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ANNUAL REPORT 1996-97



CHAMAN LAL SETIA EXPORTS LTD.

Board of Director

Chaman Lal Setia

Vijay Setia

Rajeev Setia

Chairman Cum Managing director

Executive Director

Executive Director

Auditors

M/s. Vivek Kapoor & Co.

Chartered Accountants

B-26, Majitha Road,

Amritsar.

Bankers

Punjab National Bank,

IBB, The Mall Road,

Amritsar

Registered Office,

344-A, Green Avenue,

Amritsar

Works

- Meerankot, Rajasansi Road, Amritsar

- Kaithal Road, Karnal

Registrar & Share Transfer Agent

BEETAL Financial & Computer Services (P) Ltd.,

321-S, Chirag Delhi,

(Near Shaheed Bhagat Singh College)

New Delhi-110017

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NOTICE TO THE MEMBERS

Notice is hereby given that the Third Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Monday, the 29th September 1997 at 10.00 A.M at the Factory premises at Meran Koj Road Amritsar, to transact the following business:

(A) ORDINARY BUSINESS

1. To consider and adopt the Directors Report and audited Balance Sheet and the profit & Loss Account as at and for the year ended 31.03.97 and the Auditors Report thereon.
2. To appoint a Director in place of Mr. Rajeev Setia, who retires by rotation but being eligible, offers himself for reappointment.
3. To appoint Auditors for the next year and to fix their remuneration. M/s Vivek Kapoor & Co are eligible and available for reappointment.
4. To declare dividend.

(B) SPECIAL BUSINESS

5. To Consider and if thought fit, to pass, with or without modifications, the following Resolution as an ordinary Resolution:

"Resolved that Sh. Inder Dev Kukkar Who was appointed as an additional Director under section 260 of the Companies Act 1956 and in respect of Whom the Company has received a Notice in Writing from a member, proposing him as a candidate for the office of Director, under the provisions of section 257 of the Companies Act 1956 be and is hereby appointed a Director of the Company, liable to retire by rotation."

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member.
2. The instrument of proxy must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the aforesaid meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed From Saturday, Sep. 20, 1997 to Sunday Sep. 28, 1997 (Both Days inclusive)
4. Cases of Transfer of Shares may be referred to the Registrar, Whose address has been given at title page.
5. Shareholders are requested to intimate to the Company, changes, if any, in their registered address including PIN CODE number.
6. Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.
7. Enquiries, if any, about the Annual Accounts, may please be intimated to the Company at least Seven days in advance of the date of Annual General Meeting.

By Order of the Board

Place: Amritsar
Dated: 16.08.1997

Rajeev Setia
Director

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT 1956.

ITEM NO 5:-

In terms of Section 257 of the Companies Act 1956. Notice has been received from a member signifying his intention to propose Sh. Inder Dev Kukkar as a Candidate for the office of Director. As Sh. Inder Dev Kukkar has wide experience in business and it is desirable the Company should avail of his services as a member of the Board.

Yours Director recommend his appointment.

By Order of the Board

Place: Amritsar
Dated: 16.08.1997

Rajeev Setia
Director

**DIRECTORS' REPORT**

To The Members,

Yours Director have pleasure in presenting the III Annual Report together with the audited Accounts of the Company for the year ended 31st March 1997.

1.FINANCIAL RESULTS:-

Particulars	Amount (Rs.in Lacs) Y.E.31.3.1997	Amount (Rs. in lacs) Y.E.31.3.1996
Export turnover	2505.00	1520.00
Domestic turnover	1022.00	865.00
Other Income	14.00	23.50
Profit before Intt. & Depreciation	284.26	309.29
Intt	71.65	97.42
Provision for Depreciation	81.00	9.91
Profit before Tax	131.61	201.64
Provision for Tax	15.00	3.50
Profit After Tax	116.61	198.14
Proposed Dividend including Tax	180.03	109.00
Transfer To General Reserve	11.66	19.81
Carried to Balance sheet	150.30	332.31

Export turnover increased by more than 65 % during the year ending 31.3.97, In spite of fierce competition in the overseas market and bottlenecks in despatch, because of congestion at Port. There was also a steady increase in the domestic turnover, but more emphasis was given on overseas business which was further streamlined during the Year.

3.Deposits

The company has not accepted any deposits falling within the purview of Sec 58A of the Companies Act 1956 and as such no deposits were overdue as on 31.03.97.

4.Personnel

Relation with man force of the Company have remained cordial, through out the Year .

5. Directors

Sh.Rajeev Setia whole Time Director of the company retires by rotation at the Annual General Meeting and being eligible offers himself for re-election.

6.Statement u/s 217 (1) (e) of the Companies Act

The requirements for disclosure of particulars with respect to conservation of energy are not applicable to the company. A statement giving details of technology absorption, foreign exchange earning and outgo in accordance with the above provisions is annexed here to as Annexure 'A' and forms parts of this report.

7.Particulars of employees

The Company has no employee of the category specified in sub section (2A) of section 217 of the Companies Act 1956.

8.Auditors' Report

The notes on accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further Comments.

9.Auditors

M/S. Vivek Kapoor & company, retire at the conclusion of the Forthcoming Annual General meeting and are available for re-appointment.

**COMPARISON OF PROJECTED & ACTUAL RESULTS**

Particulars	Projected	Actuals
Total Sales	6012.00	3541.13
Gross Profit	1318.00	606.12
Depreciation	50.45	81.00
Profit before Tax	862.51	131.61
Profit after Tax	819.96	116.61
Cash Profit	912.96	222.30
Dividend(Including tax)	188.10	180.03
Dividend % age	20	18
Share Capital	940.50	909.24
Reserves & Surplus (Before dividend)	2580.73	1297.35
Net Worth	3521.23	2026.57
EPS	8.72	1.22
Book Value	37.44	21.35

The underlying causes of not meeting the projections can be attributed to fierce competition in the overseas market as well as in the Domestic market. The longer gestation period taken in the installation & commissioning of additional machinery at our Karnal Unit can also be added as one of the reasons for the same.

10.Dividend

Keeping in view the aspirations of shareholders, your directors feel pleasure in recommending a dividend of 18% on pro-rata basis.

Appreciation

Your Directors place on record their sincere appreciation of the services rendered by the employees of the company. They are thankful to shareholder, bankers, customers, suppliers.

FOR AND ON BEHALF OF THE BOARD

Place: Amritsar

Dated: 16.08.1997

CHAMAN LAL SETIA

Chairman cum Managing Director

ANNEXURE A

Particular as requires under Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Directors' Report for the year ended 31.03.1997.

A. CONSERVATION OF ENERGY

The Company is not required to give particulars in respect of provisions mentioned in Form A. However, the Company is making efforts to improve methods of energy conversation and its utilization.

B. TECHNOLOGY ABSORPTION**(i) Research And Development (R AND D)**

1. Specific areas in which R And D carried out by the Company.

No separate R & D unit exists.

2. Benefits derived as a result of the R And D.

NOT APPLICABLE.

3. Future plan of action.

The Company will try to assists any R & D Unit of any academy/University in this line.

4. Expenditure on R and D.

NIL

(ii) Technology absorption, adoption and innovation.

The Company has completely indigenous technology & has not imported any technology from abroad.

**CONSOLIDATED BALANCE SHEET AS ON MARCH 31, 1997.**

SOURCES OF FUNDS	SCHEDULE	THIS YEAR AMOUNT (Rs). 31.03.1997	LAST YEAR AMOUNT (RS). 31.03.1996
SHAREHOLDERS FUNDS			
(a) SHARE CAPITAL	1	90924300.00	90827800.00
(b) SHARE APPLICATION MONEY			
(c) RESERVES AND SURPLUS	2	111732712.00	117531623.38
LOAN FUNDS			
(a) SECURED LOAN	3	46830046.00	55117398.00
<u>TOTAL</u>		<u>249487058.00</u>	<u>263476821.38</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
(a) GROSS BLOCK		41844985.00	36144540.38
(b) LESS DEPRECIATION		9703442.00	1603428.00
(c) NET BLOCK	4	32141543.00	34541112.38
INVESTMENT	5	500000.00	500000.00
CURRENT ASSETS, LOANS & ADVANCES			
(a) INVENTORIES	6	176908988.00	176543882.00
(b) SUNDRY DEBTORS	7	41696781.00	43746613.00
(c) CASH & BANK BALANCES	8	20697492.00	18128798.00
(d) LOANS AND ADVANCES	9	4439482.00	2794227.00
		<u>243742743.00</u>	<u>241213520.00</u>
LESS : CURRENT LIABILITIES AND PROVISIONS	10	33921333.00	20770616.00
NET CURRENT ASSETS		209821410.00	220442904.00
MISC. EXPENDITURE	11	7024105.00	7992805.00
(To the extent not written off or adjusted)			
<u>TOTAL</u>		<u>249487058.00</u>	<u>263476821.38</u>
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	19		

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

VIVEK KAPOOR
PROP.FOR VIVEK KAPOOR & CO.
CHARTERED ACCOUNTANTSPLACE : AMRITSAR
DATE : 16.08.1997CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTORRAJEEV SETIA
EXECUTIVE DIRECTOR

**CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1997**

INCOME	SCHEDULE	THIS YEAR AMOUNT(RS) 31.03.1997	LAST YEAR AMOUNT(RS) 31.03.1996
SALES & OTHER INCOME	12	354113765.00	240944743.00
INCREASE/(DECREASE) IN STOCK OF WORK IN PROGRESS & FINISHED GOODS	13	-11874560.00	-12068642.00
		<u>342239205.00</u>	<u>228876101.00</u>
EXPENDITURE			
MANUFACTURING EXPENSES	14	281627472.00	167046592.00
PERSONEL EXPENSES	15	2456960.00	2088500.00
ADMINISTRATIVE EXP.	16	4836206.00	3695036.00
FINANCIAL EXPESNES	17	7196774.00	9742093.00
SELLING & DISTRIBUTION	18	24891695.00	25148411.00
DEPRECIATION	4	8100014.00	991475.00
	TOTAL	<u>329109121.00</u>	<u>208712107.00</u>
PROFIT FOR THE YEAR BEFORE TAX		13130084.00	20163994.00
PROVISION FOR TAXATION		-1500000.00	-350000.00
PROFIT AFTER TAXES		11630084.00	19813994.00
PRIOR YEAR TAX ADJUSTMENTS		-255571.00	-1124357.00
PRIOR YEAR DIVIDEND ADJUSTMENT		490092.00	0.00
PROFIT/LOSS B/F FROM BALANCE SHEET		22331007.98	16522106.38
AMOUNT AVAILABLE FOR APPROPRIATION		34195612.98	35211743.38
PROPOSED DIVIDEND (INCLUDING INCOME TAX)		18003011.00	10899336.00
TRANSFERRED TO GENERAL RESERVE		1163008.40	1981399.40
BALANCE CARRIED TO BALANCE SHEET		15029593.58	22331007.98

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

VIVEK KAPOOR
PROPFOR VIVEK KAPOOR & CO.
CHARTERED ACCOUNTANTSPLACE : AMRITSAR
DATE : 16.08 1997CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTORRAJEEV SETIA
EXECUTIVE DIRECTOR



**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1997.**

SCHEDULE 1

SHARE CAPITAL	THIS YEAR AMOUNT (RS) 31.03.1997	LAST YEAR AMOUNT (RS) 31.03.1996
AUTHORISED 1,20,00,000 Equity Shares of Rs.10/- each	120000000.00	120000000.00
ISSUED, SUBSCRIBED AND PAID UP 9498300 Equity Shares (PRV Year 9498300) of Rs 10/- each.	94983000.00	94983000.00
LESS CALLS IN ARREARS	-4058700.00	4155200.00
TOTAL	90924300.00	90827800.00

SCHEDULE 2

RESERVES & SURPLUS		
SHRI GANESHJI & LAKSHMIJI CAPITAL SUBSIDY 80000	21.00	21.00
ADD RECD. DURING THE YEAR 50000		
LESS TRF TO GENERAL RESERVE (-)30000	100000.00	80000.00
GENERAL RESERVE		
BALANCE AS PER LAST BALANCE SHEET	3837189.00	1835790.00
ADD AMOUNT TRANSFERRED FROM PROFIT & LOSS A/C	1163008.40	1981399.40
ADD AMOUNT FROM SUBSIDY	30000.00	20000.00
	5030197.40	3837189.40
SHARE PREMIUM	91572900.00	91283405.00
PROFIT & LOSS ACCOUNT	15029593.58	22331007.98
TOTAL	111732711.98	117531623.38

SCHEDULE 3

SECURED LOAN		
I CASH CREDIT	0.00	2032536.00
II PACKING CREDIT	46830046.00	53084862.00
TOTAL	46830046.00	55117398.00

SECURITIES

{I,II} From Banks against hypothecation of goods including raw materials, goods in process, finished goods and book debts (all Present and future)

The above loans are also personally guaranteed by Three Indian Directors

SCHEDULE 4**FIXED ASSETS**

S.No.	FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	PARTICULAR	OPENING BALANCE AS AT	ADDITIONS DURING YEAR (Rs.)	LESS DURING YEAR (Rs.)	CLOSING BALANCE AT 31.3.97 YEAR (Rs.)	UP TO 1.4.96	DEPRE- CIATION DURING 31.3.97	LESS DURING YEAR	TOTAL UPTO AT	AS AT 31.3.97 (Rs)	AS AT 31.3.96 (Rs)
1	LAND	3129648	45500	0	3176148	0	38250	0	38250	3137898	3129648
2	FACTORY BUILDING	8073957	1159200	0	9233157	800277	727368	0	1527645	7705512	7273680
3	PLANT MACHINERY	21830985	3233851	33607	25081229	2081593	4306571	0	6388164	18693065	19749392
4	WOODEN CRATES	225313	280435	13200	492548	225313	280435	13200	492548	0	0
5	CAR	2173697	345536	0	2519233	611394	427304	0	1038698	1450535	1562303
6	FURNITURE & FIXTURE	48809	33011	0	81820	26324	37040	0	63404	13416	22485
7	TARPAL	32025	122708	0	154733	32025	122708	0	154733	0	0
8	BUILDING IN PROGRESS	0	357788	0	357788	0	0	0	0	357788	0
9	MACHINERY UNDER INS- TALATION	0	748330	0	748330	0	0	0	0	748330	0
		35514434	6377359	46807	41844986	3776926	5939715	13200	9703442	32141544	31737508

**SCHEDULE 5****INVESTMENT**

	THIS YEAR AMOUNT(RS) 31.03.1997	LAST YEAR AMOUNT(RS) 31.03.1996
50,16.5% Unsecured redeemable bonds of PNB of the face value of Rs.10000/- each.	500000.00	500000.00
	<u>500000.00</u>	<u>500000.00</u>

SCHEDULE 6**INVENTORIES****STOCK IN TRADE**

(Valued at cost or Net realisable value which ever is less
& as per inventories taken and certified by management)

RAW MATERIAL & COMPONENTS

77017691.00

66176185.00

FINISHED GOODS

99891297.00

110367697.00

176908988.00176543882.00**SCHEDULE 7****SUNDRY DEBTORS****UNSECURED CONSIDERED GOOD****FOR A PERIOD EXCEEDING SIX MONTHS**

267045.00

277501.00

OTHERS

41429736.00

43469112.00

TOTAL41696781.0043746613.00**SCHEDULE 8****CASH & BANK BALANCES****CASH & CHEQUES IN HAND**

5433045.00

1143356.00

CASH WITH SCHEDULED BANKS**-IN CURRENT ACCOUNT**

14059178.00

10759242.00

-IN SHARE APPLICATION MONEY ACCOUNT***

0.00

4614.00

-IN FIXED DEPOSIT/MARGIN MONEY ACCOUNT

1204269.00

6102764.00

-INTEREST ACCRUED ON DEPOSITS

0.00

114359.00

-CASH IMPREST ACCOUNT

1000.00

4463.00

TOTAL20697492.0018128798.00**SCHEDULE 9****LOANS AND ADVANCES****ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE
TO BE RECEIVED::****UNSECURED CONSIDERED GOOD****SECURITY AND OTHER DEPOSITS**

326055.00

319005.00

STAFF & WORKERS

296396.00

271143.00

FOR PURCHASE OF MACHINERY

1192088.00

437600.00

FOR EXPENSES & OTHERS

563577.00

825951.00

ADVANCE TAX /TDS

2061366.00

924626.00

INTT/BROKERAGE ACCURED ON INVESTMENT

0.00

15902.00

4439482.002794227.00

**SCHEDULE 10****CURRENT LIABILITIES AND PROVISIONS**

	THIS YEAR AMOUNT(RS) 31.03.1997	LAST YEAR AMOUNT(RS) 31.03.1996
SUNDRY CREDITORS	10086513.00	7172316.00
OTHER LIABILITIES	2961207.00	1535249.00
DIVIDEND/REFUND PAYABLE	436748.00	0.00
PROVISIONS		
INCOME TAX(Net of Advance Tax)	2407508.00	907508.00
DIVIDEND(INCLUDING INCOME TAX)	18003011.00	10899336.00
T.D.S PAYABLE	26346.00	256207.00
TOTAL	33921333.00	20770616.00

SCHEDULE 11**MISCELLANEOUS EXPENDITURE
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)****A) PRELIMINARY EXPENSES**

AS PER LAST BALANCE SHEET	298923.00	336288.00
LESS : 1/10TH WRITTEN OFF	37365.00	37365.00
SUB-TOTAL	261558.00	298923.00

B) PUBLIC ISSUE EXPENSES

AS PER LAST BALANCE SHEET	5505042.00	6193172.00
LESS : 1/10TH WRITTEN OFF	688130.00	688130.00
SUB-TOTAL	4816912.00	5505042.00

DEFERRED REVENUE EXPENSES

LESS : 1/10TH WRITTEN OFF	2188839.00	2432044.00
	243204.00	243204.00
SUB-TOTAL	1945635.00	2188840.00
TOTAL	7024105.00	7992805.00

SCHEDULE 12**SALES AND OTHER INCOME****SALES :-**

* EXPORT	250516896.00	152014744.00
* LOCAL	102185466.00	86570413.00
SUB-TOTAL	352702362.00	238585157.00

OTHER INCOME :-

INTEREST RECEIVED/ACCRUED		
* ON FIXED DEPOSIT WITH BANKS	92638.00	1571239.00
* OTHERS	0.00	5096.00
SALE OF LICENCES	1209062.00	617819.00
MISC.RECEIPTS	109703.00	165432.00
SUB-TOTAL	1411403.00	2359586.00
TOTAL	354113765.00	240944743.00

SCHEDULE 13**INCREASE(DECREASE) IN STOCKS OF WORK IN PROGRESS
AND FINISHED GOODS****OPENING STOCK**

-FINISHED GOODS	109767697.00	121836339.00
-LESS STOCK IN TRANSIT	361375.00	0.00
	109406322.00	121836339.00

CLOSING STOCK

-FINISHED GOODS	97531762.00	109767697.00
INCREASE/DECREASE IN STOCKS	(-)11874560.00	(-)12068642.00

**SCHEDULE 14**

EXPENSES	THIS YEAR AMOUNT(RS) 31.03.1997	LAST YEAR AMOUNT(RS) 31.03.1996
MANUFACTURING EXPENSES		
RAW MATERIAL AND COMPONENTS CONSUMED	255139341.00	147885836.00
ELECTRICITY EXPENSES	3172452.00	2202785.00
MACHINERY REPAIR & MAINTENANCE	2317087.00	1236651.00
FREIGHT & CARTAGE	1200542.00	89246.00
SHELLER LEASE	300000.00	300000.00
BARDANA REPAIRS	457723.00	309544.00
WAGES	2165829.00	1386705.00
PACKING EXPENSES	1938647.00	1365099.00
STACKING,WEIGHING LOADING,UNLOADING EXP	2069113.00	1061397.00
OIL & GREASE	63442.00	64797.00
GENERATOR EXPENSES	1374533.00	425839.00
PACKING MATERIAL /EMPTY COST	11224329.00	10537556.00
FUMIGATION	67296.00	0.00
ALUMINUM TOP	137138.00	0.00
MISC EXPENSES	0.00	181127.00
TOTAL	281627472.00	167046582.00

SCHEDULE 15

PERSONNEL EXPENSES *		
SALARIES/WAGES	1008936.00	917829.00
ALLOWANCES TO STAFF/WORKERS	136990.00	70442.00
DIRECTORS REMUNERATION	939089.00	873816.00
EMPLOYEES PROVIDENT/FAMILY PENSION	186662.00	99299.00
BONUS	103825.00	89800.00
STAFF WELFARE & MEDICAL EXPENSES	81458.00	37314.00
TOTAL	2456960.00	2088500.00

SCHEDULE 16

ADMINISTRATIVE EXPENSES		
INSURANCE	1052616.00	330534.00
LEGAL EXPENSES	372110.00	217889.00
POSTAGE,TELEPHONE & COURIER EXPS.	883195.00	951104.00
VEHICLES REPAIR & MAINTENANCE	186395.00	111942.00
STATIONERY & PRINTING	181928.00	133062.00
TRAVELLING EXPENSES	560216.00	580707.00
*DOMESTIC	117462.00	
*FOREIGN	442754.00	
SUBSCRIPTION	57325.00	40985.00
AUDITOR'S REMUNERATION		
*STATUTORY AUDIT	20000.00	20000.00
*TAX AUDIT	10000.00	10000.00
*TAXATION MATTERS		
*COMPANY LAW MATTERS		
MISC. EXPENSES/SHOP EXPENSES	284997.00	202734.00
PRELIMINARY & PUBLIC ISSUE EXP.WRITTEN OFF	968699.00	968699.00
TRADE FAIR EXPENSES	0.00	127380.00
RENT	54804.00	0.00
BUSINESS PROMOTION	187467.00	0.00
AGM EXPENSES	16454.00	0.00
TOTAL	4836206.00	3695036.00

SCHEDULE 17

FINANCIAL EXPENSES *		
BANK CHARGES	922268.00	514592.00
INTEREST		
*BANK INTEREST	6157859.00	9227501.00
*OTHERS	116647.00	0.00
TOTAL	7196774.00	9742093.00

**SCHEDULE 18**

SELLING & DISTRIBUTION EXP.	THIS YEAR AMOUNT(RS) 31.03.1997	LAST YEAR AMOUNT(RS) 31.03.1996
EXPORT COMMISSION	1536174.00	633374.00
E.C.G.C EXPENSES	313886.00	444642.00
ADVERTISEMENT	397671.00	591008.00
DIRECT EXPORT EXPENSES	20722462.00	21448291.00
CONSIGNMENT EXPENSES	667760.00	650118.00
BROKERAGE	399182.00	203373.00
BILL DISCOUNT	815485.00	1126264.00
MISC EXPENSES	39075.00	51341.00
TOTAL	24891695.00	25148411.00

SCHEDULE 19

The Company generally follows the Mercantile System of Accounting recognizing both Income & Expenditure on accrual basis. The accounts are prepared on historical cost basis and as a going concern. Accounting policies not specifically referred to otherwise, are consistent with generally accepted accounting principles.

ACCOUNTING POLICIES:-

1. **Fixed Assets:** Fixed assets are recorded at cost of acquisition and other attributable cost of bringing the asset to their working condition for intended use including an appropriate share of interest and incidental expenditure during construction period and are stated at historical cost less depreciation till date.

2. **Depreciation:** i) The depreciation has been charged on fixed Assets as on hand on 31.3.97 on written down value method from this Year as specified in Schedule xiv of the Companies Act, 1956, by applying revised rates in terms of the notification dated 16.12.1993.

ii) On addition or deletion/sale made during the year, the depreciation has been calculated on pro-rata basis from the day of the month in which such addition, deletion or as the case may be, has been made.

iii) Depreciation has been provided on only those new assets which have been put to use in the year.

iv) Value of Assets as at 21.09.94 the date of conversion of the firm to the Company under part ix of The Companies Act 1956 has been taken at value shown in books of erstwhile firm Chaman Lal & Sons

3. **INVENTORIES:** Items of inventories are valued on the basis given below:

(a) **Raw Material and Work in Progress:-**

-At cost on FIFO Basis or Net realisable value whichever is less.

(b) **Finished Goods**

-At cost (weighted average) or Net realisable value whichever is less.

4. **FOREIGN CURRENCY TRANSACTIONS:** All Foreign Currency liabilities are stated at the rate prevailing at the end of the year and exchange rate difference arising on such transactions are dealt within the profit and loss account except those relating to acquisition of fixed assets which are adjusted in the cost of assets

Export sale are recorded as on date of bill of lading but realisation are taken on actual basis as and when realised.

All other transactions in foreign currency are recorded at the time of transaction. Gains/Losses on the date of realisation/settlement of the transaction are taken to "Difference in exchange rates" and then to the related accounts.

In respect of export sale in \$ terms where realisation is pending \$ rate is taken as prevailing as on 31 March 1997.

5. **REVENUE RECOGNITION:** Revenue in respect of interest on fixed deposit with bank is accounted for on accrual basis except advance licenses & Rep Licenses issued against export obligation, which are accounted for as and when realised/ utilized.

6. **ACCOUNTING CONVENTION:** The accompanying financial statements have been prepared in accordance with the historical cost convention except gratuity and insurance claims lodged which the Company intends to account for as and when paid or settled as the case may be.

7. Consignment Sales are recorded as when the sales statement are received from the consignment agents.

8. Export sales are accounted on the basis of date of Bill of lading.

9. Gratuity payable at future date in respect of employees has not been provided for as there is no present liability for the same. However, the Company intends to account for the same on as and when paid basis.

10. Provident fund of Employees is accounted for on cash basis.

11. Confirmation of some of the accounts at year end included under heads 'Sundry Debtors', 'Sundry Creditors' and loans and Advances have yet to be received as at the date of the Auditors Report.

12. Stores, Spares and Labour Wages in respect of internally carried out repair and maintenance of 'Plant and Machinery' and 'Building' are not charged separately but are directly charged to store and spares consumed and wages account.

13. Payment against supplies from small scale and ancillary undertakings are generally made in accordance with agreed credit terms and to the extent ascertained from available information there was no amount overdue in this regard.



14. The Company has changed its method of providing depreciation from straight line method to written down value method. The difference arisen of Rs.2160298/- on account of change in the method of depreciation has been directly charged to profit & Loss account. Profits of this year are less to that extent.
15. The preliminary and share issue expenses are being amortised over a period of ten years and the balance is kept as Miscellaneous Expenditure to the extent not written off.
16. Consequent to the amendment to Schedule xiv of the Companies Act, 1956, vide notification GSR 756(E) dt. 16.12.93 the company has charged depreciation at the new WDV rates prescribed in Schedule xiv and on new assets acquired during the year on pro-rata basis.
17. Accrued Gratuity liability is not being accounted for by the company.
18. The managerial remuneration has been paid within the limits of section 198 of the Companies Act, 1956.
19. Contingent liabilities as at 31.03.97 in respect of:-
 i) Bill discounted with bank Rs.60698694/-
 ii) In respect of Purchase tax the Company has obtained stay order from The Punjab & Haryana High Court in Civil writ petition No 1206 of 1993. The matter being sub judice it is not feasible to quantify the liability in respect of the same.
 iii) Sales tax amount paid under protest and disputed by the company amount to Rs.132000.
 iv) The Customs Authorities have imposed the penalty of Rs.210000/- in 1993. However the management hopes for a favorable decision in favour of the Company.
20. Previous Years figure have been re-grouped & re-arranged where-ever consider necessary to present the Balance Sheet as near as possible to the schedule VI.
21. The provisions of the Industries (Development and Regulation) Act, 1951, relating to licensed capacity are not applicable to the Company. The installed capacities in metric tonnes per hour are as under:-
 Amritsar (Leased) 2 MT Rice per hour.
 Karnal 4 Mt Rice per hour for Basmati Plant.
 2 Mt Rice per hour for Sella Plant

The installed capacity is as certified by the management and relied upon by the auditors, being a technical matter.

22. Stores & Spares are charged to Profit & Loss at time of Purchase and no inventory in respect of these is being maintained.

ADDITIONAL INFORMATION

(1) Calculation Of Managerial Remuneration u/s 198

PROFIT BEFORE TAX	13161780
ADD : DEPRECIATION	8100014
LESS: DEPRECIATION U/S 350	8100014
NET PROFIT U/S 350	13161780
ADD: DIRECTOR REMUNERATION	939089
PROFIT U/S 198	14100869
MANAGERIAL REMUNERATION	1551096
@11% OF PROFIT U/S 198	
MANAGERIAL REMUNERATION GIVEN	939089

(2) EARNING IN FOREIGN EXCHANGE

FOB VALUE OF EXPORT	238292614
---------------------	-----------

(3) CIF VALUE OF IMPORTS

Nil

(4) EXPENDITURE IN

442754

FOREIGN CURRENCY

* ON TRAVELING

(5) CAPACITY (RICE)

LICENSED 8 MT.PER HOUR

INSTALLED 8 MT.PER HOUR

(6) PRODUCTION

RAW MATERIAL CONSUMED

PADDY

IN QUINTALS

244038

IN VALUE

236631630

(7) RICE

OPENING

60776.65

PRODUCTION

155499.00

PURCHASES

11065.00

(8) SALES

171241.88

(9) CLOSING

56098.77

**CASH FLOW STATEMENT FOR YEAR ENDING 31.03.1997**

	AMOUNT 31.03.97	AMOUNT 31.03.96
A.CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	13130084.00	13130084.00
ADJUSTMENT FOR:-		
DEPRECIATION/AMORTISATION	9068713.00	1960174.00
FOREIGN EXCHANGE		0.00
INVESTMENTS		0.00
INTEREST/DIVIDEND	6274506.00	-4021421.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHANG	28473303.00	11068837.00
ADJUSTMENT FOR:-		
TRADE AND OTHER RECEIVABLES	-272021.00	-18435591.00
INVENTORIES	311492.00	618786.00
TRADE PAYABLES	13541717.00	-5643504.00
CASH GENERATED FORM OPERATION	42054491.00	-12391472.00
INTEREST PAID	6274506.00	-9227501.00
DIRECT TAXES PAID	1755571.00	-1474357.00
CASH FLOW BEFORE EXTRAORDINARY ITEMS	34024414.00	-23093330.00
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES:-	34024414.00	-23093330.00
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	5700445.00	17414754.00
SALE OF FIXED ASSETS	0.00	0.00
ACQUISITIONS OF COMPANIES	0.00	0.00
ISSUE EXPENSES	0.00	2432043.00
PURCHASE OF INVESTMENTS	0.00	500000.00
SALE OF INVESTMENTS	0.00	0.00
INTEREST RECEIVED	0.00	2349586.00
DIVIDEND RECEIVED/PAID	17512919.00	0.00
NET CASH USED IN INVESTING ACTIVITIES	23213364.00	17897211.00
C.CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	385995.00	21020205.00
PROCEEDS FROM BORROWINGS	-8287352.00	-41914235.00
REPAYMENT OF FINANCE LEASE LIABILITIES	0.00	0.00
SUBSIDY RECEIVED	50000.00	100000.00
NET CASH USED IN FINANCING ACTIVITIES	7851356.00	20894030.00
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AS AT 01.04.1996	18128798.00	72979158.00
(OPENING BALANCE)		
CASH AND CASH EQUIVALENTS AS AT 31.03.1997	21088492.00	18128798.00
(CLOSING BALANCE)		

Place :-Amritsar
Date:- 16.08.1997

For and on behalf of Board

CHAMAN LAL SETIA
Chairman Cum Managing Director

RAJEEV SETIA
Director

Auditor's Certificate.

We have verified the above cash flow statement of CHAMAN LAL SETIA EXPORTS LTD. derived from the audited financial statements for the year ended March 31st,1997 and found the same to be drawn in accordance there with and also with the requirements of the listing agreement with stock exchanges.

For Vivek Kapoor & Co.
Chartered Accountants

Date:- 16.08.1997
Place:- Amritsar.

VIVEK KAPOOR
Prop.



INFORMATION PURSUANT TO PART IV OF SCHEDULE VI TO THE COMPANIES ACT 1956.

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**I. Registration Details**

Registration No	15083	State Cod	16
Balance Sheet Date	31.03.97		

II Capital raised during the year (Amount in Rs.Lacs)

Public Issue	3.86	Right issue	Nil
Bouns issue	Nil	Private Placement	Nil

III. Position of mobilisation and Development of Funds (Amount in Rs.Lacs)

Total Liabilities	2494.86	Total Assets.	2494.86
Source of Funds			
Paid up capital	909.24	Reserve & Surplus	1117.32
Secured Loans	468.30	Unsecured Loans	Nil
Application of Funds			
Net Fixed Assets	321.41	Investmen	5
Net Current Assets	2098.21	Misc Expenditure	70.24
Accumulated Losses	Nil		

IV Performance of the Company (Amount in Rs.Lacs)

Turnover	3547.90	Total Expenditure	3265.88
Profit before tax	131.61	Profit after Tax	116.61
Earnings per share	Rs.1.22	Dividend	18%

* Including other income

V Generic Names of Two Principal Products of Company

Item Code No.	(ITC CODE)	100630.02
Product Description		Rice Basmati
Item Code No.	(ITC CODE)	100630.01
Product Description		Parboiled Rice

AS PER OUR REPORT OF EVEN DATE

VIVEK KAPOOR
PROP.FOR VIVEK KAPOOR & CO.
CHARTERED ACCOUNTANTSCHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTORPLACE:-AMRITSAR
DATE:- 16.08.1997RAJEEV SETIA
EXECUTIVE DIRECTOR



SUBJECT : DIVIDEND 1996-97

Dear Shareholder,

This is in connection with the captioned matter, you are requested to send us the dividend information which will help us in despatching you the dividend warrant in the manner that will be of your interest in case the dividend warrant is lost or misplaced. You may tear-off the bottom of this page or may get it typed on a separate page and send to our registrar and transfer agent for further necessary action at their end.

Thanking You,

Yours Faithfully,
for CHAMAN LAL SETIA EXPORTS LIMITED
Authorised Signatory

----- ✂ Cut here -----

The Registrar & Transfer Agent
BEETAL Financial & Computer Services (P) Ltd.
321-S, Chirag Delhi,
(Near Shaheed Bhagat Singh College)
New Delhi-110017

Sub: Dividend Warrant 1996-97 in the case of CHAMAN LAL SETIA EXPORTS LIMITED

Dear Sir,

I am sending herewith my bankers particulars to be incorporated in the dividend warrant which are as follows:-

1. My Banker's Name
2. Banker's Address
3. Bank A/c. No. CA/SB
4. Folio No.

Thanking You,

Yours Faithfully,

(Signature of Shareholder)

Name

Address

.....

.....

CHAMAN LAL SETIA EXPORTS LIMITED
344-A GREEN AVENUE, AMRITSAR

ATTENDANCE SLIP

Shareholders attending the meeting in person or by Proxy are requested to complete the attendance slip and hand it over at the entrance of the Meeting Hall.

I hereby record my presence at the **3rd ANNUAL GENERAL MEETING** of the Company at Meeran Kot, Post Office, Central Jail, Amritsar on Monday the 29th September, 1997 at 10.00 A.M.

Full name of the Shareholder/Proxy
(in BLOCK letter)

Folio No.

Signature

CHAMAN LAL SETIA EXPORTS LIMITED
344-A GREEN AVENUE, AMRITSAR

PROXY FORM

I/We
of in the district of
being a member/members of the above named Company, hereby appoint
of of in the district of
as my/our proxy to vote for me/us/on my/our behalf at the general meeting of the company, to be held on the day of 1997
and at any adjournment thereof.

Signed this day of 1997

Affix a
Rs. 1
revenue
stamp

This Form is to be used * in favour of the resolution. Unless otherwise instructed,
the proxy will act as he thinks fit * against

* Strike out whichever is not desired.

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C/o Beetal Financial & Computer Services Pvt. Limited
321-S, Chirag Delhi (near Shaheed Bhagat Singh College)
New Delhi-110017

SHIVA GRAPHICS, Delhi
7018485