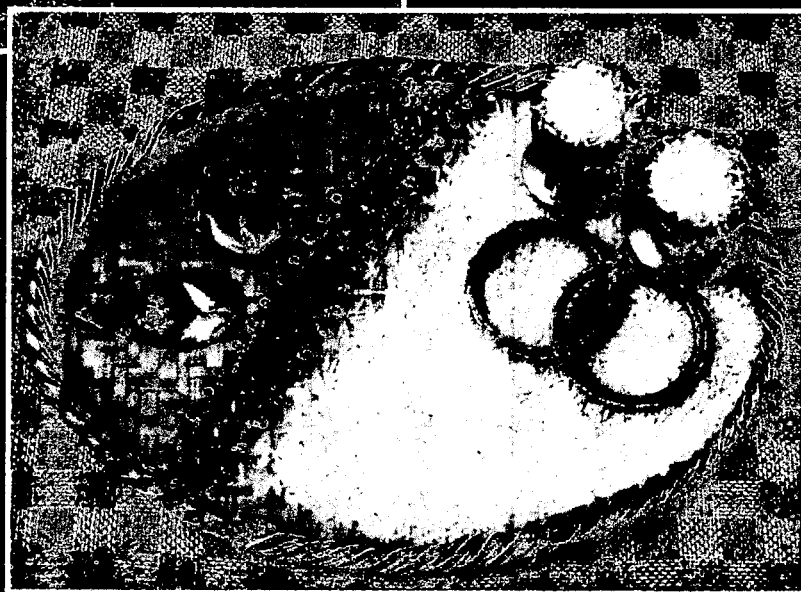




MAHARANI



4th Annual Report 1997-1998

CHAMAN LAL SETIA EXPORTS LTD.

Board of Director

Chaman Lal Setia
 Vijay Setia
 Rajeev Setia
 Inder Dev Kukkar

Chairman Cum Managing Director
 Executive Director
 Executive Director
 Director

Auditors

M/s Vivek Kapoor & Co.
 Chartered Accountants
 B-26, Majitha Road,
 Amritsar

Bankers

Punjab National Bank,
 IBB, The Mall Road,
 Amritsar

MD	✓		BKC	✓
CS	NA		DPY	MA
RO	✓		DIV	✓
TRA	✓		AC	✓
AGM	✓	✓	SHI	✓
YE	✓	✓		

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

CONTENTS

S. No.	Description	Page No.
1.	NOTICE TO THE MEMBERS	1
2.	DIRECTORS REPORT	2
3.	AUDITORS' REPORT	4
4.	BALANCE SHEET	6
5.	PROFIT & LOSS ACCOUNT	7
6.	SCHEDULES	8-11
7.	CASH FLOW STATEMENT	14

CHAMAN LAL SETIA EXPORTS LTD.

NOTICE TO THE MEMBERS

Notice is hereby given that the Fourth Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Monday, the 28th September 1998 at 9.30 A.M at the Factory premises at Meran Kot 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 31.03.98 and the Auditors Report thereon.
2. To appoint a Director in place of Mr. Vijay Setia, who retires by rotation but being eligible, offers himself for re-appointment.
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.

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 Tuesday, Sep, 22, 1998 to Monday Sep. 28, 1998 (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 : 24.06.1998

Rajeev Setia
Director

M/s CHAMAN LAL SETIA EXPORTS LTD.

DIRECTORS' REPORT

To The Members,

Yours Director have pleasure in presenting the IVth Annual Report together with the audited Accounts of the Company for the year ended 31st March 1998.

1. FINANCIAL RESULTS :

Particulars	Amount (in Lacs) Y. E. 31.3.1998	Amount (in lacs) Y. E. 31.3.1997
Export turnover	3433.26	2511.00
Domestic turnover	1298.29	1022.00
Other Income	14.17	14.00
Profit before Intt. & Depreciation	586.08	284.26
Interest	80.65	71.65
Provision for Depreciation	69.53	81.00
Profit before Tax	435.90	131.61
Provision for Tax	15.00	15.00
Profit After Tax	420.90	116.61
Proposed Dividend including Tax	354.53	180.03
Transfer To General Reserve	42.09	11.66
Carried to Balance sheet	170.05	150.30

Export turnover increased by more than 37 % during the year ending 31.3.98 ,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 31.03.98.

4. Personnel

Relations with work force of the Company have remained cordial,through out the Year .

5. Directors

Sh.Vijay 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 particular 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

<u>Particulars</u>	<u>Projected</u>	<u>Actuals</u>
Total Sales	6694.00	4745.72
Gross Profit	1423.00	937.43
Depreciation	38.02	69.53
Profit before Tax	874.93	435.89
Profit after Tax	831.77	420.89
Cash Profit	912.95	499.68
Dividend (Including tax)	235.13	354.53
Dividend % age	25	36
Share Capital	940.50	909.24
Reserves & Surplus (Before dividend)	3177.37	1538.70
Net Worth	4117.87	2093.41
EPS	8.84	4.71
Book Value	43.78	25.83

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 36_% on pro-rata basis subject to adjustment of 1/2 of the dividend payable to partly paid-up shares towards their calls in arrears.

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 & ON BEHALF OF BOARD

Place : Amritsar
Dated : 24.06.98

CHAMAN LAL SETIA
Chairman

ANNEXURE A

Particular as requires under Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Director' Report for the year ended 31.03.1998.

A. CONSERVATION OF ENERGY

The Company is not required to give particular 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.

Rs. 19115/-

(ii) Technology absorption, adoption and innovation.

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

AUDITORS' REPORT

We have audited the attached Balance Sheet of Chaman Lal Setia Exports Limited and also the Profit and loss account of the Company for the year ended on that date annexed there to, and report that:

As required by the 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 in paragraph 4 and 5 of the order.

- (a) We have obtained all the information and explanation 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 the books.
- (c) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of accounts, and
- (d) In our opinion and to the best of our information and according to the explanation given to us, the said balance sheet and profit and loss account read with Schedule 'I' to '19' and subject to the notes, shows a true & fair view:-
 - (i) in the case of the balance sheet, of the state of affairs of the company as at 31.3.98 and
 - (ii) in the case of the profit and loss account, of the profit for the year ended on that date.

FOR VIVEK KAPOOR & CO.
CHARTERED ACCOUNTANTS

(VIVEK KAPOOR)
Prop.

PLACE : AMRITSAR
DATED : 24.06.1998

ANNEXURE TO THE AUDITORS REPORT OF EVEN DATE

1. The Company is maintaining proper record showing full particulars including quantitative details and situation of fixed assets. As per the information and explanation given to us, these assets have been physically verified by the management in accordance with the programme of verification and the frequency of verification of fixed assets by the management is at reasonable interval having regard to the size of the Company and the nature of assets.
No material discrepancies between the book records and the physical inventory have been noticed in respect of the assets physically verified.
2. None of the fixed assets have been revalued during the year.
3. Physical verification has been conducted by the management during the year in respect of finished goods, stores, spare parts and raw materials. In our opinion, the frequency of verification is reasonable.
4. In our opinion and according to the information and explanations given to us, the procedures of physical verification of stocks followed by the management were found reasonable and adequate in relation to the size of the company and nature of its business.
5. No material discrepancies were noticed on verification between the physical stocks and book records.
6. In our opinion, the valuation of the stocks is fair and proper in accordance with the normally accepted accounting principle and there is no change in the basis of valuation in comparison to last year.
7. The Company has not taken any loans, secured or unsecured, from Companies under the same management or firms or other parties listed in the Register maintained under section 301 of the Companies Act 1956.
8. The Company has not granted any loans, secured or unsecured, to Companies under the same management or firms or other parties listed in the Register maintained under section 301 of the Companies under the same management within the meaning of section 370(1B) of the Companies Act, 1956.
9. No loans or advances in the nature of loans have been given by the Company.
10. In our opinion and according to the information and explanations given to us, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of stores, raw materials including components, plant and machinery, equipments and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transaction of purchase of goods and materials and sale of goods, and services, made in pursuance of contracts or arrangement entered in the registers maintained under section 301 and aggregating during the year to Rs.50,000/- or more in respect of each party, have been made at prices for such goods, materials or services as available with the Company, or the prices at which transaction for similar good or services have been made with other parties.
12. As explained to us, the procedure for the determination of unserviceable or damaged stores, raw materials and finished goods is adequate and adequate provision for the same has been made in the books.
13. The Company has not accepted any deposit from the public to which section 58A of the Companies Act, 1956, and the rules framed there under apply.
14. As explained to us the Company's operations generate rice bran & phoose/phuck as the by-product which have been duly accounted for.
15. The Company has a system of internal audit. Further the Company is in the process of strengthening its internal audit system to make it commensurate with its size and nature of its business.
16. The maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956.
17. The Company is in general depositing Provident Fund dues with the appropriate authorities regularly. We have been informed that Employees State Insurance Act, 1948 is not applicable to the Company.
18. According to information and explanation given to us, there were no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty and excise duty which have remained outstanding as at 31.3.98 for a period of more than six months from the date they became payable, Except as mentioned in notes.
19. According to the information and explanations given to us and the records of the Company examined by us, no personal expenses have been charged to revenue account.
20. The Company is not a sick industrial Company within the meaning of Clause (o) of sub-section (1) of the Section (3) of the Sick Industrial Companies (Special Provisions) Act, 1985.
21. In respect of Company's trading activities, we are informed that there are no damaged stocks.

FOR VIVEK KAPOOR & CO
CHARTERED ACCOUNTANTS

Place : Amritsar
Dated : 24/06/98

(VIVEK KAPOOR)
Prop.

CHAMAN LAL SETIA EXPORTS LTD.

Regd. Office :
344-A, GREEN AVENUE, AMRITSAR

BALANCE SHEET AS ON MARCH 31, 1998

SOURCES OF FUNDS	SCHEDULE	THIS YEAR AMOUNT (RS.) 31.03.1998	LAST YEAR AMOUNT RS.) 31.03.1997
SHAREHOLDERS FUNDS			
(a) SHARE CAPITAL	1	90924300.00	90924300.00
(b) RESERVES AND SURPLUS	2	118417162.00	111732712.00
LOAN FUNDS			
(a) SECURED LOAN	3	42373810.00	46830046.00
<u>TOTAL</u>		<u>251715272.00</u>	<u>249487058.00</u>
APPLICATION OF FUNDS			
FIXED ASSETS			
(a) GROSS BLOCK		49729198.46	41844985.00
(b) LESS DEPRECIATION		16468393.00	9703442.00
(c) NET BLOCK	4	33260805.46	32141543.00
INVESTMENT	5	500000.00	500000.00
CURRENT ASSETS, LOANS & ADVANCES			
(a) INVENTORIES	6	208579905.00	176908988.00
(b) SUNDRY DEBTORS	7	38323748.00	41696781.00
(c) CASH & BANK BALANCES	8	17990312.00	20697492.00
(d) LOANS AND ADVANCES	9	6123366.00	4439482.00
LESS : CURRENT LIABILITIES AND PROVISIONS	10	59018396.00	33921333.00
NET CURRENT ASSETS		245759740.46	209821410.00
MISC. EXPENDITURE	11	5955532.00	7024105.00
(To the extent not written off or adjusted)			
<u>TOTAL</u>		<u>251715272.46</u>	<u>249487058.00</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 ACCOUNTANTS

CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTOR

RAJEEV SETIA
EXECUTIVE DIRECTOR

PLACE : AMRITSAR
DATE : 24.06.1998

CHAMAN LAL SETIA EXPORTS LTD.

Regd. Office :
344A, GREEN AVENUE, AMRITSAR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 1998

INCOME	SCHEDULE	THIS YEAR AMOUNT (RS.) 31.03.1998	LAST YEAR AMOUNT RS.) 31.03.1997
SALES & OTHER INCOME	12	474572743.00	354113765.00
INCREASE/(DECREASE) IN STOCK IN PROGRESS & FINISHED GOODS	13	4010155.00	-11874560.00
		<u>478582898.00</u>	<u>342239205.00</u>
EXPENDITURE			
MANUFACTURING EXPENSES	14	384839311.00	281627472.00
PERSONAL EXPENSES	15	3185025.00	2456960.00
ADMINISTRATIVE EXP.	16	4850381.00	4836206.00
FINANCIAL EXPENSES	17	9691926.00	7196774.00
SELLING & DISTRIBUTION	18	25472709.00	24891695.00
DEPRECIATION	4	6953927.00	8100014.00
TOTAL		<u>434993279.00</u>	<u>329109121.00</u>
PROFIT FOR THE YEAR BEFORE TAX		43589619.00	13130084.00
PROVISION FOR TAXATION		-1500000.00	-1500000.00
PROFIT AFTER TAXES		42089619.00	11630084.00
PRIOR YEAR TAX ADJUSTMENTS		-741015.00	-255571.00
PRIOR YEAR DIVIDEND ADJUSTMENT		288933.00	490092.00
PROFIT B/F FROM BALANCE SHEET		15029594.00	22331007.98
AMOUNT AVAILABLE FOR APPROPRIATION		56667131.00	34195612.98
PROPOSED DIVIDEND (INCLUDING INCOME TAX)		35453088.00	18003011.00
TRANSFERED TO GENERAL RESERVE		4208962.70	1163008.40
BALANCE CARRIED TO BALANCE SHEET		17005080.30	15029593.58

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

VIVEK KAPOOR
PROP.

FOR VIVEK KAPOOR & CO.
CHARTERED ACCOUNTANTS

PLACE : AMRITSAR
DATE : 24.06.1998

CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTOR

RAJEEV SETIA
EXECUTIVE DIRECTOR

**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED MARCH 31, 1998.**

SCHEDULE 1

SHARE CAPITAL	THIS YEAR AMOUNT (RS.) 31.03.1998	LAST YEAR AMOUNT RS.) 31.03.1997
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	-4058700.00
TOTAL	90924300.00	90924300.00

SCHEDULE 2

RESERVES & SURPLUS		
SHRI GANESH JI & LAKSMI JI	22.00	21.00
CAPITAL SUBSIDY	100000	
ADD RECD. DURING THE YEAR	500000	
LESS TRF TO GENERAL RESERVE	-130000	100000.00
GENERAL RESERVE		
BALANCE AS PER LAST BALANCE SHEET	5030197.00	3837189.00
ADD: AMOUNT TRANSFERRED FROM PROFIT & LOSS A/C	4208962.70	1163008.00
ADD AMOUNT FROM SUBSIDY	130000.00	30000.00
	9369159.00	5030197.00
SHARE PREMIUM	91572900.00	91572900.00
PROFIT & LOSS ACCOUNT	17005080.30	15029593.58
TOTAL	118417162.00	111732711.58

SCHEDULE 3

SECURED LOAN		
I CASH CREDIT	5025214.00	0.00
II PACKING CREDIT	37348596.00	46830046.00
TOTAL	42373810.00	46830046.00

SEURITIES

(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 Whole Time Directors.

SCHEDULE 4

S.N FIXED ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
PARTICULAR	OPENING BALANCE AS AT 1.4.97	ADDITIONS DURING THE YEAR (Rs.)	LESS DURING THE YEAR (Rs.)	CLOSING BALANCE AS AT 31.3.98	UP TO 1.4.97	DEPRECIATION DURING THE YEAR (Rs)	LESS DURING THE YEAR (Rs.)	TOTAL UP TO AT 31.3.98	AS AT 31.3.98 (Rs)	AS AT 31.3.97 (Rs)
1 LAND	3176148.00	20000.00	0.00	3196148.00	38250.00	23250.00	0.00	61500.00	3134648.00	3137898.00
2 FACTORY BUILDING	9233157.00	1261000.00	0.00	10494157.00	1527645.00	713750.00	0.00	2241395.00	8252762.00	7705512.00
3 PLANT MACHINERY	25829559.00	4822481.00	0.00	30652039.00	6388184.00	4908125.00	0.00	11296309.00	19355730.00	19441375.00
4 WOODEN CRATES	492548.00	404187.00	0.00	896735.00	492548.00	404187.00	0.00	896735.00	0.00	0.00
5 CAR	2519233.00	1504210.00	382000.00	3641443.00	1038698.00	579835.00	188996.00	1429537.00	2211906.00	1480535.00
6 FURNITURE & FIXTURE	81820.00	52025.74	0.00	133845.74	63404.00	35428.00	0.00	98832.00	35013.74	18416.00
7 TARPAL	154733.00	289352.00	0.00	444085.00	154733.00	289352.00	0.00	444085.00	0.00	0.00
8 CAPITAL WORK IN PROGRESS	0.00	270745.10	0.00	270745.10	0.00	0.00	0.00	0.00	270745.10	0.00
TOTAL	41487198.00	8624000.84	382000.00	49729197.84	9703462.00	6953927.00	188996.00	16468393.00	33260804.84	31783736.00

SCHEDULE 5

INVESTMENT	THIS YEAR AMOUNT (RS.) 31.03.1998	LAST YEAR AMOUNT RS.) 31.03.1997
50, 16.5% Unsecured redeemable bonds of PNB of the face value of Rs. 10000/- each.	500000.00	500000.00
<u>TOTAL</u>	<u>50000.00</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**FINISHED GOODS****TOTAL**

106307474.00	77017691.00
102272431.00	99891297.00
<u>208579905.00</u>	<u>176908988.00</u>

SCHEDULE 7**SUNDRY DEBTORS****UNSECURED CONSIDERED GOOD**

FOR A PERIOD EXCEEDING

SIX MONTHS

OTHERS

TOTAL

401495.00	267045.00
37922253.00	41429736.00
<u>38323748.00</u>	<u>41696781.00</u>

SCHEDULE 8**CASH & BANK BALANCES****CASH & CHEQUES IN HAND****-IN CURRENT ACCOUNT****-IN SHARE APPLICATION MONEY ACCOUNT****-IN FIXED DEPOSIT/MARGIN MONEY ACCOUNT****-INTEREST ACCRUED ON DEPOSITS****CASH IMPREST ACCOUNT****TOTAL**

200747.00	5433045.00
13993048.00	14059178.00
391000.00	0.00
3363545.00	1204269.00
31630.00	0.00
10342.00	1000.00
<u>17990312.00</u>	<u>20697492.00</u>

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****STAFF & WORKERS****FOR PURCHASE OF MACHINERY****FOR EXPENSES & OTHERS****ADVANCE TAX /TDS****TOTAL**

967751.00	326055.00
558802.00	296396.00
791340.00	1192088.00
818240.00	563577.00
2987233.00	2061366.00
<u>6123366.00</u>	<u>4439482.00</u>

SCHEDULE 10**CURRENT LIABILITIES AND PROVISIONS****SUNDRY CREDITORS****OTHER LIABILITIES****DIVIDEND/REFUND PAYABLE****PROVISIONS**

INCOME TAX (Net of Advance Tax)

DIVIDEND (INCLUDING INCOME TAX)

T.D.S. PAYABLE

TOTAL

7177420.00	10086513.00
12385021.00	2961207.00
38315.00	436748.00
3907508.00	2407508.00
35453088.00	18003011.00
57044.00	26346.00
<u>59018396.00</u>	<u>33921333.00</u>

SCHEDULE 11**MISCELLANEOUS EXPENDITURE
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)****THIS YEAR
AMOUNT (RS.)
31.03.1998****LAST YEAR
AMOUNT RS.)
31.03.1997**

A) PRELIMINARY EXPENSES		
AS PER LAST BALANCE SHEET	261588.00	298923.00
LESS : 1/10TH WRITTEN OFF	37365.00	37365.00
SUB-TOTAL	224223.00	261558.00
B) PUBLIC ISSUE EXPENSES		
AS PER LAST BALANCE SHEET	4816912.00	5505042.00
LESS : 1/10TH WRITTEN OFF	688130.00	688130.00
SUB-TOTAL	4128782.00	4816912.00
DEFERRED REVENUE EXPENSES	1802915.00	2188839.00
LESS : 1/10TH WRITTEN OFF	200388.00	243204.00
SUB-TOTAL	1602527.00	1945635.00
	5955532.00	7024105.00

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

- * EXPORT
- * LOCAL

SUB-TOTAL

343326049.00	250516896.00
129829321.00	102185466.00
473155370.00	352702362.00

OTHER INCOME :-**INTEREST RECEIVED/ACCRUED**

- * ON FIXED DEPOSIT WITH BANKS
- * OTHERS

SALE OF LICENCES**MISC. RECEIPTS****SUB-TOTAL**

1232652.00	92638.00
113127.00	0.00
0.00	1209062.00
71594.00	109703.00
1417373.00	1411403.00
474572743.00	354113765.00

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

- FINISHED GOODS

LESS STOCK IN TRANSIT

95396276.00	109767697.00
0.00	361375.00
95396276.00	109406322.00

CLOSING STOCK

- FINISHED GOODS

INCREASE/DECREASE IN STOCKS

99406431.00	97531762.00
4010155.00	11874560.00

SCHEDULE 14**EXPENSES****MANUFACTURING EXPENSES****RAW MATERIAL AND COMPONENTS CONSUMED****ELECTRICITY EXPENSES****MACHINERY REPAIR & MAINTENANCE****SHELLER LEASE****BARDANA REPAIRS****PACKING EXPENSES****STACKING, WEIGHING, LOADING, UNLOADING, SORTING & BUNAI****OIL & GREASE****GENERATOR EXPENSES****PACKING MATERIAL/EMPTY COST****FUMIGATION****RESEARCH & DEVELOPMENT****TOTAL**

349826480.00	256477021.00
5180736.00	3172452.00
2836805.00	2317087.00
300000.00	300000.00
542252.00	457723.00
2426250.00	1938647.00
5236301.00	4234942.00
39869.00	63442.00
2083195.00	1374533.00
16265343.00	11224329.00
82929.00	67296.00
19115.00	0.00
384839311.00	281627472.00

SCHEDULE 15**PERSONAL EXPENSES**

	THIS YEAR AMOUNT (RS.) 31.03.1998	LAST YEAR AMOUNT RS.) 31.03.1997
SALARIES/WAGES	1516129.00	1008936.00
ALLOWANCES TO STAFF/WORKERS	111265.00	136990.00
DIRECTORS REMINERATION	898501.00	939089.00
EMPLOYEES PROVIDENT/FAMILY PENSION	361068.00	186662.00
BONUS	163375.00	103825.00
STAFF WELFARE & MEDICAL EXPENSES	134687.00	81458.00
<u>TOTAL</u>	<u>3185025.00</u>	<u>2456960.00</u>

SCHEDULE 16**ADMINISTRATIVE EXPENSES**

INSURANCE	1085414.00	1052616.00
LEGAL EXPENSES	415698.00	372110.00
POSTAGE, TELEPHONE & COURIER EXPS.	762416.00	883194.00
VEHICLES REPAIR & MAINTENANCE	285611.00	186395.00
STATIONERY & PRINTING	185362.00	181928.00
TRAVELLING EXPENSES	333688.00	560216.00
* DOMESTIC	158560.00	
* FOREIGN	175128.00	
SUBSCRIPTION	27675.00	57325.00
AUDITOR'S REMUNERATION		
* STATUTORY AUDIT	20000.00	20000.00
* TAX AUDIT	10000.00	10000.00
MISC. EXPENSES/SHOP EXPENSES	300500.00	284997.00
PRELIMINARY & PUBLIC ISSUE EXP. WRITTEN OFF	925883.00	968699.00
DONATION	18663.00	0.00
RENT	109874.00	54804.00
BUSINESS PROMOTION	0.00	187467.00
AGM EXPENSES	16425.00	16454.00
BUILDING REPAIR/GERNAL REPAIR	353172.00	0.00
<u>TOTAL</u>	<u>4850381.00</u>	<u>4836206.00</u>

SCHEDULE 17**FINANCIAL EXPENSES ***

BANK CHARGES	1627332.00	922268.00
INTEREST		
* BANK INTEREST	8064594.00	6157859.00
* OTHERS	0.00	116647.00
<u>TOTAL</u>	<u>9691926.00</u>	<u>7196774.00</u>

SCHEDULE 18**SELLING & DISTRIBUTION EXP.**

	THIS YEAR AMOUNT (RS.) 31.03.1998	LAST YEAR AMOUNT RS.) 31.03.1997
EXPORT COMMISSION	2189825.00	1536174.00
E. C. G. C. EXPENSES	272572.00	313886.00
ADVERTISEMENT	354981.00	397671.00
DIRECT EXPORT EXPENSES	21290832.00	20722462.00
CONSIGNMENT EXPENSES	204091.00	667760.00
BROKERAGE	754493.00	399182.00
BILL DISCOUNT	331042.00	815485.00
MISC. EXPENSES	74873.00	39075.00
<u>TOTAL</u>	<u>25472709.00</u>	<u>24891695.00</u>

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 31.3.98 on written down value method 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 31st March 1998.
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 and when the sales statement are received from the consignment agents.
8. Export sales are accounted for 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 accrual 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 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.
15. 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 to the original cost of all the assets and on new assets acquired during the year on pro-rata basis.

16. Accrued Gratuity liability is not being accounted for by the company.
17. The managerial remuneration has been paid within the limits of section 198 of the Companies Act, 1956.
18. Contingent liabilities as at 31.03.98 in respect of:-
 - i) Bill discounted with bank Rs. 3.52 Crores/-
 - 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.135000.
 - 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	43589619
ADD : DEPRECIATION	6953927
LESS: DEPRECIATION U/S 350	6953927
NET PROFIT U/S 350	43589619
ADD: DIRECTOR REMUNERATION	898501
PROFIT U/S 198	44488120
MANAGERIAL REMUNERATION	4893693
@ 11% OF PROFIT U/S 198	
MANAGERIAL REMUNERATION PAID	898501
(2) EARNING IN FOREIGN EXCHANGE	329944388
FOB VALUE OF EXPORT	
(3) CIF VALUE OF IMPORTS	Nil
(4) EXPENDITURE IN FOREIGN CURRENCY	175128
* ON TRAVELING	
(5) CAPACITY (RICE)	
LICENSED	8 MT.PER HOUR
INSTALLED	8 MT.PER HOUR
(6) PRODUCTION	
RAW MATERIAL CONSUMED (INDIGENOUS)	
PADDY	
IN QUINTALS	277451
IN VALUE	349826480
(7) RICE	
OPENING	56099
PRODUCTION	172264
PURCHASES	33148
(8) SALES	204099
(9) CLOSING	57412

CASH FLOW STATEMENT FOR YEAR ENDING 31.03.1998

	AMOUNT 31.03.1998	AMOUNT 31.03.1997
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	43589619.00	12130084.00
ADJUSTMENT FOR :		
DEPRECIATION/AMORTISATION	7833524.00	9068713.00
FOREIGN EXCHANGE INVESTMENTS		
INTEREST/DIVIDENT	288933.00	6274506.00
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	51712076.00	28473303.00
ADJUSTMENT FOR :		
TRADE AND OTHER RECEIVABLES	1298149.00	-272021.00
INVENTORIES	-31670917.00	311492.00
TRADE PAYABLES	6146986.00	13541717.00
CASH GENERATED FORM OPERATION	29561178.00	42054491.00
INTEREST PAID	0.00	6274506.00
DIRECT TAXES PAID	741015.00	1755571.00
CASH FLOW BEFORE EXTRAORDINARY ITEMS	28820163.00	34023314.00
EXTRAORDINARY ITEMS	0.00	0.00
NET CASH FROM OPERATING ACTIVITIES :	28820163.00	34024414.00
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	7884213.00	5700445.00
SALE OF FIXED ASSETS	0.00	0.00
ACQUISITIONS OF COMPANIES	0.00	0.00
ISSUE EXPENSES	0.00	0.00
PURCHASE OF INVESTMENTS	0.00	0.00
SALE OF INVESTMENTS	0.00	0.00
INTEREST RECEIVED	0.00	0.00
DIVIDEND RECEIVED/PAID	18003011.00	17512919.00
NET CASH USED IN INVESTING ACTIVITIES	25887224.00	23213364.00
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	0.00	385995.00
PROCEEDS FROM BORROWINGS	-4456236.00	-8287352.00
REPAYMENT OF FINANCE LEASE LIABILITIES	0.00	0.00
SUBSIDY RECEIVED	500000.00	50000.00
NET CASH USED IN FINANCING ACTIVITIES	3956236.00	7851356.00
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AS AT 01.04.1997 (OPENING BALANCE)	21088492.00	18128798.00
CASH AND CASH EQUIVALENTS AS AT 31.03.1998 (CLOSING BALANCE)	17990312.00	21088492.00

For and on behalf of Board

PLACE : AMRITSAR

DATE : 24.06.1998

CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTOR

RAJEEV SETIA
EXECUTIVE 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, 1998 and found the same to be drawn in accordance there with and also with the requirements of the listing agreement with stock exchnages.

For Vivek Kapoor & Co.
Chartered Accountants

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

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Registration Details

Registration No.	15083	State Code	16
Balance Sheet Date	31.03.98		

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

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

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

Total Liabilities	2517.14	Total Assets	2517.14
Source of Funds			
Paid up capital	909.24	Reserve & Surplu	1184.17
Secured Loans	423.73	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	332.60	Investments	5
Net Current Assets	2119.99	Misc. Expenditure	59.55
Accumulated Losses	Nil		

Performance of the Company (Amount in Rs. Lacs)

Turnover	4745.72	Total Expenditure	4309.83
Profit before tax	435.89	Profit after Tax	420.89
Earnings per shares	Rs. 4.71	Dividend rate %	36%

* Including other income

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 ACCOUNTANTS

CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTOR

RAJEEV SETIA
EXECUTIVE DIRECTOR

PLACE : AMRITSAR
DATE : 24.06.1998

SUBJECT : DIVIDEND 1997-98

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 Signatatory

----- 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. : Divident Warrant 1997-98 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 4th **ANNUAL GENERAL MEETING** of the Company at Meeran Kot, Post Office, Central Jail, Amritsar on Monday the 28th Sept. 1998 at 9.30 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 1998
and at any adjournment thereof.

Signed this day of 1998



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.

If undelivered please return to :-
M/s. Chaman Lal Setia Exports Ltd.
344-A, Green Avenue, Amritsar.