



Maharani[®] **Basmati Rice**



10th Annual Report 2003-2004

CHAMAN LAL SETIA EXPORTS LTD.



Chaman Lal Setia Exports Ltd.

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)

Raghav Peshawaria
(Director)

Registered Office

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

Works

- Meerankot Road, Amritsar.
- Kaithal Road, Karnal.
- Mukhmelpur Road,
Alipur, Delhi

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

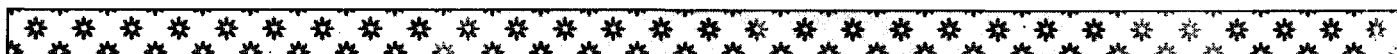
Auditors

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.

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Chaman Lal Setia Exports Ltd.

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NOTICE TO THE MEMBERS

Notice is hereby given that the Tenth Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Wednesday, the 29th Sept 2004 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 31.03.04 and the Auditors' Report thereon.
2. (a) To appoint a director in place of Mr. Rajeev Setia who retires by rotation but being eligible, offers himself for re-appointment.
(b) To appoint a director in place of Mr. Inder Dev Kukkar who retires by rotation but being eligible offers himself for re-appointment.
(c) To appoint a director in place of Mr. Ankit 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 Special Resolution:

"Resolved that in accordance with the Provisions of Section 198, 269, 309 read with Schedule XIII of Companies (Amendment) Act, 1956 and all other applicable provisions, if any, of the Act and subject to such other approvals as may be necessary the company hereby approves the re-appointment of Mr. Chaman Lal Setia as Managing Director of the company for a period of five years wef 21.09.04 on the terms and conditions as provided under explanatory statement.

Sh. Rajeev Setia, Vijay Setia, Sukaran Setia and Ankit Setia all the directors be deemed to be interested in passing of the resolution, being relative of Sh. Chaman Lal Setia."

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

"Resolved that Sh. Raghav 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."



Chaman Lal Setia Exports Ltd.

NOTES

- A member entitled to attend and vote is entitled to point a proxy to attend and vote instead of himself / herself and the proxy need not to be a member.
- 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.
- The Register of Members and Share Transfer Books of the Company will remain closed from 23.9.2004 to 29.9.2004 (both days inclusive.)
- Cases of Transfer of Shares may be referred to the Registrar, Whose address has been given at Page No. 1
- Shareholders are requested to intimate to the Company, changes, if any, in their registered address including PIN CODE number.
- Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.
- 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

Dated : 18-8-04

Rajcev Setia
Whole Time Director



Chaman Lal Setia Exports Ltd.

Explanatory Statement Pursuant to Section 173(2) of the Companies Act, 1956: -

Item No.5

Sh. Chaman Lal Setia has an experience of 50 years in running the rice industry and as such the services of such a person cannot be given away merely because of he is now just above 70 years of age. The company is desirous of availing his services, an application will be moved to Central Government in the prescribed form along with the prescribed return for his re-appointment, on the following terms & conditions. Yours directors recommend his appointment on the following terms & conditions. Subject to Central Govt.approval;

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.
4. Commission at the rate of 1% of Net Profits.

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. Raghav Peshawaria as a candidate for the office of Director. Sh. Raghav Peshawaria is a well-experienced businessman having 10 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.



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M/s CHAMAN LAL SETIA EXPORTS LTD.

DIRECTORS' REPORT

To The Members,

Yours Director have pleasure in presenting the 10th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2004.

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

Particulars	Amount (in Lacs) Y.E. 31.03.2004	Amount (in Lacs) Y.E 31.03.2003
Export turnover	2797.19	2095.78
Domestic turnover	2614.43	2962.65
Profit before Intt. & Depreciation	371.79	309.99
Interest	114.74	37.17
Provision for Depreciation	78.81	62.68
Profit before Tax	178.25	210.14
Provision for Tax	55.84	59.95
Profit after Tax	122.41	150.19
Proposed Dividend including Tax	253.41	313.37
Transfer To General Reserve	12.24	15.02
Carried to Balance Sheet	242.11	413.65
Current Assets	5000.76	3541.06
Current Liabilities	3145.20	1467.49
Working Capital	1855.56	2073.57
Capital Employed	2323.39	2469.47
EPS	1.36	1.68
Book Value	25.86	27.66

Highlights of Performance :

During the year the export of Company increased excellently both in value terms & quantity terms inspite of adverse factors i.e. fall in the value of dollar & cut throat competition in export market. However there was a little fall in domestic sales. Fresh life was breathed in domestic sales with new & attractive packing, branding and standardisation exercise of rice, creating new markets etc.



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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 31.03.04

3. Personnel

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

4. Directors

Sh Rajeev Setia, Ankit Setia whole Time Directors of the Company and Sh Inder Dev Kukkar, 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, 2004 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**



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Residue Free Rice, Smoked Rice etc. Therefore keeping in view the shareholders aspirations, yours directors, recommend a dividend of 25 % on pro-rata basis.

10. Director's Responsibility

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

In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

- 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, 2004 and of the profit of the Company for the said period.
- 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.
- The annual accounts have been prepared on a going concern basis.

11. Statutory Disclosures

None of the directors of your company is disqualified as per the Provisions of Section 274 (1) (g) of the Companies Act, 1956. Your directors have made necessary disclosures as required under various provisions of the Act and clause 49 of the Listing Agreement.

The information given under Section 217 (1) (e) of the Companies Act, 1956 to be read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as amended is enclosed as Annexure 'A';

None of the employees of your company is drawing remuneration exceeding the limits laid down under provisions of Section 217(2A) of the Companies Act, 1956 to be read with Companies (Particulars of Employees) Rules, 1975 as amended.

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



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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.

13. 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.

14. Social Objectives

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

- Development of new technique whereby rice could be made **Pesticide Residue Free**.
- Development of "Heat proof" Roof Systems for Public Housing (project under process);
- 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.
- Project for tackling problem of wastewater logging and treatment of sanitary discharge in villages is under process.

15. Delisting of Shares

In terms of Clause 5 of The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 company has made an application for voluntary delisting from the following Stock Exchanges namely:

Ludhiana, Chennai, Jaipur, Ahmedabad & Delhi.

The shares shall continue to be listed on The Stock Exchange, Mumbai (BSE) which has nationwide trading terminals and consequently delisting from the other Stock Exchanges referred above will not adversely affect the investors and no exit opportunity is being provided. The shares are traded in compulsory demat form. Trading on above stock exchanges is negligible and benefit to the shareholders are not commensurate with the cost incurred by the company.



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16. Pollution Free Environment: - Company's Slogan

During the Year Company has distributed free of cost plants of Neem & Jamun for plantation. As such company has prepared a nursery of 15000 plants of Neem, Jamun etc. Further the Company has also used the Neem as bio pesticide for controlling infestation.

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.

FOR & ON BEHALF OF BOARD

Place: Amritsar
Dated: 18-08-04

CHAMAN LAL SETIA
Chairman



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 31.03.2004

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)

I. 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) Development of quick cooking Brown Rice;
- d) Development of Sugar Free Rice;
- e) se of neem as Bio-pesticide;
- f) Improvement in Parboiling for improvement in quality parameters;
- g) se of Plastic Buckets in parboiling plant thus reducing cost;
- h) Development of Bhatti Sella for the first time in India;
- i) Development of Fragrance Rice.

2. Future plan of action.

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

Expenditure on R & D.

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

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



Management Discussion and Analyses

Economic Environment & Rice Industry:

Indian economy is on a growth path for the last two/three years. The GDP growth for 2004-05 has been estimated at 8.1% by Central Statistics Organisation. But the Industry grew by 6.5% in the IIIrd quarter of the financial year 2003-04 as informed by Federation of Indian Chamber of Commerce & Industry.

As compared to above the Agricultural & Allied Sector grew at a negative rate during the year 2003-04 continuously for the second year. This was mainly due to erratic rainy season in the different parts of country causing draught in some states and flood in some states.

Outlook Global Rice Industry: -

The tough macro economic environment during the year 03-04 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. Its sale in the year has picked up and company is quiet hopeful that this product of the company will prove milestone both for the profitability & sales.
2. Yet another development for which we can boast of is **Smoked Rice having something-unique taste and flavor. This rice is now also picking up particularly in Saudi etc.**
3. The company's novel product Bhatti Sella that was introduced two years before is selling at a premium in the rice market. This rice has the qualities like taste, aroma, easy cooking and longer preservation period.
4. Yet another product of the company comes out this year is for Diabetic People who avoid normal rice. This rice developed by the company contains low quantity of sugar as compared to the normal rice available in the market. This will also prove a backbone in the profitability and sales of the company in the coming year.
5. Company has introduced pouch packing of 1 Kg. & 5 Kg. in Maharani Brand in Punjab. This pouch packing has got a remarkable response in Punjab due to two factors namely.
 - (a) Quality of Rice Vis-a-Vis Its price in Comparison to other Brand's pouches available in market.
 - (b) Introduction of Entry Tax on rice in Punjab which has made entry of rice from other States restrictive and Costlier thereby, within Punjab.



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7. The company has established a processing cum packing unit with ultra modern machines & techniques at the outskirts of Delhi which has started exporting rice in the foreign markets in larger volume keeping the margins at a low. This has resulted into higher volume of export business with increase in the overall profitability and turnover of the company.

Yet another idea out of the bouquets of the product of the company is the introduction of Cardmom flavoured rice which the company has successfully exported before the date of this report.

8. 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

9. 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 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 also on the domestic market.

In case of sugar free rice company's claim is still pending with the Authorities for documentation. Company is quiet sure about this product.

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 yours 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.



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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 fall in exchange rate company maintained its record of profitability and earned Rs 257 lacs as cash profit as compared to 273 lacs last year. During the year company's sale record a growth of 7 % from 5058 lacs to 5411 lacs and EPS maintained at Rs. 1.36.

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. 2.44 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 2004.

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 or revise any forward looking statements on the basis of any subsequent developments information or events.



Chaman Lal Setia Exports Ltd.

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 31.03.04

S.No.	Name	Designation	Date of Appointment	Other Boards/ Committees
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

* Deceased on 20.05.04

2.2 Details of Board Meetings held in 2003-04: -

Date of Meeting	No. of Directors on Board	No. of Directors in Attendance
29.04.03	10	7
15.05.03	10	8
31.05.03	10	7
16.06.03	10	8
30.06.03	10	7
15.07.03	10	8
30.07.03	10	7
31.07.03	10	7
01.08.03	10	9
14.08.03	10	8
18.08.03	10	10
19.08.03	10	8
30.08.03	10	7
15.09.03	10	8
22.09.03	10	7



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Date of Meeting	No. of Directors on Board	No. of Directors in Attendance
30.09.03	10	7
15.10.03	10	7
30.10.03	10	7
31.10.03	10	7
15.11.03	10	8
17.11.03	10	7
29.11.03	10	7
01.12.03	10	7
15.12.03	10	8
31.12.03	10	8
15.01.04	10	8
30.01.04	10	7
31.01.04	10	7
16.02.04	10	7
28.02.04	10	8
15.03.04	10	8
31.03.04	10	7

2.3 Details of meetings attended by directors during 2003-04

Name of Director	No. of Meetings Held	No. of Meetings attended	Attendance in Last AGM
Chaman Lal	32	32	Yes
Vijay Setia	32	29	Yes
Rajeev Setia	32	30	Yes
Inder Dev Kukkar	32	29	No
Sukarn Setia	32	19	No
Ankit Setia	32	19	Yes
Naresh Suneja	32	28	No
Amit Malhotra	32	19	No
Parmod Kumar	32	16	No
Ravi Peshawaria	32	20	No

2.4 Biodata of New Directors on Board: -

During the year one director joined the Board as the office of Sh. Ravi Peshawaria got vacated due to his death on 20.05.04. Yours' directors recommend him for the office of Director U/S 257 of the Companies Act, 1956, liable to retire by rotation.



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Raghav Peshawaria : Sh. Raghav Peshawaria is a young & dynamic person graduated from Guru Nanak Dev University. After graduation till date he is dealing in sale & purchase of rice.

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 2003-04: -

<u>Name</u>	<u>No. of Meetings held</u>	<u>No. of Meetings attended</u>
Sh. Inder Dev Kukkar	7	6
Sh. Naresh Suneja	7	6
Sh. Amit Malhotra	7	7

3.3 Shareholders/Investor Grievance Committee :-

Composition: -

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

* Deceased on 20.05.04



Chaman Lal Setia Exports Ltd.

3.4 Details of meetings attended by member directors during 2003-04:-

<u>Name of Director</u>	<u>No. of Meetings held</u>	<u>No. of Meetings attended</u>
Sh. Ravi Peshawaria	6	6
Sh. Rajeev Setia	6	6

The company has received 44 complaints/queries from the investors during the year. All of these have been redressed. No share transfer request received upto 31.03.04 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:

<u>Name of the Related</u>	<u>Party Relationship-</u>	<u>Nature of Transaction</u>	<u>Amount</u>
Sh. Chaman Lal	Chairman cum Mg. Director	Remuneration	320442
Sh. Vijay Setia	Executive Director	Remuneration	481676
Sh. Rajeev Setia	Executive Director	Remuneration	340040
Sh. Sukarn Setia	Executive Director	Remuneration	264283
Sh. Ankit Setia	Executive Director	Remuneration	40000

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.

<u>Per Share Data:-</u>	<u>2003-04</u>	<u>2002-03</u>
Face Value (Rs.)	10	1 0
Earning Per Share (Rs.)	1.36	1.68
Dividend (%)	25%	31%
Book Value (Rs.)	25.86	27.66



Chaman Lal Setia Exports Ltd.

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 31.03.04):-

<u>Category</u>	<u>No. of Shares Held</u>
Directors/their Relatives/	6999600
Domestic Companies	471742
Indian Public/Resident Individuals	2026458
NRI/OCB	500

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

Place : Amritsar
Date : 18/08/04

(Chaman Lal)
Chairman cum Mg. Director



Chaman Lal Setia Exports Ltd.

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, 04, 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: -18-08-2004

(R ajesh Kapoor)
Prop.



Chaman Lal Setia Exports Ltd.

ANNEXURE TO THE AUDITORS' REPORT

To the Members of Chaman Lal Setia Exports Ltd. on the Accounts for the Year Ended 31st March 2004

- (i) (a) The company has maintained proper records showing full particulars including quantitative details of its fixed assets.
- (b) All the fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable, having regard to the size of the company and the nature of its assets and no serious discrepancies have been noticed in respect of those assets which have been physically verified.
- (c) There has been no disposal of substantial part of the fixed assets during the year.
- (ii) (a) Inventory has been physically verified by the management at reasonable intervals during the year. In our opinion and according to the information and explanations given to us, the procedures of physical verification are correct. The company is maintaining proper records of inventory. No material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the company during the year has not granted/ taken any loans, secured or unsecured to/from companies, firms or other parties as per the register maintained under Section 301 of the Companies Act, 1956.
- (iv) According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory and fixed assets and with regard to the sale of goods.
- (v) As explained to us, transactions that need to be entered in the register maintained in pursuance of section 301 of the Companies Act, 1956 have been so entered and according to the information and explanations given to us, such transactions exceeding the value of five lacs rupees in respect of each party have been made at prices which are reasonable having regard to prevailing market prices.
- (vi) The company has not accepted deposits from the public to which the provisions of section 58 (A) and 58 (AA) of the Companies Act, 1956 and the rules framed thereunder apply. In our opinion the company has an adequate internal audit system commensurate with the size of the company and nature of its business.
- To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's products.
- (a) According to the information and explanations given to us and according to the books and records as produced and examined by us, in accordance with the generally accepted auditing practices in India, the company is regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, sales tax, excise duty, customs duty, cess and other statutory dues as applicable with the appropriate authorities.
- (b) As explained to us, as at 31st March 2004, there have been no undeposited disputed dues in respect of sales tax, income tax, custom duty, wealth tax and cess. The company does not have any accumulated losses at the end of the financial year. The company during the year has not defaulted in repayment of dues to financial institution. The company during the year has not granted any loan and advances on the basis of security by way of pledge of shares, debentures and other securities. The company is not a nidhi/mutual benefit fund/ society to which the provisions of special statute relating to chit fund are applicable. In our opinion the company has maintained proper records of transactions and contracts relating to dealings in shares and other investments and timely entries have been made therein. Further, such securities have been held by the company in its own name.



Chaman Lal Setia Exports Ltd.

According to the information and explanations given to us, in our opinion, the company has not given any guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof are prejudicial to the interest of the company.

According to the information and explanations given to us, the loans have been applied for the purpose for which they were obtained.

According to the information and explanations given to us, funds raised on short-term basis have not been used for long term investment. During the year no funds have been raised on long term basis.

The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.

There are no debentures outstanding as at year-end.

The company has not raised money during the year from the public.

According to the information and explanations given to us, during the year no fraud on or by the company has been noticed or reported.

Dated: - 18-08-04
Place: - Amritsar

For Rajesh Kapoor & Co.
Chartered Accountants

(Rajesh Kapoor)
Prop.



Chaman Lal Setia Exports Ltd.

AUDITORS' REPORT

1. We have audited the attached Balance Sheet of Chaman Lal Setia Exports Ltd., the Profit and loss account and cash flow statement 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.

We conducted our audit in accordance with Auditing Standard generally accepted in India. These Standards 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 Companies (Auditors Report) Order, 2003 issued by the Central Government in terms of Section 227(4A) Of the Companies Act, 1956, we enclose in the annexure in paragraph 4 and 5 of the

- (a) The balance sheet & Profit & Loss Account 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.

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.

The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.

In our opinion, the Profit & Loss Account, Balance Sheet and cash flow statement Comply with the Accounting Standards referred to in sub section (3c) of section 211 of Companies Act 1956;

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, 2004 from being appointed as director in terms of section 274(1)(g) of the Companies Act 1956 and;

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:-

- In the case of the balance sheet, of the state of affairs of the company as at 31.3.04 and
- In the case of the profit and loss account, of the profit for the year ended on that date.
- In the case of cash flow statement, of the cash flows for the year ended on that date.

FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

PLACE: AMRITSAR

DATED: 18-08-04

(RAJESH KAPOOR)

Prop.



Chaman Lal Setia Exports Ltd.

CHAMAN LAL SETIA EXPORTS LTD.

REGD. OFFICE : MEERAN KOT ROAD,
P. O. CENTRAL JAIL, AMRITSAR

BALANCE SHEET AS ON MARCH 31,2004

SOURCES OF FUNDS	SCHEDULE	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS) 31.03.2003
SHAREHOLDERS FUNDS			
(a) SHARE CAPITAL	1	91551347	91550347
(b) RESERVES AND SURPLUS	2	140788351	156724315
LOAN FUNDS			
(a) SECURED LOAN	3	254647989	95611875
TOTAL		486987688	343886537
APPLICATION OF FUNDS			
FIXED ASSETS			
(a) GROSS BLOCK		98919360	84907927
(b) LESS DEPRECIATION		53121930	45624304
(c) NET BLOCK	4	45797430	39283623
INVESTMENT	5	563332	300000
CURRENT ASSETS,LOANS & ADVANCES			
(a) INVENTORIES	6	355085151	163213266
(b) SUNDRY DEBTORS	7	100194846	88623547
(c) CASH & BANK BALANCES	8	31000227	93883223
(d) LOANS AND ADVANCES	9	13796312	8394000
		500076536	354114036
LESS : CURRENT LIABILITIES AND PROVISIONS	10	59874953	51138536
NET CURRENT ASSETS		440201583	302975500
MISC.EXPENDITURE (To the extent not written off or adjusted)	11	425343	1327414
TOTAL		486987688	343886537
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	19		
SIGNED IN TERMS OF OUR REPORT OF EVEN DATE			

RAJESH KAPOOR
PROP.
FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

CHAMAN LAL SETIA

RAJIV SETIA

CHAIRMAN CUM MANAGING
DIRECTOR

EXECUTIVE DIRECTOR

PLACE : AMRITSAR
DATE : 18/08/04



Chaman Lal Setia Exports Ltd.

CHAMAN LAL SETIA EXPORTS LTD.

REGD. OFFICE : MEERAN KOT ROAD,
P. O. CENTRAL JAIL, AMRITSAR

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31,2004

INCOME	SCHEDULE	THIS YEAR AMOUNT (RS) 31.03.2004	LAST YEAR AMOUNT (RS) 31.03.2003
SALES & OTHER INCOME	12	546351613	513161229
INCREASE/(DECREASE) IN STOCK OF WORK IN PROGRESS & FINISHED GOODS	13	72716382	-88760035
		619067995	424401194
EXPENDITURE			
MANUFACTURING EXPENSES	14	517703853	343539735
PERSONEL EXPENSES	15	8838299	7672963
ADMINISTRATIVE EXP.	16	11803819	8707970
FINANCIAL EXPESNES	17	11474441	3717824
SELLING & DISTRIBUTION	18	43541138	33479012
DEPRECIATION	4	7881529	6267742
	TOTAL	601243079	403385246
PROFIT FOR THE YEAR BEFORE TAX		17824916	21015948
PROVISION FOR TAXATION		4400000	4700000
DEFERRED TAX		1184000	1295000
PROFIT AFTER TAXES		12240916	15020948
PRIOR YEAR TAX ADJUSTMENTS		2744928	1964047
PRIOR YEAR EXPENSES		85145	0
WEALTH TAX		0	9900
PROFIT/LOSS B/F FROM BALANCE SHEET		41365072	61157774
AMOUNT AVAILABLE FOR APPROPRIATION		50775915	74204775
PROPOSED DIVIDEND (INCLUDING INCOME TAX)		25341000	31337608
TRANSFERRED TO GENERAL RESERVE		1224092	1502095
BALANCE CARRIED TO BALANCE SHEET		24210824	41365072
SIGNED IN TERMS OF OUR REPORT OF EVEN DATE			

RAJESH KAPOOR
PROP.
FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

CHAMAN LAL SETIA

RAJIV SETIA

CHAIRMAN CUM MANAGING
DIRECTOR

EXECUTIVE DIRECTOR

PLACE : AMRITSAR
DATE : 18/08/04



Chaman Lal Setia Exports Ltd.

SCHEDULE FORMATING PART OF BALANCE SHEET & PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2004

SCHEDULE 1

SHARE CAPITAL	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
AUTHORISED 1,20,00,000 Equity Shares of Rs.10/- each	120000000	120000000
ISSUED, SUBSCRIBED AND PAID UP 9498300 Equity Shares (PRV Year 9498300) of Rs 10/- each.	94983000	94983000
LESS CALLS IN ARREARS	3431653	3432653
TOTAL	91551347	91550347

SCHEDULE 2

RESERVES & SURPLUS	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
SHRI GANESH JI & LAKSHMI JI	22	22
GENERAL RESERVE BALANCE AS PER LAST BALANCE SHEET (Net) 21899373 ADD: AMOUNT TRANSFERRED FROM P & L A/C 1224091	23123464	21908180
SHARE PREMIUM	93454041	93451041
PROFIT & LOSS ACCOUNT	24210824	41365072
TOTAL	140788351	156724315

SCHEDULE 3

SECURED LOAN	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
I CASH CREDIT	19423596	52282775
II DEMAND LOAN	64956814	0
III PACKING CREDIT	123009883	0
IV FOREIGN BILL DISCOUNTING	47257696	42879100
V TERM LOAN	0	450000
TOTAL	254647989	95611875

SECURITIES

{I, III, IV }

From Bank against hypothecation of goods including raw materials, goods in process, finished goods and book debts (all Present and future)

{II}

From Bank against pledge of FDRs in the name of Directors

The above loans are also personally guaranteed by Three Indian Directors namely Sh Chaman Lal Setia, Vijay Setia, Rajeev Setia



SCHEDULE 4

FIXED ASSETS		GROSS BLOCK				DEPRECIATION			NET BLOCK	
PARTICULARS	OPENING BALANCE AS AT 1-4-03	ADDITIONS DURING THE YEAR (Rs)	LESS DURING THE YEAR (Rs)	CLOSING BALANCE AS AT 31-3-04	UP TO 1-4-03	DEPRECIATION DURING THE YEAR (Rs)	LESS DURING THE YEAR (Rs.)	TOTAL UP TO AT 31-3-04	AS AT 31-3-04 (Rs.)	AS AT 31-3-03 (Rs.)
LAND & BUILDING	16884246	3891291	189533	20586004	6425876	905185	0	7331061	13254943	10458370
PLANT MACHINERY	34184701	8279064	420000	42043765	22639834	3095360	368914	25366280	16677485	11544867
ACCESSORIES	21031900	2818788	73066	23777622	10115601	1797877	607	11912871	11864751	10916298
WOODEN CRATES	1487085	550621	0	2037706	1487085	550621	0	2037706	0	0
CAR	7244968	946999	15167	8176800	3418722	1127447	14380	4531789	3645011	3826246
FURNITURE & FIXTURE	500120	82531	0	582651	242396	57572	0	299968	282683	257724
TARPAL	1294788	420024	0	1714812	1294788	347467	0	1642255	72557	0
BUILDING IN PROGRESS ****	2280118	0	2280118	0	0	0	0	0	0	2280118
TOTAL	84907927	16989318	2977884	98919360	45624304	7881528	383901	53121930	45797429	39283623

**** Transferred to the Head land & Building on Completion



Chaman Lal Setia Exports Ltd.

SCHEDULE 5

INVESTMENT

THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
---	---

PNB Gilts Ltd. (Market value Rs. 180000)
OTHERS

300000	300000
263332	0
563332	300000

SCHEDULE 6

INVENTORIES

THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
---	---

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

146022420	28827629
-----------	----------

FINISHED GOODS

209062731	134385637
-----------	-----------

355085151	163213266
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SCHEDULE 7

SUNDRY DEBTORS

THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
---	---

UNSECURED CONSIDERED GOOD

FOR A PERIOD EXCEEDING
SIX MONTHS

2066528	5681931
---------	---------

OTHERS

98128318	82941616
----------	----------

TOTAL

100194846	88623547
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Chaman Lal Setia Exports Ltd.

SCHEDULE 8

CASH & BANK BALANCES

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
CASH & CHEQUES IN HAND	503655	938599
CASH WITH SCHEDULED BANKS		
-IN CURRENT ACCOUNT	15083010	6667604
-IN FIXED DEPOSIT/MARGIN MONEY ACCOUNT	15243925	86114767
-INTEREST ACCRUED ON DEPOSITS	16336	16336
-CASH/CHEQUE IMPREST ACCOUNT	116201	45118
-TRAVELLER CHEQUES	37100	100799
TOTAL	31000227	93883223

SCHEDULE 9

LOANS AND ADVANCES

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED::		
UNSECURED CONSIDERED GOOD :-		
SECURITY AND OTHER DEPOSITS	860667	864145
STAFF & WORKERS	1821900	1074304
FOR PURCHASE OF MACHINERY	708800	708800
FOR EXPENSES & OTHERS	3940279	1251668
ADVANCE TAX /TDS	6464666	4495083
TOTAL	13796312	8394000

SCHEDULE 10

CURRENT LIABILITIES AND PROVISIONS

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
SUNDRY CREDITORS	19206434	10317316
OTHER LIABILITIES	3710898	2111606
DIVIDEND/REFUND PAYABLE	945860	699048
PROVISIONS		
INCOME TAX	9100000	6400000
DIVIDEND(INCLUDING INCOME TAX)	25341000	31337608
T.D.S PAYABLE	253624	139821
DEFERRED TAX	1317137	133137
TOTAL	59874953	51138536



Chaman Lal Setia Exports Ltd.

SCHEDULE 11

MISCELLANEOUS EXPENDITURE (TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
A) PRELIMINARY EXPENSES		
AS PER LAST BALANCE SHEET	37397	74762
ADDITION DURING THE YEAR	29806	0
LESS : AMOUNT WRITTEN OFF	43358	37365
SUB-TOTAL	23845	37397
B) PUBLIC ISSUE EXPENSES		
AS PER LAST BALANCE SHEET	688131	1376261
LESS : 1/10TH WRITTEN OFF	688131	688130
SUB-TOTAL	0	688131
DEFERRED REVENUE EXPENSES	601886	800975
EXPENSES DURING THE YEAR	0	1299
LESS : 1/10TH WRITTEN OFF	200388	200388
SUB-TOTAL	401498	601886
TOTAL	425343	1327414

SCHEDULE 12

SALES AND OTHER INCOME

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
SALES :-		
* EXPORT	279719234	209578706
* LOCAL	261443354	296265243
SUB-TOTAL	541162588	505843949
OTHER INCOME :-		
INTEREST RECEIVED/ACCRUED		
* ON FIXED DEPOSIT WITH BANKS	4041326	2539840
* OTHERS	0	0
SALE OF LICENCES	2745348	3242301
LESS DUE TO DIFFERENCE IN EXCHANGE RATE	2114220	0
MISC.RECEIPTS	516571	1535139
SUB-TOTAL	5189025	7317280
TOTAL	546351613	513161229

SCHEDULE 13

INCREASE(DECREASE) IN STOCKS OF WORK IN PROGRESS AND FINISHED GOODS

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
OPENING STOCK		
-FINISHED GOODS	129578434	218338469
CLOSING STOCK		
-FINISHED GOODS	202294816	129578434
INCREASE/DECREASE IN STOCKS	72716382	-88760035



Chaman Lal Setia Exports Ltd.

SCHEDULE 14

EXPENSES

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
MANUFACTURING EXPENSES		
RAW MATERIAL AND COMPONENTS CONSUMED	462572415	296339091
POWER AND FUEL	16479024	14843504
MACHINERY REPAIR & MAINTENANCE	5482743	4781629
SHELLER LEASE	300000	300000
BARDANA REPAIRS	658029	581220
PACKING EXPENSES	3126318	2224971
STACKING, WEIGHING LOADING, UNLOADING, SORTING & BUNAI	10627129	7728407
OIL & GREASE	24947	22471
PACKING MATERIAL / EMPTY COST	17149274	15357796
FUMIGATION	469222	503332
RESEARCH & DEVELOPMENT	12096	3657
OTHER REPAIR	802656	853657
TOTAL	517703853	343539735

SCHEDULE 15

PERSONNEL EXPENSES *

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
SALARIES/WAGES	4139263	3350968
ALLOWANCES TO STAFF/WORKERS	647231	580607
DIRECTORS REMUNERATION	1446441	1410197
EMPLOYEES PROVIDENT/FAMILY PENSION	1321036	1288159
BONUS	702073	402798
STAFF WELFARE & MEDICAL EXPENSES	582255	640234
TOTAL	8838299	7672963



Chaman Lal Setia Exports Ltd.

SCHEDULE 16

ADMINISTRATIVE EXPENSES

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
INSURANCE	2699039	1961324
LEGAL/PROFESSIONAL EXPENSES	1079838	1490696
POSTAGE, TELEPHONE & COURIER EXPS.	1600249	1204758
VEHICLES REPAIR & MAINTENANCE	1211067	590375
STATIONERY & PRINTING	275576	246782
TRAVELLING EXPENSES		
*DOMESTIC	394097	
*FOREIGN	1897549	
SUBSCRIPTION	2291646	1401308
AUDITOR'S REMUNERATION	81196	123084
*STATUTORY AUDIT	50000	50000
*TAX AUDIT		
*TAXATION MATTERS		
*COMPANY LAW MATTERS	26038	78206
MISC. EXPENSES/SHOP EXPENSES	714868	497323
PRELIMINARY & PUBLIC ISSUE EXP. WRITTEN OFF	931877	925883
DONATION	91854	62024
RENT	15446	5961
ISO EXPENSES	41205	17430
BUSINESS PROMOTION	693920	52996
TOTAL	11803819	8707970

SCHEDULE 17

FINANCIAL EXPENSES *

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
BANK CHARGES	2845203	1654475
INTEREST		
*TO BANKS	8629238	2063349
TOTAL	11474441	3717824

SCHEDULE 18

SELLING & DISTRIBUTION EXP.

	THIS YEAR AMOUNT (RS). 31.03.2004	LAST YEAR AMOUNT (RS). 31.03.2003
EXPORT COMMISSION	2361104	1778369
E.C.G.C EXPENSES/AGMARK EXPENSES	1289755	975749
ADVERTISEMENT	665666	646075
DIRECT EXPORT EXPENSES	34330040	23966436
CONSIGNMENT EXPENSES	1403668	1493976
BROKERAGE	1828015	1755354
BILL DISCOUNT/REBATE	1502698	1281690
MISC EXPENSES	98098	147058
BAD DEBTS	62094	1434305
TOTAL	43541138	33479012



Schedule 19 **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 five 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

Raw Materials, Stock-in-trade and work-in-progress are valued at Cost or Net realisable value whichever is lower.



Chaman Lal Setia Exports Ltd.

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

Foreign Currency transactions are accounted for at the rate prevailing on the date of transaction, in the case of income & expenditure items.

Monetary assets and liabilities are translated in Indian Rupees at the Exchange rate prevailing at the Year end as notified by FEDAI

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

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

(K) Expenses

All the expenses are accounted for accrual basis except purchase/Sale Tax

Determined on finalisation of the assessment of relevant year.

Managerial Remuneration

Computation of Managerial Remuneration u/s 198

	<u>31.03.2004</u>	<u>31.03.2003</u>
Profit before Tax	17824916	21015948
Add: Depreciation	7881529	6267742
Less: Depreciation as per Sec 350	7881529	6267742
Net Profit u/s 350 of Companies Act 1956	17824916	21015948
Add: Directors Remuneration	1446441	1410197
Profit as per Section 198	19271357	22426150
Managerial Remuneration allowable @ 11%	2119849	2446876
Managerial Remuneration paid	1446441	1410197

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.

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.

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.

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.



Chaman Lal Setia Exports Ltd.

(iii) AS-22 Deferred Taxes

In accordance with the accounting standard AS-22 the deferred tax has been Accounted for during the year ended 31.03.04 .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 1184000/- which has been set off against the above said amount.

The deferred taxes has arisen only on account of difference in depreciation allowable under Income Tax Act and as per books.

(iv) AS-19 Segmental Reporting

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

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

13. 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 technical matter

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

15. There was no payment exceeding Rs One Lac due to any small scale industrial undertaken.

16. Additional Information Pursuant to the Provisions of paragraphs 3 & 4 of part II of Schedule VI to the Companies Act 1956: -

Licensed and installed Capacity, Actual Production and Opening Stocks----

	<u>31.03.04</u>	<u>31.03.03</u>
Licensed Capacity (per hour)	8 MT	8 MT
Installed Capacity (per hour)	8 MT	8 MT
Actual Production (In Qtls)	234136	187609
Quantitative Stocks (In Qtls)		
Opening Stock as at	Closing Stock as at	
<u>01.04.03</u>	<u>01.04.02</u>	<u>31.03.04</u>
76464	111288	117772
		<u>31.03.03</u>
		76464



Chaman Lal Setia Exports Ltd.

Value of Imports calculated on CIF Basis NIL

Expenditure in Foreign Currency _____

(i) Travelling Expenses Rs.1897549/-

ii) Export Commission Rs 2361104/-

Earning in Foreign Exchange _____

FOB Value of Export Rs. 261465688/-

Raw Material Consumed: (In Qtls)

31.03.04		31.03.03	
Quantity	Value	Quantity	Value
368072	462572415	293190	296339091

17. Previous Years figures have been regrouped & rearranged where ever considered necessary to present Balance Sheet as near as possible to the schedule VI.



Chaman Lal Setia Exports Ltd.

CHAMAN LAL SETIA EXPORTS LTD.

CASH FLOW STATEMENT FOR YEAR ENDING 31.03.2004 A.CASH FLOW FROM OPERATING ACTIVITIES

	A MOUNT 31.03.04	A MOUNT 31.03.03
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	17824916	21014654
ADJUSTMENT FOR:-		
DEPRECIATION/AMORTISATION	8399697	6576713
INTEREST/DIVIDEND RECEIVED	4041328	2539840
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	22183286	25051527
ADJUSTMENT FOR:-		
TRADE AND OTHER RECEIVABLES	-16973611	-13591251
INVENTORIES	-191871885	100571640
TRADE PAYABLES	8736416	32067676
CASH GENERATED FORM OPERATION	-177925794	144099592
DIVIDEND /ADJUSTED	25341000	31337608
DIRECT TAXES PAID	8414073	7968947
CASH FLOW BEFORE EXTRAORDINARY ITEMS	-211680867	104793037
EXTRAORDINARY ITEMS	0	0
NET CASH FROM OPERATING ACTIVITIES:-	-211680867	104793037
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	14709198	11864378
SALE OF FIXED ASSETS	697766	1718946
ISSUE EXPENSES	0	0
PURCHASE OF INVESTMENTS	263332	0
SALE OF INVESTMENTS	0	697500
INTEREST RECEIVED	4041328	2539840
DIVIDEND PAID	0	0
NET CASH USED IN INVESTING ACTIVITIES	10233436	6908092
C.CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	4000	0
PROCEEDS FROM BORROWINGS	159036114	-29552397
REPAYMENT OF FINANCE LEASE LIABILITIES	0	0
SUBSIDY RECEIVED	0	0
NET CASH FROM FINANCING ACTIVITIES	159040114	-29552397
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AS AT 01.04.2003 (OPENING BALANCE)	93883223	25557328
CASH AND CASH EQUIVALENTS AS AT 31.03.2004 (CLOSING BALANCE)	31000223	93883223

Place :-Amritsar
Date:- 18.08.2004

For and on behalf of Board

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,2004 and found the same to be drawn in accordance there with and also with the requirments of the listing agreement with stock exchanges.

For Rajesh Kapoor & Co.
Chartered Accountants

Rajesh Kapoor
Prop.

CHAMAN LAL SETIA
Chairman Cum Managing Director

RAJIV SETIA
Whole Time Director



Chaman Lal Setia Exports Ltd.

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	31.03.2004		

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

Public Issue	0.04	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	4869.88	Total Assets	4869.88
Source of Funds			
Paid up capital	915.51	Reserve & Surplus	1407.88
Secured Loans	2546.47	Unsecured Loans	Nil

Application of Funds

Net Fixed Assets	457.97	Investments	5.63
Net Current Assets	4402.01	Misc Expenditure	4.25
Accumulated Losses	Nil		

Performance of the Company (Amount in Rs.lacs)

Turnover	5463.51*	Total Expenditure	5285.27
Profit before Tax	178.24	Profit after Tax	122.41
Earnings per shares Rs.	1.36	Dividend rate %	25%

- Including other income
- Out of Calls in Arrears

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 : 18/08/04



Chaman Lal Setia Exports Ltd.

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 10th ANNUAL GENERAL MEETING of the Company at Hotel Royal Castle Amritsar on Wednesday 29th Sept. 2004 at 4:30 P.M.

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

Folio No.....

CHAMAN LAL SETIA EXPORTS LIMITED

PROXY FORM

Miran Kot Road P.O Central Jail Amritsar.

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
vote for me/us/on my/ our behalf at the general meeting of the company to be held on theday
of2004 and at any adjournment thereof.

Affix a

Signed this..... Rs.1day of2004

Revenue

Stamp

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

*Strikeout which is not desired.

BOOK-POST



CHAMAN LAL SETIA EXPORTS LTD.