



MAHARANI



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
(Director.)
Naresh Suneja
(Director.)

Registered Office

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

Works

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

Bankers

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

Registrar & Share Transfer Agent

BEE TAL Financial & Computer Services (P) Ltd.
321-S, Chirag Delhi,
(Near Shaheed Bhagat Singh College)
New Delhi-110017

Auditors

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

ANNUAL GENERAL MEETING

On 28th Sept. At 4:30 a.m at
Hotel Royal Castle, Albert Road,
Amritsar.

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Title Inner

CHAMAN LAL SETIA EXPORTS LTD.

NOTICE TO THE MEMBERS

Notice is hereby given that the Seventh Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. Will be held on Friday, the 28th Sept, 2001 at 4.30 P.M at Hotel Royal Castle, Albert Road, Amritsar. 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 31.03.01 and the Auditors Report thereon.
2. To appoint a Director in place of Mr. Vijay Setia who retires by rotation but being eligible, offers himself for re-appointment.
3. To appoint Auditors for the next year and to fix their remuneration. M/s Vivek Kapoor & Co. are eligible and available for re-appointment.
4. To declare dividend.

(B) SPECIAL BUSINESS

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

"Resolved that Sh. Sukarn Setia who was appointed as an additional Director under Section 260 of the Companies Act 1956 and in respect of whom the Company has received a notice in writing from a member, proposing him as a Candidate for the office of the Director under the provisions of Section 257 of the Companies Act 1956 be and is hereby appointed a Director of the Company, liable to retire by rotation".

Sh. Chaman Lal, Sh. Vijay Setia and Sh. Rajeev Setia be deemed to be interested in passing of the resolution being relatives of Sh. Sukarn Setia.

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 23.9.2001 to 29.9.2001 (both days inclusive.)
4. Cases of Transfer of Shares may be referred to the Registrar, Whose address has been given at Inner Title
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 : 11.08.2001

Rajeev Setia
Whole Time Director

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

In terms of Section 257 of Companies Act 1956, Notice has been received from a member signifying his intention to propose Sh. Sukarn Setia as a candidate for the office of Director. As Sh. Sukarn Setia is a Commerce Graduate & Diploma holder in Import & Export from Schilling University, London and it is desirable that Company should avail of his services as a member of the Board on the following terms & conditions. Yours Director recommend his appointment on the following terms & conditions;

1. Salary : Rs 20000/- P.M.
2. Commission : 1% Commission on Sales
3. 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.
4. Provident Fund, Super annuation 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.



M/s CHAMAN LAL SETIA EXPORTS LTD.

DIRECTORS' REPORT

To The Members,

Yours Director have pleasure in presenting the 7th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2001.

1. RICE BUSINESS ——— Performance At A Glance

Particulars	Amount (in Lacs) Y.E. 31.3.2001	Amount (in Lacs) Y.E. 31.3.2000	% change
Export turnover	3129.66	3042.59	2.86
Domestic turnover	2449.80	1863.54	31.46
Profit before Intt. & Depreciation	691.37	387.47	78.55
Interest	136.83	165.31	
Provision for Depreciation	60.21	69.75	
Profit before Tax	494.33	152.41	224.34
Provision for Tax	15.00	5.00	
Profit after Tax	479.33	147.41	225.85
Proposed Dividend including Tax	207.92	119.67	9.00
Transfer To General Reserve	47.93	14.74	
Carried to Balance Sheet	430.53	191.28	125.13
Current Assets	3897.14	3990.48	
Current Liabilities	1362.97	1861.65	
Working Capital	2534.17	2128.83	19.08
Capital Employed	2902.84	2520.06	15.16
Return on Capital Employed	16.53%	5.85%	
EPS	5.34	1.64%	
Book Value	27.09	23.78	

Highlights of Performance:

1. Rice Sales Volume was set up by 17 % and Operating Income registered an increase of 14% during the year despite Industry recording negative growth.
2. Operating Profits were up by 78% at Rs.691.37lacs
3. Net Profits before Exceptional items & Tax was Rs.494.33lacs as against a profits of Rs.152.41 lacs in previous year.
4. Turnaround in profitability is mainly on account of improvement in operational efficiencies which had resulted in noteworthy reductions in Cost of Raw Material Consumed and increase in better quality yield especially of Sella Rice.
5. Your Company has broken fresh ground by taking up domestic marketing in fresh light. During the year, your company has achieved a turnover of Rs.2449.80 lacs for 14243 MT against Rs.1863.54 lacs for 12325 MT for the FY 99-00 showing an increase by 31% in value terms. The company's distribution strength has been increased and existing network consolidated. Even though the prices were depressed throughout the year, a mix of proper planning and allocation of sales to better markets have yielded higher Net sales Realization contributing to the bottom line. Fresh life was breathed in with new and attractive packing, branding exercises, improving customer relation, concentration on product strength (Parboiled products) and creating new markets. General outlook for the next year is on similar lines.

2. Deposits

The Company has not accepted any deposits falling within the purview of Sec 58A of the Companies Act 1956 and as such no deposits were overdue as on 31.03.01.

3. **Personnel**
Relations with work force of the Company have remained cordial, through out the Year.
4. **Directors**
ShVijay Setia whole Time Director of the Company retires by rotation at the Annual General Meeting and Being Eligible offers himself 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 Vivek Kapoor & Company, retire at the conclusion of the Forthcoming Annual General Meeting and are available for re-appointment.
9. **Dividend**
During the year ended March 31, 2001 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 and improvement in the quality of yield. Yours Directors, therefore recommend dividend payment @ 21% pro-rata as compared to 12% in the previous year.
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, 2001 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. **Audit Committee**
Audit committee of Board of directors of the company was Constituted on 06.08.2001 in terms of Section 292A of Companies Act 1956. The following are the members of Audit Committee :

1. Rajeev Setia	2. Inder Dev Kukkar	3. Naresh Suneja
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12. **Corporate Governance**
Your Company and its Board is committed to achieve the highest standards of Corporate Governance. The Corporate Governance practices followed by the Company are indicated separately in the annexure forming part of this report. These conditions are still not mandatory for the Company. A Certificate from the Auditors of the Company regarding not applicability of conditions of Corporate Governance as stipulated under Clause 49 of the listing Agreement is also 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.
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) Use of Neem as Bio-pesticide for controlling infestation;
 - b) Development of "Heat proof" Roof Systems for Public Housing (project under process);
 - c) Low cost water filters for rural areas (project under process)
 - d) Project for tackling problem of wastewater logging and treatment of sanitary discharge in villages is under process.

15. Pollution Free Environment :- Company's Slogan

During the financial year your Company has saved Rs 20 Lakhs on capital investment alone by development of a low cost, rather "no cost" Parboiling wastewater treatment system. The system was evaluated by a team of senior scientists from HAU (Haryana Agriculture University) and Department of Agriculture, Govt. of India. It was appraised and recommended by the Deputy Commissioner Karnal for National Award Institute by the Science and Technology Development Board.

Appreciation

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

FOR & ON BEHALF OF BOARD

Place : Amritsar
Dated : 11.08.2001

CHAMAN LAL SETIA
Chairman

ANNEXURE A

Particular as requires under Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Director's Report for the year ended 31.03.2001

A. CONSERVATION OF ENERGY

Your Company is using non-conventional, non-fossil Rice Husk fuel for combustion in Loco type Boiler. A unique feed system has been developed for better adaptation to alternatives agri-residues like Baggase, Saw Dust, Chaff. Improved technique for use of secondary air has resulted in better combustion and cleaner effluent. Waste heat from condensation is being used for heating water for captive use. Due to above measures, we are able to run two parboiling plants through the year on one boiler effecting saving of Rs. 25 Lakhs per annum (app.) in fuel cost alone, apart from investment in expensive machinery and valuable land.

B. TECHNOLOGY ABSORPTION**(i) Research And Development(R&D)****1. Various R&D initiatives were undertaken which have resulted in :**

- Improved efficiency of Paddy Husker;
- Improvement in Elevator Working;
- Use of neem as Bio-pesticide;
- Improvement in Parboiling for improvement in quality parameters;
- Use of Plastic Buckets in parboiling plant thus reducing cost.

2. Future plan of action.

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

3. Expenditure on R & D.

Rs 38364/- wages, salaries, stores, spares & consumable used for R&D activities have been debited to Respective Heads, and not to Research & Development.

(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 thereby Saving a big amount of Rs.20 lacs (approx.).