid up Equity shares of Rs.10 each		17,995,810		17,995,810
- Nature Bio Foods Ltd. 49994 equity Shares Fully paid up of Rs. 10/- each		499,940		499,940
- Sona Global Ltd.- DUBAI 10000 shares fully paid up of AED 100 each		11,947,647		11,947,647
- Daawat Foods (P) Ltd. 1000044 Equity Shares Fully Paidup of Rs.10/-each		10,000,440		-
Share Application Money		4,900,000		-
(ii) Investment in Partnership Firm				
- M/s Raghunath Agro Industries (Refer Note 1)		36,757,562		34,985,937
OTHER INVESTMENT - LONG TERM				
(a) Fully Paid-up Equity Shares (Quoted)				
20,000 Equity Shares - Emmsons Intl. Ltd.		200,000		200,000
2,300 Equity Shares - Andhra Bank		23,000		23,000
(b) Investment in Mutual Funds (Quoted)				
69348.128 Units of Principal Mutual Fund		-		1,000,000
50,000 Units of Principal Long Term Equity Fund		500,000		-
48875.855 Units-Franklin Temp.Equity Income Fund		500,000		-
12999.619 Units -HDFC MIP Long Term Fund		150,000		-
2023.636 Units-Sundram BNP Paribas Midcap		30,000		-
894.055 Units-Reliance Vision Fund		40,000		-
(c) Fully Paid-up Equity Shares (Unquoted)				
500 Equity shares -India International Marketing Ltd.		5,000		5,000
(d) Keyman Insurance Policies				
		11,438,893		9,120,325
UNUTILISED MONEY RAISED BY ISSUE				
	114,795,657			
Less: Utilised for Working Capital Pending Utilisation	114,152,690	642,967		-
Earmarked Deposit with Scheduled Bank				
		<u>95,631,259</u>		<u>75,777,659</u>

	Book Value as on		Market Value as on	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Aggregate value of quoted Investments				
- Trade Investments	-	-	-	-
- Other Investments	1,443,000	1,223,000	2,530,372	1760775
Aggregate value of unquoted Investments				
- Trade Investments	82,101,399	65,429,334	-	-
- Other Investments	12,086,860	9,125,325	-	-
	<u>95,631,259</u>	<u>75,777,659</u>	<u>2,530,372</u>	<u>1,760,775</u>

Note:-

1) The partnership firm comprises of five partners namely Sh. Ashok Arora, Sh. Surender Arora, Smt. Pravesh Rani, Sh. Munish Arora and L. T. Overseas Ltd. having profit sharing ratio of 1%, 1%, 1%, 1%, & 96% respectively. The capital of the firm as on 31.03.2007 is Rs. 408.69 Lacs. (Pr. Yr. 385.06 Lacs)

SCHEDULE -6

Amount in Rs.

CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
A. CURRENT ASSETS				
<u>INVENTORIES</u>				
As verified and valued by the Management				
a) Raw Material		1,264,821,946		1,102,927,655
b) Finished goods		1,141,581,400		680,326,855
c) Consumable Stores & Spares		12,862,831		37,261,312
SUB - TOTAL		<u>2,419,266,177</u>		<u>1,820,515,822</u>
<u>SUNDRY DEBTORS</u>				
(Unsecured, considered good unless stated otherwise)				
a) Debts for a period exceeding 6 months		28,819,374		15,961,056
b) Others :		739,375,162		429,858,907
SUB - TOTAL		<u>768,194,536</u>		<u>445,819,963</u>
<u>CASH & BANK BALANCES</u>				
a) Cash in hand :				
i) In Indian Currency	2,267,239		2,535,899	
ii) In Foreign Currency	60,933	2,328,172	11,019	2,546,918
b) With Scheduled Banks :				
i) In Current Account	67,702,511		25,866,996	
ii) In Deposit/Margin Money A/c	36,679,584	104,382,095	62,856,363	88,723,359
SUB - TOTAL		<u>106,710,267</u>		<u>91,270,277</u>
<u>OTHER CURRENT ASSETS</u>				
(Unsecured, Considered Good unless stated otherwise)				
		24,158,151		22,499,618
SUB - TOTAL		<u>24,158,151</u>		<u>22,499,618</u>
<u>B. LOANS AND ADVANCES</u>				
(Unsecured, Considered Good unless stated otherwise)				
Loans and Advances to Subsidiary Companies *		107,136,958		2,605,607
Loans and Advances to partnership Firm in which Company is a partner*		37,705,639		20,741,859
Advances Recoverable in Cash or in kind or for value to be received	176,836,789		119,744,774	
Less: Provision for doubtful recoveries	23,881,281	152,955,508	9,076,771	110,668,003
Security deposits		10,136,194		2,629,950
Income Tax		21,858,623		8,914,080
MAT Credit Entitlement		15,800,000		-
Others **	41,269,385		13,330,609	
Less: Provision for doubtful recoveries	3,745,663	37,523,722	-	13,330,609
Forward Contract Receivables	114,054,356		173,918,147	
Less : Payable to Bank	119,090,050	(5,035,694)	163,759,378	10,158,769
TOTAL		<u>378,080,950</u>		<u>169,048,877</u>
GRAND TOTAL		<u>3,696,410,081</u>		<u>2,549,154,557</u>

* Refer to Note no. 18 of Notes to Accounts

** Amount outstanding to whole time directors is Rs. NIL

Maximum amount outstanding during the period to whole time directors is Rs. 4.37 lacs

SCHEDULE -7

Amount in Rs.

CURRENT LIABILITIES & PROVISIONS

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
CURRENT LIABILITIES				
Acceptances *		85,533,962		165,895,671
Sundry Creditors				
- Small Scale Industrial Undertaking	31,645,034		34,788,392	
- Others	267,908,052	299,553,086	83,940,958	118,729,350
Due to Subsidiary Companies		9,419,235		9,668,589
Security Deposit from Suppliers/ Distributors		718,001		873,001
Other Liabilities		39,019,082		15,257,197
Unclaimed Dividend**		175,940		175,940
Sub-Total		<u>434,419,306</u>		<u>310,599,748</u>
PROVISIONS				
- Gratuity		1,095,927		-
- Income Tax - Current Year		27,581,000		10,000,000
- Fringe Benefit Tax		1,820,000		2,000,000
- Dividend (Incl. Tax on Dividend)		25,393,287		-
- Provision for Income Tax - Earlier Years		9,551,469		-
Sub-Total		<u>65,441,683</u>		<u>12,000,000</u>
TOTAL		<u>499,860,989</u>		<u>322,599,748</u>

*Acceptances are against Letter of Credits opened by Banks and it includes a sum of Rs. 85,533,962/- (Pr.Yr. 28,518,662/-) due to Capital Goods Suppliers.

**Unclaimed Dividend outstanding since 2005-06

SCHEDULE -8

Amount in Rs.

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
Deferred Revenue Expenditures				
Brand Equity Expenses	77,344,093		55,102,266	
Add : Additions during the period	6,263,127		22,241,827	
	83,607,220		77,344,093	
Less: Amount Amortised to date	39,162,373	44,444,847	24,907,348	52,436,745
Public Issue Expenses		-		2,227,000
TOTAL		<u>44,444,847</u>		<u>54,663,745</u>

SCHEDULE -9

Amount in Rs.

SALES

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
EXPORTS SALES				
— Rice	1,625,463,386		1,560,970,618	
— Other Items	151,114,538		228,203,932	
Add : Exchange Fluctuation	1,082,059	1,777,659,983	582,229	1,789,756,779
HIGH SEA SALES				
— Scrap		-		7,779,115
DOMESTIC SALES				
— Rice	2,861,876,072		2,094,331,022	
— Other Items	171,655,603	3,033,531,675	116,457,090	2,210,788,112
TOTAL		<u>4,811,191,658</u>		<u>4,008,324,006</u>

SCHEDULE -10

Amount in Rs.

OTHER INCOME

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
Export Incentives		15,180,819		13,230,245
Income on sale of Non Trade Investments		53,789		936,393
Dividend from Non Trade Investments		57,290		47,750
Profit on Sales of Fixed Assets		-		352,325
Commission		-		9,685,877
Income from Long Term & Trade Investment (Partnership Firm)		1,761,625		1,385,937
Profit on Exchange Fluctuation		14,990,959		3,716,278
Interest on Fixed Deposits		2,381,027		2,436,090
Other Receipts		8,752,378		5,578,279
		<u>43,177,887</u>		<u>37,369,174</u>

SCHEDULE -11

Amount in Rs.

ACCRETION / DECRETION TO STOCK OF FINISHED GOODS

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
OPENING STOCK		680,326,855		690,292,208
CLOSING STOCK		<u>1,141,581,400</u>		<u>680,326,855</u>
Accretion / (Decretion) to Stock		<u>461,254,545</u>		<u>(9,965,353)</u>

SCHEDULE -12

Amount in Rs.

RAW MATERIAL CONSUMED

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
OPENING STOCK				
- Bardana	54,573,928		53,213,124	
- Paddy	<u>1,048,353,727</u>	1,102,927,655	<u>932,129,494</u>	985,342,618
Paddy Purchase		1,823,868,939		1,607,230,660
Bardana Purchase		48,013,162		51,681,988
LESS : CLOSING STOCK				
- Bardana	57,673,404		54,573,928	
- Paddy	<u>1,179,486,225</u>	1,237,159,629	<u>1,048,353,727</u>	1,102,927,655
Raw Material Consumed		<u>1,737,650,128</u>		<u>1,541,327,611</u>

SCHEDULE -13

Amount in Rs.

PURCHASES

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
Rice		2,061,814,591		1,320,104,999
Other Items		179,293,341		229,525,891
		<u>2,241,107,932</u>		<u>1,549,630,890</u>

SCHEDULE -14

Amount in Rs.

MANUFACTURING & TRADING EXPENSES

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
Ware House / Factory Rent		5,180,985		4,463,348
Sales Tax		-		1,571,113
Wages		23,249,915		37,815,323
Job Work		3,778,984		2,152,119
Power and Fuel		51,676,552		35,113,814
Security Services		4,120,854		2,467,352
Research & Development		635,833		851,467
Repair & Maintenance				
- Repair to Machinery		4,092,863		998,728
- Repair to Building		2,055,535		1,690,289
- Repair (others)		2,379,918		2,107,578
Consumable Stores & Spares:-				
Opening Stock:	14,677,666		14,832,856	
Add : Purchases :-				
Machinery Parts, Fuel & Consumables	24,914,683		45,740,655	
Less : Closing Stock :	12,862,831	26,729,518	14,677,666	45,895,845
TOTAL		123,900,957		135,126,976

SCHEDULE -15

Amount in Rs.

ADMINISTRATIVE, SELLING AND OTHERS EXPENSES

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
Payments to and Provisions for Employees				
-Salaries, Wages and Bonus	50,434,274		38,564,733	
-Contribution to Provident and other Fund	3,845,262		2,442,173	
-Staff Welfare Expenses	2,368,031	56,647,567	2,323,090	43,329,996
Advertisement		47,928,648		822,529
Insurance		-		431,641
Legal & Professional Charges		5,452,913		8,811,930
Rates & taxes		2,771,544		1,937,675
Donation & Charity		1,142,835		392,187
Payments to Directors				
- Directors' Remuneration	5,700,000		2,730,000	
- Directors Sitting Fees	115,000		-	
- Directors' Perquisites	640,800		554,400	
- Contribution to Provident Fund	18,720	6,474,520	-	3,284,400
Auditors' Remuneration		1,409,856		898,440
Fines & Penalties		441,146		-
Rent		4,636,343		3,597,087
Bad Debts & Short/Excess Recoveries		2,725,761		4,447,364
Vehicle Running & Maintenance		5,061,345		3,153,044
Other Administrative Expenses		11,203,567		11,892,806
Travelling & Conveyance Expenses (including Directors' Foreign Travelling)		18,656,917		14,985,213
Rebate & Discount		22,032,543		21,670,427
Commission to Selling Agents		4,805,947		2,417,207
Clearing, Forwarding & Frt. Charges		160,855,460		131,543,837
Packing Material Consumed :-				
Opening Stock	21,317,079		24,478,126	
Add : Purchases	164,510,434		118,963,629	
Packing Exps.	14,959,273		8,026,167	
Less: Closing Stock	27,662,317	173,124,469	22,583,646	128,884,276
Other Selling & Distribution		127,895,258		79,179,578
TOTAL		653,266,640		461,679,637

SCHEDULE -16

FINANCIAL COST

PARTICULARS	Amount in Rs.	
	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
Interest on Working Capital Loans	177,741,822	114,258,510
Interest on Term Loan	17,751,544	10,696,694
Other interest	-	90,302
Bank Charges	25,559,113	18,148,941
Premium on forward Contract	1,888,848	416,146
TOTAL	222,941,327	143,610,593

SCHEDULE -17

PROVISIONS AND WRITE-OFF

PARTICULARS	Amount in Rs.	
	YEAR ENDED 31.03.2007	YEAR ENDED 31.03.2006
PROVISIONS		
Provision for doubtful Recoveries	3,745,663	9,076,770
WRITE-OFF		
Claims written Off	3,126,729	-
	6,872,392	9,076,770

SCHEDULE - 18**SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****A. SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation of Financial Statements**

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

2. Revenue Recognition

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

3. Use of Estimates

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

4. Fixed assets and depreciation

(a) Fixed assets are stated at cost less accumulated depreciation. All costs including financing cost till commencement of commercial production attributable to the fixed assets are capitalised.

(b) Depreciation on fixed assets is provided on written down value method at the rate and in the manner prescribed in schedule XIV of the Companies Act, 1956.

(c) Intangible Assets i.e. Goodwill and Brand Equity - Trade mark, acquired from outside, are Amortized over a period of 20 years.

(d) Intangible Asset i.e. ERP Software License and Customization, acquired from outside, is amortized over a period of 10 years, as the license is for the indefinite period, in accordance with the Accounting Standard on "Intangible Assets" (AS-26) issued by the Institute of Chartered Accountants of India.

5. Investment

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

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

6. Inventories

The inventories are valued at cost or net realizable value whichever is lower. Under this broad principle, the cost of the Raw Material is determined at FIFO basis and the cost of Finished Goods is ascertained on the basis of absorption costing method, which takes into account all direct and indirect expenses such as freight, direct labour, interest, direct manufacturing expenses but excluding administrative, selling and general expenses. The inventories of consumables, packing material and Jute bags are valued on average cost.

7. Foreign Currency Transaction

Revenue from overseas clients and collections deposited in foreign currency bank account are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Exchange difference are recorded when the amount is actually received on sales or actually paid when expenditure is incurred, is converted into Indian Rupees. The exchange differences arising on foreign currency transaction are recognized as income or expense in the period in which they arise.

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

The financial statement of integral foreign operations are translated on the principles stated above as if the transactions of the foreign operations had been those of reporting enterprise itself.

Forward Exchange Contract:

(a) Entered into to hedge the foreign exchange fluctuations risk in respect of an existing asset/liability (i) the premium or discount arising at the inception of such forward contract is amortized as expense or income over the life of the contract (ii) exchange difference arising on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rates change (iii) any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income or expense for the period.

(b) Entered into in respect of firm commitments or highly probable forecast transactions (i) exchange difference arising on such contracts is recognized in the statement of the profit and loss in the reporting period in which the contracts are settled to the extent of difference in exchange rate on the date of transaction and date of settlement (ii) any profit or loss arising on cancellation or renewal of such contract is recognized as income or expense for the period computed by applying the exchange rate on the date of transaction and cancellation or settlement as the case may be.

8. Earning Per Share

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

9. Cash Flow Statement

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

10. Retirement Benefits to Employees

Gratuity

Payment for present liability of future payment of gratuity is made to an approved Gratuity Fund, which fully covers the same under Cash Accumulation policy of Life Insurance Corporation of India.

Provident Fund

Eligible employees receive benefits from a provident fund, which set a defined contribution plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary as per the Provident Fund Act, and the contributions are made to a Government administered provident fund.

Leave Encashment

The leave encashment payable to the employees are accounted for as and when paid.

11. Income Tax

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

12. Borrowing Costs

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

13. Contingent Liabilities

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

14. Other Accounting Policies

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

NOTES TO ACCOUNT

1. Contingent Liabilities:

(Amount in Lacs)

	2006-07	2005-06
(a) Claims against the Company not acknowledged as debts which in the opinion of the Management are not tenable/under appeal at various stages: (Figures as per demand notice received by the Company)#		
(i) Income-tax claims		
Assessment Year 1998 - 99	68.76	NIL
Assessment Year 2000 – 01*	91.30	135.19
Assessment Year 2001 – 02	46.57	46.57
Assessment Year 2003 – 04*	41.64	131.93
Assessment Year 2004 - 05	24.55	NIL
(ii) HRDF demand of Market Committee, Sonapat	166.75	166.75
(iii) Sales Tax	32.39	32.39
(iv) Recovery proceeding by Standard Chartered Bank	99.32	99.32
(v) DGFT demand against EPCG License commitment	11.50	11.50
(vi) Suit filed by a firm for Damages for breach of contract and interest for supply of Goods	NIL	38.98
(vii) Labour Related claims	8.59	NIL
(b) Letter of Credits opened with bankers and remaining outstanding **	NIL	NIL
(c) Guarantees given by Banks on behalf of the company**	53.82	262.87
(d) Liability against Duty Saved under EPCG Licences Issued	712.75	659.40

- Notes:**
- * These are departmental appeals and original demands stands vacated.
 - ** Previous year figures have been recasted in view of Guidance Note 2 issued by Institute of Chartered Accountants of India.
 - # Future cash outflows in respect of (a) above are determinable only on receipt of Judgment/ Decisions pending with various forums/ authorities.

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

(Amount in Lacs)

	2006-07	2005-06
Capital Contract remaining to be executed	104.06	1158.12

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

(Amount in Rs.)

	2006-07	2005-06
REMUNERATION PAID OR PAYABLE TO DIRECTORS		
Functional Directors		
Managing Director's Remuneration		
- Salary	2,100,000	975,000
- Perquisites	NIL	NIL
Directors Remuneration		
- Salary	3,600,000	1,755,000
- Perquisites*	640,800	554,400
Independent Directors		
Sitting Fees	115,000	NIL

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

4. Payments to Statutory Auditors

(Amount in Rs.)

	2006-07	2005-06
a. Audit Fee & IPO Certification Charges	2,021,640	673,440
b. Other Services	171,896	169,896
c. Consultancy Services	897,920	NIL
d. Out of Pocket Expense	2,000	55,104
	3,093,456	773,440

5. The Company started a gold life program, in earlier years, to give incentives to retailers based on targets achieved to promote its brands and resultant sales thereof. The Company has accounted for expenditure incurred on the scheme as and when the claims lodged by the retailers have been lodged and accepted.
6. Some of the Sundry debtors and creditors are subject to confirmation from the parties.
7. The company was running a foreign branch under the name and style of Sona Trading Limited in New Jersey (USA) the operation of which has been discontinued. The figures pertaining to Foreign Branch Office, which have been clubbed with the figures of Indian operation. The operating results of the Foreign Branch Office are as under:

(Amount in Rs.)

INCOME	2006-07	2005-06
Sale	NIL	41,399,523
Accretion/(Decretion) to Stock	NIL	(37,973,302)
Total	NIL	3,426,221
EXPENDITURE		
Purchases	NIL	NIL
Exchange Fluctuation	NIL	(2,913,700)
Expenses	NIL	NIL
Total	NIL	(2,913,700)
NET PROFIT/ (LOSS)	NIL	384,101

8. Sum of Rs. 792,000 (Previous year: Rs. 792,000) have been shown as due from Project Equipment Corporation of India Ltd. under the head "Loans and Advances". The company had filed a case against the PEC Ltd, for the recovery of the same, before the Monopolistic & Restrictive Trade Practice Commission (MRPTC). The MRPTC has passed an order on 13.05.2003 and directed to PEC Ltd. to repay the said money to the company. PEC Ltd. has filed an appeal against the said order before Hon'ble Supreme Court.
9. A Sum of Rs. 24,157,500 (Previous year: Rs. Nil) have been shown as recoverable from Food Corporation of India, Punjab under the head "Loans and Advances" for Guarantees invoked by it. The company is representing the matter with Government and Food Corporation of India and pending that a provision for damages to the extent of fifty percent of the amount has been provided for as liability.
10. The company during the year effective 1st July 2006 has effected a change in the method of accounting of expenditure incurred on brand promotion, advertisement etc. The expenditures incurred during the period after that have been expensed in the profit and loss account, as against previous method of deferring these and amortizing in the next five years. The expenditure deferred till 30th June 2006 has been and shall be amortized as per the earlier method. The change in method has resulted into understatement of profit of the year by a sum of Rs. 45,134,701 and corresponding amount of overstatement of surplus in the reserve and surplus and understatement of miscellaneous expenditure.

During the year, Rs. 6,263,127 (Previous year: Rs. 22,241,827) incurred towards the brand promotion, advertisement and market development has been shown as Deferred Revenue Expenses under the head Miscellaneous Expenditure as benefit are expected of the same are likely to extend beyond that period and shall be amortized equally in next five years and the head-wise details of which are as under:-

	2006-07	2005-06
a. Legal & Professional Expenses	754,313	330,660
b. Advertisement / Market Development	2,809,760	21,911,167
c. Sales Promotion Expenses	461,900	NIL
d. Tour & Travelling	2,237,154	NIL

11. Travelling Expenses include foreign travelling expenses of Rs. 4,740,647 (Previous year : Rs. 4,915,887).
12. The Other Current Assets include Input Tax Receivable amounting to Rs. 23,416,116 (Previous Year: Rs. 20,327,972.00) under the State VAT Acts, which is subject to the final assessment by the Departments.
13. The company paid an advance of Rs. 50,000,020 to Bennett and Coleman & co. limited, under an agreement dated 5th July 2006, towards advance for spending on buying media space in three years ending July 2008, failing which the advance shall lapse. The company has spent a sum of Rs.7,432,599.till the year ending March 2007 and balance amount of Rs.42,567,401 is shown in loans and advances.
14. As required by Accounting Standard 28 "Impairment of Assets" issued by the Institute of Chartered Accountants of India (ICAI), the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

15. Provisions

(Amount in Rs.)

	As at 01.04.2006	Provision made during the year	Amount Utilised/ reversed during the year	As at 31.03.2007
Taxes	12,000,000	38,952,469	12,000,000	38,952,469
Gratuity	NIL	1,095,927	NIL	1,095,927

16. List of small Scale Industrial Undertakings to whom payment is outstanding for more than 30 days as on 31st March, 2007 to the extent available to the Company, is as under:

Pepsi Foods (P) Ltd., Bharat Hari Printers, Adishri Marketing & Packaging Co., Image India (P) Ltd., Vardhman Precision Profiles, Box & Carton (India) P. Ltd., Jhaveri Flexo India Ltd., Golden Rolls (P) Ltd., Leotronic Scales (P) Ltd., Motors Industries Co. Ltd., Milltec Machinery (P) Ltd., Techno Weigh Systems (P) Ltd., SRV Pring Pack Pvt. Ltd., Bharat Hoisery Factory, Bally Jute Company Ltd., Brown Multi Wall Paper Bags Ltd., Brajesh Packaging Pvt. Ltd., ag Poly International Pvt. Ltd., Century Packagings, JPM Polypack, JPS Plastics Pvt. Ltd., Jet Tech Pvt. Ltd., Montage Enterprises Pvt. Ltd., Millenium Packaging Solutions, Neel Kanth Packaging Industries, Nirmal Packaging Systems, Packaging India Pvt. Ltd., The Paper Products Ltd., Rexor India Ltd., Rollainers Limited, Rijul Plastocraft, Sunrise Industries, Samarth Packaging Industries, Shaktiman Packaging Pvt. Ltd., Shri Radhey Enterprises, Unitized Packaging, Anama Energies Pvt. Ltd., Aroma Paints Ltd., DKS Dessiccants Pvt. Ltd., Eurocoustic Products Ltd., Everest Transmission, FEC Engg. Projects Pvt. Ltd., Fric India Ltd., Guru Nanak Engg. Works, Hitachi Home & Life Solutions, ISS Controls, International Combustion India Ltd., ION Exchange Services Ltd., Ions Hydro Pvt. Ltd., IPS Automation Products Pvt. Ltd., Kilburn Engg. Ltd., Kelson Steel Products (P) Ltd., Nichrome India Ltd., Packmech engineers, Process Engg. Co., Reed Medway Packaging Co., RAI Prexim India Pvt. Ltd., RT Packaging Limited, Sarvpriya Industries Ltd., S R Engg. Co., Visitech Engg. Pvt. Ltd., Warner Industries, Deepak Packaging Industries

17. Deferred Tax Liability :-

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

- Accumulated Deferred Tax Liability on account of Timing Difference	:	Rs. 31,952,593
- Current Deferred Tax Liability on account of Timing Difference	:	Rs. 4,168,780
Total	:	Rs. 36,121,373

18. Disclosure as required by the Amendment to Clause 32 of the Listing Agreement

Loans and Advances includes following sums due from subsidiaries of the company:

(Amount in Rs.)

	Outstanding Balance as on 31.03.07	Maximum Amount Outstanding during the Year
Nature Bio Foods Ltd.	6,036,162 (30,850)	10,134,138 (30,850)
L. T. International Ltd.	16,773,480 (2,574,757)	87,317,848 (66,003,263)
Daawat Foods P Ltd.	47,551,813 (NIL)	47,551,813 (NIL)
Sona Global Ltd., Dubai	9,419,235 (9,542,351)	9,542,351 (9,542,351)
Nice International, Dubai	7,112,523 (NIL)	7,124,523 (2,552,863)

19. The detail of Raghunath Agro Industries Phoola Road Bhikiwind Amritsar Punjab, in which the company is a partner are as under::

S. No.	Name	Profit Sharing Ratio	(Amount in Rs.)	
			Capital as on 31.03.2007	Capital as on 31.03.2006
1.	M/s L.T. Overseas Ltd.	96%	36,757,562	34,995,937
2.	Sh. Ashok Arora	1%	1,594,430	914,775
3.	Sh. Munish Arora	1%	916,381	906,712
4.	Sh. Surender Arora	1%	889,063	870,713
5.	Smt. Parvesh Rani	1%	711,384	818,155
Total			<u>40,868,820</u>	<u>38,506,292</u>

Financial statement of Partnership firm as at 31.03.2007 is as under:

	(Amount in Lacs)	
	2006 -07	2005 - 06
Assets	1387.86	722.87
Liabilities	979.17	337.81
Income	2,689.68	4,988.19
Expenditure	2,663.52	4,968.09

20. Related Party Disclosure

a) Key Management Personnel:

Sh.V.K.Arora	Chairman and Managing Director
Sh.Ashwani Arora	-Whole Time Director
Sh.Surinder Arora	-Whole Time Director
Sh. Ashok Arora	-President-Punjab Operation
Abhinav Arora	-Sr. Manager-Value Added Products

b) List of Person Having Controlling Interest together with their relatives

Key Management Personnel	Mother	Wife	Brother	Sister	Son	Daughter	Associates
V.K.Arora	Parvesh Rani	Ranju Arora	Ashok Arora Ashwani Arora Surinder Arora	Neelu Grover	Abhinav Arora	Sona Arora	-Swami Freight Brokers -R.S.Rice & General Mills -Sona Franchisee
Ashwani Arora	Parvesh Rani	Vandana Arora	Ashok Arora V.K.Arora Surinder Arora	Neelu Grover	Ritesh Arora	Sanjana Arora	-Raghunath Arora (HUF) -Sona Franchisee
Surinder Arora	Parvesh Rani	Sakshi Arora	Ashok Arora V.K.Arora Ashwani Arora	Neelu Grover	Anmol Arora	Isha Purva	-
Ashok Arora	Parvesh Rani	Anita Arora	Ashwani Arora V.K.Arora Surinder Arora	Neelu Grover	Rahul Arora Suhail Arora	-	-R.S.Rice & General Mills

c) Enterprises over which person having controlling interest in Company / Key management personnel along with their relatives are able to exercise significant influence:

- M/s Swami Freight Brokers
- M/s R.S.Rice & General Mills
- M/s Sona Franchise

d) Details of Transactions with related parties:

(Amount in Lacs)

Particulars	Key Management Personnel	Relatives and Associates of Key Management Personnel	Total
Remuneration	62.88 (34.28)	2.40 (0.50)	65.28 (34.78)
Rent	-	14.40 (14.40)	14.40 (14.40)
Training Expenses	-	- (12.86)	- (12.86)
Dividend- Equity Shares	105.09 (92.98)	0.63 (3.95)	105.72 (96.93)
Lease Rent	-	30.50 (3.00)	30.50 (3.00)

e) Material Related Party Transaction (more than 10% of aggregate) with Individual Party

(Amount in Lacs)

Key Management Personnel	Managerial Remuneration		Equity Dividend		Training Expenses	
	2006 – 07	2005 – 06	2006 – 07	2005 – 06	2006 – 07	2005 – 06
V.K.Arora	21.00	9.75	28.90	25.88	-	-
Ashwani Arora	18.00	14.54	28.70	25.64	-	-
Surinder Arora	18.00	5.20	26.41	20.45	-	-
Ashok Arora	2.88	1.44	21.08	21.01	-	-
Abhinav Arora	3.00	0.50	0.63	-	-	12.86

f) Subsidiary Companies

(Amount in Lacs)

S. No.	Name	Relationship	Transaction Type	2006-07	2005-06
1	Sona Global Ltd., Dubai	Wholly owned Subsidiary	Investment Loans & Advances	119.48 94.19	119.48 100.25
2.	Nature Bio- Foods Ltd.	Wholly owned Subsidiary	Investment Sale Reimbursement of Exp. Payment Received Cr. For Admin. Exp.	5.00 49.14 59.95 10.28 39.23	5.00 NIL 0.31 NIL NIL
3	L.T. International Ltd.	Subsidiary	Purchase Sale Investment Admin. Exp. Loans & Advances (Net) Interest Paid	301.01 NIL NIL NIL 491.66 25.68	968.52 384.29 110.82 0.72 NIL NIL
4.	Daawat Foods P Ltd.	Wholly owned Subsidiary	Rent Paid Investment. Security Deposit Paid Other Payments	26.50 49.00 31.20 576.27	NIL NIL NIL NIL
5	M/s. Raghunath Agro Industries	Enterprise Controlled by Company	Purchase Sales Payments Investment Cr. For Admin. Exp.	268.49 63.70 197.27 NIL 0.22	791.88 NIL NIL 481.00 NIL
6.	Nice International, Dubai	Wholly owned Subsidiary of Sona Global Ltd., Dubai	Loans & Advances (Net)	71.13	NIL

21. Segment Reporting**a) Information about Primary Business Segments****(Amount in Lacs)**

	Rice & its Allied Items	Items Other than Rice	Total
1. SEGMENT REVENUE			
(a) External Sales	46,330.83 (37,770.62)	1,781.09 (2,312.62)	48,111.92 (40,083.24)
(b) Inter-segment Sales	0.00 0.00	0.00 0.00	0.00 0.00
(c) Total revenue	46,330.83 (37,770.62)	1,781.09 (2,312.62)	48,111.92 (40,083.24)
2. Total Revenue of each segment as a percentage of total revenue of all segment	96.30 (94.23)	3.70 (5.77)	100.00 (100.00)
3. SEGMENT RESULT (Profit / Loss)	2,300.39 (1,188.70)	26.30 (12.07)	2,326.69 (1,200.77)
4. Combined Result of all Segment in profit	2,300.39 (1,188.70)	26.30 (12.07)	2,326.69 (1,200.77)
5. Combined Result of all segment in loss	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6. Segment Result as a percentage of the greater of the totals arrived at 4 and 5 above in absolute amount	98.87 (99.00)	1.13 (1.00)	100.00 (100.00)
7. SEGMENT ASSETS	45,081.38 (32,064.26)	21.75 (21.57)	45,103.13 (32,085.83)
8. Segment assets as a percentage of total assets of all segments.	99.95 (99.93)	0.05 (0.07)	100.00 (100)

b) Information about Secondary Business Segments**(Amount in Lacs)**

	India	Outside India	Total
REVENUE:			
External	30,335.32 (22,107.88)	17,776.60 (17,975.36)	48,111.92 (40,083.24)
Inter segment	Nil Nil	Nil Nil	Nil Nil
Total	30,335.32 (22,107.88)	17,776.60 (17,975.36)	48,111.92 (40,083.24)
Carrying amount of Segment Assets	0.00 0.00	0.00 0.00	45,103.13 (32,085.83)
Addition to fixed assets	0.00 0.00	0.00 0.00	3,250.69 (979.81)

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

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

I. CAPACITY – PADDY MILLING (INSTALLED)

	2006 – 07	2005 - 06
OWNED	27 MT PER HOUR	12 MT PER HOUR*
ON LEASED	4.5 MT PER HOUR	3.5 MT PER HOUR

* First Six Months 18 MT per hour and Next Six Months 12 MT per hour

II. Quantitative Details

Items	Opening Stock (Qty in MT.)	Purchases/ Production (Qty in MT.)	Closing Stock (Qty in MT.)	Sales/ Consp. Trf. To prod. (Qty in MT.)	Sales Value (Amount in Rs.)
Paddy (Raw Material)	75,390.043 (62,285.411)	1,35,240.013 (1,41,811.296)	68,903.088 (75,390.043)	17.690 (66.723)	363,151 (1,290,279)
Rice (Finished Good)	24,631.660 (26,879.013)	1,85,386.074 (1,50,682.776)	38,327.944 (24,631.660)	1,71,596.570 (1,52,745.592)	4,487,339,458 (3,655,301,640)
Rice Bran (By Product)	22.946 (71.156)	9,362.736 (9,439.093)	52.836 (22.946)	9,385.682 (9,484.627)	72,962,497 (61,846,827)
Paddy Husk (By Product)	50.000 (11.850)	27,394.496 (27,211.005)	9.620 (50.000)	27,434.876 (25,371.812)	39,540,289 (27,330,989)
Wheat(Trading Item)	NIL (NIL)	3,416.750 (NIL)	NIL (NIL)	3,416.750 (NIL)	27,003,488 (NIL)
US Yellow Corn (Trading Item)	NIL (NIL)	6,654.000 (NIL)	NIL (NIL)	6,654.000 (NIL)	127,155,252 (NIL)
Metal Scrap(Trading Item)	NIL (NIL)	NIL (582.740)	NIL (NIL)	NIL (582.740)	NIL (7,779,115)
Soyabean Oil (Trading Item)	NIL (NIL)	NIL (10,285.950)	NIL (NIL)	NIL (10,285.950)	NIL (221,400,000)
Moth Bean (Trading Item)	NIL (NIL)	NIL (1.158)	NIL (NIL)	NIL (1.158)	NIL (350,997)

III. RAW MATERIALS CONSUMED

Paddy

(Amount in Rs.)

	2006 -07		2005 - 06	
	Value	Percentage	Value	Percentage
Indigenous	1,692,736,440 (1,41,691.237MT)	100%	1,49,10,06,427 (1,28,634.226 MT)	100%
Imported	NIL	NIL	NIL	NIL

Consumables & Spares Parts

(Amount in Rs.)

	2006 -07		2005 - 06	
	Value	Percentage	Value	Percentage
Indigenous	26,457,773	98.98%	4,53,53,186	97%
Imported	271,745	1.02%	15,41,387	3%

IV. VALUE OF IMPORTS ON CIF BASIS

-Trading Items

Crude Soya Oil	Nil	228,197,812
Corn	130,605,527	NIL
Jute Bag	21,469,536	NIL
- Spare Parts & Consumables	271,745	1,541,387
-Capital Goods	64,026,934	54,761,550

V. EXPENSES IN FOREIGN CURRENCY

-Professional Consultation Fees	315,049	348,220
-Interest	9,126,588	2,6457,515
-Others	19,163,655	109,192,724

VI. EARNING IN FOREIGN CURRENCY

-FOB Value of Exports

Rice	1,555,349,754	1,482,617,662
Corn	127,155,252	NIL
Jute Bag	23,950,080	NIL
Crude Soya Oil	NIL	221,400,000
Safron	NIL	1,391,457
Walnuts	NIL	404,348
Pulses	NIL	118,235
Packing Material	NIL	5,006,781

23. Earning Per Share**(Amount in Rs.)**

	2006-07	2005-06
i) Net Profit /Loss (-) after Extra Ordinary Items & Provision for Taxes (Used as numerator for calculating E.P.S.)	205,943,404	113,146,562
ii) Weighted average No. of Equity Shares outstanding (Used as denominator for calculating EPS)		
- For Basic EPS	16,452,234	7,143,262
- For Diluted EPS	16,452,234	14,377,812
iii) Earning per Share after Extraordinary Items		
- For Basic EPS	12.52	15.84
- For Diluted EPS	12.52	7.87
Equity Share of face value of Rs. 10 each		
IV) Earning per Share before Extra Ordinary Item	13.32	16.82

24. During the year the company has raised Rs. 3,940.46 Lacs by Initial Public Offer, which has been utilized as under:

(Amount in Lacs)

a) Total amount raised by Initial Public Offer		3,940.46
b) Less: Funds Utilized		
Incurring towards Expansion, Automation and Modernization	648.31	
General Corporate Purpose	1,770.00	
Public Issue Expenses	<u>374.20</u>	<u>2,792.51</u>
c) Funds Pending for Utilization [(a) – b)]		1,147.95
d) Less: Utilized for Working Capital		<u>1,141.52</u>
e) Earmarked Deposit with Scheduled Bank [c) – d)]		6.43

25. Penalty proceedings under Sec. 271(1)(c) of the Income Tax Act, 1961 have been initiated by the Income Tax Authorities for the assessment years 2000-01, 2002-03 and 2003-04. Since the matters are under adjudication no liability for the same has been provided in the financial statements.

26. Previous year figures have been regrouped, recast and rearranged wherever necessary.

27. Figures are rounded off nearest to the Rupees.

for Tilak Chandna & Co.
Chartered Accountants

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

SURINDER ARORA
DIRECTOR

Tilak Chandna
(Partner)

DATED : 27.04.2007
PLACE : New Delhi

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION

CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2007

	CURRENT PERIOD	in Rs. Lacs PREVIOUS YEAR
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Tax	2,326.70	1,200.78
Adjustments to reconcile profit before tax to cash provided by operating activities		
(Profit)/ loss on sale of fixed assets	4.70	66.20
Depreciation and amortization	840.61	682.26
Interest and Dividend income	(0.57)	(24.84)
Income from Investment	(17.62)	(13.86)
(Profit)/ loss on sale of investment	(0.54)	(9.36)
Provisions for doubtful debts/ recoveries	68.72	90.77
Exchange difference on translation of foreign currency cash and cash equivalents	0.02	
Provision for Gratuity	109.59	
Interest Paid	19,549.34	1,250.45
Provision for Damages	1,207.88	
Changes in current assets and liabilities		
Sundry Debtors	(3,223.75)	1,686.32
Inventory	(5,987.50)	(1,055.70)
Loans and Advances	(2,235.88)	(766.08)
Other Current Assets	245.18	(241.76)
Trade Payable	1,238.20	(856.04)
Preliminary expenses	22.27	(22.27)
NET CASH GENERATED BY OPERATING ACTIVITIES	<u>(4,632.78)</u>	<u>1,986.86</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Dividends paid during the year, including Dividend Tax	-	(206.23)
Proceeds from issuance of Share Capital	4,101.27	68.00
Proceeds from Borrowing Secured	379.01	2,468.39
Proceeds from Borrowing UnSecured	5,452.43	(90.48)
Interest Paid	(1,997.74)	(1,250.45)
NET CASH USED IN FINANCING ACTIVITIES	<u>7,934.96</u>	<u>989.23</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets and changes in Capital Work-in-progress	(2,661.24)	(2,539.01)
Proceeds from Disposals of Fixed Assets	17.68	408.35
Investment	(198.54)	(634.51)
Deferred Revenue Expenditure	(62.63)	(112.21)
Interest and dividend Income	0.57	24.84
Income from investment	17.62	13.86
Profit from Sale of Investment	0.54	9.36
NET CASH USED IN INVESTING ACTIVITIES	<u>(2,886.00)</u>	<u>(2,829.32)</u>
Effect of exchange Differences on translation of foreign currency cash and cash equivalents	(0.02)	-
Excess provision for earlier years	-	-
Net(decrease)/increase in cash equivalents during the year	416.17	146.77
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>284.14</u>	<u>137.37</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>700.31</u>	<u>284.14</u>
Cash & Bank Balance	1,067.10	912.70
Less: Deposits/Margin with Banks	366.79	628.56
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>700.31</u>	<u>284.14</u>
Amount of Undrawn Borrowing Facility	1,000.00	-

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

for and on behalf of the Board

for Tilak Chandna & Co.

Chartered Accountants

Tilak Chandna

(Partner)

DATED : 27.04.2007

PLACE : New Delhi

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SURINDER ARORA
DIRECTOR

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**(I) REGISTRATION DETAILS**

REGISTRATION NO.	41790	STATE CODE	55
BALANCE SHEET DATE	31.03.2007		

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

PUBLIC ISSUE	394,046	RIGHTS ISSUE	NIL
BONUS ISSUE	7235	PRIVATE PLACEMENT	53,500

(III) POSITION OF MOBILISATION AND DEVELOPMENT OF FUNDS (Amount in Rs. Thousand)

TOTAL LIABILITIES	4,554,758	TOTAL ASSETS	4,554,758
SOURCES OF FUNDS		PAID UP CAPITAL	222,699
		RESERVE & SURPLUS	1,013,350
		SECURED LOANS	2,073,607
		UNSECURED LOANS	745,241
APPLICATION OF FUNDS		NET FIXED ASSETS	718,272
		INVESTMENTS	95,631
		NET CURRENT ASSETS	3,196,549
		MISC. EXPENDITURE	44,445
		ACCUMULATED LOSSES	NIL

(IV) PERFORMANCE OF COMPANY(Amount in Rs. Thousand)

TURNOVER (GROSS REVENUE)	4,854,370	TOTAL EXPENDITURE	4,621,700
PROFIT/LOSS BEFORE TAX	232,670	PROFIT/LOSS AFTER TAX	205,943
EARNING PER SHARE IN Rs.	12.52	DIVIDEND RATE %	10

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

ITEM CODE NO.	100610
PRODUCT DESCRIPTION	RICE

for and on behalf of the Board

for Tilak Chandna & Co.
Chartered Accountants

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

SURINDER ARORA
DIRECTOR

Tilak Chandna
(Partner)

DATED : 27.04.2007
PLACE : New Delhi

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION

Auditors Report to the Board of Directors of the LT Overseas Limited on the Consolidated Financial Statements

1. We have audited the attached Consolidated Balance Sheet of M/s LT Overseas Limited ("the Company") and its subsidiaries (collectively called "LT Group"), as at 31st March 2007, and also the related Consolidated Profit & Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of the subsidiaries, whose financial statements together reflect total assets of Rs. 126,554,000 as on 31st March 2007, total revenue of Rs. 183,965,298, total expenditure (including taxes) of Rs. 179,891,032 and cash flow, net amounting to Rs. 5,671,689 for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the reports of the other auditors.
4. We report that the consolidated financial statements have been prepared by the company's management in accordance with the requirements of Accounting Standard (AS) 21, Consolidated Financial Statements issued by the Institute of Chartered Accountants of India.
5. Based on our audit and consideration of the reports of the other auditors on separate financial statements and on the other information of the subsidiaries, and to the best of our information and explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principals generally accepted in India:
 - a) In the case the consolidated balance sheet, of the state of affairs of LT Group as at March 31, 2007.
 - b) In the case the consolidated profit and loss account, of the profit for the year ended on that date: and
 - c) In the case the consolidated cash flow statement, of the cash flow for the year ended on that date.

**For Tilak Chandna & Co.
Chartered Accountants**

**Tilak Chandna
(Partner)
Membership No. : 82382
Place: New Delhi
Date: 27.04.2007**

CONSOLIDATED BALANCE SHEET

Amount in Rs.

	SCH.	AS AT	
		31 MARCH 2007	31 MARCH 2006
SOURCES OF FUNDS			
SHAREHOLDERS' FUNDS			
Share Capital	1	222,699,290	72,345,500
Reserves & Surplus	2	978,940,470	534,603,383
LOAN FUNDS			
Secured Loans	3	2,156,874,489	2,037,049,114
Unsecured Loans		765,742,937	205,973,870
DEFERRED TAX LIABILITY		36,121,373	31,952,593
MINORITY INTEREST		5,411,707	4,807,414
TOTAL		4,165,790,266	2,886,731,874
APPLICATION OF FUNDS			
FIXED - ASSETS			
Gross Block	4	1,030,607,240	653,916,814
Less: Depreciation to date		348,499,853	278,340,098
NET BLOCK		682,107,387	375,576,716
Capital Work-in-Progress		149,999,269	162,733,156
INVESTMENTS	5	42,509,860	30,348,325
CURRENT ASSETS, LOANS & ADVANCES			
Inventories	6	2,574,387,009	1,858,214,975
Sundry Debtors		791,826,065	450,593,276
Cash & Bank Balances		117,898,308	96,793,799
Other Current Assets		24,240,820	22,829,481
Loans & Advances		255,792,636	153,679,376
		3,764,144,838	2,582,110,907
Less: Current Liabilities & Provisions	7		
Current Liabilities		452,570,358	306,680,835
Provisions		65,554,673	12,050,990
		518,125,031	318,731,825
NET CURRENT ASSETS		3,246,019,807	2,263,379,082
Miscellaneous Expenditure	8	45,153,943	54,694,595
TOTAL		4,165,790,266	2,886,731,874

Contingent liabilities, Notes & Accounting Policies 18

The Schedules referred to above form an integral part of the Balance Sheet.

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

for and on behalf of the Board

for **Tilak Chandna & Co.**
Chartered Accountants**V. K. ARORA**
CHAIRMAN AND
MANAGING DIRECTOR**SURINDER ARORA**
DIRECTOR**Tilak Chandna**
(Partner)**MONIKA CHAWLA JAGGIA**
COMPANY SECRETARY**SOM CHOPRA**
VICE PRESIDENT
ACCOUNTS & TAXATION**DATED : 27.04.2007**
PLACE : New Delhi

CONSOLIDATED PROFIT & LOSS ACCOUNT

Amount in Rs.

PARTICULARS	SCH.	YEAR ENDED	
		31.03.2007	31.03.2006
INCOME			
Sales	9	4,993,872,404	4,386,689,086
Other Income	10	44,462,439	37,994,746
Accretion/Decretion to stock	11	548,993,464	(64,022,450)
TOTAL		5,587,328,307	4,360,661,382
EXPENDITURE			
Raw Material consumed	12	1,943,132,598	1,870,794,179
Purchases	13	2,269,002,591	1,486,323,298
Manufacturing & Trading expenses	14	131,222,593	149,669,229
Administrative, Selling & Other Exps.	15	670,078,924	492,464,839
Financial Cost	16	229,122,904	152,743,185
Depreciation	4	73,743,629	60,343,083
Deferred Revenue Exps. written off	17	14,255,025	12,108,568
Provisions for doubtful Recovery and Write Off		6,872,392	9,076,770
TOTAL		5,337,430,656	4,233,523,150
Profit before Extra Ordinary		249,897,651	127,138,231
Income/Adjustment/Expenses			
Extra Ordinary Expenses			
- Loss on Sale of Unit		-	6,972,023
- Provision for Damages		12,078,750	-
- Previous Year Expenses		1,075,123	-
Profit After Extra Ordinary Items		236,743,778	120,166,208
Less : Provisions for Tax			
a) Income Tax -Current Year		27,606,000	10,003,990
b) Fringe Benefit Tax -Current Year		1,857,000	2,000,000
c) Deferred Tax Liability		4,168,780	4,442,627
d) Income Tax Earlier Years		9,551,469	-
Less: Excess Provision of Earlier Years written back		595,138	9,511,559
Less : MAT Credit Receivables		15,862,000	26,726,111
NET PROFIT AFTER TAXATION		210,017,667	113,231,150
Balance brought down from previous year		504,822,392	425,332,946
Less: Share of Minority		76,733	618,715
Loss of Subsidiary before Relationship exist		(61,432)	
PROFIT AVAILABLE FOR APPROPRIATION		714,701,894	537,945,381
APPROPRIATION			
a) Transferred to General Reserve		5,149,000	12,500,000
b) Dividend (Not subject to TDS)			
- Dividend on Equity Shares		22,269,929	18,086,375
- Corporate Dividend Tax		3,123,358	2,536,614
Balance carried to Balance Sheet		684,159,607	504,822,392
EARNING PER SHARE			
- Basic & Diluted Earning per share		12.77	15.85
- Weighted Average of Shares		16,452,234	7,143,262

Contingent liabilities, Notes & Accounting Policies 18

The Schedules referred to above form an integral part of the Balance Sheet.

This is the Profit & Loss account referred to in our report of even date for and on behalf of the Board

for Tilak Chandna & Co.
Chartered Accountants

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

SURINDER ARORA
DIRECTOR

Tilak Chandna
(Partner)

DATED : 27.04.2007
PLACE : New Delhi

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION

SCHEDULE -1

SHARE CAPITAL

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
AUTHORISED 25,000,000 Equity Shares of Rs. 10/- each (Previous year 25,000,000 Equity Shares of Rs. 10/- each)		250,000,000		250,000,000
ISSUED, SUBSCRIBED & PAID -UP 22,269,929 Equity Shares of Rs 10/- each fully paid up (Previous Year 7,234,550 Equity Shares of Rs. 10/- each fully paid up)		222,699,290		72,345,500
		<u>222,699,290</u>		<u>72,345,500</u>

Note:

The above includes:

- 1) 8,374,505 (Previous Year 1,139,955) equity shares issued of Rs. 10/- each as fully paid up by way of bonus shares by capitalisation of Profits.
- 2) 4,600,000 (Previous year 4,600,000) equity shares of Rs. 10 each have been issued for consideration other than cash.

SCHEDULE -2

RESERVE & SURPLUS

Amount in Rs.

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
Capital Reserve/Subsidy - As per Last Account Add : Capital Subsidy	10,861,439		9,079,139	
	<u>-</u>	10,861,439	<u>1,782,300</u>	10,861,439
Share Premium - As per Last Account Add : Additions during the Year Less: Public Issue Expenses *	6,723,145		3,323,145	
	369,538,138		3,400,000	
	<u>(37,419,821)</u>	338,841,462	<u>-</u>	6,723,145
General Reserve - As per Last Account Add : Transferred from Profit & Loss Account	12,500,000		-	
	<u>5,149,000</u>	17,649,000	<u>12,500,000</u>	12,500,000
Profit & Loss A/c - As per Last Account Less: Capitalised for Bonus Shares Foreign Currency Transaction Reserve	684,159,607		504,822,392	
	<u>72,345,500</u>	611,814,107	<u>-</u>	504,822,392
		(225,538)		(303,593)
		<u>978,940,470</u>		<u>534,603,383</u>

* Includes Rs. 1,683,600 paid to Auditors

SCHEDULE -3

Amount in Rs.

LOAN FUNDS

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
A) SECURED LOANS				
a) Rupee Working Capital Loans				
- From Banks (Refer Note 2 & 3)		1,708,664,574		1,498,129,800
b) Foreign Currency Working Capital Loans				
- From Banks (Refer Note 2 & 3)		115,295,550		160,663,471
c) Rupee Term Loans				
- From Banks		281,688,333		244,425,843
(Refer Note 1, 2 (b) & 3)		-		-
d) Other Loans & Advances		51,226,032		133,830,000
(Refer Note 1 d)				
Total		2,156,874,489		2,037,049,114
B) UNSECURED LOANS				
a) Short Term Loan				
(Refer Note 4)				
- From Banks		745,241,086		199,997,810
- From Others		20,501,851		5,976,060
Total		765,742,937		205,973,870

NOTE:—

- 1) a) A sum of Rs. 10,082,120 (Pr. Year 3,766,009/-) is secured by Hypothecation of Vehicles.
- b) A Sum of Rs. 40,268,699 (Pr. Year 14,037,660) is secured by Properties under Development for office Block.
- c) The Balance of Rs. 230,258,335 (Pr. Year 225,278,974) is secured by Equitable Mortgage/Hypothecation/ 1st charge on fixed assets of the Company.
- d) The Balance of Rs. 51,226,032 (Pr. Year 133,830,000) is secured by way of Bank Guarantee.
- e) A sum of Rs.189,179 (Pr. Year 453,200) is secured by hypothecation of Vehicle and Rs. 890,000 (Pr. Year 890,000) is secured by mortgage of godown of Raghunath Agro Industries.

- 2) a) Secured by Hypothecation of stock of Raw Material, Stock-in- Process, Finished goods, stock & spares and Receivables.
- b) Secured by mortgage & Hypothecation of fixed assets of the company
- 3) Secured Working Capital Loans & Term Loans other than Vehicles Loans are also personally guaranteed by Directors
- 4) Short term loans are personally guaranteed by the directors.
5. REPAYMENTS

The term loans repayable within next one year Rs. 514.15 Lacs (previous year Rs.557.63 lacs).

SCHEDULE -4

FIXED ASSETS AS ON 31ST. MARCH 2007

PARTICULARS	GROSS BLOCK			AS ON 31.03.2007	D E P R E C I A T I O N			NET BLOCK	
	COST AS AT 01.04.2006	ADDITION DURING THE YEAR	WRITTEN BACK/ADJ. YEAR		UPTO 31.03.2006	DURING THE YEAR	WRITTEN BACK/ADJ	UPTO 31.03.2007	AS AT 31.03.2007
A. TANGIBLE ASSETS									
LAND	38,522,673	45,469,923	-	83,992,596	-	-	-	83,992,596	38,522,673
BUILDING *	128,102,147	45,662,732	-	173,764,879	41,307,011	8,676,670	-	49,983,681	123,781,198
PLANT & MACHINERY	381,237,490	254,080,505	2,386,430	632,931,565	191,274,478	53,099,272	1,384,771	242,988,979	389,942,586
FURNITURE & FIXTURES	8,906,181	3,979,603	2,011,348	10,874,435	5,349,869	761,772	1,499,786	4,611,855	6,262,580
OFFICE EQUIPMENT	24,527,590	3,816,625	296,087	28,048,128	12,722,219	2,597,118	131,100	15,188,237	12,859,891
VEHICLE	27,634,625	29,957,989	1,583,085	56,009,529	17,815,691	6,359,492	568,217	23,606,966	32,402,563
SUB-TOTAL	608,930,706	382,967,377	6,276,950	985,621,132	268,469,268	71,494,324	3,583,874	336,379,718	649,241,414
B. INTANGIBLE ASSETS									
BRAND EQUITY	30,000,000	-	-	30,000,000	9,000,000	1,500,000	-	10,500,000	19,500,000
GOODWILL	14,986,108	-	-	14,986,108	870,830	749,305	-	1,620,135	13,365,973
SUB-TOTAL	44,986,108	-	-	44,986,108	9,870,830	2,249,305	-	12,120,135	32,865,973
TOTAL	653,916,814	382,967,377	6,276,950	1,030,607,240	278,340,098	73,743,629	3,583,874	348,499,853	682,107,387
PREVIOUS YEAR	723,196,401	99,401,974	168,681,561	653,916,814	289,223,692	60,343,084	71,226,677	278,340,098	375,576,716

* Includes Building worth Rs. 5,193,570 constructed on Lease hold land taken for 5 years.

SCHEDULE -5

Amount in Rs.

INVESTMENTS

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
OTHER INVESTMENT - LONG TERM				
(a) Fully Paid-up Equity Shares (Quoted)				
20,000 Equity Shares - Emmsons Intl. Ltd.		200,000		200,000
2,300 Equity Shares - Andhra Bank		23,000		23,000
(b) Investment in Mutual Funds (Quoted)				
69348.128 Units of Principal Mutual Fund		-		1,000,000
50,000 Units of Principal Long Term Equity Fund		500,000		-
48875.855 Units-Franklin Temp.Equity Income Fund		500,000		-
12999.619 Units -HDFC MIP Long Term Fund		150,000		-
2023.636 Units-Sundram BNP Paribas Midcap		30,000		-
894.055 Units-Reliance Vision Fund		40,000		-
(c) Fully Paid-up Equity Shares (Unquoted)				
500 Equity shares -India International Marketing Ltd.		5,000		5,000
(d) Partly Paid-up Equity Shares (unquoted)				
400,000 non voting Equity shares of Chelsea Apartments (P) Ltd. Of Rs. 100 each		20,000,000		20,000,000
(d) Keyman Insurance Policies				
CIG Reality Fund		11,438,893		9,120,325
		8,980,000		
UNUTILISED MONEY RAISED BY ISSUE	114,795,657			
Less: Utilised for Working Capital Pending	114,152,690			
Utilisation Earmarked Deposit with Scheduled Bank		642,967		
TOTAL		42,509,860		30,348,325

	Book Value as on		Market Value as on	
	31.03.2007	31.03.2006	31.03.2007	31.03.2006
Aggregate value of quoted Investment				
- Trade Investments	-	-		
- Other Invements	1,443,000	1,223,000	2,530,372	1,760,775
Aggregate value of unquoted Investment				
- Trade Investments	-	-		
- Other Invements	41,066,860	29,125,325		
TOTAL	42,509,860	30,348,325	2,530,372	1,760,775

Note:-

- 1) The partnership firm comprises of five partners namely Sh. Ashok Arora, Sh. Surender Arora, Smt. Pravesh Rani, Sh. Munish Arora and L. T. Overseas Ltd. having profit sharing ratio of 1%, 1%, 1%, 1%, 96% respectively.
The capital of the firm as on 31.03.2007 is Rs. 408.69 Lacs. (Pr. Yr. 385.06 Lacs)

SCHEDULE -6

Amount in Rs.

CURRENT ASSETS, LOANS AND ADVANCES

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
A. CURRENT ASSETS				
INVENTORIES				
As verified and valued by the Management				
a) Raw Material		1,314,623,175		1,153,645,921
b) Finished goods		1,240,389,096		688,942,727
c) Consumable Stores & Spares		19,374,738		15,626,327
SUB - TOTAL		2,574,387,009		1,858,214,975
SUNDRY DEBTORS				
(Unsecured, considered good unless stated otherwise)				
a) Debts for a period exceeding 6 months		28,819,374		15,961,056
b) Others :		763,006,691		434,632,220
SUB - TOTAL		791,826,065		450,593,276

SCHEDULE -6 (Cont...2)

CURRENT ASSETS, LOANS AND ADVANCES

Amount in Rs.

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
CASH & BANK BALANCES				
a) Cash in hand :				
i) In Indian Currency	2,560,544		3,146,167	
ii) In Foreign Currency	<u>321,929</u>	2,882,472	23,263	3,169,430
b) With Scheduled Banks :				
i) In Current Account	77,128,719		<u>29,531,247</u>	
ii) In Deposit/Margin Money A/c	<u>37,887,116</u>	115,015,835	62,856,363	92,387,610
c) With Other Banks :				
I) In Current Account				
ABM Amro Bank	-		765	
Emirates Bank	-		21,294	22,059
ii) In Deposit/ Margin Money A/c				
Emirates Bank				<u>1,214,700</u>
SUB - TOTAL		<u>117,898,308</u>		<u>96,793,799</u>
OTHER CURRENT ASSETS				
(Unsecured, Considered Good unless stated otherwise)		24,240,820		22,829,481
SUB - TOTAL		<u>24,240,820</u>		<u>22,829,481</u>
B. LOANS AND ADVANCES				
(Unsecured, Considered Good unless stated otherwise)				
Advances Recoverable in Cash or in kind or for value to be received	196,065,917		126,462,009	
Less: Provision for doubtful recoveries	<u>23,881,281</u>	172,184,636	<u>9,076,771</u>	117,385,238
Security deposits		11,294,794		3,163,550
Income Tax		24,025,178		9,621,210
MAT Credit Entitlement		15,800,000		-
Others **	41,269,385		13,350,609	
Less: Provision for doubtful recoveries	<u>3,745,663</u>	37,523,722	-	13,350,609
Forward Contract Receivables	114,054,356		173,918,147	
Less : Payable to Bank	<u>119,090,050</u>	(5,035,694)	<u>163,759,378</u>	10,158,769
TOTAL		<u>255,792,636</u>		<u>153,679,376</u>
GRAND TOTAL		<u>3,764,144,838</u>		<u>2,582,110,907</u>

** Amount outstanding to whole time directors is Rs. NIL

Maximum amount outstanding during the period to whole time directors is Rs. 4.37 lacs

SCHEDULE -7

CURRENT LIABILITIES & PROVISIONS

Amount in Rs.

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
CURRENT LIABILITIES				
Acceptances *		85,533,962		165,895,671
Sundry Creditors				
- Small Scale Industrial Undertaking	31,645,034		34,788,392	
- Others	<u>290,159,560</u>	321,804,594	<u>89,136,750</u>	123,925,142
Security Deposit from Suppliers/ Distributors		3,838,001		873,001
Other Liabilities		41,217,861		15,811,081
Unclaimed Dividend**		175,940		175,940
Sub-Total		<u>452,570,358</u>		<u>306,680,835</u>
PROVISIONS				
- Gratuity		1,095,927		-
- Income Tax - Current Year		27,656,990		10,050,990
- Fringe Benefit Tax		1,857,000		2,000,000
- Dividend (Incl. Tax on Dividend)		25,393,287		-
- Provision for Income Tax - Earlier Years		<u>9,551,469</u>		-
Sub-Total		<u>65,554,673</u>		<u>12,050,990</u>
TOTAL		<u>518,125,031</u>		<u>318,731,825</u>

* Acceptances are against Letter of Credits opened by Banks and it includes a sum of Rs. 85,533,962/- (Pr.Yr. 28,518,662/-) due to Capital Goods Suppliers.

** Unclaimed Dividend outstanding since 2005-06

SCHEDULE -8

MISCELLANEOUS EXPENDITURE

(To the extent not written off or adjusted)

Amount in Rs.

PARTICULARS	AS AT		AS AT	
	31 MARCH 2007		31 MARCH 2006	
Deferred Revenue Expenditures				
Brand Equity Expenses	77,344,093		55,102,266	
Add : Additions during the period	<u>6,263,127</u>		<u>22,241,827</u>	
	83,607,220		77,344,093	
Less: Amount Amortised to date	<u>39,162,373</u>	44,444,847	<u>24,907,348</u>	52,436,745
Public Issue Expenses		-		2,227,000
Preliminary Expenses		709,096		30,850
TOTAL		<u>45,153,943</u>		<u>54,694,595</u>

SCHEDULE -9

SALES

Amount in Rs.

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
EXPORTS SALES				
— Rice	1,660,596,957		1,795,157,486	
— Other Items	151,114,538		228,203,932	
Add : Exchange Fluctuation	<u>787,286</u>	1,812,498,781	<u>582,229</u>	2,023,943,647
HIGH SEA SALES				
— Scrap				7,779,115
DOMESTIC SALES				
— Rice	3,000,690,281		2,233,295,466	
— Other Items	<u>180,683,342</u>	3,181,373,623	<u>121,670,858</u>	2,354,966,324
		4,993,872,404		4,386,689,086

SCHEDULE -10

OTHER INCOME

Amount in Rs.

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
Export Incentives		15,592,565		15,295,629
Income on sale of Non Trade Investments		53,789		936,393
Dividend from Non Trade Investments		57,290		47,750
Profit on Sales of Fixed Assets		-		353,186
Commission		-		9,685,877
Profit on Exchange Fluctuation		16,752,583		3,718,155
Interest on Fixed Deposits		2,381,027		2,439,507
Other Receipts		9,625,184		5,518,249
		<u>44,462,439</u>		<u>37,994,746</u>

SCHEDULE -11

ACCRETION / DECRETION TO STOCK OF FINISHED GOODS

Amount in Rs.

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
OPENING STOCK		688,942,727		752,965,177
CLOSING STOCK		<u>1,237,936,191</u>		<u>688,942,727</u>
Accretion / (Decretion) to Stock		548,993,464		(64,022,450)

SCHEDULE -12

RAW MATERIAL CONSUMED

Amount in Rs.

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
	OPENING STOCK			
- Bardana	54,573,928		59,542,946	
- Paddy	<u>1,076,250,822</u>	1,130,824,750	<u>1,026,998,000</u>	1,086,540,946
Paddy Purchase		2,046,572,055		1,847,500,009
Bardana Purchase		56,196,649		67,577,973
Less : Closing Stock				
- Bardana	57,673,404		57,892,260	
- Paddy	<u>1,232,787,454</u>	1,290,460,858	<u>1,072,932,489</u>	1,130,824,749
Consumption of Raw Material		<u>1,943,132,598</u>		<u>1,870,794,179</u>

SCHEDULE -13

PURCHASES

Amount in Rs.

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
	Rice		2,088,774,314	
Other Items		<u>180,228,278</u>		<u>229,525,891</u>
		<u>2,269,002,591</u>		<u>1,486,323,298</u>

SCHEDULE -14

MANUFACTURING EXPENSES

Amount in Rs.

PARTICULARS	YEAR ENDED 31.03.2007		YEAR ENDED 31.03.2006	
	Ware House / Factory Rent		2,530,663	
Sales Tax		2,068,870		2,872,135
Wages		24,245,242		39,739,307
Job Work		3,778,984		2,152,119
Power and Fuel		57,311,773		42,737,743
Security Services		4,120,854		2,467,352
Research & Development		635,833		851,467
Repair & Maintenance				
- Repair to Machinery		4,344,478		998,728
- Repair to Building		2,071,685		1,750,535
- Repair (others)		2,524,380		2,854,392
Consumable Stores & Spares:-				
Opening Stock:	14,677,666		15,742,856	
Add : Purchases :-				
Machinery Parts, Fuel & Consumables	25,774,997		48,665,574	
Less : Closing Stock :	<u>12,862,831</u>	<u>27,589,832</u>	<u>15,626,327</u>	<u>48,782,103</u>
TOTAL		<u>131,222,593</u>		<u>149,669,229</u>

ADMINISTRATIVE, SELLING AND OTHERS EXPENSES**SCHEDULE -15**

Amount in Rs.

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
Payments to and Provisions for Employees				
-Salaries, Wages and Bonus	52,390,122		40,374,263	
-Contribution to Provident and other Fund	3,986,445		2,442,173	
-Staff Welfare Expenses	2,746,131	59,122,697	2,323,090	45,139,526
Advertisement		47,958,648		854,526
Insurance		493,465		526,489
Legal & Professional Charges		5,452,913		9,580,361
Rates & taxes		3,240,086		2,305,000
Donation & Charity		1,076,689		402,187
Payments to Directors				
- Directors' Remuneration	5,700,000		2,730,000	
- Directors Sitting Fees	115,000		-	
- Directors' Perquisites	640,800		554,400	
- Contribution to Provident Fund	18,720	6,474,520	-	3,284,400
Auditors' Remuneration		1,452,804		917,633
Fines & Penalties		441,146		
Rent		5,150,343		3,781,087
Bad Debts & Short/Excess Recoveries		2,725,761		4,447,364
Vehicle Running & Maintenance		5,482,910		4,059,567
Other Administrative Expenses		15,353,716		12,671,067
Travelling & Conveyance Expenses (including		228,426		
Directors' Foreign Travelling)		18,656,917		14,998,553
Rebate & Discount		23,233,609		21,670,427
Commission to Selling Agents		4,805,947		2,417,207
Clearing, Forwarding & Frt. Charges		164,798,884		152,264,526
Packing Material Consumed :-				
Opening Stock	21,317,079		25,532,457	
Add : Purchases	164,510,434		119,004,324	
Packing Exps.	16,249,109		10,531,187	
Less: Closing Stock	27,662,317	174,414,304	22,821,172	132,246,796
Other Selling & Distribution		129,515,138		81,096,067
Foreign Currency Exchange Profit				(197,944)
TOTAL		670,078,924		492,464,839

FINANCIAL COST**SCHEDULE -16**

Amount in Rs.

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
Interest on Working Capital Loans		180,785,877		119,327,605
Interest on Term Loan		19,963,616		10,696,694
Other interest		207,000		3,306,018
Bank Charges		26,277,565		18,996,722
Premium on forward Contract		1,888,848		416,146
TOTAL		229,122,904		152,743,185

PROVISIONS AND WRITE-OFF**SCHEDULE -17**

Amount in Rs.

PARTICULARS	YEAR ENDED		YEAR ENDED	
	31.03.2007		31.03.2006	
PROVISIONS				
Provision for doubtful Recoveries		3,745,663		9,076,770
WRITE-OFF				
Claims written Off		3,126,729		-
		6,872,392		9,076,770

SCHEDULE-18

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2007

A. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation of Financial Statements

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

2. Principles of Consolidation.

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

- a) The Consolidated Financial Statements have been prepared in accordance with Accounting Standard 21 – “Consolidated Financial Statements”, Accounting Standard 23 – “Accounting for Investment in Associates in Consolidated Financial Statements” and Accounting Standard 27 – “Financial Reporting of Interest in Joint Ventures” issued by the Institute of Chartered Accountants of India.
- b) The financial statement of the Company and the subsidiary companies has been consolidated on a line by line basis by adding together the book value of like item of assets, liabilities, incomes and expenses and adjustment are made to apply uniform accounting policies for all its subsidiaries and thereafter eliminating intra group balances, intra group transactions and unrealized profits.
- c) As far as possible, the consolidated financial statements have been prepared using uniform accounting policies, for like transaction and events in similar circumstances and are presented to the extent possible, in the same manner as the Company’s separate financial statements.
- d) The excess of cost to the Company of its investment in the subsidiary companies is recognized in the financial statement as goodwill and the excess of Company’s portion of equity of the subsidiary over the cost of the investments therein is treated as capital reserve.
- e) Minority interest in the net assets of Consolidated subsidiaries consists of the amount of equity attributable to the minority share holders at the dates on which investments are made by the Company in the subsidiaries companies and further movements in their share in the equity, subsequent to the dates of investments as stated above. If, the amount of losses applicable to the minority on consolidation exceeds the minority interest in the equity of the subsidiary, the excess and any further losses applicable to the minority are adjusted against the majority interest except to the extent that minority has a binding obligation to, and is able to, make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority’s share of losses previously absorbed by the majority has been recovered.
- f) The following subsidiary companies are considered in the consolidated financial statements:

Name of Subsidiary	Country of Incorporation	Proportion of Ownership Interest	Year ending of Subsidiary	Audited By
Indian Subsidiary				
L.T. International Ltd.	India	89.98%	31.03.2007	Shailesh Rathi & Associates
Daawat Foods P Ltd.	India	100.00%	31.03.2007	Shailesh Rathi & Associates
Nature Bio Foods Ltd.	India	100.00%	31.03.2007	Shailesh Rathi & Associates
Foreign Subsidiary				
Sona Global Ltd.	Dubai	100.00%	31.03.2007	Rao & Ross
Nice International FZE	Dubai	100.00%	31.03.2007	Rao & Ross
Name of Partnership Firm				
Raghnath Agro Industries	India	96.00%	31.03.2007	Raman Arora & Co.

3. Revenue Recognition

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

4. Use of Estimates

The preparation of the financial statements in conformity with Accounting Standards & GAAP requires L.T. Overseas’ management (Management) to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosure relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include useful life of fixed assets, provisions for doubtful debts, income taxes, write-off of deferred revenue expenditures and intangible assets. Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Actual results could differ from those estimates.

5. Fixed assets and depreciation

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

6. Investment

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

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

7. Inventories

The inventories are valued at cost or net realizable value whichever is lower. Under this broad principle, the cost of the Raw Material is determined at FIFO basis and the cost of Finished Goods is ascertained on the basis of absorption costing method, which takes into account all direct and indirect expenses such as freight, direct labour, interest, direct manufacturing expenses but excluding administrative, selling and general expenses are. The inventories of consumables, packing material and bardana are valued on average cost.

8. Foreign Currency Transaction

Revenue from overseas clients and collections deposited in foreign currency bank account are recorded at the exchange rate as of the date of the respective transactions. Expenditure in foreign currency is accounted at the exchange rate prevalent when such expenditure is incurred. Exchange difference are recorded when the amount is actually received on sales or actually paid when expenditure is incurred, is converted into Indian Rupees. The exchange difference arising on foreign currency transaction are recognized as income or expense in the period in which they arise.

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

The financial statements of integral foreign operations are translated on the principles stated above as if the transactions of the foreign operations had been those of reporting enterprise itself.

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

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

Forward Exchange Contract:

- (a) Entered into to hedge the foreign exchange fluctuations risk in respect of an existing asset/liability (i) the premium or discount arising at the inception of such forward contract is amortized as expense or income over the life of the contract (ii) exchange difference arising on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rates change (iii) any profit or loss arising on cancellation or renewal of such a forward contract is recognized as income or exchange for the period.
- (b) Entered into in respect of firm commitments or highly probable forecast transactions (i) exchange difference arising on such contracts is recognized in the statement of the profit and loss in the reporting period in which the contracts are settled to the extent of difference in exchange rate on the date of transaction and date of settlement (ii) any profit or loss arising on cancellation or renewal of such contract is recognized as income or expense for the period computed by applying the exchange rate on the date of transaction and cancellation or settlement as the case may be.

9. Earning Per Share

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

10. Cash Flow Statement

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

11. Retirement benefits to employee

Gratuity

Payment for present liability of future payment of gratuity is made to an approved Gratuity Fund, which fully covers the same under Cash Accumulation policy of Life Insurance Corporation of India.

Provident Fund

Eligible employees receive benefits from a provident fund, which set a defined contribution plan. Both the employee and the company make monthly contributions to the provident fund plan equal to a specified percentage of the covered employee's salary as per the Provident Fund Act, and the contributions are made to a Government administered provident fund.

Leave Encashment

The leave encashment payable to the employees are accounted for as and when paid.

12. Income Tax

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

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period, based on prevailing enacted or substantially enacted regulations. Deferred tax assets are recognized only if there is reasonable certainty that they will be realized and are reviewed for the appropriateness of their respective carrying values at each balance sheet date.

13. Borrowing Costs

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

14. Contingent Liabilities

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

15. Other Accounting Policies

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

B. NOTES TO ACCOUNTS

1. Contingent Liabilities:

(Amount. In Lacs)
2006-07 2005-06

(a) Claims against the Company not acknowledged as debts which in the opinion of the Management are not tenable/ under appeal at various stages: (Figures as per demand notice received by the Company)#		
(i) Income-tax claims		
Assessment Year 1998 - 99	68.76	NIL
Assessment Year 2000 – 01*	91.30	135.19
Assessment Year 2001 – 02	46.57	46.57
Assessment Year 2003 – 04*	41.64	131.93
Assessment Year 2004 - 05	24.55	NIL
(ii) HRDF demand of Market Committee, Sonapat	166.75	166.75
(iii) Sales Tax	32.39	32.39
(iv) Recovery proceeding by Standard Chartered Bank	99.32	99.32
(v) DGFT demand against EPCG License commitment	11.50	11.50
(vi) Suit filed by a firm for Damages for breach of contract and interest for supply of Goods	NIL	38.98
(vii) Labour Related claims	8.59	NIL
(b) Letter of Credits opened with bankers and remaining outstanding **	NIL	NIL
(c) Guarantees given by Banks on behalf of the company**	53.82	262.87
(d) Liability against Duty Saved under EPCG Licences Issued	712.75	659.40

Notes:

* These are departmental appeals and original demands stands vacated.

** Previous year figures have been recasted in view of Guidance Note 2 issued by Institute of Chartered Accountants of India.

Future cash outflows in respect of (a) above are determinable only on receipt of Judgment/ Decisions pending with various forums/ authorities.

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

	2006-07	(Amount in Lacs) 2005-06
Capital Contract remaining to be executed	116.89	1158.12

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

	2006-07	2005-06
REMNUNERATION PAID OR PAYABLE TO DIRECTORS		
Functional Directors		
Managing Director's Remuneration		
- Salary	2,100,000	975,000
- Perquisites	NIL	NIL
Directors Remuneration		
- Salary	3,600,000	1,755,000
- Perquisites*	640,800	554,400
Independent Directors		
Sitting Fees	115,000	NIL

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

4. **Payments to Statutory Auditors**

	2006-07	2005-06
a. Audit Fee & IPO Certification Charges	2,056,758	673,440
b. Other Services	179,299	169,896
c. Consultancy Services	897,920	NIL
d. Out of Pocket Expense	2,427	55,104
	3,136,404	773,440

5. The Company started a gold life program, in earlier years, to give incentives to retailers based on targets achieved to promote its brands and resultant sales thereof. The Company has accounted for expenditure incurred on the scheme as and when the claims lodged by the retailers have been lodged and accepted.
6. Some of the Sundry debtors and creditors are subject to confirmation from the parties.
7. The company was running a foreign branch under the name and style of Sona Trading Limited in New Jersey (USA) the operation of which has been discontinued. The figures pertaining to Foreign Branch Office, which have been clubbed with the figures of Indian operation. The operating results of the Foreign Branch Office are as under:

	2006-07	2005-06
INCOME		
Sale	NIL	41,399,523
Accretion/(Decretion) to Stock	NIL	(37,973,302)
Total	NIL	3,426,221
EXPENDITURE		
Purchases	NIL	NIL
Exchange Fluctuation	NIL	(2,913,700)
Expenses	NIL	NIL
Total	NIL	(2,913,700)
NET PROFIT/ (LOSS)	NIL	384,101

8. Sum of Rs. 792,000 (Previous year: Rs. 792,000) have been shown as due from Project Equipment Corporation of India Ltd. under the head "Loans and Advances". The company had filled a case against the PEC Ltd, for the recovery of the same, before the Monopolistic & Restrictive Trade Practice Commission (MRPTC). The MRPTC has passed an order on 13.05.2003 and directed to PEC Ltd. to repay the said money to the company. PEC Ltd. has filed an appeal against the said order before Hon'ble Supreme Court.
9. A Sum of Rs. 24,157,500 (Previous year: Rs. Nil) have been shown as recoverable from Food Corporation of India, Punjab under the head "Loans and Advances" for Guarantees invoked by it. The company is representing the matter with Government and Food Corporation of India and pending that a provision for damages to the extent of fifty percent of the amount has been provided for as liability.
10. The company during the year effective 1st July 2006 has affected a change in the method of accounting of expenditure incurred on brand promotion, advertisement etc. The expenditures incurred during the period after that have been expensed in the profit and loss account, as against previous method of deferring these and amortizing in the next five years. The expenditure deferred till 30th June 2006 has been and shall be amortized as per the earlier method. The change in method has resulted into understatement of profit of the year by a sum of Rs. 45,134,701 and corresponding amount of overstatement of surplus in the reserve and surplus and understatement of miscellaneous expenditure.

During the year, Rs. 6,263,127 (Previous year: Rs. 22,241,827) incurred towards the brand promotion, advertisement and market development has been shown as Deferred Revenue Expenses under the head Miscellaneous Expenditure as benefit are expected of the same are likely to extend beyond that period and shall be amortized equally in next five years and the head-wise details of which are as under:-

	2006-07	2005-06
a. Legal & Professional Expenses	754,313	330,660
b. Advertisement / Market Development	2,809,760	21,911,167
c. Sales Promotion Expenses	461,900	NIL
d. Tour & Traveling	2,237,154	NIL

11. Traveling Expenses include foreign traveling expenses of Rs. 4,752,302 (Previous year : Rs. 6,517,360).
12. The Other Current Assets include Input Tax Receivable amounting to Rs. 23,416,116 (Previous Year: Rs. 20,327,972.00) under the State VAT Acts, which is subject to the final assessment by the Departments.
13. The company paid an advance of Rs. 50,000,020 to Bennett and Coleman & co. limited, under an agreement dated 5th July 2006 , towards advance for spending on buying media space in three years ending July 2008, failing which the advance shall lapse. The company has spent a sum of Rs.7,432,599.till the year ending March 2007 and balance amount of Rs.42,567,401 is shown in loans and advances.
14. As required by Accounting Standard (AS 28) "Impairment of Assets" issued by the Institute of Chartered Accountants of India, the company has carried out the assessment of impairment of assets. There has been no impairment loss during the year.

15. Provisions

(Amount in Rs.)				
	As at 01.04.2006	Provision made during the year	Amount Utilized/ reversed during the year	As at 31.03.2007
Taxes	12,062,000	38,952,469	12,000,000	39,014,469
Gratuity	NIL	1,095,927	NIL	1,095,927

16. List of small Scale Industrial Undertakings to whom payment is outstanding for more than 30 days as on 31st March, 2007 to the extent available to the Company, is as under:

Pepsi Foods (P) Ltd., Bharat Hari Printers, Adishri Marketing & Packaging Co., Image India (P) Ltd., Vardhman Precision Profiles, Box & Carton (India) P. Ltd., Jhaveri Flexo India Ltd., Golden Rolls (P) Ltd., Leotronic Scales (P) Ltd., Motors Industries Co. Ltd., Milltec Machinery (P) Ltd., Techno Weigh Systems (P) Ltd., SRV Pring Pack Pvt. Ltd., Bharat Hoisery Factory, Bally Jute Company Ltd., Brown Multi Wall Paper Bags Ltd., Brajesh Packaging Pvt. Ltd., ag Poly International Pvt. Ltd., Century Packagings, JPM Polypack, JPS Plastics Pvt. Ltd., Jet Tech Pvt. Ltd., Montage Enterprises Pvt. Ltd., Millenium Packaging Solutions, Neel Kanth Packaging Industries, Nirmal Packaging Systems, Packaging India Pvt. Ltd., The Paper Products Ltd., Rexor India Ltd., Rollainers Limited, Rijul Plastocraft, Sunrise Industries, Samarth Packaging Industries, Shaktiman Packaging Pvt. Ltd., Shri Radhey Enterprises, Unitized Packaging, Anama Energies Pvt. Ltd., Aroma Paints Ltd., DKS Dessiccants Pvt. Ltd., Eurocoustic Products Ltd., Everest Transmission, FEC Engg. Projects Pvt. Ltd., Fric India Ltd., Guru Nanak Engg. Works, Hitachi Home & Life Solutions, ISS Controls, International Combustion India Ltd., ION Exchange Services Ltd., Ions Hydro Pvt. Ltd., IPS Automation Products Pvt. Ltd., Kilburn Engg. Ltd., Kelson Steel Products (P) Ltd., Nichrome India Ltd., Packmech engineers, Process Engg. Co., Reed Medway Packaging Co., RAI Prexim India Pvt. Ltd., RT Packaging Limited, Sarvpriya Industries Ltd., S R Engg. Co., Visitech Engg. Pvt. Ltd., Warner Industries, Deepak Packaging Industries

17. Deferred Tax Liability :-

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

- Accumulated Deferred Tax Liability on account of Timing Difference :	Rs. 31,952,593
- Current Deferred Tax Liability on account of Timing Difference :	Rs. 4,168,780
Total :	Rs. 36,121,373

18. Related Party Disclosure

a) Key Management Personnel:

• Sh.V.K.Arora	-	CMD
• Sh.Ashwani Arora	-	Whole Time Director
• Sh.Surinder Arora	-	Whole Time Director
• Sh. Ashok Arora	-	President-Punjab Operation
• Abhinav Arora	-	Sr. Manager-Value Added Products

b) List of Person Having Controlling Interest together with their relatives

Key Management Personnel	Mother	Wife	Brother	Sister	Son	Daughter	Associates
V.K.Arora	Parvesh Rani	Ranju Arora	Ashok Arora Ashwani Arora Surinder Arora	Neelu Grover	Abhinav Arora	Sona Arora	-Swami Freight Brokers -R.S.Rice & General Mills -Sona Franchisee
Ashwani Arora	Parvesh Rani	Vandana Arora	Ashok Arora V.K.Arora Surinder Arora	Neelu Grover	Ritesh Arora	Sanjana Arora	-Raghnath Arora (HUF) -Sona Franchisee
Surinder Arora	Parvesh Rani	Sakshi Arora	Ashok Arora V.K.Arora Ashwani Arora	Neelu Grover	Anmol Arora	Isha Purva	-
Ashok Arora	Parvesh Rani	Anita Arora	Ashwani Arora V.K.Arora Surinder Arora	Neelu Grover	Rahul Arora Suhail Arora		-R.S.Rice & General Mills

c) Enterprises over which person having controlling interest in Company / Key management personnel along with their relatives are able to exercise significant influence:

- M/s Swami Freight Brokers
- M/s R.S.Rice & General Mills
- M/s Sona Franchisee

d) Details of Transactions with related Party:

(Amount in Lacs)

Particulars	Key Management Personnel	Relatives and Associates of Key Management Personnel	Total
Remuneration	62.88 (34.28)	2.40 (0.50)	65.28 (34.78)
Rent	-	14.40 (14.40)	14.40 (14.40)
Training Expenses	-	- (12.86)	- (12.86)
Dividend- Equity Shares	105.09 (92.98)	0.63 (3.95)	105.72 (96.93)
Lease Rent	-	30.50 (3.00)	30.50 (3.00)

e) Material Related Party Transaction (more than 10% of aggregate) with Individual Party

(Amount in Lacs)

Key Management Personnel	Managerial Remuneration		Equity Dividend		Training Expenses	
	2006 - 07	2005 - 06	2006 - 07	2005 - 06	2006 - 07	2005 - 06
V.K.Arora	21.00	9.75	28.90	25.88	-	-
Ashwani Arora	18.00	14.54	28.70	25.64	-	-
Surinder Arora	18.00	5.20	26.41	20.45	-	-
Ashok Arora	2.88	1.44	21.08	21.01	-	-
Abhinav Arora	3.00	0.50	0.63	-	-	12.86

19. Segment Reporting

a) Information about Primary Business Segments

(Amount in Lacs)

	Rice & its Allied Items	Items Other than Rice	Total
1.SEGMENT REVENUE			
(a) External Sales	48,157.63 (41554.27)	1,781.09 (2,312.62)	49,938.72 (43,866.89)
(b) Inter-segment Sales	0.00 0.00	0.00 0.00	0.00 0.00
(c) Total revenue	48,157.63 (41554.27)	1,781.09 (2,312.62)	49,938.72 (43,866.89)
2. Total Revenue of each segment as a percentage of total revenue of all segment	96.43 (94.73)	3.57 (5.27)	100.00 (100.00)
3. SEGMENT RESULT (Profit / Loss)	2,472.67 (1,189.59)	26.30 (12.07)	2,498.97 (1,201.66)
4. Combined Result of all Segment in profit	2,472.67 (1,189.59)	26.30 (12.07)	2,498.97 (1,201.66)
5. Combined Result of all segment in loss	0.00 (0.00)	0.00 (0.00)	0.00 (0.00)
6. Segment Result as a percentage of the greater of the totals arrived at 4 and 5 above in absolute amount	98.99 (99.00)	1.01 (1.00)	100.00 100.00
7.CAPITAL EMPLOYED (Segment Assets Less Segment Liabilities)	12,452.60 (6367.45)	21.57 (21.57)	12,474.17 (6,389.02)
8. Segment assets as a percentage of total assets of all segments.	99.82 (99.66)	0.18 (0.34)	100.00 (100.00)

b) Information about Secondary Business Segments

	India	Outside India	Total
REVENUE:			
External	30,335.32 (22,107.88)	19,603.40 (17,975.36)	49,938.72 (40083.24)
Inter segment	Nil Nil	Nil Nil	Nil Nil
Total	30,335.32 (22,107.88)	19,603.40 (17,975.36)	49,938.72 (40,083.24)
Addition to Fixed Assets	0.00 (0.00)	0.00 (0.00)	3,789.41 (994.02)

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

20. Earning Per Share

(Amount in Rs.)

	2006-07	2005-06
i) Net Profit /Loss (-) after Extra Ordinary Items & Provision for Taxes (Used as numerator for calculating E.P.S.)	210,017,667	113,231,150
ii) Weighted average No. of Equity Shares outstanding (Used as denominator for calculating E.P.S.)		
- For Basic EPS	16,452,234	7,143,262
- For Diluted EPS	16,452,234	14,377,812
iii) Earning per Share after Extraordinary Items		
- For Basic EPS	12.77	15.85
- For Diluted EPS	12.77	7.88
Equity Share of face value of Rs. 10 each		
iv) Earning per Share before Extra Ordinary Item	13.56	16.83

21. Penalty proceedings under sec. 271(1)(c) of the Income Tax Act, 1961 have been initiated by the Income Tax Authorities for the assessment years 2000-01, 2002-03 and 2003-04. Since the matters are under adjudication no liability for the same has been provided in the financial statements.

22. Previous year figures have been regrouped, recast and rearranged wherever necessary.

23. Figures are rounded off nearest to the Rupees.

for **Tilak Chandna & Co.**
Chartered Accountants

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

for and on behalf of the Board

SURINDER ARORA
DIRECTOR

Tilak Chandna
(Partner)

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION

DATED : 27.04.2007
PLACE : New Delhi

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD ENDED 31.03.2007

	Rs. in Lacs	
	CURRENT PERIOD	PREVIOUS YEAR
CASH FLOWS FROM OPEARTING ACTIVITIES		
Profit before Tax	2,367.44	1,201.66
Adjustments to reconcile profit before tax to cash provided by operating activities		
(Profit)/ loss on sale of fixed assets	4.70	66.20
Depreciation and amortiazation	879.99	724.52
Interest and Dividend income	(0.57)	(24.84)
Income from Investment	-	(13.96)
(Profit)/ loss on sale of investment	(0.54)	(9.36)
Provisions for doubtful debts/ recoveries	68.72	90.77
Exchange difference on translation of forreign currency cash and cash equivalents	0.02	
Provision for Damages	1,207.88	-
Provision for Gratuity	109.59	
Interest Paid	20,095.65	1,250.45
Loss from Subsidiary before relationship	6.14	
Changes in current assets and liabilities		
Sundry Debtors	(3,412.33)	1,640.84
Inventory	(7,161.72)	(1,432.69)
Loans and Advances	(1,166.58)	(878.97)
Other Current Assets	247.73	(39.09)
Trade Payable	1,458.90	(783.14)
Minority Interest	6.04	19.83
Preliminary expenses	-	
NET CASH GENERATED BY OPERATING ACTIVITES	<u>(4,566.29)</u>	<u>1,812.21</u>
CASH FLOW FROM FINANCING ACTIVITES		
Dividends paid during the year, including Dividend Tax	-	(206.23)
Proceeds from issuance of Share Capital	4,101.27	68.00
Proceeds from Borrowing Secured	1,198.25	2,481.82
Proceeds from Borrowing UnSecured	5,597.69	(30.72)
Interest Paid	(2,052.37)	(1,250.45)
NET CASH USED IN FINANCING ACTIVITIES	<u>8,844.84</u>	<u>1,062.42</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets and changes in Capital Work-in-progress	(3,680.96)	(2,763.97)
Proceeds from Disposals of Fixed Assets	17.68	408.35
Investment	(121.62)	(240.22)
Deffered Revenue Expenditure	(47.14)	(101.33)
Interest and dividend Income	0.57	2.26
Income from investment	-	-
Profit from Sale of Investment	0.54	9.36
NET CASH USED IN INVESTING ACTIVITES	<u>(3,830.92)</u>	<u>(2,685.54)</u>
Effect of exchange Differnces on translation of foreign currency cash and cash equivalents	(0.02)	-
Excess provision for earlier years	-	
Net(decrease)/increase in cash equivalents during the year	447.61	189.09
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>327.23</u>	<u>138.14</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>774.83</u>	<u>327.23</u>
Cash & Bank Balance	1,178.98	912.70
Less: Deposits/Margin with Banks	378.87	628.56
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	800.11	284.14
Amount of Undrawn Borrowing Facility	1,000.00	-

This is the Cash Flow Referred to in our report of even date for and on behalf of the Board

for **Tilak Chandna & Co.**

Chartered Accountants

Tilak Chandna

(Partner)

DATED : 27.04.2007

PLACE : New Delhi

V. K. ARORA
CHAIRMAN AND
MANAGING DIRECTOR

MONIKA CHAWLA JAGGIA
COMPANY SECRETARY

SURINDER ARORA
DIRECTOR

SOM CHOPRA
VICE PRESIDENT
ACCOUNTS & TAXATION