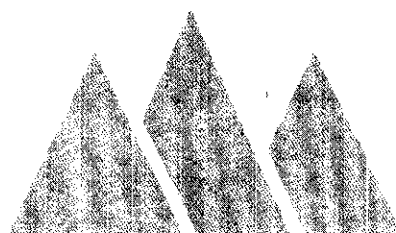


Annual Report 1999-2000

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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 :

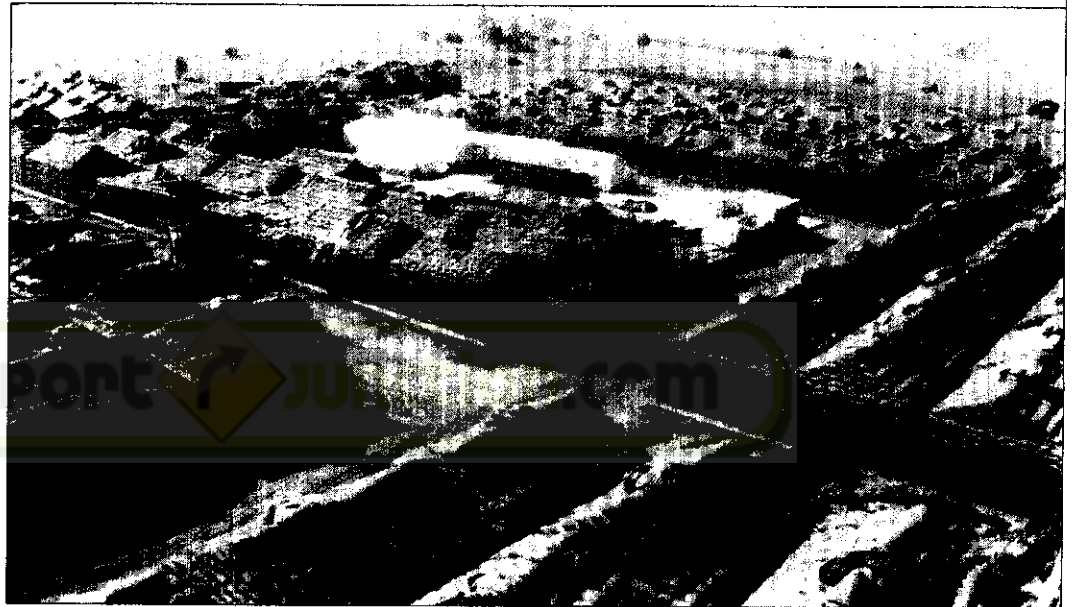
4128, 2nd Floor, Naya Bazar,
Delhi - 110006.
Ph : 011-2940958,
3912284, 2940946
Fax : 011-3912286

E-mail : foil@glide.net.in

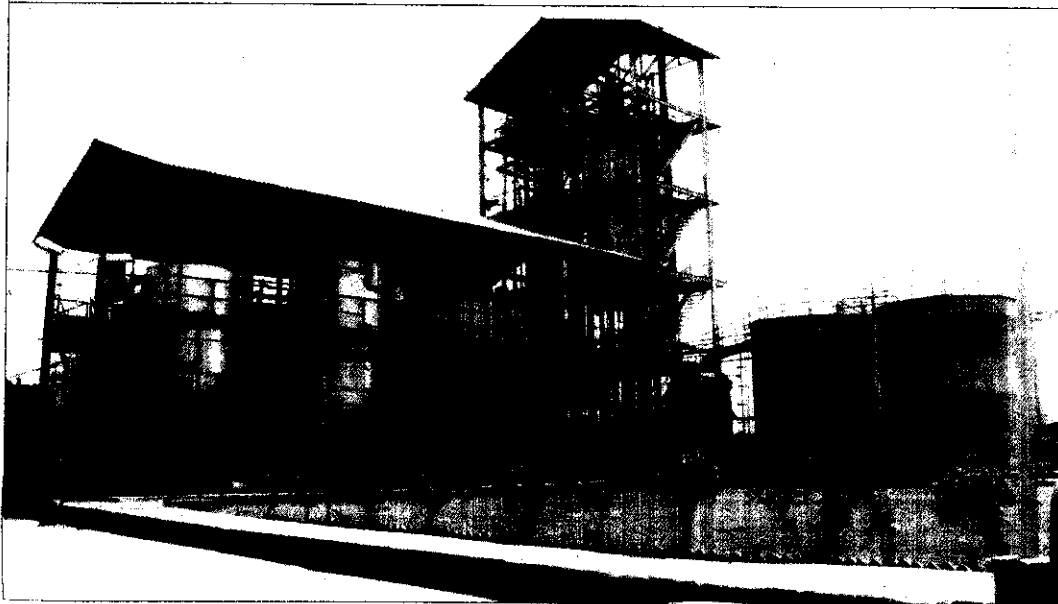
Website <http://www.lakshmioverseas.com>



A View Of Unit



A View of Stockyard



A View of Refinery

BOARD OF DIRECTORS

Sh. Balbir Singh Uppal
Chairman-cum-Managing Director

Sh. Janak Raj Singh Uppal, Director

Sh. K. R. Sharma, Director

Smt. Vijay Luxmi, Director

BANKERS

Punjab National Bank
Bank of India
Oriental Bank of Commerce

AUDITORS

S. Kumar Gupta & Associates
Chartered Accountants
Chandigarh

Sh. O. P. Sharma

Vice President (Corp. Affairs) & Secretary

Sh. S. K. Aggarwal

General Manager (Finance)

REGISTERED OFFICE

S.C.O. 18-19, 1st Floor
Sector 9-D,
Chandigarh-160 017

WORK & ADMINISTRATIVE OFFICE

V. P. O. Khamanon
Ludhiana-Chandigarh Highway
Khamanon - 140 801

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COMMERCIAL OFFICE

4128, 2nd Floor, Naya Bazar,
Delhi - 110 006

REGISTRAR & SHARE TRANSFER AGENT

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

10TH ANNUAL REPORT**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the 10th Annual General Meeting of the members of Lakshmi Overseas Industries Limited will be held on Wednesday, 15th November, 2000 at 11.00 a.m at Hotel Maya Palace, Sector 35-B, Chandigarh to transact the following business:

ORDINARY BUSINESS :

1. To consider and adopt the Balance Sheet as at 31st March ,2000, the Profit & Loss Account ended on that date and the reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri K.R Sharma, who retires by rotation and being eligible offers himself for reappointment.
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 until the conclusion of next Annual General Meeting on a remuneration to be fixed by the Board".

By Order of the Board

For Lakshmi Overseas Industries Limited

Place : Chandigarh

O. P. Sharma

Date : 30-09-2000

Vice President (Corp. Affairs)
& Secretary

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

HEREBY ENCLOSED.

2. The Register of members and the Share Transfer Books of the Company shall remain closed from 14-11-2000 to 15-11-2000.
3. The members are requested to notify the change in their address, if any, at the earliest.
4. Members desiring any information as regards accounts are requested to write to the Company at its Registered Office atleast 10 days before the date of Annual General Meeting so as to enable the management to keep the information ready.
5. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
6. Please note that as per the notification of SEBI, Lakshmi Overseas Industries Limited shares are under compulsory demat with effect from 30-10-2000 for all the investors. You may therefore, demat your equity shares holdings if not already demated, to avoid any inconvenience.

DIRECTOR'S REPORT

To the Members,

Your Directors have pleasure in presenting the 10th Annual Report of the Company, with the Audited Statement of Accounts of the Company for the year ended 31st March, 2000.

WORKING RESULTS

	(Rs in Lacs) 1999-2000	(Rs in Lacs) 1998-99
Sales/Other Income	18559.68	16653.78
Gross Profit	1378.52	2666.34
Financial Expenses	620.33	795.51
Depreciation	500.76	133.96
Previous year income written back	772.22	--
Profit before tax for the year	822.54	815.35
Less Income Tax for the year	0	55.00
Profit After tax	822.54	760.35

OPERATIONS

During the year, the Company has made significant improvement in its performance over the previous year on sales turnover. The profit after tax is Rs. 822.54 lacs.

DIVIDEND

Keeping in view the ensuing investment plans of the Company, the Board of Directors proposed to conserve the resources for the future use and do not recommend any Dividend for the year under review.

FUTURE PROSPECTS

Due to the increase of minimum support price of paddy by the Government, the procurement price of rice has gone up considerably. The Indian rice in export market has become non-competitive as compared to the price

quoted by Vietnam and Thailand. The Company has thus taken steps to expand its share in the domestic market which can give better margin of profit. The Company has also launched its "LAKSHMI FOODS" branded products and plan to reach the consumers in every corner of the country. The Company believes in utilising all available sources. Nothing should go waste. Keeping this in mind, the Company has mooted a plan to setup a 10 MW Power Project in which the basic raw material will be rice husk. Out of the total power produced, 4 MW will be used by the Company and the rest will be given to the Punjab Govt.

SAFETY, POLLUTION CONTROL & 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 raw materials and products and significant quality control norms have been instituted.

RESEARCH AND DEVELOPMENT

Particulars required in Form B pursuant to Rule 2 of the Companies (Disclosure in Particulars in 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 purview of Section 58A of the Companies Act, 1956 has been accepted by the Company.

DIRECTORS

Pursuant to the provisions of section 256 of the Companies Act, 1956, Sh K R Sharma retires by rotation and being eligible offers himself for re-appointment.

AUDITORS

M/s S. Kumar Gupta & Associates, Chartered Accountants, Chandigarh, the Statutory Auditors of the Company retire at the forthcoming Annual General Meeting and are eligible for reappointment. The Board recommends their reappointment.

AUDITORS REPORT

Comments given by the Auditors in their Audit Report are self explanatory.

INDUSTRIAL RELATIONS

Your Company gives top priority to the welfare of its employees. The industrial relations during the year remained cordial. Directors wish to record their appreciation of the excellent work done by the employees at all levels.

PARTICULARS OF EMPLOYEES

No employee was paid remuneration for which information is required to be given in the Director's Report under Section 217(2A) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The Directors wish to convey that your Company is committed to take all possible measures in its continuing quest for energy conservation. A statement giving details of conservation of energy, technology absorption, foreign exchange earning and outgo in accordance with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure "A" to Annexure "D" which is part of this report.

LISTING

The securities of the Company are listed on seven stock exchanges such as Ludhiana, Mumbai, New Delhi, Chennai, Ahmedabad, Jaipur and Calcutta. The listing fees for the year 1999-2000 for all the above stock exchanges have been paid in time.

ACKNOWLEDGEMENT

The Board of Directors take this opportunity to express their appreciation to the employees at all levels in your Company for their serious and dedicated service. The Directors also wish to place on record their appreciation for the valuable support extended by the Company's customers, bankers, financial institutions and shareholders.

For and on behalf of the Board,

Balbir Singh Uppal

Chairman-cum-Managing Director

Place Chandigarh

Date 30-09-2000

ANNEXURE TO THE DIRECTOR'S REPORT

INFORMATION AS PER SECTION 217(E) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT OF THE YEAR ENDED 31ST MARCH, 2000

TECHNOLOGY ABSORPTION, ADAPTION, INNOVATION.

1. Efforts in brief made towards technology absorption, adaptation and innovation
The product is checked with reference to the quality control on random basis. In house laboratory has been maintained, where in various lots of the product are continuously passed through stringent quality control. Efforts are also on to adopt more innovative measures for upgradation of technology where by much better quality products can be produced.
2. Benefits derived as a result of the above efforts e.g. product substitution etc.
 1. Wastage has been reduced considerably.
 2. Re-processing/Re-cycling cost has been minimised.
 3. Pollution control measures have been adopted as per the desirable norms. The re-cycling of water used in the process has reduced consumption of fresh water.
 4. Better quality of solvent oil in granulated powdered form has been achieved.
3. In case of imported technology (imported) during the last five years reckoned from the beginning of financial year, following information may be furnished.

1. Technology imported	:	NIL	NIL
2. Year of import	:	NIL	NIL
3. has technology been fully absorbed	:	NIL	NIL
4. If not, fully absorbed areas where this has not taken place, reasons thereof and future action.	:	NIL	NIL

CONSERVATION OF ENERGY

- a. Energy Conservation
Maintenance of Boiler and Electricals is carried out with optimum care, regularly through technical professionals and modern equipment.
- b. Additional investments and proposals, if any being implemented for reduction of consumption of energy.
: NIL
- c. Impact of measures at (a) above for reduction of energy consumption and consequent impact on the cost of production of goods.
Considerable saving has resulted in energy consumption through above said measures. However, there has been only a marginal saving in the cost of production due to increase in rates of Electricity.
- d. Total energy consumption and energy consumption per unit of production.

10TH ANNUAL REPORT**Power and Fuel Consumption :**

	Electricity	Current Year	Previous Year
a)	Purchased Unit	4732967.00	6608126.00
	Total Amount (Rs. In lacs)	131.10	183.27
	Rate / Unit	2.77	2.77
b)	Own Generation	-	-
	Through Diesel Generator Unit	-	-
	Units per liter of fuel oil / gas cost / unit	-	-
c)	Through Steam Turbine / Generator unit	-	-
	Units per liter of fuel oil / gas cost / unit	-	-
2.	Coal	-	-
	Quantity (MT)	-	-
	Total Cost (Rs.)	-	-
	Average Rate (Rs./MT)	-	-
3.	Others	-	-
	Quantity	-	-
	Total Cost	-	-
	Rate / Unit	-	-
Consumption per Unit of Production			
	Products (Oil & DOC)	-	-
	Unit / Electricity (per MT)	-	-
	Diesel	-	-
	Coal	-	-
	Others (specify)	-	-

Technology Absorption

- Specific areas in which R&D carried out by the Company optimising hexane losses and Broken parts of Rice.
- Benefits derived as a result of R&D : The quality of rice has been considered among the best in the market.
- Future plan of Action : The Company will continue its efforts towards cost reduction and energy conservation.
- Expenditure on R&D : Research, development and improvement of product is an in built on going activity within the existing manufacturing operations of the Company. Expenditure of R&D is not separately allocated and identified.

FOREIGN EXCHANGE EARNING AND OUTGO :

- Activities relating to export

Initiative taken to increase export markets for products for products and services of export plans :

	Current Year	Previous Year
2. Total Foreign Exchanged earned :	132,50,000.00	277312988.52
Total Foreign Exchange outgo : Travelling	215059.00	668524.00
Legal & Professional	--	278540.00
Spare Parts	--	447005.00

AUDITOR'S REPORT

The Members of

LAKSHMI OVERSEAS INDUSTRIES LTD.

We have audited the attached Balance Sheet of M/s Lakshmi Overseas Industries Limited as at 31st March, 2000 and the Profit & Loss Account for the year ended on that date annexed thereto and report that:

1. As required by manufacturing and other companies (Auditors Report) order, 1988 issued by the Company Law Board in terms of Section 227 (4A) of the Companies Act, 1956. We enclose in the Annexure a statement on the matters specified in paragraph 4 and 5 of the said order.
2. Further to our comments in the Annexure referred to in paragraph 1 above, we state that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as appears from our examination of such books.
 - c) The Balance Sheet and Profit & Loss Account referred to in our report are in agreement with the books of accounts
 - d) In our opinion, the Balance Sheet and Profit and Loss account comply with the Accounting Standards referred to in sub section (3c) of section 211 of the Companies Act, 1956
 - e) In our opinion and to the best of our information and according to the explanations given to us the said Balance Sheet and Profit and Loss account read together with notes thereon; give information required by the Company Act, 1956 in the manner so required and give true and fair view:-
 - i) In so far as it relates to Balance Sheet of the state of affairs of the Company as at 31st March, 2000.
 - ii) In so far as it relates to profit & Loss Account of the profit of the Company for the year ended as on that date.

ANNEXURE

Referred to in Paragraph 1 of our report of even date:

1. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets. As explained to us and in accordance with the program of verification, all the fixed assets have been physically verified by the management during the year were informed that no material discrepancies were noticed on such verification.
2. The Company has revalued its fixed assets as per the valuation report submitted by the valuers on 31st March 1999.
3. As explained to us physical verification of finished goods, stocks in trade, raw materials and stores & spares parts has been conducted by management during the year at reasonable intervals and at the year end except for the stock lying with the outside parties which in most of the cases have been confirmed by those parties.
4. The procedures of physical verification of stocks followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
5. The discrepancies noticed on physical verification of stocks as compared to book records were not significant and they have been properly dealt with in the books of accounts.
6. In our opinion and on the basis of our examination, valuation of stocks is fair and proper and is in accordance with the normally accepted accounting principles and is on the same basis as in the preceding year.
7. As explained to us, the Company has not taken any loan secured or unsecured from Companies, firms, or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. We were informed that there are no Companies under the same management within the meaning of Section 370(I-B) of the Companies Act, 1956.
8. No Loans have been granted to Companies, firms and other parties listed in the register maintained under Section 301 and Companies under the same management as defined under sub section (I-B) of Section 370 of the Companies Act, 1956.