

REPORT ON CORPORATE GOVERNANCE**CORPORATE GOVERNANCE**

Corporate Governance pertains to process that provides transparency of corporate policies, strategies and democratic decision making process and it also strengthens internal control systems, by which companies are directed and controlled, keeping in mind long term interest of stake holders. It is a blend of legal, regulatory and voluntary good practices, which enables companies to attract financial and human capital, perform efficiently, and provide sustainable economic value for all its stakeholders, customers, shareholders, employees, government and lenders and the National Economic Policy of the Government of India.

1. CORPORATE GOVERNANCE AT LT OVERSEAS

LT Overseas Limited believes in Good Corporate Governance with the objective of “enhancement of the long term Shareholder’s value while at the same time protecting the interests of other stakeholders.”

Your company has always endeavored to implement and maintain high standard of Corporate Governance process and norms and is continuing to follow transparency, efficiency, complete and timely disclosures in its dealings, laying emphasis on integrity, accountability, democratic processes and regulatory compliances and, thereby constantly strengthening and increase stakeholders’ value and also meeting the trust and expectations of its customers, employees, suppliers and government agencies.

Your Company is complying with the norms of Corporate Governance, as defined by Clause 49 of the Listing Agreement of Stock Exchanges and a report on the same is as under.

2. BOARD OF DIRECTORS

The Board, being the trustee of the Company, responsible for the establishment of culture, ethical and accountable growth of the Company, is consisting of persons having vast experience and expertise in their fields of accounts, marketing, finance, legal etc and focuses on transparency, accountability, probity, integrity, equity and responsibility.

Composition of the Board

The Board of your Company consists 6 (six) Directors comprising 3 (Three) Executive Directors and 3 (Three) non executive, independent directors. Therefore, the composition of the Board, which is as follows as on 31st March 2008, is in conformity with requirement of the Listing Agreement.

S.No.	Name of Director /ID*	PD/ED/NED	Attendance in Board Meetings		Attendance in Last AGM	Other Board		
			Held	Attended		Directorship**	Committee Chairmanship***	Committee Membership
1.	Vijay Kumar Arora	PD	5	4	Present	12	0	0
2.	Ashwani Arora	PD/ED	5	3	Present	10	0	0
3.	Surinder Arora	PD/ED	5	4	Present	3	0	0
4.	Suparas Bhandari	NED/ID	5	4	Present	1	1	2
5.	Satish Bal	NED/ID	5	3	Absent	0	1	3
6.	Pramod Bhagat	NED/ID	5	4	Present	1	1	3

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

** In Indian and International Public Limited Companies as on 31.03.2008.

*** In Audit, Remuneration and Shareholders Grievances Committee of Indian Public Limited Companies as on 31st March, 2008.

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

Spreading the aroma of success around the world

MEETINGS HELD IN FINANCIAL YEAR 2007-08 AND ATTENDANCE OF THE DIRECTORS IN THE BOARD MEETINGS AND LAST ANNUAL GENERAL MEETING

The Board of your Company comprises professional experienced and active members. They meet regularly to review strategic, operational and financial matters and to chart out policies and practices. The Board reviews compliance reports of applicable laws and also regularly considers the compliance of code of conduct for the Board members and senior management and also the norms of Corporate Governance. Every Board meeting was well attended by sufficient number of Directors.

The Board meets at least once in a quarter, inter alias, the yearly/ half yearly / quarterly financial results. During the financial year 2007-08, five meetings were held on 27.4.2007, 20.7.2007, 28.10.2007, 7.11.2007, 30.1.2008. Your company ensures that the gap between two consecutive meetings is not more than four months. The provisions of Companies Act, 1956 and the requirements of the Listing agreement are complied.

All the Non Executive and Independent Directors have extensive professional and business experience and they are free from any material business or other relationships, which could interfere with the exercise of their independent judgments.

Sl. No.	Names	Dates of Board meeting					Attendance at the last AGM held as on 22.6.2007
		27.4.2007	20.7.2007	28.10.2007	7.11.2007	30.1.2008	
1.	Mr. Vijay Kumar Arora - Chairman	Yes	Yes	Yes	Yes	No	Yes
2.	Mr. Ashwani Arora	No	Yes	Yes	Yes	Yes	Yes
3.	Mr. Surinder Arora	No	Yes	Yes	Yes	Yes	Yes
4.	Mr. Suparas Bhandari	Yes	Yes	Yes	No	Yes	Yes
5.	Mr. Satish Bal	Yes	Yes	Yes	No	No	No
6.	Mr. Pramod Bhagat	Yes	Yes	Yes	No	Yes	Yes

3. INFORMATION SUPPLIED TO THE BOARD

The Board of LT Overseas is presented with all the relevant information well in advance before each meeting on various matters affecting the working of the company as well as those that require discussions at higher level. Directors have separate and independent access to senior management at all times.

In addition to items which are required to be placed before the Board for its noting and/or approval under the statutes or regulations, information is also provided for the periodic review/information on various items, such as

- * Legal Compliance report.
- * Quarterly status of compliance of insider trading regulations.
- * 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.
- * Major legal proceedings by or against the company.

The Board has established procedures to enable the Board to periodically review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non compliances.

4. AUDIT COMMITTEE

Audit Committee functions in letter and spirit as laid down in regulating provisions of Corporate Governance and Good Corporate practices.

The Audit Committee consists of three non executive and independent directors in compliance of Clause 49 of the Listing Agreement, as detailed herein below:

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

Mr. Som Chopra, Vice President (Accounts & Taxation), Mr.S.K.Salhotra, Chief Finance Officer and Statutory Auditors are also invited in the Audit Committee Meeting.

Mrs. Monika Chawla Jaggia, Company Secretary of the company is the secretary of the Audit Committee.

The Chairman of the Committee and other members has accounting and financial management expertise/background.

The composition of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Meetings & Attendance

During the Financial year the Company has held four Audit Committee Meeting on 27.4.2007, 20.7.2007, 28.10.2007, 30.1.2008.

The details of the meetings of the Audit Committee attended by the members are as follows:

Members of the committee	Meetings held during the year	Meetings attended
Mr. Suparas Bhandari	4	4
Mr. Pramod Bhagat	4	4
Mr. Satish Bal	4	3

POWERS OF THE AUDIT COMMITTEE

The Audit Committee has 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.

ROLE OF AUDIT COMMITTEE

The primary role 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 alias is as follows:

- I. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

II. Recommending the appointment and 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:

- Matters to be included in the Director's Responsibility Statement to be included in the Board's Report in the terms of Clause (2AA) of Section 217 of the Companies Act, 1956.
- Any changes in accounting policies and practices.
- Major Accounting entries based on exercise of judgment by Management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The Going Concern assumption.
- Compliance with Accounting Standard.
- Compliance with stock exchange and legal requirement 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.

IV. Reviewing with the management, the quarterly financial statements before submitting to the Board for approval.

V. Reviewing with the management, the statement of uses/application of funds raised through public issues, the statements of funds utilized for purposes other than those stated in the offer documents/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of public issues and appropriate recommendations to the Board to take appropriate steps in this matter.

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

VII. 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.

VIII. Discussions with internal auditors any significant findings and follow up thereon.

IX. 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.

X. Discussion with external Auditors before the Audit Commences nature and scope of audit as well as has post audit discussion to ascertain any area of concern.

XI. Reviewing the Company's financial and risk management policies.

X. 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.

5. REMUNERATION COMMITTEE

The Company has appointed 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.

Remuneration Committee consists of:

Mr. Satish Bal : Chairman
Mr. Pramod Bhagat : Member
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 alias*, and 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.
- Eligible for ESOP (Other than Promoter Director).

Detail of Remuneration of all the 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	28,47,924	nil	nil	Nil	**
3.	Mr. Surinder Arora	24,37,500	nil	nil	Nil	**
4.	Mr. Pramod Bhagat	Nil	nil	70,000	Nil	***
5.	Mr. Suparas Bhandari	Nil	nil	70,000	Nil	***
6.	Mr. Satish Bal	nil	nil	50,000	Nil	***

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

** 5 years w.e.f 22.06.2007

*** 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.

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

Scope of the Committee

The Committee, *inter alias* 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.

Mrs. Monika Chawla Jaggia, Company Secretary is the Compliance Officer of the Company.

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 2007-08.

Vijay Kumar Arora
Chairman and Managing Director

8. RISK MANAGEMENT

The Company has set in motion a system for management of risks associated with the orderly functioning of the Company. 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

	2004-05	2005-06	2006-07
Date	16.8.2005	12.6.2006	22.6.2007
Time	11.00 A.M.	10.30 A.M.	9.30 A.M
Venue New Delhi	A-21, Green Park	A-21, Green Park New Delhi	NCUI Auditorium, Khel Gaon Marg, New Delhi

Special Resolution passed at the Annual General Meetings

Year 2004-05 – No Special resolution was passed.

Year 2005-06 – No Special Resolution was passed.

Year 2006-07- Appointment of Mr. Ashwani Arora as Joint Managing Director and Alteration of Articles of Association were passed as Special resolution.

B) Extraordinary General Meeting:

During the year, there was no Extraordinary General Meeting.

11. POSTAL BALLOT

During the year, no special resolution was passed through postal ballot.

12. DISCLOSURE

a) Disclosure on materially significant related party transactions

There were no material significant related party transactions during the financial year 2007-08 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 2006. 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 and annual custodian fees to the Depositories for the year 2007-08. 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 following the treatments prescribed in any Accounting Standard in preparation of financial statement for the year 2007-08.

d) Board Disclosures-Risk Management

The Board Members of the Company have been apprised 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 under progress and the Board Members are periodically informed of the status.

e) Proceeds from the Public Issue

The proceeds of the Initial Public Offer (IPO) of the Company have been utilized for the purposes 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) 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 all the mandatory requirements 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.

13) 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.

(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 quarterly results and shareholding pattern are also being displayed on websites of BSE and NSE for the benefit of public at large.

14) MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The Management Discussion and Analysis Report forms part of this report.

Investor Services Complaints & Other Correspondence

	Received	Resolved	Closing Balance
Complaints	109	109	0

10. Stock Market data

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

Month	High (Rs.)	Low (Rs.)	Volume shares
April 2007	55.40	44.10	1830176
May 2007	54.00	44.50	1778245
June 2007	51.35	42.00	852919
July 2007	46.50	41.40	1076104
August 2007	43.40	36.50	371507
September 2007	48.45	40.00	1278723
October 2007	47.80	37.60	1321609
November 2007	75.60	45.00	4609552
December 2007	103.55	66.60	2659949
January 2008	102.00	62.50	1264948
February 2008	83.05	63.50	520767
March 2008	67.80	48.60	495752

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
April 2007	54.5	42.35	1537101
May 2007	53.9	45.00	1747408
June 2007	51.1	36.45	846473
July 2007	46.7	41.10	974963
August 2007	43.2	36.70	414140
September 2007	48.4	40.10	1184351
October 2007	45.75	36.55	1159036
November 2007	75.5	42.10	3890481
December 2007	104.50	67.05	2464479
January 2008	102.00	65.05	1176800
February 2008	84 .00	65.00	503505
March 2008	65.4	48.50	672780

Source: NSE Website

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

12. Distributions of Share Holding as on March, 31 2008

a. Distribution of Shareholding by size class

No. of Shares	No. of Shareholders	% of Total Shareholders	Share Amount (Rs.)	% to Total
1- 500	8,843	87.25	12218940	5.48674
501-1000	574	5.66	4949070	2.22231
1001-2000	307	3.02	5019290	2.25384
2001-3000	85	0.84	2199850	0.98781
3001-4000	52	0.52	1801850	0.80910
4001-5000	66	0.65	3153430	1.41600
5001-10000	68	0.87	6499820	2.91865
10001 and above	120	1.19	186857040	83.90554
Total	10,135	100.00	222699290	100.00

b. Distribution of Shareholding by ownership

S.No	Category	No. of Folios	Shares Held	Voting Strength
1.	Indian Promoters	15	7983388	35.84829
2.	Directors	7	6242108	28.02931
3.	Employees	24	61603	0.27662
4.	Bodies Corporate (Domestic)	369	2542109	11.41498
5.	Mutual Funds	1	121495	0.54556
6.	Financial Institutions/Banks	1	5432	0.02439
7.	Non Resident Individuals (NRIs)/ Foreign Corporate Bodies/ Overseas Corporate Bodies (OCBs)	80	283881	1.27473
8.	Resident Individuals	9589	4978943	22.35725
9.	In Trust	8	1548	0.00695
10.	Clearing members	41	49422	0.22192
	Total	10,135	22269929	100.00

C. Top Ten Shareholders as on 31st March, 2008

S.No	Name(s) of Shareholders	Category (as per depository)	Shares	%
1.	Ashok Arora	Promoter Group	2107640	9.46
2.	Vijay Arora	Promoter	2087054	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	Promoters	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.	Pardeep Kumar	Individual	193021	0.86

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. 8 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, Ansal 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
Contact person: Mr. N.V.K.Mohan

16. Stock Exchange Codes

Stock Exchange

Mumbai Stock Exchange Limited (BSE) **Scrip code** 532783, **Scrip Id** Daawat
National Stock Exchange of India Limited **Symbol** 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 2007-08

No changes have been made in the equity capital of the company during the financial year 2007-08.

19. Secretarial Audit Report

As stipulated by the Securities and Exchange Board of India, a 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

Spreading the aroma of success around the world

i) 43 K. Stone, GT Road,
Bahalgarh, Sonapat

ii) Phoola Road, Distt. Amritsar
Punjab

iii) Mandideep, Bhopal
Madhya Pradesh

iv) Kamaspur, Bahalgarh
Sonapat

22. Address for Correspondence:

Registered Office:
A 21 Green Park
New Delhi 110016

Corporate Office & Investors Cell:
Plot no. 119,
Sector 44,
Gurgaon-122002

On behalf of the Board of Directors

**Place: Gurgaon
Date: June 23, 2008**

**(Surinder Arora)
Joint Managing Director**