

**SMPS & Co.**  
**CHARTERED ACCOUNTANTS**



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34B, 1<sup>st</sup> floor Pocket M  
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**INDEPENDENT AUDITORS' REPORT**

To the Members of **M/S LAKSHMI ENERGY AND FOODS LIMITED**

**1. Report on Financial Statements:**

We have audited the accompanying financial statements of Lakshmi Energy and Foods Limited (the "Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the statement of Profit and Loss and Cash flow statement for the Eighteen months ended 31<sup>st</sup> March, 2014 ("current period"), and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Financial Statements**

The Company's 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 Standards referred to in sub-section (3C) of section 211 of 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 controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

**3. Auditors' Responsibility**

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 misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's 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. 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.

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



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**4. Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) in the case of the Statement of Profit and Loss, of the loss for the eighteen months ended on that date; and
- c) in the case of cash flow statement, of the cash flows for the eighteen months ended on that date.

**5. Report on Other Legal and Regulatory Requirements :**

- a. As required by the Companies (Auditor's Report) Order, 2003 (CARO), as amended, issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matter specified in paragraph 4 and 5 of the said Order.
- b. As required by section 227(3) of the Act, we report that:
  - i. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - ii. In our opinion, proper books of account required by law have been kept by the company so far as it appears from our examination of those books.
  - iii. The Balance Sheet, the Statement of Profit and Loss, and the Cash flow Statement dealt with by this report are in agreement with the books of account;
  - iv. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of 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;
  - v. On the basis of written representations received from the directors as on 31st March, 2014, and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31st March, 2014 from being appointed as director under clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

**For SMPS & Co.**

*Chartered Accountants*

*Saurabh*

**Saurabh Mishra**  
**(Partner)**

Membership No. 402499  
FRN 021622N

Place: Chandigarh  
Date: 30-05-2014



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**The Annexure referred to in paragraph 5 of 'Report on Legal and Regulatory Requirement' of Independent Auditors' Report,**

The Annexure referred to in our report to the members of Lakshmi Energy and Foods Limited for the eighteen months ended 31<sup>st</sup> March, 2014. We report that,

- i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.  
b) The Company has a regular program of physical verification of its fixed assets through which all fixed assets are verified, in a phased manner, over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification as carried out under the above program during the current period.  
c) Fixed assets disposed off during the period, in our opinion, do not consist the substantial part of fixed assets of the company and such disposal has, in our opinion, not affected the going concern status of the company.
- ii. a) As explained to us, the Inventories, except goods in transit, have been physically verified by the management during the current period at reasonable intervals.  
b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by management during the current period are reasonable and adequate in relation to the size of the company and nature of its business.  
c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventories and no material discrepancies were observed 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 provision of clauses 4(iii)(b) to 4(iii)(d) of the order are not applicable.  
b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, the provision of clauses 4(iii)(f) to 4(iii)(g) of the order are not applicable.  
c) The rate of interest and other terms and conditions of loans taken by the company, secured or unsecured, are prima facie not prejudicial to the interest of the company.
- iv. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of company and nature of its business for the purchase of inventories, fixed assets and also for the sale of goods & services. During the current period, no major weakness has been noticed in the internal control system in respect of these areas.
- v. a) In our opinion the particulars of all contracts or arrangements that need to be entered into the register maintained under section 301 of the Act have been so entered.  
b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.



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- vi. In our opinion and according to the explanations given to us, the company has not accepted deposits from public during the period. Therefore the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable.
- vii. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 209(1)(d) of the Act, in respect of its products, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.
- ix. a) According the information and explanation given to us, and on the basis of our examination of the records of the company, it has generally been regular in depositing with the appropriate authorities undisputed dues, including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it. With regard to the contribution under the Employees' Deposit Linked Insurance Scheme, 1976 (the Scheme) Since, the company has not made any transaction during the year, there is no statutory liability of the company. Though there has been a slight delay in few cases of statutory deposits.  
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) According the information and explanation given to us, the dues outstanding in respect of Income Tax, Wealth Tax, Customs Duty, Service Tax and Sales Tax, on account of dispute are as follows:

Name of the Statute	Nature of dues	Amount in Million Rs	Period to which amount relates	Forum where dispute is pending
Income Tax Act 1961	Demand Raised	11.70	AY 2006-07	ITAT
Income Tax Act 1961	Demand Raised	65.50	AY 2008-09	Punjab and Haryana High Court
Income Tax Act 1961	Demand Raised	14.00	AY 2010-11	ITAT

- x. The Company has no accumulated losses at the end of the financial period and it has not incurred cash losses in current period and immediately preceding financial year.
- xi. In our opinion, Company has dues payable to bankers of Rs. 364.27 millions and Company has not defaulted in repayment of dues to its bankers, debenture holders and financial institutions.
- xii. The Company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. According to information and explanations given to us, the company is not chit fund or a nidhi/mutual benefit fund/society. Hence provision of chit fund not applicable.
- xiv. According to information and explanations given to us, the Company is not dealing or trading in shares securities, debentures and other investments.
- xv. According to information and explanations given to us, the company has not given any guarantee for loans taken by others, from banks or financial institutions by subsidiaries and an associate companies respectively, the terms and conditions whereof are not prejudicial to the interest of the company.



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- xvi. According to information and explanation given to us, the company has not raised any fresh term loan during the current period. Although there is term loan, which have been applied for the purpose for which these were raised.
- xvii. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2014, we report that the funds raised on Short Term basis have not been used for long term investment and vice-versa.
- xviii. The Company has made preferential allotment of shares (33, 00,000 shares against convertible warrants) to Mr. Balbir Singh Uppal Chairman and managing director of the company during the period under audit. The price at which share are allotted, has been computed according to SEBI guidelines, and in our opinion is not pre-judicial to the interest of the company.
- xix. According to information and explanations given to us, Company has neither issued nor had any outstanding debentures during the current period. Accordingly, the provision of clause 4(xix) of the Order is not applicable.
- xx. The Company has not raised any money by public issues during the current period. Accordingly, provision of clause 4(xx) of the order is not applicable.
- xxi. To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the current period covered by our audit.

Place: Chandigarh  
Date: 30-05-2014

**For SMPS & Co.**  
**Chartered Accountants**

**Saurabh Mishra**  
**(Partner)**

Membership No. 402499  
FRN 021622N



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**CONSOLIDATED AUDITORS' REPORT**

To the Board of Directors of,  
**LAKSHMI ENERGY AND FOODS LIMITED,**

**On the consolidated financial statements of Lakshmi Energy and Foods Limited and its subsidiaries Punjab Greenfield Resources Limited, Lakshmi Green Power Limited and Green Energy and Foods Pte Limited, Singapore.**

**1. Report on the Consolidated Financial Statements:**

We have audited the accompanying consolidated financial statements of Lakshmi Energy and Foods Limited (the "Company"), its subsidiaries Punjab Greenfield Resources Limited, (PGRL) Lakshmi Green Power Limited (LGPL) and Green Energy and Foods Pte Limited, Singapore (GEFP) (collectively referred to as the "Group") which comprises the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the eighteen months ended 31 March 2014 ("current period"), and a summary of significant accounting policies and other explanatory information.

**2. Management's Responsibility for the Consolidated Financial Statements**

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 Company in accordance with the accounting policies generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

**3. Auditors' Responsibility**

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 financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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



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reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

**4. Opinion**

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 separate financial statements as noted in point no.5 below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group Company as at March 31, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the loss for the eighteen months ended on that date; and
- c) in the case of Consolidated Cash flow statement, of the cash flows for the eighteen months ended on that date.

**5. Other Matter**

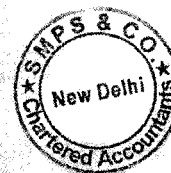
We did not audit the financial statements and other financial information of Green Energy and Foods Pte Limited, Singapore (GEFP) and our opinion on the same is based on the audit report furnished by other auditor.

Place: Chandigarh  
Date: 30-05-2014

**For SMPS & Co.**  
**Chartered Accountants**

**Saurabh Mishra**  
**(Partner)**

Membership No. 402499  
FRN 021622N





# ANNUAL REPORT 2012-14

For the 18 month period ended March 31, 2014



A journey from paddy to power





## BOARD OF DIRECTORS

<b>Mr. Balbir Singh Uppal</b>	Chairman & Managing Director
<b>Mr. Janak Raj Singh</b>	Joint Managing Director
<b>Mr. I.S.Gumber</b>	Executive Director
<b>Mrs. Vijay Luxmi</b>	Director
<b>Mr. Amarjit Singh</b>	Director
<b>Mr. Nirdosh Bali</b>	Director
<b>Mr. V.K. Mishra</b>	Director
<b>Mr. Kanwaljit Singh Jolly</b>	Director

## BANKERS

Punjab National Bank  
Syndicate Bank  
Axis Bank  
ICICI Bank

## STATUTORY AUDITORS

M/s SMPS & Co., Chartered Accountants  
34-B, First Floor, Pocket M & N Sarita Vihar  
New Delhi - 110076

## INTERNAL AUDITOR

Mr. P. C. Jain

## COMPANY SECRETARY

Mr. Ajay K. Ratra

## REGISTERED OFFICE:

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Website: www.lakshmigroup.in  
CIN : L00000CH1990PLC010573

## CORPORATE OFFICE:

Office No. - 202 2<sup>nd</sup> Floor,  
Naman Corporate Line (Wing C)  
Bandra Kurla Complex  
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## REGISTRARS & SHARE TRANSFER AGENTS

M/s Beetal Financial & Computer Services (P) Ltd.  
Beetal House, 3<sup>rd</sup> Floor,  
99, Madangir, New Delhi - 110062

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# CHAIRMAN'S MESSAGE



Dear Shareholders,

I wish to recapitulate that your company had grown quite rapidly for several years but slowed down due to external conditions for couple of years. During first five to six years of the last one decade of the company's operations, we had installed the latest machinery imported from Japan, Germany, Denmark and USA which set the highest standards for the most modern food grain processing plants in India and the same has not been breached by any other mill even today. While we are proud of raising bar in the Indian industry we have to confess that the year gone by has not been a good year for the company.

The year ended 31<sup>st</sup> March 2014 is an extended year of 18 month in compliance with the requirements depicted in the amended Companies Act. We have tried to comply with it at the earliest. We have shown turnover of Rs.18492.41 millions, PBT has recorded a deficit of Rs.196.76 millions which is mainly due to foreign exchange fluctuation. Whereas PAT reflects deficit of Rs.34.25 million. Mainly the last quarter of the year had let the performance of your company down. There were factors some of which were not under the control of the management. However, we in the company believe, by undertaking reform process and putting more focus on production side of business, we would be able to recoup the situation and recover sooner than later to return to progressive days in the company.

We are further ramping up our production facilities by putting up balancing equipments, particularly in the parboiling and steaming plants for optimized production to cater to consumer demand in domestic and overseas markets. We are also in the midst of setting up a corporate office in the factory premises which when completed will house all the departments of the company under one roof. This will help the company in smooth functioning due to better inter-department coordination. Coupled with our desire to improve our performance, there is a stable outlook in industrial production which will help us to achieve good sales and profits in the year that's going on. The Central and State Government have recently shown keen desire to promote agri based industry, which should also have positive impact on your company.

If we look at the agri sector from the point of view of monsoon, we know there is deficit though thankfully El Nino fears are waning. The deficit in rains would definitely have negative impact but at the same time I can say that it would not impact so much the Punjab crops including basmati rice which is our main stay presently. This expectation will keep our future outlook buoyant and God willing we would begin this financial year with a good note, though a lot depends upon how the prices of new crop open.

To conclude, I would like to mention to all our shareholders, let's keep our good hopes alive. The company is actively running and doing production. Additional equipments and infrastructure are also coming up. It seems the difficult years are a passé. We have to now look forward so that we do our job well and God helps us to complete our mission. Though the agri prices rise due to inflation on which we don't have a check but we would continue working towards lowering cost of production and delivering best quality products at the most competitive prices. At the end, I would like to thank you all and the others stakeholders as well as employees of the company who have worked tirelessly in good and bad times with the company.

With best wishes,

**Balbir Singh Uppal**  
Chairman and Managing Director