

# DIRECTORS' REPORT

Dear Members,

The Board of your Company is immensely delighted in presenting its 27<sup>th</sup> Report. The Report is being presented along with the Audited Financial Statements for the Financial Year ended March 31, 2018.

## Financial Results

(Rs. In Millions)

| Sl. No. | Particulars                                                                                                                    | Standalone            |                       | Consolidated          |                       |
|---------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|         |                                                                                                                                | Year ended 31.03.2018 | Year ended 31.03.2017 | Year ended 31.03.2018 | Year ended 31.03.2017 |
| 1.      | Revenue from operations                                                                                                        | 6099.51               | 10214.39              | 6102.31               | 10226.50              |
| 2.      | Other Income                                                                                                                   | 1.67                  | 1.91                  | 1.67                  | 1.94                  |
| 3.      | <b>Total Revenue</b>                                                                                                           | <b>6101.18</b>        | <b>10216.30</b>       | <b>6103.98</b>        | <b>10228.44</b>       |
| 4.      | Expenditure                                                                                                                    |                       |                       |                       |                       |
|         | a. Cost of Raw Material Consumed                                                                                               | 326.59                | 2101.49               | 326.58                | 2618.32               |
|         | b. Purchase of Stock in trade                                                                                                  | 5376.53               | 8180.13               | 5379.07               | 8223.20               |
|         | c. (-) Inc. / (+) Dec. In stock                                                                                                | 3048.25               | (1467.35)             | 3048.24               | (2015.96)             |
|         | d. Employees benefit expenses                                                                                                  | 70.00                 | 49.17                 | 70.30                 | 51.81                 |
|         | e. Finance Cost                                                                                                                | 8.26                  | 249.86                | 8.26                  | 249.86                |
|         | f. Depreciation                                                                                                                | 96.67                 | 136.64                | 98.35                 | 138.53                |
|         | g. Other Expenditure                                                                                                           | 106.48                | 68.30                 | 107.28                | 72.37                 |
|         | <b>Total Expenses</b>                                                                                                          | <b>9032.79</b>        | <b>9318.25</b>        | <b>9038.10</b>        | <b>9338.13</b>        |
| 5.      | <b>Profit/(Loss) from ordinary activities, PBT before exceptional Items</b>                                                    | <b>(2931.61)</b>      | <b>898.05</b>         | <b>(2934.12)</b>      | <b>890.31</b>         |
| 6.      | Exceptional items (Interest transferred to FITL/WCTL, payable in the next eight years as approved by IEC under RBI guidelines) | --                    | (924.53)              | --                    | (924.53)              |
| 7.      | Profit/(Loss) from ordinary activities before tax PBT                                                                          | <b>(2931.61)</b>      | <b>(26.48)</b>        | <b>(2934.12)</b>      | <b>(34.22)</b>        |
| 8.      | Tax Expenses                                                                                                                   |                       |                       |                       |                       |
|         | -Current Tax                                                                                                                   |                       | -                     |                       | -                     |
|         | -Deferred Tax                                                                                                                  | (4.35)                | (15.35)               | (5.37)                | (44.09)               |
|         | -MAT credit entitlement                                                                                                        |                       |                       |                       |                       |
| 9.      | Profit after Tax (PAT)                                                                                                         | <b>(2927.26)</b>      | <b>(11.12)</b>        | <b>(2928.75)</b>      | <b>9.87</b>           |
| 10      | Other comprehensive income                                                                                                     | 5717.91               | -                     | 5717.91               | --                    |
| 11      | Total comprehensive income( after tax)                                                                                         | 2790.65               | (11.12)               | 2789.16               | 9.87                  |
| 12.     | Earnings per share                                                                                                             |                       |                       |                       |                       |
|         | Basics (Rs.)                                                                                                                   | (41.03)               | (0.16)                | (41.05)               | 0.14                  |
|         | Diluted (Rs.)                                                                                                                  | (39.76)               | (0.15)                | (39.78)               | 0.14                  |

## Directors' Report

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### 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 the process 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, 2018, your Company recorded Sales of Rs. 6099.51 million as compared to Rs. 10214.97 million during the year ended 31st March, 2017, showing decline of 40.28% over the last year. Loss before tax is Rs. 2931.61 million during the year under review as compared to Profit of Rs. 898.05 millions in the previous year ended 31st March 2017. Consequently, there is a Loss after tax of Rs. 2927.26 millions for the year ended 31st March 2018 as against Loss of Rs. 11.12 millions during the previous year.

During the year ended 31st March 2018, Revaluation of Fixed Assets forming Plant & Machinery, Land and Buildings was conducted on 25 Feb. 2018 by an Independent Valuer, GATS India Ltd. The assets has revalued and as a result of which the carrying cost of assets increased by 8119.03 millions and depreciation readjustment in valuation has been to the tune of 2401.11 millions resulting to net revaluation of Rs 5717.92 millions which has been considered as comprehensive income during the year and has been made part of the Equity. The carrying amount of each revalued class of property, plant and equipment has been recognised and the asset has been carried under the cost model. Revaluation surplus shall not be utilised for distribution of Dividend or issue of Bonus shares.

The company is effectively taking steps to curtail the expenses and increasing the efficiency on all fronts. Sharp decline in the financial performance is due to failure of banks in the implementation of restructuring scheme approved in 2015. Accounts of company were restructured in March 2015 by Joint Lenders Forum (JLF) consisting of PNB, Syndicate Bank, ICICI Bank and AXIS Bank as per RBI guidelines and further vetted by Independent Evaluation Committee (IEC) of RBI. While company fulfilled its part of obligations, the JLF failed to release the working capital as per approved restructuring scheme due to which operations of the company has affected adversely. The Company has taken legal recourse against the banks on account of their default and likely to file a claim for the losses incurred by the company and its stakeholders.

### Note on Banks

1. As regards bank balances it is submitted that that debts of company were restructured as per Reserve Bank of India guidelines by Joint Lender Forum (JLF) led by Punjab National Bank with effect from 01-10-2014 when the accounts of the company were Standard. Restructuring was done on the Techno Economic Viability (TEV) Study conducted by internationally renowned M/s Dun & Bradstreet. This restructuring package was later approved by Independent Evaluation Committee (IEC) of experts members of RBI. The JLF approved the restructuring package. As per approved restructuring package JLF banks were under obligation to disburse assessed working capital as per TEV report to enable the company to make the desired procurement and utilize its production capacity and achieve the profitability in line with the scheme. However, the company performed its part of obligation as per Restructuring Package but members banks did not sanction/disburse the working capital limits as per approved PBF as per restructuring scheme. On account of this the company could not make the desired procurement which has adversely affected the production, capacity utilization and profitability of the company. The company completed its part of obligation up to Sep/Oct 2016, but banks did not implement their part. As a result, bank accounts of the company were categorized as sub-standard in January 2017.

2. Realizing the mistake of JLF banks in implementation of restructuring approved in March 2015, the JLF again decided to restructure the accounts under S4A scheme of RBI in its meeting held on 21.06.2017. Again, TEV study was done by N/s PNB Investment Services Ltd (100% subsidiary of PNB, the lead bank) which was engaged by JLF. PNBISL while finding out the reasons for sub standard status of accounts of company, gave its findings that non release of approved working capital as per TEV report of D & B by the JLF is reasons for sub standard classification. The TEV report of PNBISL further stated that the company performed its part of obligations up to Sep 2016. PNBISL finally concluded that company is eligible for S4A scheme. However S4A scheme could not be taken forward due to RBI Circular dated 12th February, 2018.
3. In view of the above, the restructuring package approved on the basis of TEV report of D & B failed due to failure of banks and bank balances outstanding as per company books have been taken into considerations as the entire amount outstanding is under dispute.
4. The company has state of the art biomass based power plant which the Government of India is encouraging to check the pollution. Hon'ble Supreme Court and Govt. of India has also issued directives from time to time to stop burning of biomass to stop the pollution and using the same as biomass fuel for biomass based power plants/ Power Plant of the company supplies electricity to the lacs of families in number of villages. The company has entered into long term Agreement with PSPCL for supply of electricity till 2029 which is further extendable. We may here emphasize that Agreement with PSPCL is very tough specially in respect of biomass based power plant. With the wrong actions of the banks, our power plant is also not working to its full capacity. There is no T/L or WC on this power plant.
5. Due to closure of plant of the company, there are huge losses to thousands of farmers, commission agents, transporter, workers and shareholders associated with the company. There is a great loss in terms of revenue to the government, which otherwise company would have paid had the company performed its full capacity.
6. The company has initiated legal proceedings in the Hon'ble Delhi High Court against the banks for non-compliance of RBI guidelines by banks. RBI is also a party in this legal case and the matter is sub judice. The company is also in the process of filing another case for an amount of Rs.2000 crore (approx) against the banks in respect of loss incurred by the bank on account of failure restructuring scheme by JLF.

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 IndAS- I 10 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. No major expansion/modernisation has been undertaken during the year.

### **Performance of Subsidiaries**

The following may be read in conjunction with the Consolidated Financial Statements prepared in accordance with Ind AS- I 10. 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.lakshmienergy.com](http://www.lakshmienergy.com), 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.

## Directors' Report

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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. Being not operational since long, it is being liquidated.

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 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, 2018.

### 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 Sood will retire by rotation at the AGM and being eligible, offers herself for re-appointment. Your Board has recommended her re-appointment. Brief resume/details of the Director, who is to be re-appointed as mentioned above have been furnished in the Notice of the ensuing Annual General Meeting.

During the financial year, Mr. Balbir Singh Uppal was re-appointed as the Managing Director of the company to hold office for a term of 3 years w.e.f. 01.09.2017. Further, Mr. Janak Raj Uppal served his resignation from the office of Joint Managing Director of the company w.e.f. 27.03.2018 and continued to be associated as a Non-Executive Director of the company w.e.f. 27.03.2018

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, 2018, five meetings of the Board were held on 30-05-2017, 12-08-2017, 23-09-2017, 14-11-2017 and 14-02-2018.

### 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 2017-18, 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.lakshmienergyandfoods.com](http://www.lakshmienergyandfoods.com) and can be viewed at the following link- [http://www.lakshmienergyandfoods.com/downloads/Familiarisation\\_program\\_for\\_Independent\\_Directors.pdf](http://www.lakshmienergyandfoods.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.

## Directors' Report

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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](http://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, 2018, 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, 2018 and of the Profit/Loss of your Company for the Financial Year ended March 31, 2018;
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, 2018 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.

### Frauds reported by statutory auditors

During the financial year under review, the statutory auditors have not reported any frauds under sub section (12) of Section 143 of the Companies Act, 2013 other than those which were reportable to the Central Government.

### Amounts due to micro, small and medium enterprises

Based on the information available with the company regarding the status of the suppliers under the MSME, there are no dues outstanding to Micro and small Enterprises as at 31st March 2018.

### 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](http://www.lakshmigroup.in).

**Transfer to Investor Education & Protection Fund**

During the year under review, 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:

| Dividend for the year      | Date of Declaration of Dividend | Due date for transfer to IEPF |
|----------------------------|---------------------------------|-------------------------------|
| 2009-10 (Final Dividend)   | 26/03/2011                      | 01/05/2018*                   |
| 2010-11 (Final Dividend)   | 28/03/2012                      | 03/05/2019                    |
| 2011-12 (Final Dividend)   | 28/03/2013                      | 03/05/2020                    |
| 2012-14 (Interim Dividend) | 03/05/2013                      | 08/06/2020                    |

\*Already transferred to Investor Education and Protection Fund (IEPF).

**Material Changes and commitments**

Save as mentioned elsewhere in this Report, no material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company – 31st March, 2018 and the date of this Report.

**Changes in Capital Structure**

The company has allotted 36,60,000 equity shares of Rs.2/- on 14-11-2017 on conversion of 36,60,000 warrants of Series-2 to M/s Ganeshay Overseas Industries Limited (Promoters' Group entity).

Except the above matter, there has not been any change in capital structure. Authorised Capital of the Company is Rs.20,00,00,000 and paid up capital was Rs.14,72,60,000/- as on 31-03-2018.

**Particulars of loans, guarantees and investments u/s 186**

The details of the investments made by the Company are in Note No.6 of the audited financial statements. The Company has not made any loans to any persons within the meaning of Section 186 and has also not given any guarantees within the meaning of that section.

**Related Party Transactions**

During FY 2017-18, all contracts/arrangements/transactions entered into by your Company with related parties under Section 188(1) of the Act were in the ordinary course of business and on an arm's length basis. During FY 2017-18, your Company has entered into certain transactions with related parties which could be considered 'material' as per Regulation 23 of the Securities Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 and these transactions are reported in form AOC-2 as Annexure-5.

Further, during FY 2017-18, there were no materially significant related party transactions made by your Company with the Promoters, Directors, Key Managerial Personnel or other designated persons, which might have potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee for its approval. There was no matter requiring approval of the Board. During the year under review, the Audit Committee has approved transactions through the Omnibus mode in accordance with the provisions of the Act and Listing Regulations. Related party transactions were disclosed to the Board on regular basis as per IND AS 24. Details of related party transactions as per IND AS 24 may be referred to in Note 32- Point no.14 of the Standalone Financial Statements.

## Directors' Report

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The policy on Related Party Transactions is available on the Company's website at [www.lakshmienergy.com](http://www.lakshmienergy.com) and can be viewed at the following link: <http://www.lakshmienergy.com/downloads/Relatedpartytransactionpolicy.pdf>

None of the Directors has any pecuniary relationships or transactions vis-à-vis the Company except the remuneration received by respective directors.

### Risk Management System

Your Company follows a comprehensive system of Risk Management and has adopted a procedure for risk assessment and its minimisation. It ensures that all the risks are timely defined and mitigated in accordance with the Risk Management Process, including identification of elements of risk which might threaten the existence of the Company. Your Company constituted a Risk Management Committee which intensely monitors the Risk Management Process in the Company and the same is periodically reviewed by the Board.

### Vigil Mechanism/Whistle Blower Policy

Your Company has in place a well formulated Vigil Mechanism/Whistle Blower Policy to deal with instance of fraud and mismanagement, if any. The policy enables the employees, Directors and other stakeholders to raise their concern. There was no incident when the access to the Audit Committee was denied to any employees with respect to vigil mechanism. The policy is posted on the website of the Company at [www.lakshmienergy.com](http://www.lakshmienergy.com) at the following link:

[http://www.lakshmienergy.com/downloads/VIGIL\\_MECHANISM.pdf](http://www.lakshmienergy.com/downloads/VIGIL_MECHANISM.pdf)

### Corporate Social Responsibility (CSR)

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has a Corporate Social Responsibility (CSR) Committee, which comprises following directors as on 31st March, 2018:

1. Mr. Balbir Singh Uppal, CMD – Chairman
2. Mr. Nirdosh Bali, Independent director – Member
3. Mr. V.K. Mishra, Independent director – Member

Your Company has also formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at [www.lakshmienergy.com](http://www.lakshmienergy.com) under the section Investor Information.

The Committee manages and overviews the CSR projects of your Company. The CSR initiatives of the Company are identified in consultation with the management, social experts, community and other stakeholders. The implementation strategy is planned in a way so as to give sustainable and scalable solutions. The identified focus areas for the Company are: i) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water; ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects; iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups; iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water; v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts; vi) Measures for the benefit of armed forces veterans, war widows and their dependents; vii) Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports; viii) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; ix) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government; x) Rural development



projects; xi) Such other activities as may be recognized by the Committee/ Board or as may be required/ permissible under prevailing law(s).

The Company has actively supported various initiatives in the areas of providing housing and promoting education to children from needy and poor families over the years. The Annual Report on Corporate Social Responsibility Activities is annexed herewith as Annexure-2 and forms an integral part of this report.

**Audit Committee**

The Audit Committee of the Company comprises of the following Non-Executive and Independent Directors:

1. Mr. Nirdosh Bali - Chairperson
2. Mr.V.K.Mishra - Member
3. Mr.Amarjit Singh - Member

The details about Audit Committee and its terms of reference etc. have been given in Corporate Governance Report. During the Year under review, there was no such recommendation of the Audit Committee which was not accepted by the Board.

**Auditors and Auditors' Report**

**i. Statutory Auditors and Auditors' Report**

During the year under review, M/s. SMPS & Co., Chartered Accountants resigned as Statutory Auditors due to their pre-occupations, resulting into a casual vacancy in the office of Statutory Auditors of the company. In the Extraordinary General Meeting (EGM) held on 8th October, 2018 M/s. K. Singh & Associates, Chartered Accountants (Firm Regn no. 012458N) were appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. SMPS & Co., Chartered Accountants and they hold the office of the Statutory Auditors from the date of EGM until the conclusion of the ensuing Annual General Meeting (AGM).

In the forthcoming AGM, M/s K.Singh & Associates, Chartered Accountants, are proposed to be re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of 27th AGM till the conclusion of 31st AGM of the Company in the Calendar year 2023.

M/s. K. Singh & Associates, Chartered Accountants, have conveyed their consent to be appointed as the Statutory Auditors of the Company along with a confirmation that, their appointment, if made by the members, would be within the limits prescribed under the Companies Act, 2013. The Board recommends their appointment.

The observations of Auditors in their Report, read with the relevant notes to accounts are self explanatory and therefore do not require further explanation pursuant to Section 134(3)(f)(i) except for the following:

- a. Outstanding amount of trade receivables: The amounts receivable are under litigations and recoveries depend upon the outcome of court cases.

**ii. Cost Auditors**

M/s Anil Sharma & Co., Cost Accountants, Chandigarh were appointed as the Cost Auditors of the Company for FY 2017-18 to audit the cost accounts of the Company. They have been re-appointed as Cost Auditors for FY 2018-19. The company has maintained cost records as prescribed under the Companies Act.

**iii. Secretarial Auditors**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made thereof, your Company has appointed M/s. Anil Negi & Company., Company Secretaries, Chandigarh, to undertake the Secretarial Audit

## Directors' Report

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of the Company. The Secretarial Audit Report for the Financial Year ended March 31, 2018 is annexed herewith as Annexure-3. The

In respect of the remarks made by the Secretarial Auditor in his report for the financial year 2017-18, the following submissions are made by the management:

1. In respect of the matter regarding seeking approval of Central Government for the re-appointment of Mr. Balbir Singh Uppal as the Managing Director of the company, the requirement of obtaining such approval was subsequently exempted under the Companies (Amendment) Act, 2017. Hence no application was filed.
2. Regarding the filing of Form MGT-10, it may be noted that the company had duly filed the requisite information and intimation with the Stock Exchanges regarding the change in the shareholding. However, by the time the company came to know about the lapse in filing of return with the MCA Portal, the relevant Section 93 was omitted from the Companies Act, 2013 and the requirement for filing the said return was done away with.

### **Internal Financial Controls and their Adequacy**

The Company has a proper and adequate system of internal controls. This ensures that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorised, recorded and reported correctly. An extensive programme of internal audits and management reviews supplements the process of internal control. Properly documented policies, guidelines and procedures are laid down for this purpose. The internal control system has been designed to ensure that the financial and other records are reliable for preparing financial and other statements and for maintaining accountability of assets. The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in the design or operation was observed.

### **Insider Trading Code**

In compliance with the SEBI regulations on prevention of insider trading, the Company had instituted a comprehensive Code of Conduct for regulating, monitoring and reporting of trading by Insiders. The said Code laid down guidelines, which advised them on procedures to be followed and disclosures to be made, while dealing with shares of the Company and cautioned them on consequences of non-compliances.

Further, the Company has put in place a Code of practices and procedures of fair disclosures of unpublished price sensitive information. Both the aforesaid Codes are in lines with the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.

### **Compliance to Secretarial Standards**

The company has duly complied with the applicable Secretarial Standards during the financial year 2017-18.

### **Deposits from Public**

The Company has not accepted any deposits from public during the year and as such no amount on account of principal or interest on public deposits was outstanding as on the date of balance sheet.

### **Cash Flow Statement**

In conformity with the provisions of Clause 34(2) of SEBI (LODR) Regulations, 2015, the Cash Flow Statement for the year ended on 31st March, 2018 forms an integral part of the Financial Statements.

### **Stock Exchange Listing**

The shares of the Company are presently listed on the following Stock Exchanges:

1. National Stock Exchange of India Limited;
2. BSE Limited;

The company has filed applications for listing of 36,60,000 equity shares of Rs.2/- each allotted on 14-11-2017; however, listing is pending on NSE and BSE.

### Personnel

As on March 31, 2018, the total numbers of employees on the records of the Company were 187. Directors place on record their appreciation for the significant contribution made by all employees, who through their competence, dedication, hard work, co-operation and support have enabled the Company to cross new milestones on a continual basis.

### Particulars of remuneration of Directors and KMP's

The statement containing particulars of employees as required under Section 197(12) of the Act read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate Annexure-4 forming part of this Report.

### Annual Return

Annual return referred to in section 92 will be placed on the website of the company at <https://lakshmienergyandfoods.com/Announcement.html>

### Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.

Information required under Section 134(3)(m) of the Act, read with rules made thereof is given hereunder.

#### (A) Conservation of Energy:

##### (i) The steps taken or impact on conservation of energy

In pursuit of continuous improvement towards energy conservation and compliance with environmental regulations, many initiatives have been underway such as:

- a. The maintenance of the Boiler and Turbine generator is carried out regularly with optimum care with the help of the technical professionals and modern equipments.
- b. Most of the traditional lights are being converted into CFL/EFL.
- c. Installation of variable frequency drives on high pressure boiler feed water pumps, ID fans, FD fans and fuel feeders.
- d. Installation of soft starter at grading point.
- e. AC drive on cooling fans.
- f. Capacitor panel for enhancing power factor.
- g. Interlocking of motor operation to reduce the idle running hours of the motor in terms of power saving and safety.
- h. Schedule cleaning of condenser in power plant and heat exchanger of various units like alternator & oil coolers is being carried out to increase the heat transfer.
- i. An O<sub>2</sub> analyzer is used for monitoring and controlling flue gas of the boiler.
- j. Use of ETP treated water for horticulture.

**Directors' Report**

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- k. Use of condensate steam/water in boiler for power generation.
- l. Air compressor with latest technology is installed to reduce power consumption at low load mode.
- m. Additional air dryers provided in compressor air system to avoid zero moisture to Sortex machines.  
Compressor air pipe lines are changed with Aluminum pipes to maintain the quality of air entering Sortex machines.
- n. Captive husk based co-generation of power, reducing consumption from main grid utilization.
- o. Usage of other biomass fuel like rice/paddy straw, wheat straw in optimum ratio based on availability so that utilizing all the available fuels to run the plant and getting max plant load factor (PLF).
- p. Development of greenery all over the plant.

The above energy conservation measures would result in reduction in energy consumption and effectively saving in drawal of power from the State Grid upto 5 to 10%.

- (ii) The steps taken by the Company for utilizing alternate sources of energy :-

The Company is contemplating to install solar power plant.

- (iii) The capital investment on energy conservation equipments:-

Further energy conservation is planned through replacement of and modification of inefficient equipments and by providing automatic controls to reduce idle running of equipments.

**(B) Technology Absorption:**

- (i) the efforts made towards technology absorption and;
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;

The Company is taking caring of latest developments and advancements in technology and all steps are being taken to adopt the same. The Process equipments installed in the plant are of from world class manufacturers with latest technology like Satake -Japan, Schmidt Seager – Germany, Shin Nippon Machinery Co. Ltd, Japan, Toyo Denki Power systems , Thermax, Sullair – US, ABB, Schneider, AREVA, Forbes Marshal etc. The Company's technical team is in process of exploring the opportunities & updating new technology for sophisticated equipments with latest technology.

- (iii) Technology imported (imported during the last three years reckoned from the beginning of the financial year)- None
  - (a) the details of technology imported; N.A
  - (b) the year of import; N.A
  - (c) whether the technology been fully absorbed; Yes
  - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; N.A
- (iv) the expenditure incurred on Research and Development: The Company is yet to carry out R & D on product genes cultivation which could be predominantly back end process.

**(C) Foreign Exchange Earnings and Outgo:**

Export Activities/Initiatives to Increase Exports/Development of New Export Markets / Export Plans

**EXPORT DURING 2017-18**

During the year under review, there was no export of rice (previous year- nil).

**EXPORT PLAN FOR 2017-18**

- Focus on existing international market for business growth
- Explore the possibility of export to other international markets.

During the year under review, the earning on account of foreign exchange was Nil (Previous year- Nil), and the outgo in foreign exchange was Rs. 4.91 million (Previous year - Rs. 3.79 million).

**Statutory Disclosures**

1. The Company has not accepted any deposit from the public falling within the ambit of Section 73 of the Act and rules made thereof.
2. There is no issue of equity shares with differential rights as to dividend, voting or otherwise.
3. There is no issue of shares (including sweat equity shares) to employees of the Company under any scheme.
4. Neither the Managing Director(s) nor the Whole-time Director(s) of the Company receive any remuneration or commission from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.
6. The Company has in place a Prevention of Sexual Harassment policy in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During the year 2017-18, no complaints were received by the Company related to sexual harassment.

**Acknowledgement**

Directors wish to convey their sincere appreciation for the co-operation and excellent assistance the Company has received from central/state government(s) and various ministries, departments of the central/state government(s), dealers and valued business associates without which it would not have been possible to achieve all round progress and growth of the Company. The Board also places on record its appreciation to shareholders for their continued trust and support. The Board also places on record its appreciation for the continuous patronage of the customers of the Company.

**For and on Behalf of the Board**

**Place: Khamanon**  
**Date: 31-10-2018**

Sd/-  
**Balbir Singh Uppal**  
**Chairman and Managing Director**  
**DIN: 00064718**