

HARVESTING GLOBAL BENEFITS POWERED BY GREEN ENERGY



ANNUAL REPORT 2015-16



A distinct aroma of finest taste!



BOARD OF DIRECTORS

Mr. Balbir Singh Uppal	Chairman & Managing Director
Mr. Janak Raj Singh	Joint Managing Director
Mrs. Vijay Laxmi	Director
Mr. Amarjit Singh	Director
Mr. Nirdosh Bali	Director
Mr. V.K. Mishra	Director

BANKERS

Punjab National Bank
Syndicate Bank
Axis Bank
ICICI Bank

STATUTORY AUDITORS

M/s SMPS & Co., Chartered Accountants
B-143, 3rd Floor, DDA Sheds, Industrial Area,
Phase-I, Okhla, New Delhi-110020

CHIEF FINANCIAL OFFICER

Mr. Sukhdeep Singh

DGM-ACCOUNTS

Mr. Rakesh Pathania

INTERNAL AUDITOR

Mr. P. C. Jain

COMPANY SECRETARY

Mr. Ajay K. Ratra

REGISTERED OFFICE:

S.C.O. 18-19, 1st Floor, Sector 9D,
Madhya Marg, Chandigarh – 160017, India
Tel.: +91-172-2740352, Fax: +91-172-2743057
E-mail: corporate@lakshmigroup.in
Website: www.lakshmigroup.in
CIN : L00000CH1990PLC010573

CORPORATE OFFICE & WORKS:

Ludhiana – Chandigarh National Highway,
Khamanon 141801, Dist. Fatehgarh Sahib, Punjab, India.
Tel.: +91-1628-661800, Fax: +91-1628-661805

REGISTRARS & SHARE TRANSFER AGENTS

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

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FROM THE CHAIRMAN'S DESK

Dear Shareholders,

it's time we give you a glimpse into our company's efforts over the last few years. As you are aware, we started this company more than 25 years ago with only one objective in mind, to provide hygienic and healthy food including the best aromatic rice to the domestic and international consumers. During the last decade, your company has grown quite rapidly. It has slowed down only during the last three years due to external factors beyond our control. In your company, Plants are equipped with 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 state of art biomass based power plant producing 'green energy'. While we are proud of raising the bar in the Indian industry, but the global economic environment continues to give challenges to the industry but we are balancing the factors of agri-business with our power generating business. The Bank consortium members were to disburse sufficient working capital funds according to the PBF finalized in the D&B TEV report and approved by the consortium members and IEC under the restructuring scheme, to enable the company to make the desired procurement and utilize its production capacity and achieve the profitability in line with the scheme. However, despite repeated requests by the company, members of the Bank consortium, did not sanction/disburse the working capital limits as per approved PBF as per restructuring scheme, due to which the company could not make the desired procurement which has greatly affected the production utilization and consequently profitability of the company during FY 2015-16 besides causing severe loss to the various sections of the society.

However, we are firm believers that by undertaking a reform in the mechanism and putting more focus on the production side of the business, we would be able to recoup the situation. In the first quarter of FY 2016-17, your company has performed extremely well with Rs.2662.94 million turnover and PBT of Rs.204.36 million. Biomass



based Power Plant of the company is adding to the bottom line. We are hopeful that this trend of growth in Agri as well as in Power divisions of the company will continue in the current financial year and onwards. Your company also plans to increase its market share by introducing new brands of affordable basmati which will be a substantial part of the additional sales in the coming years.

To conclude, I would like to thank our board of directors for their outstanding support. I would also like to thank the stakeholders and shareholders as well as employees of the company who are working tirelessly to achieve the objectives of the company. I would also like to express my gratitude towards our customers, dealers, suppliers, auditors and other associates for their continued support.

Regards,

Balbir Singh Uppal
Chairman and Managing Director

DIRECTORS' REPORT

Dear Members,

The Board of your Company is immensely delighted in presenting its 25th Report. The Report is being presented along with the Audited Financial Statements for the Financial Year ended March 31, 2016.

Financial Results

(Rupees in Millions)

Particulars	Standalone		Consolidated	
	Year ended 31-03-2016	Year ended 31-03-2015	Year ended 31-03-2016	Year ended 31-03-2015
Sale of products	9157.07	6162.44	10526.84	6165.48
Other Income	8.27	60.88	8.65	62.80
Total Revenue	9165.34	6223.32	10535.49	6228.28
Profit before Interest, Depreciation and Tax	524.08	1031.60	528.34	925.50
Finance Cost	334.50	1177.64	334.51	1178.10
Depreciation	318.86	328.72	321.09	330.78
Exceptional items- Loss on valuation of inventories	-	2953.32	-	2953.32
Profit before tax	(129.28)	(3428.08)	(127.26)	(3536.70)
Extraordinary items	844.82	-	844.82	-
Tax Expense				
- Current tax		-		-
- Deferred Tax	(66.33)	(64.11)	(92.37)	(64.26)
MAT Credit Entitlement/ (-)adjusted			(0.10)	
Profit after tax	(907.77)	(3363.97)	(879.71)	(3472.44)
Add: Balance of Profit brought forward	1557.30	4921.27	1448.26	4920.70
Add: Adjustments Foreign Currency Exchange	-	-	2.12	-
Profit available for appropriation	649.53	1557.30	570.67	1448.26
Appropriations	-	-	-	-
Provision for dividend (inc. of tax)	-	-	-	-
Transfer to General Reserve	-	-	-	-
Balance carried to Balance Sheet	649.53	1557.30	570.67	1448.26
Earning per share				
- Basic	(13.65)	(50.59)	(13.23)	(52.23)
- Diluted	(13.65)	(50.59)	(13.23)	(52.23)

Financial & Performance Review

During the year ended 31st March, 2016, your Company recorded Sales of Rs.9157.07 million as compared to Rs.6162.44 million during the year ended 31-03-2015, registering a increase of 48.59% over the last year. Loss before tax (before extra-ordinary items) has decreased by 96.23% to Rs.129.28 million as compared to Rs.3428.08 million. Whereas, Loss after Tax has decreased by 73.01%.

Reduction in market price of paddy/rice during the FY 2014-15 led to substantial fall in the valuation of inventory. Consequently, there was shortfall in DP in respect of CC/PC limits availed from different banks in consortium. During the course of series of consortium/Joint Lenders Forums (JLF) meetings, restructuring of debts emerged as the only acceptable corrective action plans by consensus. To ascertain the techno-economic viability of the proposed debt restructuring scheme, a study was carried out by M/s Dun & Bradstreet which stated that the said debt restructuring scheme was techno-economically viable. As per TEV study report, the borrowings of the company were restructured by Joint Lender Forum (JLF) and implemented in the year ended 31-03-2015 and further approved by Independent Evaluation Committee (IEC) constituted under RBI guidelines. As per restructuring scheme, outstanding balances in CC/PC accounts, over and above DP, were converted into WCTL. The said WCTL was envisaged to be repaid over a period of eight years in structured installments with moratorium of two years of repayment of interest and installments, with funding of interest during moratorium.

The extraordinary item of Rs. 844.82 million shown in the financials results is the interest accrued and converted into term loan and payable in 10 years as per restructuring scheme. Consequently, the relevant deferred portion of finance cost of the year being reported has been shown/classified under the head extraordinary item.

The consortium members were to disburse sufficient working capital funds according to the PBF finalized in the D&B TEV report and approved by the consortium members and IEC under the restructuring scheme, to enable the company to make the desired procurement and utilize its production capacity and achieve the profitability in line with the scheme. However, despite repeated requests by the company, members of the Bank consortium did not sanction/disburse the working capital limits as per approved PBF as per restructuring scheme, due to which the company could not make the desired procurement which has greatly affected the production utilization and consequently profitability of the company during FY 2015-16 besides causing severe loss to the various sections of the society. During the current financial year, company is approaching the consortium members to sanction and disburse the requisite working capital to run the operations smoothly.

The company is in agri-business, food processing and green power generation based on agri-waste mainly rice husk which is one of the Company's by-products. The Company is primarily engaged in the handling, storage, and transportation of food grains. In the process, the prime motive is to preserve and store the food grains. Warehousing infrastructure, transportation and packing plays key role in process efficiency and profitability as it also earns tax benefits under the tax laws.

Your Company's USP is excellent quality, strategic procurement & marketing, brand and increasing export base. Your Company's presence is all pervasive starting from grass root level of farmers, mandi yards through representatives, procurement, transportation, warehousing, paddy processing, generating other by-products like rice bran oil, de-oiled cakes and using husk for power plant.

A detailed discussion on the business performance and future outlook has been given in 'Management Discussion and Analysis' (MDA).

Consolidated financial statements

Further pursuant to Accounting Standard -21 (AS-21) issued by the Institute of Chartered Accountants of India, Consolidated Financial Statements presented in this Annual Report include financial information of the subsidiary companies i.e Punjab Greenfield Resources Limited, M/s Lakshmi Green Power Limited and M/s Green Energy and Foods Pte. Ltd, Singapore.

Change in nature of Business

During the year under review, there was no change in the nature of Business.

Expansion & Modernization

During the period under review, the Company has taken the following expansion/modernization activities:

- To improve the efficiency of various departments, there was a need to build a new Administration block at the Works of the Company at Khamanon. The Company has started building state of art modern Corporate Office to meet the current and future need of the administration office.
- To improve the quality and efficiency, certain balancing equipments were added in the Plants.

Performance of Subsidiaries

The following may be read in conjunction with the Consolidated Financial Statements prepared in accordance with Accounting Standard 21. Shareholders desirous of obtaining the report and accounts of your Company's subsidiaries may obtain the same upon request. Further, the report and accounts of the subsidiary companies will also be available on Company's website, www.lakshmigroup.in, in a downloadable format.

Punjab Greenfield Resources Limited, a wholly owned subsidiary Company presently acts as a sales and marketing arm of LEAF and has been engaged in buying the finished rice varieties from LEAF, warehousing them and distributing them in various parts of the country using its network of brokers, dealers and distributors.

M/s Lakshmi Green Power Limited and **M/s Green Energy and Foods Pte. Ltd, Singapore** are subsidiary Companies incorporated in 2010. On being operational, these companies shall significantly contribute to generate power, improve logistics and mobilize additional exports.

Pan Gulf Foods and Industries FZ Co – The Company could not commence its operations. So, the process of Winding up and de- registration and lease & license termination of “Pan Gulf Foods and Industries FZCO” Jebel Ali , Dubai UAE was completed in May 2015.

There is no associate Company and joint venture of the Company.

Material Subsidiaries - The Board of Directors of the Company in its meeting approved the policy for determining Material Subsidiaries. At present the Company does not have any Material Subsidiary. The Policy on Material Subsidiary has been posted on the website of the Company at the following link: <http://lakshmigroup.in/downloads/Policyonmaterialsubsidiaries.pdf>

The statement containing the salient feature of the financial statement of a Company's subsidiaries as per first proviso to sub-section (3) of section 129 in Form AOC-I is attached as Annexure-I and forms part of Annual Report.

Directors' Report

Transfer to Reserves

The Company has not transferred any amount to the General Reserves during the period year under review.

Dividend

Taking into account loss incurred by the Company, Board of directors of the Company do not recommend any dividend for the year ended 31st March, 2016.

Directors and KMP

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Mrs. Vijay Laxmi will retire by rotation at the AGM and being eligible, offers herself for re-election. Your Board has recommended her re-election. Mr. I. S. Gumber retired by rotation at the last Annual General Meeting of the Company on 29 September, 2015. Since, he did not offer himself for re-appointment and no proposal was received for filling up the vacancy, it was decided not to appoint any director in place of Mr. I.S. Gumber at the last AGM.

Brief resume/details of the Director, who is to be re-appointed as mentioned above have been furnished alongwith the Explanatory Statement to the Notice of the ensuing Annual General Meeting.

During the year there was no change (appointment or cessation) in the office of any KMP. Due to critical illness of Mr. Sukhdeep Singh, CFO (KMP), Financial Statements/Certificates were signed by officiating KMP i.e. Mr. Rakesh Pathania, DGM (Accounts). The detailed section on 'Board of Directors' is given in the separate section titled 'Corporate Governance Report' forming part of this Annual Report.

Declaration of Independence

The Board has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and regulation 16(b) of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. In the opinion of the Board they fulfil the conditions specified in the Act and the Rules made thereunder and are Independent of the management.

Number of Board Meetings

During the year ended 31st March, 2016, eleven meetings of the Board were held on May 29, 2015, May 30, 2015, June 26, 2015, August 13, 2015, November 6, 2015, January 11, 2016, February 10, 2016, February 13, 2016, March 1, 2016, March 16, 2016 and March 28, 2016.

Mechanism for evaluation of board, committees and individual directors

Pursuant to the provisions of the Companies Act, 2013 and regulation 17(10) of SEBI (LODR) regulations, 2015, a structured procedure was adopted after taking into consideration the various aspects of the Board's functioning, composition of the Board and its various Committees, execution and performance of specific duties, obligations and governance.

The performance evaluation of the Independent Directors was completed in time. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expresses its satisfaction with the evaluation process.

The Nomination and Remuneration ("NR") Committee has laid down proper criteria and procedure to evaluate and scrutinize performance of the Chairperson, each (including Executive, Non-Executive and Independent directors), of the Board as a whole and its Committee.

The criteria include different aspects covered under Administrative, Strategic, Operational and Compliance headings.

As per laid down procedure, the Independent Directors held a separate meeting to review the performance of the Chairperson of the Company after taking into account the views of Executive and Non Executive Directors. The substantial, and continuing, contribution of the Chairperson in the growth of the Company has been highly commended. The Independent Directors also reviewed performance of every Executive and Non Executive Director of the Board. The performance evaluation of each Independent Director was done by the entire Board (except the Independent Directors being evaluated).

The performance of each committee has been evaluated by its members and found to be highly satisfactory.

On the basis of this exercise, the NR Committee and the Board, after recognising the important contribution being made by each Independent Directors have decided that all Independent Directors should continue to be on the Board.

Familiarisation programme for Independent Directors

During FY 2015-16, the Board including all Independent Directors were explained about their roles, rights, responsibilities in the Company through detailed presentations on the changes in backdrop of the Companies Act, 2013 and Listing Agreement.

The Board including all Independent Directors was provided with relevant documents, reports and internal policies to enable them to familiarise with the Company's procedures and practices from time to time besides regular briefing by the members of the Senior Leadership Team.

The Familiarisation programme for Independent Directors is posted on the website www.lakshmienergy.in and can be viewed at the following link - <http://lakshmienergy.in/downloads/FAMILIARIZATIONPROGRAMFORINDEPENDENTDIRECTORS.pdf>.

Remuneration Policy

Your Company has set up a Nomination and Remuneration ('NR') Committee pursuant to Section 178 of the Act which has formulated a policy for Directors' Appointment and remuneration for Directors, KMP and other employees. They have also developed the criteria for determining qualifications, positive attributes and independence of a Director including making payments to Non-Executive Directors.

NR Committee takes into consideration the best remuneration practices being followed in the industry while fixing appropriate remuneration packages. Further the compensation package for Directors, Key Managerial Personnel, Senior Management and other employees are designed based on the following set of principles:

- Aligning key executive and Board remuneration with the longer term interests of the Company and its shareholders;
- Minimise complexity and ensure transparency;
- Link to long term strategy as well as annual business performance of the Company;
- Promotes a culture of meritocracy and is linked to key performance and business drivers; and
- Reflective of line expertise, market competitiveness so as to attract the best talent.

Directors' Report

Your directors affirm that the remuneration paid to employees, KMP and Directors is as per the Remuneration Policy of the Company. The Remuneration Policy of the Company is posted on the website www.lakshmigroup.in and can be viewed at the following Link <http://lakshmigroup.in/Investor.html>

Directors' Responsibility Statement

Your Directors make the following statement in terms of Section 134(3)(c) & (5) of the Act, which is to the best of their knowledge and belief and according to the information and explanations obtained by them:

1. that in the preparation of the annual accounts for the Financial Year ended March 31, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2. that appropriate accounting policies have been selected and applied consistently and judgments and estimates that are reasonable and prudent have been made so as to give a true and fair view of the State of Affairs as at March 31, 2016 and of the Profit/Loss of your Company for the Financial Year ended March 31, 2016;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. that the annual accounts for the Financial Year ended March 31, 2016 have been prepared on a going concern basis;
5. that the Directors have laid down Internal Financial Controls which were followed by the Company and that such Internal Financial Controls are adequate and were operating effectively; and
6. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

Management Discussions and Analysis Report

Management Discussions and Analysis Report as required, pursuant to Schedule V of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 is annexed and forms part of this Report.

Corporate Governance

The Company has complied with the Corporate Governance requirements, as stipulated in Securities & Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015. A separate section on Corporate Governance along with a certificate from the Auditors of the Company confirming the compliance is annexed and forms part of this Report.

The Board has also evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally. The Code is available on the website of the Company www.lakshmigroup.in.

Transfer to Investor Education & Protection Fund

During the year under review, there was no amount of unpaid / unclaimed dividend due to be transferred to "Investor Education and Protection Fund" (IEPF) established by the Central Government.

However, unpaid/unclaimed dividend of Rs.5,49,637/- in respect of 2007-08 (Final Dividend) was transferred to "Investor Education and Protection Fund" (IEPF) established by the Central Government in May 2016.