

HARVESTING GLOBAL BENEFITS POWERED BY GREEN ENERGY



ANNUAL REPORT 2016-17



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 Sood	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

INTERNAL AUDITOR

M/s Pankaj Amrit Lal & Co.,
Chartered Accountants, Patiala

CHIEF FINANCIAL OFFICER

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

REGISTRAR & SHARE TRANSFER AGENT

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,

I am pleased to share with you that your Company is enjoying leadership position in the market in the matter of providing hygienic and healthy food including the best aromatic rice to the domestic and international consumers for the last more than 25 years. Company's plants are equipped with the latest automatic 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'.

Despite the recessionary conditions prevailing world wide, your Company has registered a sales of Rs. 10214.39 million for the financial year 2016-17. YOY growth comes to 11.67%. There are wide fluctuations in the prices of rice in general and basmati rice in particular. This has affected bottom line of the industry and your company is not an exception, yet we have been able to reduce the losses significantly. During FY 2016-17 EBITDA was positive by Rs.1284.55 million as against negative EBITDA of Rs.489.64 million last year. The management has taken various steps for increasing profitability of the company and thus able to reduce the losses after taxes significantly to Rs. 11.12 million for the year ended 31st March 2017 as against losses of Rs.931.61 million during last year. The Management is taking effective steps to curtail the expenses and increasing the efficiency on all fronts.

Despite our best efforts, certain external factors continued to give challenges to the industry but we are balancing the factors of agri-business with our power generating business. It has been observed that basmati rice is losing its sheen due to less demand both in domestic and international market and keeping this in view the management is simultaneously shifting its focus on non-basmati segment which has very good demand and also generates good price realisation as well as by-products.

The restructuring scheme approved by the bankers of the Company could not be taken forward on account of various reasons beyond the control of company. Despite repeated requests by the Company, bankers did not release WC as per approved restructuring scheme due to which the Company could not make the desired procurement which has greatly affected the production and profitability of the Company during the year. Realising this, banker's i.e. joint lender's forum (JLF) have agreed to consider the accounts of Company under S4A scheme of Reserve Bank of India.

In view of the decision of Joint Lenders Forum (JLF), the company is in the process of implementation of S4A (Scheme for Sustainable Structuring of Stressed Assets) as per RBI guidelines with reference date 21 June 2017



and this scheme is likely to be completed in December 2017. Decision of lenders to consider the accounts of the company under S4A scheme of RBI is a positive move towards sustained long term growth for the company as it will result in the reduction of substantial cost of debt servicing which will have positive impact on all the stakeholders such as shareholders, farmers, commission agents, Government, bankers etc.

Presently, we are putting more focus on the production side of the business and we would be able to recoup the situation. Your company has recorded sale of Rs.1278.96 million during first quarter of FY 2017-18. Biomass based Power Plant of the company is adding to the bottom line.

The overall atmosphere is positive and I am confident that this will be so in future also. I place on record my sincere thanks to 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, bankers and other associates for their continued support.

Best regards,

Balbir Singh Uppal
Chairman and Managing Director

DIRECTORS' REPORT

Dear Members,

The Board of your Company is immensely delighted in presenting its 26th Report. The Report is being presented along with the Audited Financial Statements for the Financial Year ended March 31, 2017.

Financial Results

(Rs. In Millions)

Sl. No.	Particulars	Standalone		Consolidated	
		Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2017	Year ended 31.03.2016
1.	Revenue from operations	10214.39	9147.21	10220.36	10512.83
2.	Other Income	1.91	8.27	1.94	8.65
3.	Total Revenue	10216.30	9155.48	10222.30	10521.47
4.	Expenditure				
	a. Cost of Raw Material Consumed	2101.49	123.34	2089.17	123.34
	b. Purchase of Stock in trade	8180.13	7609.44	8190.54	8600.58
	c. (-) Inc. / (+) Dec. In stock	(1467.35)	651.08	(1460.38)	1005.89
	d. Employees benefit expenses	49.17	76.53	51.81	80.81
	e. Finance Cost	249.86	334.51	249.86	334.51
	f. Depreciation	136.64	318.86	138.53	321.09
	g. Other Expenditure	68.30	205.45	73.37	216.96
	Total Expenses	9318.25	9319.21	9332.90	10683.18
5.	Profit/(Loss) from ordinary activities, PBT before exceptional Items	898.05	(163.73)	889.39	(161.71)
6.	Exceptional items (Interest transferred to FITL/WCTL, payable in the next eight years as approved by IEC under RBI guidelines)	(924.53)	(844.82)	(924.53)	(844.82)
7.	Profit/(Loss) from ordinary activities before tax PBT	(26.48)	(1008.55)	(35.14)	(1006.52)
8.	Tax Expenses				
	-Current Tax	-	-	-	0.10
	-Deferred Tax	(15.35)	(76.94)	(44.27)	(102.98)
	-MAT credit entitlement				(0.10)
9.	Profit after Tax (PAT)	(11.12)	(931.61)	9.13	(903.55)
10.	Earnings per share				
	Basic (Rs.)	(0.16)	(14.01)	0.13	(13.59)
	Diluted (Rs.)	(0.15)	(14.01)	0.13	(13.59)

Financial & Performance Review

The company is in the business of agri based products such as rice processing, 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 and brand. 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.

During the year ended 31st March, 2017, your Company recorded Sales of Rs.10214.39 million as compared to Rs.9147.21 million during the year ended 31-03-2016, registering a yoy growth of 11.67% over the last year.

EBIDTA was positive by Rs.1284.55 million as against negative EBIDTA of Rs.489.64 million last year. Loss after Tax was Rs.11.12 millions as at 31st March 2017 (Rs.931.61 million last year). The company is effectively taking steps to curtail the expenses and increasing the efficiency on all fronts.

Loan accounts of the company were restructured by Joint Lenders Forum (JLF) with mutual consent of the company in March 2015 in terms of RBI guidelines after conducting TEV study by M/s Dun & Bradstreet with cut-off date 01-10-2014 and approved by Independent Evaluation Committee (IEC) on 11-05-2015. The company complied with all the conditions of restructuring scheme including payment of interest till 30-09-2016. But, the bankers did not fulfil the conditions of approved scheme as WLC limits were not released by Banks as per TEV report/approved restructuring scheme despite numerous requests/proposals by the company to the banks. Consequently, the restructuring scheme could not be taken forward after 01-10-2016 and the company could not achieve its projections as per TEV report which has affected the profitability of the company. JLF meetings were held on 22-12-2016 and 22-04-2017 wherein it was discussed that the company is eligible for S4A (Scheme for Sustainable Structuring of Stressed Assets) scheme of RBI.

As decided in the Joint Lenders Forum (JLF) meeting, the company is in the process of implementation of S4A scheme under the RBI guidelines with reference date 21 June 2017. Decision of Joint Lender's Forum to consider the account of Company under S4A scheme of RBI speaks about the confidence of the lender's in the ability of management to run the company profitably. Management of Company extend thanks to the lenders for reposing the confidence in the Management of Company. Under S4A scheme of RBI, the debt of the company will be bifurcated into two parts – sustainable debt, which cannot be less than 50% of existing debt and will have to be serviced. The other unsustainable part of the loan can either be converted into long term (15-20 years) Optionally Convertible Debentures/Redeemable Optionally Convertible Preference Shares/Equity, with clearly spelt out terms. Lenders get 180 days from 'Reference Date' to formulate the resolution plan and implement the same, along with necessary internal approvals. Decision of lenders to consider the accounts of the company under S4A scheme of RBI is a positive move towards sustained long term growth for the company as it will result in the reduction of substantial cost of debt servicing which will have positive impact on all the stakeholders such as shareholders, farmers, commission agents, Government, bankers etc.

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, certain balancing equipments were added in the Plants to improve the quality and efficiency. The Company has set up state of art modern Corporate Office at Khamanon to meet the current and future need of the administration office.

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 is wholly owned subsidiary of your company. On being operational, this company shall significantly contribute to generate power.

M/s Green Energy and Foods Pte. Ltd, Singapore is subsidiary company and it is yet to start its operations.

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.

Transfer to Reserves

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

Directors' Report

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, 2017.

Directors and KMP

In accordance with the provisions of Section 152 of the Act read with the Articles of Association of the Company, Mr. Janak Raj Singh will retire by rotation at the AGM and being eligible, offers himself for re-appointment. Your Board has recommended his re-appointment.

Mr. Balbir Singh Uppal is being re-appointed as Managing Director of the company subject to the approval of the shareholders in the ensuing Annual General Meeting for a period of three years w.e.f. 1st September, 2017.

Brief resume/details of the Directors, who are 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, due to critical illness, Mr. Sukhdeep Singh resigned from the post of Chief Financial Officer w.e.f. 14.02.2017 and Mr. P. C. Jain was appointed as new Chief Financial Officer of the company w.e.f. 14.02.2017.

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, 2017, eleven meetings of the Board were held on April 27, 2016, May 09, 2016, May 17, 2016, July 20, 2016, August 11, 2016, September 14, 2016, October 03, 2016, November 14, 2016, November 21, 2016, December 14, 2016 and February 14, 2017.

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 2016-17, the Board including all Independent Directors were explained about their roles, rights, and responsibilities in the Company through detailed presentations as per the Companies Act, 2013 and SEBI (Listing Obligations And Disclosure Requirements) Regulations, 2015.

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.com and can be viewed at the following link- http://www.lakshmienergy.com/downloads/Familiarisation_program_for_Independent_Directors.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 long 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.

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.lakshmienergy.com and can be viewed at the following Link <http://www.lakshmienergy.com/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, 2017, 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, 2017 and of the Profit/Loss of your Company for the Financial Year ended March 31, 2017;
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, 2017 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.lakshmienergyandfoods.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.4,38,775/- in respect of 2008-09 (Final Dividend) was transferred to "Investor Education and Protection Fund" (IEPF) established by the Central Government in May 2017.

Hereunder are the details of Dividends paid by the Company and their respective due dates of transfer of unpaid or unclaimed dividends to IEPF: