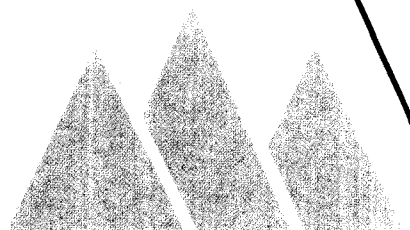


Annual Report 2002-2003

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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 :

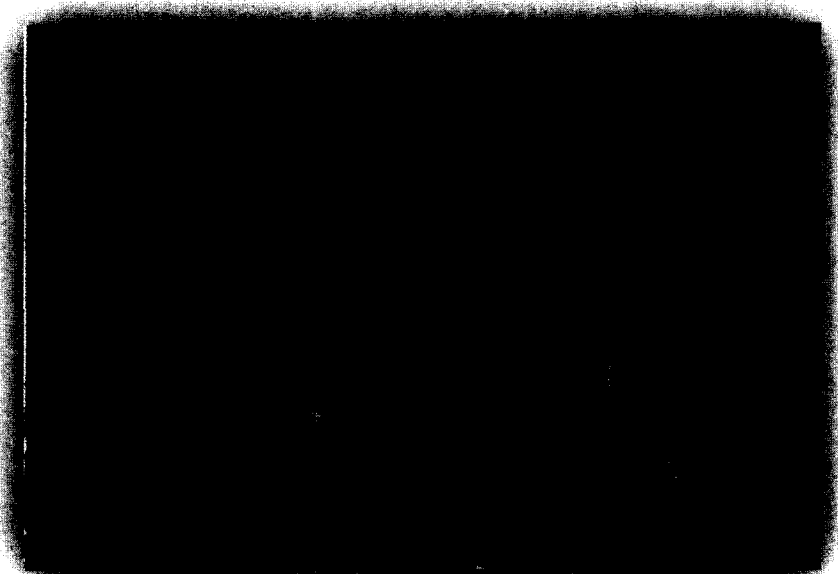
Chandigarh-Ludhiana Highway
Khamanon (Punjab) 140801.
Ph : 01628-268354, 268364
268370, 268371, 268372
Fax : 01628-268365

International & Commercial Office :


4128, 2nd Floor, Naya Bazar,
Delhi - 110006.
Ph : 011-23940958,
23912284, 23940946
Fax : 011-23912286

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

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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. J. P. Sharma, Director

Smt. Vijay Luxmi, Director

Sh. Amarjit Singh, Director

Sh. Kamal Dewan, Director

Sh. Rakesh Verma, Director

BANKERS

Punjab National Bank

Bank of India

Oriental Bank of Commerce

AUDITORS

S. Kumar Gupta & Associates

Chartered Accountants

Chandigarh

Sh. S. K. Aggarwal

General Manager (Finance)

Sh. Inderpreet Singh

Company Secretary

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 13th Annual General Meeting of the members of Lakshmi Overseas Industries Limited will be held on Friday, 10th October 2003 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 2003, the Profit and Loss Account for the year ended 31st March, 2003 and the Reports of the Board of Directors and the Auditors Report thereon.
2. To appoint a Director in place of Mrs. Vijay Luxmi, who retires by rotation and being eligible, offers herself 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”.

Special Business:

4. To appoint a Director in place of Sh Amarjit Singh, who holds office upto the date of Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 94 of the Articles of Association, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956.
5. To appoint a Director in place of Sh Rakesh Verma, who holds office upto the date of Annual General

Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 94 of the Articles of Association, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956.

6. To appoint a Director in place of Sh J P Sharma, who holds office upto the date of Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 read with Article 94 of the Articles of Association, but being eligible, offers himself for re-appointment and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director under Section 257 of the Companies Act, 1956.
7. To allot equity shares not exceeding 15% of existing paid up equity capital to a select group at a price to be arrived within the SEBI's guidelines by passing the following resolution.

“RESOLVED THAT in terms of section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and in accordance with Articles of Association of the Company and subject to the consent of Securities and Exchange Board of India (SEBI) and all other concerned authorities and departments, if and to the extent necessary, and to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed in granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company, at its sole discretion, the consent of the company be and is hereby accorded to the Board to issue, offer, in one or more trenches, all or any of the following, in one or more combinations thereof, equity shares of Rs 10/- each, at par or at premium as the Board in its absolute discretion may at any time or at time(s) herein after decide in the aggregate not exceeding 15% of the existing equity shares for cash at premium or at par in one or more trenches as the Board may deem fit to a

select group at the price arrived as per the SEBI's guidelines.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board of Directors of the Company be and is hereby authorized to take such steps and to do all such acts, deeds matters and things and inter-alia changes in volume of allotment to and between the elect group and accept any alteration or modification(s) as necessary to settle any question or difficulty that may arise in regard to the issue and allotment of the said equity shares in such manner as may appear to the Board of Directors to be most beneficial to the Company.

8. To increase the authorised share capital of the Company by passing the following Special resolution-

"RESOLVED THAT the Company do raise its authorized capital from Rs 10 Crores divided into 1,00,00,000 equity shares of Rs 10 each to Rs 12 Crores divided into 1,20,00,000 equity shares of Rs 10 each subject to obtaining the approval of the Company in general meeting.

RESOLVED FURTHER that such consequential amendments as may be necessary in the Memorandum & Articles of Association be made subject to obtaining of the approval of the company in general Meeting"

By Order of the Board.

For Lakshmi Overseas Industries Limited

Sd/-

Inderpreet Singh

(Company Secretary)

Place: Chandigarh

Date: 10.09.2003

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 27.09.2003 to 29.09.2003 (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.
7. An explanatory statement under section 173 of the Companies Act, 1956 in respect of the Special Business at Item No 4 , 5, 6 , 7 and 8 is appended hereto.

ANNEXURE TO THE NOTICE**Explanatory Statement pursuant to Section 173 of the Companies Act, 1956****Item No 4**

Mr Amarjit Singh was appointed as additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 at a meeting of the Board of Directors held on 12.12.2002. Pursuant to Section 260 of the said Act read with Article 94 of the Company's Article of Association, Mr Amarjit Singh holds office upto the date of this Annual General Meeting.

A notice has been received by the Company from a member, under Section 257 of the said act, signifying his intention to propose Mr Amarjit Singh as a candidate for the office of Director.

Mr Amarjit Singh has rich and varied experience in Corporate Management, a seasoned veteran in Consumer and Corporate Financial Services.

The Board of Directors consider, having regard to Mr Amarjit Singh's experience that it would be in the interest of the Company to appoint him as a Director and accordingly recommend that he be appointed.

Mr Amarjit Singh is interested in the Resolution since it relates to his appointment.

Item No 5

Mr Rakesh Verma was appointed as additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 at a meeting of the Board of Directors held on 28.08.2003. Pursuant to Section 260 of the said Act read with Article 94 of the Company's Article of Association, Mr Rakesh Verma holds office upto the date of this Annual General Meeting.

A notice has been received by the Company from a member, under Section 257 of the said act, signifying his intention to propose Mr Rakesh Verma as a candidate for the office of Director.

The Board of Directors consider, having regard to Mr Rakesh Verma's experience that it would be in the interest of the Company to appoint him as a Director and accordingly recommend that he be appointed.

Mr Rakesh Verma is interested in the Resolution since it relates to his appointment.

Item No 6

Mr J P Sharma was appointed as additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 at a meeting of the Board of Directors held on 02.05.2003. Pursuant to Section 260 of the said Act read with Article 94 of the Company's Article of Association, Mr J P Sharma holds office upto the date of this Annual General Meeting.

A notice has been received by the Company from a member, under Section 257 of the said act, signifying his intention to propose Mr J P Sharma as a candidate for the office of Director.

The Board of Directors consider, having regard to Mr J P Sharma's experience that it would be in the interest of the Company to appoint him as a Director and accordingly recommend that he be appointed.

Mr J P Sharma is interested in the Resolution since it relates to his appointment.

Item No 7

The Company has registered impressive growth both in domestic as well as International Market. The Company endeavors to achieve greater heights and multiply the performance manifold. In order to maintain the tempo of the growth, it is required to mobilize long term resources for this purpose. The Company therefore wishes to enhance the equity capital of the Company by way of making preferential allotment to the select group.

The total no. of equity shares to be allotted under preferential allotment shall be 15% of the existing equity capital of the company as per SEBI norms.

The select group shall not have any relationship with the existing promoters.

The Company shall comply with the guidelines of SEBI with respect to pricing of equity shares to be offered under preferential allotment.

The Company proposes to complete the Preferential Allotment within 90 days of the allotment as per the SEBI guidelines

The promoters, directors and key management persons do not intend to subscribe the proposed preferential allotment.

Item No 8

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 Authorized Share Capital of the Company. Section 31 of the Companies Act, 1956 requires a special resolution for the alteration of the Articles of Association. Hence the resolution.

For Lakshmi Overseas Industries Limited

Sd/-

Inderpreet Singh
(Company Secretary)

Place: Chandigarh

Date: 10.09.2003

REPORT OF THE DIRECTORS

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 2003.

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	Year ended 31.03.2003	Year ended 31.03.2002
Sales	12507.85	12267.52
Shelling Income	248.91	96.87
Other Income	52.32	107.25
Profit before Interest, Depreciation & Tax	790.41	805.07
Less : Interest	592.78	663.27
Depreciation	186.84	166.08
Profit before Tax	10.79	(24.28)
Provision for Tax	4.00	0.00
Profit after Tax	6.79	(24.28)

PERFORMANCE

Despite the Industry's slow pace of growth and competitive market forces, from both within and outside India, the Company's efforts in various directions towards improved performance indicators have yielded the desired results. The turnover of the Company from own sources comes to be Rs. 125 Crores (approx).

Further the Directors are pleased to inform you that the Company achieved 90 % capacity utilization of plant taking into consideration the milling/shelling of various govt. agencies worth Rs. 126 crores (approx) as compared to the previous year figure of Rs 84 Crores (approx). It shows that if the Company utilizes its 100% capacity, the turnover of the Company will cross Rs. 300 Crores (approx).

FUTURE PROSPECTS

Due to increase of minimum support price of paddy as well as rice by the Government, the procurement price of rice has gone up as a result of which the Indian rice in the export market has become non-competitive as compared to the price quoted by other South Asian Countries particularly Vietnam and Thailand. However due to the change in the rice export policy of Government of India, FCI has exported the rice procured from your company on subsidised rates of export. 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, Mrs. Vijay Luxmi retires by rotation at the ensuing Annual General meeting and being eligible, offers himself for reappointment.

The office of Mr K R Sharma was vacated during the year u/s 283(1)(g) of the Companies Act, 1956

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, 2003 and the Profit & Loss Account of the Company for the year ended March 31, 2003, 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, 2003 have been prepared on a 'going concern' basis;

CORPORATE GOVERNANCE

A separate section on Corporate Governance is included in the Annual Report and the Certificate from the Company's Auditors confirming the compliance of conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with the Stock Exchanges is annexed thereto.

AUDITORS

M/s. S. Kumar Gupta & Associates, Chartered Accountants, Chandigarh, Statutory Auditors of the Company will retire at the end of the ensuing Annual General Meeting, are eligible for re-appointment. They have furnished a Certificate to the effect that the proposed re-appointment, if made, will be in accordance with sub-section (1B) of section 224 of the Companies Act, 1956.

AUDITORS REPORT

The Statutory Auditors' Report on the Accounts of the Company for the financial year ended 31st March 2003 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.

EMPLOYEE RELATIONS

Employee Relations were cordial during the year. The Directors are pleased to record their appreciation of the services rendered by the employees at all levels.

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.

ACKNOWLEDGEMENTS

The Directors express their gratitude to all the Members, Dealers, customers, suppliers, bankers and other business associates for their continued loyalty and support to the company.

The Directors also wish to place on record their deep appreciation for the spirit of dedication and the immense contribution made by the employees at all levels, who through their competence, diligence and hard work have helped the company to achieve better performance during the year.

For and on behalf of the Board of Directors

Place :Chandigarh

Date : 10-09-2003

Sd/-

Balbir Singh Uppal
Chairman and Managing Director

Auditors' Certificate on Compliance of Conditions of Corporate Governance Under Clause 49 of the Listing Agreement(s)

To the Members of Lakshmi Overseas Industries Limited

We have reviewed the implementation of Corporate Governance procedures by Lakshmi Overseas Industries Limited during the year ending March 31, 2003, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the Financial Statements of the Company.

We further state that such compliance is neither an assurance as to the future viability of the nor the efficiency of effectiveness with which the management has conducted the affairs of the Company.

On the basis of our review and according to the information and explanations given to us, the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement(s) with the stock exchanges have been complied with in all material respect by the company and that no investor grievance(s) is / are pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

(Sd/-)

(Sunil Gupta)

Prop.

for and on behalf of
S. Kumar Gupta & Associates

ANNEXURE-I

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH 2003.

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 Electrical Equipments 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 2002-2003, 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.