

Tomorrow starts today

Forward-looking statements

In this annual report, we have disclosed forward-looking information to enable investors to comprehend our prospects and take informed investment decisions. This report and other statements - written and oral - that we periodically make contain forward-looking statements that set out anticipated results based on the management's plans and assumptions. We have tried wherever possible to identify such statements by using words such as 'anticipate', 'estimate', 'expect', 'project', 'intend', 'plan', 'believe' and words of similar substance in connection with any discussion of future performance. We cannot guarantee that these forward-looking statements will be realised, although we believe we have been prudent in assumptions. The achievement of results is subject to risks, uncertainties and even inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from those anticipated, estimated or projected. We undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

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LT Foods' story is that of Dreams...



dreams

From a single rice-processing unit to a global branded food Company.

envision

From a promoter-driven to a professionally - managed Company.

growth

From annual revenues of Rs. 200 crores in the early 90s to a growth more than 12 times today.

potential realized

From one brand to many and from rice to newly piloted snacks and staples

...and all that has made LT Foods a global success story today. It is basis this spirit to keep innovating, diversifying, exploring new possibilities and impacting lives that is driving LT to pursue that Tomorrow Starts Today not only for itself but for its entire stakeholder universe.

In a nutshell, LT Foods' story is one that says

Tomorrow Starts Today!

LT Foods at a glance



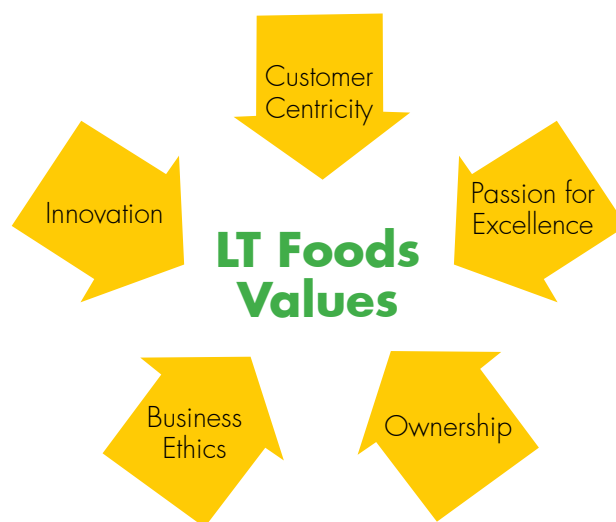
Incorporated in 1990, LT Foods is fast emerging as a global branded foods company with Annual Revenues of ₹ 2493 crores (FY 14). Having built an unbeatable leadership in high quality basmati rice over the last two and a half decades, Company drives more than 85% of its revenues from basmati rice segment. Company's sharp focus and methodical shift towards branded basmati rice over the last 50 years has led to a vibrant bouquet of six core brands and brand extensions which together contribute a dominant **70%** to company's revenues from the rice segment. Two of its basmati rice brands; 'Daawat' and 'Royal' are market leaders in India and the USA respectively and are valued at over USD 100 million each. The other brands are Devaaya, Heritage, Rozana and Chef's Secretz.

The Company, post developing a healthy name for it in rice has now started to develop a healthy non-rice revenue through organic food, ready-to-eat snacks and staples. Its non-rice business portfolio comprises of two brands – 'MyMy', and 'Devaaya'. The company has made pioneering foray, couple of years back into grain storage business in partnership with Punjab government and operates a modern granary facility with storage capacity of 50,000 MT in Amritsar, Punjab.

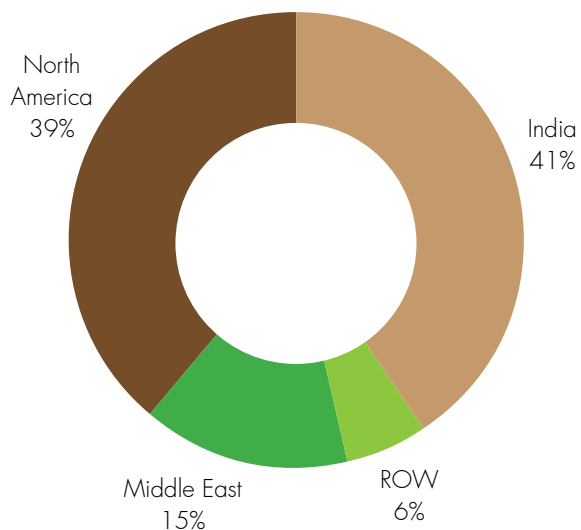
Vision "Customer Delight through Value Added Agri-business"

Mission

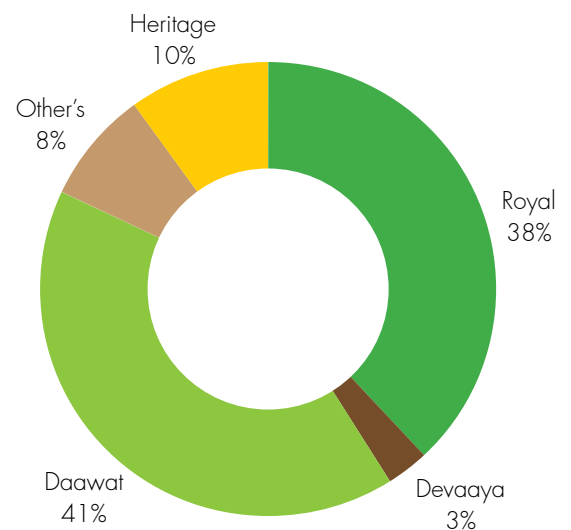
- To deliver value to the customer, be profitable and establish leadership in core markets
- To command top of mind recall with the customer by ensuring effective brand promotion strategies
- Invest in research & development activities to deliver even better products and always stay ahead
- Focus on increasing global footprint by venturing into newer markets and at the same time forge fruitful alliances with entities operating within the same domain

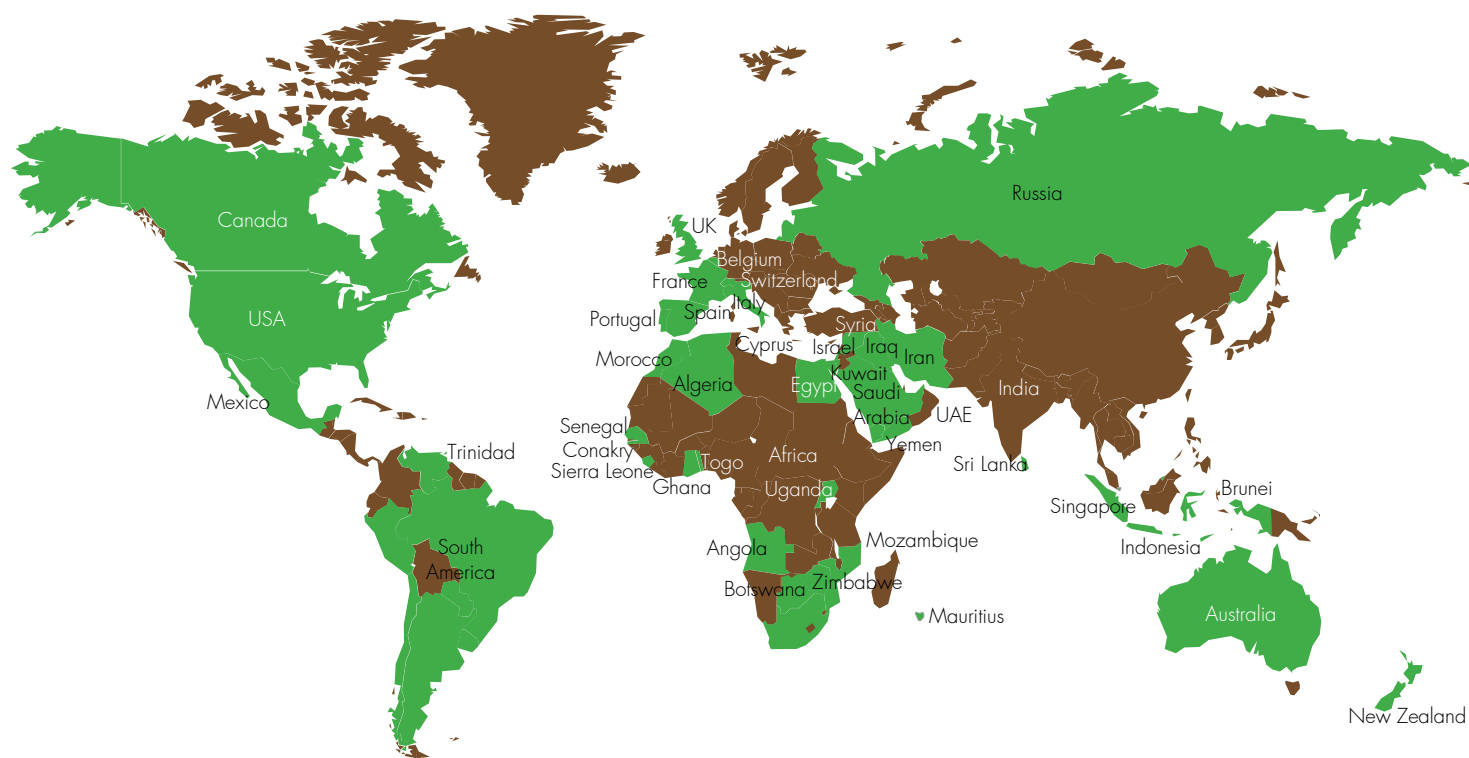


Revenue mix by geography



Revenue mix by Brands





Manufacturing Facilities

With a total rice milling capacity of 67 TPH, LT Foods has 5 state of the art manufacturing facilities based out of Haryana (Sonapat, Kamaspur), Punjab (Varpal, Amritsar) and Madhya Pradesh (Bhopal). In addition the Company has modern packaging facilities in Houston and California in USA.

| Facility | Capacity | Area | Specialization |
|-----------------------------------|----------|----------|---|
| Bahalgarh, Sonapat | 33 TPH | 42 acres | Processing of raw rice |
| Kamaspur, Sonapat | 5 TPH | 9 acres | Produces Organic rice |
| Mandideep, Bhopal, Madhya Pradesh | 12.5 TPH | 56 acres | Value-added products like para-boiled rice, health snacks, grains, flour etc. |
| Varpal, Punjab | 12 TPH | 27 Acres | Raw and par-boiled rice |
| Amritsar, Punjab | 2 TPH | 4 acres | Raw and par-boiled rice |

Key Strengths

- Farm-to-fork coverage ensures responsible sourcing, absolute control on product quality and direct engagement with customers
- Distribution approach of forging long-term partnership has led to an enviable network of 450 distributors and 1,10,000 retail points and exports to over 60 countries
- One of the most professional Indian food companies with an empowering internal culture and openness to external consulting and training in niche areas
- Uniquely positioned among peers with thought leadership in propagation of organic farming, modern granary and spread of basmati cultivation to Madhya Pradesh



Mr. V. K. Arora, CMD receiving the prestigious IFC award in Washington

Quality & Food Safety Certifications:

LT Foods is committed to providing safe and superior quality products to its valued customers. In pursuance, the Company installed robust quality and food safety systems at all of its plants duly certified by the well acclaimed international certification agencies. The Company makes ardent efforts to maintaining and improving the food safety systems to measure upto the upgraded version of international standards. The various accreditations on quality and food safety systems acquired for the plants under the Company,s umbrella are featured hereafter:

| Plant | Certification |
|---|--|
| LT Foods Ltd. Bahalgarh - Sonapat | • ISO 9001 : 2008 (Quality Management System) |
| | • ISO 14000 : 2004 (Environment Management System) |
| | • SQF (Safe Quality Foods version-7.1) |
| | • BRC Global Standard for Food Safety version-6 |
| | • Kosher Certification (OU) |
| Nature Bio-Foods Ltd. (Organic Division) Daawat Foods Ltd. Kamaspur, Sonapat | • ISO 22000 : 2005 (Food Safety Standard) |
| | • NOP (National Organic Programme) of USDA Organic Standard |
| | • NPOP (National Programme for Organic Production) |
| | • EEC 837:2007 (Europe Organic Standard) |
| | • Kosher Certification from JK Kosher |
| Daawat Foods Ltd. Mandideep, near Bhopal (MP) | • Rice Plant – FSSC 22000 : 2010 (Inclusive ISO:22000 & ISO/TS 22002-1) |
| | • Food Plant – FSSC 22000 : 2010 (Inclusive ISO:22000 & ISO/TS 22002-1) |
| | • Grain Plant - BRC Global Standard for Food Safety version-6 |
| | • Grain Plant - FSSC 22000 : 2010 (Inclusive ISO:22000 & ISO/TS 22002-1) |
| LT Foods Ltd. Varpal, Amritsar | • FSSC 22000 : 2010 (Inclusive ISO:22000 & ISO/TS 22002-1) |
| LT Foods Laboratory, Bahalgarh - Sonapat | • BRC Global Standard for Food Safety version-6 |
| | • National Accreditation Board For Laboratory (NABL) |
| | • ISO/IEC 17025:2005 for Chemicals (Certificate No. T2613) |

All the Food Safety standards are based on HACCP, GHP and GMP formats.



Product Offerings

Basmati Rice: LT Foods basmati rice business accounts for 70% of its overall revenue today. Significant digression from unbranded business to branded basmati has led to better realization and strong brand visibility. The branded share in total revenues has gone up to 70% from 50% in the last year. Today, the branded basmati rice commands a healthy 15% share in Indian market. Numerous variants and brands of basmati rice are exported to over 60 countries across North America, Asia Pacific, Europe and the Middle East regions.

Healthy Snacks: Company has successfully extended its branded food business into ready-to-eat snacks with pilot launch of rice based chips, crisps and mixes in multiple flavour variants under a vibrant and youthful brand 'MyMy'. Initial response from the launched cities has been very encouraging and company plans to scale up production in the current year.

Staples: Another high-potential foray that the Company made during the year was in branded staples under its popular brand 'Devaaya'. In the pilot phase, the Company introduced Atta, Suji, Besan, Maida, Poha and Dalia and it plans to add more products over coming quarters. Considered to be an underpenetrated segment, the Company has aggressive plans to garner a sizeable share of this growing segment.

Organic Food: Accounting for 6% of total revenue in FY14, company's organic bouquet includes organic rice, soya, maize, wheat, sugar, pulses, spices and nuts. These products are primarily sold in overseas markets such as Germany, Netherlands, Italy, France, Denmark, USA and Canada. Gaining traction over recent years, organic food revenues have at a compounded annual growth rate of over 80% from FY 11 to FY 14.



Brand Portfolio

Daawat: The flagship brand of the Company, 'Daawat' is also one of the largest selling basmati brands in India and contributes about 22% to company's total revenue. The brand stands for the finest expression of love expressed through the finest food made with Daawat. With iconic Amitabh Bachchan as its brand ambassador, 'Daawat' offers consumers with niche basmati variants like Biryani Rice, Traditional Basmati Rice and Pulav Rice besides Quick Cooking Brown Rice for the health conscious ones.

Royal: Royal is the second major contributor to revenue at USD 100 million besides Daawat in LT Foods' stable with demonstrated market leadership of about 45% in North America. It is the largest selling basmati rice brand in the USA.

Devaaya: Company's leading basmati rice brand in the economy segment, 'Devaaya' has expanded its consumer offerings with the launch of branded staples during the year. The product range includes Basmati rice as well as staples like Atta, Suji, Besan, Dalia, Poha, and Maida. Assuring consumers of responsible sourcing, Devaaya's commitment to test the products for 500 impurities gets amply captured in its tagline "Sirf saaf nahi, Safe bhi" (not only clean, but also safe).

Heritage: One of the popular brands in basmati rice, Heritage contributes about 10% to company's revenues. Preferred widely for mass catering across India for well over a decade, this long-grain rice brand is available in multiple SKUs and is widely accepted for its aroma, quality and competitive prices.

MyMy: Post a successful pilot in Delhi and surrounding areas, 'MyMy' range of packaged snacks is ready market expansion, starting from Hyderabad. These multigrain chips, crisps and mixes are, roasted. With lesser fat content, 'MyMy' offers its consumers a healthy snacking option with no compromise on taste. With a strong distribution network already in place in Delhi with outreach to 2500 outlets, the Company is well poised to capitalize on snacking market opportunities.

Ecolife: LT Foods' organic face Ecolife is already well accepted in advanced markets. Its range includes rice, pulses, oil seeds, cereal grains, spices, nuts and fruits & vegetables. It is now ready for a launch in India.

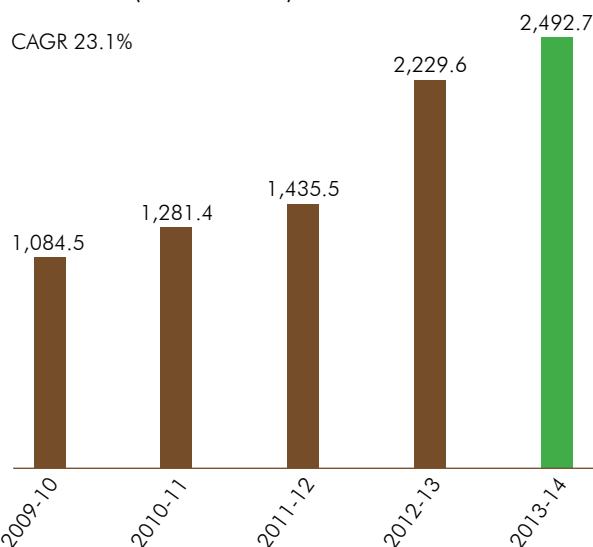
Business



(₹ in Crores)

| Particulars | FY14 | FY13 | FY12 | FY11 | FY10 | FY09 | FY08 | FY07 | FY06 | FY05 |
|---------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|------------|------------|------------|------------|
| Total Income | 2,493 | 2,230 | 1,436 | 1,281 | 1,084 | 1,066 | 699 | 504 | 442 | 366 |
| Personnel Cost | 64 | 49 | 43 | 33 | 25 | 19 | 8 | 6 | 5 | 4 |
| EBITDA | 282 | 238 | 178 | 119 | 124 | 169 | 89 | 55 | 34 | 27 |
| Profit before Tax & Exceptional Items | 131 | 82 | 36 | 34 | 42 | 72 | 42 | 25 | 13 | 7 |
| Exceptional Items | 0.04 | 0.72 | 36.21 | 0.54 | -2.18 | 2.91 | - | - | - | - |
| PBT | 131 | 83 | -0.02 | 34 | 42 | 36 | 37 | 23 | 13 | 7 |
| Tax | 46 | 23 | 2 | 9 | 11 | 6 | 5 | 3 | 1 | 2 |
| PAT | 85 | 60 | -2 | 25 | 33 | 30 | 32 | 21 | 12 | 5 |
| Net Current Assets | 1,475 | 1,322 | 1,140 | 1,052 | 812 | 686 | 573 | 328 | 231 | 213 |
| Total Capital Employed | 1,873 | 1,705 | 1,477 | 1,371 | 1,065 | 907 | 726 | 412 | 285 | 250 |
| Net Worth | 391 | 311 | 255 | 254 | 241 | 178 | 149 | 120 | 61 | 51 |
| Total | 1,449 | 1,367 | 1,222 | 1,117 | 825 | 729 | 577 | 292 | 224 | 200 |

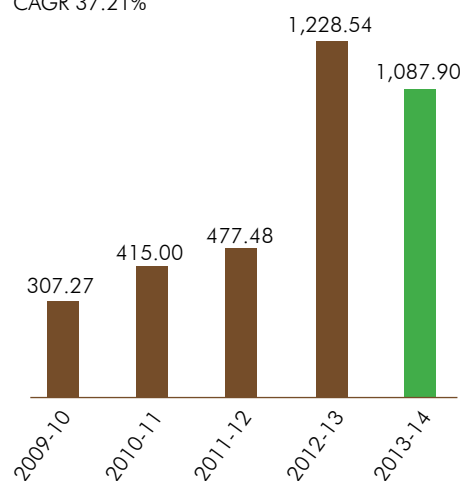
Revenue (in ₹ Crores)





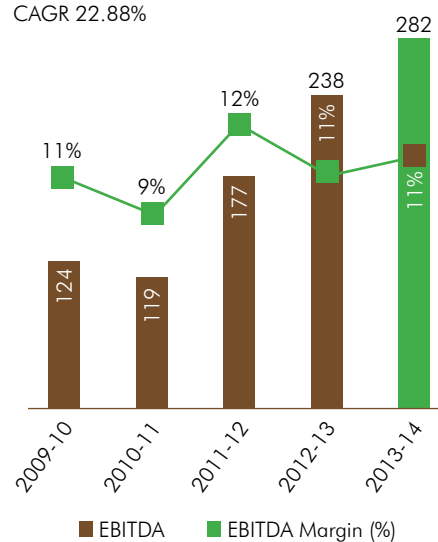
Exports Revenue

CAGR 37.21%



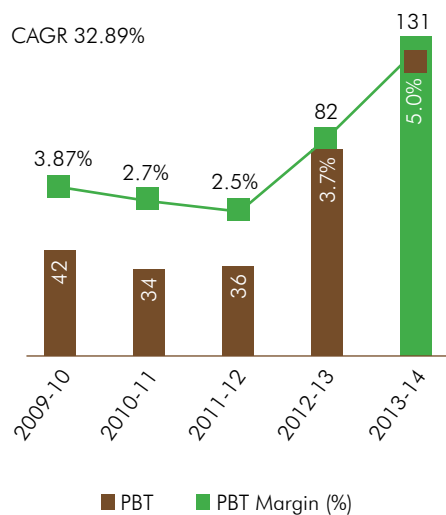
EBITDA

CAGR 22.88%



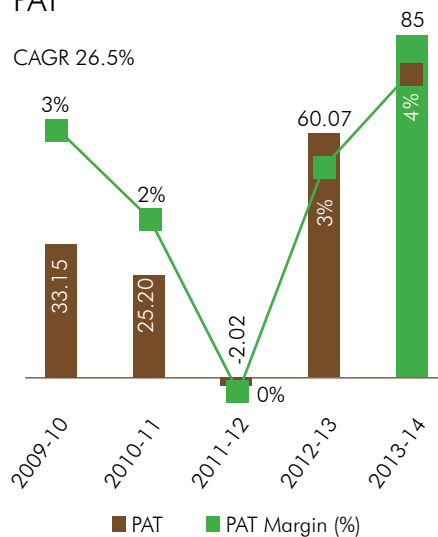
PBT

CAGR 32.89%



PAT

CAGR 26.5%



All our business strategies and corporate actions are guided towards spotting, seizing and actualizing tomorrow's opportunities today. Rightly then, we have adopted a new corporate positioning of 'TOMORROW STARTS TODAY' during the year.



Chairman's Letter

Dear Shareholders,

Fiscal year 2013-14 was another year of newness and innovation at LT Foods. We continued to enter new markets, adding new products and variants. We gave LT Foods' flagship brand, 'Daawat', a new face with ultimate superstar of Indian cinema, Mr. Amitabh Bachchan becoming its global brand ambassador. This continued drive of newness and innovation, aptly blended with our traditional wisdom of process-led working made the year gone by interesting and rewarding in many ways.

At the onset, we added newness to our product basket. We accentuated our product offerings by launching ready-to-eat health snack variants under 'MyMy' brand. The rice-based low-calorie high-nutrient snacks have been well received by consumers.

We also introduced Devaaya staples this year, which is another product symbolic of our rigorous passion for quality products. Positioned uniquely on 'Responsibly Sourced' platform, all the staples undergo rigorous testing for as many as 500 impurities before reaching the end consumer.

Newness at the core

As a farsighted Company, LT Foods has always strived to be ahead of times. The Company's growth trajectory is reflective of its ability to envision future well in advance. All our business strategies and corporate actions are guided towards spotting, seizing and actualizing tomorrow's opportunities today. Rightly then, we have adopted a new corporate positioning of 'TOMORROW STARTS TODAY' during the year. Having already aligned the top management with this 'always practiced yet newly defined' spirit of preempting tomorrow today, we are poised to make this our driving spirit across the rank and file of the organizing over coming quarters. We are committed to

make this corporate line a key guiding principle in everything we do – in business and product segments, in marketing and marketplaces, in manufacturing and its process flows, in sourcing and so on. For stakeholders, we strive to create and share tomorrow's value today.

Sowing seeds of future growth

Two levers of our sustained growth strategy include continual strengthening of our established brands at the one hand and sustained investment in our new brands and products. During the year under review, brand 'Daawat' rode a compelling proposition of Amitabh Bachchan presenting it as an alternate and altogether new definition of love that binds a family stronger. The new promotional campaign resulted in enhancing Daawat's brand salience, equity and premium and also sales volumes.

Our brand portfolio got strengthened with addition of two new ranges of products namely rice-based snacks and high quality staples. Our launch of low-calorie healthy-yet-tasty snacks under 'MyMy' brand has been very well received in the market. Introductory basket of 'MyMy' products include chips, crisps and mixes in multiple flavor variants. Another high-potential launch of the year was 'Devaaya' staples namely Atta (wheat flour), Suji (semolina), Besan (gram flour), Poha (flattened rice), Dalia (bulgur) and Maida (refined flour). In an unprecedented way, we have adopted absolute 'responsible sourcing' as the mainstay for this range coupling it with stringent world-class testing mechanism that tests the samples for as many as 500 probable impurities. The dual proposition of 'responsibly sourced' and 'absolute purity' is a lethal competitive advantage that consumers are likely to gallop. The true benefits of these two launches will start accruing from the fiscal year 2014-15.

On the road to success

Our people zeal towards nurturing and growing our brands and products is commendable. This is leading to achieve what was unthinkable some years ago. We are striving to maintain our position in the market backed by a strong and efficient internal system. Imparting focus on overall operational efficiency, cost management and human resource management has become integral to our system. We believe in building long-lasting relationships with the people we work with and the people who work for us. Strengthening backward and forward linkages helps us in achieving better control, quality and profitability. We intend to continue on this path of give and take for years to come, thereby, strengthening and bettering our network even further.

Moving ahead

Our product, brand and market expansion drive will continue unabated through FY 15. In international sales; Middle East and United Kingdom are the two markets that will get disproportionate attention. Furthering our health food outreach, we are planning to come up with more value-added varieties of rice and rice-blend food, which are rich in health and taste. We intend to move forward in organic food segment as well through an enriched basket of value-added food products.

I would like to convey my gratitude to the partners, stakeholders, distributors and employees associated with LT Foods for vesting their interest in us. Our resolve and focus, as always, will be on continuing to deliver together in the times to come.

Best regards,
Vijay Kumar Arora





With increasing disposable income and improving lifestyle, the demand for organic as well as healthy food is fast increasing. We are well positioned to capitalize from this trend and continue to strengthen our product and brand portfolio for future growth.

From CEO's Desk

Dear Stakeholders,

There are two perspectives to tough times. For some, it is time to get inside ones shell and wait for the tide to get over. For others, it becomes time to regroup, spend time on reviewing strategies and course correct, make wholesome improvements, intensify efforts towards extracting the most from current and become fitter to mine better as and when growth momentum revives; just like LT Foods is conducting itself amid current slowdown.

At LT Foods, we are leveraging the benefits of organizational strengthening of recent years and moving ahead with further sharpening our strategic focus on brand-led growth, intensifying our brand and product addition campaign, accelerating our market expansion strategy globally besides taking our operational efficiency to the next possible level. I am pleased to summarize the financial performance of your company as a growth in overall revenue by 12%. Branded business has grown to 70% this year which is a commendable growth compared to 50% contribution from the business until last year.

Riding on our core strengths, we are moving ahead with speed with a vision to 'Tomorrow Starts Today'. With our key mainstays brand, product, distribution and leadership intact, we are confidently climbing up the ladder. While our flagship Basmati rice segment lending strength to volume growth, we are diversifying our focus on value growth through branded basmati, staples, ready-to-eat snacks and organic food products. We are maintaining a healthy pipeline of new products across our product segments with a special focus on staples, ready-to-eat snacks and organic food.

With our brands Daawat and Royal retaining their top positions in their respective markets, we believe LT Foods has a long way to go. Our branded Basmati rice segment acts as a catalyst in our growth and we expect to further enhance our outreach globally by leaps and bounds in years to come.

देवाया™
 ज़िम्मेदारी से चुना
 ईमानदारी से बना

Royal is the number 1 brand in the USA and Daawat is also one of the most preferred and trusted brands in India. We have further plans to make most of their brand value through addition of more variants in the market. Attaining these positions was not an easy task and we are inclined on maintaining it in the USA and upping it here in India.

Branded packaged food is gaining traction, which we have tried to capitalize by bringing in a range of products. Our branded business is well supported by a robust distribution network. Our strong agricultural supply chain adds predictability to procurement of quality and cost effective inputs.

We value our customers' food yearnings on health and taste. With increasing disposable income and improving lifestyle, the demand for organic as well as healthy food is fast increasing. We are well positioned to capitalize from this trend and continue to strengthen our product and brand portfolio for future growth.

We are investing our synergies in developing new products, with focus on the quality and taste that suits each market we operate in. There is much to be done and we are already aligned to what we have strategized.

Regarding our second pillar of strength, our products, we are already engaged in mining growth by providing more varieties. We also introduced our brand "Devaaya" with a range in staples including Suji, Besan, Atta, Daliya, Maida and Poha. All these products are experiencing a growing demand.

With our demand in HORECA through Chefs' Secretz and Rozanaas well as retail segments rising, we are confident of attaining our leadership position for a long time to come.

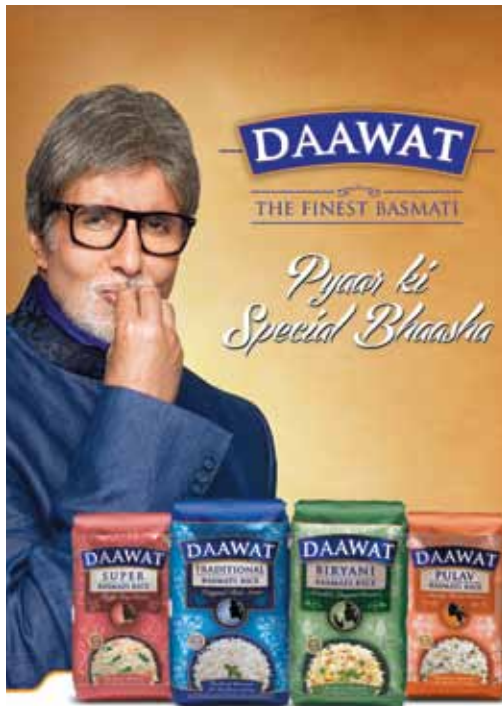
Our recently introduced brand MyMy has started receiving good response from the domestic market. We anticipate it to become even more popular in times ahead. We are quite positive in deriving impetus from the effort we have put in and the response we have received.

MyMy™

We are privileged to possess an enviable human capital in form of a very capable and visionary leadership team backed with an equally skilled and committed workforce. With our recently adopted corporate line, TOMORROW STARTS TODAY, is going to add to our spirit of value creation. Consistent focus on efficiency improvement, product development, strengthening of supply chain functions including packaging etc. keeps LT Foods in good stead, going forward.

I thank you all for your continued support and patronage and look forward to its continuation as we march forward into an ever exciting and fulfilling future.

Sincerely,
 Ashwani Kumar Arora



Tomorrow's need is



Indian cinema's ultimate legend, Amitabh Bachchan, became the brand ambassador of 'Daawat' during the year.

Taste is diverging, as fast-growing economies and their empowered consumers demand more from the products. At LT Foods, we are constantly endeavoring to create food products that give customers more choices, better taste, quality and convenience.

Our range of branded Basmati rice caters to every segment of the market - from Premium to Consumer and Food Services categories. Since, Basmati rice has been the mainstay of our business, it continues to play a pivotal role in our sustainable growth story. Our well-established brands 'Daawat', 'Royal', 'Heritage', 'Chef's Secretz', 'Rozana' and 'Devaaya' continue to set new benchmarks of success, quality and innovation in domestic as well as international markets.

With our leadership in the branded Basmati rice segment standing strong at over 70%, our focus will continue on strengthening our brand presence by expanding our distributor channel even further. The move is in line with our strategy to remain competitive while bringing more product experiences.



finest Basmati Rice

While 'Daawat' continues to expand and grow its leadership strength across India, Middle East (ME), U.K. and Far East; our next focus is on entering the markets of Iran.

While 'Royal' continues to remain the top selling Basmati brand in US; the brand equity of 'Daawat' and 'Heritage' is poised for an exceptional growth across all markets.

Devaaya, the staples brand of LT Foods is a complete range. All these products ensure customers of "responsible sourcing" with every product passing through rigorous testing for 500 impurities.



Tomorrow's preferred choice is healthy and tasty



Made from nutritious ingredients and available in various exciting flavors, MyMy is living upto its brand promise of maximizing consumer delight through guilt-free indulgence.



While healthy eating is fast gaining consumer acceptance, compromising on taste becomes a dampener. 'Healthy which is tasty too' is a fast-growing future food segment. Today, very few options are available in the market. While the health food segment in India continues to remain unorganized, we at LT Foods, are moving stealthily and swiftly to capture this mindshare effectively. During the year, we successfully entered healthy ready-to-eat snacks segment with our range of rice-based products under a vibrant brand 'MyMy'. Made from nutritious ingredients and available in various exciting flavors, MyMy is living upto its brand promise of 'maximizing consumer delight through guilt-free indulgence'.

Under brand 'Devaaya' we launched a range of products like atta, suji, besan, poha, dalia etc., with the emphasis of promoting healthy eating habits amongst consumers. We are exploring numerous new possibilities in our branded food segment as for us Tomorrow Starts Today.

Going forward, we plan to strike potential opportunities with the increasing demand in the health food segment by launching more healthy variants under both the brands.



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Health platform is fast getting cemented in our key business segment of branded rice too. Our pioneering launch of Quick Cooking Brown Rice under 'Daawat' brand is a step in this direction. We continue to promote Brown Rice on the health food platform, with our focus on exploring new opportunities in the health food products market both in India as well as overseas.





Tomorrow's trend is going

Our commitment to health of our consumers is paramount and we are leaving no stone unturned to ensure strict adherence to food safety and hygiene standards in our processes and deliveries. More so when we have a brand promise of 'chemical free and all-natural food products' to live upto.

ecoLife



With consumer preference for 'naturally grown and processed' food fast increasing, Organic Food Industry is poised for exponential growth. With assured growth in demand over medium to longer term, supply side constraints will prove to be the true challenge. At LT Foods, we recognized this trend early on and so initiated intensive steps in strengthening our organic food proposition few years ago. Today, our wholly-owned subsidiary, Nature Bio Foods Limited (NBFL), is serving the growing market in European countries. The range includes various value-added products such as organic Brown and White Rice, key input for organic rice cakes, rice syrup, rice protein etc. Our other products are red rice, cashew kernels, soybean and lentils etc., and innovative products like Organic Baby Food raw material – organic stabilized Brown Rice flour, millet flour etc.



organic

Our commitment to health of our consumers is paramount and we are leaving no stone unturned to ensure strict adherence to food safety and hygiene standards in our processes and deliveries. More so when we have a brand promise of 'chemical free and all-natural food products' to live upto. Going the extra mile, NBF has adopted globally accepted International Fair Trade Standards 'FLO-Cert Standard'. Fair trade principles are applied in the organic production process right through farming, processing and marketing. Diligently following these practices, we are increasing our contribution towards the "Sustainable Agriculture Production", "Safe Environment Movement against Agro-Chemicals and Pesticides Pollution" and "Socio-Economic Development" apart from ensuring our customers good quality and nutritious organic food.



Tomorrow's organization is sustainable



Basis our ability to envision the future, take risk and set actionable goals; we have come a long way. As we move along, achieving greater heights, we continue to strengthen our geographic balance of business in domestic as well as export markets and explore new business avenues in related agricultural domains.

Riding on the strength of our R&D, marketing and manufacturing process, we are successfully catering to the ever-evolving needs of the consumers. We strive to emerge as an integrated player with strong capabilities in food processing sector coupled with equally strong backward and forward linkages.

Making product development, improvement and cost-reduction an integral part of our growth plan; we continue to mark a strong presence across the value added food chain segment. Demonstrating our intense passion for excellence and constant innovation we are driving towards a sustainable future. Owing to our internal control system, which deters any deviation from the standard operating procedures, we are surely on a path to achieve our future goals.

Riding on the strength of our R&D, marketing and manufacturing process, we are successfully catering to the ever-evolving needs of the consumers.



Integral to our practice of good Corporate Governance is strong emphasis on transparency, accountability and integrity. As a result, we have taken the lead in implementing industry best manufacturing practices in obtaining internationally acclaimed certifications and were among the first few in the rice industry to obtain the ISO 9001-2000 certification.





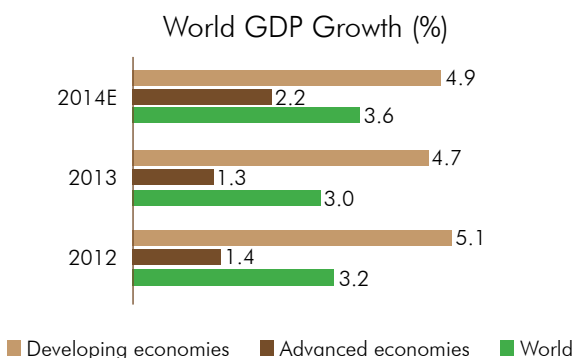
Management Discussion & Analysis



1. Economic Overview

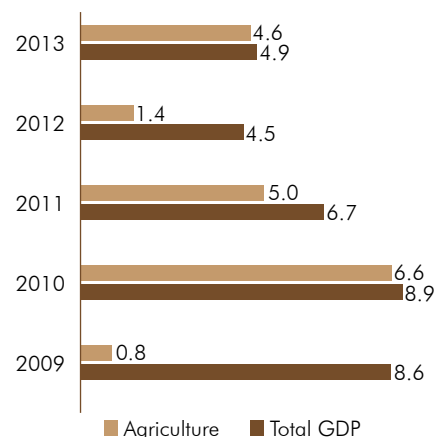
Year 2013 proved to be a year of consolidation for the global economy. At 3%, global GDP growth recorded slight moderation in 2013 from 3.2% achieved in 2012. The world output could have dipped further but for increased activities across major developed as well as developing economies in the second half of 2013. GDP growth of developed economies stood at 1.3% in 2013, marginally down from 1.4% recorded in 2012. Developing economies were no different in achieving a GDP growth of 4.7%, slightly lesser than 5.1% recorded in 2012.

Going forward, the stronger growth momentum of the second half of 2013 is likely to continue through much of 2014 and 2015, helping the world output to grow by 3.6% and 3.9% respectively.



Indian economy too witnessed increased activities in the second half of the fiscal year 2013-14 (FY 14). Central Statistics Office (CSO) estimates India's GDP growth at 4.7% in FY 14 from 4.5% (revised from earlier estimate of 5%) recorded in FY 13. In a year where estimated growth rate (year-on-year) is subdued for most of the segments, utilities (electricity, gas and water) and agriculture are two segments that are estimated to improve their growth rate by more than 3% over the previous year

India: GDP and Agriculture growth (%)



Source: Central Statistics Office

Going forward, Indian economy too is likely to augment its growth momentum in FY 15. The factors that remain key to country's growth drive include:

- A stable government post the ensuing general elections, which is expected to facilitate a favorable business environment

- Fasttracking of next round of policy reforms, de-bottlenecking of infrastructure deadlock, controlling of fiscal and current account deficit, controlling of inflation followed with easing out of liquidity and lowering of cost of capital

2. World Grain Scenario

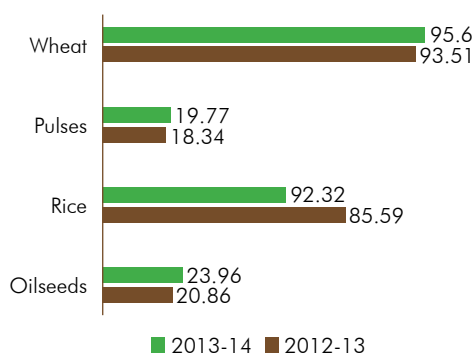
Agriculture contributes 3% to the total world GDP. In its April 2014 estimate, Food and Agriculture Organization of the United Nations (FAO) projected the world food-grain production at 2,521 million tonnes. Global rice production is estimated to have risen moderately by 1.1% in 2013 to reach 496 million tonnes. Wheat production is estimated at 716 million tonnes, 8.5% higher than 2012, while output of coarse grains is projected to reach 1308 million tonnes. (Source: Food and Agriculture Organization of the United Nations)

Global food-grain consumption is estimated to have gone up by 1.6% to 1093 million tonnes in 2013 over the previous year. Consumption in developing countries is expected to reach 472 million tonnes in 2013, recording an increase of 2.4%. Per capita rice consumption is expected to rise by 0.7% to 57 kg, wheat and coarse grains at 67 kgs and 28 kgs, respectively. (Source: Food and Agriculture Organization of the United Nations)

2.1. Indian Foodgrain Overview

The advanced estimates of Ministry of Agriculture (April 2014) has estimated the food-grain production to be 129.32 million tonnes with rice production projected at 92.32 million tonnes and wheat at 95.6 million tonnes. Almost all major crops are estimated to be higher than the previous year. (Source: Ministry of Agriculture)

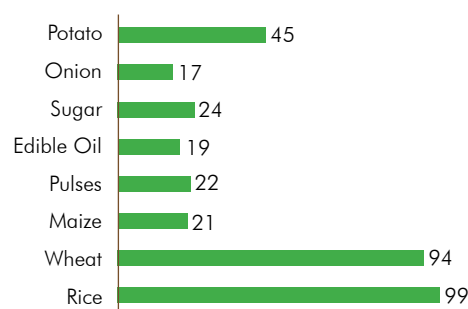
Food-grain production in India (million tonnes)



Source: Ministry of Agriculture

According to the National Council of Applied Economic Research (NCAER), India's domestic food-grain consumption has been dominated by rice and wheat in 2013-14 at 99 and 94 million tonnes, respectively.

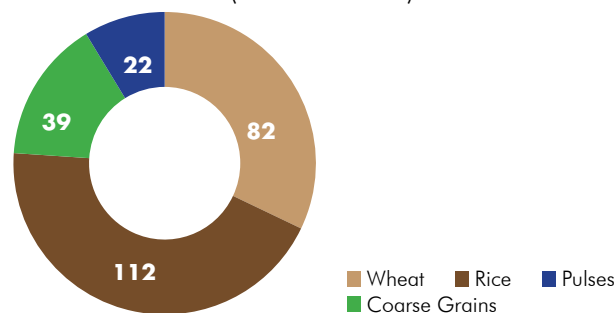
Food-grain Consumption in India 2013-14 (million tonnes)



Source: NCAER, Quarterly Agricultural Outlook report

Going forward, the demand trend is likely to be skewed towards rice. Basis an assumption of 3.5% growth in per capita GDP, the Planning Commission of India predicts the demand for food-grain to be around 256 million tonnes by 2020. This would comprise of 112 million tonnes of rice, 82 million tonnes of wheat, 39 million tonnes of coarse grains and 22 million tonnes of pulses. To meet this growth in demand, the food-grain production needs to be 98% higher than 129 million tonnes today.

Indian Food-grain demand in 2020 (million tonnes)



Source: Planning Commission, Vision 2020

3. Rice Industry Overview

Global rice production has been assessed to be at 496 million tonnes in 2013 compared to 491 million tonnes in the previous year. This low growth could be attributed to mixed production trends across the globe. In Asia, the production of rice was low for countries like China, Laos and Malaysia who witnessed adverse climatic conditions. India, Indonesia and Pakistan, on

the other hand experienced good harvest due to ample rainfall. Similarly, a good harvest in Africa was set-off by bad weather and pest attacks in Madagascar. USA and Europe faced low production due to poor pricing prospects, while Australia and the Caribbean had a good crop harvest.

Global consumption of rice has also reached a higher level of 490 million tonnes compared to 478 million tonnes in 2012. International trade has been assessed at 39.3 million tonnes during 2013, which is a rise of 5.5% over previous year. (Source: Oryza)

3.1. Indian Rice Industry

India is one of the largest producer and exporter of rice, supplying to almost all countries. Rice being the key staple for India, the government has covered the crop under National Food Security Act as well as Minimum Support Price (MSP) Scheme. There is a cohesive focus on maintaining the demand supply balance in the country. Food Corporation of India plays a major role in procuring adequate volumes, which in turn reaches people through the Targeted Public Distribution System (TDPS).



The production of rice in India has fallen short of the consumption during the year by 6 million tonnes. Indian rice production is estimated to have reached 92.3 million tonnes during 2013. Consumption in 2013 is estimated to be around 99 million tonnes. (Source: Oryza)

Growing realization from rice is encouraging farmers to increase their acreage on rice, thereby increasing paddy throughput. Higher realizations from variants like high-end basmati and organic is encouraging farmers to cultivate more of such varieties. Favorable policy initiatives towards exports are encouraging the rice industry towards higher exports.

Demand Drivers

- Increasing disposable income is leading to increased overall consumption and also of branded high quality rice. Rice, being the major staple food of Indian population will also see a rise in demand in response to increase in per capita income.
- Evolving lifestyle in urban areas is translating into increased demand for high-end variants such as organic, nutrient-rich and healthier brown rice.
- Increasing popularity of rice-based snacks and other eatables in increasing institutional demand.
- Growing popularity of large format retail is enabling marketers to launch and display more and more specialized varieties, leading to higher than usual off-take off the shelves.
- Increasing preference towards eating out is leading to increasing demand from HORECA segment. Rice marketers' response with niche variants for restaurant is also adding to the growth.
- Growing popularity and availability of Indian rice in global markets coupled with currency depreciation is leading to increasing exports.

4. Business Overview

LT Foods is a leading integrated foods company into branded Basmati rice, staples, ready-to eat snacks and organic food products besides a pioneering foray into grain storage business. Its market leading global brand portfolio includes iconic brands such as 'Daawat', 'Devaaya', 'Heritage', 'Royal', 'Chefs Secret', 'MyMy', 'Ecolife', etc. With a vast network of more than 450 distributors, across the length and breadth of the country; LT Foods is a leading branded foods company in India. Internationally, its products are marketed across in more than 60 countries in all continents. Its brand 'Royal' is the largest selling basmati rice brand in US.

4.1. Operational Highlights

LT Foods stayed focused on strengthening its consumer connect through a slew of marketing, branding and channel strengthening programs during the year under review. It continued to strengthen the share of branded business in its overall revenues with a clear aim to pursue sustainable profitable growth. A few key initiatives undertaken during the year include:

- Growth in Branded business: The branded business grew from 50% to 70% in revenues during the year. With

aggressive focus to organize the basmati rice segment through assortment on branded business, the Company has put forward a sturdy growth in the segment.

- **New Products:** The Company entered the fast growing branded snacks business with a niche offering of low-calorie healthy snacks under a youthful and vibrant brand 'MyMy'. Multiple flavor variants of rice-based chips, crisps and mixes were launched as a pilot in a few cities. The initial consumer response has been very encouraging and the Company expects to reach an impeccable position in this category in FY 15. Similarly, a new range of staples was also introduced under brand 'Devaaya', beginning from Andhra Pradesh in India. The launch has received an encouraging initial response for almost the entire range that includes atta, maida, dalia, suji, poha and besan.



- **Amitabh Bachchan, the new face of 'Daawat':** LT Foods' drive to make 'Daawat' every customer's preferred basmati brand got wings with Bollywood icon Amitabh Bachchan becoming its brand ambassador. The launch campaign with Amitabh Bachchan portraying 'Daawat' as pyaar ki special bhasha (a special language of love) in the family has worked very well.
- **Effective Cost Management:** The Company has focused on monitoring cost all across its operations and has successfully envisaged the cost management by enduring savings from areas of routine operations. With efforts to drive cost effectively, the Company has taken initiatives to achieve reduction in costs pertaining to power consumption, air line leakage and head rice rejection. All the efforts have contributed to overall savings and optimization of use of resources. LT Foods has also joined hands with Bayer CropScience in a Food

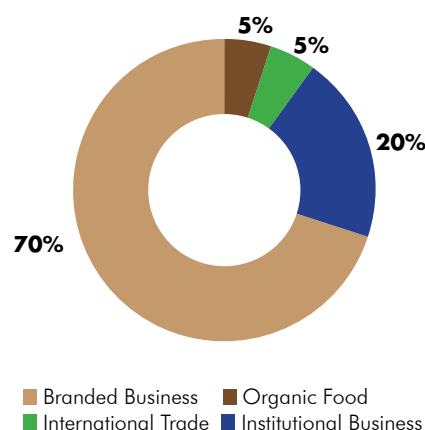
Chain Partnership project for environment-friendly, safe, and sustainable Basmati rice production.

- **New Markets** – LT Foods further strengthened itself in the Middle East, Far East and United Kingdom. Going forward, it is working towards penetrating into unexplored markets. FY 14 was a good year for 'LT Foods Middle East' with its business registering a volume growth of 98% over the previous year.
- **Credit Rating** – The Company took necessary steps to improve its external credit rating, which has a direct bearing on the interest rates and other bank charges. In FY14, Company's External Credit Rating was improved to BBB Stable.
- **Manufacturing Excellence Program**– This year, a "Manufacturing Excellence Program" was run throughout the organization on lean management principles. A plant scorecard was developed to measure the performances on pre-decided parameters. The overall outcome of the exercise was implementation of 31 processes, which resulted in substantial cost savings. Significant improvements were noticed in milling cost, online rejections, and customer complaint numbers, spillage of rice and accidents rates.

4.2. Financial Highlights

- Company's revenues in FY 14 stood at Rs. 2493 crores, a growth of 13% over Rs. 2230 crores in the previous year. Company's systematic focus on growing its branded business resulted in a 10% volume growth during the year. These brands also are a source of better margins which keeps the focus driven towards the enhancement of the business. The same got reflected in an impressive value growth of 32% that was derived from the business.

LT Foods: Segmental Overview



- Company's EBITDA grew by 18% to Rs. 282 crores from Rs. 238 crores in FY 13. EBITDA growth was driven primarily by volume growth in high-margin branded segment and organic food segment.
- Company's organic business subsidiary, Nature Bio-Foods Ltd. (NBFL) grew its overall revenue by an impressive 125% in FY14.

4.3. Overview of Subsidiaries

Daawat Foods Limited

The rice plant of the Company performed extremely well during the year. Overall sales of the plant were 30% higher than the last year. Daawat Foods Limited pursues stringent quality and safety norms in the facilities with due focus on operational efficiencies. The yield of the subsidiary went up to 65% during the year with head rice recovery at 47%, an improvement over last year by 3.7%.

Kusha Inc.

The year witnessed the introduction of Chakki Atta under its brand Royal in the US market which was very well accepted. This in addition to the Royal's range of rice and grains and Indian simmer sauces has had a good market during the year. With the demand rising, the Company is now planning to extend the Royal Flour range by addition of 6 more products during the next year. During the year, the Company also ventured into organic food products. Under the range, Organic Sona Masoori, under Royal umbrella was introduced in the US market.

Going forward, the Company is focusing on implementation of extensive marketing campaigns involving social media to introduce more products such as lentils, Indian spices and Quick Cooking Brown Rice in the US market. The Company is also looking to launch Royal Basmati range in Mexico through demos and advertisements.

Nature Bio-Foods Ltd.

The organic food exports of LT Foods scaled new heights from a growth of Rs. 54 crores in the last year to Rs. 135 crores. New products were added to the export basket which range from organic brown rice for industrial usage such as "rice cakes", rice syrup, rice protein etc. The Company is engaged into nurturing domestic market for its 'Ecolife' range which includes cereals, pulses, Oil & Oilseeds, Spices, Nuts, Dehydrated Fruits, Fresh Fruits and Vegetables. All these products will be marketed as

"ECOLIFE Organic" and are sourced from the NBF registered farming operation across India. During the year, Nature Bio-Foods Ltd became the First National Winner of EMERGING INDIA AWARD 2013 by CNBC TV 18 and also received award for CSR activities from FICCI.

LT Foods Middle East DMCC

The year saw a growth of 98% in volume over last year for the Middle East business of LT Foods. During the year, the Company also strengthened its presence in terms of distribution and market share in key markets of Iraq, Kuwait and United Arab Emirates. Daawat as a brand strengthened its presence in Iraq, UAE and Kuwait in terms of distribution as well as market share. Given the tough situation in the Iraq market due to political turbulences, the Company performed relatively well.

LT Foods DMCC looked to enhance its presence through an increase its outlet coverage across markets. The Company also intensified its efforts to stabilize the distribution network in all channels of trade specific to retail packs. Specific to Iraq and Saudi Arabia, the Company worked towards increasing the penetration of the wholesale and food service channel.

5.0 Risk Management

Being prevalent in a dynamic sector and economy, LT Foods is subjected to certain risks, some internal and some external, like any of its peers. The Company has a robust Risk Management Framework in place that identifies key risks helps define mitigations measures to the extent possible and monitors Company's position vis-à-vis pre-identified risks.



Climate Risk

Climate risk is one of the major risks that affect the business. Rice cultivation in India is greatly dependent on rain. In the absence of a suitable weather there could be substantial risk to the business like damage to the crop. To mitigate this risk, the Company has diversified itself to other products in the staples category like Besan, Sugar, Maida and Suji etc. The crops, which are the main source of these products, are not dependent on rain. The Company is also in the process of entering other food segments as well.

Competition Risk

Rice industry is price-intensive and hence the competitive pressures from small and big players are quite high. While the government intervenes with its MSPs and MEPS, there is still a lot of competition threat in terms of pricing, quality, market reach etc. To avoid this risk, the Company pays a lot of attention on grave details of the product right from the inception till it reaches the end consumer. It follows a stringent quality control policy and defers any competitive harm through backward and forward integration of its operations.

Regulatory Risk

There is a huge risk of changes in government's policy towards rice exports, going forward. Lately, the government has removed the Minimum Export Price (MEP), which might reduce realizations of rice producers by encouraging more and more exports from small and big players. The Company keeps itself alert of such changes and is focusing on maintaining its market share through concerted efforts in branding and marketing.

Currency Risk

The Company operates in a global scenario and hence faces this risk pertaining to one or the other market. Given the turbulent situation, LT Foods has devised a Forex policy which deploys hedging to prevent Forex losses.

Interest Rate Risk

LT Foods mitigates the risk of rising interest rate cost through a cordial relationship management with its lenders. The Company derives its bank borrowing for Working Capital at the most competitive interest rate, which is one of the lowest in the industry. With the improvement in external credit rating this year, the Company shall bring down these rates further in the coming year.

Quality Risk

Procurement of low quality paddy may adversely impact company's product quality and brand image. To mitigate this risk, the Company deploys stringent testing and checking of procured input. Throughout its manufacturing, company deploys best-in-class quality management systems and processes towards consistent quality of produce. Its plants have highest quality certifications such as SQF – HACCP, BRC, ISO 9001 & ISO 14001, Kosher & Halal, IPQC – EIC and NABL - ISO 17025, ISOFSSC 22000 and BRC.

6.0 Corporate Social Responsibility

The Company, through its subsidiary, Nature Bio Foods Ltd. (NBFL), strives to contribute to the society. Being in the business of organic food products, the very nature of organic farming helps protect the soil quality, reduce water consumption and usage of chemical fertilizers etc. The Company through its various environment related projects caters to the needs of the farmers across 13 states of India. The aspects covered under the project range from the basic needs of the soil to the environment. In the process, the Company also takes care of water conservation. It promotes the usage of environment friendly techniques like use of green manure, composting farm residues, and using bio plant extract and soon. It encourages extensive usage of Vermi-compost, which is a bio-fertilizer produced as a residue by earthworms. It is eco-friendly, non-toxic, consumes low energy input for composting and is a recycled biological product.

NBFL also organizes training programs on organic farming techniques. It has deployed an experienced and dedicated multidisciplinary team for this purpose. Dedicated staff is appointed for promoting environment conservation in various



project locations. Different training modules have been developed for a variety of trainings. The Company has also constructed various structures to conserve water in the area and to improve the ground water table for utilization in agriculture and domestic use of the villagers. NBFL has directed its synergies through Sustainable Agriculture Production", "Safe Environment Movement against Agro-Chemicals and Pesticides Pollution" and "Socio-Economic Development" of the farming society.

Nature Bio-Foods Ltd is working with MP government through Public Private Partnership for the implementation of Integrated Watershed Management Program (IWMP) & water conservation in the 9 villages of the Harrai block Chhindwara. It is a 5-year project budgeting with proposed contribution of Rs. 78.6 Lacs. All the efforts of Nature Bio-Foods Ltd as a dedicated organic company are directed to protect the environment. NBFL has always given special emphasis in the socio-economic development of the farming society. Its contribution to this cause over the last 10 years has been recognized by FICCI with a special award on "Corporate Social Responsibility" during the year.

In compliance with new Companies Act, 2013 and as a good corporate governance practice the Company has set up a Corporate Social Responsibility Committee, to specifically monitors after our existing projects and also to formulate policies for the betterment thereof and to foresight new such projects so as to facilitate maximum contribution by the Company towards betterment of the society.

7. 0 Human Resource Development

The Company has an unrelenting focus on talent development. The PRIDE based performance management system forms the backbone of this process, which also institutionalized career development that intends to identify and groom future talent. The Company spends a considerable sum on employee development every year. Proper human resource procedures are in place and efforts are directed towards an effective growth of the employee during his tenure with the organization.

8.0 Internal Control System

LT Foods deploys a comprehensive control over internal operations and overall system. It covers internal audit and risk assessment and mitigation. The internal audit encompasses

factories, sales offices, warehouses and businesses and centrally controlled functions. The Company has hired renowned consulting Protivity for the audits. There are regular internal audits to assess the smooth functioning of the business along with the mitigations required if any.

Another national level award for its contribution to the field of agriculture and food processing was conferred to NBFL during 2013. This award, – EMERGING INDIA AWARD 2013 by



CNBC TV 18 is the most prestigious SME business award. It is based on evaluation by CRISIL and ICICI Bank.

9.0 Outlook

With a vision to foresee tomorrow by beginning today, LT Foods is moving to the next year lugging a new zeal to outperform itself in each and every business segment. Right from its outreach to people across the world, to its products offerings, moving to new products catering to different creeds and tastes, LT Foods is prepared to do it all.

The positive sentiments around the new government and stable policies shall result in better prospects for the country. We are geared up to make use of the same coupled with our zeal to perform even better during the years to come with our capabilities and strategies.

Directors' Report

The Directors hereby present to you the 24th Annual Report of your Company alongwith the Audited Statement of Accounts for the year ended 31st March 2014.

1.0 Financial Performance

Your Company's continued focus on keep adding new products, markets and point of sale held it in good stead in a difficult fiscal year 2013-14 that witnessed widespread economic slowdown worldwide. On consolidated basis, the Company came within striking range of ₹ 2500 Crore mark in recording a 12% growth in revenues that stood at ₹ 2,493 Crores. Company's focus on high margin branded business coupled with various efficiency enhancement measures helped the Company post 18% growth in EBITDA which reached ₹ 282 Crores for the year. Prudent management of working capital led to a 3% reduction in the overall finance cost which helped Company post a handsome 42% growth in its net profit which rose to ₹ 85 Crores from ₹ 60 Crores in the previous year.

On standalone basis, the revenues grew by 9% to reach ₹ 1,811 Crores whereas EBITDA grew by 0.34% to reach ₹ 150 Crores. Profit after tax recorded a 13.8% growth to reach ₹ 38 Crores from ₹ 34 Crores recorded in the previous year.

Consolidated Financial Highlights

| | (₹ in Crores) | | |
|---|-------------------|-------------------|-------------|
| | March 31, 2014 | March 31, 2013 | % Change |
| Income | 2,493.0 | 2,230.0 | 12% |
| Expenses | 2,361.7 | 2,147.5 | 10% |
| Material Consumed | 1,678.7 | 1,194.6 | 41% |
| Purchase of traded goods | 315.5 | 631.9 | -50% |
| Changes in Inventories of Finished goods and traded goods | (152.34) | (169.7) | -10% |
| Personnel Cost | 63.9 | 49.0 | 29% |
| Other Expenses | 305.1 | 285.3 | 7% |
| EBITDA | 282.0 | 238.0 | 18% |
| Finance Cost | 113.4 | 117.1 | -3% |
| Depreciation & Amortization | 37.4 | 38.8 | -4% |
| Profit before prior period, exceptional items and tax | 131.0 | 82.1 | 60% |
| Prior period item/Exceptional items | (0.04) | (0.7) | -95% |
| Profit before tax | 131.0 | 82.8 | 58% |
| Tax Expense | 46.2 | 22.7 | 103% |
| Profit after tax | 84.8 | 60.1 | 41% |

2.0 Business Overview

Your Company continued to expand its market offerings and presence through a slew of new initiatives and continued focus on building upon its existing strengths. A key strategic initiative during the year was adoption of a corporate tagline

'Tomorrow Starts Today'. The new tagline reflects Company's clearer vision of where it wants to go and also its urgency in terms of being time efficient. In another major development, Company introduced Amitabh Bachchan as the global brand ambassador of its flagship brand 'Daawat'. Company successfully completed the pilot launch of two new range of products namely 'MyMy' packaged snacks and 'Devaaya' branded staples. The response to both these initiatives have been very encouraging and the Company intends to go-ahead with their full-scale launch over coming quarters. The true potential of Company's recent focus on high-margin branded foods business coupled with these new initiatives are likely start reflecting in its revenue and profitability growth in a couple of years.

2.1 Branded Business

Company's revenue from branded segment crossed ₹ 1700 Crore mark during the year, contributing to 70% of the business. The Company entered 8 new countries and grew its export revenue from branded business by 71%. 'Daawat' retained its #2 position among basmati rice brands in India while 'Royal' remained the largest selling basmati brand in the US markets. Company's new launches namely 'MyMy' and 'Devaaya' staples coupled with aggressive promotion of 'Daawat' with Amitabh Bachchan helped the domestic branded business grow by 37%.

Company is marching forward with a definitive business strategy in terms of products as well as markets for aggressive growth of its branded business. All its mass and niche brands are well positioned to scale accelerated growth over coming years.

2.2 Geographic performance

The Company is continuing to build upon its strong export base of North America by deploying intense focus on relatively newer and not yet explored geographies including the Middle East and Europe. Company's priority on high-margin branded business is leading to increased sales of branded products in export segment too. Company recorded a 45% volume growth and 71% revenue growth during the year. Branded exports contribution to overall revenues grew to 41% in FY 14 from 35% in the previous year. This was primarily driven by a handsome 97% volume growth achieved in the Middle East region.

2.3 Dividend

Your Company's Board of Directors has recommended a dividend of ₹ 2.25/- per equity share of face value of ₹ 10 each for the year ended 31st March, 2014, subject to shareholders' approval in the ensuing Annual General Meeting. The total payout including the dividend distribution tax amounts to ₹ 692.83 Lacs.

In case of shares held in physical form, dividend shall be paid to members whose names appear in the register of members as on 02 September, 2014 and for shares held in dematerialized form, the dividend will be paid to those members whose names get furnished by NSDL and CDSL as beneficial owners as on that date.

2.4 Unclaimed Dividend and Transfer to Investor Education and Protection fund (IEPF)

Pursuant to Section 205A and Section 205C of the Companies Act, 1956, the dividend which remains unpaid/unclaimed for a period of seven years from the date of transfer to unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF) established by the Central Government. Accordingly, the amount of such dividend for the financial year 2006-2007, remaining unclaimed for the period of seven years should be transferred to Investor Protection Fund and cannot be claimed therefrom.

The amount of dividend unclaimed /unpaid for the financial year 2007-2008 to 2010-2011 lies in the respective unpaid dividend account and can be claimed from Company's Registrar and Transfer Agent i.e Bigshare Services Private Limited, before the due date for transfer of the same in IEPF account.

Pursuant to provisions of Investor Education and Protection Fund (Uploading of information regarding Unclaimed amount lying with Companies) Rules 2012, the Company has uploaded the details of unpaid and unclaimed amount lying with the Company as on 23rd September 2013(date of last AGM) on its website i.e www.ltgroup.in and also on website of Ministry of Corporate Affairs.

2.5 Reserves

Out of the amount available for appropriation, Company's Directors propose to transfer ₹ 3.85 Crores to General Reserve and retain ₹ 178 Crores to Profit and Loss account.

3.0 Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to directors' responsibility statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the year ended March 31, 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts of the Company on a 'going concern' basis in the Section

4. Auditors and Auditor's Report

M/s Walker Chandiok & Co, Chartered Accountants, Statutory Auditors of the Company, hold office till the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment and have confirmed that they are not disqualified under any provisions of Section 141(3) of the Companies Act, 2013, and have shown their willingness to accept the office of statutory Auditors.

The Company has received a letter from them to the effect that their re-appointment, if made, would be within in the prescribed limits u/s 141(3)(g) of the Companies Act, 2013 and that they are not disqualified for re-appointment.

5.0 Particulars of Employees

In terms of the Provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of the employees are as follows:

| Name | Name & Designation | Qualification & Experience | Age | Remuneration | Date of Commencement of Employment | Last Employment details |
|-----------------|------------------------------|----------------------------------|-----|--------------|------------------------------------|---------------------------------------|
| Vivek Chandra | CEO- Global Branded Business | MBA/30 Years of experience | 56 | 9,699,996.00 | 24.11.2010 | Associated British Foods |
| Anil Khandelwal | Director-Finance & Strategy | FCA, AIIA/33 Years of Experience | 54 | 6,999,996.00 | 03.05.2012 | Director & Head-M&A, Ranbaxy Labs Ltd |
| Som Nath Chopra | Chief Financial Controller | CA/21 Years of Experience | 45 | 6,339,996.00 | 01.09.2006 | Own Practice |

- a) Remuneration includes basic salary, allowances, taxable value of perquisites etc. The term remuneration has the meaning assigned to it in explanation to Section 198 of the Companies Act, 1956.
- b) None of the employee is relative of any Director of the Company.
- c) None of the employees neither draws remuneration in excess of that drawn by the Managing director(s) or whole-time director and holds more than 2% of the equity shares of the Company as on 31st March 2014.

6.0 Environment and Efficiency

6.1 Power Usage

The Company has always focused on optimum usage of resources and has always laid a concerted stress on energy conservation for that matter. In earlier years, the Company had been purchasing power from energy exchange for limited slots approximately 8 hrs per day which was resulting in savings between ₹ 3-5 Lacs per month. Later on, this was shifted to a 24 hrs per day purchase which resulted in an increase in savings monthly. This improvement resulted in a net saving of approximately ₹ 2 Crores for FY14.

Per unit Cost was strictly monitored on daily basis root cause for deviations were analyzed. Installation of sensors on was done on all machines for automatic stoppage during no material situation. Through such changes we were able to reduce the power consumption of polisher plant from 5 units per quintal to 4.5 units per quintal which was a major breakthrough. This reduction in units per quintal resulted in a saving of approximately ₹ 30 Lacs for FY14.

Power & Fuel Consumption (Varpal Plant)

| PARTICULARS | Year 2013-14 | Year 2012-13 |
|-------------------------------|-----------------|-----------------|
| ELECTRICITY Through Purchases | | |
| UNITS | 4,252,800 | 3,439,157 |
| TOTAL AMOUNT(₹) | 32,769,610 | 23,199,870 |
| Rate/Unit(₹) | 7.71 | 6.75 |
| Through Diesel Generator | | |
| Units generated | 140,800 | 308,900 |
| TOTAL AMOUNT(₹) | 2,614,711 | 6,162,100 |
| Cost/Unit(₹) | 18.57 | 19.95 |

Power & Fuel Consumption (Bahalgarh Plant)

| PARTICULARS | Year 2013-14 | Year 2012-13 |
|-------------------------------|-----------------|-----------------|
| ELECTRICITY Through Purchases | | |
| UNITS | 18,957,610 | 15,058,706 |
| TOTAL AMOUNT(₹) | 143,355,134 | 90,575,608 |
| Rate/Unit(₹) | 7.56 | 6.01 |
| Through Diesel Generator | | |
| Units generated | 747,715 | 2,397,238 |
| TOTAL AMOUNT(₹) | 10,287,336 | 29,150,414 |
| Cost/Unit(₹) | 13.76 | 12.16 |

6.2 Compressed Air Line Leakage

During the year a noticeable increase in overall power consumption of Bahalgarh plant was observed. A team was developed whose role was to figure out this unwanted consumption at different plant areas through internal audits conducted at regular intervals. A strong monitoring and inspection mechanism was developed at all stages of operation and few major leakages were found which were left unnoticed. These leakages resulted in excess power consumption. Such leakages were corrected and an overall savings of approximately ₹ 20 Lacs was observed for FY14.

6.3 Head Rice Rejection

Following a policy of strict quality adherence, sound Grain monitoring was made more robust and strict. Samples of rejected material stored in jumbo bags and were sent to Lab for reanalysis. Savings noticed for FY 14 was approximately ₹ 9 Lacs.

6.4 Management of Port of Loading

Efficient management of port of loading for Export shipments was being done. Savings due to this transformation of port of loading Mumbai v/s Mundra/Pipavav was approximately 34 Lacs.

6.5 Weighment Charges

Savings in Weighment charges directly at ICD from Concor for FY 2013-14 was approximately 4 Lacs.

7.0 Foreign Exchange Earnings and Outgo

14.1 Activities relating to export, initiatives to increase exports, developments of new exports for products and services and export plan.

The Company has continued to maintain focus and avail of export opportunities based on economic considerations, during the year, the Company has exports (FOB Value) worth ₹ 82744.63 Lacs.

7.1 Total Foreign exchange earned and used

Expenditure in Foreign Currency

| (₹ in lacs) | | |
|------------------------------------|-------------------|-------------------|
| PARTICULARS | March 31, 2014 | March 31, 2013 |
| Value of imports on CIF basis | | |
| Capital goods | 112.83 | 94.67 |
| Packing materials | - | 7.42 |
| Stores and spares | 79.45 | - |
| Other Food Items | - | 14.27 |
| | 192.27 | 116.36 |
| Expenditure in foreign currency | | |
| Legal fees | 32.88 | 124.54 |
| Interest and other charges to bank | - | 507.67 |
| Steamer freight | 275.16 | 2,721.20 |
| Sales promotion | 33.56 | 72.57 |
| Commission on export sales | - | 87.22 |
| Others | 263.10 | 504.47 |
| Total | 604.71 | 4,017.66 |

7.2 Income in Foreign Currency

FOB Value of Exports

| PARTICULARS | (in lacs) | |
|-------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| RICE | 82,739.58 | 83,741.06 |
| Others | 5.05 | 6839.64 |
| Total | 82,744.63 | 90,580.70 |

8.0 Research and Development

LT Foods is pursuing an aggressive growth path, planning on double-digit CAGRs year on year. The Company plans to be one of India's leading FOOD Companies with a rich basket of foods. 5 years hence, the Company intends to have its brands in Staples and Value Added food categories.

With the launch of the MyMy Brand of Healthy Snacks, your Company entered an exciting arena of instant crisps and mixes. The Company aspires to become a rage in the field and bring these snacks to the peak of the snack food industry. The initial response to the products has been good. Food distributors from Africa, Middle East, Australia and North America praised these products at a recent Global Food Show.

Looking ahead, the Company is progressing steadily towards launching new line of products specific to regional diversity of India. Using Chefs with regional culinary expertise and Company's Food Technologists, LT Food has captured these delights into a format that will make preparation easy at home. No fuss no mess, just a PERFECT dish on the table. This new line of products will be launched this year and the line will be kept exciting with the introduction of new items from time to time.

Gurgaon-based R&D group of LTF is also working on products for our USA Subsidiary. A faster development cycle coupled with speed to market is the mantra. A new pilot processing facility will be added soon for the group to work in and develop convenience food products. The Company believes with the new added tools this group will keep the new product pipeline full, so that are dream becomes a reality long before the 5 years deadline that the Company has set for itself.

9.0 Material Changes occurred between the end of financial year and the date of report

Fire accident at one of the Company's subsidiary i.e. Daawat Foods Limited works located at Plot No. 7, Satlapur Growth Centre, Phase-II, Industrial Area, Mandideep, District Raisen, Madhya Pradesh on June 07, 2014 around 04.00 am.

The fire is controlled with the help of local fire agency but significant stock of raw material i.e. Paddy got burnt into fire. The production area of the plant is fully safe and no casualty has happened.

9.1 Business Restructuring

The Company has formed two Special Purpose Vehicles on 20th May, 2014 named as Raghuvesh Agri Foods Private Limited and Raghuvesh Warehousing Private Limited with 40% stake to build and construct silos for Madhya Pradesh government.

9.2 COMPLIANCE TO CLAUSE 5A OF LISTING AGREEMENT (DETAILS OF SUSPENSE A/C) 01.04.2013 to 31.03.2014

| Sr. no. | DESCRIPTION | No. of Shareholders | No. of Shares. |
|---------|---|---------------------|----------------|
| 1 | Aggregate No. of shareholders & Shares pending as on 01.04.2013 | 7 | 6494 |
| 2 | No. of shareholders who approached for transfer of shares from suspense account during the year | 0 | 0 |
| 3 | No. of shareholders and shares transferred from suspense account during the year | 0 | 0 |
| 4 | No. of shareholders and shares outstanding as on 31.03.2014. | 7 | 6494 |

Corporate Governance Report

In adherence to the Clause 49 of the Listing Agreement with the Stock Exchange, a separate report on Corporate Governance along with Auditors certificate on its compliance is attached as Annexure and forms integral part of this Report.

Future Strategy

Going forward, the Company plans to penetrate deeper into the global markets and continue to strengthen its product basket by offering diverse products. With growing brand patronage, LT Foods is looking to bring in more and more varieties to its existing brand umbrella. The Company has already introduced Atta, Suzi, Besan, Dalia, Poha, and Maida under its Devaaya brand umbrella. It plans to add Sauces, Healthy Bars and Rice Cakes etc., to its product offerings.

In its bid to expand internationally, the Company is also attentive to any alliance or partnership opportunities coming its way. It is also inclined towards inorganic ways of expansion. Internally, the Company also looks forward to have a more efficient and optimum utilization of its funds. In terms of trade, it plans to foray even deeper into the Middle East, Far East and United Kingdom. On back of these initiatives and plans coupled with its current growth momentum, LT Foods' business outlook remains positive over coming years.

Annexure

(ESOP Disclosure)

| Particulars | Details | | |
|--|---|---|----------------------|
| Options granted | Date of Grant | April 01, 2011 | February 07, 2013 |
| | Total Options Granted | 648,329 | 201,209 |
| | Less options cancelled | 48,100 | 53,763 |
| | Less options exercised | 181,281 | 5,914 |
| | Total options outstanding under ESOP2010 | 418,948 | 141,532 |
| Pricing formula | The options would be awarded at an exercise price of ₹ 38 (Rupees Thirty Eight Only) | | |
| Vesting period | <ul style="list-style-type: none"> 25% of the Options shall vest on the completion of 12 months from the Grant Date 25% of the Options shall vest on the completion of 24 months from the Grant Date 25% of the Options shall vest on the completion of 36 months from the Grant Date 25% of the Options shall vest on the completion of 48 months from the Grant Date | | |
| Options vested (excluding the options that have been exercised) | 268,890 | | 30,947 |
| Options exercised | 181,281 | | 5,914 |
| The total number of shares arising as a result of exercise of options (including options that have been exercised) | 181,281 | | 5,914 |
| Options forfeited / lapsed / cancelled | 48,100 | | 53,763 |
| Variation of terms of options | NIL | | NIL |
| Money realized by exercise of options | 6,888,678 (181,281 * 38) | | 224,732 (59,14 * 38) |
| Total number of options in force | 418,948 | | 141,532 |
| (i) Directors / Senior managerial personnel | Name of the senior managerial personnel | No. of options granted under ESOP 2010 | |
| | Mr. S.K. Salhotra | 48,472 | |
| | Mr. Som Nath Chopra | 46,318 | |
| | Mr. Dipol Dhole | 32,573 | |
| | Mr. Vijay Malik | 48,472 | |
| | Mr. Vivek Chandra | 86,173 | |
| | Mr. Vikram Patil | 45,241 | |
| | Mr. Kevin Parker | 53,858 | |
| | Mr. Kamal Poplai | 36,758 | |
| | Mr. Mukesh Aggarwal | 45,161 | |
| | Mr. Sandeep Lamba | 25,403 | |
| | Mr. Gerald Taylor | 53,226 | |
| | Mr. Mrinal Mathur | 23,656 | |
| (ii) Any other employee who received a grant in any one year of options amounting to 5% or more of the options granted during the year | <p>The following employees have received a grant in any one year of options amounting to 5% or more of the options granted during the year 2011-12</p> <ul style="list-style-type: none"> Mr. S.K. Salhotra Mr. Som Chopra Mr. Dipol Dhole Mr. Vijay Malik Mr. Vivek Chandra Mr. Vikram Patil Mr. Kevin Parker Mr. Kamal Poplai Mr. Mukesh Aggarwal Mr. Gerald Taylor | <p>The following employees have received a grant in any one year of options amounting to 5% or more of the options granted during the year 2012-13</p> <ul style="list-style-type: none"> Mr. Mukesh Aggarwal Mr. Sandeep Lamba Mr. Gerald Taylor Mr. Mrinal Mathur | |

| | | | |
|--|---|-------------|--|
| (iii) Identified employees who were granted options during any one year equal to exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of our Company at the time of grant | None | | |
| Fully diluted EPS pursuant to issue of shares on exercise of options in accordance with the AS 20 as on 31st March, 2013 | ₹ 14.51/- | | |
| Lock-in | Nil | | |
| | Profit reduced by | | Impact on EPS |
| Impact on profit and EPS of the last three years | 2013-14 | 40.74lacs | 0.14 |
| | 2012-13 | 42.40lacs | 0.15 |
| | 2011-12 | 71.08lacs | 0.02 |
| | | OPTION 1 | OPTION 2 |
| Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and the employee compensation cost calculated on the basis of fair value of stock options and the impact of this difference on profits and on the Earnings Per Share of the Company | Fair Value per option | ₹ 21.05 | ₹ 24.97 |
| | Intrinsic Value per option | ₹ 11.50 | ₹ 20.80 |
| | Difference per option | ₹ 9.55 | ₹ 4.17 |
| | Impact on profit of this difference | ₹ 14.93lacs | ₹ 25.81lacs |
| | Impact on profit of this difference | ₹ 0.14 | ₹ 0.14 |
| Impact on the profits of our Company and on the earnings per share of the last three years if the issuer had followed the accounting policies specified in clause 13 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 in respect of options granted in the last three years. | | OPTION 1 | OPTION 2 |
| | | | |
| Weighted average exercise price and the weighted average fair value of options whose exercise price either equals or exceeds or is less than the market price of the stock | Weighted Average Exercise Price | ₹ 38 | ₹ 38 |
| | Weighted Average fair value of options | ₹ 21.05 | ₹ 24.97 |
| Method and significant assumptions used to estimate the fair value of options granted during the year | | | |
| Method used | Black Scholes Option Valuation Method | | |
| Risk free return | 6.52% (average over 4 year vesting schedule) | | 7.54% |
| Expected life | 4 years (average over 4 year vesting schedule) | | 4 years (average over 4 year vesting schedule) |
| Expected volatility | 57% (average of comparator companies' volatility) | | 53.57% |
| Expected dividends | Nil | | |
| Price of underlying shares in market at the time of the options grant | ₹ 49.50 | | ₹ 58.80 |
| Intention of the holders of equity shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer * | N.A | | |
| Intention to sell Equity Shares arising out of the ESOP 2009 within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having equity shares arising out of the ESOP 2010 amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions) | N.A | | |

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

| Name of the Subsidiary Companies | Amount in ₹ lacs | | | | | | | | | | | | | | | |
|---|--|---|--|--|---|---|---|--|---|--|--|--|--|--|--|---|
| | Nature Bio Foods Limited (Wholly Owned Subsidiary) | Daawat Foods Limited (Subsidiary) | LT Agri Services Private Limited (Fellow Subsidiary) | SDC Foods India Limited (Subsidiary) | Expo Services Private Limited (Fellow Subsidiary) | Raghuvesh Foods & Infrastructure Ltd (Subsidiary) | LT International Limited (Subsidiary) | Sona Global Ltd. (Wholly Owned Subsidiary) | IT Foods Middle East DMCC UAE (Fellow Subsidiary) | Nice International UAE (Fellow Subsidiary) | Raghuvesh Power Projects Limited (Fellow Subsidiary) | ITO North America Inc. (Wholly Owned Subsidiary) | Royal Curry Delights LLC (Fellow Subsidiary) | Universal Traders INC. (Fellow Subsidiary) | IT Foods USA LLC (Wholly Owned Subsidiary) | Kusha Corporation USA (Fellow Subsidiary) |
| 1. Financial year of the subsidiary ended on | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 | 31.03.2014 |
| Share Capital | | | | | | | | | | | | | | | | |
| 2. Share of the subsidiary held by the Company on the above date: | | | | | | | | | | | | | | | | |
| (a) Number and face value | 50,000 Nos. of Equity shares of ₹10 each | 1,34,99,994 Nos. of Equity shares of ₹10 each | 7,048 Nos. of Equity shares of ₹10 each | 8,00,000 Nos. of Equity shares of ₹10 each | 80,000 Nos. of Equity shares of ₹10 each | 50,000 Nos. of Equity shares of ₹10 each | 17,99,581 Nos. of Equity shares of ₹10 each | 65,200 Nos. of shares of AED 100 Each | 1,000 Nos. of shares of AED 1000 Each | 1 Nos. of shares of AED 1,000,000 | 17972 Nos. of Equity shares of ₹10 each | Common Stock of US\$ 100,000 | NIL | 1000 Shares of US\$ 1 each | NIL | 1 million shares of US \$ 0.10 each |
| (b) Extent of holding | 100.00% | 70.48% | 70.48% | 80.00% | 80.00% | 100% | 89.98% | 100% | 100% | 100% | 35.94% | 100% | | 100% | 100% | 100% |
| 3. Change if any in the holding Company's interest in the subsidiary | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | N. A. | | N.A. | N.A. | N. A. |
| 4. The net aggregate amount of Profits / (Losses) as far as it concerns the member of the LT Foods Limited and is not dealt within the accounts, its follows: | | | | | | | | | | | | | | | | |
| i) For the financial year | 747.66 | 2,193.67 | (0.19) | 111.93 | 0.63 | (0.22) | 10.07 | (5.52) | 40.38 | 16.38 | (0.17) | (61.24) | (22.85) | - | (46.95) | 2,618.69 |
| ii) For the previous financial years | 703.78 | 2,765.47 | (0.29) | (289.89) | 19.62 | (3.26) | (52.92) | (116.98) | - | 318.51 | (0.46) | (867.06) | (24.66) | - | (137.63) | 5,520.41 |
| 5. The aggregate amount of Profit / (Loss) of the subsidiary Company, which has been dealt with in accounts of The LT Foods Limited is as follows: | | | | | | | | | | | | | | | | |
| i) For the financial year | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| ii) For the previous financial years | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| 6. Material changes between the end of Subsidiaries financial year and the end of Holding Company's financial year | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL | NIL |
| Reporting Currency | INR | INR | INR | INR | INR | INR | INR | AED | AED | AED | INR | US\$ | US\$ | US\$ | US\$ | US\$ |

Note:

Indian Rupee equivalent of the figures in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2014 [1US\$ = ₹ 59.91 and 1AED = ₹ 16.27]

Financial Summary of the subsidiaries of the Company for the year ending March 31, 2014

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

| Name of the Subsidiary Company | Reporting Currency | Exchange Rate | Capital | Reserves | Total Assets | Total Liabilities | Investments other than investment in Subsidiaries | Turnover (including Other Income) | Profit before Taxation | Provision for Taxation | Profit after Taxation | Dividend Paid | Amount in ₹ lacs | |
|--|--------------------|---------------|----------|----------|--------------|-------------------|---|-----------------------------------|------------------------|------------------------|-----------------------|---------------|------------------|-------|
| | | | | | | | | | | | | | Country | |
| Nature Bio Foods Limited | INR | 1.00 | 200.00 | 1,451.43 | 10,722.14 | 9,070.70 | 6.09 | 13,422.71 | 1,142.41 | 394.75 | 747.66 | - | - | India |
| Daawat Foods Limited | INR | 1.00 | 1,915.53 | 8,161.79 | 51,317.54 | 41,240.22 | 100.00 | 50,589.57 | 2,880.82 | 687.15 | 2,193.67 | - | - | India |
| IT Agri Services Pvt. Ltd. | INR | 1.00 | 1.00 | (0.48) | 1.12 | 0.59 | - | - | (0.19) | 0.01 | (0.19) | - | - | India |
| SDC Foods India Limited | INR | 1.00 | 100.00 | (197.96) | 1,677.11 | 1,775.07 | 0.21 | 7,785.90 | 143.65 | 31.72 | 111.93 | - | - | India |
| Expo Service Pvt. Ltd. | INR | 1.00 | 1.00 | 25.15 | 405.75 | 379.61 | - | 5.38 | 0.26 | (0.37) | 0.63 | - | - | India |
| Raghuvesh Foods & Infrastructure Limited | INR | 1.00 | 5.00 | (3.48) | 12.34 | 10.82 | - | 0.17 | (0.20) | 0.02 | (0.22) | - | - | India |
| Raghuvesh Power Project Limited | INR | 1.00 | 5.00 | (0.70) | 4.57 | 0.27 | - | - | (0.15) | 0.02 | (0.17) | - | - | India |
| L T International Limited | INR | 1.00 | 200.00 | (48.74) | 2,395.95 | 2,244.68 | 135.00 | 1,852.19 | 10.06 | (0.01) | 10.07 | - | - | India |
| Sona Global Limited | AED | 16.27 | 907.73 | 2.61 | 910.99 | 0.65 | - | - | (5.52) | - | (5.52) | - | - | UAE |
| Nice International FZE | AED | 16.27 | 162.65 | 388.89 | 856.90 | 305.37 | - | 13,227.15 | 16.38 | - | 16.38 | - | - | UAE |
| IT Foods Middle East DMCC | AED | 16.27 | 162.65 | 40.02 | 8,210.86 | 8,008.18 | - | 8,947.75 | 40.38 | - | 40.38 | - | - | UAE |
| ITO North America Inc. | US\$ | 59.91 | 2,857.71 | (927.70) | 12,145.10 | 10,215.10 | - | - | (95.94) | (34.70) | (61.24) | - | - | USA |
| IT Foods USA LLC | US\$ | 59.91 | - | (184.13) | 1,474.49 | 1,658.62 | - | - | (71.14) | (24.19) | (46.95) | - | - | USA |
| Royal Curry Delights, LLC | US\$ | 59.91 | 94.66 | (47.29) | 47.37 | - | - | 28.20 | (22.85) | - | (22.85) | - | - | USA |
| Universal Traders, INC. | US\$ | 59.91 | 5.99 | - | 6.29 | 0.30 | - | 244.69 | - | - | - | - | - | USA |
| Kusha Corporation | US\$ | 59.91 | 1,258.11 | 8,113.72 | 30,959.12 | 21,587.29 | - | 68,717.71 | 4,327.28 | 1,708.59 | 2,618.69 | - | - | USA |

Note:

Indian Rupee equivalent of the figures in foreign currencies in the accounts of the subsidiary companies, are based on the exchange rates as on 31.03.2014 [1US\$ = ₹ 59.91 and 1AED = ₹ 16.27]

Corporate Governance Report

"Corporate governance is not something that is put in place and then left. Ensuring its effectiveness depends on regular review, preferably regular independent review. And, in the end that comes down to the shareholders. Outside assessment and self-assessment need to be regular events." -Jim Jones

In accordance with Clause 49 of the Listing Agreement, this report contains information on Corporate Governance systems and processes usually followed by LT Foods Limited.

LT Foods' deep-rooted commitment to ethical and transparent business conduct lies at the core of its sustainable growth philosophy. The Company has built a strong Corporate Governance system, enabling it to create and deliver long-term value to each of its stakeholders on a platform of brands, products and leadership.

Corporate Governance

Transparency and accountability are the two tenants of Corporate Governance. We, at LT Foods, feel proud to belong to a Company whose visionary founder laid the foundation stone for good governance long back and made it an integral principle of the business. True, our actions are governed by a strong set of values and principles, which are reinforced at all levels within the Company. We, at LT Foods, consider it our inherent responsibility to disclose timely and accurate information regarding our financials and performance, as well as the leadership and governance of the Company.

Your Company believes that the success of an organization is irrevocably linked to the maintenance of global standards of corporate conduct towards its stakeholders. Towards this end, your Company has always focused on good corporate governance as the key driver of sustainable corporate growth and long-term value creation.

To reach higher echelons of success, conducting our self in semblance to the ethics and values we propagate becomes of utmost importance. At LT Foods, we are committed to doing things that are ethical and are in compliance with the applicable legislation. With us, Corporate Governance is not just a compliance issue; it relates to creating the right checks and balances that enable it to deliver on its objectives. The Company looks at Corporate Governance as an opportunity to leverage its resources and to align its activities to national needs, shareholders benefits and employee growth, thereby delighting all its stakeholders while minimizing risks. The primary objective is to create and adhere to a corporate culture of conscience and consciousness, transparency and openness, fairness, accountability, propriety,

equity, sustainable value creation, ethical practices. By staying firm and committed to our stand of setting benchmarks which not only will meet the applicable legislation but also exceed them in many areas of our business operations; we are on the road to responsible, sustainable and profitable growth and creating long term value for our shareholders, our people and our business partners.

BOARD OF DIRECTORS

LT Foods' Board of Directors, which comprises an eclectic blend of professionals, has been constituted in compliance with the Companies Act, 2013, Listing Agreement entered into with Stock Exchanges and in accordance with good Corporate Governance practices. The Board functions both as a comprehensive whole and through its Committees, constituted to oversee specific operational areas. The Board has formed Six Committees - viz. Audit Committee, Remuneration/ Compensation Committee, Shareholders'/Investors Grievance Committee, Management Committee, Governance Committee and Selection Committee.

- a) The Board of your Company presently consists of seven (7) directors who constitute an optimum combination of professionalism, knowledge and experience. Of these seven directors, 3 directors are Executive Directors and more than fifty percent(50%) of them comprises of Non-Executive (one being Non-Executive Nominee Director), which is in even compliance of clause 49(I)(A)(i) of the Listing Agreement.
- b) None of the Directors on the Board are members of more than ten (10) Committees or hold the post of Chairman on more than five (5) Committees across all the public companies in which they are directors..For the purpose of reckoning the limit, chairmanship/membership of the Audit Committee & the Shareholder's Grievance Committee alone is considered. Necessary disclosures regarding the Committee positions on the Board of other Public Companies, as on March 31, 2014, have been made by the Directors.
- c) The names and categories of the Directors on the Board, their attendance at the Board Meetings held during the year and the numbers of Directorships and Committee Chairmanships/ Memberships held by them in other Companies are given below.
- d) Mr. Jagdish Chandra Sharma, Independent Director of the Company passed away on 31st January, 2014 and the Company is in the process of appointing a new Independent Director.

The Composition of the Board and Attendance record of Directors for 2013-14

| Name & Designation | Category | Shareholding in Company (No. of Shares) | Number of Board meetings during 2013-14 | | Whether attended last AGM | Number of Directorships in other public companies | Number of Committee positions held in other Public Companies | |
|--|---------------------------------|---|---|----------|---------------------------|---|--|--------|
| | | | Held | Attended | | | Chairman | Member |
| Mr. Vijay Kumar Arora Chairman & Managing Director @ | Promoter Executive | 1117964 | 4 | 3 | NO | 5 | NIL | NIL |
| Mr. Ashwani Kumar Arora Joint Managing Director | Managing Director, Executive | 2723152 | 4 | 4 | YES | 6 | NIL | NIL |
| Mr. Surinder Kumar Arora Joint Managing Director# | Promoter, Executive | 2820152 | 4 | 4 | NO | 4 | NIL | NIL |
| Mr. Pramod Bhagat Director | Non Executive/ Independent | Nil | 4 | 4 | YES | 1 | 1 | 2 |
| Mr. Sh. Jagdish Chandra Sharma Director* | Non Executive/ Independent | Nil | 4 | 3 | NO | 1 | 1 | 2 |
| Mr. Rajesh Kumar Srivastava Director | Non Executive/ Nominee Director | Nil | 4 | 4 | NO | 6 | NIL | 3 |
| Ms. Radha Singh Director | Non Executive/ Independent | Nil | 4 | 4 | YES | 2 | NIL | 2 |
| Mr. Surender Kumar Tuteja Director | Non Executive/ Independent | Nil | 4 | 2 | NO | 14 | 3 | 5 |

Mr. Rajesh Kumar Srivastava, Nominee Director is representing Private Equity Partner M/s. India Agri Business Fund Limited

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

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

*Mr. Jagdish Chandra Sharma died on 31st January, 2014, The Company is in the process of appointing an Independent Director.

- e) During the year, four meetings were held and the gap between two meetings did not exceed four months. The dates on which these meeting were held are May 26, 2013; August 13, 2013; November 14, 2013 and February 10, 2014.
- f) During the year, information as mentioned in Annexure - 1A to Clause 49 of the Listing Agreement has been placed before the Board for its consideration.
- g) None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

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

BOARD COMMITTEES

The Board of Director's have constituted Six Committees thereof to carry out the delegated roles as a part of good governance practice. These Committees have the requisite powers to discharge their functions and they meet as often as required. These Committees are:

I. AUDIT COMMITTEE

The Audit Committee of the Board has been constituted in accordance with the requirements of Clause 49 of the Listing Agreement.

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

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

Composition, Meetings and Attendance

The Audit Committee comprises 3 members of which 2 are Non-Executive Independent Directors and 1 Non-Executive Nominee Director, thus complying with the requirements of Clause 49(III)(A)(i) and (iii) of the Listing Agreement.

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

Dates: May 26, 2013; August 13, 2013; November 14, 2013 and February 10, 2014.

| Members of the Committee | Designation | Category | Number of Board meetings during 2013-14 | |
|---------------------------------|-------------|----------------------------|---|----------|
| | | | Held | Attended |
| Mr. Pramod Bhagat | Chairman | Independent, Non Executive | 4 | 4 |
| Late Sh. Jagdish Chandra Sharma | Member | Independent, Non Executive | 4 | 3 |
| Mr. Rajesh Kumar Srivastava | Member | Nominee, Non Executive | 4 | 4 |

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

All the members of the Audit Committee are financially literate.

Mr. Pramod Bhagat was present at the Twenty Third Annual General Meeting of the Company to answer the queries of shareholders.

Terms of Reference

In compliance with Sec-177 of the Companies Act, 2013 and Listing Agreement, the terms of reference and role of the Audit Committee include the matters mentioned below:

1. Recommendation for appointment, remuneration and terms of appointment of Auditors of the Company.
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
3. Examination of the financial statement and the Auditors' report thereon.
4. Approval or any subsequent modification of the transactions of the Company with the related parties.
5. Scrutiny of inter-corporate loan and investments.
6. Valuation of undertakings or assets of the Company, wherever it is necessary.
7. Evaluation of internal financial controls and risk management systems.

8. Monitoring the end use of funds raised through public offers and related matters.
9. Reviewing with the management, the annual financial statements before submission to the Board for approval with particular reference to
 - a) Matters required to be disclosed in the Directors Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
 - b) Changes, if any, in accounting policies and practices and reasons for the same
 - c) Major accounting entries involving estimates based on the exercise of judgment by Management.
 - d) Significant adjustments made in the financial statements arising out of audit findings.

II. NOMINATION/ REMUNERATION COMMITTEE

Pursuant to Sec-178 of the Companies Act, 2013, the Board of Directors of every listed Company shall constitute the Nomination and Remuneration Committee consisting of three or more non executive Directors out of which not less than one half shall be independent Directors.

Brief Description & Terms of Reference:

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

During the financial year, three Remuneration/Compensation Committee Meetings were held.

The dates and other details of these meetings are as follows:

Dates: May 26, 2013, August 13, 2013 and November 14, 2013

| Members of the Committee | Designation | Category | Number of Board meetings during 2013-14 | |
|---------------------------------|-------------|----------------------------|---|----------|
| | | | Held | Attended |
| Mrs. Radha Singh | Chairman | Independent, Non-Executive | 3 | 3 |
| Late Sh. Jagdish Chandra Sharma | Member | Independent, Non-Executive | 3 | 3 |
| Mr. Rajesh Kumar Srivastava | Member | Nominee, Non-Executive | 3 | 3 |
| Mr. Pramod Bhagat | Member | Independent, Non-Executive | 3 | 3 |

Details of Remuneration paid to Non-Executive Directors

No remuneration was paid to Non-Executive Directors during the financial year ended 31st March 2014, except sitting fees @ 10,000/- per meeting for attending meetings of the Board and other Committees.

The details of sitting fees paid to the Non-Executive Directors for attending the meetings of the Board(s)/ and Committee(s) during the financial year ending 31st March 2014 are as under:

| Name of the Directors | Sitting Fees paid (Amount in ₹) |
|---------------------------------|---------------------------------|
| Mrs. Radha Singh | 110,000 |
| Late Sh. Jagdish Chandra Sharma | 120,000 |
| Mr. Pramod Bhagat | 150,000 |
| Mr. Rajesh Kumar Srivastava | 190,000 |
| Mr. S.K. Tuteja | 30,000 |

Declaration under cl49(IV)(E)(iv):-

None of the Non-Executive Directors is holding any shares and /or any convertible instruments in the Company for the financial year ending 31st March 2014.

Details of Remuneration paid to Executive Directors

The Executive Directors have been appointed for a period of three years from their respective dates of appointment. The details of remuneration paid to the Executive Directors for the financial year ending 31st March 2014, are as under:

| Name of the Director | Salary & Allowances Amount |
|--------------------------|----------------------------|
| Mr. Vijay Kumar Arora | ₹12,000,000 |
| Mr. Ashwani Kumar Arora | ₹7,075,000 |
| Mr. Surinder Kumar Arora | ₹7,800,000 |

*Mr. Ashwani Kumar Arora was paid remuneration from Nice International FZE, the wholly owned subsidiary.

None of Directors has been allotted any stock option.

III. SHAREHOLDERS' / INVESTORS GRIEVANCE COMMITTEE / STAKEHOLDER RELATIONSHIP COMMITTEE

Brief Description & Terms of reference:

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

| Name | Category | Designation | Number of Board meetings during 2013-14 | |
|----------------------------------|----------|---------------------------|---|----------|
| | | | Held | Attended |
| Late Sh. Jagdish Chandra Sharma* | Chairman | Independent Non-Executive | 4 | 3 |
| Mr. Pramod Bhagat | Member | Independent Non-Executive | 4 | 4 |
| Mrs. Radha Singh | Member | Independent Non-Executive | 4 | 4 |
| Mr. Rajesh Kumar Srivastava | Member | Non-Executive Nominee | 4 | 4 |

The Shareholders' / Investors Grievance Committee looks into the redressal of investor requests/ complaints pertaining to transfers/transmissions/demat/remat/split of shares, non-receipt of dividend and annual accounts etc, and oversees the performance of Registrar and Share Transfer Agent of the Company.

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

Mr. Jagdish Chandra Sharma, Chairman of the Committee passed away on 31st January, 2014.

Shareholder's Complaints 2013-14

There was no complaint from the shareholders during the year 2013-14.

IV. MANAGEMENT COMMITTEE

Brief Description & Terms of Reference:

The Management Committee comprises three directors, viz.

| Name | Category | Designation |
|--------------------------|----------|--------------------|
| Mr. Vijay Kumar Arora | Chairman | Executive Director |
| Mr. Ashwani Kumar Arora | Member | Executive Director |
| Mr. Surinder Kumar Arora | Member | Executive Director |

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

V. GOVERNANCE COMMITTEE

Brief Description & Terms of Reference:

The Governance Committee comprises three members.

| Name | Category | Designation |
|-----------------------------|----------|------------------------|
| Mr. Vijay Kumar Arora | Chairman | Executive Director |
| Mr. Ashwani Kumar Arora | Member | Executive Director |
| Mr. Rajesh Kumar Srivastava | Member | Non-Executive Director |

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

VI. SELECTION COMMITTEE

Brief Description & Terms of Reference:

The Selection Committee comprises three members:

| Name | Category | Designation |
|-----------------------------|----------|------------------------------------|
| Mr. Vijay Kumar Arora | Chairman | Executive Director |
| Mr. Ashwani Kumar Arora | Member | Executive Director |
| Mr. Rajesh Kumar Srivastava | Member | Non-Executive/ Nominee Director |

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

RISK MANAGEMENT

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

DETAILS OF ANNUAL GENERAL MEETING

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

| Financial Year | Annual General Meeting | Location | Date | Time |
|----------------|------------------------|---|------------|----------|
| 2012-13 | 23rd AGM | Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010 | 23.09.2013 | 3.00P.M. |
| 2011-12 | 22nd AGM | Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010 | 19.09.2012 | 3.00P.M. |
| 2010-11 | 21st AGM | Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi-110010 | 21.09.2011 | 3.00P.M. |

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

| Financial Year | General Meeting | Particulars of Special Resolution(s) passed |
|----------------|-----------------|---|
| 2012-13 | 23rd AGM | 1. Appointment of Mr. Surender Kumar Tuteja as Independent Director of the Company. 2. To increase the remuneration of Mr. Ashwani Kumar Arora, Joint Managing Director of the Company. 3. To increase the remuneration of Mr. Ashwani Kumar Arora, Joint Managing Director of the Company. |

| Financial Year | General Meeting | Particulars of Special Resolution(s) passed |
|----------------|-----------------|---|
| 2011-12 | 22nd AGM | 1. Reappointment of Mr. Ashwani Kumar Arora as Joint Managing Director of the Company 2. Reappointment of Mr. Surinder Kumar Arora as Joint Managing Director of the Company 3. Waiver of excess remuneration paid to Mr. Vijay Kumar Arora, Ashwani Kumar Arora & Surinder Kumar Arora |
| 2010-11 | 21st AGM | No Special Resolution was passed |

No postal ballot was conducted during last year.

The Company is proposing to conduct postal ballot for shareholder's approval of the following special resolutions

- To authorize the Board of Directors to borrow money in excess of the prescribed limit u/s 180(1)(c) of the Companies Act, 2013
- To authorize the Board of Directors to create mortgages/charges/hypothecation on whole or substantially the whole of the undertaking u/s 180(1) (a) of the Companies Act, 2013
- To authorize the Board of Directors to Invest, to give loan or provide security in excess of the prescribed limit u/s 186 of the Companies Act, 2013

The Company has appointed an independent professional for conducting the postal ballot process in a smooth & transparent manner. The Company also extending e-voting facility to all the shareholders for larger participation in the postal ballot process.

DISCLOSURES

- During the financial year ended 31st March 2014, there were no materially significant transactions with related parties, viz. promoters, relatives, the management, subsidiaries, etc. that may have a potential conflict with the interest of the Company at large. The relevant disclosures on related parties and transactions with them appear in the Notes to the Accounts (Schedule-21).
- No penalty or stricture was imposed on the Company by any Stock Exchange, SEBI or any statutory authority on account of non-compliance by the Company on any matter related to the Capital Market during the financial year ended 31st March 2014.
- The CEO/CFO Certificate in terms of Clause 49 (V) has been placed before the Board.
- In Compliance with the Securities and Exchange Board of India (Prevention of Insider Trading) Regulations 1992, as amended till date, on prevention of Insider Trading, the Company has a comprehensive Code of Conduct and the same is being strictly adhered to by its management, staff and relevant business associates. The Code expressly lays

down the guidelines and the procedure to be followed and disclosures to be made, while dealing with shares of the Company. It also cautions them on the consequences of non-compliance thereof.

- 5) The Company follows the practice of 'Closure of Trading Window' prior to the publication of price sensitive information. During this period, the Company has set up a mechanism whereby the management and relevant staff and business associates of the Company are informed regarding the same and are advised not to trade in the Company's securities.
- 6) The Company complies with all the mandatory requirements of Clause 49 on 'Corporate Governance'. It is in the process of also complying with the non-mandatory requirements of the Listing Agreement on 'Corporate Governance'.

7 Reconciliation of Share Capital Audit

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

8) Whistle Blower Policy/ Vigil Mechanism

LT Foods is committed to maintaining the highest standards of conduct and ethics. This Whistleblower Policy reflects the practices and principles of behavior that support this commitment. The Company believes in the conduct of the affairs of its constituents in a fair and transparent manner by adopting the highest standards of professionalism, honesty, integrity and ethical behaviour. Its Whistle Blower Policy is founded on this belief with the purpose to create a fearless environment for the employees to report any instance of unethical behaviour, actual or suspected fraud or violation of the Company's Code of Conduct or Ethics Policy to the Independent Ombudsman.

CODE OF CONDUCT

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

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

I hereby confirm that:

The Company has obtained from all members of the Board and Senior Management personnel affirmation that they have complied with the Code of Conduct and Ethics for Directors and Senior Management personnel for the financial year 2013-14.

Sd/-
(Vijay Kumar Arora)
Chairman and Managing Director
DIN No 00012203

MEANS OF COMMUNICATION

- a) The Quarterly and Annual results were generally published in the Financial Express, Times of India, Mint, Hindustan and Jansatta.
- b) Upto date Financial results, Annual Report, Shareholding Pattern, Official News releases, and other information about the Company are also available on Companies website i.e., www.ltgroup.in.
- c) The Management Discussion and Analysis (MDA) report, which covers the operations of the Company, forms part of the Annual Report.

GENERAL SHAREHOLDER'S INFORMATION

Twenty Fourth Annual General Meeting:

| | |
|-------------|--|
| Date & Time | Tuesday, the 09th September 2014 at 3.00 P.M. |
| Venue | Air Force Auditorium, Subroto Park, Dhaula Kuan, New Delhi – 110010. |

Financial Calendar for the Year 2013-14:

| | |
|----------------|-----------------------------------|
| Financial Year | 1st April 2013 to 31st March 2014 |
|----------------|-----------------------------------|

Tentative Financial Calendar

The tentative Board meetings for consideration of financial results for the financial year ended 31st March 2015 are as under

| Period | Tentative Board meeting Date |
|------------------------------------|------------------------------|
| Quarter ending 30th June 2014 | 8th August 2014 |
| Quarter ending 30th September 2014 | 15th November 2014 |
| Quarter ending 31st December 2014 | 14th February 2014 |
| Quarter ending 31st March 2014 | 30th May 2014 |

| | |
|------------------------|---|
| Dividend Payment Date: | The Board of Directors has recommended a dividend of ₹ 2.25 per share for the financial year ended 31st March 2014. |
|------------------------|---|

| | |
|----------------------|--|
| Book Closure: | The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 03rd September, 2014 to Tuesday, 09th September, 2014, both days inclusive. |
|----------------------|--|

Registered Office & Corporate Office:

| | |
|-------------------|--|
| Registered Office | Unit-134, 1st Floor, Rectangle-1, Saket District Center, New Delhi-110017, |
| Corporate Office | 4th Floor, MVL-I Park, Sector-15 Gurgaon-122001, Haryana. |

Listing on Stock Exchanges:

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

| | |
|---|---|
| Bombay Stock Exchange Limited | National Stock Exchange of India Limited |
| Phirozejeejeebhoy Towers Dalal Street, Mumbai - 400001 Tel. No. 022- 22721233/34 Fax: 022- 22721919 | Exchange Plaza, 5thFloor, Plot No. C-1, G-Block, BandraKurla Complex, Bandra (E), Mumbai – 400051 Tel.: 022- 26598110- 14 Fax: 022- 26598120 |
| Security Code: 532783 | Security Code: DAAWAT |

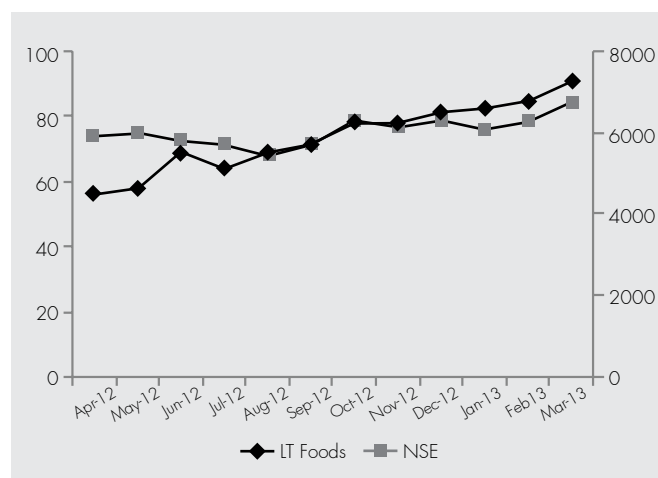
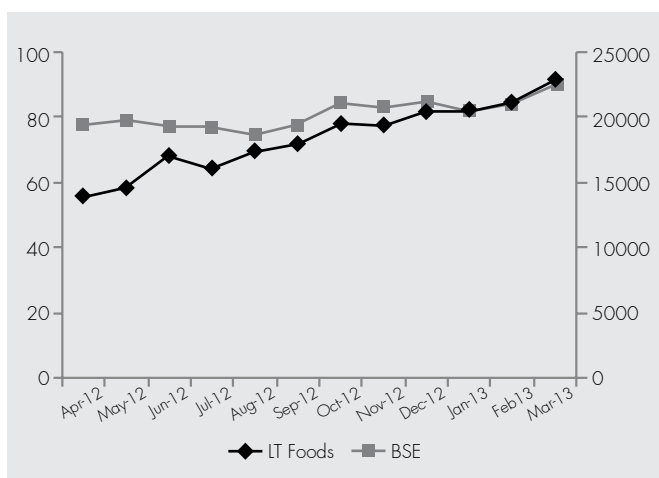
ISIN No. for NSDL & CDSL: INE818H01012

Listing Fees / Custodial Fees for 2013 -14:

The annual listing fees have been paid to BSE and NSE. Annual custodian fees have also been paid to NSDL & CDSL for the financial year 2013-14.

Stock Market Data

| Month | Bombay Stock Exchange Limited | | | | | National Stock Exchange of India Limited | | | | |
|--------|-------------------------------|------|-------|--------|----------------|--|------|-------|---------|-----------------------|
| | High | Low | Close | Volume | Sensex Closing | High | Low | Close | Volume | S&P CNX Nifty Closing |
| Apr-13 | 60.0 | 45.2 | 56.2 | 186862 | 19504 | 57.9 | 44.6 | 56.5 | 498409 | 5930 |
| May-13 | 63.2 | 54.7 | 58.4 | 83348 | 19760 | 63.7 | 54.5 | 58.1 | 315967 | 5985 |
| Jun-13 | 79.6 | 57.5 | 68.4 | 896218 | 19395 | 79.6 | 57.0 | 69.0 | 2308914 | 5842 |
| Jul-13 | 78.4 | 60.6 | 64.3 | 407368 | 19345 | 78.5 | 62.0 | 64.2 | 1033874 | 5742 |
| Aug-13 | 80.4 | 58.3 | 69.8 | 249907 | 18619 | 80.6 | 58.2 | 69.3 | 757222 | 5471 |
| Sep-13 | 74.0 | 65.5 | 71.9 | 81776 | 19379 | 74.0 | 65.1 | 71.4 | 377133 | 5735 |
| Oct-13 | 88.0 | 69.3 | 78.2 | 242910 | 21164 | 86.5 | 69.8 | 78.1 | 1022977 | 6299 |
| Nov-13 | 90.4 | 73.3 | 77.7 | 311041 | 20791 | 90.4 | 75.7 | 78.0 | 810803 | 6176 |
| Dec-13 | 86.9 | 76.0 | 81.7 | 400260 | 21170 | 86.0 | 75.5 | 81.4 | 1008434 | 6304 |
| Jan-14 | 93.5 | 81.6 | 82.6 | 597338 | 20513 | 93.4 | 81.1 | 82.3 | 1593109 | 6089 |
| Feb-14 | 94.8 | 81.6 | 84.9 | 234730 | 21120 | 94.9 | 81.0 | 84.5 | 792262 | 6276 |
| Mar-14 | 92.0 | 81.0 | 91.5 | 100654 | 22386 | 92.7 | 80.2 | 90.5 | 315564 | 6704 |



The Board has proposed 22.5% dividend for the financial year 2013-14.

Payment of Dividend

Dividend, if any, will be paid by account payee non-negotiable instruments or through the Electronic Clearing Service (ECS), as notified by the SEBI through the Stock Exchanges.

Unclaimed Dividend

The shareholders who have not encashed their dividend warrants for the year 2012-13 are requested to claim the amount from the Registrar & Share Transfer Agent (in case shares are held in the demat form) or the Corporate Office (in case shares are held in the physical form).

As per Section 124 of the Companies Act, 2013, any money transferred by the Company to the Unpaid Dividend Account, which remains unclaimed for a period of seven years from the date of the transfer, shall be transferred to a fund called 'The Investor Education and Protection Fund' set up by the Central Government. No claim can be made against the fund or the Company in respect of these transferred amounts.

Share Transfer System and Registrar & Share Transfer Agent

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

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

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

Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai
Pin Code-400072.

Contact Person: Mr. N.V.K.Mohan
Tel No. 022-28470652
Fax No. 022-28475207
Email id: mohan@bigshareonline.com

AND

Bigshare Services Pvt.Ltd.
4E/8 1st Floor,
Jhandewalan Ext.
New Delhi -110055
Tele-011-23522373 , 011-42425004
Email id:bssdelhi@bigshareonline.com

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

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

Dematerialization of Shares & Liquidity

Procedure for dematerialization/rematerialization of shares

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

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

The share certificates are dispatched within 15 days from the date of issue of shares.

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

(A) Distribution of shareholding by ownership as on 31st March, 2014:

| S.NO | Category | Total shareholders | Shares held | Voting Strength |
|------|--------------------------------|--------------------|-----------------|-----------------|
| 1 | Clearing Member | 28 | 8872 | 0.0339 |
| 2 | Corporate Bodies | 296 | 1112982 | 4.2532 |
| 3 | Directors- Relatives | 4 | 8267588 | 31.5938 |
| 4 | Foreign Institutional Investor | 2 | 3838294 | 14.6677 |
| 5 | Promoter Owned Company | 1 | 1395208 | 5.3317 |
| 6 | Non Resident Indians | 66 | 108041 | 0.4129 |
| 7 | Overseas Corporate Bodies | 1 | 50000 | 0.1911 |
| 8 | Promoters | 15 | 6548172 | 25.032 |
| 09 | Public | 14397 | 4838745 | 18.4908 |
| 10 | Trusts | 5 | 493 | 0.0019 |
| | Total | 14815 | 26168395 | 100.0000 |

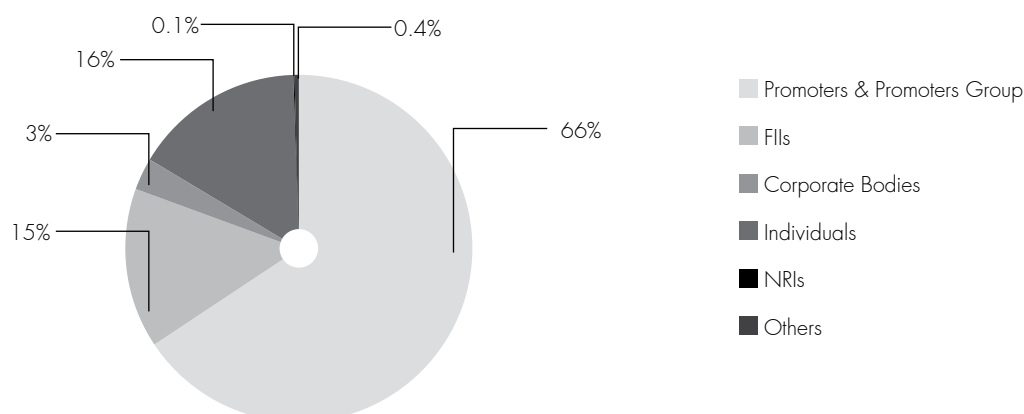
(B) Distribution of shareholding in Rupees

| No. of shares | No of shareholders | % of total shareholders | Share Amount(₹) | % of total |
|------------------|--------------------|-------------------------|------------------|-----------------|
| 1 - 5000 | 12958 | 92.9089 | 8841380 | 3.3610 |
| 5001-10000 | 451 | 3.2337 | 3892230 | 1.4796 |
| 10001-20000 | 244 | 1.7495 | 3893780 | 1.4802 |
| 20001-30000 | 69 | 0.4947 | 1765450 | 0.6711 |
| 30001-40000 | 39 | 0.2796 | 1334930 | 0.5075 |
| 40001-50000 | 42 | 0.3011 | 1948860 | 0.7409 |
| 50001-100000 | 67 | 0.4804 | 4956150 | 1.8841 |
| 100001 and above | 77 | 0.5521 | 23642310 | 89.8756 |
| Total | 13947 | 100.0000 | 263056090 | 100.0000 |

(C) Top Shareholders as on 31st March, 2014

| S. No. | Name of shareholder(s) | Category(As per Depository) | Shares | % |
|--------|--|--------------------------------|-----------------|----------------|
| 1 | India Agri Business Fund Ltd | Foreign Institutional Investor | 3835015 | 14.5787 |
| 2 | Surinder Kumar Arora | Promoter | 2820152 | 10.7207 |
| 3 | Ashok Kumar Arora | Promoter | 2742418 | 10.4252 |
| 4 | Ashwani Kumar Arora | Promoter | 2723152 | 10.3520 |
| 5 | Raghuvesh Holdings Private Limited | Promoter | 2676084 | 10.1731 |
| 6 | Vijay Kumar Arora & Ashwani Kumar Arora | Promoter | 1606320 | 6.1064 |
| 7 | GurucharanDassArora | Promoter | 1573932 | 5.9833 |
| 8 | Vijay Kumar Arora | Promoter | 1117964 | 4.2499 |
| 9 | Gurucharan Dass Arora & Surinder Kumar Arora | Promoter | 1109520 | 4.2178 |
| 10 | Parvesh Rani | Promoter | 680000 | 2.5850 |
| | Total | | 19603681 | 74.9136 |

Category Shareholder as on 31st March, 2014



Plant Locations:

At present, the Company has five plants including its Subsidiaries:

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

Investors Correspondence:**Registered Office**

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

Corporate Office & Investor Cell:

4th Floor, MVL-I Park, Sector-15
Gurgaon-122001

Company Secretary & Compliance Officer

| | |
|-----------------|--|
| Name | CS Monika Chawla Jaggia |
| Address | 4th Floor, MVL-I Park, Sector-15, Gurgaon, Haryana – 122001. |
| Contact Details | Ph: 91-124-3055101 Fax: 91-124-3055199 Mail Id: monika.jaggia@ltgroup.in |

On behalf of the Board of Directors
For LT Foods Limited

Sd/-

(Vijay Kumar Arora)

| | |
|-------------------|------------------------------|
| Place : Gurgaon | Chairman & Managing Director |
| Date : 08.08.2014 | DIN-00012203 |

Address- 4th Floor, MVL I-Park,
Sector-15, Gurgaon, Haryana-122 001

Compliance Certificate

from the Chief Executive Officer of the Company

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

CEO/CFO Certification pursuant to Clause 49(V) of the Listing Agreement for the financial year ending 2013-14.

This is to certify that

- a. We have reviewed financial statements and cash flow statement for the year 2013-14 and that to the best of our knowledge and belief:
 - I. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
 - II. These statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d. We have indicated to the auditors and the Audit committee,
 - I. Significant changes in internal control over financial reporting during the year,
 - II. Significant change in accounting policies during the year and that the same have been disclosed in the notes to the financial statements And
 - III. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Thanking you,

For LT Foods Limited.

Sd/-

Ashwani Kumar Arora
CEO and Joint Managing Director
DIN No. 01574773

Date: 05.05.2014

Place: New Delhi

Compliance Certificate

from the Statutory Auditors of the Company

To
The Members
LT Foods Limited

We have examined the compliance of conditions of corporate governance by LT Foods Limited ("the Company") for the year ended on March 31, 2014, as stipulated in clause 49 of the listing agreement of the Company with the stock exchanges.

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

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

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

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

Sd/-
per **Atul Seksaria**
Partner
Membership No.: 86370

Date: 08.08.2014
Place: Gurgaon

Independent Auditors' Report

To the Members of LT Foods Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of LT Foods Limited, ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements, that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
 - ii) in the case of Statement of Profit and Loss, of the profit for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-Section (4A) of Section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by Section 227(3) of the Act, we report that:
 - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - c. the financial statements dealt with by this report are in agreement with the books of account;
 - d. in our opinion, the financial statements comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013 ; and
 - e. on the basis of written representations received from the directors, as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on (Date of the Balance Sheet) from being appointed as a director in terms of clause (g) of sub-Section (1) of Section 274 of the Act.

For **Walker Chandiok & Co LLP**
 (formerly Walker, Chandiok & Co)
 Chartered Accountants
 Firm Registration No.: 001076N

Sd/-
 per Atul Seksaria

Partner

Membership No.: 86370

Place: Gurgaon
 Date: May 5, 2014

Annexure to the Independent Auditors' Report of even date to the members of LT Foods Limited, on the financial statements for the year ended March 31, 2014

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets, except for assets at Bahalgarh unit, where the records are in the process of updations for showing particulars including quantitative details and situations of fixed assets.
- (b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of 3 years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) (a) The Company has not granted any loan, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(b) to 4(iii) (d) of the Order are not applicable.
- (e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.
- (iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of

our audit, no major weakness has been noticed in the internal control system in respect of these areas.

- (v) (a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.
- (b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.
- (vii) In our opinion, the Company has an internal audit system commensurate with its size and the nature of its business.
- (viii) According to the information and explanations given to us, the Companies (Cost Accounting Records) Rules 2011 have become applicable to the Company and the said rules have not prescribed any specific formats for the cost statements relating to rice manufacturing operations. In terms with the clarification issued by the Ministry of Corporate Affairs, the management believes that its records currently maintained by Company provide the information required under the said rules. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under clause (d) of sub-Section (1) of Section 209 of the Act in respect of Company's rice manufacturing operations and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) The dues outstanding in respect of income-tax on account of any dispute are as follows:

| Name of the statute | Nature of dues | Amount (₹ in lacs) | Amount Paid Under Protest (₹ in lacs) | Period to which the amount relates | Forum where dispute is pending |
|----------------------|---|--------------------|---------------------------------------|------------------------------------|--------------------------------|
| Income Tax Act, 1961 | Income tax demands raised against the Company | 180.96 | 45.00 | FY 1999-00 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax demands raised against the Company | 57.54 | - | FY 2002-03 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax demands raised against the Company | 12.85 | - | FY 2003-04 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax demands raised against the Company | 859.50 | 609.20 | FY 2004-05 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax demands raised against the Company | 4.84 | - | FY 2006-07 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax demands raised against the Company | 1005.87 | 250.00 | FY 2007-08 | Income Tax Appellate Tribunal |
| Income Tax Act, 1961 | Income tax demands raised against the Company | 335.75 | 123.95 | FY 2008-09 | Income Tax Appellate Tribunal |

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

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

Sd/-
 per Atul Seksaria
 Partner
 Membership No.: 86370

Place: Gurgaon
 Date: May 5, 2014

Balance Sheet

as at March 31, 2014

(₹ in lacs)

| | Notes | March 31, 2014 | March 31, 2013 |
|--------------------------------|-------|-------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 2,630.56 | 2,616.84 |
| Reserves and surplus | 4 | 25,129.90 | 21,894.83 |
| | | 27,760.46 | 24,511.67 |
| Non-current liabilities | | | |
| Long term borrowings | 5 | 5,812.62 | 5,904.15 |
| Deferred tax liabilities (net) | 6 | 444.82 | 457.24 |
| Other long term liabilities | 7 | 8.68 | 8.68 |
| Long-term provisions | 8 | 94.73 | 117.52 |
| | | 6,360.85 | 6,487.59 |
| Current liabilities | | | |
| Short term borrowings | 9 | 74,227.46 | 80,843.88 |
| Trade payables | 10 | 9,270.57 | 8,082.77 |
| Other current liabilities | 11 | 6,123.13 | 6,671.68 |
| Short-term provisions | 8 | 2,064.72 | 887.82 |
| | | 91,685.88 | 96,486.15 |
| | | 125,807.19 | 127,485.41 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 12 | 17,080.45 | 17,132.12 |
| Intangible assets | 13 | 120.34 | 115.85 |
| Capital work-in-progress | | 900.17 | 810.91 |
| Non-current investments | 14 | 5,992.19 | 5,773.97 |
| Long-term loans and advances | 15 | 1,608.61 | 1,607.99 |
| Other non-current assets | 16 | 86.43 | 4.69 |
| | | 25,788.19 | 25,445.53 |
| Current assets | | | |
| Inventories | 17 | 67,188.52 | 63,216.30 |
| Trade receivables | 18 | 25,381.09 | 27,494.91 |
| Cash and bank balances | 19 | 1,106.35 | 1,678.00 |
| Short-term loans and advances | 15 | 6,245.78 | 9,650.67 |
| Other current assets | 16 | 97.26 | - |
| | | 100,019.00 | 102,039.88 |
| | | 125,807.19 | 127,485.41 |

Notes 1 to 38 are an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

Sd/-
per **Atul Seksaria**
Partner

Place : Gurgaon
Date : May 05, 2014

For and on behalf of Board of Directors

Sd/-
Ashwani Kumar Arora
Joint Managing Director
DIN No. 01574773

Sd/-
Surinder Kumar Arora
Joint Managing Director
DIN No. 01574728

Sd/-
Monika Chawla Jaggia
Company Secretary
Membership No. F5150

Statement of Profit and Loss

for the year ended March 31, 2014

| | | (₹ in lacs) | |
|---|-------|-------------------|-------------------|
| | Notes | March 31, 2014 | March 31, 2013 |
| Income | | | |
| Revenue from operations | 20 | 179,872.56 | 165,965.10 |
| Other income | 21 | 1,212.77 | 782.43 |
| Total Income | | 181,085.33 | 166,747.53 |
| Expenses | | | |
| Cost of materials consumed | 22 | 146,304.42 | 94,128.38 |
| Purchases of stock in trade | 23 | 5,892.21 | 46,946.12 |
| Changes in inventories of finished goods and stock in trade | 24 | (8,125.05) | (12,159.15) |
| Employee benefits expense | 25 | 3,343.20 | 2,929.87 |
| Finance costs | 26 | 7,181.22 | 8,240.81 |
| Depreciation and amortisation expense | 12-13 | 2,193.77 | 2,334.90 |
| Other expenses | 27 | 18,630.53 | 19,937.14 |
| Total expenses | | 175,420.30 | 162,358.07 |
| Profit before prior period items and tax | | 5,665.03 | 4,389.46 |
| Prior period items | | (5.67) | (29.88) |
| Profit before tax | | 5,670.70 | 4,419.34 |
| Tax expense: | | | |
| Income tax | | 1,786.90 | 962.86 |
| MAT credit reversed | | 47.82 | 373.38 |
| Deferred tax | | (12.41) | (299.40) |
| Profit for the year | | 3,848.39 | 3,382.50 |
| Earnings per share (₹) | 32 | | |
| Basic | | 14.65 | 12.95 |
| Diluted | | 14.51 | 12.80 |

Notes 1 to 38 are an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
 (formerly Walker, Chandiok & Co)
 Chartered Accountants
 Firm Registration No.: 001076N

Sd/-
 per **Atul Seksaria**
 Partner

Place : Gurgaon
 Date : May 05, 2014

For and on behalf of Board of Directors

Sd/-
Ashwani Kumar Arora
 Joint Managing Director
 DIN No. 01574773

Sd/-
Surinder Kumar Arora
 Joint Managing Director
 DIN No. 01574728

Sd/-
Monika Chawla Jaggia
 Company Secretary
 Membership No. F5150

Cash Flow Statement

for the year ended March 31, 2014

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|---|--------------------|-------------------|
| Cash flow from operating activities | | |
| Profit before tax and prior period items | 5,665.03 | 4,389.46 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and amortisation expense | 2,193.77 | 2,334.90 |
| Profit on sale of fixed assets | (4.69) | (91.29) |
| Unrealized foreign exchange loss/(gain) | 469.89 | (173.50) |
| Provision for share based payments | 40.74 | 42.40 |
| Reversal of provision for impairment of investment | - | (80.00) |
| Provision for doubtful debts | 21.84 | 390.21 |
| Bad debts written off | 1,458.18 | 418.69 |
| Provision on loans and advances | - | 52.03 |
| Share of profit of partnership firm | (4.69) | (4.43) |
| Interest from partnership firm | (7.50) | (6.22) |
| Interest expense | 6,960.62 | 7,985.82 |
| Interest income | (76.34) | (125.87) |
| Liabilities written back | (448.66) | - |
| Prior period items | 5.67 | 29.88 |
| Dividend income | (0.13) | (0.08) |
| Operating profit before operating assets and liabilities | 16,273.73 | 15,162.00 |
| Changes in operating assets and liabilities : | | |
| Increase in trade payables | 1,187.12 | 332.94 |
| (Decrease)/Increase in provisions and other liabilities | (302.18) | 1,050.84 |
| Decrease/(Increase) in trade receivables | (70.26) | (1,270.06) |
| (Increase) in inventories | (3,972.22) | (13,228.71) |
| Decrease/(Increase) in loans and advances and other current assets | 4,362.06 | (2,838.80) |
| Decrease in fixed deposits and unpaid dividend account | 875.52 | 384.91 |
| Cash generated from/(used in) operations | 18,353.77 | (406.88) |
| Direct taxes paid (net of refunds) | (1,152.80) | (1,159.15) |
| Net cash flow generated from/ (used in) operating activities | 17,200.97 | (1,566.03) |
| Cash flow from investing activities | | |
| Purchase of fixed assets including intangible assets, capital work in progress and capital advances | (2,895.94) | (2,408.84) |
| Proceeds from sale of fixed assets | 55.96 | 234.18 |
| Purchase of non current investments | (206.03) | (18.63) |
| Interest received | 39.33 | 127.41 |
| Dividends received from non trade investments | 0.13 | 0.08 |
| Net cash used in investing activities | (3,006.55) | (2,065.80) |
| Cash flow from financing activities | | |
| Proceeds from employee stock option plan | 52.15 | 18.99 |
| Proceeds from long term borrowings | 3,840.00 | 3,104.18 |
| Repayment of long term borrowings | (3,731.19) | (3,664.94) |
| (Repayment)/proceeds from short term borrowings (net) | (6,381.57) | 11,782.16 |
| Interest paid | (6,975.88) | (8,019.20) |
| Dividends paid on equity shares | (523.37) | - |
| Tax on equity dividend paid | (88.95) | - |
| Net cash flow (used in)/generated from financing activities | (13,808.81) | 3,221.19 |
| Net increase/(decrease) in cash and cash equivalents | 385.61 | (410.64) |
| Cash and cash equivalents at the beginning of the year | 710.35 | 1,120.99 |
| Cash and cash equivalents at the end of the year | 1,095.96 | 710.35 |
| Components of cash and cash equivalents | | |
| Cash on hand | 20.81 | 114.45 |
| With banks on - current account | 426.71 | 499.83 |
| - on deposit account | 648.44 | 96.07 |
| Total cash and cash equivalents | 1,095.96 | 710.35 |

This is the cash flow statement referred to in our report of even date.

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

Sd/-
per **Atul Seksaria**
Partner

Place : Gurgaon
Date : May 05, 2014

For and on behalf of Board of Directors

Sd/-
Ashwani Kumar Arora
Joint Managing Director
DIN No. 01574773

Sd/-
Monika Chawla Jaggia
Company Secretary
Membership No. F5150

Sd/-
Surinder Kumar Arora
Joint Managing Director
DIN No. 01574728

Summary of significant accounting policies and other explanatory information for the year ended March 31, 2014

1. (a) Corporate information

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

2. Significant accounting policies

(a) Basis of preparation

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("Indian GAAP") and in compliance with the mandatory accounting standards ("AS") as prescribed under the Companies (Accounting Standards) Rules, 2006 (as amended) ("the Rules"), the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable). The accounting policies have been consistently applied by the Company and are consistent with those used in previous year. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Act.

(b) Use of estimates

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

(c) Revenue recognition

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

Sale of goods:

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

Dividend:

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

Interest:

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

(d) Fixed assets

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

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

(e) Depreciation and amortisation

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

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

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

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

Brand is amortised over a period of twenty years.

(f) Investments

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

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

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

(g) Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packaging materials

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

Work in progress

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

Finished goods

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

(h) Foreign currency transaction

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

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

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

The exchange differences arising on forward contracts to hedge foreign currency risk of an underlying asset or liability existing on the date of the contract are recognised in the statement of profit and loss of the

period in which the exchange rates change, based on the difference between:

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

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

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

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

(i) Employee benefits

Provident Fund

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

Gratuity

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

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

Compensated absences

Liability in respect of compensated absences becoming due and expected to be availed within one year from the balance sheet date is recognised on the basis of

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

Other short term benefits

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

(j) Borrowing costs

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

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

(k) Earnings per share

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

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

(l) Income tax

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

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

there is virtual certainty supported by convincing evidence that such assets will be realized.

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

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

(m) Contingent liabilities and provisions

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

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

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

(n) Impairment of assets

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

(o) Share-based payment

The Company operates equity-settled share-based plans for its employees, consultants, investors and franchisees. Where persons are rewarded using share-based payments, the fair values of services rendered by employees and others are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised using the Black Scholes model at the respective measurement date. In the case of employees and others providing similar services, the fair value is measured at the grant date. In the case of franchisees, consultants and investors the fair value is determined as services are received, using average fair values during each year. The fair value excludes the impact of non-market vesting conditions. All share-based remuneration is recognized as an expense, allocated by the management to cost of sales, selling and distribution expenses and administration and other expenses in statement of profit and loss with a corresponding credit to 'retained earnings'.

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

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

(p) Cash and cash equivalent

Cash comprises cash on hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value.

3 Share capital

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|----------|----------------|----------|
| | Number | Amount | Number | Amount |
| Authorised share capital | | | | |
| -Equity shares of ₹ 10 each | 30,000,000 | 3,000.00 | 30,000,000 | 3,000.00 |
| Issued, subscribed and fully paid up capital | | | | |
| -Equity shares of ₹ 10 each | 26,305,609 | 2,630.56 | 26,168,395 | 2,616.84 |
| Total | 26,305,609 | 2,630.56 | 26,168,395 | 2,616.84 |

- a) During the year, the Company had issued and allotted 137,214 (Previous year 49,981) equity shares to eligible employees of the Company and its subsidiaries under Employees stock option scheme.

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

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

During the year ended March 31, 2014 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.25 per share (previous year ₹ 2 per share).

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

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

| | Number | % shareholding | Number | % shareholding |
|--|-----------|----------------|-----------|----------------|
| Equity shares of ₹ 10 each | | | | |
| India Agri Business Fund Limited | 3,835,015 | 14.58 | 3,835,015 | 14.66 |
| Ashwani Arora | 2,723,152 | 10.35 | 2,723,152 | 10.41 |
| Surinder Arora | 2,820,152 | 10.72 | 2,820,152 | 10.78 |
| Ashok Kumar Arora | 2,742,418 | 10.43 | 2,742,418 | 10.48 |
| Raghuvesh Holdings Private Limited | 2,676,084 | 10.17 | 1,395,208 | 5.33 |
| Vijay Kumar Arora and Ashwani Arora | 1,606,320 | 6.11 | 1,606,320 | 6.14 |
| Gurucharan Dass Arora | 1,573,932 | 5.98 | 1,573,932 | 6.01 |
| Vijay Kumar Arora | 1,117,964 | 4.25 | 1,117,964 | 4.27 |
| Gurucharan Dass Arora and Surinder Arora | 1,109,520 | 4.22 | 1,109,520 | 4.24 |

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

The Company had reserved issuance of 8,49,538 (Previous year 8,49,538) Equity shares of ₹ 10 each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP). During the year, the Company had issued and allotted 137,214 (Previous year 49,981) equity shares to eligible employees of the Company and its subsidiaries under ESOP. The option would vest over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria.

4 Reserves and surplus

(₹ in lacs)

| | | March 31, 2014 | March 31, 2013 |
|---|-------------|----------------|----------------|
| Capital reserve | (A) | 108.61 | 108.61 |
| Securities premium reserve | (B) | | |
| Balance at the beginning of the year | | 5,513.51 | 5,499.52 |
| Add : Additions made during the year | | 38.43 | 13.99 |
| Balance at the end of the year | | 5,551.94 | 5,513.51 |
| General reserve | (C) | | |
| Balance at the beginning of the year | | 1,129.89 | 876.20 |
| Add : Additions made during the year | | 384.84 | 253.69 |
| Balance at the end of the year | | 1,514.73 | 1,129.89 |
| Share options outstanding amount | (D) | | |
| Balance at the beginning of the year | | 113.48 | 71.08 |
| Add : Additions made during the year | | 41.10 | 42.40 |
| Balance at the end of the year | | 154.58 | 113.48 |
| Surplus in the statement of profit and loss | (E) | | |
| Balance at the beginning of the year | | 15,029.34 | 12,512.84 |
| Add : Transferred from statement of profit and loss | | 3,848.37 | 3,382.51 |
| Less : Proposed dividend | | (591.88) | (523.37) |
| Less : Corporate dividend tax | | (100.95) | (88.95) |
| Less : Transfer to general reserve | | (384.84) | (253.69) |
| Balance at the end of the year | | 17,800.04 | 15,029.34 |
| Total reserves and surplus | (A+B+C+D+E) | 25,129.90 | 21,894.83 |

5 Long term borrowings

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|------------|----------------|------------|
| | Non current | Current | Non current | Current |
| Secured | | | | |
| Rupee term loans | | | | |
| From banks | 5,661.58 | 3,464.75 | 4,401.50 | 2,138.67 |
| Foreign currency term loans | | | | |
| From banks | - | - | 1,314.42 | 1,130.52 |
| Vehicle loans | 151.04 | 67.71 | 188.23 | 62.90 |
| | 5,812.62 | 3,532.46 | 5,904.15 | 3,332.09 |
| Less : Amounts disclosed under other current liabilities (Refer note 11) | - | (3,532.46) | - | (3,332.09) |
| | 5,812.62 | - | 5,904.15 | - |

a) Details of guarantee for each type of borrowings
Guaranteed by directors

| | | |
|------------|----------|----------|
| Term loans | | |
| From banks | 9,126.33 | 8,985.11 |

b) Details of rupee term loan:

(₹ in lacs)

| Name of the bank | Amount of sanction | Year of sanction | No of installments | Total amount of installments | March 31, 2014 | March 31, 2013 |
|---------------------------|--------------------|------------------|--|------------------------------|-----------------|-----------------|
| Oriental Bank of Commerce | 1,050 | 2010-11 | 12 equal quarterly | 87.50 | - | 87.50 |
| Oriental Bank of Commerce | 1,200 | 2010-11 | 5 equal yearly | 240.00 | - | 197.00 |
| Oriental Bank of Commerce | 500 | 2008-09 | 20 equal quarterly | 25.00 | - | 84.58 |
| Oriental Bank of Commerce | 500 | 2009-10 | 20 equal quarterly | 25.00 | - | 164.26 |
| Oriental Bank of Commerce | 500 | 2011-12 | 12 equal quarterly | 41.66 | 64.26 | 208.07 |
| Oriental Bank of Commerce | 1,710 | 2011-12 | 12 equal quarterly | 142.50 | 427.50 | 997.50 |
| Oriental Bank of Commerce | 1,242 | 2012-13 | 12 equal quarterly | 103.50 | 828.00 | 1,203.94 |
| Oriental Bank of Commerce | 1,613 | 2013-14 | 12 equal quarterly | 134.41 | 1,478.58 | - |
| Corporation Bank | 875 | 2012-13 | 12 equal quarterly | 72.92 | 583.32 | 875.00 |
| Allahabad Bank | 3,750 | 2010-11 | 24 equal quarterly | 156.25 | 1,402.00 | 2,226.99 |
| Allahabad Bank | 2,700 | 2011-12 | 32 equal quarterly | 156.25 | 2,018.44 | 2,326.87 |
| Allahabad Bank | 250 | 2011-12 | 12 equal quarterly | 22.50 | 97.24 | 204.92 |
| ICICI Bank | 1,000 | 2010-11 | 12 equal quarterly | 83.33 | - | 333.33 |
| Punjab National Bank | 500 | 2008-09 | 20 equal quarterly | 25.00 | - | 75.16 |
| Indian Overseas Bank | 2,227 | 2013-14 | 11 equal quarterly 12th installment | 186.60 181.00 | 2,227.00 | - |
| | | | | | 9,126.34 | 8,985.12 |

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2014 the interest rates ranges from 11.20% to 12.75% per annum.

c) Details of vehicle loan :

(₹ in lacs)

| Name of the bank | Amount of sanction | Year of sanction | No of installments | Total amount of installments | March 31, 2014 | March 31, 2013 |
|---------------------|--------------------|------------------|--------------------|------------------------------|----------------|----------------|
| HDFC Bank | 10 | 2009-2010 | 48 | 0.32 | - | 1.55 |
| HDFC Bank | 17 | 2009-2010 | 48 | 0.54 | - | 2.64 |
| HDFC Bank | 7.5 | 2010-11 | 72 | 0.19 | 1.30 | 3.37 |
| HDFC Bank | 7.5 | 2010-11 | 72 | 0.19 | 1.30 | 3.37 |
| HDFC Bank | 7 | 2011-12 | 72 | 0.23 | 2.20 | 4.57 |
| HDFC Bank | 8 | 2011-12 | 36 | 0.26 | 0.77 | 3.64 |
| HDFC Bank | 22.25 | 2013-14 | 60 | 0.47 | 21.96 | - |
| ICICI Bank | 17.83 | 2010-11 | 60 | 0.38 | 6.56 | 10.26 |
| ICICI Bank | 60 | 2010-11 | 60 | 1.27 | 25.20 | 37.20 |
| ICICI Bank | 12.3 | 2013-14 | 60 | 0.26 | 12.30 | - |
| HDFC Bank | 51.46 | 2012-13 | 60 | 0.74 | 42.55 | 51.46 |
| State bank of India | 48.00 | 2012-13 | 60 | 0.68 | 34.39 | 42.58 |
| HDFC Bank | 18.59 | 2012-13 | 60 | 0.28 | 12.75 | 16.08 |
| HDFC Bank | 79.50 | 2012-13 | 60 | 1.10 | 57.46 | 74.41 |
| | | | | | 218.74 | 251.13 |

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2014 the interest rates ranges from 8.50% to 12.00% per annum.

d) Details of security for each type of borrowings :

- Rupee term loan from all banks are secured against first pari passu charge on the existing project assets, excluding assets charged specifically to the term lenders and Second Pari Passu on current assets of the Company.
- Rupee term loan from Allahabad Bank amounting to ₹ 1,402.00 lacs is secured against first exclusive charge over the entire fixed assets created under the Varpal, Amritsar project. second charge on current assets on reciprocal basis with ceding of second charge on the fixed assets in favour of working capital loan bankers.
- Rupee term loan from Allahabad Bank amounting to ₹ 2,018.44 lacs is secured against first exclusive charge over the entire fixed assets of the Silos project located at Amritsar. second pari-passu charge over fixed assets of Bahalgarh unit along with equitable mortgage over land and building on pari passu basis to secure entire credit facilities sanctioned by consortium.
- Vehicle loans from all banks are secured against hypothecation of respective motor vehicle financed.

6 Deferred taxes

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| a) Deferred tax liabilities arising on account of | | |
| Timing difference on tangible assets depreciation | 593.18 | 656.90 |
| Keyman insurance policy | 87.88 | 80.31 |
| | 681.06 | 737.21 |
| b) Deferred tax assets arising on account of | | |
| Provision for employee benefits | (24.08) | (15.90) |
| Provision for employees stock option scheme | - | (38.12) |
| Provision for doubtful debts and advances | (137.25) | (143.49) |
| Provision for disallowances under income tax act | (73.99) | (81.54) |
| Diminution in value of investment | (0.92) | (0.92) |
| | (236.24) | (279.97) |
| Net deferred tax liability | 444.82 | 457.24 |

7 Other long term liabilities

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|-------------------------------------|----------------|----------------|
| Security deposits from distributors | 8.68 | 8.68 |
| | 8.68 | 8.68 |

8 Provisions

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|------------|----------------|------------|
| | Long term | Short term | Long term | Short term |
| Proposed dividend to equity shareholders (Also refer note (a) below) | - | 591.88 | - | 523.37 |
| Corporate dividend tax | - | 100.59 | - | 88.95 |
| Provisions for employee benefits (Also refer note (b) below) | 94.73 | 18.33 | 117.52 | 12.72 |
| Provision for taxation (net of advance tax) | - | 1,353.92 | - | 262.78 |
| | 94.73 | 2,064.72 | 117.52 | 887.82 |

a) Details with respect to proposed dividend

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|-----------------------------|----------------|------------|----------------|------------|
| | Long term | Short term | Long term | Short term |
| Dividends proposed to | | | | |
| Equity shareholders | | 591.88 | | 523.37 |
| Proposed dividend per share | | | | |
| Equity shareholders | | 2.25 | | 2.00 |

b) Employee benefits

Gratuity: The Company has taken a group gratuity for its employees with the Life Insurance Corporation of India (LIC). Under this policy the eligible employees are entitled to receive gratuity payments upon their resignation or death in lumpsum after deduction of necessary taxes upto a maximum limit of ₹ 1,000,000. The following table set out the status of the gratuity plan as required under Accounting Standard (AS) - 15 - Employee benefits and the reconciliation of opening and closing balances of the present value of the defined benefit obligation.

| | (₹ in lacs) | |
|---|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Change in projected benefit obligation | | |
| Projected benefit obligation at the beginning of the year | 202.36 | 152.79 |
| Current service cost | 35.06 | 31.76 |
| Interest cost | 18.13 | 12.57 |
| Actuarial (gain) / loss | (14.53) | 23.93 |
| Benefits paid | (35.31) | (18.69) |
| Projected benefit obligation at the end of the year | 205.71 | 202.36 |
| Change in plan assets | | |
| Fair value of plan assets at the beginning of the year | 118.21 | 106.56 |
| Expected return on plan assets | 10.27 | 10.87 |
| Employer contributions | 70.10 | 19.47 |
| Actuarial gains | 0.77 | - |
| Benefits paid | (35.31) | (18.69) |
| Fair value of plan assets at the end of the year | 164.04 | 118.21 |
| Reconciliation of present value of obligation on the fair value of plan assets | | |
| Present value of projected benefit obligation at the end of the year | 205.71 | 202.36 |
| Funded status of the plan assets | 164.04 | 118.21 |
| Liability recognised in the balance sheet | 41.67 | 84.15 |
| Expenses recognised in the statement of profit and loss | | |
| Current service cost | 35.06 | 31.76 |
| Interest cost | 18.13 | 12.57 |
| Expected returns on plan assets | (10.27) | (10.86) |
| Recognized net actuarial (gain) / loss | (15.30) | 23.93 |
| Net costs | 27.62 | 57.40 |
| Assumptions used | | |
| Discount rate | 9.15% | 8.25% |
| Long-term rate of compensation increase | 5.00% | 5.00% |
| Rate of return on plan assets | 9.25% | 9.25% |
| Average remaining life | 23.66 | 23.20 |

Compensated absences:

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

| | (₹ in lacs) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Change in projected benefit obligation | | |
| Projected benefit obligation at the beginning of the year | 46.08 | 37.94 |
| Current service cost | 2.30 | 9.36 |
| Interest cost | 3.90 | 3.12 |
| Actuarial (gain) / loss | 23.03 | (4.34) |
| Benefits paid | (4.46) | - |
| Projected benefit obligation at the end of the year | 70.85 | 46.08 |
| Expenses recognised in the statement of profit and loss | | |
| Current service cost | 2.30 | 9.36 |
| Interest cost | 3.90 | 3.12 |
| Recognized net actuarial (gain) / loss | 23.03 | (4.34) |
| Net costs | 29.23 | 8.14 |
| Assumptions used | | |
| Discount rate | 9.15% | 8.25% |
| Long-term rate of compensation increase | 5.00% | 5.00% |

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

Note:

- (i) The gratuity and leave expenses have been disclosed under note 25

9 Short-term borrowings

| | (₹ in lacs) | |
|-----------------------------|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| Secured | | |
| Rupee working capital loans | | |
| From banks | 72,577.46 | 79,330.18 |
| Unsecured | | |
| Loans repayable on demand | | |
| From banks | 1,650.00 | 1,513.70 |
| | 74,227.46 | 80,843.88 |

Working capital demand loans are secured by hypothecation of stocks and book debts of the Company.

The working capital demand loans is repayable on demand and the interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. The interest rate ranges from 10.00 % to 13.00 % on rupee working capital loan.

10 Trade payables

| | (₹ in lacs) | |
|---|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| Dues to micro, small and medium enterprises | 694.75 | 297.13 |
| Others | 6,580.21 | 4,894.34 |
| Due to partnership firm in which Company is a partner | 1,995.61 | 2,891.30 |
| | 9,270.57 | 8,082.77 |

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

| | (₹ in lacs) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Principal amount remaining unpaid | 694.75 | 297.13 |
| Interest accrued and remaining unpaid as at year end | - | - |

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2013 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the MSMED Act, 2006 is not expected to be material.

11 Other current liabilities

| | (₹ in lacs) | |
|---|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| Current maturity of long term debts (refer to note 5) | 3,532.46 | 3,332.09 |
| Interest accrued but not due on borrowings | 51.75 | 67.01 |
| Unclaimed dividend * | 10.09 | 11.68 |
| Forward payable (net) | - | 81.99 |
| Advances from customers | 539.07 | 787.27 |
| Other liabilities | 1,989.76 | 2,391.64 |
| | 6,123.13 | 6,671.68 |

* Not due for deposit to Investor education and protection fund.

12 Tangible assets

(₹ in lacs)

| a) | Gross block | Land Freehold | Buildings | Plant and machinery | Furniture and fixtures | Office equipment | Vehicles | Total |
|-------|----------------------------------|---------------|-----------|---------------------|------------------------|------------------|----------|-----------|
| | Balance as at April 01, 2012 | 3,158.62 | 5,529.89 | 17,286.62 | 200.68 | 654.93 | 1,099.74 | 27,930.48 |
| | Additions during the year | 268.49 | 482.40 | 743.72 | 7.51 | 103.35 | 330.52 | 1,935.99 |
| | Disposals during the year | (90.39) | - | (245.58) | - | (2.28) | (28.99) | (367.24) |
| | Balance as at March 31, 2013 | 3,336.72 | 6,012.29 | 17,784.76 | 208.19 | 756.00 | 1,401.27 | 29,499.23 |
| | Additions during the year | - | 1,359.34 | 460.28 | 142.12 | 98.16 | 127.68 | 2,187.58 |
| | Disposals during the year | - | - | (62.87) | - | (1.19) | (33.15) | (97.21) |
| | Balance as at March 31, 2014 | 3,336.72 | 7,371.63 | 18,182.17 | 350.31 | 852.97 | 1,495.80 | 31,589.60 |
| b) | Accumulated depreciation | | | | | | | |
| | Balance as at April 01, 2012 | - | 1,188.46 | 7,872.93 | 98.41 | 393.56 | 709.21 | 10,262.57 |
| | Depreciation charge for the year | - | 359.23 | 1,716.18 | 19.66 | 82.60 | 151.14 | 2,328.81 |
| | Reversal on disposal of assets | - | - | (202.95) | - | (0.48) | (20.84) | (224.27) |
| | Balance as at March 31, 2013 | - | 1,547.69 | 9,386.16 | 118.07 | 475.68 | 839.51 | 12,367.11 |
| | Depreciation charge for the year | - | 395.24 | 1,523.84 | 23.18 | 81.27 | 164.45 | 2,187.98 |
| | Reversal on disposal of assets | - | - | (26.84) | - | (0.89) | (18.21) | (45.94) |
| | Balance as at March 31, 2014 | - | 1,942.93 | 10,883.16 | 141.25 | 556.06 | 985.75 | 14,509.15 |
| (a-b) | Net block | | | | | | | |
| | Balance as at March 31, 2014 | 3,336.72 | 5,428.70 | 7,299.01 | 209.06 | 296.91 | 510.05 | 17,080.45 |
| | Balance as at March 31, 2013 | 3,336.72 | 4,464.60 | 8,398.60 | 90.12 | 280.32 | 561.76 | 17,132.12 |

13 Intangible assets

| a) | Gross block | Goodwill | Brand | Total |
|-------|----------------------------------|----------|--------|--------|
| | Balance as at April 01, 2012 | 12.11 | 300.00 | 312.11 |
| | Additions during the year | - | - | - |
| | Balance as at March 31, 2013 | 12.11 | 300.00 | 312.11 |
| | Additions during the year | 10.28 | - | 10.28 |
| | Balance as at March 31, 2014 | 22.39 | 300.00 | 322.39 |
| b) | Accumulated Impairment | | | |
| | Balance as at April 01, 2012 | 10.17 | 180.00 | 190.17 |
| | Amortisation charge for the year | 0.09 | 6.00 | 6.09 |
| | Balance as at March 31, 2013 | 10.26 | 186.00 | 196.26 |
| | Amortisation charge for the year | 0.09 | 5.70 | 5.79 |
| | Balance as at March 31, 2014 | 10.35 | 191.70 | 202.05 |
| (a-b) | Net block | | | |
| | Balance as at March 31, 2014 | 12.04 | 108.30 | 120.34 |
| | Balance as at March 31, 2013 | 1.85 | 114.00 | 115.85 |

14 Non-current investments (Valued at cost unless stated otherwise)

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|-----------------|-----------------|
| Trade investments | | |
| Investments in equity instruments - unquoted (at cost) | | |
| (i) Subsidiary companies | | |
| - L T International Limited | | |
| 1,799,581 (previous year 1,799,581) fully paid up equity shares of ₹10 each | 179.96 | 179.96 |
| - Nature Bio Foods Limited | | |
| 2,000,000 (previous year 49,994) fully paid up equity shares of ₹10 each | 200.00 | 5.00 |
| - Sona Global Limited- Dubai | | |
| 65,200 (previous year 65,200) fully paid up equity shares of AED 100 each | 907.73 | 907.73 |
| - Daawat Foods Limited | | |
| 13,249,944 (previous year 13,249,944) fully paid up equity shares of ₹10 each | 1,324.99 | 1,324.99 |
| 250,050 (previous year 250,050) non voting equity shares of ₹10 each fully paid up | 25.01 | 25.01 |
| - SDC Foods India Limited (formally known as Staple Distribution Company Limited) | | |
| 800,000 (previous year 800,000) fully paid up equity shares of ₹10 each | 80.00 | 80.00 |
| - LT Overseas North America, Inc | | |
| 238,500 (previous year 238,500) shares fully paid up | 2,822.31 | 2,822.31 |
| - Raghuvesh Foods and Infrastructure Limited | | |
| 49,994 (previous year 49,994) equity shares fully paid up of ₹10 each | 5.00 | 5.00 |
| (ii) Investment in partnership firm ** | | |
| M/s Raghunath Agro Industries | 176.16 | 163.97 |
| (iii) Investment in associate * | | |
| - L T Infotech Private Limited | | |
| 42,500 (previous year 42,500) equity shares of ₹10 each | 4.25 | 4.25 |
| | - | - |
| (iv) Keyman insurance policies | 258.55 | 247.52 |
| Other investments-quoted | | |
| (a) Fully paid-up equity shares (quoted) | | |
| 2,300 (previous year 2,300) equity shares - Andhra bank of ₹10 each fully paid up | 0.23 | 0.23 |
| (b) Investment in mutual funds (quoted) | | |
| 50,000 (previous year 50,000) units of Principal PNB Long Term Equity Fund | 5.00 | 5.00 |
| 48,875.855 (previous year 48,875.855) units of Templeton India Equity Income Growth Fund | 5.00 | 5.00 |
| 12,999.619 (previous year 12,999.619) units of HDFC MIP Long Term Dividend Fund | 1.50 | 1.50 |
| 2,023.636 (previous year 2,023.636) units of Sundram BNP Paribas Select Midcap Dividend Plan | 0.30 | 0.30 |
| 894.055 (previous year 894.055) units of Reliance Vision Fund | 0.40 | 0.40 |
| Other investments- Unquoted | | |
| (a) Fully paid-up equity shares (unquoted) | | |
| 500 (previous year 500) equity shares of India International Marketing Limited | 0.05 | 0.05 |
| | 5,996.44 | 5,778.22 |
| *Less: permanent diminution in value of investment | 4.25 | 4.25 |
| | 5,992.19 | 5,773.97 |
| Aggregate amount of | | |
| Non trade quoted investments | 12.43 | 12.43 |
| Market value of non trade quoted investments | 23.28 | 23.70 |
| Unquoted trade investments | 5,979.71 | 5,761.49 |
| Unquoted non trade investments | 0.05 | 0.05 |

** Share of investments in partnership firm

The Company has 4% interest in partnership firm M/s Raghunath Agro Industries, which is engaged in the business of milling and export of rice. The financial results of the partnership firm for the year ended March 31, 2014 are as under:

| | (₹ in lacs) | |
|------------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Assets | 10,213.60 | 9,320.48 |
| Liabilities | 8,347.04 | 7,758.64 |
| Revenues | 18,928.12 | 15,842.02 |
| Expenditure | 18,770.57 | 15,696.57 |
| Outstanding capital/reserves | 1,866.56 | 1,561.84 |

** During the year the Company earned income of ₹ 4.69 lacs (previous year ₹ 4.43 lacs) as share profit from partnership firm and ₹ 7.50 lacs (previous year ₹ 6.22 lacs) as interest on capital in partnership firm. The management has re-invested the same in the carrying amount of investment.

| | (₹ in lacs) | |
|------------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| 1 LT Foods Limited | 4% | 4% |
| 2 Daawat Foods Limited | 96% | 96% |

15 Loans and advances

| | (₹ in lacs) | | | |
|---|----------------|------------|----------------|------------|
| | March 31, 2014 | | March 31, 2013 | |
| | Long term | Short term | Long term | Short term |
| Unsecured, considered good, unless otherwise stated | | | | |
| Capital advances | 645.77 | - | 36.95 | - |
| Security deposits | 170.77 | 160.99 | 125.84 | 160.99 |
| Loans and advances to related parties | - | 860.79 | - | 577.98 |
| Minimum alternative tax credit receivable | - | - | - | 47.82 |
| Tax paid under protest | 45.00 | 983.15 | 775.00 | - |
| Advance income tax (net of provision for tax) | 432.94 | - | 229.05 | - |
| Balances with central excise authorities | 244.15 | - | 352.90 | - |
| | 1,538.63 | 2,004.93 | 1,519.74 | 786.79 |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| - Unsecured, considered good | 69.98 | 4,240.85 | 88.25 | 8,863.88 |
| - Consider doubtful | - | 52.03 | - | 52.03 |
| - Provision for doubtful advances | - | (52.03) | - | (52.03) |
| | 69.98 | 4,240.85 | 88.25 | 8,863.88 |
| | 1,608.61 | 6,245.78 | 1,607.99 | 9,650.67 |

16 Other current assets

| | (₹ in lacs) | | | |
|--|----------------|---------|----------------|---------|
| | March 31, 2014 | | March 31, 2013 | |
| | Non-current | Current | Non-current | Current |
| Interest accrued but not due on fixed deposits | - | 37.01 | - | - |
| Deferred premium on forward contracts | - | 60.25 | - | - |
| Bank deposits with maturity of more than 12 months (Refer note 19) | 86.43 | - | 4.69 | - |
| | 86.43 | 97.26 | 4.69 | - |

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

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|-------------------|------------------|------------------|
| Raw material | | |
| Paddy | 25,867.05 | 29,774.63 |
| Bardana | 557.40 | 928.59 |
| Finished goods | 39,457.56 | 27,930.77 |
| Traded goods | 491.83 | 3,893.57 |
| Stores and spares | 183.49 | 148.53 |
| Packing material | 631.19 | 540.21 |
| | 67,188.52 | 63,216.30 |

18 Trade receivables

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|------------------|------------------|
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| - Unsecured considered good | - | 484.43 |
| - Doubtful | 351.76 | 390.21 |
| | 351.76 | 874.64 |
| Less: Provision for bad and doubtful debts | (351.76) | (390.21) |
| (a) | - | 484.43 |
| Other debts | | |
| - Unsecured considered good | (b) 25,381.09 | 27,010.48 |
| (a+b) | 25,381.09 | 27,494.91 |
| Includes amounts due from related parties: | | |
| Kusha, Inc | 4,882.92 | 4,773.07 |
| Nice International FZE | 2,675.12 | 6,887.21 |
| SDC Foods India Limited | 1,636.94 | 1,966.05 |
| Daawat Foods Ltd. | 1,467.00 | 1,192.01 |
| Nature Bio Foods Limited | 85.64 | 92.75 |

19 Cash and bank balances

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|---|----------------|-----------------|----------------|-----------------|
| | Non-current | Current | Non-current | Current |
| Cash and cash equivalents | | | | |
| (a) Cash in hand | | | | |
| In Indian currency | - | 20.23 | - | 113.96 |
| In foreign currencies | - | 0.58 | - | 0.49 |
| (b) Balances with banks | | | | |
| In current accounts | - | 426.71 | - | 499.83 |
| In deposit account (with original maturity upto 3 months)* | - | 648.44 | - | 96.07 |
| Other bank balances | | - | | - |
| Unpaid dividend account | - | 10.39 | - | 11.68 |
| In deposit account (with original maturity more than 3 months and remaining maturity upto 12 months)* | - | - | - | 955.97 |
| Bank deposits with maturity of more than 12 months* | 86.43 | - | 4.69 | - |
| | 86.43 | 1,106.35 | 4.69 | 1,678.00 |
| Less : Amounts disclosed under non-current assets (Refer note 16) | (86.43) | - | (4.69) | - |
| | - | 1,106.35 | - | 1,678.00 |

* The deposits are restricted as they are held as margin money deposits against bank guarantees and letter of credit.

20 Revenue from operations

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|---------------------------------------|-------------------|-------------------|
| Sale of products (rice) | | |
| Export | 74,152.02 | 45,139.11 |
| Domestic | 89,536.34 | 65,411.60 |
| Sale of traded goods * | | |
| Export | 10,168.77 | 48,870.00 |
| Domestic | 236.29 | 2,198.89 |
| Other operation revenue | 5,779.14 | 4,345.50 |
| | 179,872.56 | 165,965.10 |
| *Broad heads for sale of traded goods | | |
| Rice | 10,319.56 | 44,080.84 |
| Maize | 85.50 | 4,466.51 |
| Soyabean | - | 2,521.54 |
| | 10,405.06 | 51,068.89 |
| Export | | |
| Rice | 84,320.80 | 87,170.94 |
| Other items | 20.97 | 6,840.80 |
| Domestic | | |
| Rice | 89,687.12 | 67,460.60 |
| Other items | 5,227.45 | 3,894.24 |
| | 179,256.34 | 165,366.58 |
| Details of products sold | | |
| - Finished goods sold | | |
| Rice | 163,688.36 | 110,550.71 |
| Others | 5,162.91 | 3,748.62 |
| - Traded goods sold | | |
| Rice | 10,319.56 | 44,080.84 |
| Maize | 85.51 | 4,464.88 |
| Soyabean | - | 2,521.54 |
| | 179,256.34 | 165,366.59 |

21 Other income

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|-----------------|----------------|
| Dividend from non trade investments | 0.13 | 0.08 |
| Profit from sale of fixed assets (net) | 4.69 | 91.29 |
| Share of profit in partnership firm | 4.69 | 4.43 |
| Interest from partnership firm | 7.50 | 6.22 |
| Interest on bank fixed deposits | 76.34 | 125.87 |
| Liabilities written back | 448.66 | - |
| Reversal of impairment of investment | - | 80.00 |
| Miscellaneous income | 670.76 | 474.54 |
| | 1,212.77 | 782.43 |

22 Material consumed

| | (₹ in lacs) | |
|---|-------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| Opening stock | | |
| Paddy | 29,774.63 | 28,749.33 |
| Bardana | 928.59 | 839.62 |
| Packing material | 540.21 | 503.81 |
| | 31,243.43 | 30,092.76 |
| Add: purchases | | |
| Paddy | 67,814.63 | 48,122.33 |
| Bardana | 440.93 | 420.26 |
| Packing material | 4,254.77 | 4,159.20 |
| Broken rice / unpolished rice for consumption | 69,606.30 | 42,577.26 |
| | 142,116.63 | 95,279.05 |
| Less: closing stock | | |
| Paddy | 25,867.05 | 29,774.63 |
| Bardana | 557.40 | 928.59 |
| Packing material | 631.19 | 540.21 |
| | 27,055.64 | 31,243.43 |
| | 146,304.42 | 94,128.38 |
| Consumption details | | |
| Paddy | 71,722.21 | 47,097.03 |
| Bardana | 812.12 | 331.29 |
| Packing material | 4,163.79 | 4,122.80 |
| Broken rice / unpolished rice for consumption | 69,606.30 | 42,577.26 |
| | 146,304.42 | 94,128.38 |

23 Purchases of stock-in-trade

| | (₹ in lacs) | |
|----------|-----------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| Rice | 5,892.21 | 40,506.14 |
| Soyabean | - | 2,508.20 |
| Maize | - | 3,931.78 |
| Others | - | - |
| | 5,892.21 | 46,946.12 |

24 Changes in inventories of finished goods and stock in trade

| | (₹ in lacs) | |
|-----------------|-------------------|--------------------|
| | March 31, 2014 | March 31, 2013 |
| Opening stock | | |
| Finished goods | 30,502.29 | 18,343.14 |
| Stock in trade | 1,322.05 | 1,322.05 |
| Closing stock | | |
| Finished goods* | 39,457.56 | 27,930.77 |
| Stock in trade* | 491.83 | 3,893.57 |
| | (8,125.05) | (12,159.15) |

* Consists of rice only

25 Employee benefits expense

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|-----------------|-----------------|
| Salaries, wages and bonus (Also refer note (b) below) | 2,931.03 | 2,563.30 |
| Contribution to provident and other fund (Also refer note (a) below) | 94.18 | 129.50 |
| Staff welfare expenses | 119.99 | 99.07 |
| Director's remuneration | 198.00 | 138.00 |
| | 3,343.20 | 2,929.87 |

(a) Provident fund

Contribution made by the Company during the year is ₹ 59.25 lacs (previous year ₹ 52.61 lacs).

b) Share-based payment

The Company maintains an equity settled share-based payment scheme IT Foods Employee Stock Option Plan-2010, hereinafter referred to as 'the Plan') adopted and approved by share-holders on September 30, 2010.

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

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The total expense recognized in the income statement for the year ended March 31, 2014 is ₹ 41.10 lacs (March 31, 2013 ₹ 42.40 lacs).

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

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

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

| | ESOP-2010 (Grant I) April 01, 2011 | ESOP-2010 (Grant II) Feb 07, 2013 |
|---|--|---|
| Grant date | | |
| Fair value of option using the Black Scholes model (in ₹) | 21.05 | 24.97 |
| Fair value of shares at grant date (INR) | 49.5 | 58.8 |
| Exercise price (in ₹) | 38 | 38 |
| Market value of share as on March 31, 2014 | 91.55 | 91.55 |
| Expected volatility | 67% | 54% |
| Option life (in years) | 4 | 4 |
| Dividend yield | 2.02% | 1.70% |
| Risk-free interest rate | 5.80% | 7.52% |

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

ESOP-2010 (Grant I)

Share options granted to employees and others providing similar services

| | March 31, 2014 | | | March 31, 2013 | | |
|----------------------------------|-------------------|--|---|-------------------|--|---|
| Number of options | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life |
| Balance at beginning of the year | 598,348 | 38 | - | 648,329 | 38 | - |
| Granted during the year | - | - | - | - | - | - |
| Forfeited during the year | - | - | - | - | - | - |
| Exercised during the year | 131,300 | 38 | - | 49,981 | 38 | - |
| Expired during the year | - | - | - | - | - | - |
| Balance at end of the year | 467,048 | 38 | - | 598,348 | 38 | - |
| Exercisable at end of the year | 304,966 | 38 | - | 274,184 | 38 | - |

ESOP-2010 (Grant II)

Share options granted to employees and others providing similar services

| | March 31, 2014 | | | March 31, 2013 | | |
|----------------------------------|-------------------|--|---|-------------------|--|---|
| Number of options | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life |
| Balance at beginning of the year | 201,209 | - | - | - | - | - |
| Granted during the year | - | 38 | - | 201,209 | 38 | - |
| Forfeited during the year | - | - | - | - | - | - |
| Exercised during the year | 5,914 | - | - | - | - | - |
| Expired during the year | - | - | - | - | - | - |
| Balance at end of the year | 195,295 | 38 | - | 201,209 | 38 | - |
| Exercisable at end of the year | 44,388 | - | - | - | - | - |

26 Finance costs

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|-----------------------------------|----------------|----------------|
| Interest on working capital loans | 5,868.62 | 6,154.94 |
| Interest on term loans | 1,092.00 | 1,830.88 |
| | 6,960.62 | 7,985.82 |
| Bank charges | 220.60 | 254.99 |
| | 7,181.22 | 8,240.81 |

27 Other expenses

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|------------------|------------------|
| Warehouse rent | 203.03 | 254.87 |
| Wages and other manufacturing expenses | 466.57 | 482.40 |
| Factory insurance | 60.24 | 44.83 |
| Power and fuel | 1,559.76 | 1,422.00 |
| Research and development | 1.98 | 2.28 |
| Packing expenses | 194.94 | 190.49 |
| Repairs and maintenance | | |
| - Machinery | 142.07 | 104.06 |
| - Building | 87.54 | 88.96 |
| - Others | 57.31 | 43.13 |
| Stores and spares consumed | 674.56 | 715.02 |
| Advertisement | 2,260.46 | 1,402.48 |
| Insurance | 118.54 | 100.16 |
| Legal and professional charges | 363.97 | 396.14 |
| Rates and taxes | 41.42 | 121.75 |
| Donation and charity | 47.68 | 37.89 |
| Directors' sitting fees | 6.63 | 4.90 |
| Auditors' remuneration * | 55.57 | 42.76 |
| Rent | 310.70 | 327.38 |
| Other administrative expenses | 525.86 | 385.14 |
| Travelling and conveyance | 910.09 | 750.53 |
| Rebate and discounts | 941.79 | 583.93 |
| Clearing, forwarding and freight charges | 3,735.06 | 7,274.25 |
| Market development expenses | - | 186.40 |
| Business promotion expenses | 190.71 | 144.47 |
| Freight outward | 490.67 | 567.87 |
| Other selling expenses | 1,504.49 | 2,136.98 |
| Miscellaneous expenditure | 408.89 | 569.35 |
| Bad debts written off | 1,458.18 | 418.69 |
| Provision for doubtful recoveries | 21.84 | 390.21 |
| Loss on exchange fluctuation (net) | 1,684.31 | 707.31 |
| Premium on forward contract | 105.67 | 40.51 |
| | 18,630.53 | 19,937.14 |

* Auditors' remuneration

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Statutory audit (including fees for limited reviews) | 47.75 | 34.75 |
| Other matters | 0.50 | 0.25 |
| Out of pocket expenses | 1.26 | 3.06 |
| Service tax | 6.06 | 4.70 |
| | 55.57 | 42.76 |

28. Contingent liabilities

| (₹ in lacs) | | |
|--|------------------|------------------|
| Nature of contingency | March 31, 2014 | March 31, 2013 |
| - Income-tax demands * | 825.11 | 1,066.79 |
| - Haryana rural development fund demand of market committee, Sonapat | 30.78 | 30.78 |
| - Food Corporation India demand for differential price / freight / taxes | 339.00 | 339.00 |
| - Duty saved under EPCG licenses (export obligation outstanding ₹3,702.13 lacs (previous year ₹3,464.05 lacs)) | 609.05 | 565.53 |
| - Bank Guarantees | 1,524.59 | 1,266.00 |
| - Guarantee given by Company to bank on behalf of subsidiary/firm in which the Company is a partner | 54,284.43 | 56,334.93 |
| - Guarantee given by Company on the behalf of subsidiary for export obligation under EPCG scheme | 14.68 | 14.68 |
| - Guarantee given by Company to others on behalf of subsidiary | - | 543.89 |
| Total | 57,627.64 | 60,161.60 |

* The Company has filed appeals against the order of the AO before CIT(Appeals) for the AY 2003-04 to AY 2007-08. The CIT(Appeals) vide its order dated 25/3/2013, 28/3/2013 and 10/10/2013 has allowed substantial relief to the Company and after allowing appeal effect of the order of CIT(Appeals) by the AO, the demand has reduced to ₹ 80.59 lacs (Previous year ₹ 205.82 lacs). The Company has filed appeals against the order of CIT(Appeals) for the above said assessment years before the Income Tax Appellate Tribunal, on issues for which relief has not been given by CIT(Appeals).

The Company appeal for the AY 2008-09, AY 2009-10 and AY 2000-01 are still pending before Income Tax Appellate Tribunal and demand of ₹ 744.53 lacs is outstanding against the Company (Previous year ₹ 744.53 lacs).

The Company appeal before CIT(Appeals) for the AY 2010-11 against order of the AO for penalty u/s 272B of the Act has been allowed in favour of the Company vide order of the CIT(A) dated 25/9/2013 and the outstanding demand in the case has reduced to Nil (Previous year ₹ 116.80 lacs).

The Company has paid ₹ 1028.15 lacs are per the directions of Income Tax Department against the outstanding demands and the same will be adjusted / refunded, once the appeals are final. The management is confident that it's position is likely to be upheld in the appeals pending before Income Tax Appellate Tribunal and no liability on the Company on account of these proceedings.

29. Capital commitments

Capital commitments remaining to be executed and not provided for, net of capital advances - ₹ 1,304.67 lacs (previous year: ₹ 92.30 lacs).

30. Related party disclosures

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

(i) Names of related parties and description of relationship

- **Subsidiary companies**
 - Daawat Foods Limited
 - SDC Foods India Limited
 - Expo Services Private Limited
 - Nature Bio Foods Limited
 - LT International Limited
 - LT Overseas North America, Inc.
 - Sona Global Limited
 - Raghuvesh Foods & Infrastructure Limited
 - LT Agri Services Private Limited
- **Fellow subsidiaries**
 - Kusha, Inc.
 - Nice International FZE
 - LT Foods USA LLC
 - LT Foods Middle East DMCC
 - Raghuvesh Power Projects Limited
 - Universal Traders Inc.
 - Royal Curry Delights LLC
- **Partnership firm**
 - Raghunath Agro Industries
- **Associate enterprises**
 - LT Infotech Private Limited

- **Key Management Personnel**

| Name | Designation |
|----------------------|-----------------------------|
| Vijay Kumar Arora | Managing Director |
| Surinder Kumar Arora | Joint Managing Director |
| AshwaniKumar Arora | Joint Managing Director |
| Ashok Kumar Arora | President-Punjab Operations |

- **Relatives of Key Management Personnel**

Abinav Arora
Aditya Arora
Aditi Arora
Anita Arora
GurucharanDass Arora
Gursajjan Arora
Isha Arora
Munish Arora
Parvesh Rani Arora
Ranju Arora
Ritesh Arora
Sakshi Arora
Vandana Arora
Vaneet Arora

Transactions with subsidiary companies

(₹ in lacs)

| Particulars | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| Sales | | |
| SDC Foods India Limited | 6,869.04 | 5,122.99 |
| Kusha, Inc. | 23,641.96 | 7,456.38 |
| Nice International FZE | 9,024.50 | 15,821.82 |
| LT Foods Middle East DMCC | 5,591.89 | - |
| Daawat Foods Limited | 5,090.82 | 5,511.53 |
| Nature Bio Foods Limited | 279.82 | 644.01 |
| Purchases | | |
| Daawat Foods Limited | 19,213.93 | 7,800.97 |
| Nature Bio Foods Limited | 1,011.40 | 339.27 |
| SDC Foods India Limited | 59.26 | 83.40 |
| Rent paid | | |
| Daawat Foods Limited | 52.80 | 48.00 |
| Rent received | | |
| Nature Bio Foods Limited | 5.60 | - |
| LT International Limited | 4.71 | 5.64 |
| Misc. Income received | | |
| Nature Bio Foods Limited | 17.64 | - |
| SDC Foods India Limited | 0.21 | - |
| Processing Charges received | | |
| Nature Bio Foods Limited | 392.16 | 178.51 |
| Daawat Foods Limited | - | 2.35 |
| Investment (Sona Global Limited) | - | - |
| Interest received | | |
| Nature Bio Foods Limited | - | - |
| Sona Global Limited | - | 22.68 |
| LT International Limited | - | - |

(₹ in lacs)

| Particulars | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| Balances at the year end | | |
| SDC Foods India Limited (net receivable) | 1,636.94 | 1,966.05 |
| LT Foods Middle East DMCC (net receivable) | 2,675.12 | 6,887.21 |
| Kusha, Inc. (net receivable) | 4,882.92 | 4,622.50 |
| Daawat Foods Limited (net receivable) | 1,467.00 | 1,192.01 |
| Expo Services Private Limited (net receivable) | 253.92 | 328.76 |
| Nature Bio Foods Limited (net receivable) | 85.64 | 92.75 |
| LT International Limited (net receivable) | 350.60 | (67.37) |
| LT Overseas North America Inc. (net receivable) | - | 138.92 |
| Sona Global Limited (net receivable) | - | 247.76 |
| Raghuvesh Foods & Infrastructure Limited (net receivable) | 8.10 | 1.10 |
| Raghuvesh Power Projects Limited (net receivable) | 0.03 | - |
| LT Agri Services Private Limited (net receivable) | 0.38 | 0.35 |
| Guarantees given on behalf | | |
| Kusha, Inc. | - | 11,421.75 |
| Daawat Foods Limited | 28,933.68 | 20,138.68 |
| Nature Bio Foods Limited | 6,964.00 | 6,000.00 |
| LT Overseas North America Inc. | 2,995.50 | 5,438.93 |
| SDC Foods India Limited | - | - |
| Nice International FZE | 3,945.93 | 2,434.14 |

(₹ in lacs)

| Particulars | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| Sale of Fixed Assets | | |
| Nature Bio Foods Limited | 0.76 | - |
| Kusha, Inc. | 16.65 | - |
| Daawat Foods Limited | 107.36 | |
| Transactions with partnership firm (Raghunath Agro Industries) | | |
| Sales | 5,575.82 | 6,109.49 |
| Purchases | 2,034.71 | 3,275.10 |
| Interest income | 7.50 | 6.22 |
| Share of profit | 4.69 | 4.43 |
| Balance payable at the year end | 1,995.61 | 2,891.30 |
| Guarantees given on behalf of partnership firm | 11,460.00 | 11,460.00 |
| Transactions with key management personnel | | |
| Remuneration paid | | |
| Vijay Kumar Arora | 120.00 | 78.00 |
| SurinderKumar Arora | 78.00 | 60.00 |
| Key Management Personnel Relatives | | |
| Aditya Arora | 9.60 | - |
| Aditi Arora | 4.00 | 4.00 |
| Isha Arora | 4.00 | - |
| Ritesh Arora | 0.74 | - |
| Dividend paid to key management personnel | 165.35 | - |
| Dividend paid to relatives of key management personnel | 174.74 | - |

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

(I) Raw material consumed

Paddy

(₹ in lacs)

| Particulars | March 31, 2014 | | March 31, 2013 | |
|--------------|------------------|-------------|------------------|-------------|
| | Value | Percentage | Value | Percentage |
| Indigenous | 71,722.21 | 100% | 47,097.03 | 100% |
| Imported | - | - | - | - |
| Total | 71,722.21 | 100% | 47,097.04 | 100% |

(II) Packing material consumed

(₹ in lacs)

| Particulars | March 31, 2014 | | March 31, 2013 | |
|--------------|-----------------|-------------|-----------------|-------------|
| | Value | Percentage | Value | Percentage |
| Indigenous | 4,163.79 | 100% | 4,111.60 | 99.73% |
| Imported | - | - | 11.20 | 0.27% |
| Total | 4,163.79 | 100% | 4,122.80 | 100% |

(III) Bardana

(₹ in lacs)

| Particulars | March 31, 2014 | | March 31, 2013 | |
|--------------|----------------|-------------|----------------|-------------|
| | Value | Percentage | Value | Percentage |
| Indigenous | 812.12 | 100% | 331.29 | 100% |
| Imported | - | - | - | - |
| Total | 812.12 | 100% | 331.29 | 100% |

(IV) Consumable and Spares

(₹ in lacs)

| Particulars | March 31, 2014 | | March 31, 2013 | |
|--------------|----------------|-------------|----------------|-------------|
| | Value | Percentage | Value | Percentage |
| Indigenous | 595.11 | 88.22% | 714.59 | 99.94% |
| Imported | 79.45 | 11.78% | 0.43 | 0.06% |
| Total | 674.56 | 100% | 715.02 | 100% |

(V) Broken rice/unpolished rice for consumption

(₹ in lacs)

| Particulars | March 31, 2014 | | March 31, 2013 | |
|--------------|-----------------|-------------|-----------------|-------------|
| | Value | Percentage | Value | Percentage |
| Indigenous | 69606.30 | 100% | 42577.26 | 100% |
| Imported | - | - | - | - |
| Total | 69606.30 | 100% | 42577.26 | 100% |

(VI) Value of imports on CIF basis

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|-------------------|----------------|----------------|
| Capital goods | 112.83 | 94.67 |
| Packing materials | - | 7.42 |
| Stores and spares | 79.45 | - |
| Other Food Items | - | 14.27 |
| Total | 192.27 | 116.36 |

(VII) Expenditure in foreign currency

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|------------------------------------|----------------|-----------------|
| Legal fees | 32.88 | 124.54 |
| Interest and other charges to bank | - | 507.67 |
| Steamer freight | 275.16 | 2,721.20 |
| Sales promotion | 33.56 | 72.57 |
| Commission on export sales | - | 87.22 |
| Others | 263.10 | 504.47 |
| Total | 604.71 | 4,017.66 |

(VIII) Expenditure in foreign currency

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|----------------------|------------------|------------------|
| FOB value of exports | | |
| Rice | 82,739.58 | 83,741.06 |
| Others | 5.05 | 6,839.64 |
| Total | 82,744.63 | 90,580.70 |

32. Earnings per share

| Particulars | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Net profit attributable to equity shareholders after Exceptional Loss (₹ in lacs) | 3,848.37 | 3,382.50 |
| Numbers of weighted average equity share outstanding at the year end for Basic (₹ in lacs) | 262.63 | 261.26 |
| Numbers of weighted average equity share outstanding at the year end for Diluted (₹ in lacs) | 265.31 | 264.16 |
| Nominal value of equity share (₹) | 10 | 10 |
| Earnings Per Share— | | |
| Basic (₹) | 14.65 | 12.95 |
| Diluted (₹) | 14.51 | 12.80 |

33. The Company has entered into rent agreements as a lessee for warehouses and office premises, which are in the nature of operating lease. Rental expense for operating lease for the years ended March 31, 2014 and 2013 was ₹ 513.73lacs and ₹ 582.25lacs respectively. The Company has not executed any non-cancelable operating leases.

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

| Particulars | March 31, 2014 (₹ in lacs) | March 31, 2013 (₹ in lacs) | March 31, 2014 (FC in lacs) | March 31, 2013 (FC in lacs) |
|------------------------------------|-------------------------------|-------------------------------|------------------------------------|-------------------------------------|
| i) Receivables in Foreign Currency | | | | |
| - Trade receivables | 11,241.67 | 18,596.39 | USD 185.96 | USD 348.51 |
| ii) Payables in Foreign Currency | | | | |
| - Trade payables | 103.79 | 15.85 | USD 1.11 EURO 0.03 YEN 58.50 | USD 0.27 EURO 0.06 YEN (4.92) |

35. Transfer Pricing

As per the international transfer pricing norms introduced in India with effect from April 1, 2001 and the domestic transfer pricing norms introduced with effect from April 1, 2012, the Company is required to use certain specified methods in computing arm's length price of international and national transactions between the associated enterprises and maintain prescribed information and documents relating to such transactions. The appropriate method to be adopted will depend on the nature of transactions / class of transactions, class of associated persons, functions performed and other factors, which have been prescribed. The Company is in the process of conducting a transfer pricing study for the current financial period. However, in the opinion of the Management the same would not have a material impact on these financial statements. Accordingly, these financial statements do not include any adjustments for the transfer pricing implications, if any.

36. a) The Company uses derivative contracts to hedge its risks associated with fluctuations with foreign currencies relating to foreign currencies receivables. The following are outstanding derivative contracts as on March 31, 2014.

| Particulars | Purpose | ₹ in lacs |
|--|---|-----------|
| Forward contract to sell (USD) | Hedge of highly probable foreign currency sales | |
| USD 325.67 (previous year: USD 545.39) | | |
| ₹ 20,437.04 (previous year: ₹ 30,784.61) | | |

- b) The Company has taken put option of USD 90 lacs from Bank of Baroda to hedge its foreign currency receivable exposure having an exercising period between April 2014 to December 2014 for USD 10 lacs per month.
- c) The Company has taken put option of USD 20 lacs from Bank of Baroda to hedge its foreign currency receivable exposure having an exercising period for August 2014 and September 2014 for USD 10lacs per month.

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

38. Previous year figures

Previous year's figures have been regrouped/reclassified wherever necessary, to confirm to current year's classification.

| | | |
|---|--|---|
| For Walker Chandiok & Co LLP (formerly Walker, Chandiok & Co) Chartered Accountants Firm Registration No.: 001076N | | For and on behalf of Board of Directors |
| Sd/- per Atul Seksaria Partner | Sd/- Ashwani Kumar Arora Joint Managing Director DIN No. 01574773 | Sd/- Surinder Kumar Arora Joint Managing Director DIN No. 01574728 |
| Place : Gurgaon Date : May 05, 2014 | Sd/- Monika Chawla Jaggia Company Secretary Membership No. F5150 | |

Independent Auditors' Report

To the Board of Directors of LT Foods Limited

1. We have audited the accompanying consolidated financial statements of LT Foods Limited, ("the Company") and its subsidiaries and joint venture (hereinafter collectively referred to as the "Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6. In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and joint ventures as noted below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- ii) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- iii) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

7. We did not audit the financial statements of certain subsidiaries and joint ventures included in the consolidated financial statements, whose financial statements reflect total assets (after eliminating intra-group transactions) of 47,332.01 lacs as at March 31, 2014; total revenues (after eliminating intra-group transactions) of 114,675.97 lacs and net cash flows aggregating to 859.48 lacs for the year then ended. These financial statements have been audited by other auditors whose audit reports have been furnished to us by the management, and our audit opinion on the consolidated financial statements of the Group for the year then ended to the extent they relate to the financial statements not audited by us as stated in this paragraph is based solely on the audit reports of the other auditors. Our opinion is not qualified in respect of this matter.

For **Walker Chandiok & Co LLP**
 (formerly Walker, Chandiok & Co)
 Chartered Accountants
 Firm Registration No.: 001076N

Sd/-
 per Atul Seksaria
 Partner

Place: Gurgaon
 Date: May 5, 2014

Membership No.: 86370

Consolidated Balance Sheet

as at March 31, 2014

(₹ in lacs)

| | Notes | March 31, 2014 | March 31, 2013 |
|--------------------------------|-------|-------------------|-------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholders' funds | | | |
| Share capital | 3 | 2,630.56 | 2,616.84 |
| Reserves and surplus | 4 | 36,462.68 | 28,459.68 |
| | | 39,093.24 | 31,076.52 |
| Minority interest | | 3,052.34 | 2,404.65 |
| Non-current liabilities | | | |
| Long-term borrowings | 5 | 12,743.76 | 11,600.13 |
| Deferred tax liabilities (net) | 6 | 127.62 | 128.62 |
| Other long term liabilities | 7 | 8.68 | 8.68 |
| Long-term provisions | 8 | 124.95 | 182.37 |
| | | 13,005.01 | 11,919.80 |
| Current liabilities | | | |
| Short-term borrowings | 9 | 132,143.21 | 125,109.58 |
| Trade payables | 10 | 14,832.68 | 15,378.49 |
| Other current liabilities | 11 | 12,542.34 | 9,230.39 |
| Short-term provisions | 8 | 4,601.84 | 2,154.28 |
| | | 164,120.07 | 151,872.74 |
| | | 219,270.66 | 197,273.71 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | | | |
| Tangible assets | 12 | 27,419.14 | 26,882.31 |
| Intangible assets | 13 | 7,550.03 | 6,977.22 |
| Capital work-in-progress | | 1,856.30 | 1,169.25 |
| Non-current investments | 14 | 512.33 | 499.23 |
| Long-term loans and advances | 15 | 2,112.40 | 2,382.83 |
| Other non-current assets | 16 | 337.20 | 379.90 |
| | | 39,787.40 | 38,290.74 |
| Current assets | | | |
| Inventories | 17 | 134,935.35 | 105,988.05 |
| Trade receivables | 18 | 32,612.72 | 37,218.04 |
| Cash and bank balances | 19 | 3,507.03 | 3,773.05 |
| Short-term loans and advances | 15 | 8,286.79 | 11,962.83 |
| Other current assets | 16 | 141.37 | 41.00 |
| | | 179,483.26 | 158,982.97 |
| | | 219,270.66 | 197,273.71 |

Notes 1 to 35 form an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

Sd/-
per **Atul Seksaria**
Partner

Place : Gurgaon
Date : May 05, 2014

For and on behalf of Board of Directors

Sd/-
Ashwani Kumar Arora
Joint Managing Director
DIN No. 01574773

Sd/-
Monika Chawla Jaggia
Company Secretary
Membership No. F5150

Sd/-
Surinder Kumar Arora
Joint Managing Director
DIN No. 01574728

Consolidated Statement of Profit and Loss

for the year ended March 31, 2014

(₹ in lacs)

| | Notes | March 31, 2014 | March 31, 2013 |
|--|-------|-------------------|-------------------|
| Income | | | |
| Revenue from operations | 20 | 246,172.64 | 220,767.51 |
| Other income | 21 | 3,095.85 | 2,190.50 |
| Total Income | | 249,268.49 | 222,958.01 |
| Expenses | | | |
| Cost of materials consumed | 22 | 167,870.17 | 119,456.79 |
| Purchases of stock in trade | 23 | 31,549.22 | 63,187.94 |
| Changes in inventories of finished goods and stock in trade | 24 | (15,233.70) | (16,967.72) |
| Employee benefits expense | 25 | 6,386.56 | 4,947.04 |
| Finance costs | 26 | 11,341.79 | 11,712.90 |
| Depreciation and amortisation expense (Refer Note 12 and 13) | | 3,740.13 | 3,883.84 |
| Other expenses | 27 | 30,512.44 | 28,531.70 |
| Total expenses | | 236,166.61 | 214,752.49 |
| Profit before prior period items and tax | | 13,101.88 | 8,205.52 |
| Prior period items | | (3.90) | (72.15) |
| Profit before tax | | 13,105.78 | 8,277.67 |
| Tax expense: | | | |
| Income tax | | 4,511.22 | 2,314.72 |
| Minimum alternative tax receivable | | 157.52 | 285.14 |
| Deferred tax | | (43.19) | (329.65) |
| Profit after tax | | 8,480.23 | 6,007.46 |
| Share of (profit) transferred to minority | | (647.70) | (402.27) |
| Profit for the year | | 7,832.53 | 5,605.19 |
| Earnings per equity share (₹) | 31 | | |
| Basic | | 29.82 | 21.45 |
| Diluted | | 29.52 | 21.22 |

Notes 1 to 35 form an integral part of these financial statements

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

For **Walker Chandiok & Co LLP**
 (formerly Walker, Chandiok & Co)
 Chartered Accountants
 Firm Registration No.: 001076N

Sd/-
 per **Atul Seksaria**
 Partner

Place : Gurgaon
 Date : May 05, 2014

For and on behalf of Board of Directors

Sd/-
Ashwani Kumar Arora
 Joint Managing Director
 DIN No. 01574773

Sd/-
Surinder Kumar Arora
 Joint Managing Director
 DIN No. 01574728

Sd/-
Monika Chawla Jaggia
 Company Secretary
 Membership No. F5150

Consolidated Cash Flow Statement

for the year ended March 31, 2014

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|---|-------------------|-------------------|
| Cash flow from operating activities | | |
| Profit before tax and prior period items | 13,101.88 | 8,205.52 |
| Non-cash adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and amortisation expense | 3,740.13 | 3,883.83 |
| Loss / (profit) on sale of fixed assets | 218.70 | (95.08) |
| Provision for share based payments | 40.74 | 42.40 |
| Unrealised foreign exchange (gain)/loss | 540.62 | (281.65) |
| Provision for doubtful debts | 55.69 | 833.75 |
| Provision on loans and advances | - | 52.03 |
| Liabilities written back | (448.83) | - |
| Bad debts written off | 1,633.52 | - |
| Interest expense | 10,802.75 | 11,208.91 |
| Interest income | (104.02) | (156.21) |
| Prior period items | 3.90 | 72.15 |
| Dividend income | (0.13) | (0.08) |
| Operating profit before operating assets and liabilities | 29,584.95 | 23,765.57 |
| Changes in operating assets and liabilities : | | |
| Increase/(decrease) in trade payables | (96.98) | 11,811.97 |
| Increase in provisions and other liabilities | 2,483.97 | 1,008.39 |
| Decrease/(increase) in trade receivables | 2,375.49 | (11,902.86) |
| (Increase) in inventories | (28,947.30) | (21,993.81) |
| Decrease/(Increase) in loans and advances and other assets | 4,507.97 | (4,987.07) |
| Decrease in fixed deposits and unpaid dividend account | 954.45 | 339.01 |
| Cash generated from/(used in) operations | 10,862.55 | (1,958.80) |
| Direct taxes paid (net of refunds) | (2,190.94) | (1,516.42) |
| Net cash generated from/(used in) operating activities | 8,671.61 | (3,475.22) |
| Cash flow from investing activities | | |
| Purchase of fixed assets including intangible assets, capital work in progress and capital advances | (6,393.66) | (4,779.86) |
| Proceeds from sale of fixed assets | 68.51 | 265.11 |
| Purchase of non current investments | (13.10) | (18.63) |
| Subsidy received | 25.00 | - |
| Interest received | 62.94 | 157.39 |
| Dividends received from subsidiary Company | - | 0.08 |
| Dividends received from other investments | 0.13 | - |
| Net cash used in investing activities | (6,250.18) | (4,375.91) |
| Cash flow from financing activities | | |
| Proceeds from employee share option plan | 52.15 | 18.99 |
| Proceeds from long term borrowings | 7,793.83 | 4,719.30 |
| Repayment of long term borrowings | (5,912.65) | (10,025.41) |
| Proceeds from short term borrowings (net) | 7,033.63 | 22,771.42 |
| Interest paid | (10,818.70) | (11,213.58) |
| Dividends paid on equity shares | (523.37) | 101.26 |
| Tax on equity dividend paid | (88.95) | - |
| Proceeds from issue of share capital to minority | - | 21.24 |
| Net cash (used in)/ generated from financing activities | (2,464.06) | 6,393.22 |
| Net increase / (decrease) in cash and cash equivalents | (42.63) | (1,457.91) |
| Effect of exchange difference on cash and cash equivalents held in foreign currency | 758.77 | 146.35 |
| Cash and cash equivalents at the beginning of the year | 2,735.54 | 4,047.10 |
| Cash and cash equivalents at the end of the year | 3,451.68 | 2,735.54 |
| Components of cash and cash equivalents | | |
| Cash on hand | 61.57 | 164.69 |
| With banks - on current account | 2,641.66 | 2,382.49 |
| - on deposit account | 748.44 | 188.36 |
| Total cash and cash equivalents | 3,451.67 | 2,735.54 |

This is the consolidated cash flow statement referred to in our report of even date

For **Walker Chandiok & Co LLP**
(formerly Walker, Chandiok & Co)
Chartered Accountants
Firm Registration No.: 001076N

Sd/-
per **Atul Seksaria**
Partner

Place : Gurgaon
Date : May 05, 2014

For and on behalf of Board of Directors

Sd/-
Ashwani Kumar Arora
Joint Managing Director
DIN No. 01574773

Sd/-
Surinder Kumar Arora
Joint Managing Director
DIN No. 01574728

Sd/-
Monika Chawla Jaggia
Company Secretary
Membership No. F5150

Summary of significant accounting policies and other explanatory information

for the year ended March 31, 2014

1. Basis of preparation of consolidated financial statements

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ("Indian GAAP") and in compliance with the mandatory accounting standards ("AS") as prescribed under the Companies (Accounting Standards) Rules, 2006 (as amended) ("the Rules"), the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable). The accounting policies have been consistently applied by the Company and are consistent with those used in previous year. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Act.

2. Significant accounting policies

a) Principles of consolidation

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

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

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

The excess/deficit of cost to the Parent Company of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/capital reserve. The Parent Company's portion of net worth in such entities is determined on the basis of book values of

assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

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

b) Use of estimates

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

c) Revenue recognition

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

Sale of goods:

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

Rental income:

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

Interest:

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

Service charges:

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

Dividend:

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

d) Fixed assets

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

Intangible assets are stated at the cost of acquisition less accumulated amortisation and impairment losses (if any) and it is recognised as assets if it is probable that future economic benefits attributable to such assets will flow to the group and cost of assets can be measured reliably.

Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date.

e) Government Grants

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Where the government grants are of the nature of promoter's contribution and no repayment is ordinarily expected in respect of thereof, the grant are treated as Capital Reserve which can be neither distributed as dividend nor considered as deferred income.

f) Depreciation and amortisation

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

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

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

Tangible assets is charged on written down line basis, at the rates based on the useful life of the assets as estimated by the management, which are either equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956:

| Assetsdescription | Rate of depreciation |
|--|----------------------|
| Buildings | 5.00% to 10.00% |
| Plant and machinery | 13.91% to 100.00% |
| Furniture, fixtures and office equipment | 10.00% to 40.00% |
| Vehicles | 15.00% to 30.00% |

Depreciation on the following tangible assets of some overseas subsidiaries is charged on straight line basis, at the rates based on the useful life of the assets as estimated by the management, which are either equal to or higher than the rates prescribed under Schedule XIV to the Companies Act, 1956.

| Assetsdescription | Rate of depreciation |
|--|----------------------|
| Buildings | 15 to 39 and ½ years |
| Plant and machinery | 4 to 10 years |
| Furniture, fixtures and office equipment | 4 to 10 years |
| Vehicles | 4 to 10 years |

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

Brand equity : 20 years

g) Investments

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

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

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

h) Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packaging materials

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

Work in progress

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

Finished goods

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

i) Foreign currency transaction

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

Exchange differences arising on the settlement of

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

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

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

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

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

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

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

i) Employee benefits

Provident fund

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

Gratuity

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

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

Compensated absences

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

Share-based payment

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

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

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

Other short term benefits

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

k) Borrowing costs

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

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

l) Earning per share

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

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

m) Income tax

Provision for tax for the year comprises estimated current income-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of temporary timing differences representing the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is calculated in accordance with the relevant domestic tax laws. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

n) Contingent liabilities and provisions

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

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

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

o) Impairment of assets

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

p) Cash and cash equivalent

Cash comprises cash on hand and balances with banks. Cash equivalents are short term, highly liquid investments that are readily convertible into cash and which are subject to insignificant risks of changes in value.

3 Share capital

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|---|-------------------|-----------------|-------------------|-----------------|
| | Number | Amount | Number | Amount |
| Authorised share capital | | | | |
| - Equity shares of ₹ 10 each | 30,000,000 | 3,000.00 | 30,000,000 | 3,000.00 |
| Issued, subscribed and fully paid up capital | | | | |
| - Equity shares of ₹ 10 each | 26,305,609 | 2,630.56 | 26,168,395 | 2,616.84 |
| Total | 26,305,609 | 2,630.56 | 26,168,395 | 2,616.84 |

- a) During the year, the Company had issued and allotted 137,214 (Previous year 49,981) equity shares to eligible employees of the Company and its subsidiaries under Employees stock option scheme.

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

During the year ended March 31, 2014 the amount of per share dividend recognised as distributions to equity shareholders was ₹ 2.25 per share (previous year ₹2 per share).

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

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

(₹ in lacs)

| | Number | % shareholding | Number | % shareholding |
|--|-----------|----------------|-----------|----------------|
| Equity shares of ₹ 10 each | | | | |
| India Agri Business Fund Limited | 3,835,015 | 14.58 | 3,835,015 | 14.66 |
| Ashwani Arora | 2,723,152 | 10.35 | 2,723,152 | 10.41 |
| Surinder Arora | 2,820,152 | 10.72 | 2,820,152 | 10.78 |
| Ashok Kumar Arora | 2,742,418 | 10.43 | 2,742,418 | 10.48 |
| Raghuvesh Holdings Private Limited | 2,676,084 | 10.17 | 1,395,208 | 5.33 |
| Vijay Kumar Arora and Ashwani Arora | 1,606,320 | 6.11 | 1,606,320 | 6.14 |
| Gurucharan Dass Arora | 1,573,932 | 5.98 | 1,573,932 | 6.01 |
| Vijay Kumar Arora | 1,117,964 | 4.25 | 1,117,964 | 4.27 |
| Gurucharan Dass Arora and Surinder Arora | 1,109,520 | 4.22 | 1,109,520 | 4.24 |

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

The Company had reserved issuance of 8,49,538 (Previous year 8,49,538) Equity shares of ₹ 10 each for offering to eligible employees of the Company and its subsidiaries under Employees Stock Option Plan (ESOP). During the year, the Company had issued and allotted 137,214 (Previous year 49,981) equity shares to eligible employees of the Company and its subsidiaries under ESOP. The option would vest over a maximum period of 4 years or such other period as may be decided by the Employees Stock Compensation Committee from the date of grant based on specific criteria.

4 Reserves and surplus

(₹ in lacs)

| | | March 31, 2014 | March 31, 2013 |
|---|----------------------|------------------|------------------|
| Capital reserve | | | |
| Balance at the beginning of the year | | 108.61 | 108.61 |
| Add : Subsidy received | | 25.00 | - |
| Balance at the end of the year | (A) | 133.61 | 108.61 |
| Securities premium reserve | (B) | | |
| Balance at the beginning of the year | | 6,729.60 | 6,715.61 |
| Add : Additions made during the year | | 38.43 | 13.99 |
| Balance at the end of the year | | 6,768.03 | 6,729.60 |
| General reserve | (C) | | |
| Balance at the beginning of the year | | 1,287.53 | 1,033.84 |
| Add : Additions during the year | | 384.84 | 253.69 |
| Balance at the end of the year | | 1,672.37 | 1,287.53 |
| Share options outstanding amount | (D) | | |
| Balance at the beginning of the year | | 113.48 | 71.08 |
| Add : Additions made during the year | | 40.74 | 42.40 |
| Balance at the end of the year | | 154.22 | 113.48 |
| Surplus in the statement of profit and loss | (E) | | |
| Balance at the beginning of the year | | 19,516.73 | 14,777.55 |
| Add : Transferred from statement of profit and loss | | 7,832.53 | 5,605.19 |
| Less : Proposed dividend | | (591.88) | (523.37) |
| Less : Corporate dividend tax | | (100.59) | (88.95) |
| Less : Transfer to general reserve | | (384.84) | (253.69) |
| Balance at the end of the year | | 26,271.95 | 19,516.73 |
| Foreign currency translation reserve | (F) | | |
| | | 1,462.50 | 703.73 |
| Total reserves and surplus | (A+B+C+D+E+F) | 36,462.68 | 28,459.68 |

5 Long term borrowings

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|----------|----------------|----------|
| | Non current | Current | Non current | Current |
| Secured | | | | |
| Term loans | | | | |
| From banks | 12,546.40 | 5,218.67 | 11,311.47 | 4,487.26 |
| Vehicle loans | 197.36 | 124.24 | 288.66 | 118.10 |
| | 12,743.76 | 5,342.91 | 11,600.13 | 4,605.36 |
| Less : Amounts disclosed under other current liabilities (Refer note 11) | - | 5,342.91 | - | 4,605.36 |
| | 12,743.76 | - | 11,600.13 | - |

- a) Details of guarantee for each type of borrowings
Guaranteed by directors

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|------------|----------------|---------|----------------|---------|
| | Non current | Current | Non current | Current |
| Term loans | | | | |
| From banks | 17,765.07 | | 15,798.73 | |

b) Details of term loan :

(₹ in lacs)

| Name of the bank | Amount of sanction | Year of sanction | No of installments | Total amount of installments | March 31, 2014 | March 31, 2013 |
|------------------------------|--------------------|------------------|---|------------------------------|------------------|------------------|
| Oriental Bank of Commerce | 1,050.00 | 2010-11 | 12 equal quarterly | 87.50 | - | 87.50 |
| Oriental Bank of Commerce | 1,200.00 | 2010-11 | 5 equal yearly | 240.00 | - | 197.00 |
| Oriental Bank of Commerce | 500.00 | 2008-09 | 20 equal quarterly | 25.00 | - | 84.58 |
| Oriental Bank of Commerce | 500.00 | 2009-10 | 20 equal quarterly | 25.00 | - | 164.26 |
| Oriental Bank of Commerce | 500.00 | 2011-12 | 12 equal quarterly | 41.66 | 64.26 | 208.07 |
| Oriental Bank of Commerce | 1,710.00 | 2011-12 | 12 equal quarterly | 142.50 | 427.50 | 997.50 |
| Oriental Bank of Commerce | 1,242.00 | 2012-13 | 12 equal quarterly | 103.50 | 828.00 | 1,203.94 |
| Oriental Bank of Commerce | 1,613.00 | 2013-14 | 12 equal quarterly | 134.41 | 1,478.58 | - |
| Corporation Bank | 875.00 | 2012-13 | 12 equal quarterly | 72.92 | 583.32 | 875.00 |
| Allahabad Bank | 3,750.00 | 2010-11 | 24 equal quarterly | 156.25 | 1,402.00 | 2,226.99 |
| Allahabad Bank | 2,700.00 | 2011-12 | 32 equal quarterly | 156.25 | 2,018.44 | 2,326.87 |
| Allahabad Bank | 250.00 | 2011-12 | 12 equal quarterly | 22.50 | 97.24 | 204.92 |
| ICICI Bank | 1,000.00 | 2010-11 | 12 equal quarterly | 83.33 | - | 333.33 |
| Punjab National Bank | 500.00 | 2008-09 | 20 equal quarterly | 25.00 | - | 75.16 |
| Indian Overseas Bank | 2,227.00 | 2013-14 | 11 equal quarterly 12th installment | 186.60 181.00 | 2,227.00 | - |
| Bank of Baroda, Deira, Dubai | 304.87 | 2010-11 | 180 equal monthly | 1.78 | 279.10 | 275.17 |
| Allahabad Bank | USD 10.00 million | 2011-12 | USD 0.25 million for 4 quarterly installments then USD 0.75 million per quarter | USD 0.25 Million | 2,770.83 | 2,719.46 |
| Encore bank USA | USD 1.70 Million | 2010-11 | 108 equal monthly | USD 0.004 million | - | 867.45 |
| US Finance | USD 0.1 million | 2012-13 | 36 equal monthly | 19.52 | 179.49 | 56.06 |
| Citi Bank | USD 1.56 million | 2013-14 | 175.5 equal monthly | 5.33 | 915.76 | - |
| Citi Bank | USD 1.0 million | 2013-14 | 54 equal monthly | 11.09 | 585.59 | - |
| Allahabad Bank | 2,500.00 | 2011-12 | 12 equal quarterly | 208.40 | 416.00 | 1,458.00 |
| Allahabad Bank | 150.00 | 2012-13 | 12 equal quarterly | 5.47 | 99.79 | 16.41 |
| Dena Bank | 1,500.00 | 2011-12 | 87 equal monthly | 18.52 | 992.16 | 1,333.06 |
| State Bank of India | 2,395.00 | 2011-12 | 12 equal monthly | 27.33 | - | 88.00 |
| Dena Bank | 2,400.00 | 2013-14 | 12 equal quarterly | 200.00 | 2,400.00 | - |
| | | | | | 17,765.06 | 15,798.73 |

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2014 the interest rates ranges from 11.20% to 12.75% per annum.

c) Details of vehicle loan :

(₹ in lacs)

| Name of the bank | Amount of sanction | Year of sanction | No of installments | Total amount of installments | March 31, 2014 | March 31, 2013 |
|---------------------|--------------------|------------------|--------------------|------------------------------|----------------|----------------|
| HDFC Bank | 10 | 2009-2010 | 48 | 0.32 | - | 1.55 |
| HDFC Bank | 17 | 2009-2010 | 48 | 0.54 | - | 2.64 |
| HDFC Bank | 7.5 | 2010-11 | 72 | 0.19 | 1.30 | 3.37 |
| HDFC Bank | 7.5 | 2010-11 | 72 | 0.19 | 1.30 | 3.37 |
| HDFC Bank | 7 | 2011-12 | 72 | 0.23 | 2.20 | 4.57 |
| HDFC Bank | 8 | 2011-12 | 36 | 0.26 | 0.77 | 3.64 |
| HDFC Bank | 22.25 | 2013-14 | 60 | 0.47 | 21.96 | - |
| ICICI Bank | 17.83 | 2010-11 | 60 | 0.38 | 6.56 | 10.26 |
| ICICI Bank | 60 | 2010-11 | 60 | 1.27 | 25.20 | 37.20 |
| ICICI Bank | 12.3 | 2013-14 | 60 | 0.26 | 12.30 | - |
| HDFC Bank | 3.37 | 2012-13 | 60 | 0.11 | 42.55 | 51.46 |
| State bank of India | 9274.31 | 2012-13 | 60 | 193.87 | 34.39 | 42.58 |
| HDFC Bank | 18.59 | 2012-13 | 60 | - | 12.75 | 16.08 |
| HDFC Bank | 3.37 | 2012-13 | 60 | 0.11 | 57.46 | 74.41 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.14 | 15.67 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.13 | 15.67 |
| HDFC Bank | 20.10 | 2011-12 | 48 | 0.49 | 8.14 | 15.66 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.13 | 15.66 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.14 | 15.66 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.13 | 15.66 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.13 | 15.66 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.13 | 15.66 |
| HDFC Bank | 19.10 | 2011-12 | 48 | 0.49 | 8.13 | 15.67 |
| HDFC Bank | 19.07 | 2011-12 | 48 | 0.50 | 6.12 | - |
| HDFC Bank | 19.07 | 2011-12 | 48 | 0.50 | 6.12 | - |
| ICICI Bank | 9.00 | 2012-13 | 36 | 0.30 | 5.60 | 8.33 |
| Bank of Baroda | 22.31 | 2012-13 | 60 | 0.32 | 19.95 | 21.99 |
| | | | | | 321.60 | 406.76 |

The interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. As of March 31, 2014 the interest rates ranges from 8.50% to 12.00% per annum.

d) Details of security for each type of borrowings :

- (i) Term loan from all banks are secured against first pari passu charge on the existing project assets, excluding assets charged specifically to the term lenders and Second Pari Passu on current assets of the Company.
- (ii) Term loan from Allahabad Bank is secured against first exclusive charge over the entire fixed assets created under the Varpal, Amritsar project. Second charge on current assets on reciprocal basis with ceding of second charge on the fixed assets in favour of working capital loan bankers.
- (iii) Term loan from Allahabad Bank is secured against first exclusive charge over the entire fixed assets of the Silos project located at Amritsar. Second pari-passu charge over fixed assets of Bahalgarh unit along with equitable mortgage over land and building on pari passu basis to secure entire credit facilities sanctioned by consortium.
- (iv) Term loan from Dena Bank is secured against first exclusive charge over the entire fixed assets created under the Kurkure plant, Kamasapur.
- (v) Term loan from Dena Bank is secured against first pari-passu charge on current assets i.e. stock and book debts etc. (present and future) of the Company and second pari-passu charge on fixed assets of the Company.
- (vi) USD term loan from Allahabad Bank is secured by assignment of "Kusha" brand.
- (vii) Vehicle loans from all banks are secured against hypothecation of respective motor vehicle financed.

6 Deferred taxes

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|---|-----------------|-----------------|
| Deferred tax liabilities arising on account of : | | |
| Timing difference on tangible assets depreciation | 748.20 | 530.19 |
| Keyman insurance policy | 87.88 | 80.31 |
| | 836.08 | 610.50 |
| Deferred tax assets arising on account of : | | |
| Provision for employee benefits | (28.42) | (31.11) |
| Provision for employee stock option scheme | - | (38.12) |
| Provision for doubtful debts and advances | (218.74) | (159.54) |
| Diminution in value of investment | (0.92) | (0.92) |
| Provision for disallowances under income tax act | (73.99) | (81.54) |
| Unabsorbed carried forward losses | (386.31) | (170.52) |
| Others | (0.08) | (0.13) |
| | (708.46) | (481.88) |
| | 127.62 | 128.62 |

7 Other long term liabilities

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|-------------------------------------|----------------|----------------|
| Security deposits from distributors | 8.68 | 8.68 |
| | 8.68 | 8.68 |

8 Provisions

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|-----------------|----------------|-----------------|
| | Long term | Short term | Long term | Short term |
| Provisions for employee benefits (Also refer note (a) below) | 124.95 | 30.88 | 182.37 | 79.84 |
| Proposed dividend to equity shareholders (Also refer note (b) below) | - | 591.88 | - | 523.37 |
| Corporate dividend tax | - | 100.59 | - | 88.95 |
| Provision for taxation (net of advance tax) | - | 3,878.49 | - | 1,462.12 |
| | 124.95 | 4,601.84 | 182.37 | 2,154.28 |

a) Employee benefits

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

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|---|----------------|--------------|----------------|----------------|
| | (Funded) | (Non funded) | (Funded) | (Non funded) |
| Change in projected benefit obligation | | | | |
| Projected benefit obligation at the beginning of the year | 245.75 | - | 152.79 | 17.12 |
| Current service cost | 49.65 | - | 31.76 | 12.16 |
| Interest cost | 22.88 | - | 12.57 | 1.41 |
| Actuarial (gain) / loss | (23.25) | - | 23.62 | 12.70 |
| Benefits paid | (35.68) | - | (18.69) | - |
| Projected benefit obligation at the end of the year | 259.35 | - | 202.05 | 43.39 |
| Change in plan assets | | | | |
| Fair value of plan assets at the beginning of the year | 118.21 | | 106.56 | |
| Expected return on plan assets | 11.78 | | 10.86 | |
| Employer contributions | 106.87 | | 19.47 | |
| Actuarial gains | - | | - | |
| Benefits paid | (35.47) | | (18.69) | |
| Fair value of plan assets at the end of the year | 201.39 | | 118.20 | |
| Reconciliation of present value of obligation on the fair value of plan assets | | | | |
| Present value of projected benefit obligation at the end of the year | 259.36 | | 245.45 | |
| Funded status of the plans | 202.16 | | 118.20 | |
| Liability recognised in the balance sheet | 57.20 | | 127.25 | |
| Expenses recognised in the statement of profit and loss | | | | |
| Service cost | 49.65 | - | 31.76 | 12.16 |
| Interest cost | 22.88 | - | 12.57 | 1.41 |
| Expected returns on plan assets | (12.18) | - | (10.86) | - |
| Recognized net actuarial (gain)/ loss | (24.02) | - | 23.62 | 12.70 |
| Net costs | 36.33 | - | 57.09 | 26.27 |
| Assumptions used | | | | |
| Discount rate | 9.15% | | 8.25% | 8.25% |
| Long-term rate of compensation increase | 5.00% | | 5.00% | 8.18% |
| Rate of return on plan assets | 9.25% | | 9.25% | N.A. |
| Average remaining life | 23.60 to 24.70 | | 23.20 | 25.40 to 25.60 |

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

Compensated absences:

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

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|--------------|----------------|--------------|
| | (Funded) | (Non funded) | (Funded) | (Non funded) |
| Change in projected benefit obligation | | | | |
| Projected benefit obligation at the beginning of the year | | 56.82 | | 43.50 |
| Current service cost | | 3.16 | | 13.98 |
| Interest cost | | 4.82 | | 3.57 |
| Actuarial (gain) / loss | | 28.49 | | (4.23) |
| Benefits paid | | (5.01) | | - |
| Projected benefit obligation at the end of the year | | 88.28 | | 56.82 |

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|--------------|----------------|--------------|
| | (Funded) | (Non funded) | (Funded) | (Non funded) |
| Expenses recognised in the statement of profit and loss | | | | |
| Current service cost | | 3.16 | | 13.98 |
| Interest cost | | 4.82 | | 3.57 |
| Recognized net actuarial (gain)/ loss | | 28.49 | | (4.23) |
| Net costs | | 36.47 | | 13.32 |
| Assumptions used | | | | |
| Discount rate | | 9.15% | | 8.25% |
| Long-term rate of compensation increase | | 5.00% | | 5.00% |

b) Details with respect to proposed dividend

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|-----------------------------|----------------|--------------|----------------|--------------|
| | (Funded) | (Non funded) | (Funded) | (Non funded) |
| Dividends proposed to | | | | |
| Equity shareholders | | 591.88 | | 523.37 |
| Proposed dividend per share | | | | |
| Equity shareholders | | 2.25 | | 2.00 |

9 Short-term borrowings

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|-----------------------------|-------------------|-------------------|
| Secured | | |
| Rupee working capital loans | | |
| From banks | 128,580.71 | 123,400.04 |
| Unsecured | | |
| Loans repayable on demand | | |
| From banks | 3,469.10 | 1,513.70 |
| From directors | 0.10 | 31.10 |
| From other parties | 93.30 | 164.74 |
| | 3,562.50 | 1,709.54 |
| | 132,143.21 | 125,109.58 |

- a) The working capital loans is repayable on demand and the interest on above term loans from banks are linked to the respective banks base rates which are floating in nature. The interest rate ranges from 10.00 % to 13.00 % on rupee working capital loan.
- b) Working capital loans are secured by hypothecation of stocks and book debts of the Company.

10 Trade payables

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|------------------|------------------|
| Dues to micro, small and medium enterprises (Also, refer note (a) below) | 930.81 | 323.90 |
| Others | 13,901.87 | 15,054.59 |
| | 14,832.68 | 15,378.49 |

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

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Principal amount remaining unpaid | 930.81 | 323.90 |
| Interest accrued and remaining unpaid as at year end | - | - |

The management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under Micro, Small and Medium Enterprises Development (MSMED) Act,

2006. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2014 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the (MSMED) Act, 2006 is not expected to be material.

11 Other current liabilities

| | (₹ in lacs) | |
|---|------------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| Current maturity of long term debts (refer to note 5) | 5,342.91 | 4,605.36 |
| Interest accrued but not due on borrowings | 99.08 | 115.03 |
| Unclaimed dividend * | 10.09 | 11.68 |
| Forward payable (net) | - | 81.99 |
| Advances form customers | 1,752.63 | 972.50 |
| Other liabilities | 5,327.93 | 3,440.15 |
| Security deposits from customer | 9.70 | 3.68 |
| | 12,542.34 | 9,230.39 |

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

12 Tangible assets

| a) Gross block | Land Freehold | Land leasehold | Buildings | Plant and machinery | Furniture and fixtures | Office equipment | Vehicles | Total |
|--------------------------------|---------------|----------------|-----------|---------------------|------------------------|------------------|----------|-----------|
| Balance as at April 01, 2012 | 4,364.29 | 596.72 | 8,838.06 | 23,064.13 | 408.55 | 901.61 | 1,680.76 | 39,854.12 |
| Additions | 268.49 | 19.98 | 934.07 | 2,461.64 | 23.04 | 223.89 | 390.78 | 4,321.89 |
| Disposals | (90.39) | - | - | (269.99) | - | (4.94) | (37.89) | (403.21) |
| - Foreign exchange fluctuation | 19.37 | | 51.85 | (54.87) | 6.05 | (7.76) | 13.40 | 28.04 |
| Balance as at March 31, 2013 | 4,561.76 | 616.70 | 9,823.98 | 25,200.91 | 437.64 | 1,112.80 | 2,047.05 | 43,800.84 |
| Additions | - | 35.07 | 1,738.92 | 1,687.59 | 424.07 | 174.00 | 157.56 | 4,217.21 |
| Disposals | - | - | (108.24) | (485.12) | (62.98) | (46.35) | (72.20) | (774.89) |
| - Foreign exchange fluctuation | 47.74 | | 144.77 | 45.18 | 9.01 | 11.41 | 10.51 | 268.62 |
| Balance as at March 31, 2014 | 4,609.50 | 651.77 | 11,599.43 | 26,448.56 | 807.74 | 1,251.86 | 2,142.92 | 47,511.78 |
| b) Accumulated depreciation | | | | | | | | |
| Balance as at April 01, 2012 | - | - | 1,717.35 | 10,331.21 | 168.69 | 517.04 | 905.15 | 13,639.44 |
| Depreciation charge | - | - | 584.98 | 2,577.40 | 58.66 | 126.96 | 256.81 | 3,604.81 |
| Reversal on disposal of assets | - | - | - | (205.20) | - | (1.84) | (26.05) | (233.09) |
| Translation Reserve | - | - | 30.25 | (137.02) | 0.28 | 3.46 | 10.40 | (92.63) |
| Balance as at March 31, 2013 | - | - | 2,332.58 | 12,566.39 | 227.63 | 645.62 | 1,146.31 | 16,918.53 |
| Depreciation charge | - | - | 627.71 | 2,490.80 | 83.35 | 144.95 | 255.40 | 3,602.21 |
| Reversal on disposal of assets | - | - | (52.59) | (313.01) | (36.29) | (52.53) | (33.26) | (487.68) |
| Translation reserve | - | - | 14.92 | 29.47 | 5.34 | 4.99 | 4.86 | 59.58 |
| Balance as at March 31, 2014 | - | - | 2,922.62 | 14,773.65 | 280.03 | 743.03 | 1,373.31 | 20,092.64 |
| Net block | | | | | | | | |
| Balance as at March 31, 2014 | 4,609.50 | 651.77 | 8,676.81 | 11,674.90 | 527.71 | 508.83 | 769.61 | 27,419.13 |
| Balance as at March 31, 2013 | 4,561.76 | 616.70 | 7,491.40 | 12,634.52 | 210.01 | 467.18 | 900.74 | 26,882.31 |

13 Intangible assets

| Gross block | Goodwill | Brands/ Trademarks | Computer software | Total |
|-------------------------------------|-----------------|-----------------------|----------------------|-----------------|
| Balance as at April 01, 2012 | 7,728.45 | 300.00 | 14.30 | 8,042.75 |
| Additions | - | - | - | - |
| Disposals | - | - | - | - |
| Foreign exchange fluctuation | 531.51 | - | - | 531.51 |
| Balance as at March 31, 2013 | 8,259.96 | 300.00 | 14.30 | 8,574.26 |
| Additions | 10.28 | - | - | 10.28 |
| Foreign exchange fluctuation | 826.88 | - | - | 826.88 |
| Balance as at March 31, 2014 | 9,097.12 | 300.00 | 14.30 | 9,411.42 |
| Accumulated depreciation | | | | |
| Balance as at April 01, 2012 | 1,024.60 | 180.00 | 2.75 | 1,207.35 |
| Depreciation charge* | 271.37 | 6.00 | 1.66 | 279.03 |
| Foreign exchange fluctuation | 110.65 | - | - | 110.65 |
| Balance as at March 31, 2013 | 1,406.62 | 186.00 | 4.41 | 1,597.03 |
| Depreciation charge | 130.89 | 5.70 | 1.33 | 137.92 |
| Foreign exchange fluctuation | 126.44 | - | - | 126.44 |
| Balance as at March 31, 2014 | 1,663.95 | 191.70 | 5.74 | 1,861.39 |
| Net block | | | | |
| Balance as at March 31, 2014 | 7,433.17 | 108.30 | 8.56 | 7,550.03 |
| Balance as at March 31, 2013 | 6,853.34 | 114.00 | 9.89 | 6,977.23 |

*includes impairment loss of Nil (previous year ₹ 271.27 lacs) on goodwill owing to reduction in value of subsidiary Kusha Inc.

14 Non-current investments (Valued at cost unless stated otherwise)

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|---|----------------|----------------|
| Trade investments | | |
| Investments in equity instruments (unquoted) | | |
| (i) Investment in associate | | |
| 42,500 (previous year 42,500) equity shares of | | |
| -L T Infotech Private Limited of ₹ 10 each * | 4.25 | 4.25 |
| (ii) Keyman insurance policies | 264.64 | 251.53 |
| Other investments- Quoted | | |
| (a) Fully paid-up equity shares (quoted) | | |
| 2,300 (previous year 2,300) equity shares - Andhra bank of ₹ 10 each fully paid up | 0.23 | 0.23 |
| (b) Investment in mutual funds (quoted) | | |
| 50,000 (previous year 50,000) units of Principal PNB Long Term Equity Fund | 5.00 | 5.00 |
| 48,875.855 (previous year 48,875.855) units of Templeton India Equity Income Growth Fund | 5.00 | 5.00 |
| 12,999.619 (previous year 12,999.619) units of HDFC MIP Long Term Dividend Fund | 1.50 | 1.50 |
| 2,023.636 (previous year 2,023.636) units of Sundram BNP Paribas Select Midcap Dividend Plan | 0.30 | 0.30 |
| 894.055 (previous year 894.055) units of Reliance Vision Fund | 0.40 | 0.40 |
| Other investments- Unquoted | | |
| (a) Fully paid-up equity shares (unquoted) | | |
| 500 (previous year 500) equity shares of India International Marketing Limited of ₹ 10 each fully paid up | 0.05 | 0.05 |
| 13,50,000 (previous year 13,50,000) equity shares of Express Warehousing Limited | 135.00 | 135.00 |
| (b) Investment in Mutual funds (unquoted) | | |
| 10,00,000 (previous year 10,00,000) units of ₹ 10 each of CIG Realty Fund | 100.00 | 100.00 |
| (c) In Government securities | | |
| National Saving Certificate ** | 0.21 | 0.22 |
| | 516.58 | 503.48 |
| *Less: permanent diminution in value of investment | 4.25 | 4.25 |
| | 512.33 | 499.23 |
| ** National saving certificate of ₹ 0.21 lacs is held in the name of an employee. | | |
| Aggregate amount of : | | |
| Non trade quoted investments | 12.43 | 12.43 |
| Unquoted non trade investments | 235.26 | 235.27 |
| Unquoted trade investments | 264.64 | 251.53 |
| Market value of non trade quoted investments | 23.28 | 23.70 |

15 Loans and advances

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|---|-----------------|-----------------|-----------------|------------------|
| | Long term | Short term | Long term | Short term |
| Unsecured, considered good, unless otherwise stated | | | | |
| Capital advances | 750.35 | - | 180.72 | - |
| Security deposits | | | | |
| - Unsecured, considered good | 409.58 | 301.58 | 453.02 | 203.78 |
| - Consider doubtful | 1.60 | - | 1.60 | - |
| - Provision for doubtful advances | (1.60) | - | (1.60) | - |
| Minimum alternative tax credit receivable | 28.64 | 385.71 | 2.75 | 569.12 |
| Advance income tax (net of provision for tax) | 581.44 | 1,326.75 | 1,288.79 | 481.12 |
| Balances with central excise authorities | 244.15 | 46.31 | 352.90 | 43.55 |
| | 2,014.16 | 2,060.35 | 2,278.18 | 1,297.57 |
| Advances recoverable in cash or in kind or for value to be received | | | | |
| - Unsecured, considered good | 98.24 | 6,226.44 | 104.65 | 10,665.26 |
| - Consider doubtful | - | 52.06 | - | 63.18 |
| - Provision for doubtful advances | - | (52.06) | - | (63.18) |
| | 98.24 | 6,226.44 | 104.65 | 10,665.26 |
| | 2,112.40 | 8,286.79 | 2,382.83 | 11,962.83 |

16 Other current assets

(₹ in lacs)

| | March 31, 2014 | | March 31, 2013 | |
|--|----------------|---------------|----------------|--------------|
| | Non-current | Current | Non-current | Current |
| Interest accrued but not due on fixed deposits | 30.85 | 51.23 | - | 41.00 |
| Deferred premium on forward contracts | - | 89.95 | - | - |
| Bank deposits with maturity of more than 12 months (refer note 19) | 203.38 | - | 175.68 | - |
| Others | 102.97 | 0.19 | 204.22 | - |
| | 337.20 | 141.37 | 379.90 | 41.00 |

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

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--------------------|-------------------|-------------------|
| Raw material | | |
| Paddy | 61,047.11 | 48,097.20 |
| Bardana | 1,229.83 | 1,614.62 |
| Packaging Material | 1,108.32 | 860.46 |
| Finished goods | 69,811.16 | 48,365.62 |
| Stock in trade | 1,515.93 | 6,838.02 |
| Stores and spares | 223.00 | 212.13 |
| | 134,935.35 | 105,988.05 |

18 Trade receivables

| | (₹ in lacs) | |
|--|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| Outstanding for a period exceeding six months from the date they are due for payment | | |
| Unsecured considered good | - | 729.34 |
| Considered doubtful | 475.76 | 517.20 |
| | 475.76 | 1,246.54 |
| Less : Provision for bad and doubtful debts | (475.76) | (517.20) |
| | - | 729.34 |
| Other debts | | |
| Unsecured considered good | 32,612.72 | 36,488.70 |
| | 32,612.72 | 37,218.04 |

19 Cash and bank balances

| | (₹ in lacs) | | | |
|---|----------------|-----------------|----------------|-----------------|
| | March 31, 2014 | | March 31, 2013 | |
| | Non-current | Current | Non-current | Current |
| Cash and cash equivalents: | | | | |
| (a) Cash in hand | | | | |
| In Indian currency | - | 57.09 | - | 158.96 |
| In foreign currencies | - | 4.48 | - | 5.73 |
| (b) Balances with banks | | | | |
| - in current accounts | - | 2,641.66 | - | 2,382.49 |
| - in deposit account (with maturity upto 3 months)* | - | 748.44 | - | 188.36 |
| Other bank balances | | | | |
| Unpaid dividend account | - | 12.13 | - | 13.48 |
| In deposit account (with original maturity more than 3 months and remaining maturity upto 12 months)* | - | 43.23 | - | 1,024.03 |
| | | - | | - |
| Bank deposits with maturity of more than 12 months* | 203.38 | | 175.68 | |
| | 203.38 | 3,507.03 | 175.68 | 3,773.05 |
| Less : Amounts disclosed as Other non-current assets (Refer note 16) | (203.38) | - | (175.68) | - |
| | - | 3,507.03 | - | 3,773.05 |

** The deposits are restricted as they are held as margin money deposits against bank guarantees and letter of credit.

20 Revenue from operations

| | (₹ in lacs) | |
|------------------|-------------------|-------------------|
| | March 31, 2014 | March 31, 2013 |
| Sale of products | | |
| Rice | 239,429.76 | 207,712.15 |
| Other items | 6,742.88 | 13,055.36 |
| | 246,172.64 | 220,767.51 |

21 Other income

| | (₹ in lacs) | |
|--|-----------------|-----------------|
| | March 31, 2014 | March 31, 2013 |
| Dividend from non trade investments | 0.13 | 0.08 |
| Profit from sale of fixed assets (net) | 4.69 | 94.98 |
| Interest on bank fixed deposits | 104.02 | 154.87 |
| Liabilities written back | 448.83 | - |
| Export incentive | 18.81 | 16.27 |
| Miscellaneous receipts | 1,281.40 | 627.42 |
| Rental income | - | 40.59 |
| Processing charges | 1,237.97 | 1,256.29 |
| | 3,095.85 | 2,190.50 |

22 Cost of materials consumed

| | (₹ in lacs) | |
|---|-------------------|-------------------|
| | March 31, 2014 | March 31, 2013 |
| Opening stock | | |
| Paddy | 48,097.20 | 42,946.86 |
| Bardana | 1,614.62 | 1,479.87 |
| Packing material | 860.46 | 790.64 |
| | 50,572.28 | 45,217.37 |
| Add: purchases | | |
| Paddy | 118,027.90 | 73,332.76 |
| Bardana | 826.85 | 486.17 |
| Packing material | 6,459.34 | 2,903.54 |
| Broken rice/unpolished rice for consumption | 55,342.96 | 48,076.44 |
| Others | 26.11 | 12.79 |
| | 180,683.16 | 124,811.70 |
| Less: closing stock | | |
| Paddy | 61,047.11 | 48,097.20 |
| Bardana | 1,229.83 | 1,614.62 |
| Packing material | 1,108.33 | 860.46 |
| | 63,385.27 | 50,572.28 |
| | 167,870.17 | 119,456.79 |
| Consumption details | | |
| Paddy | 105,077.99 | 68,182.42 |
| Bardana | 1,211.64 | 351.42 |
| Packing material | 6,211.47 | 2,833.72 |
| Broken rice/unpolished rice for consumption | 55,342.96 | 48,076.44 |
| Others | 26.11 | 12.79 |
| | 167,870.17 | 119,456.79 |

23 Purchases of stock-in-trade

| | (₹ in lacs) | |
|---------------|------------------|------------------|
| | March 31, 2014 | March 31, 2013 |
| Rice (traded) | 28,635.66 | 53,593.04 |
| Soyabean | 1,840.59 | 3,689.34 |
| Maize | - | 3,931.78 |
| Others | 1,072.97 | 1,973.78 |
| | 31,549.22 | 63,187.94 |

24 Changes in inventories of finished goods and stock in trade

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|------------------------|--------------------|--------------------|
| Opening stock | | |
| Finished goods | 48,365.62 | 35,956.09 |
| Traded goods | 6,838.02 | 1,460.52 |
| Translation adjustment | 889.75 | 819.31 |
| Closing stock | | |
| Finished goods* | 69,811.16 | 48,365.62 |
| Traded goods* | 1,515.93 | 6,838.02 |
| | (15,233.70) | (16,967.72) |

* Consists of Rice only

25 Employee benefits expense

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|---|-----------------|-----------------|
| Salaries, wages and bonus (Also refer note (a) below) | 5,548.59 | 4,157.14 |
| Contribution to provident and other fund | 141.36 | 167.64 |
| Staff welfare expenses | 206.77 | 158.21 |
| Director's remuneration | 257.48 | 202.31 |
| Directors remuneration of subsidiary companies | 232.36 | 261.74 |
| | 6,386.56 | 4,947.04 |

(a) Share-based payment

The Company maintains an equity settled share-based payment scheme IT Foods Employee Stock Option Plan-2010, hereinafter referred to as 'the Plan') adopted and approved by share-holders on September 30, 2010.

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

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted. The total expense recognized in the income statement for the year ended March 31, 2014 is ₹ 40.74 lacs (March 31, 2013 ₹ 42.40 lacs).

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

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

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

| | ESOP-2010 (Grant I) April 01, 2011 | ESOP-2010 (Grant II) Feb 07, 2013 |
|---|--|---|
| Grant date | | |
| Fair value of option using the Black Scholes model (in ₹) | 21.05 | 24.97 |
| Fair value of shares at grant date (INR) | 49.5 | 58.8 |
| Exercise price (in ₹) | 38 | 38 |
| Market value of share as on March 31, 2014 | 91.55 | 91.55 |
| Expected volatility | 67% | 54% |
| Option life (in years) | 4 | 4 |
| Dividend yield | 2.02% | 1.70% |
| Risk-free interest rate | 5.80% | 7.52% |

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

ESOP-2010 (Grant I)

Share options granted to employees and others providing similar services

| | March 31, 2014 | | | March 31, 2013 | | |
|----------------------------------|-------------------|--|---|-------------------|--|---|
| Number of options | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life |
| Balance at beginning of the year | 598,348 | 38 | - | 648,329 | 38 | - |
| Granted during the year | - | - | - | - | - | - |
| Forfeited during the year | - | - | - | - | - | - |
| Exercised during the year | 131,300 | 38 | - | 49,981 | 38 | - |
| Expired during the year | - | - | - | - | - | - |
| Balance at end of the year | 467,048 | 38 | - | 598,348 | 38 | - |
| Exercisable at end of the year | 304,966 | 38 | - | 274,184 | 38 | - |

ESOP-2010 (Grant II)

Share options granted to employees and others providing similar services

| | March 31, 2014 | | | March 31, 2013 | | |
|----------------------------------|-------------------|--|---|-------------------|--|---|
| Number of options | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life | Number of options | Weighted average exercise price (in ₹) | Weighted average remaining contractual life |
| Balance at beginning of the year | 201,209 | 38 | - | - | 38 | - |
| Granted during the year | - | - | - | 201,209 | - | - |
| Forfeited during the year | - | - | - | - | - | - |
| Exercised during the year | 5,914 | 38 | - | - | - | - |
| Expired during the year | - | - | - | - | - | - |
| Balance at end of the year | 195,295 | 38 | - | 201,209 | 38 | - |
| Exercisable at end of the year | 44,388 | 38 | - | - | - | - |

26 Finance costs

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|-----------------------------------|------------------|------------------|
| Interest on working capital loans | 9,427.22 | 9,001.53 |
| Interest on term loans | 1,375.53 | 2,207.51 |
| | 10,802.75 | 11,209.04 |
| Bank charges | 539.04 | 503.86 |
| | 11,341.79 | 11,712.90 |

27 Other expenses

(₹ in lacs)

| | March 31, 2014 | March 31, 2013 |
|--|------------------|------------------|
| Warehouse rent | 60.24 | 44.83 |
| Wages | 2,369.35 | 2,116.19 |
| Job work | 118.29 | 166.52 |
| Factory insurance | 1.98 | 2.28 |
| Power and fuel | 195.58 | 258.95 |
| Security services | | |
| Research and development | 179.00 | 143.66 |
| Packing expenses | 106.67 | 116.37 |
| Repairs and maintenance | 87.15 | 79.14 |
| - Machinery | 1,151.23 | 1,139.75 |
| - Building | - | 55.82 |
| - Others | 3,196.28 | 1,749.31 |
| Stores and spares consumed | 414.90 | 307.11 |
| Other manufacturing expenses | 984.73 | 922.16 |
| Advertisement | 136.21 | 184.83 |
| Insurance | 47.79 | 38.05 |
| Legal and professional charges | 9.83 | 8.30 |
| Rates and taxes | 118.90 | 85.80 |
| Donation and charity | 3.13 | 4.43 |
| Directors' sitting fees | 312.03 | 427.22 |
| Auditors' remuneration * | 149.05 | 148.38 |
| Fines and penalties | 1,530.71 | 760.58 |
| Rent | 1,247.13 | 987.70 |
| Vehicle running and maintenance | 1,529.31 | 870.87 |
| Other administrative expenses | 535.73 | 680.67 |
| Travelling and conveyance | 5,956.68 | 9,478.83 |
| Rebate and discounts | - | 186.40 |
| Commission to selling agents | 229.87 | 167.40 |
| Clearing, forwarding and freight charges | 1,066.41 | 1,263.69 |
| Market development expenses | 2,762.20 | 2,465.47 |
| Business promotion expenses | 1,633.52 | 983.77 |
| Freight outward | 223.39 | 0.06 |
| Other selling expenses | 55.69 | 521.75 |
| Bad debts written off | 2,161.35 | 695.72 |
| Loss on sales of fixed assets | 109.27 | 54.61 |
| Provision for doubtful recoveries | 30,512.44 | 28,531.70 |
| Loss on exchange fluctuation (net) | 2,161.35 | 695.72 |
| Premium on forward contract | 109.27 | 54.61 |
| | 30,512.44 | 28,531.70 |

* Auditors' remuneration

| | | |
|------------------------|---------------|--------------|
| Statutory audit | 101.67 | 73.42 |
| Tax audit | 5.59 | 0.45 |
| Other matters | 0.99 | 2.69 |
| Out of pocket expenses | 2.87 | 3.06 |
| Service tax | 7.78 | 6.18 |
| | 118.90 | 85.80 |

28. Contingent liabilities

| (₹ in lacs) | | |
|--|-----------------|-----------------|
| Nature of contingency | March 31, 2014 | March 31, 2013 |
| - Income-tax demands * | 894.85 | 1,137.99 |
| - HRDF Demand of Market Committee, Sonapat | 30.78 | 30.78 |
| - Guarantees given by group | 1,628.52 | 1391.22 |
| - FCI Demand for differential price/freight/ taxes | 339.00 | 339.00 |
| - Claims against the group | 35.25 | 126.14 |
| - Duty saved under EPCG licenses (export obligation outstanding ₹ 6,965.01 lacs (previous year ₹ 6,861.43 lacs)) | 1,088.54 | 1,067.65 |
| - House of Spices breach of contract for distributor rights | - | 1,305.34 |
| - Non-payment of commission to D.M.Livemore | 419.37 | - |
| Total | 4,436.37 | 5,398.12 |

* In case of Daawat Foods Limited, Appeals has filed against the order of the AO before CIT(Appeals) for the AY 2007-08 to AY 2009-10. The CIT(Appeals) has allowed partial relief and after allowing appeal effect of the order of CIT(Appeals) by the AO, the demand has reduced to ₹59.57 lacs. Appeals has filed against the order of CIT(Appeals) for the above said assessment years before the Income Tax Appellate Tribunal, on issues for which relief has not been given by CIT(Appeals).

* In case of LT Foods Limited, Appeals has filed against the order of the AO before CIT(Appeals) for the AY 2003-04 to AY 2007-08. The CIT(Appeals) vide its order dated 25/3/2013, 28/3/2013 and 10/10/2013 has allowed substantial relief and after allowing appeal effect of the order of CIT(Appeals) by the AO, the demand has reduced to ₹80.59 lacs. Appeal filed appeals against the order of CIT(Appeals) for the above said assessment years before the Income Tax Appellate Tribunal, on issues for which relief has not been given by CIT(Appeals).

Appeal for the AY 2008-09, AY 2009-10 and AY 2000-01 are still pending before Income Tax Appellate Tribunal and demand of ₹744.53 lacs is outstanding.

An amount of ₹1028.15 lacs has been paid as per the directions of Income Tax Department against the outstanding demands and the same will be adjusted / refunded, once the appeals are final. The management is confident that it's position is likely to be upheld in the appeals pending before Income Tax Appellate Tribunal and there will be no liability on the Company on account of these proceedings.

* In case of Nature Bio Foods Limited, assessment proceedings for the assessment year 2007-08 on account of disallowances of expenditure is pending before Income Tax Appellate Tribunal.

29. Capital commitments

Capital commitments remaining to be executed and not provided for, net of capital advances ₹1649.38 lacs (previous year: ₹524.33 lacs)].

30. Related party disclosures

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

(i) Names of related parties and description of relationship

- **Associates**
LT Infotech Private Limited
- **Key Management Personnel and their relatives**

| Name | Designation |
|----------------------|---|
| Vijay Kumar Arora | Managing Director |
| Surinder Kumar Arora | Joint Managing Director |
| Ashwani Kumar Arora | Joint Managing Director |
| Ashok Arora | President-Punjab Operations |
| Abhinav Arora | Relative of Managing Director |
| Aditya Arora | Relative of President-Punjab Operations |
| Aditi Arora | Relative of Managing Director |
| Gursajan Arora | Relative of Joint Managing Director |
| Isha Arora | Relative of Joint Managing Director |
| Ritesh Arora | Relative of Joint Managing Director |

Transactions with subsidiary companies

| Particulars | (₹ in lacs) | |
|--|----------------|----------------|
| | March 31, 2014 | March 31, 2013 |
| Remuneration paid | | |
| Vijay Kumar Arora | 120.00 | 78.00 |
| Ashwani Kumar Arora | 70.75 | 64.31 |
| Surinder Kumar Arora | 78.00 | 60.00 |
| Ashok Arora | 60.00 | 36.00 |
| Abhinav Arora | 108.89 | 214.54 |
| Aditya Arora | 9.60 | - |
| Aditi Arora | 4.00 | 4.00 |
| Gursajan Arora | 9.76 | 10.61 |
| Isha Arora | 4.00 | - |
| Ritesh Arora | 0.74 | - |
| Dividend paid to key management personnel | 165.35 | - |
| Dividend paid to relatives of key management personnel | 174.74 | - |
| Interest paid (Ashok Arora) | 1.23 | 2.58 |
| Balance at year end | | |
| Ashok Arora | - | 31.00 |

31. Earnings per share

| Particulars | March 31, 2014 | March 31, 2013 |
|--|----------------|----------------|
| Net profit attributable to equity shareholders after minority interest (₹ in lacs) | 7,832.52 | 5,605.19 |
| Numbers of weighted average equity share outstanding at the year end for Basic (in lacs) | 262.63 | 265.31 |
| Numbers of weighted average equity share outstanding at the year end for Diluted (in lacs) | 261.26 | 264.16 |
| Nominal value of equity share (₹) | 10 | 10 |
| Earnings Per Share— | | |
| Basic (₹) | 29.82 | 21.45 |
| Diluted (₹) | 29.52 | 21.22 |

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

| Name of subsidiary | Country of operations | Percentage of holding by LT Foods Limited |
|--|-----------------------|---|
| Subsidiaries | | |
| Daawat Foods Limited | India | 70.48% |
| Nature Bio Foods Limited | India | 100.00% |
| SDC Foods India Limited | India | 80.00% |
| LT International Limited | India | 89.98% |
| Sona Global Limited | UAE | 100% |
| LT Overseas North America, Inc | USA | 100% |
| Raghuvesh Foods & Infrastructure Limited | India | 100% |
| Step subsidiaries | | |
| Nice International FZE | UAE | 100% |
| Kusha Inc. | USA | 100% |
| LT Foods USA LLC | USA | 100% |
| Universal Traders Inc. | USA | 100% |
| Royal Curry Delights LLC | USA | 60% |
| LT Foods Middle East DMCC | UAE | 100% |
| LT Agri Services Private Limited | India | 70.48% |
| Expo Services Private Limited | India | 80% |
| Raghuvesh Power Projects Limited | India | 51% |
| Name of partnership firm | | |
| Raghunath Agro Industries | India | 100%* |

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

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

| (₹ in lacs) | | | | |
|----------------------|-------------------|------------------|-------------------|-------------------|
| Particulars | India | North America | Rest of the world | Total |
| Revenue: | | | | |
| External | 140,478.23 | 71,811.97 | 36,978.31 | 249,268.50 |
| Previous year | 103,080.95 | 43,597.52 | 76,279.53 | 222,958.01 |
| Total | 140,478.23 | 71,811.97 | 36,978.31 | 249,268.50 |
| Previous year | 103,080.95 | 43,597.52 | 76,279.53 | 222,958.01 |
| Segment assets | 11,864.23 | 8,335.10 | 12,413.39 | 32,612.72 |
| Previous year | 6,720.27 | 4,834.03 | 25,663.74 | 37,218.04 |
| Unallocated assets* | | | | 186,657.94 |
| Previous year | | | | 160,055.67 |
| Capital expenditure* | | | | 5,447.26 |
| Previous year | | | | 4,660.50 |

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

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

34. The group has entered into rent agreements as a lessee for warehouses and office premises, which are in the nature of operating lease.

Rental expense for operating lease for the years ended March 31, 2014 and 2013 was ₹709.80 lacs and ₹801.46lacs respectively. The Group has not executed any non-cancelable operating leases.

35. i) The yearend foreign currency exposures that have not been hedged by a derivative instrument or otherwise is as follows:

| Particulars | March 31, 2014 (₹ in lacs) | March 31, 2013 (₹ in lacs) | March 31, 2014 (FC in lacs) | March 31, 2013 (FC in lacs) |
|------------------------------------|-------------------------------|-------------------------------|-----------------------------------|-----------------------------------|
| Receivables in Foreign Currency | | | | |
| - Trade receivables | 18,926.20 | 23,591.07 | USD 298.90 EURO 11.48 | USD 462.23 EURO 5.67 |
| Payables in Foreign Currency | | | | |
| - Trade payables | 290.46 | 87.62 | USD 4.10 EURO 1.10 YEN 1.88 | USD 1.42 EURO 0.18 YEN 1.15 |

ii) The parent Company uses derivative contracts to hedge its risks associated with fluctuations with foreign currencies relating to foreign currencies receivables. The following are outstanding derivative contracts as on March 31, 2014.

| Particulars | Purpose | ₹ in lacs |
|--|---|-----------|
| Forward contract to sell (USD) USD 420.67 (previous year: USD 655.39) ₹26,593.80 (previous year: ₹36,990.81) | Hedge of highly probable foreign currency | |

- b) The parent Company has taken put option of USD 90 lacs from Bank of Baroda to hedge its foreign currency receivable exposure having an exercising period between April 2014 to December 2014 for USD 10 lacs per month.
- c) The parent Company has taken put option of USD 20 lacs from Bank of Baroda to hedge its foreign currency receivable exposure having an exercising period for August 2014 and September 2014 for USD 10 lacs per month.
- d) One Company among the group has taken put option of USD 22.50 lacs from ICICI Bank Limited to hedge its foreign currency receivable exposure having an exercising period between April 2014 to December 2014 for USD 2.50 lacs per month.

36. Previous year figures

Previous year's figures have been regrouped/reclassified wherever necessary, to confirm to current year's classification.

| | | |
|--|---|--|
| For Walker Chandiok & Co LLP (formerly Walker, Chandiok & Co) Chartered Accountants Firm Registration No.: 001076N | | For and on behalf of Board of Directors |
| Sd/- per Atul Seksaria Partner | Sd/- Ashwani Kumar Arora Joint Managing Director DIN No. 01574773 | Sd/- Surinder Kumar Arora Joint Managing Director DIN No. 01574728 |
| Place : Gurgaon Date : May 05, 2014 | Sd/- Monika Chawla Jaggia Company Secretary Membership No. F5150 | |

Corporate Information

Board of Directors

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

Mr. Surinder Kumar Arora, *Joint Managing Director*

Mr. Ashwani Kumar Arora, *Joint Managing Director*

Mr. Rajesh Kumar Srivastava, *Nominee Director*

Ms. Radha Singh, *Independent Director*

Mr. Pramod Bhagat, *Independent Director*

Mr. Surender Kumar Tuteja, *Independent Director*

Company Secretary & Compliance Officer

Ms. Monika Chawla Jaggia

Key Management Team

Corporate Office

Mr. Askok Kumar Arora, *President Punjab Operations*

Mr. Vivek Chandra, *CEO Foods*

Mr. Anil Khandelwal, *Director Finance & Strategy*

Mr. Kaizar Colombowala, *Head Research & Development*

Mr. Som Nath Chopra, *Chief Financial Controller*

Mr. S. K. Salhotra, *Group Head Treasury*

Mr. Vikram Patil, *Associate Director Strategic Process Improvement*

Mr. Rajinder Wadhawan, *Director Operations*

Mr. Vijay Malik, *Associate Director & Head Middle East*

Mr. Kamal Poplai, *Head Quality*

Mr. Dipol Dhole, *Vice President HR & Admin*

Mr. J. S. Oberoi, *Senior Consultant Projects*

Kusha Inc. USA

Mr. Abhnav Arora, *President*

Mr. Jerry Taylor, *Vice President Marketing*

Mr. Mukesh Aggarwal, *Vice President Accounts*

Ms. Nadine Curias, *Kusha-Vice President Strategy & Marketing*

Mr. Sai S. Krishnan, *Vice President Supply Chain & Operations*

Nature Bio Foods Limited

Mr. Tapan Ray, *Managing Director & CEO*

Statutory Auditors

Walker, Chandio & Co

Internal Auditors

Protiviti Consulting Private Limited

Manufacturing Facilities

Basmati and Other value-added products

43Km Stone, GT Road, Bahalgarh,

Kamaspur, Bahalgarh, Sonapat-131001

Mandideep, Bhopal

Phoola Road, Amritsar

Varpal, Punjab

Kurkure

Kamaspur, Sonapat-131001

Silos Plant, Amritsar

Packaging Facility in U.S.

Cypress

Houston

Bankers to the Company

Oriental Bank of Commerce (Lead Bank)

State Bank of India

Corporation Bank

Punjab National Bank

Allahabad Bank

Bank of Baroda

State Bank of Hyderabad

Indian Overseas Bank

ICICI Bank

IDBI Bank

Karur Vasya Bank

DAAWAT

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LT Foods

LT Foods Ltd, 4th Floor, MVL i-Park, Sector 15, Gurgaon - 122001, Haryana



LT Foods Ltd.

CORPORATE OFFICE

MVL 1 Park, 4th Floor Sector 15, Gurgaon - 123001,
Haryana, India. T. +91-124-3055100 F. +91-124-3055199

CIN No. : L74899DL1990PLC041790

Regd. OFFICE

Unit - 134, 1st Floor, Rectangle-1, Saket District Center, Saket,
New Delhi-110017, India. T. +91-11-29565344 F. +91-11-29563099

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

| | | | |
|----|---|----------------------------|------------|
| 1. | Name of the Company | LT FOODS LIMITED | |
| 2. | Annual Financial Statements for the year ended | 31 March 2014 | |
| 3. | Type of Audit qualification | Unqualified Opinion | |
| 4. | Frequency of qualification | Nil | |
| 5. | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report: | Nil | |
| 6. | Additional comments from the Board / Audit committee chair: | NA | |
| 7. | To be signed by- | NAME | SIGNATURES |
| | • CEO/ Managing Director | ASHWANI KUMAR ARORA | |
| | • CFO | ANIL KHANDELWAL | |
| | • Auditor of the company (Walker Chandio & Co LLP) (Formerly Walker, Chandio & Co.) (Chartered Accountants) | ATUL SEKSARIA (Partner) | |
| | • Audit Committee Chairman | PRAMOD BHAGAT | |

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DAAWAT

ROYAL

HERITAGE
RASMATI RICE

DEVAAYA

MY-MY