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CIN: L00000CH1990PLC010573

May 29, 2015

To

Listing Department
National Stock Exchange of India Ltd
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai-400051

NSE Symbol: LAKSHMIEFL

Department of Corporate Services
Bombay Stock Exchange Ltd.
Phiroze Jeejeebhoy Towers, Dalal
Street, Mumbai-400 001

BSE Code: 519570

Sub: Update

Dear Sir,

We would like to update you about the following developments which have impacted the company's performance during financial year 2014-15:

There has been sharp fall in the market prices of basmati 1121, 1509, DP, sugandha and traditional basmati paddy as well as rice during 2014-15. The prices of Basmati paddy 1121, 1509 which were hovering around Rs.45,000/- per MT during 2013-14, fell down sharply to Rs.30,000/- (approx) per MT during Oct-Dec 2014 and further came down to Rs.22,000/- (approx) per MT during Jan-March 2015. Basmati DP Paddy prices, which at one point of time, during 2013-14 were about Rs.40,000/- per MT, fell down to Rs.24,000/- (approx) per MT during 2014-15 and Prices of sugandha paddy fell down to Rs.16,000/- (approx) per MT from Rs.32,000/- per MT. Traditional Basmati Paddy price which was about Rs.60,000/- per MT during 2013-14, fell down to Rs.32,000/- (approx) per MT during 2014-15.

Similarly, average price of basmati rice which used to be Rs.80,000/- per MT in 2013-14, came down to Rs.60,000/- per MT (approx) during Oct-Dec 2014 and further came down to Rs. 48,000 - 50,000 per MT during Jan-March 2015, the downward trend still continues.

Hence, market price of paddy and rice has plummeted by about 40% from the beginning of the season and upto 50% down with comparison to last year. The fall in prices is mainly attributed to higher (almost double) production of basmati coupled with tepid international demand particularly due to import restrictions by countries like Iran. All institutions including Banks, government, APEDA, Agricultural Marketing Boards and Agricultural Produce Market Committee (APMCs) of different States and export organizations are well aware of the phenomenon of downward trend in prices of paddy/rice. The Prevailing reduced



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prices of rice international will encourage the consumption of basmati in domestic market and in turn will add the sale of rice. The international market will also be encouraged to increase the import of Indian basmati due to very competitive price in international market. These prices can be considered as stable with respect to farming pattern as well as consumer pattern. Per hectare income of farmer is more in case of basmati with respect to non basmati on MSP.

Reduction in market price of paddy/rice led to substantial fall in the valuation of Inventory and consequently shortfall in DP in respect of CC/PC limits availed from different Banks in consortium. During the course of series of consortium / joint lenders forum (JLF) meetings 'restructuring of debt' emerged as the only acceptable corrective action plan by consensus. A scheme for restructuring of debt was proposed by the company to the lenders in the consortium. To ascertain the techno-economic viability of the proposed debt restructuring scheme a study was carried out by M/s Dun & Bradstreet who after a detailed study of the production units of the company viewed that the said debt restructuring scheme was techno - economically viable. The final report of the restructuring scheme alongwith reports of independent Bank's empanelled valuers, as approved by the lenders, was subjected to evaluation by Independent Evaluation Committee (IEC) as per RBI guidelines. IEC during its meeting held on 11-05-2015 has approved the proposed restructuring scheme for implementation by the lenders. The minutes of the said IEC meeting where in the said restructuring stands approved, were received on 26th May, 2015 from PNB (i.e the lead Bank) and the same have been placed before the Board of directors of the company during its meeting held today (i.e.29th May, 2015) for necessary action.

This is for your information please.

Thanking You,

Yours truly,
For **Lakshmi Energy and Foods Limited**


Balbir Singh Uppal
Chairman and Managing Director