

Leading by Excellence and Vision

ANNUAL REPORT

2005-2006

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Lakshmi
Energy and Foods Limited
Formerly Lakshmi Overseas Industries Limited



Sh. Balbir Singh Uppal
Chairman-cum-Managing Director

Lakshmi Energy and Foods Ltd.

Formerly Lakshmi Overseas Industries Limited

mission

“Passion for
growth & development
to improve quality of life”

Chairman's Perspective

Dear Shareholders

As I present this annual report for the year 2005-06, it gives me great pride to say that once again your company has emerged as one of the growth leaders in agri-business sector. Your unceasing support has made it possible for Lakshmi Energy and Foods (LEAF) to harness the opportunities presented to us by an increasingly globalizing world. The results for 2005-06 are a true reflection of our efforts.

During the year, your company posted an unprecedented growth of 133 per cent in Profit after Tax. Equally significant, the profit before tax has grown by 119 per cent. Your company has posted a turnover growth of 36 per cent. In absolute terms, the company's turnover now stands at Rs. 5591.64 million as against Rs 4119.42 million in the last fiscal. In retrospect, this is a remarkable achievement indeed. For, we have grown by about five times in the last five years! The dogged determination of our team of hard core professionals has turned LEAF into a respectable name in domestic as well as overseas markets.

For me, personally, seeing this company grow is like a dream turning into reality. I vividly remember those early days when we embarked on this endeavour. In the beginning, all we had was the faith, a clear vision, and the willingness to work hard. Now, as we go through these results, I would like to place on record my sincere gratitude towards you all for your trust and confidence over the years. Thank You!

The other performance parameters of your company are equally, if not more, impressive. At Rs 420.00 million the Profit after Tax has grown by multifold in the last five years. Once again, this truly is a result of the persistence and enterprise of our team of professionals, who are striving hard to achieve a combination of efficiency, quality, and cost - effectiveness.

Your company believes in that creating real wealth for all the shareholders, and this is manifest in the EPS growth of 142 per cent during 2005-06. In absolute terms, the EPS stood at Rs. 47.15 against Rs 19.50 in the preceding fiscal.

Mahatma Gandhi, our esteemed Father of Nation, once said, "The soul of India lives in its villages." This is still true after more than 60 years when the great strategist made this statement. And, nobody knows it better than the management and shareholders of LEAF. The food sector presents an unprecedented opportunity for growth. Improving the backward and forward linkage of farm chain in the entire country not only presents a wide area

of fruitful activity for your company but it will also increase the availability and affordability of food.

The agri related business remains the core area of strength and your company is equally seized of emerging opportunities in this sector. Considering the present market scenario, your company has further diversified into power generation using husk, a by product of paddy. The significance of this step is fully reflected in new identity that your company has adopted during the past one year. Apart from this, your company is also increasing the capacities for paddy processing, rice bran oil refining, and cattle feed production in phases.

It has been rare privilege for us to witness the changing farm scene in the country, especially in Punjab. I am grateful to God. We all are living in great times, when change for the better is the only consistent force in our lives. With your support, we will continue to give new dimension to our agriculture-based economy and improve the future of our farmers. After all, sons of soil are the true strength of our country.

With Warm Regards



B.S. Uppal
Chairman & Managing Director



Board of Directors

Sh. Balbir Singh Uppal
Chairman-cum-Managing Director

Sh. Janak Raj Singh
Executive Director

Sh. I.S. Gumber
Executive Director

Smt. Vijay Luxmi
Director

Sh. Amarjit Singh
Director

Sh. Kamal Dewan
Director (upto 30.12.05)

Sh. Kewal Krishan
Director

Sh. Varinder Kumar
Director (w.e.f. 30.12.05)

Sh. Sanjeev Sood
Director (w.e.f. 30.12.05)

Bankers

Punjab National Bank
Syndicate Bank
ICICI Bank

Auditors

S. Kumar Gupta & Associates
Chartered Accountants
Chandigarh

Sh. Rajinder Sandal
General Manager (Finance & Taxation)

Sh. Ajay K. Ratra
Company Secretary

REGISTERED OFFICE

S.C.O.18-19, 1st Floor, Sector 9-D,
Madhya Marg, Chandigarh-160017, India.
Tel: 0172-2740352, 2744008, 2743274
Fax: +91-172-2743057

Works & Administrative Office

V.R.O Khamanon
Ludhiana-Chandigarh National Highway,
Khamanon 140 801, Punjab, India

Registrars & Share Transfer Agents

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

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LEAF A Wide Horizon

Exploiting agriculture by-products
for increasing farm incomes

The New Lakshmi Mark.

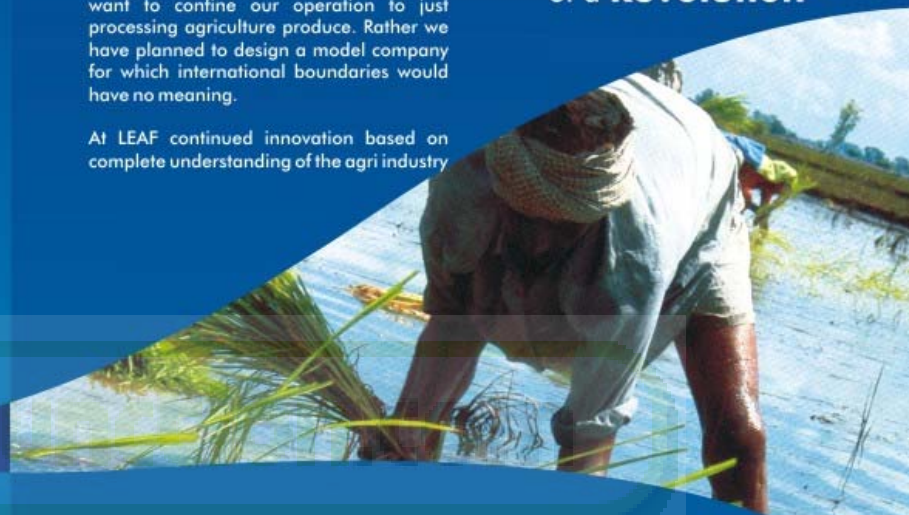
Energy is characterized by vibration and the impulse to move. Wheel symbolizes movement and has been used since ages to churn out energy for the benefit of mankind. After years of producing top quality "food grains", the Lakshmi Overseas Ltd. has ventured into the field of power generation. It dawns a new avatar as **Lakshmi Energy and Foods Ltd.** The new logo describes the incomparable ability of **Lakshmi Energy and Foods Ltd.** to produce both energy (symbolized by a wheel) and food (symbolized by a leaf). The colour green symbolizing food in plenty and blue indicating energy & force further underline the true mark of Laxmi.

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Giving new dimensions to Agri-business using all by-products to the optimum level is our motto. LEAF is not just a company. It is a movement of our rural countrymen, who have dared to change the entire farm scene with innovation and creativity. We don't want to confine our operation to just processing agriculture produce. Rather we have planned to design a model company for which international boundaries would have no meaning.

At LEAF continued innovation based on complete understanding of the agri industry

"More than a name,
LEAF is a beginning
of a **Revolution**"



sector is constant endeavour. We stand for giving new dimensions to agri business by utilizing all by products to their potential. LEAF is not just a venture for profit maximization rather it is a belief that farm-based rural business is important and integral component of Indian economy and can produce results at par with other sectors.

We started with the belief that agri based business had huge untapped potential which has been confirmed over the years. Here at LEAF, we do not just expect things to happen. Rather, we plan for 100 per cent delivery. We have envisaged the best possible backward and forward integration to boost the rural economy of Punjab and the country.

Talking of the wider perspective, we are living in the era when the whole world has shrunk to a global village and it is the right time to make the rural based economy a big hit. There is a recurring demand of food and energy in the entire world. The demand of quality food products is great but the supply is short. The company's products including rice, wheat, rice bran oil, cattle feed and power which would always remain in demand rather it would grow by leaps and bounds in all the time to come. The move towards creating synergies between farm and the market is helping us to create a unique space for ourselves.

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Insight



“Revolutionary Transformation to benefit millions.

Processing more paddy means more rice, rice bran oil and more husk for power. The main business of the company is rice milling. Therefore, expansion of paddy processing capacity is underway. Presently our processing capacity is around 2,100 MT per day. The company plans to increase the present processing capacity by more than 60 per cent. This would get expanded to 3,300 MT per day during this fiscal only.

Increasing production is not just our motive as we want our product to match the international standard. Quality control is our priority. Therefore we are increasing our production and processing capacity in phases.

The 3,300 MT per day paddy processing capacity would be sufficient to produce husk required to generate 30 MW power. This is just a take off point as we want to increase our power production tremendously in future.



Expanding to keep up with demand in paddy processing



**Lakshmi Energy and Foods Ltd.
(Khamanon)**



"Turning a new LEAF in agri-processing"

Catering to the demands of the Cattle Feed

The strategists can not think of milk production growth in isolation without focusing on allied sectors like cattle feed and cattle health. There is great demand of quality cattle feed in the entire country especially in Punjab.

Punjab is the state with higher per capital milk availability of 901 gm per day. Apart from this Punjab is the second largest milk producing state after Uttar Pradesh. Under the expansion plans for this fiscal, we have planned to increase our cattle feed production by 130 per cent. Presently our production capacity is 130 MT per day which would be expanded to 300 MT per day very soon.

Being the largest single dairy producing country in the world, India's output continues to grow strongly in the 3 to 4 per cent range, largely in response to internal demand growth, sustained by increasing productivity. India will account for nearly half the 226 million tonne total milk output of Asia. Considering all facts and factors in the present market scenario, our cattle feed venture would definitely reap good returns in the times to come.

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Producing a healthy oil

Research has shown that rice bran oil is ideal for human consumption. There is a lot of demand of rice bran oil in the country. While the area under oilseeds remains constant, our dependence on import of edible oils is increasing day by day.

Every year demand of edible oil is increasing by five lakh MT due to population explosion in the country and inching per capita income. Presently our total edible oil production is not more than 65 lakh MT whereas demand of edible oil in the country is 1.15 lakh MT.

In the past three years, the import of edible oil remained over 45 lakh MT in the country, which means we have to pay more than Rs 12,000 crore in foreign exchange every year. As the area cannot be increased we have to think of better alternatives. Rice bran oil is one such.

Rice bran oil is not just making our business more profitable, rather it is a service to the nation. Understanding the gravity of the situation, we are set to double the capacities for Rice Bran oil refining during this year. Presently we can process 200 MT of rice bran per day. During this fiscal we would increase this capacity to 400 MT per day. We will increase the refinery capacity also from 30 metric tonnes to 60 metric tonnes.

**“Growing to meet the
needs of Nation”**

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Transforming Opportunities Into Realities

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