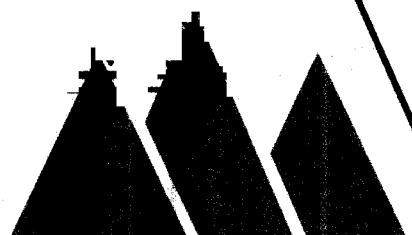


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Annual Report 2001-2002

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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 : 01628-268354, 268364
268370, 268371, 268372
Fax : 01628-268365

Commercial Office :

4128, 2nd Floor, Naya Bazar,
Delhi - 110006.
Ph : 011-3940958,
3912284, 3940946
Fax : 011-3912286

E-mail : loil@glide.net.in

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



A view of the
parboiled rice plant



Multi-grader
automatically sorts
and grades rice into
different varieties



Double - lined, seaworthy jute bags for packing rice for exports

BOARD OF DIRECTORS

Sh. Balbir Singh Uppal

Chairman-cum-Managing Director

Sh. Janak Raj Singh Uppal, Executive 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

WORKS & 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

REGISTRARS & SHARE TRANSFER AGENTS

M/s Beetal Financial & Computer Services (P) Ltd.,

321 - S, Chirag Delhi,

Near Shahid Bhagat Singh College

New Delhi - 110017

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 12th Annual General Meeting of the members of Lakshmi Overseas Industries Limited will be held on Monday, 30th September 2002 at 11:30 a.m. at Bal Bhawan, Sector 23, Chandigarh to transact the following business.

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2002, the Profit and Loss Account for the year ended 31st March, 2002 and the Reports of the Board of Directors and the Auditors Report thereon.
2. To appoint a Director in place of Mr. Janak Raj Singh Uppal, who retires by rotation and being eligible, offers himself for reappointment.
3. To consider that 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, the retiring auditors of the Company be and are hereby reappointed as Statutory Auditors of the company under Section 224A and other applicable provisions, if any, of the Companies Act, 1956, to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting on the remuneration to be fixed by the Board of Directors of the Company”.

By Order of the Board.
For Lakshmi Overseas Industries Limited

Place: Chandigarh
Date: 04-09-2002

Sd/-
O. P. Sharma
Vice President (Corp. Affairs)
& Secretary

NOTES FOR MEMBERS' ATTENTION :

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 INSTRUMENT APPOINTING A PROXY, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING AT THE REGISTERED OFFICE OF THE COMPANY. A BLANK PROXY FORM IS HEREBY ENCLOSED.
2. The Register of members and the Share Transfer Books of the Company shall remain Closed from 27-09-2002 to 30-09-2002 (both days inclusive).
3. The members are requested to notify the change in their address, if any, specifying full address in block letters with PIN CODE of their Post Offices, which is mandatory, at the earliest.
4. Members desiring any information as regards accounts are requested to write to the Company at its Registered Office at least 7 (seven) days before the date of Annual General Meeting so as to enable the management to keep the information ready.
5. Only Members carrying the Attendance Slips or the holders of valid proxies registered with the Company will be permitted to attend the meeting. Members attending the meeting are requested to bring their copy of Annual Report along with them to the Annual General Meeting, as extra copies will not be supplied.
6. Members holding shares in the identical order of names in more than one folio are requested to write to the Company enclosing their Share Certificates to enable the Company to consolidate their holdings in one folio.

DIRECTORS' REPORT

To

The Members

Your Directors have the pleasure in presenting the Twelveth Annual Report of your Company together with the Audited Statement of Accounts for the financial year ended 31st March 2002.

FINANCIAL HIGHLIGHTS

| | (Rs. in lacs) | |
|---|--------------------------|--------------------------|
| | Year ended 31.03.2002 | Year ended 31.03.2001 |
| Sales | 12267.52 | 11007.32 |
| Other Income | 204.12 | 167.61 |
| Profit before Interest, Depreciation & Tax | 805.07 | 797.37 |
| Less : Interest | 663.27 | 646.86 |
| Depreciation | 166.08 | 506.00 |
| Profit before Tax | (24.28) | (355.48) |
| Provision for Tax | 0.00 | 0.00 |
| Profit after Tax | (24.28) | (355.48) |

PERFORMANCE OF THE COMPANY & ITS OPERATIONS

During the year under review, Sales Turnover was Rs.12471.64 lacs, as against Rs. 11174.93 lacs during the previous year. The Profit/Loss after Tax was Rs. (24.28 lacs) as against Rs. (355.48) lacs during the previous year. In view of the loss, the directors do not recommend any dividend. Due to the lower demand in the international market coupled with low prices and with continued sluggishness in the economy, the price realization in the domestic market has also declined. However, the company has been able to lay cap on its

losses and has in fact recovered to an extent. The Sales Turnover has shown an increase of 11.60 percent over the previous financial year. Further, during the current financial year, there has been an improvement in the production and efforts are being made towards achieving maximum capacity utilization matching with the market demand. Your company is vigorously giving greater thrust to its operations for achieving higher growth.

FUTURE PROSPECTS

With the change of Central Govt. Policy to promote rice exports by giving special price support the demand of Punjab Rice has been increased substantially. In result the company's sale has increased and expected direct/ indirect Export Turnover through Central Govt. Export Policy by Food Corporation of India will add 1.50 lacs M.T. rice in the year 2002-2003. Your company has already expanded its share in the domestic market.

The Company has also carried out detailed studies for the export of other allied products being manufactured/ processed by it and plans to tap the international markets.

FIXED DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956.

INSURANCE

All the assets of your Company, including the Plant & Machinery, Buildings, Equipment etc. have been adequately insured.

DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of your Company, Mr. Janak Raj Singh Uppal retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is confirmed:

- (i) that in the preparation of the Balance Sheet as at 31st March, 2002 and the Profit & Loss Account of the Company for the year ended March 31, 2002, the applicable Accounting Standards had been followed along with proper explanation relating to material departures;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of state of affairs of the Company at the end of the financial year and of profit or loss of the Company for that period;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the annual accounts for the year ended March 31, 2002 have been prepared on a 'going concern' basis;

CORPORATE GOVERNANCE

One of the cornerstones of your Company is Corporate Governance. We see Corporate Governance as a system of practices aimed at ensuring transparency, fairness, independence, accountability, and social responsibility. It is our mission to implement these values as markers for every step taken by your Company, in line with our spirit to excel. Your Company firmly believes in and has consistently endeavored to practice good Corporate Governance and has acted as a good corporate citizen

even during the difficult times. The Company firmly believes in the values of transparency, professionalism and accountability in its dealing with customers, dealers, employees, shareholders and with every individual who comes in contact with the Company.

Further, the Guidelines on Corporate Governance issued by the Securities and Exchange Board of India and as incorporated in the Listing Agreement as Clause 49 shall become applicable to your Company w.e.f. Financial Year 2002-2003. Your Company has already initiated steps in this regard and shall be reconstituting the Audit Committee as well as following the other requirements laid down under Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

AUDIT COMMITTEE

The Members of the Audit Committee of the Board, as on 31.03.2002, were:

Mr. Balbir Singh Uppal, Chairman and Managing Director

Mr. K.R. Sharma, Director

Mrs. Vijay Luxmi, Director

- (1) The Audit Committee provides direction and oversees the total audit function of organization and follows up statutory audit.
- (2) The Audit Committee reviews reports of the internal Auditors, meet Statutory Auditors of Company and discuss its findings, suggestions and other related matters and reviews major accounting policies followed by the Company. The Audit Committee also reviews with the management, the quarterly and annual financial statements before their submission to the Board of Directors of Company focusing primarily on: -
 - (i) any changes in accounting policies and practices.

- (ii) major accounting entries based on exercise of judgment by management.
- (iii) qualifications in the draft audit report.
- (iv) significant adjustments arising out of audit.
- (v) the going concern assumption.
- (vi) compliance with accounting standards.
- (vii) compliance with stock exchange and legal requirements concerning financial statements.
- (viii) any related party transactions i.e. transactions, of the material nature, of the company with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.

- (3) The Audit Committee reviews the Company's financial and risk management policies.

AUDITORS

M/s. S. Kumar Gupta & Associates, Chartered Accountants, Chandigarh, Statutory Auditors of your Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment. Your Company has obtained from M/s. S. Kumar Gupta & Associates, Chartered Accountants, the certificate required under Section 224(I-B) of the Companies Act, 1956 to the effect that their reappointment, if made, would be in conformity with the limits specified in that section.

AUDITORS REPORT

The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31st March 2002 is self-explanatory and therefore does not call for any further comments.

ENERGY & FOREIGN EXCHANGE

The additional information in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of three Board of Directors) Rules, 1988, regarding the Conservation of Energy, Technology Absorption and Foreign Exchange earnings & out flow are given as Annexure -1 to this report and forms part of it.

HUMAN RESOURCE DEVELOPMENT

Your Company believes in people power. It recognizes the fact that the people are key to its sustainable success. Consequently, an HR vision forms an integral part of your Company's overall business vision and strategy.

Your Company is fully committed to people development. We therefore strive to create a working environment that is challenging and motivates people to be performance-oriented and customer-focused. Building, developing and upgrading employee competencies in line with the business needs and strategies is now an institutionalized process. The communication exercise has been accepted as a communication process to keep the employees informed of the realities being faced by the Company, and also to motivate them to take up higher responsibilities, in tune with the requirements of the Company.

Delegation, empowerment and decentralization are being pushed downward, dependent on competency levels, to foster the sense of entrepreneurship. To move towards a learner de-layered organization so as to build speed of response, your Company's drive towards manpower optimization is on.

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956

No employee of your Company falls within the provisions of Section 217(2A) of the Companies Act, 1956 read

with the Companies (Particulars of Employees) Rules, 1975.

LISTING

The Securities of the Company are listed on Seven Stock Exchanges such as Ludhiāna, Mumbai, New Delhi, Chennai, Ahmedabad, Jaipur and Calcutta. The listing fee for the year 2001-2002 for all the above Stock Exchanges were paid in time and further have also been paid for the year 2002-2003.

ACKNOWLEDGEMENTS

The Board of Directors wish to place on record their gratitude and appreciation of the dedication and commitment of your Company's employees to the growth of your Company.

Your Directors express their gratitude to the Central and State Governments, banks, financial institutions, shareholders and business associates for their continued co-operation and guidance.

For and on behalf of the Board of Directors

Place :Chandigarh
Date : 04-09-2002

Sd/-
Balbir Singh Uppal
Chairman and Managing Director

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ANNEXURE-I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTRS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2002.

A. CONSERVATION OF ENERGY**1. Energy Conservation measures taken:**

The Company has taken various Energy Conservation measures at its manufacturing/processing facilities to reduce energy consumption. The maintenance of the Boiler and Electricals is carried out regularly with optimum care with the help of the technical professionals and modern equipments.

The Company is in fact engaged in the continuous process of further energy conservation through improved operational and maintenance practices.

2. Additional investments/proposals, if any being implemented for reduction of consumption of energy :

During the year 2001-2002, the Company has not made any additional investments for the reduction of the consumption of energy on account of the resource crunch. However, with the present resources, the Company had taken overall measures to reduce the consumption of energy. This was rendered possible through proper maintenance on regular intervals of the Plant & Machinery and other electricals installed in the manufacturing/processing facilities of the company. The efficient running of the DG Sets has resulted in considerable energy saving.

3. Impact of 1 & 2 above for reduction of energy consumption and consequent impact on the cost of production of goods :

The above energy conservation measures have resulted in saving of power & diesel consumption thereby enhancing the life of equipment.

4. Total energy consumption and energy consumption per unit of production as per Form A in respect of industries specified in the Scheme thereto.

FORM A

Form of Disclosure of Particulars with respect to Conservation of Energy

| | Year ended 31.03.2002 | Year ended 31.03.2001 |
|--------------------------------------|--------------------------|--------------------------|
| A. POWER AND FUEL CONSUMPTION | | |
| 1. Electricity | | |
| (a) Purchased | | |
| - Units (KWH in Thousand) | 5426.45 | 4854.14 |
| - Total Amount (Rs. Lacs) | 181.79 | 162.61 |
| - Rate/Unit (Rs.) | 3.35 | 3.35 |
| (b) Own Generation | - | - |
| (i) Through Diesel Generator | - | - |
| - Units (KWH in Thousand) | | |
| - Unit per litre of Diesel/Oil | | |
| - Rate/Unit (Rs.) | | |
| (ii) Through Steam Turbine/Generator | - | - |
| - Units (KWH in Thousand) | | |
| - Rate/Unit (Rs.) | | |
| 2. Coal | - | - |
| - Quantity (MTS) | | |
| - Total Cost (Rs. In lacs) | | |
| - Average rate (Rs. Per MT) | | |
| 3. Furnance Oil | - | - |
| - Quantity (K. Its.) | | |
| - Total Cost (Rs. In lacs) | | |
| - Average rate (Rs. Per Kltrs) | | |
| 4. Other/Internal Generation | - | - |
| - Quantity | | |
| - Total Cost | | |
| - Rate/Unit | | |
| B. CONSUMPTION PER MT | | |
| Electricity (KWH) | - | - |
| Furnance Oil (Ltr.) | - | - |
| Coal (Kgs.) | - | - |