

# Maharani

**PURE FRAGRANT  
ORIGINAL BASMATI RICE**

**11th Annual Report 2004-2005**

C-117



**Chaman Lal Setia Exports Ltd.**



# *Chaman Lal Setia Exports Ltd.*

## **BOARD OF DIRECTORS**

### **CHAMAN LAL SETIA**

(Chairman Cum Managing Director)

### **VIJAY SETIA**

(Whole Time Director)

### **RAJEEV 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  
IIIrd Floor, 99, Madangir  
(Near Dada Harsukh Dass Mandir)  
New Delhi

## **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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## **NOTICE TO THE MEMBERS**

Notice is hereby given that the Eleventh Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Thursday, the 29th Sept 2005 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 31.03.05 and the Auditors' Report thereon.
2.
  - (a) To appoint a director in place of Mr. Naresh Suneja who retires by rotation but being eligible, offers himself for re-appointment.
  - (b) To appoint a director in place of Mr. Parmod Kumar who retires by rotation but being eligible offers himself for re-appointment.
  - (c) To appoint a director in place of Mr. Amit Malhotra 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.

### **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 23.9.2005 to 29.9.2005 (both days inclusive.)
4. Cases of Transfer of Shares may be referred to the Registrar, Whose address has been given at front page.
5. Shareholders are requested to intimate to the Company, changes, if any, in their registered address including PIN CODE number.
6. Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.
7. Enquiries, if any, about the Annual Accounts, may please be intimated to the Company, at least Seven days in advance of the date of Annual General meeting.

By Order of the Board  
For **Chaman Lal Setia Exports Ltd.**

Place : Amritsar  
Dated : 17-08-05

**Rajeev Setia**  
Whole Time Director





## DIRECTORS' REPORT

To The Members,

Yours Director have pleasure in presenting the 11th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2005.

### 1. RICE BUSINESS ——— Performance At A Glance

Particulars	Amount (in Lacs) Y.E. 31.03.2004	Amount (in Lacs) Y.E 31.03.2005
Export turnover	2797.19	4330.65
Domestic turnover	2614.43	3523.43
Profit before Intt. & Depreciation	371.79	508.12
Interest	114.74	217.16
Provision for Depreciation	78.81	83.80
Profit before Tax	178.25	207.16
Provision for Tax	55.84	71.74
Profit after Tax	122.41	135.42
Proposed Dividend including Tax	253.41	312.01
Transfer To General Reserve	12.24	13.54
Carried to Balance Sheet	242.11	43.11
Current Assets	5000.76	5824.32
Current Liabilities	3145.20	3291.52
Working Capital	1855.56	2532.80
Capital Employed	2323.39	3212.49
EPS	1.36	1.54
Book Value	25.86	23.80

#### 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. Also domestic sales increased tremendously in the year under consideration .This was the result of the efforts put in by management last year viz attraction packing, branding & standardisation of quality of rice creating of new markets.

### 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 31.03.05

### 3. Personnel

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

### 4. Directors

Sh Naresh Suneja ,Parmod kumar & Amit Malhotra all 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, 2005 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 Diabetic free rice 's cardaman rice etc. Therefore keeping in view the shareholders aspirations, yours directors, recommend a dividend of 30 % on pro-rata basis subject to adjustment of 100% of amount due to partly paid shareholders towards their balance of call money due.

**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, 2005 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. 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.

The company is in the process of implementation the new 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 and Company is quiet hopeful that it will fulfill all the requirement in its true letter & spirit by the end of the stipulated time.

**13. Dematerialisation of Shares**

The Company has 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:

- a) Development of new technique whereby rice could be made Pesticide Residue Free.
- b) 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.





- c) Project for tackling problem of wastewater logging and treatment of sanitary discharge in villages is under process.
- d) Development of diabetic rice for diabetic patients.

### 15. Delisting of Shares

Consequent to the Co's maiden IPO in march 95 the share of the Co got listed at Delhi, Jaipur, Mumbai, Ahemdabad, Chennai & Ludhiana stock Exchanges. As the trading volume through all the stock exchange except Mumbai was negligible the shareholders in the 9th AGM of the Company, approved the resolution for delisting of Co's share from all the stock exchanges, except Mumbai. This was in the line with SEBI (Delisting of securities guidelines 2003). Accordingly the Co got delisted from Delhi Ahemdabad & Jaipur stock exchange during the year and still waiting the reply of chennai & Ludhiana stock exchanges.

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. 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.

### 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 25000 plants of Neem, Jamun etc. Further the Company has also used the Neem as bio pesticide for controlling infestation. To further accomplish Company's motive of pollution free environment Company is trying hard in making Bio Compost from waste and rejects of paddy to overcome the problem of waste. The Company's research & development Deptt. is also trying to stabilize rice bran for human consumption.

The Company's research work for paddy steeping to desired level of moisture without using excess water is under trial which is succeeded can save lot of water reserve.

#### 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 : 17-08-05

**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 31.03.2005

### **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.

The company has already undertaken a research for making par-boiled rice with less steam thereby saving energy.

### **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) Development of quick cooking Brown Rice;
- d) Development of Sugar Free Rice;
- 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;
- i) Development of Fragrance Rice.
- j) Reducing broken in paddy with very high sun checks under process.
- k) Rice bran stabilization for human consumption under process.
- l) Making bio-compost from waste and reject of paddy under process.

**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. Rs 122393/- has been exclusively incurred for R & D activities.

**(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 invariably 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.

**F. DIABETIC FREE RICE:-**

Company has succeeded in developing a new variety of rice which is called "Rice for Diabetic people". These rice are with moderate G.I. Our claim for diabetic free rice has been upheld by department of Nutrition & diabetic of P.S.G college of Arts and Science (An ISO 9001 2000 certified institute also accredited at the 5 star level by NAAC) after two simultaneous researches.

**G. LIGHT WEIGHT TILES:-**

The Research & Development wing of the Company have been able to achieve a remarkable thing by developing light weight tiles made from Rice Husks . which can be used in multi stored building while construction . These tiles are light in weight and company foresee a good prospect of this innovative product along with elimination of Hazardous waste of rice.

**H. CARDAMOM FLAVOUR RICE:-**

The Company has yet another mile stone achieved to its credit by developing a different quality of rice called "Cardamom Flavour rice". This special rice has started giving its results by creating a Niche for its quality in middle East and Europe etc.





## MANAGEMENT DISCUSSION AND ANALYSES

### Economic Environment & Rice Industry:-

The Indian Economy is on growth path for the last three year although not at a stable rate. Indian Economy witnessed an impressive growth rate of 8.5% during 2003-04 which was 4% in 2002-03. However the year 2004-05 witnessed very tough scenario like increase in the international price of oil & steel and deficit monsoon in major parts of country, Tsunami problem further aggravated the situation by demaging lives property at coastal areas. However the real GDP growth reained at 6.9% against the projections of 8.1%. This was quiet reasonable keeping in view the adverse factors discussed above.

As regards the agricultural sector GDP from Agricultural and allied activities is estimated to have increased to 10.7% as compared to 9.6% in the previous year which is a positive sign for Industries based Agriculture like us. This is inspite of unfavourable & deficit monsoon during the year 2004-05. The sale in market is also picking up after the first half and can be visualised as a postive feature for the future of rice Industry.

### Outlook –Global Rice Industry: -

The tough macro economic environment during the year 04-05 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 but the signals of recovery are coming through after the close of 1st half 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 flavour. 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. **LIGHT WEIGHT TILES:-**

The Research & Development wing of the Company have been able to achieve a remarkable thing by developing light weight tiles made from Rice Husks. Ask which can be used in multi stored building while construction. These tiles are light in weight and company foresee a good prospect of this innovative product along with elimination of Hazardous waste of rice.







**6. CARDAMOM FLAVOUR RICE:-**

The Company has yet another mile stone achieved to its credit by developing a different quality of rice called "Cardamom Flavour rice". This special rice has started giving its results by creating a Niche for its quality in middle East and Europe etc.

7. In order to capture the market of steam rice the company has decided to install a fully automated steam plant at its Amritsar unit which will be quite beneficial for enhancing sale of company specially in Saudi Arabia middle East etc.

All these factors have largely contributed to increase in sales of the company both in domestic market as well as export market.

8. The fixed cost can be brought down substantially with increased production as the Company has the total infrastructure at its both the units which has also led to increase in profitability.

**Threats :-**

Under performance of world economy, global recession and unfavourable & deficit monsoon 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 quite 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 proved to be correct by Deptt of Nutrition and dietetics of P.S.G college of Arts and Science.

**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 reasonable assurance that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions 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.





## *Chaman Lal Setia Exports Ltd.*

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, erratic monsoon, tight money market and other factors viz fall in exchange rate company maintained its record of profitability and earned Rs 291 lacs as cash profit as compared to 257 lacs last year. During the year company's sale record a growth of 45 % from 5411 lacs to 7854 lacs and EPS increased to Rs. 1.54.

### **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. 2.58 lacs on the training of its employees and Rs 20.20lacs on staff welfare & other provisions for the benefit of employees..

Employee relation continued to be satisfactory. The number of persons directly employed by the company was above 120 as on 31st March 2005.

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.





## **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 31.03.05**

<b>S.No.</b>	<b>Name</b>	<b>Designation</b>	<b>Date of Appointment</b>	<b>Other Boards/ Committees</b>
1.	Sh. Chaman Lal	Chairman cum Mg. Director	21.09.04	Nil
2.	Sh. Vijay Setia	Executive Director	21.09.94	Nil
3.	Sh. Rajeev Setia	Executive Director	21.09.94	Shareholder Committee
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	Audit Committee
7.	Sh. Naresh Suneja	Director	30.09.02	- do -
8.	Sh. Amit Malhotra	Director	30.09.02	- do -
9.	Sh. Parmod Kumar	Director	31.03.03	Nil
10.	Sh. Ravi Peshawaria*	Director	31.03.03	Nil
11.	Sh Raghav Peshwaria *	Director	28.07.04	Shareholder Committee

\* Deceased on 20.05.04

#### **2.2 Details of Board Meetings held in 2004-05 :-**

<b>Date of Meeting</b>	<b>No. of Directors on Board</b>	<b>No. of Directors in Attendance</b>
15.04.04	10	6
29.04.04	10	7
30.04.04	10	8
15.05.04	10	7
15.06.04	9	6
25.06.04	9	7
30.06.04	9	7
15.07.04	9	7
28.07.04	10	7
30.07.04	10	8
31.07.04	10	9
18.08.04	10	10
31.08.04	10	8
15.09.04	10	8
30.09.04	10	7
25.09.04	10	6
05.10.04	10	7
29.10.04	10	7
30.10.04	10	7
16.11.04	10	7
30.11.04	10	8
15.12.04	10	7
23.12.04	10	7





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Date of Meeting	No. of Directors on Board	No. of Directors in Attendance
30.12.04	10	7
31.12.04	10	8
15.01.05	10	8
29.01.05	10	8
31.01.05	10	7
10.02.05	10	7
15.02.05	10	7
23.03.05	10	8
28.02.05	10	8
15.03.05	10	7
30.03.05	10	7
31.03.05	10	7

## 2.3 Details of meetings attended by directors during 2004-05

Name of Director	No. of Meetings Held	No. of Meetings attended	Attendance in Last AGM
Chaman Lal	35	31	Yes
Vijay Setia	35	28	No
Rajeev Setia	35	32	Yes
Inder Dev Kukkar	35	24	No
Sukarn Setia	35	24	No
Ankit Setia	35	25	Yes
Naresh Suneja	35	31	Yes
Amit Malhotra	35	21	Yes
Parmod Kumar	35	17	No
Ravi Peshawaria**	4	1	No
RaghavPeshawari**	27	23	No

\*\* Meeting held during tenure

## 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 2004-05: -

Name	No. of Meetings held	No. of Meetings attended
Sh. Inder Dev Kukkar	6	6
Sh. Naresh Suneja	6	5
Sh. Amit Malhotra	6	6





## *Chaman Lal Setia Exports Ltd.*

### 3.3 Shareholders/ Investor Grievance Committee :-

#### Composition :-

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

\* Deceased on 20.05.04

\*\* Joined on 28.07.04

### 3.4 Details of meetings attended by member directors during 2004-05: -

Name of Director	No. of Meetings held	No. of Meetings attended
Sh. Ravi Peshawaria	Nil	Nil
Sh. Rajeev Setia	5	5
Sh Raghav Peshwaria	5	5

The company has received 74 complaints/queries from the investors during the year. All of these have been redressed. No share transfer request received upto 31.03.05 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	Amount
Sh. Chaman Lal	Chairman cum Mg. Director	Remuneration	321800
Sh. Vijay Setia	Executive Director	Remuneration	435163
Sh. Rajeev Setia	Executive Director	Remuneration	254630
Sh. Sukarn Setia	Executive Director	Remuneration	818050
Sh. Ankit Setia	Executive Director	Remuneration	Nil

### 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.

Per Share Data: -	2003-04	2004-05
Face Value (Rs.)	10	10
Earning Per Share (Rs.)	1.36	1.54
Dividend (%)	25%	30%
Book Value (Rs.)	25.86	23.80

### 7. Listing on Stock Exchange: -

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

1. Mumbai
2. Ludhiana 3. Chennai

The Company during the year got voluntarily delisted from Delhi, Jaipur, Ahmedabad stock Exchanges.

### 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





## *Chaman Lal Setia Exports Ltd.*

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.,  
Beetal House, 111rd Floor, 99, Madangir  
(Near Dada Harsukh Dass Mandir)  
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 31.03.05):-**

Category	No. of Shares Held
Directors/their Relatives/	7110109
Domestic Companies	540349
Indian Public/Resident Individuals	1847630
NRI/OCB	212

**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

(Chaman Lal)

Date : 17-08-2005

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, 05, 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

(Rajesh Kapoor)

Date : 17-08-2005

Prop.





## **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.
2. 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 order.

- (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.
- (a) 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.
- (b) The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of accounts.
- (c) 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;
- (d) 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, 2005 from being appointed as director in terms of section 274(1) (g) of the Companies Act 1956 and;
- (e) 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 31.3.05 and
  - (ii) In the case of the profit and loss account, of the profit for the year ended on that date.
  - (iii) 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 : 17-08-05

**(RAJESH KAPOOR)**  
Prop.





## **ANNEXURE TO THE AUDITORS' REPORT**

To the Members of Chaman Lal Setia Exports Ltd. on the Accounts for the Year Ended 31st March 2005

- (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.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) 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. Hence clauses (a) to (g) are not applicable of CARO (Amendment) order, 2004.
- (iv) According to the information and explanations given to us, there are adequate internal control system commensurate with the size of the company and nature of its business for purchase of inventory and fixed assets and for the sale of goods. There is no continuing failure to correct major weaknesses in internal control system.
- (v) As explained to us, particulars of contracts or arrangements referred to in section 301 of Act, if any, have been so entered in register required to be maintained under that section and according to the information and explanations given to us, such transactions made in pursuance of such contracts and arrangements 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.
- (vii) In our opinion the company has an adequate internal audit system commensurate with the size of the company and nature of its business.
- (viii) 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.
- (ix) (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 31<sup>st</sup> March 2005, there have been no undeposited disputed dues in respect of sales tax, income tax, custom duty, wealth tax, service tax and cess.
- (x) The company does not have any accumulated losses at the end of the financial year.
- (xi) The company during the year has not defaulted in repayment of dues to financial institution.
- (xii) 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.
- (xiii) The company is not a nidhi/mutual benefit fund/ society to which the provisions of special statute relating to chit fund are applicable.
- (xiv) 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.
- (xv) 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.
- (xvi) According to the information and explanations given to us, the loans have been applied for the purpose for which they were obtained.
- (xvii) 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.
- (xviii) 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.
- (xix) There are no debentures outstanding as at year-end.
- (xx) The company has not raised money during the year from the public.
- (xxi) According to the information and explanations given to us, during the year no fraud on or by the company has been noticed or reported.

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

Place : Amritsar  
Dated : 17-08-05

**(RAJESH KAPOOR)**  
Prop.





# *Chaman Lal Setia Exports Ltd.*

## **BALANCE SHEET AS ON MARCH 31, 2005**

<b>SOURCES OF FUNDS</b>	<b>SCHEDULE</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
<b>SHAREHOLDERS FUNDS</b>			
(a) SHARE CAPITAL	1	92739528	91551347
(b) RESERVES AND SURPLUS	2	125807766	140788351
<b>LOAN FUNDS</b>			
(a) SECURED LOAN	3	241259960	254647989
(b) UNSECURED LOAN	4	92640000	0
<b>TOTAL</b>		<b>552447254</b>	<b>486987688</b>
<b>APPLICATION OF FUNDS</b>			
<b>FIXED ASSETS</b>			
(a) GROSS BLOCK		118763303	98919360
(b) LESS DEPRECIATION		61465143	53121930
(c) NET BLOCK	5	57298160	45797430
<b>INVESTMENT</b>	6	392040	563332
<b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>			
(a) INVENTORIES	7	454656441	355085151
(b) SUNDRY DEBTORS	8	79608387	100194846
(c) CASH & BANK BALANCES	9	32415803	31000227
(d) LOANS AND ADVANCES	10	15752206	13796312
		582432837	500076536
<b>LESS : CURRENT LIABILITIES AND PROVISIONS</b>	11	87893478	59874953
<b>NET CURRENT ASSETS</b>		494539359	440201583
<b>MISC. EXPENDITURE</b>	12	217695	425343
(To the extent not written off or adjusted)			
<b>TOTAL</b>		<b>552447254</b>	<b>486987688</b>
<b>ACCOUNTING POLICIES AND NOTES ON ACCOUNTS</b>			
	20		

### **SIGNED IN TERMS OF OUR REPORT OF EVEN DATE**

**RAJESH KAPOOR**  
PROP.

**CHAMAN LAL SETIA**

**CHAIRMAN CUM MANAGING  
DIRECTOR**

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

**RAJIV SETIA**

**EXECUTIVE DIRECTOR**

PLACE : AMRITSAR  
DATE : 17.08.2005





**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2005**

SOURCES OF FUNDS	SCHEDULE	THIS YEAR AMOUNT (RS) 31.03.2005	LAST YEAR AMOUNT (RS) 31.03.2004
<b>INCOME</b>			
SALES & OTHER INCOME	13	789469272	546351613
INCREASE/(DECREASE) IN STOCK OF WORK IN PROGRESS & FINISHED GOODS	14	29487723	72716382
		<u>818956995</u>	<u>619067995</u>
<b>EXPENDITURE</b>			
MANUFACTURING EXPENSES	15	682142569	517703853
PERSONEL EXPENSES	16	10484095	8838299
ADMINISTRATIVE EXP.	17	12351808	11803819
FINANCIAL EXPESNES	18	21716241	11474441
SELLING & DISTRIBUTION	19	63164692	43541138
DEPRECIATION	5	8380982	7881529
<b>TOTAL</b>		<u>798240387</u>	<u>601243079</u>
PROFIT FOR THE YEAR BEFORE TAX		20716608	17824916
PROVISION FOR TAXATION		5600000	4400000
DEFERRED TAX		1574000	1184000
PROFIT AFTER TAXES		13542608	12240916
PRIOR YEAR TAX ADJUSTMENTS		900000	2744928
PRIOR YEAR EXPENSES		13263	85145
WEALTH TAX		0	
PROFIT/LOSS B/F FROM BALANCE SHEET		24210824	41365072
AMOUNT AVAILABLE FOR APPROPRIATION		36866695	50775915
PROPOSED DIVIDEND (INCLUDING INCOME TAX)		31201000	25341000
TRANSFERRED TO GENERAL RESERVE		1354261	1224092
<b>BALANCE CARRIED TO BALANCE SHEET</b>		<u>4311434</u>	<u>24210824</u>

**SIGNED IN TERMS OF OUR REPORT OF EVEN DATE**

**RAJESH KAPOOR**  
PROP.

**CHAMAN LAL SETIA**

CHAIRMAN CUM MANAGING  
DIRECTOR

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

**RAJIV SETIA**

EXECUTIVE DIRECTOR

PLACE : AMRITSAR  
DATE : 17.08.2005





**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2005**

**SCHEDULE - 1**

<b>SHARE CAPITAL</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
<b>AUTHORISED</b>		
1,20,00,000 Equity Shares of Rs.10/- each	12000000	12000000
<b>ISSUED, SUBSCRIBED AND PAID UP</b>		
9498300 Equity Shares (PRV Year 9498300) of Rs 10/- each.	94983000	94983000
LESS CALLS IN ARREARS	2243472	3431653
<b>TOTAL</b>	<b>92739528</b>	<b>91551347</b>

**SCHEDULE - 2**

<b>RESERVES &amp; SURPLUS</b>		
SHRI GANESH JI & LAKSHMI JI	22	22
SHARE PREMIUM	97018585	93454041
GENERAL RESERVE		
BALANCE AS PER LAST BALANCE SHEET (Net)	23123464	
ADD : AMOUNT TRANSFERRED FROM P & L A/C	1354261	
ADD : AMOUNT FROM CAPITAL SUBSIDY	24477725	23123464
PROFIT & LOSS ACCOUNT	4311434	24210824
CAPITAL SUBSIDY		
<b>TOTAL</b>	<b>125807766</b>	<b>140788351</b>

**SCHEDULE - 3**

<b>SECURED LOAN</b>		
I. CASH CREDIT	68330747	19423596
II. DEMAND LOAN	64956814	
III. PACKING CREDIT	138999013	123009883
IV. FOREIGN BILL DISCOUNTING	33930200	47257696
<b>TOTAL</b>	<b>241259960</b>	<b>254647989</b>

**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**

LOAN FROM DIRECTORS	92640000	0
<b>TOTAL</b>	<b>92640000</b>	<b>0</b>



## SCHEDULE - 5

FIXED ASSETS PARTICULAR	OPENING BALANCE AS AT 1.4.04	GROSS BLOCK		CLOSING BALANCE AS AT 31.3.05	UP TO 01.04.04	DEPRECIATION		TOTAL UPTO AT 31.3.05	NET BLOCK	
		ADDITIONS DURING THE YEAR (Rs.)	LESS DURING THE YEAR (Rs.)			DEPRECIATION DURING THE YEAR (Rs)	LESS DURING THE YEAR (Rs.)		AS AT 31.3.05 (Rs)	AS AT 31.3.04 (Rs)
LAND & BUILDING	14408420	593783	0	15002203	6038477	558790	0	6597267	8404936	8369943
PLANT MACHINERY	38634902	15322075	862400	53094577	24091897	3190967	0	27282864	25811713	14492824
ACCESSORIES	40913809	4266097	257150	44922756	18660732	3878195	38132	22500795	22421961	22303256
WOODEN CRATES	2037706	337438	0	2375144	2037706	337438	0	2375144	0	0
CAR	685371	17670	0	703041	352322	88822	0	441142	261899	333049
FURNITURE & FIXTURE	596897	178494	0	775391	298540	79195	0	377735	397656	298357
TARPAL	1642255	247575	0	1889830	1642255	247575	0	1889830	0	0
<b>TOTAL</b>	<b>98919360</b>	<b>20963132</b>	<b>1119550</b>	<b>118763303</b>	<b>53121930</b>	<b>8380982</b>	<b>38132</b>	<b>61465143</b>	<b>57298160</b>	<b>45797429</b>



Chamam Lal Setia Exports Ltd.



**SCHEDULE - 6**

<b>INVESTMENT</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
PNB Gilts Ltd.	300000	300000
PNB Equity Shares	92040	263332
<b>TOTAL</b>	<b>392040</b>	<b>563332</b>

**SCHEDULE - 7**

<b>INVENTORIES</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
<b>STOCK IN TRADE</b> (Valued at cost or Net realisable value which ever is less & as per inventories taken and certified by management)		
RAW MATERIAL & COMPONENTS	213194221	146022420
FINISHED GOODS	241462220	209062731
<b>TOTAL</b>	<b>454656441</b>	<b>355085151</b>

**SCHEDULE - 8**

<b>SUNDRY DEBTORS</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
UNSECURED CONSIDERED GOOD FOR A PERIOD EXCEEDING SIX MONTHS	2099766	2066528
OTHERS	77508622	98128318
<b>TOTAL</b>	<b>79608388</b>	<b>100194846</b>

**SCHEDULE - 9**

<b>CASH &amp; BANK BALANCES</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
CASH & CHEQUES IN HAND	6906209	503655
CASH WITH SCHEDULED BANKS		
- IN CURRENT ACCOUNT	17588848	15083010
- IN FIXED DEPOSIT/MARGIN MONEY ACCOUNT	6987950	15243925
- INTEREST ACCRUED ON DEPOSITS	160149	16336
- CASH/CHEQUE IMPREST ACCOUNT	772647	116201
- TRAVELLER CHEQUES	0	37100
<b>TOTAL</b>	<b>32415803</b>	<b>31000227</b>





**SCHEDULE - 10**

<b>LOANS AND ADVANCES</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED : UNSECURED CONSIDERED GOOD :- SECURITY AND OTHER DEPOSITS	737667	860667
STAFF & WORKERS	2088562	1821900
FOR PURCHASE OF MACHINERY	25000	708800
FOR EXPENSES & OTHERS	2895902	3940279
ADVANCE TAX /TDS	10005075	6464666
<b>TOTAL</b>	<b>15752206</b>	<b>13796312</b>

**SCHEDULE - 11**

<b>CURRENT LIABILITIES AND PROVISIONS</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
SUNDRY CREDITORS	33514115	19206434
OTHER LIABILITIES	5848212	3710898
DIVIDEND /REFUND PAYABLE	1234759	945860
PROVISIONS		
INCOME TAX	13000000	9100000
DIVIDEND(INCLUDING INCOME TAX)	31201000	25341000
T.D.S PAYABLE	204255	253624
DEFERRED TAX	2891137	1317137
<b>TOTAL</b>	<b>87893478</b>	<b>59874953</b>





## SCHEDULE - 12

MISCELLANEOUS EXPENDITURE	THIS YEAR AMOUNT (RS) 31.03.2005	LAST YEAR AMOUNT (RS) 31.03.2004
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
<b>A) PRELIMINARY EXPENSES</b>		
AS PER LAST BALANCE SHEET	23845	37397
ADDITION DURING THE YEAR	5961	29806
LESS : AMOUNT WRITTEN OFF	43358	
<b>SUB-TOTAL</b>	<b>17884</b>	<b>23845</b>
<b>B) PUBLIC ISSUE EXPENSES</b>		
AS PER LAST BALANCE SHEET	688131	0
LESS : 1/10TH WRITTEN OFF	688131	0
<b>SUB-TOTAL</b>	<b>0</b>	<b>0</b>
DEFERRED REVENUE EXPENSES	400199	601886
EXPENSES DURING THE YEAR	0	
LESS : 1/10TH WRITTEN OFF	200388	200388
<b>SUB-TOTAL</b>	<b>199811</b>	<b>401498</b>
<b>TOTAL</b>	<b>217695</b>	<b>425343</b>

## SCHEDULE - 13

SALES AND OTHER INCOME	THIS YEAR AMOUNT (RS) 31.03.2005	LAST YEAR AMOUNT (RS) 31.03.2004
<b>SALES :-</b>		
* EXPORT	433064740	279719234
* LOCAL	352343418	261443354
<b>SUB-TOTAL</b>	<b>785408158</b>	<b>541162588</b>
<b>OTHER INCOME :-</b>		
INTEREST RECEIVED/ACCRUED		
* ON FIXED DEPOSIT WITH BANKS	686834	4041326
* OTHERS	0	
SALE OF LICENCES	3143776	2656596
DIFFERENCE IN EXCHANGE RATE	487180	631128
MISC. RECEIPTS	717684	516571
<b>SUB-TOTAL</b>	<b>4061114</b>	<b>5189025</b>
<b>TOTAL</b>	<b>789469272</b>	<b>546351613</b>







**SCHEDULE - 14**

<b>INCREASE (DECREASE) IN STOCKS OF WORK IN PROGRESS AND FINISHED GOODS</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
<b>OPENING STOCK</b>		
- FINISHED GOODS	202294816	129578434
- CLOSING STOCK		
- FINISHED GOODS	231782539	202294816
<b>INCREASE/DECREASE IN STOCKS</b>	<b>29487723</b>	<b>72716382</b>

**SCHEDULE - 15**

<b>EXPENSES</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
<b>MANUFACTURING EXPENSES</b>		
RAW MATERIAL AND COMPONENTS CONSUMED	615124042	462572415
POWER AND FUEL	19480886	16479024
MACHINERY REPAIR & MAINTENANCE	4909705	5482743
SHELLER LEASE	420000	300000
BARDANA REPAIRS	830929	658029
PACKING EXPENSES	3618990	3126318
STACKING, WEIGHING LOADING, UNLOADING, SORTING & BUNAI	12063373	10627129
OIL & GREASE	8757	24947
PACKING MATERIAL /EMPTY COST	24533042	17149274
FUMIGATION	348139	469222
RESEARCH & DEVELOPMENT	122393	12096
OTHER REPAIR	682313	802656
<b>TOTAL</b>	<b>682142569</b>	<b>517703853</b>

**SCHEDULE - 16**

<b>PERSONNEL EXPENSES*</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
SALARIES/WAGES	4917468	4139263
ALLOWANCES TO STAFF/WORKERS	895044	647231
DIRECTORS REMUNERATION	1854685	1446441
EMPLOYEES PROVIDENT/FAMILY PENSION	1422603	1321036
BONUS	796252	702073
STAFF WELFARE & MEDICAL EXPENSES	598043	582255
<b>TOTAL</b>	<b>10484095</b>	<b>8838299</b>





## *Chaman Lal Setia Exports Ltd.*

### **SCHEDULE - 17**

<b>ADMINISTRATIVE EXPENSES</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
INSURANCE	4112494	2699039
LEGAL/PROFESSIONAL EXPENSES	1367521	1079838
POSTAGE, TELEPHONE & COURIER EXPS.	1782042	1600249
VEHICLES REPAIR & MAINTENANCE	1093721	1211067
STATIONERY & PRINTING	323458	275576
TRAVELLING EXPENSES		
*DOMESTIC	536319.00	
*FOREIGN	779894.00	1316213
SUBSCRIPTION		94503
AUDITOR'S REMUNERATION		81196
*STATUTORY AUDIT	50000.00	
*TAX AUDIT		
*TAXATION MATTERS		
*COMPANY LAW MATTERS	77460.00	127460
MISC.EXPENSES/SHOP EXPENSES	816804	76038
PRELIMINARY & PUBLIC ISSUE EXP.WRITTEN OFF	206349	714868
DONATION	158099	931877
RENT	195717	91854
ISO EXPENSES	122477	15446
BUSINESS PROMOTION	634950	41205
		693920
<b>TOTAL</b>	<b>12351808</b>	<b>11803819</b>

### **SCHEDULE - 18**

<b>FINANCIAL EXPENSES*</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
BANK CHARGES	4742689	2845203
INTEREST		
*TO BANKS	16973552	8629238
<b>TOTAL</b>	<b>21716241</b>	<b>11474441</b>

### **SCHEDULE - 19**

<b>SELLING &amp; DISTRIBUTION EXPENSES</b>	<b>THIS YEAR AMOUNT (RS) 31.03.2005</b>	<b>LAST YEAR AMOUNT (RS) 31.03.2004</b>
EXPORT COMMISSION	4768217	2361104
E.C.G.C EXPENSES/AGMARK EXPENSES	2099550	1289755
ADVERTISEMENT	1355994	665666
DIRECT EXPORT EXENSES	50848451	34330040
CONSIGNMENT EXPENSES	453719	1403668
BROKERAGE	2429103	1828015
BILL DISCOUNT/REBATE	0	1502698
MISC EXPENSES	1209658	98098
BAD DEBTS	0	62094
<b>TOTAL</b>	<b>63164692</b>	<b>43541138</b>





**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**

Share Issue expenses etc are expensed pro-rata over the period of five years.

**(D) Retirement Benefits**

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**

Long term Investments are stated at cost.

**(G) Research & Development**

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 as on the date of settlement of account.

**(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 on 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

	31.03.2004	31.03.2005
Profit before Tax	178024917	20716610
Add : Depreciation	7881529	8380982
Less : Depreciation as per Sec 350	7881529	8380982
Net Profit u/s 350 of Companies Act 1956	17824917	20716610
Add : Directors Remuneration	1446441	1854685
Profit as per Section 198	19271358	22571295
Managerial Remuneration allowable @ 11%	2119849	2482842
Managerial Remuneration paid	1446441	1854685

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. Fresh expenses, if any have been amortised over a period of 5 years.
9. The Managerial Remuneration has been paid within the limits of Section 198 of Companies Act 1956. Managing Director Rs 321800/-—Whole Time Directors Rs.1507843/-
10. **Contingent liabilities as at 31.3.2005**
  - (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.

## 11. Compliance with Accounting Standard

### (i) AS-18 Related party transaction

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 321800/- and Rs1507843/- respectively. The Company has not entered into any transaction with relative of key managerial personnel.

### (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.1.54





## 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 31.03.05 .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 1574000/- 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: -

17. During the year company installed two sortex machine and got sanctioned the subsidy from APEDA which will be accounted for on receipt bases.

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

	31.03.2004	31.03.2005
Licensed Capacity (per hour)	8 MT	8 MT
Installed Capacity (per hour)	8 MT	8 MT
Actual Production (In Qtls)	234136	262231
Quantitative Stocks (In Qtls)		
Opening Stock as at	Closing Stock as at	

01.04.04

117772

01.04.03

76464

31.03.05

115263

31.03.04

117772

Value of Imports calculated on CIF Basis Rs.8551741/-

### (B) Expenditure in Foreign Currency\_\_\_\_\_

(i) Travelling Expenses Rs. 779894/-

(ii) Export Commission Rs 4768217/-

### (C) Earning in Foreign Exchange

FOB Value of Export Rs. 40,17,70,216/-

### (D) Raw Material Consumed : (In Qtls)

	31.03.04		31.03.05
<u>Quantity</u>		<u>Quantity</u>	
368072		388215	
<u>Value</u>		<u>Value</u>	
462572415		615124042	

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





**CASH FLOW STATEMENT FOR YEAR ENDING 31.03.2005**

	<b>AMOUNT 31.03.05</b>	<b>AMOUNT 31.03.04</b>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	20716608	17824917
<b>ADJUSTMENT FOR:-</b>		
DEPRECIATION/AMORTISATION	8588630	8399697
INTEREST/DIVIDEND RECEIVED	686834	4041328
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	28618404	22183286
<b>ADJUSTMENT FOR:</b>		
TRADE AND OTHER RECEIVABLES	18630564	-16973611
INVENTORIES	-99571290	-191871885
TRADE PAYABLES	28018525	8736416
CASH GENERATED FORM OPERATION	24303797	-177925794
DIVIDEND /ADJUSTED	31201000	25341000
DIRECT TAXES PAID	8060737	8414073
CASH FLOW BEFORE EXTRAORDINARY ITEMS	-63565534	-211680867
EXTRAORDINARY ITEMS	0	0
<b>NET CASH FROM OPERATING ACTIVITIES:</b>	<b>-63565534</b>	<b>-211680867</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
PURCHASE OF FIXED ASSETS	19881712	14709198
SALE OF FIXED ASSETS	697766	
ISSUE EXPENSES	0	0
PURCHASE OF INVESTMENTS (Net)	0	263332
SALE OF INVESTMENTS	171292	0
INTEREST RECEIVED	686834	4041328
DIVIDEND PAID	0	0
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>19023586</b>	<b>10233436</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
PROCEEDS FROM ISSUE OF SHARE CAPITAL	4752725	4000
PROCEEDS FROM BORROWINGS	79251971	159036114
REPAYMENT OF FINANCE LEASE LIABILITIES	0	0
SUBSIDY RECEIVED	0	0
<b>NET CASH FROM FINANCING ACTIVITIES</b>	<b>84004696</b>	<b>159040114</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
<b>CASH AND CASH EQUIVALENTS AS AT 01.04.2004</b>	<b>31000223</b>	<b>93883223</b>
(OPENING BALANCE)		
<b>CASH AND CASH EQUIVALENTS AS AT 31.03.2005</b>	<b>32415803</b>	<b>31000223</b>
(CLOSING BALANCE)		

For and on behalf of Board

Place : Amritsar  
Date : 17.08.2005

**CHAMAN LAL SETIA**  
Chairman Cum Managing Director

**RAJEEV SETIA**  
Whole Time Director

**AUDITOR'S CERTIFICATE**

We have verified the above cash flow statement of CHAMAN LAL SETIA EXPORTS LTD. derived from the audited financial statements for the year ended March 31st, 2005 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.

Place : Amritsar  
Date : 17.08.2005





*Chaman Lal Setia Exports Ltd.*

**INFORMATION PURSUANT TO PART IV OF  
SCHEDULE V 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	31.03.2005		

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

Public Issue*	47.52	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	5524.47	Total Assets	5524.47
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**Source of Funds**

Paid up capital	927.39	Reserve & Surplus	1258.07
Secured Loans	2412.59	Unsecured Loans	926.40

**Application of Funds**

Net Fixed Assets	572.98	Investments	3.92
Net Current Assets	4945.39	Misc Expenditure	2.18
Accumulated Losses	Nil		

**Performance of the Company (Amount in Rs.lacs)**

Turnover	7894.69*	Total Expenditure	7982.40
Profit before Tax	207.16	Profit after Tax	
Earnings per shares	Rs. 1.54	Dividend rate %	30%

\* Including other income

\* 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

**RAJIV SETIA**  
EXECUTIVE DIRECTOR

PLACE : AMRITSAR  
DATE : 17.08.2005





*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 11<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Hotel Royal Castle Amritsar on Thursday 29<sup>th</sup> Sept. 2005 at 4:30 P.M.

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

Folio No.....

## 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 the ..... day

of.....2005 and at any adjournment thereof.

Signed this.....day of.....2005

**Affix a  
Rs. 1  
Revenue  
Stamp**

This form is to be used.....the resolution. Unless otherwise instructed.

\*Strikeout which is not desired.





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