

*A tradition of perfection*



## **ANNUAL REPORT 2006-2007**

**Company Information****Board of Directors**

V.K.Arora	Chairman & Managing Director
Surinder Arora	Whole Time Director
Ashwani Arora	Whole Time Director
Suparas Bhandari	Independent Director
Pramod Bhagat	Independent Director
Satish Bal	Independent Director

**Company Secretary**

Monika Chawla Jaggia

**Auditors**

M/s Tilak Chandna & Co.  
Chartered Accountants  
RU-386, Outer Ring Road,  
Pitampura  
Delhi 110034

**Bankers**

Oriental Bank Of Commerce, New Delhi  
Indian Overseas Bank, New Delhi  
Corporation Bank, New Delhi  
Punjab National Bank, New Delhi  
Indusind Bank Limited, New Delhi  
ICICI Bank Limited, New Delhi

**Registered Office**

A-21, Green Park,  
Aurobindo Marg,  
New Delhi -110016  
Tel.: 011-26859244  
Fax : 011-26859344  
email : lt@ltoverseas.com  
website : www.ltoverseas.com

**Factory Locations**

43 K. Stone, GT Road,  
Bahalgarh, Sonapat-131001  
  
Phoola Road, Distt. Amritsar  
Punjab- 143303  
  
Phase - II Industrial Area  
Mandideep, Bhopal  
Madhya Pradesh -462046  
  
Kamaspur, Bahalgarh  
Sonapat -131001

**Registrar & Share  
transferrAgents**

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

# MISSION

To deliver value to the customers, be profitable and establish leadership in core markets. The company strives towards diversification and expansion of the product portfolio.

To command top of the mind recall with the consumer by ensuring effective brand promotion strategies. Invest in research and development activities, so that the company can deliver better products and always stay ahead.

Focus on increasing global footprint by venturing into newer markets and at the same time forge fruitful alliances with entities operating within the same plane.



# VISION

"To be a global rice foods company - as the world moves towards

convenience foods, there is a growing acceptance of 'ready to

cook' and 'ready to eat' rice. This trend has created a new market

for such products.

LT Overseas Ltd. is developing innovative products for this segment and

aspires to become one of the top players in the rice and value-added

## 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 on 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 18<sup>th</sup> 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		Rs. in Lacs 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	1st 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