



th

Annual Report 1998-99



LAKSHMI GROUP

**LAKSHMI
OVERSEAS
INDUSTRIES
LIMITED**

Regd. & Corp. Office :
S.C.O 18-19, 1st Floor,
Sector 9-D, M.Marg,
Chandigarh 160 017.
Ph : 744008, 743274
Fax : 743057

Admn. Office & Works :
Chandigarh- Ludhiana Highway
Khamanon (Punjab) 140801.
Ph : 01628- 68354, 68364
68370, 68371, 68372
Fax : 01628-68365

Commercial Office :
4128, 2nd Floor, Naya Bazar,
Delhi - 110006.
Ph : 011- 2940958,
3912284, 2940946
Fax : 011-3912286

E-Mail : loil@ch1.dot.net.in

Website <http://www.lakshmioverseas.com>



A View Of Unit



A View of Stockyard



A View of Refinery

BOARD OF DIRECTORS

Sh. Balbir Singh Uppal
Chairman-cum-Mg. Director

Sh. Janak Uppal
Sh. K.R.Sharma
Smt. Vijay Luxmi

BANKERS

Punjab National Bank
Bank of India
Oriental Bank of Commerce

AUDITORS

S. KumarGupta & Associates
Chartered Accountants
Chandigarh

FINANCE CONTROLLER-CUM-COMPANY SECRETARY

Sh. Kuldeep Goyal

REGISTERED OFFICE

S.C.O. 18-19, 1st Floor
Sector 9-D,
Chandigarh-160017

WORKS & ADMINISTRATIVE OFFICE

V.P.O. Khamanon
Ludhiana-Chandigarh Highway
Khamanon - 140801

COMMERCIAL OFFICE

4128, 2nd Floor, Naya Bazar,
Delhi - 110006

REGISTRAR & SHARE TRANSFER AGENT

M/s Beetal Financial & Computer Services (P) Ltd.,
321 - S, Chirag Delhi,
Near Shahid Bhagat Singh College
New Delhi - 110017

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9TH ANNUAL REPORT

NOTICE

NOTICE is hereby given that the 9th Annual General Meeting of the Members of Lakshmi Overseas Industries Limited will be held on Thursday 30th December, 1999 at 11.00 A.M. at Hotel Shivalikview, Sector 17, Chandigarh to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Annual Accounts of the Company for the year ended on 31st March, 1999 alongwith the report of the Director's and Auditors thereon.
2. To appoint a Director in place of Sh. Janak Raj Singh Uppal who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit to pass with or without modification the following resolution as Ordinary Resolution.

"RESOLVED THAT M/s S.Kumar Gupta & Associates, Chartered Accountants, be and are hereby reappointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting on a remuneration to be fixed by the Board.

4. To declare Dividend

Special Business

5. To Consider and if thought fit to pass with or without modification the following resolutions:

"RESOLVED THAT pursuant to the provisions of Section 198,309,310 and other applicable provisions, if any and schedule XIII of the Companies Act, 1956, Sh. Balbir Singh Uppal be and is hereby re-appointed as Managing Director of the Company with effect from 01-09-1999 on the terms and conditions mentioned below: -

1. Salary Rs. 50000/- per month including Dearness and all other allowances
2. Commission 2% of the net profits of the company computed in the manner as laid down in Section 309(5) of the Companies Act.
3. Perquisites shall be allowed in addition to both salary and commission. Perquisites are classified as follows:
 - i) Housing/ House Rent Allowance
The expenditure incurred by the Company will be subject to a ceiling of 60% of the salary.

- ii) Gas, Electricity, Water and Furnishings
The Company shall provide gas, electricity, water and furnishing free of cost.
- iii) Medical Reimbursement
Expenses incurred for him and his family
- iv) Leave
Leave as per Rules of the Company including encashment of leave, Leave Travel Concession for self and family once in a year incurred in accordance with the rules of the company.
- v) Club Fees
Fee of clubs subject to a maximum of two clubs.
This will not include Admission and Life Membership fee.
- vi) Personal accident Insurance
Premium not to exceed Rs. 5000/- Per Annum.

Category - A

The following perquisites shall not be included in the computation of the ceiling on remuneration specified in para 1,2,3 above.

- (a) contribution to Provident Fund, Super-annuation Fund or Annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act 1961.
- (b) gratuity payable at a rate not exceeding half a months salary for each completed year of service and
- (c) encashment of leave at the end of the tenure.

Category - B

Provision of Car for use on Company business and telephone at the residence not to be considered as perquisites. However, personal long distance calls and use of car for private purpose will be billed by the Company.

Minimum Remuneration

In the event of loss, absence or inadequacy of profits the remuneration aforesaid shall be the minimum remuneration."

6. As an ordinary resolution :

"RESOLVED THAT the Authorised Share Capital of the company be and is hereby increased to Rs. 30,00,00,000 (Rs. Thirty Crores only) divided into 3,00,00,000 equity shares of Rs. 10/- each.

7. As an Ordinary Resolution:

"RESOLVED THAT the Company's Memorandum of Association be and is hereby altered by substituting the following clause V for the present clause V thereof:

- V. The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rs. Thirty Crore only) Divided into 3,00,00,000/- (Three Crore) Equity shares of Rs. 10/- (Rupees Ten) each.

8. As a Special Resolution :

"RESOLVED THAT the company's Article of Association be and are hereby altered by substituting the following article 3 for the present article 3 thereof

3. The Authorised Share Capital of the Company is Rs.30,00,00,000/- (Rupees Thirty Crores) consisting of 3,00,00,000/- (Three Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

9. As an Ordinary Resolution :

"RESOLVED THAT

- a) pursuant to the provisions of the Articles of Association of the company and subject to approvals as may be necessary, a sum of Rs. 4,40,55,000 being a part of the amount standing to the credit of Share Premium Account of the Company as per Audited Accounts for the financial year ended 31st March, 1999, be capitalised and accordingly the Board of Directors of the Company (hereinafter referred to as "the Directors/Board" which terms shall be deemed to include any Committee of Directors which the Board of Directors of the Company may have constituted or hereafter constitute to exercise its powers including the powers conferred by this resolution) be and are hereby authorised and directed to appropriate the said amount of Rs. 4,40,55,000 so capitalised and apply it in paying of in full, at par, 44,05,500 new equity shares of Rs.10 each (hereinafter referred to as the "Bonus Shares") in the Share Capital of the Company and the Bonus Shares be allotted and distributed as fully paid up Equity Shares to and amongst persons registered in the Register of Members as Members of the Company on such date as may hereafter be determined by the Directors (to be known as

the "record date") in the proportion of one bonus share for every existing one equity share held by such persons and that the bonus shares so distributed shall, for all purposes, be treated as an increase in the subscribed and paid up amount in the capital of the Company held by each such member and not as income.

- b) The bonus shares be allotted subject to the Memorandum and Articles of Association of the Company.
- c) The bonus shares shall, upon allotment, have the same rights of voting as the present Equity Shares and be treated for all other purposes pari-passu with the present Equity Shares.
- d) For the purpose of giving effect to the resolution, the Board of Directors be and is hereby authorised, with power to delegate such authority to such person(s) as the Board/ Directors may deem fit, to take all such steps and action and give such directions as they may, in their absolute discretion, deem fit to give effect to this Resolution, to allot and distribute the bonus shares and to settle any question that may arise in regard to the Bonus Issue".

ALSO RESOVLED THAT this resolution shall not take effect until receipt by the Company of the consents as may be necessary.

10. To Consider and if thought fit to pass with or without modification the following resolution as Special Resolution.

"RESOLVED that in terms of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary as per law, rules, regulations and guidelines prevalent at that time and subject to such terms and conditions, alterations or modifications as may be prescribed in granting such consents/approvals and which may be agreed to by the Board of Directors of the company, the consent of the Members be and is hereby accorded to the Board of Directors of the Company to raise further capital by way of Private Placement/Preferential Allotment/ Public issue of equity shares of Rs. 10 each for cash at par or premium and/or issue of Fully Convertible Debentures/Partly Convertible Debentures (secured or

unsecured) convertible into equity shares of Rs. 10 each for cash at par or premium or any other form of securities of an aggregate amount not exceeding Rs. 50 crores (Rupees Fifty crores only) in one or more tranches to such persons and in such manner and on such terms and conditions and carrying such rights, privileges and obligations as may be attached thereto in accordance with the application form(s), prospectus, Abridged prospectus, offer document or other documents as may be finalised by the Board of Directors as they may in their absolute discretion think fit".

"Further Resolved that the Board of Directors of the Company be and is hereby authorised to give such directions as may be necessary or desirable or to settle any question or whatsoever as may arise with regard to the issue and allotment of the said equity shares including the power to allot the oversubscribed/unsubscribed portion, if any, in such manner as the Board of Directors may deem fit and proper and their absolute discretion and most beneficial to the Company.

11. To consider and if thought fit, to pass with or without modification(s), the following resolution as Special Resolution.

"RESOLVED that in terms of section 81 and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents and approvals as may be necessary as per law, rules, regulations and guidelines prevalent at that time and subject to such terms and conditions, alterations or modifications as may be prescribed in granting such consents/approvals and which may be agreed to by the Board of Directors of the company, the consent of the Members be and is hereby accorded to the Board of Directors to issue 88,11,000 further equity share of Rs. 10 each (hereinafter referred to as the new 'Equity Shares') in the authorised capital of the company on right basis to the existing shareholders of the Company and carrying such rights, privileges and obligations as may be attached thereto in accordance with the application form(s), offer document or other documents as may be finalised by the Board of Directors as they may in their absolute discretion think fit in consultation with the Merchant Bankers on the following terms and conditions :

- (i) That the Board be and is hereby authorised to offer

the aforesaid new equity shares of Rs. 10/- each at par or premium as may be determined by the Board of Directors in consultation with the Merchant Bankers, at the first instance for subscription for cash to those members of the company holding not less than 100 equity shares in the company and whose names shall appear in the Register of Members of the Company at the close of business on such date as may be determined by the Board (hereinafter referred to as "the record date") in the proportion of two new equity shares for every one equity share registered in their respective name on the said date with a right to renounce all or any of the shares so offered to them in favour of any other person and with option to subscribe for additional shares for allotment from the unsubscribed portion, if any.

- (ii) that the Board of Directors be and is hereby authorised to issue the new equity shares for cash at par or at such premium as may be decided by the Board in consultation with the Merchant Bankers and payable on such terms as the Board may determine and subject to such other terms and conditions as to number of shares, terms of payment or otherwise as may be required by or agreed with the Securities and Exchange Board of India.
- (iii) That such new equity shares shall in all respects rank pari-passu with the existing equity shares in the company except that they shall be entitled only to such pro-rata dividend as may be declared after allotment of the said new equity shares, and they shall not participate in any dividend which may be declared in respect of the financial year 1998-99 or any period prior to the allotment thereof. The new Equity Shares shall be subject to the Memorandum and Articles of Association of the Company in all respects.

Further Resolved that the Board of Director of the Company be and is hereby authorised to give such directions as may be necessary or desirable or to settle any question or whatsoever as may arise with regard to the issue and allotment of the said equity shares including the power to allot the oversubscribed/unsubscribed portion, if any, in such manner as the Board of Directors may deem fit and

proper and their absolute discretion and most beneficial to the Company."

12 To consider and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

"RESOLVED that the Board of Directors be and is hereby authorised to hive off/sell/transfer/lease to any of its Subsidiaries or Companies under the same management, the entire or part of the Plant and Machinery along with Thermax Boiler - and other Miscellaneous Equipment/ Fixed Assets installed at and/or forming part of its Oil Unit, Solvent Extraction Unit, Oil Refinery Unit & Cattle Feed Unit located at V & P.O., Khamanon at such transfer price and/or for such consideration in cash and/or in kind and/or against allotment of shares at par or premium in consideration thereof and upon such terms and conditions as may be decided by the Board of Directors."

"FURTHER RESOLVED that the Board of Directors be and is hereby authorised to hive off/sell/transfer/lease to any of its Subsidiaries or Companies under the same management, the entire or part of the Land(s) and Building(s) of its Oil Unit, Solvent Extraction Unit, Oil Refinery Unit & Cattle Feed Unit located at V & P.O., Khamanon at such transfer price and/or for such consideration in cash and/or in kind and/or against allotment of shares at par or premium in consideration thereof and upon such terms and conditions as may be decided by the Board of Directors."

By Order of the Board
For Lakshmi Overseas Industries Ltd

Place : Chandigarh
Date : 15-11-99

Balbir Singh Uppal
Chairman cum Mg. Director

RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.

2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No.5 to 12 is annexed hereto and form part of the Notice.
3. The Dividend declared, if any, will be paid to those Members whose names appears in the Register of Member of the Company on the date of Annual General Meeting.
4. **The Register of Members and the Share Transfer Books of the Company shall remain closed from 29th December, 1999 to 30th December, 1999 (both days inclusive).**
5. The Members are requested to notify the change, if any, in their registered addresses, at the earliest.
6. Members desiring any information as regards Accounts are requested to write to the Company at its Registered Office at least 10 days before the date of the Annual General Meeting so as to enable the Management to keep the information ready.
7. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 p.m.
8. The members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant Share Certificates.
9. The Members are requested to bring their copy of annual Report alongwith them to the Annual General Meeting.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE

ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:****ITEM NO. 5 OF THE SPECIAL BUSINESS**

Sh. Balbir Singh Uppal is Chairman cum Managing Director of the Company since its incorporation and under his able leadership and guidance the Company has performed exceedingly well over the years. In view of the fact stated above the approval of shareholders is solicited to re-appoint him for a further period of 5 years w.e.f. 01.09.1999.

ITEM NO. 6. OF THE SPECIAL BUSINESS

The present Authorised Share Capital of the Company is Rs. 500 lacs divided into 50,00,000 Equity Shares of Rs. 10/- each. The present issued and subscribed Share Capital is Rs. 440.55 lacs divided into 44,05,500 Equity Shares of Rs. 10/- each.

To enable the issue of Bonus Shares, Private Placement/ Preferential Allotment/Public Issue and Rights Issue as proposed in Item No. 9 to 11, hereinafter, as well as the issue of any Capital that may have to be made at a future date, it is necessary to increase the Authorised Capital of the Company from Rs. 500 lacs to Rs. 3000 lacs. Hence the resolution.

ITEM NO. 7. OF THE SPECIAL BUSINESS

This resolution is for alteration of clause V of the Memorandum of Association of the Company pertaining to its Share Capital, it is a necessary consequence of the resolution at Item No. 6.

ITEM NO. 8. OF THE SPECIAL BUSINESS

This resolution is for alteration of Article 3 of the Articles of Association of the Company in order to set out the increased amount of the Authorised Share Capital of the Company. It is a necessary consequence of the resolution at Item No. 6. Section 31 of the Companies Act, 1956, requires a Special Resolution for the alteration of the Articles of Association. Hence the resolution.

ITEM NO. 9. OF THE SPECIAL BUSINESS

Members are fully aware of the consistent growth achieved by the Company over the past several years in business. This level of performance has in turn led to strong financials. As a result of this sustained performance, the Company's

reserves (excluding Revaluation Reserves), have risen to Rs. 2589.94 lacs as on 31st March 1999 against paid up equity shares of Rs. 435.58 lacs - a book value of Rs. 69/- per 10/- Rupees share.

Members are also aware of Company's expansion plans directed towards increasing the present installed capacities. Having regard to these plans, the current happy position of net worth and the need to bring issued Equity Capital closer to the capital employed in the business, the Directors consider it desirable to recommend issue of Bonus Shares in the proportion of one fully paid up new equity share for every one existing equity share. The above issue would be affected by capitalising a sum of Rs. 440.55 lacs from the Share Premium Account. The proposal of Directors conforms fully to the guidelines issued in this behalf by the Securities and Exchange Board of India (SEBI).

Record date for the purpose of determining eligible Members will be fixed after this AGM, in accordance with applicable Stock Exchange Guidelines.

The proposed Bonus Share shall rank pari-passu in all respects with the existing Equity Shares of the Company.

Applications will be made to the Stock Exchanges where the Company's shares are listed for permission to deal in the said bonus shares.

Your Directors commend the resolution for your approval.

ITEM NO 10 OF THE SPECIAL BUSINESS

To meet out the expenditure towards the expansion-cum-modernisation and further to augment the working capital requirements of the Company, the Board of Directors of the Company is planning to raise further capital by way of Private Placement/Preferential Allotment/Public issue of equity shares of Rs. 10 each for cash at par or premium and/or issue of Fully Convertible Debentures/Partly Convertible Debentures (secured or unsecured) convertible into equity shares of Rs. 10 each for cash at par or premium or any other form of securities of an aggregate amount not exceeding Rs. 50 crores (Rupees Fifty crores only) in one or more tranches to such persons and in such manner and on such terms and conditions and carrying such rights, privileges and obligations as may be attached thereto in accordance with the application form(s), prospectus, Abridged prospectus, offer document or other documents as may be finalised by the Board of Directors as they may in their absolute discretion think fit".

ITEM NO 11 OF THE SPECIAL BUSINESS

The Board of Directors has recommended right issue of equity shares to the existing shareholders of the company in the ratio of 2 rights for every 1 equity share held by them. The proceeds of the right issue will be utilised for the expansion cum modernisation and to augment the further working capital requirements of the company.

Record date for the purpose of determining eligible Members will be fixed after this AGM, in accordance with applicable Stock Exchange Guidelines.

The proposed Right Shares shall rank pari-passu in all respects with the existing Equity Shares of the Company.

Applications will be made to the Stock Exchanges where the Company's shares are listed for permission to deal in the said Right Shares.

Your Directors commend the resolution for your approval.

ITEM NO 12 OF THE SPECIAL BUSINESS

The Board of Directors of the Company is planning to separate the activities relating to the Oil Division by hiving off/selling/transferring/leasing to any of its Subsidiaries or Companies under the same management, the entire or part of the Plant and Machinery along with Thermax Boiler - and other Miscellaneous Equipment/Fixed Assets installed at and/or forming part of its Oil Unit, Solvent Extraction Unit, Oil Refinery Unit & Cattle Feed Unit located at V & P.O., Khamanon at such transfer price and/or for such consideration in cash and/or in kind and/or against allotment of shares at par or premium in consideration thereof and upon such terms and conditions as may be decided by the Board of Directors."

MEMORANDUM OF INTEREST:

1. None of the directors except the appointee Sh. Balbir Singh Uppal, Sh. Janak Raj Singh Uppal, being relative of the appointee is concerned or interested in Item No.5
2. The Directors of the Company may be deemed to be concerned or interested in Item No. 6 to 9 and Item No. 11, to the extent of their equity share holding in the Company, if any.

DIRECTOR'S REPORT

To the Members of
Lakshmi Overseas Industries Ltd.

The Directors of your company have pleasure in presenting their 9th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 1999.

WORKING RESULTS

	(Rs. In Lacs)	
	1998-99	1997-98
Sales/Other Income	16653.78	15521.13
Gross Profit	2666.34	2362.67
Financial Expenses	795.51	929.61
Depreciation	133.96	119.06
Profit Before Tax for the year	815.35	614.48
Less : Provision for Difference in Exchange Rate	—	428.76
Less : Income tax for the year	55.00	18.00
Profit after tax for the year	760.35	167.72

DIVIDEND

The Board of Directors of your Company is pleased to recommend a dividend @ 10% on Equity Shares

BONUS SHARE

Members would be very pleased to learn that the Directors have recommended, subject to approvals as may be necessary, issue of Bonus Shares in the ratio of one new share for every one existing Equity Share. The above decision of the Directors has been taken having regard to Company's current earning profile, sustainability of future growth through internal generations as well as the current level of paid up equity capital in relation to total capital employed in the business.

Requisite resolutions in the above regard have been proposed for consideration and approval of share holders at the forth coming Annual General Meeting.

RIGHTS ISSUE

The Board of Directors of the Company have recommended Rights Issue subject to the necessary approvals in the ratio of Two new equity shares for every one existing equity share (on pre-bonus equity) at par or at premium to part finance its modernisation cum expansion and working capital fund requirements.

OPERATIONS

1. During the year the Company has made significant improvement in its performance over the previous on all round aspects of sales turnover, production and

profitability. The Profit after tax has increased to Rs. 760.35 lacs from Rs. 167.72 lacs, an increase of 353% over the previous year.

2. During the year your Company was successful in achieving export turnover of Rs.3793.49 lacs (previous year Rs. 4018.71 Lacs)
3. During the year Company has incurred a sum of Rs. 79 lacs on Plant & Machinery and Rs. 48 lacs on Building and Civil Works.

REVALUATION OF FIXED ASSETS

During the year company has revalued all its fixed assets as per the valuation report of the Chartered Engineer/ approved valuers. The Revaluation of the assets is made for the First time (after 17 years since its inception)

FUTURE PROSPECTS

Due to the increase in minimum support price of paddy by the govt., the cost of rice in the domestic market has gone up considerably. The Indian rice in export market has become non-competitive as compared to Vietnam and Thai rice. However, the scenario of export is expected to change in near future especially for quality rice.

To maintain the constant growth, company has planned to launch its branded products "LAKSHMI FOODS" in the consumer market in a big way and has already chalked out its market strategies accordingly. The domestic market is more lucrative and there is adequate demand for Non-Basmati rice.

SAFETY, POLLUTION CONTROL AND QUALITY CONTROL

Your Company is committed to achieve and maintain at all levels safety in plant operations for which safety provisions have been made and are checked periodically. The company is well equipped with Laboratory to ensure Quality Control of its raw material and products and stringent quality control norms have been instituted.

RESEARCH AND DEVELOPMENT

Particulars required in Form B pursuant to Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 in respect of disclosure of particulars with respect to Technology Absorption are enclosed (Annexure A)

FIXED DEPOSIT

No Deposit falling within the preview of Section 58 A of the Companies Act, 1956 have been accepted by the Company.

DIRECTORS

Pursuant to the provision of Section 256 of the Companies