

Leading by excellence and vision



Board of Directors

Mr. Balbir Singh Uppal

Chairman & Managing Director

Mr. Janak Raj Singh

Joint Managing Director

Mr. I.S.Gumber

Executive Director

Mr. Harwant Singh

Executive Director

Mrs. Vijay Luxmi

Director

Mr. Amarjeet Singh

Director

Maj. Gen. (Retd.) A.L.Suri

Director

Mr. Nirdosh Bali

Director

Mr.V.K.Mishra

Director

Mr.KanwalJit Singh Jolly

Director

CONTENTS

Lakshmi Energy and Foods Ltd

Chairman's Message	1
Notice of Annual General Meeting	2
Directors' Report	4
Management Discussion and Analysis	14
Corporate Governance Report	19
Auditor's Report	34
Balance Sheet	37
Profit & Loss Account	38
Cash Flow Statement	39
Annexures	40
Balance Sheet Abstract	56
Statement u/s 212	57

Consolidated Financial Statements

Auditor's Report	59
Balance Sheet	60
Profit & Loss Account	61
Cash Flow Statement	62
Annexures	63
Financial Details of Subsidiary Companies	75

ANNUAL REPORT 2010-11

Bankers

Punjab National Bank
 Syndicate Bank
 Axis Bank
 ICICI Bank

Auditors

S.Kumar Gupta & Associates
 Chartered Accountants
 Chandigarh

Mr. K.I. Singh
 General Manager -Finance

Mr. Ajay K. Ratra
 Company Secretary

Registered Office :

S.C.O. 18-19, 1st Floor, Sector 19-D,
 Madhya Marg, Chandigarh-160017, India
 Tel.: 0172-2740352 Fax: +91-172-2743057

Works & Admin. Office :

V.P.O. Khamanon
 Ludhiana-Chandigarh National Highway,
 Khamanon 140801, Punjab, India.

Registrars & Share Transfer Agents :

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

CHAIRMAN'S MESSAGE

Dear Shareholders,

It's my pleasure to communicate with you through this medium after a gap of one year. The year gone by had its own toll on the rice and green power producing industries. The country had bumper production of paddy, particularly 1121 basmati and that led the buyers to believe there would be sharp fall in prices which did happen and the prices were all time low. Government of India finally lifted three year old ban, though partially, on export of non-basmati rice which gave some relief to the industry. With varying news coming from different places in India and overseas about rice production the prices are never stabilizing. The major cause of worry for basmati producers is the demand pick-up and consequent rise in prices which can give some profit to the mills which are suffering from the losses quarter after quarter.

This being fourth year of difficulties there is good hope of revival in the fortunes of the industry now. The farmers who sold basmati paddy cheap would hardly dare to produce same varieties again and once that got established the price would move northwards. We have an agenda to take our product to the masses in India at right price and also export. We produce the finest quality of rice in raw, steam and sella varieties and we are distributing them across the States in India. We also secured orders from Saudi Arabia, US and UAE. Once prices firm up as expected in near future we should be doing really well. The same applies to green power which ceased sale at our plant for quite some time due to sharp fall in power tariffs. We are seeing firming of prices once again that should help us start the sale of green power again.

The performance figures and future prospects

Due to the abovementioned situation the annual turnover of your company for the financial year ending 30th September 2011 was Rs.10,370.88 million. We were able to earn a profit after tax of Rs.123.28 million as against Rs.831.31 million previously. There is a decline in performance figures and margins during the review period due to multitude of factors such as sharp fall in latest paddy prices as explained above, which led us to reduce and correct value of inventory in our accounts by depreciating its value and the high cost of bank borrowings. If all goes well, may be in the next year we would be able to recoup this loss and improve our balance sheet. If power plant also starts operations as expected then there will be further boost. Besides what has been stated above your company is making its best efforts to bring down the borrowing cost by using various methods being a foreign exchange earner.

Conclusions

All the difficult years seem to have passed and there is a ray of hope. The company has been working on internal strengthening by building own warehouses, adding additional equipments and adding more customers overseas. We will also participate in one of the world's largest food fairs, Gulf Food Feb, 2012 to be held in Dubai. At the end I would like to thank the 22,000 plus strong family of shareholders and all other stakeholders, not to forget the company's employees who have stood with the company all the time and worked really hard. My best wishes and regards to you all.

Balbir Singh Uppal
Chairman and Managing Director

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that 21st Annual General Meeting (AGM) of the Shareholders of **Lakshmi Energy and Foods Limited** will be held on **Wednesday, 28th March, 2012 at 11.00 A.M. at PHD Chamber of Commerce and Industry, PHD House, Sector 31A, Chandigarh**, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 30th September, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend of Rs.0.20 per equity share on 6,31,90,000 equity shares of Rs.2/- each for the financial year 2010-11.
3. To appoint a director in place of Maj. Gen. (Retd.) A. L. Suri who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a director in place of Mr. Nirdosh Bali who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a director in place of Mr. Harwant Singh who retires by rotation and, being eligible, offers himself for re-appointment.
6. To appoint M/s. S. Kumar Gupta & Associates, Chartered Accountants, Chandigarh, the retiring statutory auditors of the company to hold office as Auditors from the conclusion of this meeting until the conclusion of the next annual general meeting and to fix their remuneration.

By Order of the Board
For **Lakshmi Energy and Foods Limited**

Place: Chandigarh
Date: 13-02-2012

Sd/-
(Ajay K. Ratra)
Company Secretary

Notes:

- A. Appointment of Proxy:** A Shareholder entitled to attend and vote at the annual general meeting may appoint a proxy to attend and vote on a poll instead of himself / herself and the proxy need not be a shareholder of the company.

Proxies, in order to be effective, the proxy form must be deposited and received at the registered office of the company not less than 48 hours before the scheduled time fixed for commencement of the annual general meeting.

- B. Corporate Shareholders:** Corporate Shareholders intending to send their authorised representatives are requested to send a duly certified copy of the board resolution authorizing the representatives to attend and vote at the annual general meeting.
- C.** Shareholders / Proxies attending the meeting are requested to bring their admission slips alongwith their copy of Annual Report to the annual general meeting.
- D. Queries at the AGM:** Queries proposed to be raised at the annual general meeting may be sent to the company at its registered office at least 7 (seven) days prior to the date of annual general meeting to enable the management to compile the relevant information to reply the same in the annual general meeting.
- E. Book Closure:** The Register of Members of the company and Share Transfer Books of the company shall remain closed from 24th March, 2012 to 28th March, 2012 (both days inclusive) for the purpose of the annual general meeting. The dividend, if declared, will be paid to those shareholders entitled thereto and whose names shall appear on the Register of Members of the company, or to their mandatees as on 28th March, 2012 subject to the provisions of Section 206A of the Companies Act, 1956, or any amendment or re-enactment thereof. In respect of dematerialized shares, the dividend will be payable on the basis of beneficial ownership as on closing hours of business on 23rd March, 2012 as per details to be furnished by National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL') for this purpose.
- F.** Shareholders are requested to notify any change in their address / mandate / bank details as furnished by them or by NSDL / CDSL to the company for the shares held in certificate form and in the dematerialized form, respectively immediately to the share transfer Agent of the company - M/s. Beetal Financial & Computer Services (P) Limited.
- G. Inspection of Documents:** Documents referred to in the Notice etc., are open for inspection at the registered office of the company at all working days except Saturdays between 11 A.M. and 2 P.M. up to the date of annual general meeting.
- H.** The details pertaining to the directors being appointed and / or reappointed required to be provided pursuant to Clause 49 of the listing agreement with the stock exchanges are furnished in the statement on Corporate Governance, which is enclosed with the Directors' Report.
- I.** The company has implemented the "Green Initiative" as per Circular Nos. 17/2011 dated April 21, 2011 and 18/2011 dated April 29, 2011 issued by the Ministry of Corporate Affairs (MCA) to enable electronic delivery of notices/documents and annual report to shareholders, Henceforth, the email addresses indicated in your respective Depository Participant (DP) accounts (which will be periodically downloaded from NSDL/CDSL) will be deemed to be your registered email address for serving notices/documents including those covered under section 219 of the companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website www.lakshmigroup.in of the company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the Company quoting their number(s).

DIRECTORS' REPORT

Dear Members

Your directors have the pleasure in presenting and submitting the 21st Annual Report of your company together with the Audited Annual Accounts for the financial year ended September 30, 2011.

Financial Highlights

Particulars	For the year ended	
	30 th Sep. 2011	30 th Sep. 2010
	(Rs. million)	(Rs. million)
Sales	10370.88	11676.61
Other Income	9.70	24.84
Total Income	10380.58	11701.45
Profit before Interest, Depreciation and Tax	1483.94	2059.00
Financial Expenses	1057.70	734.11
Depreciation	386.04	367.00
Profit before tax	40.20	957.89
Provision for tax		
- Income tax	8.01	195.35
Deferred Tax Assets / (Liabilities)	91.09	68.77
Profit after tax	123.28	831.31
Add: Excess Provisions of tax in earlier years	-	214.38
Add: MAT credit entitlement	8.01	346.66
Add: Balance of Profit brought forward	4703.56	3346.78
Profit available for appropriation	4834.85	4739.13
Appropriations		
Provision for dividend (inc. of tax)	14.79	14.79
Transfer to General Reserve	3.08	20.78
Balance carried to Balance Sheet	4816.98	4703.56

The Audited statement of accounts for the year ended September 30, 2011 is attached along with the Report.

Business Performance

During the year under review, Sales of the company were Rs.10370.88 million as against Rs.11676.61 million in the previous year registering a decline of 11.18% in the sales. The company was able to earn a profit before tax of Rs.40.20 million during the current financial year as against a profit before tax of Rs. 957.89 million in the previous year. As per Accounting Standard (AS-2), existing stock of Pusa 1121 basmati paddy has been revalued at market price as on 30th September 2011 and this has resulted into a loss of Rs.424.44 millions on this stock revaluation. Consequently, PBT is much lower this year. PBT for the year before stock revaluation as per AS-2 amounts to Rs.464.65. Profit after tax was Rs.123.28 million as compared to Rs. 831.31 million in the previous year, registering a decline of 85.17%.

Sales and Profit margins of the company during the period under review are on the lower side because of the following:

Export Margins are limited.

Since, we have only recently moved from whole sale to retail, the Initial expenses on setting up retail network are heavy; such expenses will get compensated/even off with increase in the retail volume in future.

We have not been selling electricity/power in Open Access since Oct 2010 as prices have come down heavily and are not remunerative at the moment.

The off-take by FCI for Parmal Rice to be distributed by them in Public Distribution System (PDS) had been low. Therefore, there has been a lull in the Govt. sales.

Keeping with the changed business environment, we have been able to re-adjust company's product-mix. Company is currently focusing on export of 1121 Pusa Basmati Rice and strengthening its retail segment by selling our branded "Lakshmi Foods" Pusa 1121 Basmati Rice in the Indian Market. The company is appointing C&F Agents and Distributors throughout India for distribution of "Lakshmi Foods" brand Pusa 1121 Basmati Rice of 30 plus variants. In 5 states C&F Agents have been appointed and more than 30,000 (approx) retail outlets are in our network. The company is planning to cover 19 states by 30th Sep 2012. The results of this re-orientation of business will be perceptible in medium term.

M/s Acreaty Management Consultants Pvt. Ltd. has been retained for strategic marketing consultancy services. The Pusa 1121 Basmati Rice has been well accepted in the Middle East countries (including Saudi Arabia) and USA which are major buyers of Indian Rice. PerceptH (India's largest entertainment, media and communication group) is assisting us in Brand building, design and packaging etc for launching 'Lakshmi Foods' brand Basmati Rice in domestic market.

We have not been selling power in Open Access since Oct 2010 as prices came down and were not remunerative. Meanwhile, we are operating and generating power for captive consumption.

Expansion cum Modernization Project

The company is enhancing Paddy processing capacity by setting up new plant of 40 MT/hr (20 MT+20MT/hr) capacity of rice milling, alongwith expansion of by-product processing capacities. Out of above, Paddy processing plant of 20MT/hr capacity has already been installed. Machinery for the above said plants has been imported from Satake-Japan, Schmidt Seeger- Germany and MFS York, USA. It also plans to install most advanced packaging capacity for their retail products.

The company is adding world class covered warehousing infrastructure to the tune of 1 million sq.feet on the factory premises; out of this 0.70 million sq.feet of covered area alongwith roads and boundaries has already been completed. Stocks of the company have been stored in these warehouses. The cumulative covered warehousing infrastructure is more than 1.50 million sq.feet

apart from open storage infrastructure of 1 million sq.feet. The company is also constructing Corporate Complex in 4 acre area which will include Corporate Office, R&D, Training Center with mini auditorium, Recreation gym and Food court. Other Modernization of infrastructure including new entry gate with electronic surveillance system, weigh bridges for efficient loading/unloading and transportation. Out of the above, Main entrance, front desk, stock control & accounts office has been completed and other work is in progress. The company is running successfully SAP ERP system. M/s Deloitte Touche Tohmatsu India Private Limited has been continuously associated with the company for SAP consultancy and support.

Aforesaid expansion cum modernization plan will be helpful in giving quality products and further achieve economies of scale resulting in strong bottom line. Creation of world class infrastructure is necessary for producing products of international standards to stand in the export and retail branded market.

Transfer to Reserves

The company has transferred Rs.3.08 million in the General Reserve during the financial year under review in pursuance to the provisions of Companies (Transfer of Profits to Reserves) Rules, 1975.

Dividend

Your directors now recommend a final dividend of Rs. 0.20 per share (10%) for the year ended 30th September, 2011.

TRANSFER TO INVESTOR EDUCATION & PROTECTION FUND

In terms of Section 205A (5) and 205C of the Companies Act, 1956, the Company has deposited Rs.3,70,748.50 being un-claimed 1st interim dividend for the year 2004-05 in the "Investor Education and Protection Fund" established by the Central Government.

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 – September 30th, 2011 and the date of this Report.

Management Discussions and Analysis Report

Management Discussions and Analysis Report as required under Clause 49 of the Listing Agreement is given as a separate statement in the Annual Report and forms part of this Report.

Public Deposits

During the year under Report, your company did not accept any deposits from the public in terms of the provisions of Section 58A of the Companies Act, 1956.

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

a. Conservation of Energy & Technology Absorption:

i. Energy Conservation Measures taken:

In pursuit of continual improvement towards energy conservation and compliance

with environmental regulations, many initiatives have been taken and implemented in the year under review. The company is aware about energy consumption and environmental issues related with it and is, therefore, continuously making sincere efforts towards conservation of energy. The maintenance of the Boiler and Electrical Equipments is carried out regularly with optimum care with the help of the technical professionals and modern equipments. New equipments such as pumps, compressors as well as air conditioning equipments are being purchased considering efficient performance to conserve energy. Most of the traditional lights are being converted into CFL.

The company is in fact engaged in the continuous process of further energy conservation through improved operational and maintenance practices.

ii. Additional Investments / Proposals, if any, being implemented for reduction of consumption of energy

During the year, the company has made substantial progress in installing the state of the art equipments which are highly efficient and consume less energy for the same productivity.

With the present resources, the company had taken overall measures to reduce the consumption of energy. This was rendered possible through proper maintenance, on regular intervals, of Plant & Machinery and other electrical installed in the manufacturing / processing unit of the company as well as replacing low energy consuming electrical items in place of old ones.

iii. Impact of i & ii above for reduction of energy consumption

The above energy conservation measures would result in reduction in energy consumption and effectively saving in drawal of power from the State Grid. With the commissioning of husk based power plant, the company has captive power and has become a net exporter of energy.

iv. Total Energy consumption and Energy consumption per unit of production as per Form 'A'

The additional information as required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules 1988 are given as Annexure-I to this report and forms part of it.

b. Technology Absorption: The Company is taking care of latest developments and advancements in technology and all steps are being taken to adopt the same. The company is using latest technology which is well established the world over. The company has installed / is installing new equipments with latest technology for the purpose of rice processing. However, the company has not carried any R&D and has not incurred any expenditure during the year on this account as the same was not needed and not possible in-house for improvement of the process.

c. Foreign Exchange Earnings and Outgo:

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

EXPORT INITIATIVES 2010-11

During the year under review, your company focused on the export of PUSA basmati 1121 rice and exported amounting to Rs.3470 million of rice into gulf countries and USA. Your company is also considering the proposal for development of new markets.

Trading House Certificate

Your company has been issued a Certificate of Recognition as Trading House by Ministry of Commerce and Industry in accordance with the provisions of the Exim Policy.

EXPORT PLAN FOR 2011-12

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

During the year under review, the earning on account of foreign exchange (export sale) was Rs.2819.99 million (Previous year Rs. 1326.69 million), and the outgo in foreign exchange on account of spare parts, capital goods and travelling was Rs.58.05 million (Previous year - Rs. 13.17 million).

Particulars of Employees

Details and information of employees of the company who were in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure-II to this Report.

Directors

During the year under report, Mr. Anil Sarin and Mr. Rajendra Sharma resigned from the directorship of the company. The Directors place on record their appreciation of the valuable services rendered and guidance received from Mr. Anil Sarin and Mr. Rajendra Sharma during their tenure as member of board.

At the ensuing annual general meeting, Maj. Gen (retd.) A.L.Suri, Mr. Nirdosh Bali and Mr. Harwant Singh will retire by rotation and being eligible, offer themselves for re-appointment. Your directors recommend their re-appointment at the ensuing annual general meeting.

Human Resource Development

During the year under review, your company's commitment to building harmonious employee relations was evident from the successful and smoothful running of its operations at its works. The collaborative spirit of partnership across all sections of employees and their sense of ownership and commitment has sustained the culture of excellence, learning and readiness to change. The collective dedication of the employees of the company is helping your company in delivering superior customer and shareholder value. Your company salutes the unflinching commitment of its dedicated team of employees.

Corporate Governance

The company has complied with the Corporate Governance requirements, as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges. A separate section on Corporate Governance alongwith a certificate from the Auditors of the company confirming the compliance is annexed and forms part of this Report

Subsidiary Companies

Punjab Greenfield Resources Limited (PGRL) 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 in the godowns and distributing them in various parts of the country using its network of brokers, dealers and distributors.

M/s Lakshmi Green Power Limited, Chandigarh (LGPL) and M/s Green Energy and Foods Pte. Ltd, Singapore (GEFPL) are also subsidiary companies which are yet to start operations.

A statement pursuant to section 212 of the Companies Act, 1956, relating to subsidiary companies is attached to the accounts. In terms of the approval granted by the Central Government vide letter No. 47/718/2010-CL-III dated December 28, 2010 under Section 212(8) of the Companies Act, 1956, the audited accounts and Reports of Board of Directors and Auditors of the Company's subsidiaries have not been annexed to this Annual Report.

Consolidated financial statements

Further pursuant to Accounting Standard (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 PGRL, LGPL and GEFPL.

Auditors

M/s. S. Kumar Gupta & Associates, Chartered Accountants, Statutory Auditors of the company hold office until the conclusion of the ensuing annual general meeting and are recommended for re-appointment to audit the accounts of the company for the financial year 2011-12. As required under the provisions of Section 224(1B) of the Companies Act, 1956, the company has obtained a certificate from M/s. S. Kumar Gupta & Associates, Chartered Accountants to the effect that their proposed re-appointment, if made, would be in accordance and conformity with the limits as specified in that section.

Further, the Auditors have represented that they hold a valid Peer Review Certificate issued by the 'Peer Review Board' of ICAI.

Auditors' Report

The observations made by the Statutory Auditors in the Auditors' Report are self-explanatory and do not require any further clarification.

Cost Auditors

During the year under review, Cost Audit Branch, Ministry of Corporate Affairs (MCA) issued a notification NO. 52/26/CAB-2010 dt. 02.05.2011 wherein it has been directed to conduct cost audit of the cost accounts in respect of Electricity Generated and to maintain records under Cost Accounting Records (Electricity) Rules 2001, for the F/Y 2011-12.

Accordingly, the Board in its meeting held on 14-11-2011 has appointed M/s Anil Sharma & Co., Cost Accountants, Chandigarh as Cost Auditors of the Company for the financial year ending 30th September, 2012 and the necessary approval in regard to their appointment has been granted by the Ministry of Corporate Affairs (MCA) vide its communication dated January 10, 2012. The Cost Auditors' Report for 2011-12 will be forwarded to the Central Government/MCA in pursuance of the provisions of the Companies Act, 1956.

Internal Control Systems and their Adequacy

Your company believes that internal control is a necessary concomitant of the principle of governance that freedom of management should be exercised within a framework of appropriate checks and balances. Your company remains committed to ensuring an effective internal control environment that provides assurances on the efficiency of the operations and security of the assets.

Group for inter-se transfer of shares

As required under Clause 3 (1) (e) of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting Group (within the meaning as defined in the Monopolies and Restrictive Trade Practices Act, 1969) for the purpose of availing exemption from applicability of the provisions of Regulation 10 to 12 of aforesaid SEBI Regulations, are given in the table alongside:

S. NO.	NAME
i.	M/s. Punjab Greenfield Resources Limited
ii.	M/s. LOIL Health Foods Limited
iii.	M/s. LOIL Continental Foods Limited
iv.	M/s. LOIL Overseas Foods Limited
v.	M/s. LOIL International Foods Limited
vi.	M/s. Ganeshay Overseas Industries Limited
vii.	M/s. Victor Foods India Limited
viii.	M/s Lakshmi Green Power Limited
ix.	Mr. Balbir Singh Uppal
x.	Mr. Janak Raj Singh
xi.	Mrs. Vijay Luxmi

Directors' Responsibility Statement

In terms of the provisions of section 217(2AA) of the Companies Act, 1956, and to the best of their knowledge and belief and according to the information and explanations obtained by them and save as mentioned elsewhere in this Report, the attached Annual Accounts and the Auditors' Report thereon, your directors confirm that:

- a. in preparation of the annual accounts, the applicable accounting standards have been followed;
- b. the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 30th September, 2011 and of the profit of the company for the year ended on that date;
- c. the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and,
- d. the directors have prepared the Annual Accounts on a going concern basis.

Corporate Social Responsibility (CSR)

The company has constructed 110 houses in Punjab in association with Government of Punjab who has provided the land free of cost. These houses with two rooms, kitchenette and a bathroom have been built with proper landscaping for providing good living conditions and have been allotted to people below poverty line.

Stock Exchange Listing

The securities of the company are presently listed on the following Stock Exchanges:

1. National Stock Exchange of India Limited;
2. Bombay Stock Exchange Limited;
3. Ludhiana Stock Exchange Association Limited; and,
4. Delhi Stock Exchange Association Limited

The company has duly paid the listing fees for the financial year 2011-12 to all the Stock Exchanges wherein the equity shares of the company are presently listed.

Other information

The Certificate of the Auditors of the company viz. M/s. S. Kumar Gupta & Associates, Chartered Accountants, Statutory Auditors of the company confirming compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with Stock Exchanges in India, is annexed.

Acknowledgement

Your company's board and employees are inspired by their vision of sustaining LEAF's position as one of India's most significant company in the food segment through world class performance creating enduring value for all shareholders, including the shareholders and the Indian society.

Your directors wish to convey their sincere appreciation for the co-operation and excellent assistance the company has received from Banks, 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 and also for the devoted services of all the employees of the company for their outstanding contribution to the operations during the year under review. 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: Chandigarh
Date: 13.02.2012

Sd/-
Balbir Singh Uppal
Chairman and Managing Director

FORM "A"**Form of Disclosure of Particulars with respect to conservation of energy**

	Year ended 30.09.2011	Year ended 30.09.2010
A. POWER AND FUEL CONSUMPTION		
1. Electricity		
(a) Purchased		
-Unit (KWH in Thousand)	2029.22	3670.70
-Total Amount (Rs. Lacs)	195.08	113.64
-Rate / Unit (Rs.)	5.60	5.31
(b) Own Generation	-	-
(i) Through Diesel Generator		
-Unit (KWH in Thousand)	-	-
-Unit per liter of Diesel Oil	-	-
-Rate / Unit (Rs.)	-	-
(ii) Through Steam Turbine/ Generator		
-Unit (KWH in Thousand)	16174.34	12285.62
2. Coal	-	-
-Quantity (MTS)		
-Total Cost (Rs. In Lacs)		
-Average rate (Rs. per MT)		
3. Furnace Oil	-	-
-Quantity (K Its.)		
-Total Cost (Rs. In Lacs)		
-Average rate (Rs. per K Its.)		
4. Other/ Internal Generation	-	-
-Quantity (KWH in Thousand)		
B. CONSUMPTION PER MT		
Electricity (KWH)		
Paddy/Rice	68.89*	35.31
Furnance Oil (Ltr.)	-	-
Coal (Kgs.)	-	-

* The business realignment resulted in focus on retail & export of basmati varieties, which in turn requires longish processing and resultant higher power consumption.

For and on Behalf of the Board

Place: Chandigarh

Date : 13.02.2012

Balbir Singh Uppal

Chairman and Managing Director

Details and information of employees of the company who were in receipt of remuneration as prescribed under section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Name of Employee	Age(Yrs.) Date of Birth	Designation (Nature of Duties)	Gross Remuneration (Rs.)	Qualification	Experience (Years)	Shareholding (in %age)	Date of Employment	Last Employment
Mr. Balbir Singh Uppal	(57) 13.10.1954	Chairman and Managing Director (Overall management of the affairs of the company)	1,20,00,000	Privately educated	40	15.39	20.07.1990	-
Mr. Janak Raj Singh	(39) 08.04.1972	Joint Managing Director (Overall management of the affairs of the company)	60,00,000	Graduate	19	4.74	30.04.1992	-
Mr. I. S. Gumber	(53) 03.03.1958	Executive Director (Overall management of the affairs of the company)	36,00,000	B.Sc. (H) MBA LL.B CAIIB & AIA from CAIB (U.K.)	33	0.30	01.03.2005	Whole-Time Director of Networth Stock Broking Ltd
Mr. Harwant Singh	(64) 13.01.1948	Executive Director (Overall management of the affairs of the company)	30,00,000	B.Sc. (Agri) M.Sc. (Agri. Econ) CAIIB(Part-I)	37	Nil	01.05.2008	GM of Punjab National Bank
P.N. Venkataragavan*	(60) 22.06. 1952	CEO (Singapore Office)	4,39,400	B.Com, CAIIB	35	Nil	21.06.2010	Punjab National Bank
Vipan Malhotra*	(55) 15.09.1956	President (International Operations)	12,00,000	MBA,M.Com,CS (Inter), Post Graduate Diploma in Commercial Law, Intl. Marketing and Commodities	29	Nil	02.08.2010	M/S BEST FOOD INTERNATIONAL (P) LTD.

* employed for part of the year.

Notes:

- Information has been furnished on the basis of employees employed throughout the financial year, who were in receipt of remuneration for that year which, in the aggregate, was not less than Rs. 24,00,000 (Rupees twenty four lacs only) per annum and those employed for the part of the financial year, were in receipt of remuneration for any part of that year at a rate which, in the aggregate, was not less than Rs. 2,00,000 (Rupees two lacs only) per month. There was no person employed either throughout the financial year or part thereof, who was holding either by himself or alongwith the spouse and dependent children 2% or more of the shares of the company and drawing remuneration in excess of the remuneration drawn by the Managing director / executive director.
- Remuneration includes salary, commission, other allowances, payments and expenditures incurred on perquisites and company's contribution to Provident/Superannuation/Gratuity Funds, if any.
- Mr. Balbir Singh Uppal, Chairman and Managing Director is father of Mr. Janak Raj Singh, Joint Managing Director. None of the other employees is a relative of any director of the company.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

ECONOMIC OVERVIEW

Global Economy

There have been significant changes in the global scenario especially since October 2011. On the one hand, concerns over the sustainability of sovereign debt problem in the euro area have intensified. On the other, there are modest signs of improvement in the US. In the emerging and developing economies (EDEs), growth has been moderating, reflecting the sluggishness in the advanced economies and the impact of earlier monetary tightening. Overall, notwithstanding the signs of recovery in the US, global growth prospects have weakened. In September last year, The International Monetary Fund (IMF) projected that global growth during 2012 would be 4 per cent. Now, IMF chopped its 2012 forecast for global growth to 3.3 percent from 4 percent, saying that the outlook had deteriorated in most regions. It projected world growth would strengthen to 3.9 percent in 2013.

Domestic Economy

Real GDP growth moderated from 7.7 per cent in the first quarter of 2011-12 to 6.9 per cent in the second quarter. This was mainly due to deceleration in industrial growth, while the services sector held up relatively well. On the demand side, the contraction in fixed capital formation in the second quarter was the main factor behind the slowdown in growth. In RBI's October 2011 Review, it projected GDP growth of 7.6 per cent for 2011-12, though with significant downside risks. These downside risks have since materialised. Accordingly, the baseline projection of GDP growth for this year is revised downwards from 7.6 per cent to 7.0 per cent.

Inflation is beginning to moderate as projected despite the significant depreciation of the rupee. WPI inflation, which averaged 9.7 per cent (y-o-y) during April-October 2011, moderated to 7.5 per cent in December. The decline in inflation was driven largely by a decline in primary food and non-food articles inflation. Non-food manufactured products inflation continues to remain elevated and well above the comfort zone. Keeping in view the trends in commodity prices, the baseline projection for WPI inflation for March 2012 is retained at 7 per cent as set out in RBI's October Review.

INDUSTRY STRUCTURE & DEVELOPMENTS

Food Grain/Paddy/Rice

As per Rice Market Monitor Report of January 2012 of Food and Agriculture Organization (FAO) of the United Nations, the forecast for global paddy production in 2011 is 721 million tonnes, incremental world rice production would be 21.4 million tonnes, or 3 percent and hit a new record. This excellent performance confirms the resilience of the sector and its ability to respond to attractive prices, even against the backdrop of numerous weather setbacks and widespread increases in basic input prices. Paddy production in *Asia* is forecast at 653 million tonnes, 3 percent above 2010.

Global trade in rice in calendar year 2011 is estimated to have reached an unprecedented level of 34.5 million tonnes, up nearly 3.0 million tonnes from 2010. FAO has lowered its forecasts of international trade in rice in 2012 by 1.0 million tonnes, as improved prospects for production in several major importing countries may weaken world import demand.

In India, as per the First Advance Estimates of production of major crops grown in the country in kharif season, the total foodgrains production is likely to be 123.95 million tonnes (MT) as compared to 120.20 MT in 2010-11 (fourth advance estimates), an increase of about 3.75 MT over the last estimates. Rice production in the country in the kharif season is likely to be 87.10 million tonnes as compared to 80.65 million tonnes in 2010-11 kharif. Production of kharif pulses is expected to be 6.43

million tonnes as against 7.12 million tonnes last kharif.

Biomass power

In this system, biomass, bagasse, forestry and agro residue & agricultural wastes are used as fuel to produce electricity. India is rich in biomass and has a potential of 16,881MW (agro-residues and plantations), 5000MW (bagasse cogeneration) and 2700MW (energy recovery from waste). Biomass power generation in India is an industry that attracts investments of over INR 600 crores every year, generating more than 5000 million units of electricity and yearly employment of more than 10 million man-days in the rural areas.

One of the most critical bottlenecks for biomass plants (based on any technology) is the supply chain bottlenecks that could result in non-availability of feedstock. A related problem is the volatility, or more precisely increase, in the feedstock price. Both these could render the project unviable. There are other concerns and bottlenecks as well such as lack of adequate policy framework and effective financing mechanisms, lack of effective regulatory framework etc.

LEAF has also realized its dream of producing "green energy" from husk / biomass by setting up biomass based power plant of 30 MW capacity. The company has not been selling power in Open Access since Oct 2010 as prices have come down heavily and are not remunerative at the moment. Meanwhile, we are operating one boiler and turbine for generating power for captive consumption of our plant and extracting steam for plant, producing/extracting required steam for parboiling process for manufacturing Basmati Rice for exports.

OPPORTUNITIES & THREATS

Opportunities

As a cereal grain, Rice is the most important staple food for a large part of the world's human population. Going ahead, its importance in consumers' diet is expected to increase further. There is growing demand for rice from both the international and domestic market. With the change in life style, mindset and preferences of the people, the demand for packaged rice and rice bran oil would also grow in the years to come. Basmati prices are likely to increase in near future, which will benefit Indian exporters. The proliferation of modern retailing has helped fuel the consumption of a higher quantum of branded products, as Indian consumers are fast embracing the mall culture and organized retail. This offers an attractive channel for the Company to augment its branded sales in the domestic market. There is an immense opportunity unfolding for our company as more and more consumers are migrating from unbranded to branded rice, and from economy brands to premium brands. There is growing popularity and demand for Pusa-1121, which has been finally labelled by the Government of India as Basmati. Our Company stands to benefit immensely since its realizations are better than the other categories of Basmati.

Threats

Downturn in the global economy adversely impacting export plans, growing competition from other companies operating in similar segments, the Government policies in relation to procurement of paddy/rice and their pricing for the Public Distribution System would continue to affect LEAF in as much as the rice industry in general. However, the large production capacity of LEAF including by-product processing and its diversification into PUSA 1121 Basmati Rice both in the Export Markets and Branded Packaged Basmati Rice in Domestic Markets will mitigate such potential risk to the industry.

Expansion cum Modernization by LEAF

Looking at aforesaid developments, LEAF has already started scaling up its capacities for processing of paddy and by-products. The company is enhancing Paddy processing capacity by setting up new plant of 40 MT/hr (20 MT+20MT/hr) capacity of rice milling, alongwith expansion of by-product processing capacities. Out of above, Paddy processing plant of 20MT/hr capacity has since been installed.

Machinery for the above said plants has been imported from Satake-Japan, Schmidt Seeger- Germany and MFS York, USA. It also plans to install most advanced packaging capacity for their retail products.

The company is adding world class covered warehousing infrastructure to the tune of 1 million sq.feet on the factory premises; out of this 0.70 million sq.feet of covered area alongwith roads and boundaries has already been completed. Stocks of the company have been stored in these warehouses. The cumulative covered warehousing infrastructure is more than 1.50 million sq.feet apart from open storage infrastructure of 1 million sq.feet. The company is also constructing Corporate Complex in 4 acre area which will include Corporate Office, R&D, Training Center with mini auditorium, Recreation gym and Food court. Other Modernization of infrastructure including new entry gate with electronic surveillance system, weigh bridges for efficient loading/unloading and transportation. Out of the above, Main entrance, front desk, stock control & accounts office has been completed and other work is in progress.

Aforesaid expansion cum modernization plan will be helpful in giving quality products and further achieve economies of scale resulting in strong bottom line. Creation of world class infrastructure is necessary for producing products of international standards to stand in the export and retail branded market.

SEGMENT-WISE/PRODUCT-WISE PERFORMANCE

The company has two business segments viz; Agri-based and Energy. The revenue from agri-based business was Rs.10370.88 millions for the year ended 30-09-2011 which is the total revenue of the company. The company has not been selling power in Open Access since Oct 2010. Consequently, Energy division could not contribute to the total revenue of the company as prices of electricity per unit came down heavily and were not remunerative. Rice continues to be the dominant product of our Company followed by other by-products like Rice Bran Oil, De-Oiled Cake and Cattle Feed.

OUTLOOK

Keeping with the changed business environment, we have been able to re-adjust company's product-mix. Lately, our focus has been on production of Pusa 1121 Basmati Rice for exports & for launching our branded "Lakshmi Foods" Pusa 1121 Basmati Rice in the Indian Market. The company is appointing C&F Agents and Distributors throughout India for distribution of "Lakshmi Foods" brand Pusa 1121 Basmati Rice of 30 plus variants. M/s Acreaty Management Consultants Pvt. Ltd. has been retained for strategic marketing consultancy services. PerceptH (India's largest entertainment, media and communication group) is assisting us in Brand building, design and packaging etc for launching 'Lakshmi Foods' brand Basmati Rice in domestic market.

To strengthen its performance, positioning and profitability in the competitive Basmati and rice industry, the Company intends to scale up capacity utilization, enhance margins by deriving higher realizations from byproducts; optimizing power consumption through its captive husk-based power plant, explore and add new emerging and fast growing markets in the international space to derive exports revenues.

RISKS & CONCERNS

Supply of food grains is affected by many external factors such as climatic conditions and the current harvesting or peak season. Bumper crops pull down prices while poor production reflects in high prices. Besides this, Economic slowdown and government policies/regulations play a significant role in determining prices and demand for the food grains. A substantial portion of our revenues come from exports to the overseas markets. Any change in the socio-economic environment in those markets may impact our business. Rice being a primary staple in the country, any change in government policies to export and any adverse fluctuation in the exchange rate may also impact our business.

RISK MITIGATION

The Company maintains a healthy stock to ensure continuous paddy production and supply. Moreover, in a short supply situation the yield goes up with rising prices and sets off the impact of fall in stocks to some extent. Our strategy of evenly balancing the revenue mix between exports and domestic sales is also aimed at mitigating the export risk in adverse times. We also regularly undertake several initiatives to penetrate in new geographies. We mitigate foreign exchange risk with a well defined policy for hedging of exports. A team of highly experienced professionals guides on the steps to be taken to mitigate the exchange risk. We have countered the risk of increasing competition in the domestic market, by starting operations in the premium branded rice segment, maintaining product superiority and making significant investment towards raising our brand equity. In order to understand the fast changing and evolving expectations of consumers from our brand, we will continue making significant investments towards tracking consumer's behavior and respond with their expectations from the brand. The Company's business is also exposed to other operating risks, which are mitigated through regular monitoring and corrective action.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has established adequate systems for internal control relating to purchase of raw materials, components, plant & machinery, equipments and other assets and sale of goods which are commensurate with size and nature of business of your Company. The Company has got effective system of accounting, internal audit and administrative controls which ensure that all assets are safeguarded and protected against loss. The company is successfully running SAP ERP system. The Company has well defined organizational structure with clear functional authority limits for approval of all transactions.

The Company has also strong reporting system, which evaluates and forewarns the management on issues related to compliance. The performance of the Company is regularly reviewed by the Board of Directors to ensure that it is in keeping with the overall corporate policy and in line with pre-set objectives. These business control procedures ensure efficient use and protection of the resources and compliance with the policies, procedures and status.

HUMAN RESOURCE DEVELOPMENT

The Company's Human Resource philosophy is to identify the attitude, aptitude of each employee, provide motivation to them and place them in a position where they can contribute to the growth and performance of the Company to the best of their ability. The Company provides to the staff healthy environment and maintains cordial relations with the employees. The company treats the people as the most valuable asset and has a system of performance appraisal and career development. Steps have also been undertaken towards manpower rationalization through multi task training and job rotation.

The Company has ensured recognition of meritorious performance and achievements through timely rewards. Recognition is also in the form of increased responsibility and job enrichment. As on 30th September 2011, 384 employees are on the roll of the Company.

POLLUTION AND ENVIRONMENT CONTROL

The Company continues to be compliant with applicable environment laws and regulations. The Company is generating power from biomass waste and is keeping the environment clean through control of pollutants.

Safety and health of people working in and around the premises of the Company continues to receive the highest importance from the management. Employees are continuously trained and coached in

safety and are provided appropriate safety equipments.

CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objective, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates / would operate, changes in the Government regulations, tax laws and other statutes and other incidental factors.

For and on Behalf of the Board

Place: Chandigarh
Date: 13.02.2012

Sd/-
Balbir Singh Uppal
Chairman and Managing Director

CORPORATE GOVERNANCE REPORT

1. Company's Philosophy on Corporate Governance

The company believes that good Corporate Governance practices enable a company to attract and enhance financial and human capital and leverage these resources to maximize long-term shareholders' value and preserve the interests of multiple stakeholders, including society at large. The company believes in good Corporate Governance and has made Corporate Governance a practice and a continuous process of development. The company is fully committed to practicing sound corporate governance and upholding the highest business standards in conducting business. The company's philosophy on Corporate Governance envisage the attainment of high level of transparency and accountability in the functioning of the company and conduct of business and places due emphasis on regulatory compliance. This would help the company to meet its obligation to its customers, employees and shareholders.

Being a value-driven organization, the company has always worked towards building trust with shareholders, employees, customers, suppliers and other stakeholders based on principles of good corporate governance viz. integrity, equity, transparency, fairness, disclosure, accountability and commitment to values.

The company fosters the culture in which high standards of ethical behaviour, individual accountability and transparent disclosure are ingrained in all its business dealings and shared by its board of directors, management and employees. The company has established systems and procedures to ensure that its board of directors is well-informed and well-equipped to fulfill its overall responsibilities and to provide the management with a strategic direction needed to create long term shareholder value.

2. Board of Directors

Composition of the Board of the company as on 30th September 2011

The board of directors of the company has an optimum combination of Executive, Non Executive and Independent directors. As on 30th September, 2011, the board of directors of the company consisted of 10 members. Four directors including Chairman are Executive; one is Non-Executive and five are Non-Executive and Independent.

The details of directors with regard to their outside directorships, committee positions as well as attendance at meeting of the board of directors of the company / annual general meeting are as follows:

Director	Executive/ Non- Executive/ Independent	No. of the Board Meetings Attended	Whether last AGM Attended	No. Of Outside Directorships Held	No. of Committee Membership
Mr. Balbir Singh Uppal	Promoter and Managing Director	4	Yes	8	Nil
Mr. Janak Raj Singh	Promoter and Joint Managing Director	4	Yes	8	Nil
Mr. I. S. Gumber	Executive Director	1	No	3	2

Mr. Harwant Singh	Executive Director	3	Yes	3	Nil
Mrs. Vijay Luxmi	Promoter and Non-Executive Director	-	No	Nil	Nil
Mr. Amarjit Singh	Independent	4	Yes	Nil	3
Maj. Gen. A. L. Suri (Retd.)	Independent	1	No	4	Nil
Mr. Nirdosh Bali	Independent	2	No	2	3
Mr. Rajendra Sharma *	Independent	-	No	Nil	Nil
Mr. Anil Sarin #	Independent	-	No	1	1
Mr. Kanwal Jit Singh Jolly	Independent	4	Yes	Nil	Nil
Mr. V.K Mishra	Independent	2	Yes	2	Nil

* Resigned wef 14th July 2011

Resigned wef 14th June 2011

Changes in the directorate during the year

Mr. Anil Sarin and Mr. Rajendra Sharma resigned from the directorship on 14th June, 2011 and 14th July 2011 respectively.

Information pursuant to clause 49 IV (G) (i) of the Listing Agreement regarding Directors being appointed/re-appointed

Particulars	Maj. Gen. A. L. Suri (Retd.)	Mr. Nirdosh Bali	Mr. Harwant Singh
Father's Name	Mr. Ram Lal Suri	Mr. L.P. Bali	Mr. Gurdeep Singh
Date of Birth	23-11-1934	24-12-1967	13-01-1948
Date of Appointment	04-10-2006	04-09-2007	27-03-2010
Address	C-485, Defence Colony, New Delhi	3928, Sector 47-D, Chandigarh	H-304, Gillco Towers, Gillco Valley, Sector-127, Mohali, Punjab
Designation	Director	Director	Executive Director
Education	Fellow, Institute of Engineers (India) Member, Institute of Arbitrators (India)	Graduate and training from SEIRRAI Factory, Japan	B.Sc. (Agri) M.Sc. (Agri. Econ) CAIIB(Part-I)
Experience	Having experience in Engineering projects, financial services, insurance and army.	22 years in rice milling design, installation and commissioning	37 years in banking – domestic and UK
Salary, etc	Nil	Nil	2.50 lacs p.m.
Other Companies in which holds Directorship	4	2	3
Membership of committees	Nil	3	Nil
Equity shares held	Nil	Nil	Nil

Board Meetings:

During 2010-11, the board of directors of the company met 4 times on the following dates: -

Date of Meetings	Shareholding of Non-Executive Directors	
12 th November 2010	Name of the Director	No. Shares Held
14 th February 2011	Ms. Vijay Luxmi	Non Executive Director
14 th May 2011		
10 th August 2011		
		19,71,100

Apart from the above, none of the Non-Executive (including Independent) Directors hold any shares (as own or on behalf of other person on beneficial basis) in the Company.

Information Supplied to the board of directors of the company.

The board of directors of the company were supplied with all relevant information and supporting papers, which were required, to transact the business specified in the agenda of Meetings of the board of directors of the company held.

Code of Conduct

The board of directors of the company play an important role in ensuring good corporate governance and have laid down the Code of Conduct applicable to all members of the board of directors of the company and senior executives of the company. The board of directors of the company vide their resolution dated 30th December, 2005 adopted and approved the code of conduct. All members of the board of directors of the company and senior executives have confirmed compliance of the code of conduct. The code of conduct is also posted on the website of company. A certificate to this effect is annexed herewith.

Annual compliance reporting

Members of the board of directors of the company and Senior Managers have affirmed compliance with this Code as at the end of the financial year ending on 30th September, 2011.

Acknowledgement of receipt of the code

Each Member of the board of directors of the company and Senior Managers, both present and future, have acknowledged receipt of the code or any modification(s) thereto, in the acknowledgement form and have forwarded the same to the Compliance Officer.

No breach of the aforesaid Code has been brought to the notice of the Compliance Officer or any member of the board of directors of the company or Senior Management.

The CEO / CMD of the company has given the certificate as per the requirement of clause 49 of the listing agreement which is annexed hereto.

3. Audit Committee**Composition & Terms of Reference**

The Audit Committee of the company comprises of three members, two of them are non-executive and independent directors.

As on 30th September 2011, the Chairman of the Committee is Mr Amarjit Singh, a non-executive independent director. Other members are Mr. Nirdosh Bali non-executive independent director and Mr. I.S.Gumber, Executive Director.

Terms of references and powers of the Audit Committee are as per the guidelines set out in the listing agreement (Clause 49) with the stock exchanges that, inter alia, include the overview of the company's financial reporting processes, review of the half yearly and annual financial statements, the adequacy of internal control systems, the financial and risk management policies etc.

Meetings held during the year and the Attendance thereat:

During 2010-11, 4 (four) Audit Committee Meetings were held on: -

Date of Meetings
12 th November 2010
14 th February 2011
14 th May 2011
10 th August 2011

The attendance of members of the Audit Committee at these Meetings is as follows:

S. No.	Director	Category	No. of Meeting Attended
1.	Mr. Amarjit Singh	Chairman	4
2.	Mr. Nirdosh Bali	Member	3
3.	Mr. I.S. Gumber	Member	1

1. The Chairman of the Audit Committee was present at the Annual General Meeting of the company held on 26th March, 2011.
2. Finance head is the permanent invitee of the Audit Committee and the Statutory and Internal Auditors of the company are also invited to the Audit Committee Meetings.
3. Company Secretary acted as Secretary to the Committee.

Whistle Blower Policy

The Audit Committee at its meeting held on 12th January, 2006, approved framing of a Whistle Blower Policy that provides a formal mechanism for all employees of the company to approach the Chairman of the Audit Committee of the company and make protective disclosures about the unethical behaviour, actual or suspected fraud or violation of the company's Code of Conduct. The Whistle Blower Policy requires every employee to promptly report to the Management any actual or possible violation of the Code or an event he becomes aware of that could affect the business or reputation of the company. The disclosures reported are addressed in the manner and within the time frames prescribed in the Policy. Under the Policy, each employee of the company has an assured access to the Chairman of the Audit Committee.

4. Remuneration Committee

Composition & Terms of Reference

The Remuneration Committee of the board of directors of the company comprises of three non-

executive directors namely Mr Amarjit Singh - as Chairman, Mr. Nirdosh Bali and Mrs. Vijay Luxmi as members.

The Committee was constituted to approve the remuneration payable to Managing Director, Whole time Director and Executive directors of the company. Thus, the Committee shall have the meetings as and when so required. There was no meeting held during the year 2010-11.

Remuneration Policy of the Company

The company is presently paying remuneration to Mr. Balbir Singh Uppal, the Chairman cum Managing Director, Mr Janak Raj Singh, Joint Managing Director, Mr. I. S. Gumber, Executive Director and Mr. Harwant Singh, Executive Director of the company. Other than that, company is not paying remuneration to any other director. No significant material transactions have been made with the non-executive directors vis-à-vis the company.

Details of the Directors' Remuneration for the financial year ended 30th September, 2011.

Name of the Director	Sitting fees	Salaries & Perquisites (Rs. in million)	Commission, Bonus Ex-gratia	Total Amount (Rs. in million)
Mr. Balbir Singh Uppal	Nil	12.00	Nil	12.00
Mr. Janak Raj Singh	Nil	6.00	Nil	6.00
Mr. I. S. Gumber	Nil	3.60	Nil	3.60
Mr. Harwant Singh	Nil	3.00	Nil	3.00
Mrs. Vijay Luxmi	Nil	Nil	Nil	Nil
Mr. Amarjit Singh	Nil	Nil	Nil	Nil
Maj. Gen. A. L. Suri (Retd.)	0.005	Nil	Nil	0.005
Mr. Nirdosh Bali	0.010	Nil	Nil	0.010
Mr. Rajendra Sharma *	Nil	Nil	Nil	Nil
Mr. Anil Sarin #	Nil	Nil	Nil	Nil
Mr. Kanwal Jit Singh Jolly	0.020	Nil	Nil	0.020
Mr. V.K Mishra	0.010	Nil	Nil	0.010

* Resigned w.e.f 14th July 2011

Resigned w.e.f 14th June 2011

Notes:

1. No director is related to any other director on the board of directors of the company except for Mr. Balbir Singh Uppal and Mr. Janak Raj Singh, who are father and son respectively.
2. The company does not have any scheme for grant of stock options to its directors or employees.
3. The appointment of Mr. Balbir Singh Uppal, Chairman cum Managing Director is for a period of 5 years w.e.f. 1st September, 2009.
4. The appointment of Mr. Janak Raj Singh, Joint Managing Director is for a period of 5 years w.e.f. 27th March 2010.

5. The appointment of Mr. I. S. Gumber, Executive Director is for a period of 5 years w.e.f. 1st March, 2010.
6. The appointment of Mr. Harwant Singh, Executive Director is for a period of 5 years w.e.f. 27th March, 2010.
7. No severance fee is payable to any Managing / Executive Director of the company.
8. The remuneration paid to the Executive Directors is recommended by the Remuneration Committee and approved by the board of directors of the company in the meeting of the board of directors of the company, subject to the subsequent approval by the shareholders at the general meeting and such other authorities, as the case may be.
9. Independent/Non-Executive directors are being paid sitting fees wef 28th July 2010. Mr. Amarjit Singh and Ms. Vijay Luxmi have opted not to receive sitting fees.

5. Shareholders' / Investors' Grievance Committee

Composition & Terms of Reference

Shareholders'/Investors' Grievance Committee of the company comprises of three members; two of them are non-executive and independent directors.

As on 30-09-2011, the Chairman of the Committee is Mr Amarjit Singh, a non-executive independent director. Other members are Mr. Nirdosh Bali non-executive independent director and Mr. I.S.Gumber, Executive Director.

The Committee is constituted and functions as per the guidelines set out in listing agreements with the Stock Exchanges that inter alia include redressal of investors' grievances arising out of issues regarding share transfers, transmissions, dividends, dematerialization and related matters. Mr. Ajay K. Ratra, Company Secretary acts as the Secretary of the Committee.

Meetings held during the year and the Attendance thereat:

During the year, 4 Shareholders'/Investors' Grievance Committee Meetings were held on: -

Date of Meetings
12 th November 2010
14 th February 2011
14 th May 2011
10 th August 2011

The attendance of members of the Shareholders'/Investors' Grievance Committee at these Meetings is as follows:

S. No.	Director	Category	No. of Meeting Attended
1.	Mr. Amarjit Singh	Chairman	4
2.	Mr. Nirdosh Bali	Member	3
3.	Mr. I.S. Gumber	Member	1

CEO/CFO Certification

Mr. Balbir Singh Uppal, Chairman and Managing Director and Mr. K.I.Singh, GM (Finance) have certified to the board of directors of the company that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:

- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (ii) These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) They have indicated to the auditors and the Audit committee-
- (i) Significant changes in internal control during the year, if any;
- (ii) Significant changes in accounting policies during the year, if any and that the same have been disclosed in the notes to the financial statements; and,
- (iii) Instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system.

The above certificate was placed before the Meeting of the board of directors of the company held on 13-02-2012.

6. General Body Meetings

- a) Particulars of past three annual general meetings of the company:

Year	Date	Venue	Time	Summary of Resolutions passed (Special Business)
2009-10	26.03.2011	CII, Conference Hall, Sector 31-A, Chandigarh	11.00 am	Ordinary Resolutions: <ul style="list-style-type: none"> Appointment of Mr. Kanwal Jit Singh Jolly as Director of the Company Appointment of Mr. V.K. Mishra as Director of the Company
2008-09	27.03.2010	PHD Chamber of Commerce and Industry, PHD House, Sector 31A, Chandigarh	11.00 am	Ordinary Resolutions: <ul style="list-style-type: none"> Appointment of Mr. Janak Raj Singh as Joint Managing Director of the Company Re-appointment of Mr. I.S. Gumber as Executive Director of the Company Appointment of Mr. Harwant Singh as Executive Director of the Company Appointment of Mr. Anil Sarin as Director of the Company
2007-08	27.03.2009	Chandigarh Club, Sector-1, Chandigarh	11.00 am	Ordinary Resolution: <ul style="list-style-type: none"> Re-appointment of Mr. Balbir Singh Uppal as Managing Director of the Company

- b) There was no matter required to be dealt by the Company through postal ballot as required pursuant to Section 192A of the Companies Act, 1956.
- c) None of the resolutions proposed for the ensuing Annual General Meeting need to be passed by Postal Ballot.

7. Disclosures

- a) There was no such materially significant related party transaction(s) with its promoters, the directors or the management, their relatives, etc. that may have the potential conflict with the interests of the company at large. Related party transactions are given in Notes on Accounts annexed to and forming the part of Balance Sheet and Profit and Loss Account of the company.
- b) Your company has followed all relevant Accounting Standards while preparing the financial statements.
- c) Your company has established a comprehensive and appropriate risk assessment and management policy and minimization procedures and the same is periodically reviewed by the board of directors of the company.
- d) During the last three years, there were no instance of imposition of penalties, strictures by Stock Exchange or SEBI or any statutory authority on the company on any matter related to capital markets, hence no details thereof could be provided.
- e) The company has instituted a comprehensive code of conduct for its board, senior executives, managerial staff and relevant business associates in compliance with the SEBI regulations on prevention of insider trading.
- f) The board of directors of the company periodically reviews reports of compliance with all laws applicable to the company, as well as steps taken by the company to rectify instances of non-compliances.
- g) The company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with clause 7 of the Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges, for employees to report concerns about unethical behaviour. No personnel has been denied access to the Chairman of the Audit Committee.
- h) Your company is fully compliant with the mandatory requirements of the Clause 49 of the Listing Agreement. The company has not adopted the non-mandatory requirements as prescribed in Annexure I D to Clause 49 of the Listing Agreement except the following:
 - a) The company has set up a Remuneration Committee.
 - b) The company has adopted a Whistle Blower Policy and has established the necessary mechanism.
- i) The company has not issued any GDRs/ADRs.

8. Means of Communication

Pursuant to clause 41(I)(f) of the Listing Agreement, the company has regularly furnished, both by post as well as by fax/email (within 15 minutes of closure of the Board Meeting) the annual audited as well as quarterly un-audited results to stock exchanges, post approval and adoption of the same by the Board of Director of the Company.

Quarterly/annual financial results of the company are published in Indian Express, Financial Express, LokSatta, Jansatta and Desh Sewak (Punjabi) newspapers and are also displayed on the website of the company at www.lakshmigroup.in, shortly after their submission to the Stock Exchanges. Shareholding pattern as required under the term of Clause 35 of the Listing Agreements, Official news releases and presentations, if any, made to Institutional Investors/analysts are also posted on the company's website.

Management Discussion and Analysis Report has been included in this Annual Report and forms the part of this Annual Report being sent to the shareholders of the company.

Company's Snapshot

S. No.	Heading	Particulars
i.	Incorporation	20.07.1990
ii.	CIN	LOOOOCH1990PLC010573
iii.	Equity Structure	6,31,90,000 equity shares of Rs. 2/- each.

9. GENERAL / ADDITIONAL SHAREHOLDER INFORMATION

Annual General Meeting Details

Date	28 th March, 2012
Time	11:00 a.m.
Venue	PHD Chamber of Commerce and Industry, PHD House, Sector-31-A, Chandigarh

Calendar for the financial year 2011-12

Events	Tentative Time Frame
Financial Reporting for the first quarter ending 31 st December, 2011	13 th February, 2012 (Actual)
Financial Reporting for the Second quarter ending 31 st March 2012	Second Week of May, 2012.
Financial Reporting for the third quarter ending 30 th June, 2012	Second Week of August, 2012.
Financial Reporting for the Fourth quarter ending 30 th September 2012	Second Week of November, 2012.
Annual General Meeting for the year ended 30 th September, 2012.	March 2013.
Book Closure	
Book Closure Date	24 th March, 2012 to 28 th March, 2012 (Both days inclusive)

Dividend Payment

The board of directors of the company has recommended Rs.0.20 per share final dividend for the

financial year 2010-11. The final dividend, if approved by shareholders at the ensuing annual general meeting shall be paid to those shareholders whose names appear on the Register of Members as on March 28th, 2012. In respect of shares held in electronic form, the dividend will be payable to the beneficial owners of the shares as on the closing hours of business on 23rd March, 2012 as per the details furnished by the Depositories for this purpose. The dividend, if approved, will be paid within 30 days of declaration at annual general meeting.

Listing on Stock Exchanges

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

1. National Stock Exchange of India Limited;
2. Bombay Stock Exchange Limited;
3. Ludhiana Stock Exchange Limited;
4. Delhi Stock Exchange Limited.

Listing Fees

The company has paid the annual listing fees for the year 2011-12 to all the Stock Exchanges wherein the equity shares of the company are listed. The company has also paid the annual custodial fee for the year 2011-12 to both the depositories namely, National Securities Depository Limited ('**NSDL**') and Central Depository Service (India) Limited ('**CDSL**').

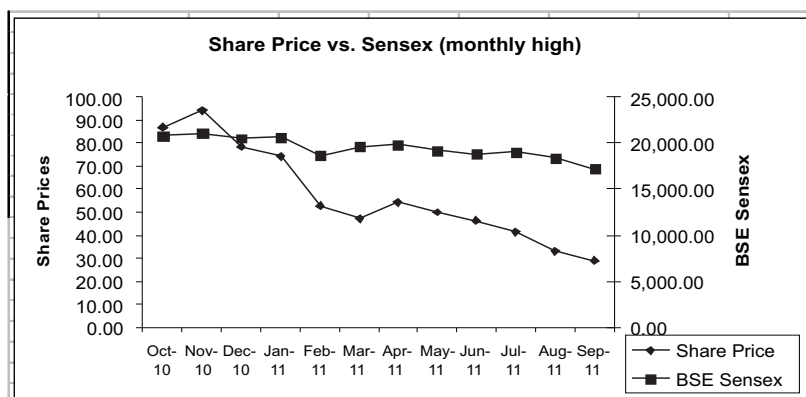
Stock Codes

ISIN (for equity shares)	INE 992B01026
NSE SYMBOL	LAKSHMIEFL
BSC Stock Code	519570

Market Price Data and performance in comparison to BSE SENSEX

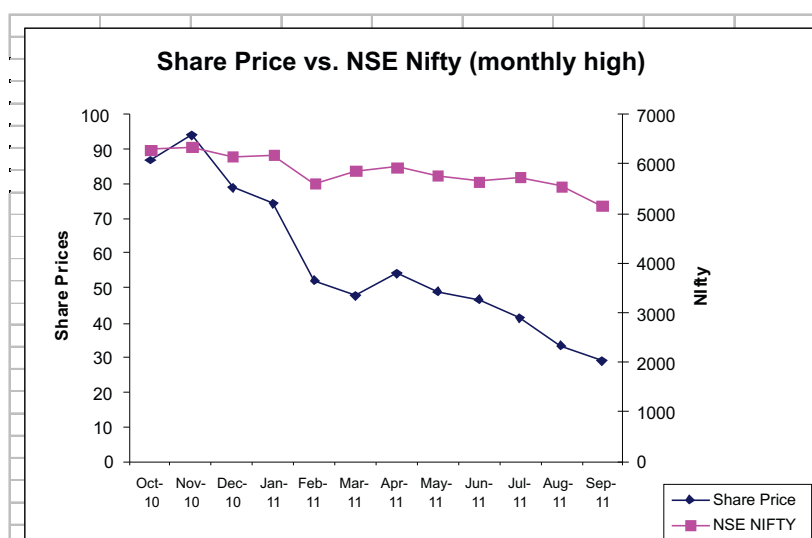
Month	Share Price at BSE			BSE SENSEX	
	High (Rs)	Low (Rs)	Volume (Nos.)	High	Low
Oct -10	86.75	70.15	35,25,584	20,854.55	19,768.96
Nov -10	94.00	68.50	48,77,429	21,108.64	18,954.82
Dec -10	78.55	64.20	12,84,757	20,552.03	19,074.57
Jan -11	74.30	50.00	9,49,062	20,664.80	18,038.48
Feb -11	52.40	39.30	7,38,609	18,690.97	17,295.62
Mar -11	47.60	40.10	10,36,048	19,575.16	17,792.17
Apr -11	53.95	41.20	9,00,726	19,811.14	18,976.19
May -11	50.00	41.20	6,12,631	19,253.87	17,786.13
Jun -11	46.50	36.60	4,73,242	18,873.39	17,314.38
Jul -11	41.50	32.65	5,07,095	19,131.70	18,131.86
Aug -11	33.25	22.25	8,24,905	18,440.07	15,765.53
Sep -11	29.00	23.15	6,89,167	17,211.80	15,801.01

Company's Share Price Movement vis a vis BSE Sensex



Market Price Data and performance in comparison to NIFTY of NSE

Month	Share Price at NSE			NSE NIFTY	
	High (Rs)	Low (Rs)	Volume (Nos.)	High	Low
Oct -10	86.90	70.15	5517792	6284.10	5937.10
Nov -10	93.85	68.20	8652772	6338.50	5690.35
Dec -10	79.00	64.10	2867967	6147.30	5721.15
Jan -11	74.30	50.00	1912721	6181.05	5416.65
Feb -11	52.40	39.20	1402427	5599.25	5177.70
Mar -11	47.70	40.10	1769922	5872.00	5348.20
Apr -11	54.20	40.70	2043757	5944.45	5693.25
May -11	49.00	41.15	1341575	5775.25	5328.70
Jun -11	46.60	36.40	1068997	5657.90	5195.90
Jul -11	41.45	32.50	1359723	5740.40	5453.95
Aug -11	33.50	22.00	1675940	5551.90	4720.00
Sep -11	29.00	22.40	1621768	5169.25	4758.85



Registrar & Share Transfer Agents

The company had appointed M/s. Beetal Financial & Computer Services (P) Ltd. as its Common Registrar and Transfer Agent.

	Beetal Financial & Computer Services (P) Ltd
Address	Beetal House, 3 rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi 110 062
Telephone No.	011-2996 1281
Fax No.	011-2996 1284
E mail	beetalrta@gmail.com

Share Transfer System

M/s Beetal Financial & Computer Services Private Limited has been appointed as Registrar & Transfer Agent for processing, transfers, sub-division, consolidation, splitting of shares and for rendering depository services such as dematerialization and rematerialisation of the company's Shares.

The share transfers, which are received in physical form, are approved (subject to the documents being valid and complete in all respects) by the committee which meets regularly on a fortnightly basis. Shares under objection are returned within two weeks time.

Confirmation in respect of the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL expeditiously.

Distribution of Share holding as on 30th September, 2011

SHARE HOLDING OF NOMINAL VALUE OF RS	NUMBER OF SHAREHOLDERS	% TO TOTAL	NO OF SHARES	AMOUNT IN RS	% TO TOTAL
UP TO 5000	21,972	95.58	88,44,884	1,76,89,768.00	13.9973
5001 TO 10000	548	2.38	20,12,317	40,24,634.00	3.1845
10001 TO 20000	241	1.05	17,55,480 35,	10,960.00	2.7781
20001 TO 30000	87	0.38	10,85,578	21,71,156.00	1.7180
30001 TO 40000	51	0.22	9,34,777	18,69,554.00	1.4793
40001 TO 50000	22	0.10	4,99,177	9,98,354.00	0.7900
50001 TO 100000	37	0.16	12,92,697	25,85,394.00	2.0457
100001 AND ABOVE	31	0.13	4,67,65,090	9,35,30,180.00	74.0071
TOTAL	22,989	100.00	6,31,90,000	12,63,80,000.00	100.0000

Shareholding Pattern as on 30th September, 2011

Sr.No.	Category	No. of shareholders/ Folios	No. of shares held	No. of shares dematerialised	Percentage (no. of shares held to total shares)
A	Promoters				
1	Indian	8	28415730	28415730	44.97
2	Foreign	-	-	-	-
B	Public Shareholding				
1	Mutual Funds/UTI	3	3102254	3102254	4.91
2	Financial Institutions/Banks	2	275983	275983	0.44
3	Foreign Institutional Investors	12	6260317	6260317	9.91
4	Bodies Corporate	570	8633449	2349949	13.66
5	Resident Individuals	21262	15011632	13164083	23.75
6	Clearing Members	45	88030	88030	0.14
7	Non Resident Indians	562	826601	826601	1.31
8	HUF	525	576004	575004	0.91
	Total	22989	63190000	55057951	100.00

Dematerialization of Shares and liquidity

The company's shares are required to be compulsorily traded in dematerialized form and these shares are available for dematerialization on both the depositories i.e. National Securities Depository Limited ('NSDL') and Central Depository Service (India) Limited ('CDSL').

Details of Demat Shares as on 30th September, 2011

Particulars	Number of Shares	% of shares
NSDL	50642695	80.144
CDSL	4415256	6.987
Total Shares held in DEMAT form	55057951	87.131
Shares held in Physical form	8132049	12.869
TOTAL (Demat + Physical)	63190000	100.000

There are no outstanding GDRs/ADRs/Warrants or any Convertible instruments as on date.

Plant Location

The company has a paddy / food grains processing plant and husk based Power plant located at VPO Khamanon, Ludhiana-Chandigarh Highway, Khamanon, District Fatehgarh Sahib, Punjab- 140801, India.

Investors' Correspondence may be addressed to

Mr. Ajay K. Ratra, Company Secretary

Email: cs@lakshmigroup.in

or

Registrar and Transfer Agent - M/s. Beetal Financial & Computer Services (P) Ltd.

Email: beetalrta@gmail.com

Queries relating to the Financial Statements of the company may be addressed to

Mr. K.I.Singh, GM (Finance), Email: kisingh@lakshmigroup.in

Mr.I.S.Gumber, Executive Director, Email: isgumber@lakshmigroup.in

For and on Behalf of the Board
For **Lakshmi Energy and Foods Limited**

Sd/-

(Balbir Singh Uppal)

Chairman and Managing Director

Place : Chandigarh

Date : 13-02-2012

DECLARATIONS

Compliance with Code of Business conduct and ethics

As provided under Clause 49 of the Listing Agreement with the stock exchanges, the members of the board of directors of the company and the Senior Management personnel have confirmed compliance with the Code of Conduct and Ethics for the year ended 30th September, 2011.

Place : Chandigarh

Date : 13-02-2012

Sd/-

Balbir Singh Uppal

Chairman and Managing Director

AUDITOR'S CERTIFICATE

AUDITOR'S CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENTS WITH THE STOCK EXCHANGES

To the Members of Lakshmi Energy and Foods Limited

We have examined the compliance of conditions of Corporate Governance by **Lakshmi Energy and Foods Limited** for the year ended on September 30th, 2011, as stipulated in the Clause 49 (revised) of the Listing Agreement of the said company with the Stock Exchange(s).

The Compliance of the conditions of Corporate Governance is the responsibility of company's management. Our examination was limited to procedures and implementations thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financials statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the directors and management, we certify that the company has, in all material respect, complied with the conditions of Corporate Governance, as stipulated in the above mentioned Listing Agreement(s) and that there were no investor grievances remaining unattended / pending for a period exceeding one month.

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

For **S. Kumar Gupta & Associates**
Chartered Accountants

Place : Chandigarh
Date : 13th February 2012

(CA Sunil Gupta)
Partner
M.No. 085624

AUDITOR'S REPORT

To the Members of Lakshmi Energy and Foods Limited

1. We have audited the attached Balance Sheet of **Lakshmi Energy and Foods Limited** as at September 30th, 2011, the Profit and Loss account and the Cash Flow Statement for the year from 1st October 2010 to 30th September 2011 annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) ("the Order"), issued by the Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956 and on the basis of such checks of the books and records of the company as we considered appropriate, we enclose in the Annexure, a statement on the matters as specified in paragraphs 4 and 5 of the Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the company, so far as appears from our examination of those books;
 - iii. The Balance Sheet, Profit and Loss account and Cash Flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow statement dealt with by this report have been prepared in compliance with the applicable accounting standards as referred to in Sub-Section (3C) of Section 211 of the Companies Act, 1956;
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto give in the prescribed manner the information as required by the Companies Act, 1956, and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a. In the case of the Balance Sheet, of the state of affairs of the Company as at, September 30th, 2011;
 - b. In the case of the Profit and Loss account, of the profit for the period ended on the date; and,
 - c. In the case of the Cash Flow statement, of the cash flows for the period ended on that date.
5. On the basis of written representation as received from the directors of the company, as on September 30th, 2011, and taken on record by the Board of Directors of the company, we report that none of the directors is disqualified as on September 30th, 2011 from being appointed as a director in terms of Clause (g) of Sub-Section (1) of Section 274 of the Companies Act, 1956.

For **S. Kumar Gupta & Associates**
Chartered Accountants
FRN: 010069N

(CA Sunil Gupta)
Partner
M.No. 085624

Place : Chandigarh
Date : 13th February 2012

ANNEXURE TO THE AUDITOR'S REPORT

[Referred to in paragraph 3 of our report of even date]

1.
 - a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
 - b. A substantial portion of the Fixed Assets of the company has been physically verified by the management during the year as per the programme of verification of fixed assets and in our opinion, the frequency of the verification is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies between the book records and the physical inventories have been noticed on such verification.
 - c. Fixed assets disposed of during the year were not substantial. According to the information and explanation given to us, we are of the opinion that the disposal of the fixed assets has not affected the going concern status of the company.
2.
 - a. The inventories of the company have been physically verified during the year by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
 - b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to size of the company and the nature of its business.
 - c. On the basis of our examination of the records of inventories and according to the information and explanations given to us, we are of the opinion that the company is maintaining proper records of inventory. No material discrepancies have been noticed on physical verification of stocks as compared to books and records.
3.
 - a. As informed, the company has not granted loans to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - b. As informed, in our opinion, the terms and conditions on which loans have been taken from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the company.
 - c. The company is regular in repaying the principal amounts of such loans, if any.
 - d. There is no overdue amount of loans taken from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanation given to us, there is an adequate internal control procedure commensurate with the size of the company and the nature of its business with regard to the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have neither come across nor have we been informed by the company of any instance of major weakness in the aforesaid internal control system in respect of these areas.
5.
 - a. In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of the contracts or arrangements as referred to in Section 301 of the Companies Act, 1956 has been entered in the register required to be maintained under Section 301 of the Companies Act, 1956.
 - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or agreements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of Rupees Five Hundred Thousand only in respect of any party during the year have been entered into at price which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from the public to which the provisions of Section 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975 apply.
7. In our opinion, the company has an internal audit system commensurate with its size and nature of its business.

8. We have broadly reviewed the books of accounts relating to materials, labour and other items of cost as maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We are however, not required to make a detailed examination of the records with a view to determine whether they are accurate or complete.
9. According to the records of the company, the company is regular in depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Income Tax, Wealth Tax, Sales Tax, Service Tax, Cess and any other statutory dues applicable to it. According to the information and explanations as given to us, no undisputed amount payable in respect of Provident Fund, Employees State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Cess and any other statutory dues applicable to the company and other statutory dues were outstanding, at the year end, for a period of more than 6 (six) months from the date they became payable.
10. In our opinion, the company does not have any accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution / banks or a bank.
12. Based on our examination of the records and information and explanations given to us, the company has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion, the company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of any special statute applicable to a chit fund or a nidhi / mutual benefit fund / society or and the provisions of clause 4 (xiii) of the Order are not applicable to the company.
14. In our opinion, the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Order are not applicable to the company.
15. The company has not given corporate guarantee for loans for its subsidiary company from bank or financial institutions.
16. In our opinion and according to the information and explanations given to us by the company, the term loans are being applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used or applied for long-term investments.
18. According to the information and explanations given to us, the company has not made preferential allotment of shares to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956 during the year under audit.
19. In our opinion and according to the information and explanations given to us, no debentures have been issued by the company during the year and clause 4 (xix) of the Order is not applicable to the company.
20. The company has not raised any money by way of public issue during the period. Therefore, the provisions of clause (xx) of the Order are not applicable to the company.
21. During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us by the management, we have neither come across any instance of fraud, on or by the company, noticed or reported during the year, nor have we been informed of any such case or instance by the company's management.

For **S. Kumar Gupta & Associates**
Chartered Accountants
FRN : 010069N

Place : Chandigarh
Date : 13th February 2012

(CA Sunil Gupta)
Partner
M.No. 085624

BALANCE SHEET

AS AT 30.09.2011

		(Rs. Millions)	
PARTICULARS	ANNEXURE	As At 30.09.2011	As At 30.09.2010
<u>SOURCES OF FUNDS</u>			
1 SHAREHOLDER'S FUND			
i) Capital	1	126.38	126.38
ii) Reserve and Surplus	2	7006.83	6926.13
		7133.21	7052.51
2 LOAN FUNDS			
i) Secured Loans	3	9352.40	8365.30
ii) Unsecured Loans	4	5.05	2.50
		9357.45	8367.80
Deferred Tax Liabilities		768.20	859.28
TOTAL		17258.86	16279.59
<u>APPLICATION OF FUNDS</u>			
1 FIXED ASSETS			
Gross Block		5496.61	5346.63
Less : Depreciation		2207.71	1797.12
Net Block	5	3288.90	3549.51
Capital Work In Progress		169.93	28.09
2 INVESTMENTS	6	608.53	607.03
3 CURRENT ASSETS AND LOANS & ADVANCES			
i) Inventories	7	11328.30	9436.64
ii) Sundry Debtors	8	2264.57	1514.12
iii) Cash & Bank Balances	9	15.33	634.02
iv) Loans, Advances & Other Current Assets	10	1305.05	1138.29
		14913.25	12723.07
LESS: CURRENT LIABILITIES & PROVISIONS			
i) Current Liabilities	11	1632.46	411.18
ii) Provisions	12	89.29	216.93
		1721.75	628.11
NET CURRENT ASSETS		13191.50	12094.96
TOTAL		17258.86	16279.59
Notes to Accounts	21		

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(PARVEEN K ARORA)
AGM-F&A

(AJAY K. RATRA)
Company Secretary

(MEENAKSHI GUPTA)
AGM- Taxation

As per our report of even date
For S.Kumar Gupta & Associates

Place : Chandigarh
Dated : 13.02.2012

(CA SUNIL GUPTA)
Partner
M.No- 085624

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDING 30.09.2011

(Rs. Millions)

PARTICULARS	ANNEXURE	For the Year ended 30.09.2011	For the Year ended 30.09.2010
INCOME :			
Sales	13	10370.88	11676.61
Other Income	14	9.70	24.84
TOTAL	A	10380.58	11701.45
EXPENDITURE :			
Cost of Material	15	8220.75	8821.65
Manufacturing Expenses	16	120.52	310.14
Personnel Expenses	17	78.18	80.82
Admn.& General Expenses	18	106.39	102.98
Selling Expenses	19	370.80	326.86
Financial Expenses	20	1057.70	734.11
TOTAL	B	9954.34	10376.56
Profit before Depreciation (Cash Profit)	(A-B)	426.24	1324.89
Depreciation		386.04	367.00
PROFIT BEFORE TAX		40.20	957.89
Less : Provision for Income Tax		8.01	195.35
PROFIT AFTER TAX BUT BEFORE DEFERRED TAX ASSETS/LIABILITIES		32.19	762.54
Add : Deferred Tax Asset/(Liability)		91.09	68.77
PROFIT AFTER TAX		123.28	831.31
Add : Excess provision of tax in earlier years			214.38
Add : Mat Credit Entitlement		8.01	346.66
Add : Previous Year Balance B/F		4703.56	3346.78
Profit Available for Appropriation		4834.85	4739.13
Provision for Dividend (including Tax)		14.79	14.79
Amount Transferred to General Reserve		3.08	20.78
BALANCE T/F TO BALANCE SHEET		4816.98	4703.56
TOTAL		4816.98	4703.56
BASIC EARNING PER SHARE		1.95	13.34
Face Value Rs.		2.00	2.00

(BALBIR SINGH UPPAL)
Chairman & Managing Director(HARWANT SINGH)
Executive Director(K. I. SINGH)
GM - Finance(PARVEEN K ARORA)
AGM-F&A(AJAY K. RATRA)
Company Secretary(MEENAKSHI GUPTA)
AGM- TaxationAs per our report of even date
For S.Kumar Gupta & AssociatesPlace : Chandigarh
Dated : 13.02.2012(CA SUNIL GUPTA)
Partner
M.No- 085624

CASH FLOW STATEMENT FOR THE YEAR ENDED 30.09.2011

PARTICULARS	(Rs. Millions)	(Rs. Millions)
	For the Year ended 30.09.2011	For the Year ended 30.09.2010
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extra Ordinary Items	40.20	957.89
ADJUSTMENT FOR:		
Interest Paid	1,057.70	734.11
Miscellaneous Expenditure		
Depreciation	386.03	367.00
Interest Income	(1.33)	(5.33)
Dividend Income	(0.26)	(0.03)
Loss on Sale of Fixed Assets	0.24	0.83
Operating Profit before Working Capital Changes:	1,482.59	2,053.64
ADJUSTMENT FOR:		
Trade and other Receivables	(837.37)	(1,289.45)
Inventory	(1,891.67)	(2,560.68)
Trade Payable and other Liabilities	1,002.56	228.53
Cash generated from Operating Activities	(243.89)	(1,567.96)
Income Tax Paid		(188.42)
Net Cash Flow from Operating Activities	(243.89)	(1,756.38)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(305.85)	(274.03)
Sale of Fixed Assets	13.80	4.00
Investments	(1.50)	(10.73)
Dividend Income	0.26	0.03
Interest Income	1.33	5.33
Net Cash used in Investing Activities	(291.97)	(275.39)
Sub Total (A+B)	(535.86)	(2,031.78)
C. Cash Flow from Financing Activities		
Increase in Share Capital		
Increase in Share Application Money		
increase in Share Premium		
Increase in Long Term Loans (Net)	(298.77)	(238.44)
Increase in Short Term Borrowings (Net)	1,285.88	3,358.67
Increase In Unsecured Loan	2.55	
Interest Paid	(1,057.70)	(734.11)
Dividend Paid	(14.79)	(36.97)
Cash Flow from Financing Activities	(82.83)	2,349.15
Net Increase in Cash & Cash Equivalent	(618.69)	318.21
Cash & Cash Equivalents in at beginning of the year	634.02	315.81
Cash & Cash Equivalents at end of the year	15.33	634.02

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(PARVEEN K ARORA)
AGM-F&A

(AJAY K. RATRA)
Company Secretary

(MEENAKSHI GUPTA)
AGM- Taxation

As per our report of even date
For S.Kumar Gupta & Associates

(CA SUNIL GUPTA)

Partner

M.No- 085624

Place : Chandigarh

Dated : 13.02.2012

ANNEXURES FORMING PART OF THE BALANCE SHEET

(Rs. Millions)

PARTICULARS	As At 30.09.2011	As At 30.09.2010
ANNEXURE - 1		
SHARE CAPITAL		
AUTHORISED CAPITAL		
10,00,00,000 Equity Shares of Rs 2/- each	200.00	200.00
ISSUED & SUBSCRIBED CAPITAL		
6,36,10,000 Equity Shares of Rs 2/- Each (Previous year 6,36,10,000 Equity shares of Rs 2/-each)	127.22	127.22
PAID UP CAPITAL		
6,31,90,000 Equity Shares of Rs 2/- Each (Previous year 6,31,90,000 Equity shares of Rs 2/-each)	126.38	126.38
TOTAL	126.38	126.38

Notes of the above:-

- (i) 84,000 Equity shares of the face Value of Rs. 10/- were already forfeited in the earlier years.
- (ii) 43,21,500 Equity shares of the face value of Rs. 10/- each were issued as fully paid Bonus shares by capitalisation of reserves in the earlier years
- (iii) Existing Equity Shares of the Company of the Face Value of Rs.10/- each were subdivided into 5 Equity shares of the face value of Rs 2/- each in December 2006
- (iv) 5,46,000 Equity shares of the face value of Rs. 10/- each were allotted pursuant to exercise of option for conversion by holder of convertible warrents during the year 2006-07.
- (v) 60,25,000 Equity Shares of the face value of Rs. 2/- each were allotted pursuant to exercise of option for coverstion by holder of convertible warrents during the earlier years.

ANNEXURE - 2

RESERVE & SURPLUS		
General Reserve		
Opening Balance	473.03	452.25
Add : Transferred from Profit & Loss Account	3.08	20.78
	476.11	473.03
Share Premium		
Opening Balance	1648.87	1648.87
Add : Addition during the year		
	1648.87	1648.87
Revaluation Reserves		
Opening Balance	100.66	136.46
Less : Utilised for Deperciation A/c	35.79	35.79
	64.87	100.67
Profit Trf. From Profit & Loss A/C	4816.98	4703.56
TOTAL	7006.83	6926.13

ANNEXURES FORMING PART OF THE BALANCE SHEET

(Rs. Millions)

PARTICULARS	As At 30.09.2011	As At 30.09.2010
ANNEXURE - 3		
SECURED LOAN		
Term Loans :		
i) Punjab National Bank		
- For Rice Expansion	137.39	176.77
- For Power Project	110.97	142.39
ii) Syndicate Bank		
- For RiceExpansion	61.43	134.51
- For Power Project	96.39	129.16
iii) Axis Bank		
- Indian Currency	123.02	0.28
- Foreign Currency	124.19	367.33
Vehicle Loans		
Punjab National Bank	1.56	3.30
Working Capital Limits :		
Cash Credit/Packing Credit Facilities/Short Term Loans		
From Nationalised/Other Banks		
i) Punjab National Bank	4234.68	4216.63
ii) Syndicate Bank	2463.98	2493.41
iii) Axis bank	1003.60	201.52
iv) ICICI Bank	995.19	500.00
TOTAL	9352.40	8365.30

Notes :

- (i) Term loans from Banks are secured by equitable mortgage of Properties of the company and pari-passu charge over fixed assets , both present and future of the company.
- (ii) Vehicles loans are secured by hypothecation of the respective vehicles.
- (iii) Working capital limits are secured by hypothecation of stocks of Raw Materiel , Work In progress, Finished Goods and Consumables and book debts.

ANNEXURE - 4

UNSECURED LOAN		
- From Directors	2.50	2.50
- From Subsidiaries	2.55	
TOTAL	5.05	2.50

ANNEXURES FORMING PART OF THE BALANCE SHEET

ANNEXURE - 5

FIXED ASSETS

DESCRIPTION	GROSS BLOCK			DEPRECIATION WRITTEN OFF				NET BLOCK	
	As on 01.10.2010	Additions for the year	Sale/ Adjustment	Total Cost as on 30.09.2011	As on 01.10.2011	During the Year	Depreciation Written Back	As on 30.09.2011	As on 30.09.2011
LAND	217.03	-	-	217.03	-	-	-	217.03	217.03
BUILDING	409.17	4.68	-	413.85	63.45	12.36	-	345.71	338.04
PLANT AND MACHINERY	3,015.30	152.24	11.22	3,156.32	1,477.68	310.27	9.28	1,778.67	1,377.65
FURNITURE & FIXTURE									
& OFFICE EQUIPMENT	57.03	1.99	-	59.03	28.42	5.81	-	34.23	24.80
VEHICLES	119.57	3.67	2.82	120.42	58.96	12.61	1.95	69.62	50.80
POWER PLANT	1,528.53	1.43	-	1,529.96	168.60	80.78	-	249.38	1,280.58
TOTAL	5,346.63	164.01	14.04	5,496.61	1,797.11	421.83	11.23	2,207.71	3,288.90
PREVIOUS YEAR	5,105.74	245.95	5.06	5,346.63	1,394.54	402.80	0.22	1,797.12	3,549.51

ANNEXURE - 6

PARTICULARS

(Rs. Millions)

As At 30.09.2011 As At 30.09.2010

INVESTMENTS

Quoted :

Long Term

Trade Investments

11360 Equity Shares of Rs. 10/- each in IDBI fully paid

(The market value of the shares as on 30.09.2011 is Rs. 1.16 Millions)

Principal Emerging Blue Chip Fund

(262237.8 Units @ 22.88 Per Unit)

0.92

6.00

Unquoted :

1000000 Equity Shares of Rs. 10/- each in Nav Bharat International Limited fully paid

100.00

100.00

Subsidiary Company

10800000 Equity Shares of Rs. 10/- each fully paid in

Punjab Greenfield Resources Ltd (out of which 6 shares are held by the nominees

of the company but the company is beneficial owner thereof).

1 Ordinary Share @ 1 SGD fully paid in Green Energy and Foods Pte Ltd. Singapore

750000 Equity Share of Rs. 10/- each fully paid in Lakshmi Green Power Ltd

Investment In Gold

500.00

-

7.50

0.11

TOTAL

608.53

607.03

ANNEXURES FORMING PART OF THE BALANCE SHEET

	(Rs. Millions)	
PARTICULARS	As At 30.09.2011	As At 30.09.2010
CURRENT ASSETS AND LOANS & ADVANCES		
ANNEXURE - 7		
INVENTORIES		
(As taken, valued and certified by management)		
Raw Materials	4460.68	4455.91
Finished Goods	6207.68	4922.58
Consumables Stores	659.94	58.15
	-	-
TOTAL	11328.30	9436.64
ANNEXURE - 8		
SUNDRY DEBTORS		
Debts outstanding for a period exceeding 6 months		
-Good & Unsecured	56.62	51.72
-Doubtful	-	-
Other Debts		
-Good & Unsecured	2207.95	1462.40
-Doubtful	-	-
TOTAL	2264.57	1514.12
ANNEXURE - 9		
CASH & BANK BALANCES		
Cash in Hand	0.01	18.53
Cheques in Hand - Pending Realisation	1.77	1.54
Balance with Scheduled Banks		
- In Current Accounts	0.23	601.84
- In Deposit Accounts	13.32	12.11
TOTAL	15.33	634.02
ANNEXURE -10		
LOANS AND ADVANCES		
(Unsecured but considered good)		
Good		
- Advances recoverable in cash or in kind or for value to be received	663.07	493.37
- Staff Advances	0.44	0.41
- Pre-paid Exp.	4.91	6.01
- Securities	59.00	58.96
- Advance Income Tax/ TDS Receivable	21.04	141.11
- Other Current Assets	201.92	91.77
- Mat Credit Entitlement	354.67	346.66
TOTAL	1305.05	1138.29

ANNEXURES FORMING PART OF THE BALANCE SHEET

	(Rs. Millions)	
PARTICULARS	As At 30.09.2011	As At 30.09.2010
ANNEXURE - 11		
CURRENT LIABILITIES		
Sundry Creditors - for Trade	1049.77	279.85
Sundry Creditors - for Capital Goods	110.68	62.19
Other Liabilities	448.41	58.51
Statutory Liabilities	23.60	10.63
TOTAL	1632.46	411.18
ANNEXURE - 12		
PROVISIONS		
- Income Tax	74.50	202.14
- Dividend (including Tax)	14.79	14.79
TOTAL	89.29	216.93

ANNEXURES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	(Rs. Millions)	
PARTICULARS	For the Year Ended 30.09.2011	For the Year Ended 30.09.2010
ANNEXURE - 13		
SALES		
- Rice	8383.12	9938.87
- Trading (Paddy)	1827.56	753.23
- Power	-	223.15
- Oils	149.05	744.39
- Other	11.15	16.97
TOTAL	10370.88	11676.61
ANNEXURE - 14		
OTHER INCOME		
Insurance Claim Received	0.43	2.63
Rebate and Discount	0.46	0.23
Misc. Income	-	-
Dividend Income - On Long Term Investments - Trade	0.26	0.03
Interest Received	1.33	5.33
Truck Dala Received	-	4.86
Truck Income	4.55	2.94
Profit on sale of Assets	2.67	-
Difference in Exchange Rates	-	8.82
TOTAL	9.70	24.84

ANNEXURES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	(Rs. Millions)	
PARTICULARS	For the Year Ended 30.09.2011	For the Year Ended 30.09.2010
ANNEXURE - 15		
COST OF MATERIAL :		
Opening Stock		
- Raw Material	4455.91	3301.85
- Finished Goods	4922.58	3541.22
	9378.49	6843.07
Add :- Material Purchases	9378.49	6843.07
	9510.62	11357.07
Total	18889.11	18200.14
Less : Closing Stock		
- Raw Material	4460.68	4455.91
- Finished Goods	6207.68	4922.58
	10668.36	9378.49
Cost of Material	8220.75	8821.65
ANNEXURE - 16		
MANUFACTURING EXPENSES		
Power and Fuel	64.40	32.49
Laboratory Expenses	0.13	0.25
Labour charges to contractors	23.89	83.63
Direct wages	10.34	8.39
Consumable Expenses	2.56	44.02
Hexane	2.02	1.48
U.I. Charges	-	110.23
Operation & Maintainance	8.60	12.44
Repair & Maintenance	7.21	14.13
Other Manufacturing Expenses	1.37	3.08
TOTAL	120.52	310.14
ANNEXURE - 17		
PERSONNEL EXPENSES		
Staff Salary	70.62	67.31
Bonus	3.25	4.43
Gratuity	1.19	2.63
Staff Welfare	1.90	2.42
Provident Fund	0.81	0.98
Medical Expenses	0.16	0.11
Workmen Compensation	-	2.45
Recruitment Expenses	0.25	0.49
TOTAL	78.18	80.82

ANNEXURES FORMING PART OF THE PROFIT & LOSS ACCOUNT

	(Rs. Millions)	
PARTICULARS	For the Year Ended 30.09.2011	For the Year Ended 30.09.2010
ANNEXURE - 18		
ADMN. AND GENERAL EXPENDITURE		
Travelling and Conveyance		
- Directors	3.16	2.43
- Others	2.36	1.82
Directors' Remuneration & Prequisite	24.60	22.85
Sitting Fees	0.05	0.02
Printing & Stationary	1.63	2.05
Postage & Courier	0.77	0.40
Insurance	13.53	8.03
Telephone	2.01	1.35
Rent (Godown/Office)	2.25	1.62
Legal and Professional Exp.	11.88	22.87
Management Consultancy Charges		6.32
Fees and Subscription	1.29	1.23
Charity and Donation	1.54	0.85
Auditors Remuneration :		
- Audit Fee	0.92	0.92
- Tax Audit Fee	0.19	0.19
Misc. Exp.	5.92	0.24
Books & Periodicals	0.03	0.05
Office Maintenance	0.59	1.39
Festival & Mahurat	1.34	2.52
Fees & Taxes	1.60	2.25
Vehicle Running Exp.	14.48	13.77
Software Maintenance Expenses	3.22	7.10
Loss on sale of investment	0.54	
AGM/EGM Expenses	0.39	0.19
Electricity Expenses	1.92	0.51
Repair & Maintanance		
- Building	1.41	0.58
- Others	4.80	0.60
Difference in exchange rates	3.73	
Loss on Sale of Fixed Assets	0.24	0.83
TOTAL	106.39	102.98

ANNEXURES FORMING PART OF THE PROFIT & LOSS ACCOUNT

PARTICULARS	(Rs. Millions)	
	For the Year Ended 30.09.2011	For the Year Ended 30.09.2010
ANNEXURE - 19		
SELLING EXPENSES		
Brokerage	120.07	206.64
Rebate and Discount	19.05	26.15
Advertisement and Business Promotion	3.53	10.51
Freight Outward	180.74	63.43
Export Expenses	46.53	15.12
Truck Dala	0.88	5.01
TOTAL	370.80	326.86
ANNEXURE - 20		
FINANCIAL EXPENSES :		
Bank Charges/Processing Charges	39.54	20.05
Interest - Banks		
- Term Loan Interest	82.99	95.91
- Working Capital Loans	934.93	616.36
Interest - Others	0.24	1.79
TOTAL	1057.70	734.11

ANNEXURE – 21**A. ACCOUNTING POLICIES AND NOTES TO ACCOUNTS****I. SIGNIFICANT ACCOUNTING POLICIES / BASIS OF PREPARATION:**

- i. The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and on the accounting principles of going concern except as stated hereinafter and except where impairment of assets is made and revaluation of assets is carried out, in accordance with all the applicable accounting principles generally accepted in India and comply with the mandatory applicable accounting standards notified under Sub-Section (3C) of Section 211 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 and the rules, regulations and guidelines made thereunder.
- ii. Accounting policies not specifically referred to otherwise are consistently applied by the company and are in consonance with generally accepted accounting principles recognized in the form of accounting standards.

II. REVENUE RECOGNITION

Expenses and Income considered payable and receivable respectively are accounted for on accrual basis except for the following items, which are accounted for on cash basis:

Disposal of Sundry items & Scraps etc.

III. SALES

- i Sales are net of returns and shortage allowed to customers.
- ii. Consignment Sales are recognized on confirmation from consignees.

IV. FIXED ASSETS

Fixed assets are stated at cost of acquisition or construction [including attributable interest and financial costs till such assets are ready for intended use, less accumulated depreciation, impairment losses and specific grants received, if any] except assets revalued on 31st March, 1999. In respect of projects involving institutional loans, related pre-operative and pre-operational expenses like up-front fees and appraisal fees have been capitalized. Interest paid on loans borrowed from institutions, which are attributable to construction or acquisition of fixed assets for the period up to the completion of construction or acquisition of fixed assets, has also been capitalized.

V. BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which each asset is put to use as part of the cost of asset.

VI. REVALUATION OF FIXED ASSETS

All fixed assets of the company were revalued on 31st March 1999 as per the valuation report of Chartered Engineers / approved valuers.

As and when the fixed assets are revalued, the provision for depreciation on such revalued fixed assets is adjusted, wherever applicable, in order to make allowance for the consequent additional diminution in the value.

VII. DEPRECIATION

- i. Depreciation is provided, pro-rata, on Straight Line Method by applying rates and in the manner as given in Schedule XIV of the Companies Act, 1956.
- ii. As per the Accounting Standard-6 "Depreciation Accounting" (AS-6) issued by the Institute of Chartered Accountants of India, depreciation on revalued assets has been adjusted with the revaluation reserve amount.
- iii. Depreciation on Power plant was claimed as usual as per "As-6" issued by ICAI. As power plant was in operation during the year resulting 27535000 units of electricity, and all the power consumption was captive used by the company

VIII. IMPAIRMENT OF ASSETS

As per the Accounting Standard-28 "Impairment of Assets" (AS-28) issued by the Institute of Chartered Accountants of India, impairment is ascertained at each balance sheet date in respect of each of the company's fixed assets. An impairment loss will be recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

IX. VALUATION OF INVENTORIES

i.	Raw Materials Components, Stores & Spare parts & Packing Material.	At Cost or net realisable value, whichever is less.
ii.	Finished Goods.	At Cost or net realisable value, whichever is less.
iii.	Goods in Progress.	At Estimated Cost.
iv.	By - Products.	At Estimated Cost.

During the year the Company has changed its accounting Policy in calculation of Valuation of Inventories in case on Raw Material only from 'moving average' cost to 'Cost or net realizable value, whichever is less', resultant profitability reduced by Rs 42,44,44,931.72

X. INVESTMENTS

- i. Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments.
- ii. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of investments, on an individual basis.
- iii. Current Investments are carried at the lower of cost and fair value determined on a category-wise basis.

XI. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. In case of forward contracts, if any, the difference between the forward rates and the exchange rates on the transaction dates is recognised as income or expense over the lives of the related contracts.

The profit / loss arising out of the cancellation or renewal of forward exchange contracts are recorded as income / expense for the period.

At the year end, monetary items demonetised in foreign currency are reported using the closing rates of exchange. Exchange rate differences arising on realization / payment of foreign exchange are accounted in the year of realisation / payment.

XII. RETIREMENT BENEFITS

- i. Contribution to defined provident fund schemes are being charged to Revenue on accrual basis.
- ii. The company is regularly making contributions to provident fund schemes, to the extent as applicable to the company.
- i. Gratuity is being provided as required as per actuarial valuation.

XIII. TAXATION

- i. Income tax is computed in accordance with Accounting Standard-22 "Accounting for Taxes on Income" (AS-22) issued by the Institute of Chartered Accountants of India.
- ii. Provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions.
- ii. The difference that results between the profit offered for income tax and the profit as per the financial statements is identified and, thereafter, a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered.
- iv) The carrying amount of the deferred tax assets are reviewed at each balance sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonable certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such written down carrying amount is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

XIV. RESEARCH AND DEVELOPMENT

Revenue expenditure on research and development is charged out in the year in which it is incurred. Expenditure which results in creation of assets is included in fixed assets and depreciation is provided thereon on such assets, as applicable.

XV. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized in terms of Accounting Standard-29 "Provisions, Contingent Liabilities and

Contingent Assets" (AS-29) issued by the Institute of Chartered Accountants of India, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation can not be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

Contingent assets are not recombined in the financial statements.

XVI. LEASE AGREEMENTS

The Company's significant leasing arrangements are in respect of operating leases for premises (office, stores, godowns etc.) These leasing arrangements which are not non-cancellable range between 6 months and 1 year generally or longer and are usually renewable by mutual consent on mutually agreeable terms. The aggregate lease rentals payable are charged as Rent/ Storage Charges in the Profit and Loss Account.

XVII. EARNING PER SHARE

In determining the earning per share, the company considers the net profit after tax. The number of shares used in computing basic earnings per share is the weighted average number of shares outstanding during the year.

XVIII. FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS

The books of accounts and other records have been designed to facilitate compliance with the relevant provisions of the Companies Act, 1956 on one hand and meet the internal requirements of information and systems for planning, review and internal control on the other.

B. NOTES TO THE ACCOUNTS

1. In the opinion of the company's management, the current assets, loans and advances are an approximation of the value stated, if realised in the ordinary course of business. The provision for all the known liabilities has been made and is adequate and not in excess of the amount considered reasonably necessary.
2. The balance outstanding as the debit and credit to the parties / persons / agencies are subject to confirmation by the parties / person/ agencies concerned.
3. Figures of previous year have been regrouped and rearranged wherever necessary.
4. Contingent Liabilities:
 - i. Income-tax demand raised for the earlier years is Rs. 630.24 Millions. Appeal is pending before CIT (Appeal). And the Management is expecting a favorable decision.
 - ii. Claims [Rs.341.78 million (Previous year – Rs. 337.26 million)] by various creditors, suppliers, agents etc. are pending before various Courts and quasi-judicial authorities (as per certificate from Lawyers of the company).
 - iii. Claims [Rs. 10.46 million (Previous year - Rs. 15.15 million)] by various State procurement agencies are pending before Arbitrators (as per certificate from Lawyers of the company).
 - iv. The company had an export obligation of Rs. 163.44 million (Previous year Rs. 405.79 million) 72% of which was completed during the year, against the import licenses taken for import of capital goods under Export Promotion Capital Goods [EPCG] Scheme. This export obligation has to be fulfilled within period of 12 years from the date of Issue of License. The expiry date for Export Obligation period ranges between Sept 2018 to August 2023 for different Licenses. With respect to the aforesaid export obligation, the company has also got bank guarantee amounting Rs. 5.99 million (Previous year Rs. 6.04 million) issued to the Custom Authorities against 100% margin in the shape of FDR's.

5. Auditors fee:

	Current Year (Rs. in millions)	Previous Year (Rs. in millions)
Statutory Audit Fees (Incl. Service Tax)	0.92	0.92
Tax Audit Fees (Incl. Service Tax)	0.15	0.15

6. Managerial Remuneration:

	Current Year (Rs. in millions)	Previous Year (Rs. in millions)
Whole time Directors		
Remuneration	24.60	22.85
Total	24.60	22.85
Directors' sitting fee	0.05	0.02
Grand Total	24.65	22.87

7. Forward cover contracts outstanding as at September 2011 for USD 43.47 Million. The company has taken these forward covers for export transactions.

8. During the year, the company has accounted for deferred tax liability in accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

Provision for income tax has been reviewed as on the balance sheet date and has been adjusted to reflect the current best estimate in accordance with the Accounting Standard (AS)-29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India.

9. The company has examined the indications listed in Accounting Standard (AS)-28 on "Impairment of Assets" as issued by the Institute of Chartered Accountants of India and it has been found that none of the indications as listed in the said accounting standard are present in the case of the company

10. Earning per share is calculated by dividing the profit after provision for income tax by the weighted average number of equity shares outstanding during the year.

The calculation of Earnings per share (EPS) as disclosed in the Profit and Loss Account has been made in accordance with Accounting Standard (AS) - 20 on "Earning per Share" issued by the Institute of Chartered Accountants of India.

	Current Year	Previous Year
Profit after Tax (Rs. in millions)	123.28	831.31
Weighted Average Number of Equity Shares outstanding during the Year.	63190000	63190000
Basic and Diluted Earnings per share (in Rs.).	1.95	13.16
Nominal Value per Share (in Rs.)	2.00	2.00

11. Interest costs on specific borrowings attributable to qualifying assets are capitalized. Other interest and borrowing costs are charged to revenue.

12. The figure of 'Sales' appearing in the profit & loss account is the consolidated figure of sales effected through different offices of the company and does not denote sales effected through Khamano office alone. The sale includes export sale, domestic sale and sale to Government agencies. This figure also includes the sales through trading activities and job work activities.

13. Future minimum lease payments under non-cancelable operating leases are as under: -

(Rs. Millions.)

Lease Agreement Period	Lease Rent	
Particulars	Year ending as at 30 th Sep 2011	Year ending as at 30 th Sep 2010
Rent Payable for upto 1 Year.	1.70	29.15
Rent Payable for upto 1 to 3 Years.	2.91	3.18
Rent Payable Above 3 Years	5.78	8.83

Note:-

- Transaction is considered from the effective date of rent agreement.
 - On expiration of the above stated lease agreements, the same can be renewed on the basis of mutual consent of the lessor and lessee.
 - The Company's significant leasing arrangements are in respect of storage of material and the arrangements range between 6 months and 1 year generally and are usually renewable by mutual consent of lessor and lessee.
14. The information given below is in respect of the transactions entered into by the company during the year with the related parties as per the requirement of Accounting Standard 18.

A. Names of related parties and description of relationship:

i) **Particulars of Subsidiaries/ Associate Parties:**

Name of Related Party	Nature of Relationship
<ul style="list-style-type: none"> Ganeshay Overseas Industries Limited LOIL International Foods Limited LOIL Health Foods Limited LOIL Overseas Foods Limited LOIL Continental Foods Limited Punjab Greenfield Resources Limited Lakshmi Green Power Ltd Green Energy and Foods Pte. Ltd. Singapore BVM Logistics Pvt. Ltd. Victor Foods India Ltd. 	<ul style="list-style-type: none"> Promoter Group Company Promoter Group Company Promoter Group Company Promoter Group Company Promoter Group Company Subsidiary Company Subsidiary Company Subsidiary Company Associate Company Associate Company

ii) **Key Managerial Personnel:**

Name of Related Party	Nature of Relationship
<ul style="list-style-type: none"> Mr. Balbir Singh Uppal Mr. Janak Raj Singh Mr. I. S. Gumber Mr. Harwant Singh 	<ul style="list-style-type: none"> Chairman Cum Managing Director Joint Managing Director Executive Director Executive Director

B. Transactions during the year and balance outstanding as at the year end in respect of transactions entered during the year with the related parties.

S. No.	Nature of Transactions	Subsidiaries/ Associates	Key Management Personnel	Total
		Amount (Rs. Millions)	Amount (Rs. Millions)	Amount (Rs. Millions)
i.	Sale	2626.67	-	2626.67
ii.	Purchase	1532.73	-	1532.73
iii.	Expenses	0.81	3.15	3.96
iv.	Salary	-	24.60	24.60
v.	Closing Balance	265.44 (Credit)	2.50 (Credit)	267.94 (Credit)

Annual Report 2010-11

15. Land measuring 49 Kanal & 5 Marla situated at Village Khamanon, Tehsil & District Fatehgarh Sahib, Punjab has been leased by the company from S. Janak Raj Singh Uppal, the Executive Director of the company for the purpose of setting up its power plant thereon.
16. As per Accounting Standard (AS-6) issued by the Institute of Chartered Accountants of India, the company has adjusted depreciation amount of Rs. 35.79 million on revalued assets with the revaluation reserve account.
17. Previous year's excess provision for Income Tax have been reversed during the Year.
18. The company does not owe any amount to any small scale industrial undertaking for more than 30 days at the end of the financial year. The above information is as identified on the basis of information available with the company and has been relied upon by the auditors.

The company requested its suppliers to intimate whether they are registered under the provisions of Micro, Small and Medium Entrepreneurs Development Act, 2006. In absence of intimation from the suppliers, the requisite information under the above said Act was not available with the company thereby preventing it from complying with the provisions of the said Act.

19. The information given below is about the segment reporting as per AS-17 issued by the Institute of Chartered Accountants of India for consolidated financial statements.

	PARTICULARS	2010-11			2009-10		
		AGRI	ENERGY	TOTAL	AGRI	ENERGY	TOTAL
A. PRIMARY SEGMENT							
1 SEGMENT REVENUE							
	Sales: Net of inter segment revenue	10,288.70	-	10,288.70	10,868.00	7,53.23	11,621.23
2 SEGMENT RESULT		1,490.48	-	1,490.48	1,834.01	242.44	2,076.45
	Less: Other unallocable Expenditure net of unallocable Income			386.66			367.41
s	Interest			1057.80			734.19
	Profit before Tax			46.02			974.85
	Provision for Tax			11.83			200.44
	Provision for Fringe Benefit Tax			-			-
	Deferred Tax			(90.75)			(68.66)
	Profit after Tax			124.94			843.07
3 SEGMENT CAPITAL EMPLOYED		4,013.36	1,529.96	5,543.32	3,864.50	1528.54	5,393.04
B. SECONDARY SEGMENT (GEOGRAPHICAL)							
	India	6,818.61	-	6,818.69	8,764.40	753.23	9,517.63
	Rest of World	3,470.09	-	3,470.01	2,103.60	-	2,103.60

20. As per the Accounting Standard (AS-4) "Events Occurring after the Balance Sheet Date". Events occurring after the balance sheet date under review, which do not affect the figures as stated in the financial statements normally do not require any disclosure, in the financial statements although they may be of such significance that may require a disclosure in the report of the approving authority to enable the users of the financial statements to make proper evaluations and decisions. Since the board of directors of the company is the approving authority for the financial statements, accordingly, if any such disclosure has been made by the management of company in the report of the board of directors of company and hence no disclosure has been made herein.
21. ` During the year Company has recognised Mat Credit Entitlement of Rs. 35,46,74,521.84 (Rs. 80,13,021.25 pertain to AY 2010-11, Rs. 20,21,37,706.59 pertains to AY 2009-10 and Rs. 14,45,23,794.00 pertains to 2008-09); as per its stand before the CIT Appeals in the case of FY 2008-09 and FY 2009-10. Provision for tax and mat credit entitlement has been calculated as in the earlier years. The matter is presently in appeal.

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(AJAY K RATRA)
Company Secretary

As per our report of even date
For S.Kumar Gupta & Associates

Place : Chandigarh
Dated : 13.02.2012

(PARVEEN K. ARORA)
AGM-F&A

(MEENAKSHI GUPTA)
AGM- Taxation

(CA SUNIL GUPTA)
Partner
M.No- 085624

Annual Report 2010-11

Additional Information/QTV. Data pursuant to paragraph 3 & 4 of part-II of Schedule VI of Companies Act 1956.

A. PARTICULAR OF ANNUAL LICENCED INSTALLED CAPACITIES

CLASS OF GOODS	UNIT	LICENCED CAPACITY AS AT 30.09.2011	INSTALLED CAPACITY*	
			30.09.2011	30.09.2010
Paddy/Rice	TPA	N.A.	1,332,000.00	1,188,000.00
**Solvent Extrction	TPA	N.A.	90,000.00	90,000.00
**Cattle Feed	TPA	N.A.	24,000.00	24,000.00
**Refinery	TPA	N.A.	9,000.00	9,000.00
**Wheat Flour Mill	TPA	N.A.	30,000.00	30,000.00
Power	MW	N.A.	30.00	30.00

*As certified by the management being technical matter and relied on by the auditors.

**Installed capacity are based on input of material (on triple shift basis).

B. PARTICULARS OF PRODUCTION, SALES AND PURCHASES

DETAILS OF PRODUCTION, SALES AND PURCHASES				
PRODUCTION		2010-2011 (M.T.)		2009-2010 (M.T.)
PADDY/RICE				
Rice from paddy		196,876.89		257,257.41
OIL				
Rice Bran Oil		2,739.79		3,406.07
DEOILED CAKE				
Rice Bran DOC		10,492.09		15,475.43
OTHERS				
Cattle Feed		70.00		88.50
Rice Bran		15,451.60		23,003.96
Paddy Husk		35,170.87		56,525.52
Nakku		-		2,770.69
Power(No. of units)		27,535,000.00		153,616,840.00
C. SALES	2010-2011 (M.T.)	(Rs. In Millions)	2009-2010 (M.T.)	(Rs. In Millions)

RICE				
Rice	190,443.43	8,383.12	255,981.62	9,935.21
Paddy	71,265.07	1,827.56	25,633.18	744.39
Nakku	-		222.26	3.66
OILS				
Rice Bran Oil	1,931.82	90.59	3,759.26	135.05
DEOILED CAKE				
Rice Bran DOC	11,008.29	58.46	9,630.54	88.10
OTHERS				
Cattle Feed	37.32	0.24	100.50	0.48
Wheat Flour	-	-	1.48	0.02
Rice Bran	128.68	0.89	2,074.61	16.47
Power(No. of units)			123,091,640.00	753.23
Misc.		10.01		-
TOTAL:		10370.88		11,676.61

D. COST OF PRODUCTION

PURCHASES	2010-11 (M.T)	(Rs. In Millions)	2009-10 (M.T)	(Rs. In Millions)
Paddy	243,665.07	5,808.48	422,669.21	6,560.80
Husk	30,261.84	121.34	117,980.61	385.82
Raw Rice	88,200.00	3,559.34	72,000.00	4,908.00
Rice	1,334.32	20.83		
Cattle Feed Raw Material	149.07	0.39	458.51	1.05
Bardana/Packing Material		219.98		98.66
Rice Bran	-	-	1,862.32	14.07
TOTAL:		9,730.35		11,968.40

E. OPENING AND CLOSING STOCK OF GOODS				
PARTICULARS	MT	(Rs. In Millions) AS AT 30.09.2011	MT	(Rs. In Millions) AS AT 30.09.2010
Paddy	291,345.61	4,469.93	303,414.46	4,571.39
Rice	199,379.03	4,566.95	191,611.25	3,608.25
Rice (Raw Rice)	25,175.00	1,200.41	6,295.00	439.74
Rice Bran Oil	3,325.81	138.42	2,517.84	66.86
Rice Bran	9,832.23	64.66	7,902.31	57.10
Rice Bran DOC	6,409.91	31.54	6,976.51	34.89
Bardana		560.30		505.97
Cattle Feed (Raw Material)	86.73	0.88	92.92	0.80
Paddy Husk	62,422.19	193.53	30,871.00	94.49
Cattle Feed (Finished Goods)	33.18	0.21	0.50	0.01
Nakku	2,314.44	1.66	2,955.23	2.03
Wheat Flour	11.44	0.16	11.44	0.16
Consumeable Stores		99.64		58.15
TOTAL:		11,328.30		9,439.85
F. RAW MATERIAL CONSUMED				
PARTICULARS	MT	(Rs. In Millions) AS AT 30.09.2011	MT	(Rs. In Millions) AS AT 30.09.2010
Paddy	184,468.85	4,630.10	285,611.75	3,570.08
Rice/Basmati Raw	69,320.00	2,798.67	65,705.00	4,469.45
Rice Bran	13,393.00	89.33	18,820.31	136.56
Rice Bran DOC	50.40	0.25		
Cattle Feed Raw Material	155.26	0.31		
Nakku	640.79	0.37		
Husk	33,881.53	128.06	144,534.29	466.17
G. VALUE OF IMPORT ON CIF BASIS		(Rs. In Millions)	(Rs. In Millions)	
Raw Material		NIL		NIL
Spare Parts		3.68		10.79
Capital Goods		52.28		2.15
H. EXPENDITURE IN FOREIGN CURRENCY		(Rs. In Millions)	(Rs. In Millions)	
-Travelling		2.09		0.23
-Legal & Professional Expenses		NIL		NIL
I. EARNING IN FOREIGN EXCHANGE ON EXPORTS		2,819.99		1,326.69
J. VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS, SPARES PARTS, COMPONENTS & STORE CONSUMED				
PARTICULARS	Value (Rs. In Million)		%	
Raw Material				
Indigenous		7646.84		9,646.61
Imported		NIL		NIL
Stores/ Spares Parts Components				
Indigenous	4.54	38.15	3.35	37.08
Imported	7.36	61.85	5.99	62.92
Notes:				
1. Previous year figures regrouped & rearranged where required.				

INFORMATION REQUIRED BY PART IV OF SCHEDULE -IV ATTACHED TO THE COMPANIES ACT,1956

Balance Sheet Abstract and Company's General Business Profile

	(Rs. Millions)		(Rs. Millions)
I Registration Details			
Registration No.	010573	State Code	53
Balance Sheet Date	30.09.2011		
II Capital raised during the year (Amount in Rs Millions)			
Public Issue		Right Issue	
Bonus Issue		Private Placement	
III Position of Mobilisation and deployment of funds (Amount in Rs Millions)			
Total Liabilities	17258.86	Total Assets	17258.86
Source of Funds			
Paid Up Capital	126.38	Reserves & Surplus	7006.83
Secured Loan	9352.41	Unsecured Loan	5.05
Deferred Tax Liabilities	768.19		
Application of Funds			
Net Fixed Assets	3458.83	Investments	608.53
Net Current Assets	13191.50	Accumulated Assets	
IV. Performance of Company (Amount in Rs Millions)			
Total Turnover	10370.88	Total Expenditure	9954.34
Profit Before Tax	40.20	Profit After Tax	123.28
Earning per share	1.95	Dividend Rate	10%
V. Generic Names of three principal products/services of the company (as per monetary Items)			
Item Code No.	100600		27160000
Product description	Food products & Energy		Biomass based Power

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(PARVEEN K ARORA)
AGM-F&A

(AJAY K. RATRA)
Company Secretary

(MEENAKSHI GUPTA)
AGM- Taxation

As per our report of even date
For S.Kumar Gupta & Associates

Place : Chandigarh
Dated : 13.02.2012

(CA SUNIL GUPTA)
Partner
M.No- 085624

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATED TO SUBSIDIARY COMPANY

(Rs. Millions)

1. Name of Subsidiary	Punjab Greenfield Resources Ltd.(PGRL)	Lakshmi Green Power Ltd	Green Energy and Foods Pte. Ltd. Singapore
2. Financial year of the Subsidiary ended on	31.03.11	31.03.11	30.09.11
3. Shares of the Subsidiary held by the Company on the above date:			
(i) Number of Shares	10799994	750000	1
(ii) Extent of Holding	100%	75%	100%
6 Shares are held by the nominees of the Company but the Company is the beneficial owner			
4. Net aggregate amount of profits/(losses) of the Subsidiary for the above financial year so far as they concern members of the Company			
(i) dealt with in the accounts of the Company for the year ended 30-09-2011	7.34	-.01	-6.54
(ii) Not dealt with in the accounts of the Company for the year ended 30-09-2011			
5. Net aggregate amount of profits/(losses) for previous years of the Subsidiary, since it became a subsidiary so far as they concern members of the Company			
(i) dealt with in the accounts of the Company for the year ended 30-09-2011	27.20	-.01	-6.54
(ii) Not dealt with in the accounts of the Company for the year ended 30-09-2011			
6. Change in the interest of the Company in the subsidiary between the end of the financial year of the subsidiary and of the Company	NIL	NIL	NIL
7. Material changes at the end of the financial year of the subsidiary and end of the financial year of the Company in respect of the subsidiary's fixed assets, investments, lending and borrowing for the purpose other than meeting current liabilities.	NIL	NIL	NIL

Notes:

- (i) In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the annual accounts of the subsidiary companies and the related detailed information will be made available upon request by the investors of the Company and of its subsidiary companies. These documents will also be available for inspection by any investor at the Registered Office of the Company and that of the subsidiary companies concerned.
- (ii) The Board of Directors at its meeting held on February 13, 2012 approved for availing/seeking exemption from the Government under Section 212(8) of the Companies Act, 1956, in respect of all the subsidiary Companies.

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(AJAY K RATRA)
Company Secretary

As per our report of even date
For S.Kumar Gupta & Associates

Place : Chandigarh
Dated : 13.02.2012

(PARVEEN K. ARORA)
AGM-F&A

(MEENAKSHI GUPTA)
AGM- Taxation

(CA SUNIL GUPTA)
Partner
M.No- 085624



CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT

To the Board of Directors of,
Lakshmi Energy and Foods Limited.

To the Board of Directors of Lakshmi Energy and Foods Limited on the consolidated financial statements of Lakshmi Energy and Foods Limited and its subsidiary, Punjab Greenfield Resources Limited, Lakshmi Green Power Limited and Green Energy & Foods Pte Limited, Singapore.

1. We have examined and audited the attached consolidated balance sheet of **Lakshmi Energy and Foods Limited ('LEAF')** and its subsidiaries **Punjab Greenfield Resources Limited ('PGRL'), Lakshmi Green Power Limited ('LGPL') and Green Energy & Foods Pte Limited, Singapore ('GEFP')** as at 30th September 2011, the consolidated profit and loss account and also the consolidated cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These consolidated financial statements are the responsibility of the LEAF's Management and have been prepared by the LEAF's Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurances about whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We report that the consolidated financial statements have been prepared by the LEAF's Management in accordance with the requirements of Accounting Standard (AS) 21- "Consolidated Financial Statements", issued by The Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of LEAF and its subsidiaries, included in the consolidated financial statements.
4. Based on our audit and on consideration of the separate audit reports on individual audited financial statements and other financial information of LEAF and its subsidiaries and on the basis of the information and explanation given to us and to the best of our information we are of the opinion that the attached consolidated financial statements gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in case of the consolidated balance sheet, of the state of affairs of LEAF and its subsidiaries as at September 30th, 2011;
 - b) in case of the consolidated profit and loss account, of the profit for the period ended on that date of LEAF and its subsidiaries and,
 - c) in case of the consolidated cash flow statement of the cash flows for the period ended on that date of LEAF and its subsidiaries.

For S. Kumar Gupta & Associates
Chartered Accountants
(CA SUNIL GUPTA)
Partner
M. No. 085624

Place: Chandigarh
Date : 13.02.2012

BALANCE SHEET

AS AT 30.09.2011

		(Rs. Millions)	(Rs. Millions)
PARTICULARS	ANNEXURE	As At 30.09.2011	As At 30.09.2010
SOURCES OF FUNDS			
1 SHAREHOLDER'S FUND			
i) Capital	1	126.38	126.38
ii) Reserve and Surplus	2	7,384.11	7,315.95
		7,510.49	7,442.33
2 LOAN FUNDS			
i) Secured Loans	3	9,352.40	8,365.30
ii) Unsecured Loans	4	302.67	2.50
		9,655.07	8,367.80
Deferred Tax Liabilities		768.81	859.57
TOTAL		17,934.37	16,669.70
APPLICATION OF FUNDS			
1 FIXED ASSETS			
Gross Block		5,543.33	5,393.00
Less : Depreciation		2,209.43	1,798.61
Net Block	5	3,333.90	3,594.39
Capital Work In Progress		169.93	28.09
Goodwill (As per AS 21)		392.00	392.00
2 INVESTMENTS	6	149.56	155.52
3 CURRENT ASSETS AND LOANS & ADVANCES			
i) Inventories	7	11,569.71	9,562.66
ii) Sundry Debtors	8	2,133.49	1,558.29
iii) Cash & Bank Balances	9	98.94	707.56
iv) Loans, Advances & Other Current Assets	10	2,107.95	1,493.94
		15,910.09	13,322.45
LESS: CURRENT LIABILITIES & PROVISIONS			
i) Current Liabilities	11	1,933.11	601.04
ii) Minority Interest		2.50	-
iii) Provisions	12	93.10	222.02
		2,028.71	823.06
NET CURRENT ASSETS		13,881.38	12,499.39
4 Miscellaneous Expenditure (To the extent not written off)			
Preliminary Expenses		7.60	0.31
TOTAL		17,934.37	16,669.70

Notes on Accounts :

21

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(PARVEEN K ARORA)
AGM-F&A

(AJAY K. RATRA)
Company Secretary

(MEENAKSHI GUPTA)
AGM- Taxation

As per our report of even date
For S.Kumar Gupta & Associates

Place : Chandigarh
Dated : 13.02.2012

(CA SUNIL GUPTA)
Partner
M.No- 085624

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30.09.2011

PARTICULARS	ANNEXURE	(Rs. Millions)	(Rs. Millions)
		For the Year ended 30.09.2011	For the Year ended 30.09.2010
INCOME :			
Sales	13	10,288.70	11,621.23
Other Income	14	23.93	43.74
TOTAL	A	10,312.63	11,664.97
EXPENDITURE :			
Cost of Material	15	8121.45	8,757.50
Manufacturing Expenses	16	120.57	310.14
Personnel Expenses	17	87.92	82.39
Admin. Expenses	18	117.12	104.95
Selling Expenses	19	375.08	333.54
Financial Expenses	20	1057.81	734.19
TOTAL	B	9879.95	10,322.71
Profit before Depreciation (Cash Profit)	(A-B)	432.68	1,342.26
Depreciation		386.66	367.41
PROFIT BEFORE TAX		46.02	974.85
Less : Provision for Income Tax		11.83	200.44
PROFIT AFTER TAX BUT BEFORE DEFERRED TAX ASSETS/LIABILITIES		34.19	774.41
Add : Deferred Tax Asset/(Liability)		90.75	68.66
PROFIT AFTER TAX		124.94	843.07
Add : Excess provision of tax in earlier years		-	214.38
Add : Mat Credit Entitlement		8.01	346.66
Add : Previous Year Balance B/F		4723.42	3354.89
Profit Available for Appropriation		4,856.37	4,759.00
Provision for Dividend (Inclusive of Tax)		14.79	14.79
Amount Transferred to General Reserve		3.08	20.78
BALANCE T/F TO BALANCE SHEET		4838.51	4723.43
TOTAL		4838.51	4723.43
BASIC EARNING PER SHARE		1.98	13.34
-Face Value Rs.		2.00	2.00

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(PARVEEN K ARORA)
AGM-F&A

(AJAY K. RATRA)
Company Secretary

(MEENAKSHI GUPTA)
AGM- Taxation

As per our report of even date
For S.Kumar Gupta & Associates

Place : Chandigarh
Dated : 13.02.2012

(CA SUNIL GUPTA)
Partner
M.No- 085624

CASH FLOW STATEMENT FOR THE YEAR ENDED 30.09.2011

PARTICULARS	(Rs. Millions) For the Year ended on 30.09.2011	(Rs. Millions) For the Year ended on 30.09.2010
A. Cash Flow from Operating Activities		
Net Profit before Tax and Extra Ordinary Items	46.02	974.85
ADJUSTMENT FOR:		
Interest Paid	1,057.81	734.19
Miscellaneous Expenditure	(7.29)	0.15
Depreciation	386.66	367.41
Interest Income	(8.22)	(7.86)
Dividend Income	(0.26)	(0.03)
Loss on Sale of Fixed Assets	0.47	1.07
Operating Profit before Working Capital Changes:	1,475.18	2,069.78
ADJUSTMENT FOR:		
Trade and other Receivables	(1,128.17)	(1,354.17)
Inventory	(2,007.06)	(2,624.85)
Trade Payable and other Liabilities	1,114.89	415.05
Cash generated from Operating Activities	(545.16)	(1,494.19)
Income Tax Paid		(188.42)
Net Cash Flow from Operating Activities	(545.16)	(1,682.61)
B. Cash Flow from Investing Activities		
Purchase of Fixed Assets	(307.46)	(277.03)
Sale of Fixed Assets	14.87	4.00
Investments	5.97	(10.73)
Dividend Income	0.26	0.03
Interest Income	8.22	7.86
Net Cash used in Investing Activities	(278.14)	(275.86)
Sub Total (A+B)	(823.30)	(1,958.48)
C. Cash Flow from Financing Activities		
Increase in Share Capital		-
Increase in Share Application Money		-
increase in Share Premium		-
Increase in Long Term Loans (Net)	(298.77)	(238.44)
Increase in Short Term Borrowings (Net)	1,285.88	3,358.67
Increase In Unsecured Loan	300.17	
Interest Paid	(1,057.81)	(734.19)
Dividend Paid	(14.79)	(36.97)
Cash Flow from Financing Activities	214.68	2,349.07
Net Increase in Cash & Cash Equivalent	(608.62)	390.61
Cash & Cash Equivalents at beginning of the year	707.56	316.95
Cash & Cash Equivalents at end of the year	98.94	707.56

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(PARVEEN K ARORA)
AGM-F&A

(AJAY K. RATRA)
Company Secretary

(MEENAKSHI GUPTA)
AGM- Taxation

As per our report of even date
For S.Kumar Gupta & Associates

(CA SUNIL GUPTA)
Partner
M.No- 085624

Place : Chandigarh
Dated : 13.02.2012

ANNEXURES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

PARTICULARS	(Rs. Millions)	(Rs. Millions)
	As At 30.09.2011	As At 30.09.2010
ANNEXURE - 1		
<u>SHARE CAPITAL</u>		
AUTHORISED CAPITAL		
10,00,00,000 Equity Shares of Rs 2/- each	200.00	200.00
ISSUED & SUBSCRIBED CAPITAL		
6,36,10,000 Equity Shares of Rs 2/- Each (Previous year 6,36,10,000 Equity shares of Rs 2/-each)	127.22	127.22
PAID UP CAPITAL		
6,31,90,000 Equity Shares of Rs 2/- Each (Previous year 6,31,90,000 Equity shares of Rs 2/-each)	126.38	126.38
TOTAL	126.38	126.38

Notes of the above:-

- (i) 84,000 Equity shares of the face Value of Rs 10/- were already forfeited in the earlier years.
- (ii) 43,21,500 Equity shares of the face value of Rs 10/- each were issued as fully paid Bonus shares by capitalisation of reserves in the earlier years
- (iii) Existing Equity Shares of the Company of the Face Value of Rs.10/- each were subdivided into 5 Equity shares of the face value of Rs 2/- each in December 2006
- (iv) 5,46,000 Equity shares of the face value of Rs 10/- each were allotted pursuant to exercise of option for conversion by holder of convertible warrents during the year 2006-07.
- (v) 60,25,000 Equity Shares of the face value of Rs. 2/- each were allotted pursuant to exercise of option for coverstion by holder of convertible warrents during the earlier years.

ANNEXURE - 2**RESERVE & SURPLUS****General Reserve**

Opening Balance	473.03	452.25
Add : Transferred from Profit & Loss Account	3.08	20.78
	476.11	473.03

Share Premium

Opening Balance	2040.87	2040.87
Add : Addition during the year	0	0
	2040.87	2040.87

Revaluation Reserves

Opening Balance	100.66	136.46
Less : Utilised for Deperciation A/c	35.80	35.79
	64.86	100.67

Profit Trf. From Profit & Loss A/C	4838.51	4723.42
Unrealised profit (As per AS 21)	-36.24	-22.04
TOTAL	7384.11	7315.95

ANNEXURES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

PARTICULARS	(Rs. Millions)	(Rs. Millions)
	As At 30.09.2011	As At 30.09.2010
ANNEXURE - 3		
<u>SECURED LOAN</u>		
Term Loans :		
i) Punjab National Bank		
- For Rice Expansion	137.39	176.77
- For Power Project	110.97	142.39
ii) Syndicate Bank		
- For Rice Expansion	61.43	134.51
- For Power Project	96.39	129.16
iii) Axis Bank		
- Indian Currency	123.02	0.28
- Foreign Currency	124.19	367.33
Vehicle Loans		
Punjab National Bank	1.56	3.30
Working Capital Limits :		
Cash Credit/Packing Credit Facilities/Short Term Loans		
From Nationalised/Other Banks		
i) Punjab National Bank	4,234.68	4216.63
ii) Syndicate Bank	2,463.98	2493.41
iii) Axis bank	1,003.60	201.52
iv) ICICI Bank	995.19	500.00
TOTAL	9,352.40	8,365.30

Notes :

- (i) Term loans from Banks are secured by equitable mortgage of Properties of the company and pari-passu charge over fixed assets , both present and future of the company.
- (ii) Vehicles loans are secured by hypothecation of the respective vehicles.
- (iii) Working capital limits are secured by hypothecation of stocks of Raw Materiel , Work In progress, Finished Goods and Consumables and book debts.

ANNEXURE - 4
UNSECURED LOAN

- From Directors	2.50	2.50
- From Subsidiaries	-	-
- From Others	300.17	-
TOTAL	302.67	2.50

ANNEXURES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

ANNEXURE - 5

FIXED ASSETS

(Rs. Millions)

DESCRIPTION	GROSS BLOCK			DEPRECIATION WRITTEN OFF				NET BLOCK	
	As on 01.10.2010	Additions for the year	Sale/ Adjustment	Total Cost as on 30.09.2011	As on 01.10.20110	During the Year	Depreciation Written Back	As on 30.09.2011	As on 30.09.2011
LAND	257.27	0.77	-	258.04	-	-	-	257.27	258.04
BUILDING	409.17	4.68	-	413.85	63.45	12.36	-	345.72	338.04
PLANT AND MACHINERY	3,015.34	152.24	11.22	3,156.36	1,477.68	310.27	9.30	1,778.65	1,377.71
FURNITURE & FIXTURE									
& OFFICE EQUIPMENT	60.10	2.47	-	62.57	29.11	6.19	-	35.30	27.27
VEHICLES	122.63	4.03	4.12	122.55	59.78	12.84	2.34	70.27	52.28
POWER PLANT	1,528.53	1.43	-	1,529.96	168.60	80.80	-	249.40	1,280.56
TOTAL	5,393.04	165.62	15.34	5,543.33	1,798.62	422.44	11.64	2,209.43	3,333.90
PREVIOUS YEAR	5,149.47	248.95	5.42	5,393.00	1,395.74	403.21	0.34	1,798.61	3,842.42

ANNEXURE - 6

PARTICULARS

(Rs. Millions)
As At 30.09.2011

INVESTMENTS

Quoted :

Long Term

Trade Investments

11,360 Equity Shares of Rs. 10/- each in IDBI, fully paid

(The market value of the shares as on 30.09.2011 is Rs. 1.16 Millions)

Principal Emerging Blue Chip Fund

(262237.8 Units @ 22.88 Per Unit)

Unquoted :

10,00,000 Equity Shares of Rs. 10/- each in Nav Bharat International Limited, fully paid

Subsidiary Company

1 Ordinary Share @ 1 SGD fully paid in Green Energy and Foods Pte Ltd., Singapore

484930 Equity Share of Rs. 10/- each in Victor Foods India Limited.

Investment In Gold

NSC With Sale Tax Deptt

TOTAL

(Rs. Millions)
As At 30.09.2011

155.52

ANNEXURES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	(Rs. Millions)	(Rs. Millions)
PARTICULARS	As At 30.09.2011	As At 30.09.2010
CURRENT ASSETS AND LOANS & ADVANCES		
ANNEXURE - 7		
INVENTORIES (As taken, valued and certified by management)		
Raw Materials	4460.68	4455.91
Finished Goods	6449.09	5047.45
Consumables Stores	659.94	59.30
TOTAL	11569.71	9562.66

ANNEXURE - 8**SUNDRY DEBTORS** (Unsecured but considered good)**Debts outstanding for a period exceeding 6 months**

-Good & Unsecured	80.57	69.94
-Doubtful		

Other Debts

-Good & Unsecured	2052.92	1488.35
-Doubtful		-

TOTAL	2133.49	1558.29
--------------	----------------	----------------

ANNEXURE - 9**CASH & BANK BALANCES**

Cash in Hand	0.55	20.07
Cheques in Hand - Pending Realisation	1.77	1.54

Balance with Scheduled Banks

- In Current Accounts	8.80	604.33
- In Deposit Accounts	87.82	81.62

TOTAL	98.94	707.56
--------------	--------------	---------------

ANNEXURE -10**LOANS AND ADVANCES**(Unsecured but considered good)**Good**

- Advances recoverable in cash or in kind or for value to be received	1464.65	847.05
- Staff Advances	0.44	0.41
- Pre-paid Exp.	4.91	6.01
- Securities	59.44	60.89
- Advance Income Tax/ TDS Receivable	21.92	141.14
- Other Current Assets	201.92	91.78
- Mat Credit Entitlement	354.67	346.66

TOTAL	2107.95	1493.94
--------------	----------------	----------------

ANNEXURES FORMING PART OF THE CONSOLIDATED BALANCE SHEET

	(Rs. Millions)	(Rs. Millions)
PARTICULARS	As At 30.09.2011	As At 30.09.2010
ANNEXURE -11		
CURRENT LIABILITIES		
Sundry Creditors - for Trade	1,346.74	465.45
Sundry Creditors - for Capital Goods	110.69	62.19
Other Liabilities	452.08	59.63
Statutory Liabilities	23.60	13.77
TOTAL	1933.11	601.04

ANNEXURE - 12**PROVISIONS**

- Income Tax	78.31	207.23
- Dividend (Inclusive of Tax)	14.79	14.79
TOTAL	93.10	222.02

ANNEXURES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	For the Year ended 30.09.2011	For the Year ended 30.09.2010
ANNEXURE - 13		
SALES		
- Rice	8,300.94	9,883.49
- Trading (Paddy)	1,827.56	744.39
- Power	-	753.23
- Oils	149.05	223.15
- Other	11.15	16.97
TOTAL	10,288.70	11,621.23

ANNEXURE - 14**OTHER INCOME**

Insurance Claim Received	0.43	2.63
Rebate and Discount	0.46	3.86
Misc. Income	9.25	-
Dividend Income - On Long Term Investments - Trade	0.26	0.03
Interest Received	8.22	8.05
Truck Dala Received	-	4.86
Truck Income	2.64	2.94
Profit on sale of Assets	2.67	-
Difference in Exchange Rates	-	8.82
Commision Income	-	12.55
TOTAL	23.93	43.74

ANNEXURES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	(Rs. Millions) For the Year Ended 30.09.2011	(Rs. Millions) For the Year Ended 30.09.2010
ANNEXURE - 15		
COST OF MATERIAL		
Opening Stock		
- Raw Material	4,455.91	3,301.85
- Finished Goods	5,047.45	3,623.97
	9,503.36	6,925.82
	9,503.36	6,925.82
Add :- Material Purchases	9,527.87	11,335.04
TOTAL	19,031.23	18,260.86
Less : Closing Stock		
- Raw Material	4,460.68	4,455.91
- Finished Goods	6,449.09	5,047.45
	10,909.77	9,503.36
Cost of Material	8,121.45	8,757.50

ANNEXURE - 16
MANUFACTURING EXPENSES

Power and Fuel	64.45	32.48
Laboratory Expenses	0.13	0.25
Labour charges to contractors	23.89	83.63
Direct wages	10.34	8.39
Consumable Expenses	2.56	44.02
Hexane	2.02	1.48
U.I. Charges	-	110.23
Operation & Maintainance	8.60	12.44
Repair & Maintenance	7.21	14.13
Other Manufacturing Expenses	1.37	3.09
TOTAL	120.57	310.14

ANNEXURE - 17
PERSONNEL EXPENSES

Staff Salary	79.42	68.82
Bonus	3.25	4.43
Gratuity	1.19	2.63
Staff Welfare	2.84	2.48
Provident Fund	0.81	0.98
Medical Expenses	0.16	0.11
Workmen Compensation	-	2.45
Recruitment Expenses	0.25	0.49
TOTAL	87.92	82.39

ANNEXURES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	(Rs. Millions) For the Year Ended 30.09.2011	(Rs. Millions) For the Year Ended 30.09.2010
ANNEXURE - 18		
ADMN. AND GENERAL EXPENDITURE		
Travelling and Conveyance		
- Directors	3.16	2.43
- Others	3.46	1.96
Directors' Remuneration & Prequisites	25.97	22.85
Sitting Fees	0.09	0.02
Printing & Stationary	1.76	2.08
Postage & Courier	0.80	0.41
Insurance	13.97	8.09
Telephone	2.23	1.42
Rent (Office)	6.96	2.46
Legal and Professional Exp.	12.86	22.98
Management Consultancy Charges	-	6.32
Fees and Subscription	1.33	1.23
Charity and Donation	1.55	0.85
Auditors Remuneration :		
- Audit Fee	1.05	0.95
- Tax Audit Fee	0.19	0.19
Misc. Exp.	6.05	0.26
Books & Periodicals	0.03	0.06
Office Maintenance	0.93	1.52
Festival & Mahurat	1.54	2.52
Fees & Taxes	1.60	2.25
Vehicle Running Exp.	14.47	13.77
Software Maintanance Expenses	3.22	7.12
AGM/EGM Expenses	0.39	0.19
Loss on Sale of Investment	0.54	-
Electricity Expenses	2.11	0.53
Repair & Maintanance		
- Building	1.80	0.58
- Others	4.99	0.69
Difference in Exchange rates	2.87	-
Preliminary Expenses Written off	0.73	0.15
Loss on Sale of Fixed Assets	0.47	1.07
TOTAL	117.12	104.95

ANNEXURE - 19
SELLING EXPENSES

Brokerage	125.12	208.80
Rebate and Discount	13.21	29.18
Advertisement and Business Promotion	5.28	10.51
Freight Outward	181.31	63.45
Export Expenses	46.53	15.12
Rent (Godown)	2.75	1.47
Truck Dala	0.88	5.01
TOTAL	375.08	333.54

ANNEXURES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

PARTICULARS	(Rs. Millions) For the Year Ended 30.09.2011	(Rs. Millions) For the Year Ended 30.09.2010
ANNEXURE - 20		
FINANCIAL EXPENSES		
Bank Charges & Commission	39.65	20.13
Interest - Banks	-	-
- Term Loan	82.99	95.91
- Working Capital	934.93	616.36
Interest - Others	0.24	1.79
	-	-
TOTAL	1,057.81	734.19

ANNEXURES FORMING PART OF THE CONSOLIDATED PROFIT & LOSS ACCOUNT

ANNEXURE – 21

A. ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES / BASIS OF PREPARATION:

- i. The consolidated financial statements comprise of the financial statement of Lakshmi Energy and Foods Limited ("**LEAF**") and its subsidiaries Punjab Greenfield Resources Limited ("**PGRL**"), Lakshmi Green Power Limited ("**LGPL**") and Green Energy & Foods Pte Limited, Singapore ("**GEFP**").
- ii. Reference in these notes to the "company" shall mean to include LEAF and its subsidiaries viz. PGRL, LGPL and GEFP consolidated in these financial statements unless otherwise stated.
- iii. The consolidated financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and on the accounting principles of going concern except as stated hereinafter and except where impairment of assets is made and revaluation of assets is carried out, in accordance with all the applicable accounting principles generally accepted in India and comply with the mandatory applicable accounting standards notified under Sub-Section (3C) of Section 211 of the Companies Act, 1956 and other relevant provisions of the Companies Act, 1956 and the rules, regulations and guidelines made thereunder.
- iv. The financial statements of LEAF and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances / transactions in full as per the Accounting Standard (AS)-21 on consolidated financial statements.
- v. Accounting policies between LEAF and its subsidiaries are consistent. The relevant accounting policies being followed by LEAF have been duly disclosed in financial statements.
- vi. Accounting policies not specifically referred to otherwise have been consistently applied and are in consonance with generally accepted accounting principles recognized in the form of accounting standards.
- vii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the LEAF's and its subsidiaries' separate financial statements.
- viii. Accounting policies and Notes to Accounts of LEAF are set out in financial statements and are not being repeated herein but may be treated as a part and parcel of Accounting policies and Notes to Accounts to the consolidated balance sheet of LEAF and its subsidiaries.

II. REVENUE RECOGNITION

Revenue is recognized to the extent that it is probable that the economic benefits will flow to LEAF and its subsidiaries and the revenue can be reliably measured.

Expenses and Income considered payable and receivable respectively are accounted for on accrual basis except for the following items, which are accounted for on cash basis:

Disposal of Sundry items & Scraps etc.

III. VALUATION OF INVENTORIES

i.	Raw Materials Components, Stores & Spare parts & Packing Material.	At Cost or net realisable value, whichever is less.
ii.	Finished Goods.	At Cost or net realisable value, whichever is less.
iii.	Goods in Progress.	At Estimated Cost.
iv.	By - Products.	At Estimated Cost.
v.	Goods traded	At cost plus direct procurement expenses.

IV. RETIREMENT BENEFITS

- i. At present, provident fund schemes are applicable to LEAF & its subsidiary PGRL.
- ii. Gratuity is being provided by LEAF as required as per actuarial valuation.

V. ACCOUNTING FOR PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized in terms of Accounting Standard-29 "Provisions, Contingent Liabilities and Contingent Assets" (AS-29) issued by the Institute of Chartered Accountants of India, when there is a present legal or statutory obligation as a result of past events, where it is probable that there will be outflow of resources to settle the obligation and a reliable estimate of the amount of the obligation can be made.

Contingent liabilities are recognized only when there is a possible obligation arising from past events due to occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or where any present obligation cannot be measured in terms of future outflow of resources or where a reliable estimate of the obligation can not be made. Obligations are assessed on an ongoing basis and only those having a largely probable outflow of resources are provided for.

There are no contingent assets in the financial statements. Please see respective financial statements of LEAF and its subsidiaries' in this respect.

VI. EARNING PER SHARE

In determining the earning per share, the net profit after tax is taken into consideration. The number of shares used in computing basic earnings per share is the weighted average of number of shares outstanding during the year.

VII. FINANCIAL AND MANAGEMENT INFORMATION SYSTEMS

The books of accounts and other records have been designed to facilitate compliance with the relevant provisions of the Companies Act, 1956 on one hand and meet the internal requirements of information and systems for planning, review and internal control on the other.

B. CONSOLIDATED NOTES TO THE ACCOUNTS

1. Accounting policies and Notes to Accounts of LEAF are set out in financial statements and are not being repeated herein but may be treated as a part and parcel of Accounting policies and Notes to Accounts to the consolidated balance sheet of LEAF and its subsidiaries.
2. Contingent Liabilities:
 - i. Claims [Rs.341.78 million (Previous year – Rs. 337.26 million)] by various creditors, suppliers, agents etc. of LEAF are pending before various Courts and quasi-judicial authorities (as per certificate from Lawyers of the company).
 - ii. Claims [Rs. 10.46 million (Previous year - Rs. 15.15 million)] by various State procurement agencies against LEAF are pending before Arbitrators (as per certificate from Lawyers of the company).
 - iii. LEAF had an export obligation of Rs. 163.44 million (Previous year Rs. 405.79 million) 72% of which was completed during the year, against the import licenses taken for import of capital goods under Export Promotion Capital Goods [EPCG] Scheme. This export obligation has to be fulfilled within period of 12 years from the date of Issue of License. The expiry date for Export Obligation period ranges between Sept 2018 to August 2023 for different Licenses. With respect to the aforesaid export obligation, the company has also got bank guarantee amounting Rs. 5.99 million (Previous year Rs. 6.04 million) issued to the Custom Authorities against 100% margin in the shape of FDR's.
- 3 During the Year, deferred tax liability has been accounted for in accordance with the Accounting Standard (AS)-22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India.

Provision for income tax has been reviewed as on the balance sheet date and has been adjusted to reflect the current best estimate in accordance with the Accounting Standard (AS)-29 "Provisions, Contingent Liabilities and Contingent Assets" issued by the Institute of Chartered Accountants of India.
- 4 Earning per share is calculated by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. The consolidated Earnings per share is as follows:

	Current Year	Previous Year
Profit after Tax (Rs. in millions)	124.94	843.07
Weighted Average Number of Equity Shares outstanding during the Year.	63190000	63190000
Basic and Diluted Earnings per share (in Rs.).	1.98	13.34
Nominal Value per Share (in Rs.)	2.00	2.00

5. The information with respect to the transactions entered into by related parties have been duly disclosed in the respective financial statements.
6. As per the Accounting Standard (AS)-4 "Contingent Events Occurring after the Balance Sheet Date". Events occurring after the balance sheet date under review, which do not affect the figures as stated in the financial statements normally do not require any disclosure, in the financial statements although they may be of such significance that may require a disclosure in the report of the approving authority to enable the users of the financial statements to

make proper evaluations and decisions. Since the board of directors of the company are the approving authority for the financial statements, accordingly such disclosure has been made by the management of LEAF & its subsidiaries in the respective reports of the board of directors of LEAF & its subsidiaries.

7. Additional information as required by Para 3 & 4 of Part – II of Schedule – VI of the Companies Act, 1956 has been duly stated in the respective financial statements of LEAF.

(BALBIR SINGH UPPAL)
Chairman & Managing Director

(HARWANT SINGH)
Executive Director

(K. I. SINGH)
GM - Finance

(PARVEEN K ARORA)
AGM-F&A

(AJAY K. RATRA)
Company Secretary

(MEENAKSHI GUPTA)
AGM- Taxation

As per our report of even date
For S.Kumar Gupta & Associates

Place : Chandigarh
Dated : 13.02.2012

(CA SUNIL GUPTA)
Partner
M.No- 085624

FINANCIAL DETAILS OF THE SUBSIDIARY COMPANIES

S No	Name of the Subsidiary	Capital	Reserves	Total Assets	Total Liabilities	Investments (Except in case of investment in subsidiaries)	Turnover	Profit before tax	Provision for tax	Profit after tax	Proposed Dividend
	Domestic:										
1	Punjab Greenfield Resources Limited	108.00	419.20	1,272.83	745.63	-	733.99	11.49	4.15	7.34	
2	Lakshmi Green Power Limited	10.00	(0.01)	10.00	0.01		-	(0.01)	-	(0.01)	
	Overseas:										
3	Green Energy & Foods Pte. Ltd. Singapore	*0.00	(6.54)	0.07	6.61	-	-	(6.54)	-	(6.54)	

* One share of one singapore dollar.

Notes:

- (i) In terms of approval granted by the Central Government under Section 212(8) of the Companies Act, 1956, the annual accounts of the subsidiary companies and the related detailed information will be made available upon request by the investors of the Company and of its subsidiary companies. These documents will also be available for inspection by any investor at the Registered Office of the Company and that of the subsidiary companies concerned.
- (ii) The Board of Directors at its meeting held on February 13, 2012 approved for availing/seeking exemption from the Government under Section 212(8) of the Companies Act, 1956, in respect of all the subsidiary Companies.



Administration Office & Works

Chandigarh Ludhiana National Highway, Khamanon - 140801. Punjab (India)
Tel.: +91-1628-661800; Fax: +91-1628-661805

Registered / Corporate Office

S.C.O. 18-19, 1st Floor, Sector 9-D, Madhya Marg, Chandigarh - 160017 (India)
Tel.: +91-172-2740352; Fax: +91-172-2743057

Zonal Office

807, 8th Floor, Kailash Building, 26, K.G. Marg, Connaught Place, New Delhi - 110001 (India)
Tel.: +91-011-66305281; Fax: +91-11-66305280

Website: www.lakshmigroup.in
E-mail: corporate@lakshmigroup.in