



MAHARANI



9th Annual Report 2002-2003

CHAMAN LAL SETIA EXPORTS LTD.



Chaman Lal Setia Exports Limited

Board of Directors

Chaman Lal Setia
(Chairman Cum Mg. Director.)
Rajeev Setia
(Whole Time Director.)
Vijay Setia.
(Whole Time Director.)
Inder Dev Kukkar
(Director.)
Sukarn Setia
(Whole Time Director.)
Ankit Setia
(Whole Time Director)
Naresh Suneja
(Director)
Parmod Kumar
(Director)
Amit Malhotra
(Director)
Ravi Peshawaria
(Director)

Registered Office

Meeran Kot Road,
P.O. Central Jail,
Ajnala Road, Amritsar.

Works

- Meerankot Road, Amritsar.
- Kaithal Road, Karnal.

Bankers

Punjab National Bank,
International Banking Branch.
46, The Mall, Amritsar.

Registrar & Common Share Transfer Agent

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

Auditors

M/s. Rajesh Kapoor & Co.
Chartered Accountants
HM-5, Aman Avenue,
Amritsar

ANNUAL GENERAL MEETING

On 29th Sept. At 4:30 p.m at
Hotel Royal Castle ,
Amritsar.

CONTENTS

S. No.	Description	Page No.
1.	NOTICE TO THE MEMBERS	1-4
2.	DIRECTORS REPORT	5-8
3.	Management Discussion	9-11
4.	Report on Corporate Governance	12-17
5.	Auditor's Report	18-19
6.	Balance Sheet	20
7.	Profit & Loss Account	21
8.	Schedules	22-32
9.	Cash Flow Statement	33
10.	Balance Sheet Abstract	34
11.	Attendance Slip	35



CHAMAN LAL SETIA EXPORTS LTD.

NOTICE TO THE MEMBERS

Notice is hereby given that the Ninth Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Monday, the 29th Sept, 2003 at Hotel Royal Castle at 4:30P.M to transact the following business:

(A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and audited Balance Sheet and the Profit & Loss Account as at and for the year ended 31.03.03 and the Auditors' Report thereon.
2. (a) To appoint a director in place of Mr. Vijay Setia who retires by rotation but being eligible, offers himself for re-appointment.
(b) To appoint a director in place of Mr. Sukarn 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 Rajesh Kapoor & Co. are eligible and available for re-appointment.
4. To declare dividend.

(B) SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that Sh. Ankit Setia who was appointed as additional director u/s 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 the 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."
Sh. Chaman Lal, Mg. Director, Sh. Vijay Setia and Sh. Rajeev Setia both directors, be deemed to be interested in passing of the resolution, being relative of Sh. Ankit Setia.
6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that Sh. Naresh Suneja who was appointed as additional director u/s 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 the 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."
7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that Sh. Parmod Kumar who was appointed as additional director u/s 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 the director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed director of the company, liable to retire by rotation."
8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:



Chaman Lal Setia Exports Limited

"Resolved that Sh. Amit Malhotra who was appointed as additional director U/s 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 the 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."

9. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"Resolved that Sh. Ravi Peshawaria who was appointed as additional director u/s 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 the 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."

10. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:

"Resolved that the share of the company may be got voluntarily delisted from small stock exchanges as decided by the Board of directors from time to time."

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 to 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 23.9.2003 to 29.9.2003 (both days inclusive.)
4. Cases of Transfer of Shares may be referred to the Registrar, Whose address has been given at Page No. 1
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
For Chaman Lal Setia Exports Ltd.

Place: Amritsar

Rajeev Setia

Dated: 18-08-03

Whole Time 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. Ankit Setia as a candidate for the office of Director. As Sh. Ankit Setia is quiet young & dynamic, having experience of rice industry by birth and having diploma in Food Technology, it is desirable that company should avail of his services as a member of the Board on the following terms & conditions. Yours directors recommend his appointment on the following terms & conditions:

1. Salary: Rs. 20000/- P.M.
2. Allowances & Perquisites: In addition to the salary and commission, the appointee shall be entitled to perquisites like accommodation (furnished or not) or house rent allowance in lieu thereof; house maintenance allowance together with re-imbursement of expenses or allowances for utilities such as gas, electricity, water, furnishing and repairs, medical re-imbursement, leave travel concession for appointee and his family, club fees, medical insurance and such other perquisites/allowances in accordance with the rules of the company or as agreed to by the Board from time to time. Provisions for use of company's car for official duties and telephone at residence.
3. Provident Fund, Superannuation Fund. Company's contribution to Provident Fund and Super annuation Fund. Gratuity payable as per the rules of the company and encashment of leave at the end of their tenures. This may be treated as abstract under Section 302 of the Companies Act, 1956

Item No. 6

In terms of Section 257 of the Companies Act, 1956, Notice has been received from a member signifying his intention to propose Sh. Naresh Suneja as a candidate for the office of Director. Sh. Naresh Suneja is a well-experienced businessman having 20 years experience in business matters, it is desirable that company should avail of his services as a member of the Board. Yours directors recommend his appointment.

No Directors except Sh. Naresh Suneja is concerned or interested in the business set out in at item no. 6

Item No. 7

In terms of Section 257 of the Companies Act, 1956, Notice has been received from a member signifying his intention to propose Sh. Parmod Kumar as a candidate for the office of Director. Sh. Parmod Kumar is graduate and a well-experienced businessman having 30 years experience in line related to rice industry, it is desirable that company should avail of his services as a member of the Board. Yours directors recommend his appointment.

No Directors except Sh. Parmod Kumar is concerned or interested in the business set out in at item no. 6

Item No. 8

In terms of Section 257 of the Companies Act, 1956, Notice has been received from a member signifying his intention to propose Sh. Amit Malhotra as a candidate for the office of Director. Sh. Amit Malhotra is Post-graduate in Law and having diploma in Import & Export. He is quiet young & dynamic having in-depth knowledge of exports, it is desirable that company should avail of his services as a member of the Board. Yours directors recommend his appointment.

No Directors except Sh. Amit Malhotra is concerned or interested in the business set out in at item no. 6



Chaman Lal Setia Exports Limited

Item No. 9

In terms of Section 257 of the Companies Act, 1956, Notice has been received from a member signifying his intention to propose Sh. Ravi Peshawaria as a candidate for the office of Director. Sh. Ravi Peshawaria is a well-experienced businessman having 30 years experience in rice business, it is desirable that company should avail of his services as a member of the Board. Yours directors recommend his appointment.

No Directors except Sh. Ravi Peshawaria is concerned or interested in the business set out in at item no. 6

Item No. 10

In terms of SEBI'S circular No. SMD/Policy/CIR-7/2003 and under the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 company intends to get delisting of securities from small stock exchanges. At present the company is listed with six stock exchanges in India. It will be quiet easy to manage and otherwise will be cost effective also.



M/s CHAMAN LAL SETIA EXPORTS LTD.

DIRECTORS' REPORT

To The Members,

Yours Director have pleasure in presenting the 9th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2003.

1. RICE BUSINESS ----- Performance At A Glance

Particulars	Amount (in Lacs) Y.E. 31.03.2003	Amount (in Lacs) Y.E 31.03.2002
Export turnover	2095.78	2208.57
Domestic turnover	2962.65	2440.00
Profit before Intt. & Depreciation	309.99	418.96
Interest	37.17	141.11
Provision for Depreciation	62.68	54.65
Profit before Tax	210.14	233.20
Provision for Tax	59.95	34.40
Profit after Tax	150.19	188.80
Proposed Dividend including Tax	313.37	0.00
Transfer To General Reserve	15.02	18.87
Carried to Balance Sheet	413.65	611.58
Current Assets	3541.06	3727.60
Current Liabilities	1467.49	862.06
Working Capital	2073.57	2865.54
Capital Employed	2469.47	3223.39
EPS	1.68	2.11
Book Value	27.66	29.52

Highlights of Preformance:

During the year the export of Company fell due to lower realisations in export market as well over stocking with importers. Inspite of all there factors the domestic sales improved considerably due to management thurst, distribution network consideration etc. Fresh life was breathed in domestic sales with new & attractive packing, branding and standardisation exercise of rice, creating new markets etc.

2. Deposits

The Company has not accepted any deposits falling within the purview of Sec 58A of the Companies Act 1956 and no deposits were overdue as on 31.03.03

3. Personnel

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



4. Directors

Sh Vijay Setia whole Time Director of the Company and Sh Sukarn Setia, whole time Director of the Company retires by rotation at the Annual General Meeting and being Eligible offers themselves for re-election.

5. 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

6. Particulars of employees

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

7. 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.

8. Auditors

M/s Rajesh Kapoor & Co, Chartered Accountants retire at the conclusion of the forthcoming Annual General meeting and are available for re-appointment. A written certificate u/s 224(1)(B) has been obtained to this effect.

9. Dividend

During the year ended March 31, 2003 your Company's working results have improved substantially in view of the Management Thrust on Cost reduction in all areas of Company's operations, productivity improvement, improvement in the quality of yield and innovation of new products viz Pesticide Residue Free Rice, Smoked Rice etc. Therefore keeping in view the shareholders aspirations, yours directors, recommend a dividend of 31 % on pro-rata basis.

10. Director's Responsibility

Pursuant to section 217 (2AA) of the Companies Act 2000 the directors confirm that:

- (i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) Appropriate accounting policies have been selected and applied Consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2003 and of the profit of the Company for the said period.
- (iii) Proper and sufficient care has been taken 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) The annual accounts have been prepared on a going concern basis.

11. Corporate Governance

Recognising the importance of Corporate Governance, the company has been making efforts towards adoption of best practices. This has been explicitly recognised in the company's policies. The company has an audit committee comprising of Independent directors which provides direction and oversees the



Chaman Lal Setia Exports Limited

operation of total audit function of the company. Further the company has an investors' grievance committee.

The company has implemented the requirements of code of corporate governance formulated by Securities & Exchange Board of India and incorporated as clause 49 in the Listing Agreement of the Stock Exchanges where the shares of the company are listed. A report on the Corporate Governance is attached.

12. Dematerialisation of Shares

The Company has entered into agreements with both National Securities Depository Ltd and Central Depository Services Ltd. whereby the Shareholders have an option to dematerialise their shares with either of the depositories. Now the company's shares are traded compulsorily in demat form under ISIN code INE419D01018.

13. Social Objectives

Company is not only a Profit Oriented Unit, but also meeting its Commitment & Responsibility towards the society by undertaking the following measures:

- a) Development of new technique whereby rice could be made **Pesticide Residue Free**.
- b) Development of "Heat proof" Roof Systems for Public Housing (project under process);
- c) Development of low cost water filters for poor segment of the society. The Company has named the new invention after the name of its Brand as Begum Water Filter.
- d) Project for tackling problem of wastewater logging and treatment of sanitary discharge in villages is under process.

14. Pollution Free Environment: - Company's Slogan

During the Year Company has distributed free of cost plants of Neem & Jamun for plantation. Further the Company has also used the Neem as bio pesticide for controlling infestation.

15. Company's credit rating by ICRA

Your company was awarded the highest safety ranking i.e. A-1 by ICRA Ltd. for the purpose of issuing Commercial Papers. In view of continuously reducing bank rates and comfortable liquidity position of the company, your directors has dropped the idea of issuing Commercial Papers and hence has requested ICRA Ltd. to withdraw its rating, which was subsequently withdrawn.

16. ISO -9002 Certification

Your Director feel pleasure to inform the members that during the year under audit, the ISO 9002 certificate of the company was renewed by Bureau Veritas, London keeping in view the standards achieved by the company.

Appreciation

The Board of directors thanks company's customers, public in general, shareholders, bankers and suppliers.

The Board also places on record its appreciation of the services rendered by staff at all levels and look forward to their valued co-operation and contribution in meeting the future challenges.

Place: Amritsar

Dated: 18-08-03

FOR & ON BEHALF OF BOARD
CHAMAN LAL SETIA

Chairman cum Mg. Director



ANNEXURE A

Particulars as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Director's Report for the year ended 31.03.2003

A. CONSERVATION OF ENERGY

A novel System has been created for cost effect utilisation of waste rice husk ash for saving in the Electricity bills of air conditioning and cooling systems being deployed in Concrete buildings to protect from the burning heat of tropical summers. A rough estimate of this expense in the form of electricity consumption alone can be made in crores while other saving in the shape of equipment cost, recurring repairs etc are in additions. The system also saves in the form of low electricity requirement which is national resource.

The technique also find use in cold regions as insulation material their by permanently cutting cost of heating system & can be effectively used in defence bunker, civil construction in inhospitable climate.

B. TECHNOLOGY ABSORPTION

(i) Research And Development(R&D)

1. Various R&D initiatives were undertaken which have resulted in :

- a) Development of Pesticide Residue Free aged Basmati rice.
- b) Development of Smoked Basmati Rice.
- c) Improved efficiency of Paddy Husker;
- d) Improvement in Elevator Working;
- e) Use of neem as Bio-pesticide;
- f) Improvement in Parboiling for improvement in quality parameters;
- g) Use of Plastic Buckets in parboiling plant thus reducing cost.
- h) Development of Bhatti Sella for the first time in India.

2. Future plan of action.

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

3. Expenditure on R & D.

Wages, salaries, stores, spares & consumable used for R&D activities have been debited to Respective Heads.

(ii) Technology absorption, adoption and innovation.

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

C. EFFLUENT TREATMENT

Your Company has developed a "no cost" water treatment system for its Parboiled Unit.

D. ELIMINATION OF PESTICIDE RESIDUE: -

Aged rice is preferred for eating & cooking quality. But aging requires one & more years of storage and for safe storage, pesticides fumigants are invariable used to preserve the rice. These are highly toxic and even its residues are health hazards. Even recently some soft drinks have been found to contain pesticides residue contents.

As per norms of WHO these pesticides are to be phased out for human health & environment concerns and it is remarkable achievement of the company that it has developed a technology of aged rice without fumigation & pesticide usage resulting thereby a healthy and tasty rice for your health & family.

E. SMOKED BASMATI RICE: -

The company has yet another development to its credit that it has developed a new quality of rice called "Smoked Basmati Rice" which is monopoly of few millers in the world.



Management Discussion and Analyses

Industry Structure & Development: -

Real GDP growth of Indian Economy has been estimated to be lower at 4.4% in 2002-03 as compared to 5.6% in 2001-02. Further "Agricultural and Allied Activities " grew at a negative rate by 3.1% during 2002-03 compared to an increase of 5.7% in 2001-02. This was mainly due to drought conditions in the country. Rice industry is mainly dependent on Agricultural Sector for its growth, which was not very comfortable during 2002-03.

Outlook -Global Rice Industry: -

The tough macro economic environment during the year 02-03 had its adverse impact on global rice Industry as well. In the wake of slowdown in the World economy, Global over production, international Prices continued to show declining trend throughout the year.

While the international price of rice remained sluggish throughout the year, domestic realisation & demand witnessed a better trend as compared to previous year and demand for rice continued to be more lucrative in domestic market as compared to export market. This trend in domestic market had its impact on international market of rice and it is showing better prospective and this trend is continuing till date which will have its impact on the profitability of the industry in the ensuing year.

Opportunities & Threats: -

Opportunities: _

1. The Company has developed a unique product i.e. **Pesticide Residue Free Aged Basmati Rice** which is absolutely free from any pesticide residue. This product of the company can be called triumph card for the future. As it is well known now that some of very popular food items have been found having pesticide residue content. Now the WHO and other like authorities are going to fall heavily on food products having pesticide residue contents. But as far as our company is concerned, our product is now pesticide residue free and this is perhaps unique in the world.
2. Yet another development for which we can boast of is **Smoked Rice** having something-unique taste and flavour.
3. The company's novel product Bhatti Sella which was introduced last year is selling at a premium in the rice market. This rice has the qualities like taste, aroma, easy cooking and longer preservation period.
4. In order to take the benefits of bulk trading of rice, company has planned to set-up a unit at the outskirts of Delhi, which is largest market for rice in India. The unit is under construction as on the date of report. This unit is not Capital Intensive, as only processing facilities will be installed for trading purposes. More emphasis will be given on bulk export at lower margins.
5. The Company has not diversified its business and its main thrust is rice only which is the only business of the company .The main concept adopted by the company is to do specialisation in rice business so as to reach at the top in the ultimate scenario. The fixed cost can be brought down substantially with increased production as the Company has the total Infrastructure at its both the units.

Threats: -

Under performance of world economy, global recession and negative growth in Agricultural and Allied Sector are the threats which can depress the prices and the demand for rice. This risk can be mitigated largely due to the concept that Food Industry has lesser elasticity of demand as compared to the other products. Further the business wisdom and technological aspirations inherent in the management team can be quiet helpful to overcome such difficulties.

As the company is mainly dependent upon Agriculture which totally depends upon the quality of rains in India, the poor rainfall can adversely affect the costing of the Company and consequent price realisation. But the Company has developed its procurement market through out India and if in any region the rainfall is lesser the Company can buy its raw material from the another region.



Risks and Concerns

The unprecedented nature of Rice Industry and volatile prices are areas of concern for which the company's focus is to make cost of production internationally competitive and reduces interest cost by more & more utilising its own resources and cutting other cost through technological upgradation and computerisation of company's operations.

The protectionist measures initiated by other countries may close down the window for exports. However the company's focus is largely on the domestic market.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The company continued to lay emphasis on strengthening and improving internal supervision and control. The Company has a proper and adequate system of Internal controls to provide reachable assurance that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transaction are authorized, recorded and reported correctly. The internal control system provides for well-documented policies, guidelines authorization and approval procedures. Management information system (MIS) is the backbone of your company's control mechanism. Well-conceived annual planning and effective budgetary control ensures adequate control on all the expenditures of the company.

An extensive programme of Internal Audit by the internal audit department and periodic review by the Management further supplement the Company's internal control systems. In the line with the International trend, planning and conduct of internal audit is oriented towards review of control in the management of risks and opportunity in the Company's activity.

The Internal Auditors report significant audit observations, periodically at regular intervals to the Audit Committee that comprises of three independent Directors. The Committee met regularly during the financial year and reviewed audit observation and followed up implementation of corrective actions. The audit committee also met the company's Statutory Auditors to ascertain their views on the adequacy of Internal Control System in the Company.

FINANCIAL PERFORMANCE:

Despite difficult market scenario, negative growth in Agricultural and Allied Activities, tight money market and other factors viz tension on border company maintained its record of profitability and earned Rs 273 lacs as cash profit as compared to 277 lacs last year. During the year company's sale record a growth of 9 % from 4648 lacs to 5037 lacs and EPS maintained at Rs. 1.68.

Further as committed last year, as a measure of reduction in cost company paid Rs.37 lacs to the bank as interest in the year under audit as compared to last year when the company did pay Rs. 141 lacs interest thereby reducing interest expenses by 74 % which is a remarkable achievement.

INDUSTRIAL RELATIONS & HUMAN RESOURCE MANAGEMENT:

Like any high performance organization, your company firmly believes that success of the company comes from good Human Resources. Employees are considered as important assets and key to its success. HRD always strives for sourcing and developing high caliber employees, providing them relevant training for enhancement of their competence and facilitating their assessment process through an effective performance Management System (PMS). Company aims to remain lean and dynamic in a continuing de layed structure.

Training and development initiatives aim at bridging the gap between existing skills and desired skills of the employees in line with organisational needs. Extensive training inputs aim at building up competence amid commitment to employees through understanding and utilizing new technology, hands on job training, inter functional knowledge, furtherance of safety awareness and training in behavioural area etc.

During the year company has incurred Rs. 2.93 lacs on the training of its employees.

Employee relation continued to be satisfactory. The number of persons directly employed by the company was above 100 as on 31st March 2003.

The company continued with the existing welfare schemes for the benefits of its employees. The Provident Fund, Bonus, Promotion, Gratuity and other fringe benefits were bestowed upon all the confirm



employees of the company to motivate them for attaining the ultimate goals of the company. In addition to these benefits Group Insurance, Medical Insurance and Retrenchment Compensation were also assured for the employees of the company.

In addition to these ultimate benefits, employees are also provided with better working environment, first aid medical facilities, conveyance facility and computerised environment.

CAUTIONARY STATEMENT:

Statement in this report on Management's Discussion and analysis describing the company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand supply, finished goods prices in the domestic and overseas markets in which the Company operates, raw material cost and availability, changes in Government regulations, tax regimes, economic developments within India and other factors such as litigation and Industrial relations. The company assumes no responsibility to publicly amend, modify ore revise any forward looking statements on the basis of any subsequent developments information or events.



Chaman Lal Setia Exports Limited

Report on Corporate Governance

1. Corporate Governance Philosophy:

Your company and its board is committed to achieve the highest standards of Corporate Governance.

2. Board of Directors: -

Company has a broad mix of Independent & Non-Independent directors, Constituted as per and in accordance with the Companies Act, 1956 and SEBI Code.

2.1 Composition of the Board of Directors as on 31.03.03

S.No.	Name	Designation	Date of Appointment	Other Brds./ Comm.
1.	Sh. Chaman Lal	Chairman cum Mg. Director	21.09.99	Nil
2.	Sh. Vijay Setia	Executive Director	21.09.94	Nil
3.	Sh. Rajeev Setia	Executive Director	21.09.94	Nil
4.	Sh. Sukarn Setia	Executive Director	28.09.01	Nil
5.	Sh. Ankit Setia	Executive Director	30.09.02	Nil
6.	Sh. Inder Dev Kukkar	Director	26.05.97	Nil
7.	Sh. Naresh Suneja	Director	30.09.02	Nil
8.	Sh. Amit Malhotra	Director	30.09.02	Nil
9.	Sh. Parmod Kumar	Director	31.03.03	Nil
10.	Sh. Ravi Peshawaria	Director	31.03.03	Nil

2.2 Details of Board Meetings held in 2002-03: -

Date of Meeting	No. of Directors on Board	No. of Directors in Attendance
01.04.02	5	5
15.04.02	5	4
29.04.02	5	4
30.04.02	5	5
15.05.02	5	3
31.05.02	5	3
15.06.02	5	4
01.07.02	5	5
16.07.02	5	5
30.07.02	5	4
31.07.02	5	4
05.08.02	5	5
31.08.02	5	4
02.09.02	5	4
16.09.02	5	3



Chaman Lal Setia Exports Limited

Date of Meeting	No. of Directors on Board	No. of Directors in Attendance
28.09.02	5	3
30.09.02	8	7
16.10.02	8	7
28.10.02	8	7
30.10.02	8	8
31.10.02	8	7
15.11.02	8	7
15.12.02	8	6
16.12.02	8	7
30.12.02	8	8
15.01.03	8	7
30.01.03	8	8
31.01.03	8	6
15.02.03	8	6
21.02.03	8	7
28.02.03	8	7
21.03.03	8	6
31.03.03	10	10

2.3 Details of meetings attended by directors during 2002-03

Name of Director	No. of Meetings Held	No. of Meetings attended	Attendance in Last AGM
Chaman Lal	33	33	Yes
Vijay Setia	33	28	Yes
Rajeev Setia	33	31	Yes
Inder Dev Kukka	33	33	Yes
Sukarn Setia	33	13	No
Ankit Setia	17*	12	NA
Naresh Suneja	17*	17	NA
Amit Malhotra	17*	17	NA
Parmod Kumar	1*	1	NA
Ravi Peshawaria	1*	1	NA

* No. of meetings held during tenure

2.4 Biodata of New Directors on Board :-

During the year five directors joined the Board as a measure of Corporate Governance. All these directors were appointed as additional directors U/S 260 of the Companies Act, 1956. Yours' directors recommend them for the office of Director U/S 257 of the Companies Act, 1956, liable to retire by rotation.

Vijay Setia :- Sh. Vijay Setia is quiet a famous name in Rice Industry having 25 years experience in Rice Business. He has been the Vice President of All India Rice Exporters Association of India and Its executive member for quiet a few time. His main area of specilisation are Production and Technical Know-how. His name was recommended by the District Authorities for National Award for his Novel Innovation in the field of



Parboiling Waste Water Treatment System.

Sukaran Setia :- Sh. Sukaran Setia is a Commerce Graduate and Diploma holder in Import and Export from Schiller University, London. Further he has attended many workshops on rice industry. He is quiet young and Dynamic

Ankit Setia: - Sh. Ankit Setia is a young and dynamic personality having knowledge of rice by birth. He is a diploma holder in Food Technology. He joined the Board w.e.f 30-09-02.

Naresh Suneja: - Sh. Naresh Suneja is an experienced Businessman and is doing his business since 20 years. He has joined the Board w.e.f 30-09-02.

Parmod Kumar: - Sh. Parmod Kumar is quiet an experienced businessman having 30 years experience in line related to rice industry. He is a graduate. He has joined the Board w.e.f 31-03-03.

Amit Malhotra: - Sh. Amit Malhotra is Post-graduate in Law and having diploma in Import & Export. He is quiet young and dynamic. He has joined the Board w.e.f 30-09-02.

Ravi Peshawaria: - Sh. Ravi Peshawaria is an experienced businessman having 30 years experience in rice business. He has joined the Board w.e.f 31-03-03.

3. Committees of the Board :-

3.1 Audit Committee: -

Composition: -

Sh. Inder Dev Kukkar	Non Executive Director (Chairman)
Sh. Naresh Suneja	Non Executive Director (Member)
Sh. Amit Malhotra	Non Executive Director (Member)

Objectives: -

- * Providing direction and overseeing the total Audit function.
- * Interaction with Statutory Auditor before finalisation of annual/ semi annual financial results.
- * Reviewing Internal Audit function, its quality and effectiveness.
- * Acting as per the provisions of Listing Agreement.
- * Housekeeping.

3.2 Details of meetings attended by member directors during 2002-03: -

Name	No. of Meetings held	No. of Meetings attended
Sh. Inder Dev Kukkar	6	6
Sh. Naresh Suneja	6	6
Sh. Amit Malhotra	1	1

3.3 Shareholders/ Investor Grievance Committee :-

Composition: -

Sh. Ravi Peshawaria	Non Executive Director (Chairman)
Sh. Rajeev Setia	Executive Director (Member)



Chaman Lal Setia Exports Limited

3.4 Details of meetings attended by member directors during 2002-03: -

Name of Director	No. of Meetings held	No. of Meetings attended
Sh. Ravi Peshawaria	1	1
Sh. Rajeev Setia	1	1

The company has received complaints/queries from the investors during the year. All of these have been redressed. No share transfer request received upto 31.03.03 is pending for more than 30 days.

4. Related Party Disclosures: -

The company has identified all related parties and transactions with them during the year as follows: -

Name of the Related Party	Relationship	Nature of Transaction
Sh. Chaman Lal	Chairman cum Mg. Director	Remuneration
Sh. Vijay Setia	Executive Director	Remuneration
Sh. Rajeev Setia	Executive Director	Remuneration
Sh. Sukarn Setia	Executive Director	Remuneration
Sh. Ankit Setia	Executive Director	Remuneration

No other amount has been paid to the directors.

5. Material Disclosures: -

There was no instance of non-compliance by the company on any matter related to Capital markets.

There are no materially significant related transactions of the company with its Directors, management and /or relatives that would have potential conflict with the interest of the company at large.

6. Per Share Data :-	2001-02	2002-03
Face Value (Rs.)	10	10
Earning Per Share (Rs.)	2.11	1.68
Dividend (%)	—	31%
Book Value (Rs.)	29.50	27.66

7. Listing on Stock Exchange :-

The shares of the company are listed on the following Stock Exchanges: -

1. Mumbai	2. Delhi	3. Ludhiana
4. Chennai	5. Jaipur	6. Ahmedabad

8. Registrar & Share Transfer Agent: -

Beetal Financial & Computer Services (P) Ltd., a SEBI approved Registrar and Share Transfer Agent, has been entrusted the job of Registrar and Share Transfer Agent for the company. It has been entrusted the job of STA both for Physical as well as Demat shares. Investors may send all their communication regarding transfer/transmission of shares, change of address and change in bank account at the following address:

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



9. Share Transfer System:-

Transfer of physical shares is made within the time stipulated by SEBI. Registrar & STA sends an option letter to the shareholders to send their consent to receive the shares in physical or demat form. A period of thirty days is given to shareholders to send his option. Thereafter shareholder receives the shares as per his/her option. In case of non-receipt of option from the shareholder, physical shares are sent.

10. Shareholding & Distribution Pattern (as on 31.03.03):-

Category	No. of Shares Held
Directors/their Relatives/	6999600
Domestic Companies	479915
Indian Public/Resident Individuals	2018785

11. Dematerialisation of shares :-

The company's shares are traded compulsorily in demat form under ISIN Code INE 419D01018.

For and on behalf of the Board

(Chaman Lal)
Chairman cum Mg. Director



Auditors' Certificate

We have examined the compliance of conditions of Corporate Governance by M/s Chaman Lal Setia Exports Ltd. for the year ended 31st March, 03, as provided in Clause 49 of Listing Agreement.

The compliance of the provisions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adapted by the company. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the provisions of Corporate Governance to the extent applicable.

We state that no investor grievance is pending for a period exceeding 30 days as per the record maintained by the Shareholders Grievances Committee.

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

For M/s Rajesh Kapoor & Co.
Chartered Accountants

Place: - Amritsar
Date: -18-08-2003

(Rajesh Kapoor)
Prop.



Chaman Lal Setia Exports Limited

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 Registered 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, equipment and other assets and for the sale of goods.
11. In our opinion and according to the information and explanations given to us, the transactions 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 provisions 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 31.3.03 for the 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 RAJESH KAPOOR & CO
CHARTERED ACCOUNTANTS

Place: Amritsar
Dated: 18.08.03

(RAJESHKAPOOR)
Prop.



AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Chaman Lal Setia Exports Ltd. And also the Profit and loss account of the Company for the year ended on that date annexed there to. These financial statements are the responsibility of management .Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standard generally accepted in India . These Standard require that we planned & formed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit include the examining on a test basis, evidence sporting the amount and disclosures in the financial statement. An audit also include assessing the accounting principles used and significant estimate by the management as well as evaluating the overall financial statements presentation .We believe that our Audit provide a reasonable basis for opinion .

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) The balance sheet & Profit & Loss Accountant has been drawn up in accordance with the provisions of schedule VI of Companies Act 1956.
- (b) 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.
- (c) 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.
- (d) The balance sheet and profit and loss account dealt with by this report are in agreement with the books of accounts.
- (e) In our opinion, the Profit & Loss Account and Balance Sheet Comply with the Accounting Standards referred to in sub section (3c) of section 211 of Companies Act 1956;
- (f) On the basis of written representations, received from directors, and taken on record by the Board, we report that none of the said directors is disqualified as on March 31, 2003 from being appointed as director in terms of section 274(1) (g) of the Companies Act 1956 and;
- (G) 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 '1' to '20' 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 31.3.03 and
 - (ii) In the case of the profit and loss account, of the profit for the year ended on that date.

FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

(RAJESH KAPOOR)
Prop.

PLACE: AMRITSAR
DATED: 18-08-03



Chaman Lal Setia Exports Limited

CHAMAN LAL SETIA EXPORTS LIMITED

Miran Kot Road, P.O. Central Jail

AMRITSAR

BALANCE SHEET AS ON MARCH 31, 2003

SOURCES OF FUNDS		SCHEDULE THIS YEAR AMOUNT (Rs.) 31.03.2003	LAST YEAR AMOUNT (Rs.) 31.03.2002
SHAREHOLDERS FUNDS			
(a) SHARE CAPITAL	1	91550347.00	91550347.00
(b) RESERVES AND SURPLUS	2	156724315.00	175014932.00
LOAN FUNDS			
(a) SECURED LOAN	3	95611875.00	67136784.00
(b) UNSECURED LOAN	4	0.00	58027488.00
	TOTAL	343886537.00	391729551.00
APPLICATION OF FUNDS			
FIXED ASSETS			
(a) GROSS BLOCK		84907927.00	74762493.00
(b) LESS DEPRECIATION		45624304.00	39972171.00
(c) NET BLOCK	5	39283623.00	34790322.00
INVESTMENT	6	300000.00	997500.00
CURRENT ASSETS, LOANS & ADVANCES			
(a) INVENTORIES	7	163213266.00	263784906.00
(b) SUNDRY DEBTORS	8	88623547.00	75841039.00
(c) CASH & BANK BALANCES	9	93883223.00	25557328.00
(d) LOANS AND ADVANCES	10	8394000.00	7577318.00
		354114036.00	372760591.00
LESS : CURRENT LIABILITIES AND PROVISIONS	11	51138536.00	19070860.00
NET CURRENT ASSETS		302975500.00	353689731.00
MISC. EXPENDITURE (To the extent not written off or adjusted)	12	1327414.00	2251998.00
	TOTAL	343886537.00	391729551.00

ACCOUNTING POLICIES AND

NOTES ON ACCOUNTS

20

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

RAJESH KAPOOR

CHAMAN LAL SETIA -

CHAIRMAN CUM MANAGING
DIRECTOR

PROP.

FOR RAJESH KAPOOR & CO.

CHARTERED ACCOUNTANTS

RAJEEV SETIA
- EXECUTIVE DIRECTOR

PLACE : AMRITSAR

DATE : 18.08.2003



Chaman Lal Setia Exports Limited

CHAMAN LAL SETIA EXPORTS LIMITED MIRAN KOT ROAD, P.O. CENTRAL JAIL, AMRITSAR

PROFIT & LOSS ACCOUNT AS ON MARCH 31, 2003

INCOME	SCHEDULE	THIS YEAR	LAST YEAR
		AMOUNT (RS) 31.03.2003	AMOUNT (RS) 31.03.2002
SALES & OTHER INCOME	13	513161229	470195104
INCREASE/(DECREASE) IN STOCK OF WORK IN PROGRESS & FINISHED GOODS	14	-88760035	28953594
		424401194	499148698
EXPENDITURE			
MANUFACTURING EXPENSES	15	343539735	412048561
PERSONEL EXPENSES	16	7672963	6550387
ADMINISTRATIVE EXP.	17	8707970	9126612
FINANCIAL EXPESNES	18	3717824	14111300
SELLING & DISTRIBUTION	19	33479012	29526259
DEPRECIATION	5	6267742	5465513
	TOTAL	403385246	476828632
PROFIT FOR THE YEAR BEFORE TAX		21015948	22320066
PROVISSION FOR TAXATION		4700000	1700000
DEFERRED TAX		1295000	1740410
PROFIT AFTER TAXES		15020948	18879658
PRIOR YEAR TAX ADJUSTMENTS		1964047	2312658
PRIOR YEAR EXPENSES		0	1200000
WEALTH TAX		9900	0
PROFIT/LOSS B/F FROM BALANCE SHEET		61157774	43053424
AMOUNT AVAILABLE FOR APPROPRIATION		74204775	63045740
PROPOSED DIVIDEND (INCLUDING INCOME TAX)		31337608	0
TRANSFERRED TO GENERAL RESERVE		1502095	1887966
BALANCE CARRIED TO BALANCE SHEET SIGNED IN TERMS OF OUR REPORT OF EVEN DATE		41365072	61157774

RAJESH KAPOOR

CHAMAN LAL SETIA -

CHAIRMAN CUM MANAGING

PROP.

DIRECTOR

FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS,

RAJEEV SETIA
- EXECUTIVE DIRECTOR

PLACE : AMRITSAR

DATE : 18.08.2003



Chaman Lal Setia Exports Limited

SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2003

SCHEDULE 1

SHARE CAPITAL	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
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	3432653.00	3432653.00
TOTAL	91550347.00	91550347.00

SCHEDULE 2

RESERVES & SURPLUS	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
SHRI GANESH JI & LAKSHMI JI	22.00	22.00
GENERAL RESERVE		
BALANCE AS PER LAST BALANCE SHEET	20406085.00	
ADD: AMOUNT TRANSFERRED FROM P & L A/C	1502095.00	
	21908180.00	20406085.00
SHARE PREMIUM	93451041.00	93451041.00
PROFIT & LOSS ACCOUNT	41365072.00	61157774.00
TOTAL	156724315.00	175014932.00

SCHEDULE 3

SECURED LOAN	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
I CASH CREDIT	52282775.00	15202794.00
II TERM LOAN	450000.00	0
III PACKING CREDIT	0.00	21900809.00
IV FOREIGN BILL DISCOUNTING	42879100.00	30033181
TOTAL	95611875.00	67136784.00



SECURITIES

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

Indian Directors

SCHEDULE 4

UNSECURED LOAN	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
LOAN FROM DIRECTOR	0.00	58027488.00
	0.00	58027488.00

SCHEDULE 6

INVESTMENT	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
PNB Gilts Ltd.	300000.00	300000.00
PNB PUBLIC ISSUE (SHARE APPLICATION)	0.00	697500.00
	300000.00	997500.00

SCHEDULE 7

INVENTORIES	THIS YEAR AMOUNT (RS). 31.03.2002	LAST YEAR AMOUNT (RS). 31.03.2001
-------------	---	---

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	28827629.00	39348768.00
FINISHED GOODS	134385637.00	224436138.00
	163213266.00	263784900.00



Chaman Lal Setia Exports Limited

SCHEDULE 5

FIXED ASSETS PARTICULAR	OPENING BALANCE AS AT 1.4.02	GROSS BLOCK ADDITIONS DURING THE YEAR (Rs.)	LESS DURING THE YEAR (Rs.)	CLOSING BALANCE AS AT 31.3.03	UP TO DURING THE 1.4.02	DEPRECIATION DURING THE YEAR (Rs)	LESS UPTO YEAR (Rs.)	TOTAL AT 31.3.03	NET BLOCK AS 31.3.03 (Rs)	AS AT 31.3.02 (Rs)
LAND & BUILDING	17533881.00	744036.00	0.00	18277917.00	6085226.00	888621.00	0.00	6973847.00	11304070.00	11950826.00
PLANT MACHINERY	33389379.00	3196601.00	0.00	36585980.00	17968883.00	3188421.00	0.00	21157304.00	15428676.00	18616235.00
ACCESSORIES	15297109.00	1206255.60	57634.00	16445730.60	9828776.00	1305240.00	36512.00	11097504.00	5348226.00	3316470.00
WOODEN CRATES	1487085.00	0.00	0.00	1487085.00	1487085.00	0.00	0.00	1487085.00	0.00	0.00
CAR	4792940.00	3355556.00	849750.00	7298746.00	3215478.00	770554.00	579096.00	3406936.00	3891810.00	2117631.00
FURNITURE & FIXTURE	250141.00	60245.00	0.00	310386.00	186324.00	20516.00	0.00	206840.00	103546.00	64513.00
TARPAL	1200398.00	94390.00	0.00	1294788.00	1200398.00	94390.00	0.00	1294788.00	0.00	1833.00
	811562.00	997176.00	811562.00	997176.00	0.00	0.00	0.00	0.00	997176	0.00
BUILDING UNDER CONSTRUC	0.00	2210119.00	0.00	2210119.00	0.00	0.00	0.00	0.00	2210119.00	0.00
TOTAL	74762495.00	11864378.00	1718946.00	84907927.00	39972170.00	6267742.00	615608.00	45624304.00	39283623.60	33718827.00



Chaman Lal Setia Exports Limited

SCHEDULE 8

SUNDRY DEBTORS	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
UNSECURED CONSIDERED GOOD		
FOR A PERIOD EXCEEDING SIX MONTHS	5681931.00	4126164.00
OTHERS	82941616.00	71714875.00
TOTAL	88623547.00	75841039.00

SCHEDULE 9

CASH & BANK BALANCES	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
CASH & CHEQUES IN HAND	938599.00	876135.00
CASH WITH SCHEDULED BANKS		
-IN CURRENT ACCOUNT	6667604.00	7380486.00
-IN FIXED DEPOSIT/MARGIN MONEY ACCOUNT	86114767.00	17252619.00
-INTEREST ACCRUED ON DEPOSITS	16336.00	0.00
-CASH/CHEQUE IMPREST ACCOUNT	45118.00	48088.00
TRAVELLER CHEQUE	100799.00	0.00
TOTAL	93883223.00	25557328.00

SCHEDULE 10

LOANS AND ADVANCES	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED::		
UNSECURED CONSIDERED GOOD :-		
SECURITY AND OTHER DEPOSITS	864145.00	660515.00
STAFF & WORKERS	1074304.00	809731.00
FOR PURCHASE OF MACHINERY	708800.00	708800.00
FOR EXPENSES & OTHERS	1251668.00	1266931.00
ADVANCE TAX /TDS	4495083.00	2969478.00
DEFERRED TAX	0.00	1161863.00



Chaman Lal Setia Exports Limited

SCHEDULE 11

CURRENT LIABILITIES AND PROVISIONS	THIS YEAR AMOUNT (RS). 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
SUNDRY CREDITORS	10317316.00	9642701.00
OTHER LIABILITIES	2111606.00	4139594.00
DIVIDEND/REFUND PAYABLE	699048.00	691357.00
PROVISIONS		
INCOME TAX	6400000.00	3200000.00
DIVIDEND (INCLUDING INCOME TAX)	31337608.00	7691.00
T.D.S PAYABLE	139821.00	1389517.00
DEFERRED TAX	133137.00	0.00
TOTAL	51138536.00	19070860.00

SCHEDULE 12

MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
A) PRELIMINARY EXPENSES		
AS PER LAST BALANCE SHEET	74762.00	112127.00
LESS : 1/10TH WRITTEN OFF	37365.00	37365.00
SUB-TOTAL	37397.00	74762.00
B) PUBLIC ISSUE EXPENSES		
AS PER LAST BALANCE SHEET	1376261.00	2064391.00
LESS : 1/10TH WRITTEN OFF	688130.00	688130.00
SUB-TOTAL	688131.00	1376261.00
DEFERRED REVENUE EXPENSES	800975.00	1001363.00
EXPENSES DURING THE YEAR	1299.00	0.00
LESS : 1/10TH WRITTEN OFF	200388.00	200388.00
SUB-TOTAL	601886.00	800975.00
	1327414.00	2251998.00

SCHEDULE 13

SALES AND OTHER INCOME	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
SALES :-		
* EXPORT	209578706.00	220857374.00
* LOCAL	296265243.00	244000892.00
SUB-TOTAL	505843949.00	464858266.00
OTHER INCOME :-		
INTEREST RECEIVED/ACCRUED		
* ON FIXED DEPOSIT WITH BANKS	2539840.00	0.00
SALE OF LICENCES	3242301.00	874401.00



Chaman Lal Setia Exports Limited

SCHEDULE 14

INCREASE(DECREASE) IN STOCKS OF WORK IN PROGRESS AND FINISHED GOODS	THIS YEAR AMOUNT (RS). 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
OPENING STOCK		
-FINISHED GOODS	218338469.00	189384875.00
CLOSING STOCK		
-FINISHED GOODS	129578434.00	218338469.00
INCREASE/DECREASE IN STOCKS	-88760035.00	28953594.00

SCHEDULE 15

EXPENSES THIS YEAR	LAST YEAR AMOUNT (RS). 31.03.2003	AMOUNT (RS). 31.03.2002
MANUFACTURING EXPENSES		
RAW MATERIAL AND COMPONENTS CONSUMED	296339091.00	368349360.00
ELECTRICITY EXPENSES	9024535.00	8815308.00
MACHINERY REPAIR & MAINTENANCE	4781629.00	6086946.00
SHELLER LEASE	300000.00	300000.00
BARDANA REPAIRS	581220.00	557043.00
PACKING EXPENSES	2224971.00	2278966.00
STACKING, WEIGHING	7728407.00	8082102.00
LOADING, UNLOADING, SORTING & BUNAI		
OIL & GREASE	22471.00	50730.00
GENERATOR EXPENSES	5818969.00	3353949.00
PACKING MATERIAL /EMPTY COST	15357796.00	13718535.00
FUMIGATION	503332.00	447951.00
RESEARCH & DEVELOPMENT	3657.00	7671.00
OTHER REPAIR	853657.00	0.00
TOTAL	343539735.00	412048561.00

SCHEDULE 16

PERSONNEL EXPENSES	THIS YEAR AMOUNT (RS). 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
SALARIES/WAGES	3350968.00	3044365.00
ALLOWANCES TO STAFF/WORKERS	580607.00	315168.00
DIRECTORS REMUNERATION	1410197.00	1187581.00
EMPLOYEES PROVIDENT/FAMILY PENSION	1288159.00	1028804.00
BONUS	402798.00	382120.00



Chaman Lal Setia Exports Limited

SCHEDULE 17

ADMINISTRATIVE EXPENSES	THIS YEAR AMOUNT (RS). 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
INSURANCE	1961324.00	1962417.00
LEGAL/PROFESSIONAL EXPENSES	1490696.00	957193.00
POSTAGE, TELEPHONE & COURIER EXPS.	1204758.00	1305563.00
VEHICLES REPAIR & MAINTENANCE	590375.00	528990.00
STATIONERY & PRINTING	246782.00	231506.00
TRAVELLING EXPENSES		
*DOMESTIC	711154.00	
*FOREIGN	690154.00	1693632.00
SUBSCRIPTION	123084.00	42086.00
AUDITOR'S REMUNERATION		
*STATUTORY AUDIT	50000.00	30000.00
*TAX AUDIT		0
*TAXATION MATTERS		
*COMPANY LAW MATTERS	78026.00	
MISC. EXPENSES/SHOP EXPENSES	497323.00	583362.00
PRELIMINARY & PUBLIC ISSUE EXP. WRITTEN OFF	925883.00	925883.00
DONATION	62024.00	32646.00
RENT	5961.00	4188.00
ISO EXPENSES	17430.00	144160.00
BUSINESS PROMOTION	52996.00	0
BUILDING REPAIR/GENERAL REPAIR.00	684986.00	
TOTAL	8707970.00	9126612.00

SCHEDULE 18

FINANCIAL EXPENSES *	THIS YEAR AMOUNT (RS). 31.03.2003	LAST YEAR AMOUNT (RS). 31.03.2002
BANK CHARGES	1654475.00	1948433.00
INTEREST		
*TO BANKS	2063349.00	7634503.00
*OTHERS		4528364.00
TOTAL	3717824.00	14111300.00

SCHEDULE 19

SELLING & DISTRIBUTION EXP.	THIS YEAR AMOUNT (RS) 31.03.2003	LAST YEAR AMOUNT (RS) 31.03.2002
EXPORT COMMISSION	1778369.00	1732038.00
E.C.G.C EXPENSES/AGMARK EXPENSES	975749.00	1196284.00
ADVERTISEMENT	646075.00	673557.00
DIRECT EXPORT EXPENSES	23966436.00	22267472.00
CONSIGNMENT EXPENSES	1493976.00	866633.00
BROKERAGE	1755354.00	1425444.00
BILL DISCOUNT/REBATE	1281690.00	669964.00
MISC EXPENSES	147058.00	135731.00
BAD DEBTS	1434305.00	559136.00
	33479012.00	29526259.00



Schedule 20 Notes on Accounts

1. Significant Accounting Policies

(A) Sales

- (i) Sales are accounted for on the date of Bill in the case of Domestic Sales and in the case of Export Sales it is accounted for on the date of Bill of Lading.
- (ii) Interest on Time deposits and other Securities is accounted for on an accrual basis.
- (iii) Revenue from DEPB Licenses is accounted for on receipt basis.
- (iv) Insurance Claims are accounted for on receipt basis.

(B) Accounting of Claims and Subsidies

- (i) Insurance Claims & Govt. Subsidies are accounted for on the date of Receipts.
- (ii) Subsidy receivable against a specific fixed assets is deducted from cost of relevant fixed asset otherwise Credited to Capital Reserve Account.

(C) Public Issue / Deferred Revenue Expenses

- (i) Share Issue expenses etc are expensed pro-rata over the period of ten years.

(D) Retirement Benefits

- (i) Company's Contribution paid / payable during the year to Provident Fund & Gratuity Fund are charged to Profit & loss A/c.

(E) Fixed Assets

- (i) Fixed Assets are stated at Cost of acquisition or Construction, including attributable interest and financial costs till such assets are put to use, less specific grants received.
- (ii) Fixed Assets are stated at historical cost less depreciation till date.
- (iii) Depreciation is provided on WDV basis as specified in Schedule XIV of the Companies Act 1956 on pro-rata basis. Depreciation on plant & Machinery has been provided on the basis of shifts in both the Units.
- (iv) Cost of leasehold land is amortised over the period of lease.

(F) Investment

- (i) Long term Investments are stated at cost.

(G) Research & Development

- (i) Revenue Expenses on Research & Development are Charged to P&L Account in the same year. Expenditure which results in creation of assets is included in fixed assets and depreciation is provided accordingly.

(H) Inventories

- (i) Raw Materials, Stock-in-trade and work-in-progress are valued at Cost or Net realisable value whichever is lower.
- (ii) Cost is determined on FIFO basis in the case of Raw Material & Work in Progress and on weighted average basis in the case of Stock-in-Trade.

(I) Foreign Exchange Transactions

- (i) Foreign Currency transactions are accounted for at the rate prevailing on the date of transaction, in the case of income & expenditure items.
- (ii) Monetary assets and liabilities are translated in Indian Rupees at the Exchange rate prevailing at the Year end as notified by FEDAI
- (iii) Gain or Loss arising out of translation / conversion / realisation is taken Credit for or charged to profit & Loss Account, except those relating to acquisition of fixed assets which are debited to fixed assets.



(J) Contingent Liabilities

- (i) Contingent Liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

(K) Expenses

- (i) All the expenses are accounted for accrual basis except purchase/Sale Tax Determined on finalisation of the assessment of relevant year.

2. Managerial Remuneration

Computation of Managerial Remuneration u/s 198

	31.03.2003	31.03.2002
Profit before Tax	21015953	22320068
Add: Depreciation	6267737	5465513
Less: Depreciation as per Sec 350	6267737	5465513
Net Profit u/s 350 of Companies Act 1956	21015953	22320068
Add: Directors Remuneration	1410197	1187581
Profit as per Section 198	22426150	23507649
Managerial Remuneration allowable @ 11%	2446876	2585841
Managerial Remuneration paid	1410197	1187581

3. Value of Assets as at 21.9.94 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.
4. Gratuity Payable to employees at some future date has been duly provided for by the Company by taking Group Gratuity Scheme from LIC of India.
5. Stores, Spares and Labour in respect of internally carried out repair and maintenance of Plant and Machinery and Building have not been charged separately but have been directly charged to stores and spares consumed and wages account.
6. 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.
7. 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.
8. 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.
9. The Managerial Remuneration has been paid within the limits of Section 198 of Companies Act 1956. Managing Director Rs 317350/- Whole Time Directors Rs. 1092847/-
10. Contingent liabilities as at 31.3.2003:
 - (i) Sales Tax amount paid under protest and disputed by the Company amount to Rs. 135000/-
 - (ii) The Company has filed a writ petition in Punjab & Haryana High Court against the decision of Punjab Govt. of levying Infra-Structure Tax @ 1% on domestic sales, the amount of which is not quantifiable. However the company has paid the tax for the year under audit.
10. Compliance with Accounting Standard
 - (i) AS-18 Related party transaction



Chaman Lal Setia Exports Limited

Details pertaining to related party transaction in respect of key managerial personnel of the company are as follow:-

- (a) Shri Chaman Lal Setia Chairman cum Managing Director.
- (b) Shri Vijay Setia Executive Director
- (c) Shri Rajeev Setia Executive Director
- (d) Shri Sukarn Setia Executive Director

(I) Remuneration paid to chairman & Managing Director and executive director is Rs 317350/- and Rs_1092847/- respectively.

Further information pertinent to Clause 32 of listing agreement is as follows :

Loans and Advances in the nature of Loans to subsidiaries N/A

Loans and advances in the nature of Loans to associates Nil

Loans and Advances in the nature of Loans where no payment schedule/re-payment beyond 7 years Nil

Loans and Advances in the nature of Loans where no interest below Section 372 A of the Companies Act 1956 Nil

Loans and Advances in the nature of Loans to firms/companies in which directors are interested Nil

Investments by the loanee in the shares of the company - Nil

The Company has not entered into any transaction with relative of key managerial personnel.

AS-19 Leases

The company has taken on lease the unit at Amritsar having capacity of 2MT per hour since 01-09-1994. The Annual lease rent amounting to Rs. 3 Lacs has been charged to profit & loss Account. There is no change in lease amount since inception

(ii) AS-20 Earning per share

As there is no potential equity share outstanding and as such the diluted earning Per share is same as basic earning per share .

$$EPS = Rs.1.68$$

(iii) AS-22 Deferred Taxes

In accordance with the accounting standard AS-22 the deferred tax has been Accounted for during the year ended 31.03.03 .The deferred tax Assets upto 31.03.2001 amounting to Rs 2902273/- has been credited to Revenue Reserve and disclosed separately.The deferred tax liability related to current year is Rs 1295000/- The deferred taxes has arisen only on account of difference in depreciation allowable under Income Tax Act and as per books.

(iii) AS-17 Segmental Reporting

The Company has only one business segment namely rice. There is no different geographical segments .

11. The provisions of section 205C of the Companies Act 1956 regarding Investor education and protectio fund are not applicable in the year under audit.

12. 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 6 MT Rice per hour.

The installed capacity is as certified by the management and relied upon by the Auditors, being a



Chaman Lal Setia Exports Limited

technical matter

12. Stores & Spares are charged to Profit & Loss at time of Purchase and no inventory in respect of these is being maintained.
13. There was no payment exceeding Rs One Lac due to any small scale industrial undertaken.
14. Additional Information Pursuant to the Provisions of paragraphs 3 & 4 of part II of Schedule VI to the Companies Act 1956:-

(A) Licensed and installed Capacity, Actual Production and Opening Stocks----

	31.3.03	31.3.02
Licensed Capacity (per hour)	8 MT	8 MT
Installed Capacity (per hour)	8 MT	8 MT
Actual Production (In Qtls)	187609	225644
Quantitative Stocks (In Qtls)		
Opening Stock as at	01.04.02	01.04.01
	111288	80567
Closing Stock as at	31.03.03	31.03.02
	76464	111288

(B) Purchase of Rice (Semi finished).....11341..... Qtls.

(C) Value of Imports calculated on CIF Basis_NIL_

(D) Expenditure in Foreign Currency_____

(i) Travelling Expenses Rs.690154/-

ii) Export Commission Rs 1778369/-

(E) Earning in Foreign Exchange_____

FOB Value of Export Rs. 190983312/-

(F) Raw Material Consumed:

(In Qtls)	31.3.03		31.03.02
Quantity	Value	Quantity	Value
293190	296339091	349845	368349360

15. Previous Years figure have been regrouped & rearranged where ever consider necessary to present Balance Sheet as near as possible to the schedule VI.



Chaman Lal Setia Exports Limited

CASH FLOW STATEMENT FOR YEAR ENDING 31.03.2003

	AMOUNT	AMOUNT
A. CASH FLOW FROM OPERATING ACTIVITIES	31.03.03	31.03.02
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	21014654	22320068
ADJUSTMENT FOR :-		
DEPRECIATION/AMORTISATION	6576713	6391396
INTEREST/DIVIDEND RECEIVED	2539840	874401
- OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	25051527	27837063
ADJUSTMENT FOR :-		
TRADE AND OTHER RECEIVABLES	-13591251	-31656871
INVENTORIES	100571640	64290836
TRADE PAYABLES	32067676	-16744453
- CASH GENERATED FORM OPERATION	144099592	43726575
DIVIDEND/ADJUSTED	31337608	0
DIRECT TAXES PAID	7968947	1127752
CASH FLOW BEFORE EXTRAORDINARY ITEMS	104793037	42598823
EXTRAORDINARY ITEMS	0	1200000
- NET CASH FROM OPERATING ACTIVITIES :	104793037	41398823
B. CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	11864378	4248940
SALE OF FIXED ASSETS	1718946	60613
ISSUE EXPENSES	0	0
PURCHASE OF INVESTMENTS	0	697500
SALE OF INVESTMENTS	697500	500000
INTEREST RECEIVED	2539840	874401
DIVIDEND PAID	0	0
- NET CASH USED IN INVESTING ACTIVITIES	6908092	3511426
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	0	0
PROCEEDS FROM BORROWINGS	-29552397	-22208064
REPAYMENT OF FINANCE LEASE LIABILITIES		
SUBSIDY RECEIVED		
- NET CASH FROM FINANCING ACTIVITIES	-29552397	-22208064
NET INCREASE IN CASH AND CASH EQUIVALENTS		0
CASH AND ACH EQUIVALENTS AS AT 01.04.2002 (OPENING BALANCE)	25557328	9878044
CASH AND CASH EQUIVALENTS AS AT 31.03.2003 (CLOSING BALANCE)	93883223	25557328

Place :-Amritsar
Date :-18.08.2003

For and on behalf of Board
CHAMAN LAL SETIA
Chairman Cum Managing Director

RAJEEV SETIA
Whole Time Direct

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, 2003 and found the same to be drawn in accordance there with and also with the requirements of the listing agreement with stock exchanges.

For Rajesh Kapoor & Co.
Chartered Accountants

Rajesh Kapoor
Prop.
Place :-Amritsar.
Date :-18.08.2003



Chaman Lal Setia Exports Limited

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	31.03.2003		

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

Public Issue	Nil	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	3438.46	Total Assets	3917.27
-------------------	---------	--------------	---------

Source of Funds

Paid up capital	915.50	Reserve & Surplus	1567.24
Secured Loans	956.12	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	392.83	Investments	3
Net Current Assets	3031.29	Misc Expenditure	13.27

Accumulated Losses Nil

Performance of the Company (Amount in Rs.lacs)

Turnover	5131.16*	Total Expenditure	4033.85
Profit before Tax	210.14	Profit after Tax	150.19
Earnings per shares	Rs. 1.68	Dividend rate %	31%

* 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

RAJESH KAPOOR
PROP.

CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTOR

FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

RAJEEV SETIA
EXECUTIVE DIRECTOR

PLACE:-AMRITSAR
DATE: 18.08.2003



Chaman Lal Setia Exports Limited

CHAMAN LAL SETIA EXPORTS LIMITED

Miran Kot Road ,P.O Central Jail 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 9th ANNUAL GENERAL MEETING of the Company at Hotel Royal Castle Amritsar on Monday 29th Sept. 2003 at 4:30 P.M.

Full Name of the Shareholder/proxy
(In Block letters)

Folio No.....

.....
Signature

CHAMAN LAL SETIA EXPORTS LIMITED

Miran Kot Road P.O Central Jail 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 theday of
.....2003 and at any adjournment thereof.

Affix a

Signed this..... Rs.1day of2003

Revenue
Stamp

This form is to be usedthe resolution. Unless otherwise instructed.

*Strikeout which is not desired.



CHAMAN LAL SETIA EXPORTS LTD.