

## LAKSHMI ENERGY : STRONG TECHNICAL SUPPORT



**Mr. Balbir Singh Uppal, CMD**

### Highlights:

- Invested in two of the fastest growing sectors: Consumer and Power
- Manufactures rice, high demand product in India and worldwide
- Uses by-product husk to generate power from bio waste
- 98% of all by-products are converted into value added products. Total wastage is only 2%

### Investment Highlights:

- Leading manufacturer of long grain non-basmati white rice and related by-products in India
- Creating economies of scale in the value chain by integrating downstream processing of rice by-products

- Entry into the power generation business is likely to amplify growth due to persistent power deficiency in the country and government incentives

- Persistent expansion of paddy processing capacity combined with product diversification will continue to drive revenue and earnings growth in the future

### Strategic Goals:

- To be the leader in agricultural commodities processing and distribution business
- To attain leadership in generation of energy using biomass
- To operate and expand using the most modern and efficient processing plants in India
- Rapid growth through backward and forward integration

### Products:

- Rice and Wheat
- Focus on long grain non-basmati paddy production

Lakshmi Energy & Foods Ltd., has strong fundamentals and high growth rate. It is one of the few stocks which has gone against the general market wave during the last 9 months. Meanwhile, it has reported excellent performance for the quarter ended 30th June 2008. The Turnover has increased by 72% whereas the Gross Profit has increased by 37% and Net Profit by 31%. The EPS for the quarter is Rs.5.27. For the year, the Turnover has increased by 37% whereas the Gross Profit has increased by 51% and Net Profit by 67%. The EPS for the year is Rs.17/- against Rs.11/-. The Paid-up Capital is small at Rs.12crs against high Networth of Rs.374crs. However, the Return on Networth is high at 8% for the quarter and 27% for the year. "We are pleased to announce that the company has entered into a Power Purchase Agreement (PPA) for a period of 5 years with PTC India Limited (PTC), a Government of India initiated Public-Private Partnership, on 10th September, 2008 for selling its "green power" being generated from its world class ultra modern biomass based 30 MW Power Plant at a minimum assured price of Rs.7.50/- per unit for one year w.e.f 1st October, 2008. This PPA will add to both top line as well as bottom line of the company", according to the Company sources. Technically, the scrip is moving around Rs.290/- with a P/E Ratio of 17 and Book Value of Rs.62/-.

FH (in crs)	30.06.08	30.06.07	% CH	31.03.08	31.03.07	%CH	31.03.07	31.03.06	% CH
	(3 M)	(3 M)		(12 M)	(12 M)		(12 M)	(12 M)	
Capital	12.01	12.01	-	12.01	11.43	5.07	11.43	10.89	4.96
R&S	362.47	228.35	58.73	362.47	228.35	58.73	228.35	145.25	57.21
Networth	374.48	239.78	56.18	374.48	239.78	56.18	239.78	156.14	53.57
Return on Nw	8.45	10.04	-15.84	26.94	25.16	7.07	25.16	31.38	-19.82
B.V. (Rs.)	62.36	41.96	48.62	62.36	41.96	48.62	41.96	28.68	46.30
F.V.	2.00	2.00	-	2.00	2.00	-	2.00	2.00	-
T.O.	332.66	193.56	71.86	956.89	698.37	37.02	698.37	558.39	25.07
G.P.	53.69	39.19	37.00	172.43	114.31	50.84	114.31	68.56	66.73
Dep	5.66	3.05	85.57	19.43	12.19	59.39	12.19	4.92	147.76
PBT	48.03	36.14	32.90	153.00	102.12	49.82	102.12	63.64	60.47
Tax	16.38	12.07	35.71	52.13	41.79	24.74	41.79	14.65	185.26
PAT	31.65	24.07	31.49	100.87	60.33	67.20	60.33	48.99	23.15
EPS (Rs.)	5.27	4.01	31.42	16.80	10.56	59.09	10.56	9.00	17.33
DPS (Rs.)	-	-	-	-	0.50	-	0.50	1.00	-50.00
MP (Rs)	292.60			292.60					
P/E Ratio	13.88			17.42					
PAT as % T.O.	9.51	12.44	-23.55	10.54	8.64	21.99	8.64	8.77	-1.48
GP as %T.O.	16.14	20.25	-20.30	18.02	16.37	10.08	16.37	12.28	33.31
% NPSH	57.92	57.92	-	57.92	60.83	-	60.83	58.44	-

- Paddy production capacity of 4,500 MT/day
- Rice Bran Oil

- Oil refining capacity of 30 MT/day
- Plans to increase production to 60 MT/day

- Ancillary
- Cattle feed: Production capacity of 130 MT/day

- De-oiled cakes: Plans to commission a new de-oiled cake plant

- Paddy-husk: Used for power generation

### Tapping into Energy:

LEAF commissioned the first biomass power plant in North India to use rice husk as fuel. Current plant capacity is 30 MW, and is expected to increase to 105 MW in the next 3 years. The plant is expected to improve LEAF's bottom line by 25% after completion.

"We take pride in being able to provide food for the masses and employment for hundreds of thousands. We would set up R&D for improvement of farmers' crop and also enter into contract

farming. In the process we would provide benefits to the stakeholders. Our Philosophy is to constantly endeavour and understand the consumer and his needs, hopes, aspirations, to give him value that exceeds his expectations and complete satisfaction. Because, we believe, of all partnerships, the one with the customer is the most sacred". - **Mr. Balbir Singh Uppal, CMD**

LEAF is a leading manufacturer of non-basmati white rice. The Company also produces edible oil, de-oiled cakes and other ancillary products. LEAF has initiated operations on a 30 MW husk power generation plant and expects power output to increase to 105 MW within three years. The Company also commissioned a wheat flour mill of 100 MT/day in September 2007. LEAF's strategy is to create economies of scale by diversifying along the value chain of rice production products.