



MAHARANI



9th Annual Report 2002-2003
CHAMAN LAL SETIA EXPORTS LTD.



Chaman Lal Setia Exports Limited

Board of Directors

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

Registered Office

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

Works

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

Bankers

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

Registrar & Common Share Transfer Agent

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

Auditors

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

ANNUAL GENERAL MEETING

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

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Chaman Lal Setia Exports Limited

CHAMAN LAL SETIA EXPORTS LTD.

NOTICE TO THE MEMBERS

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

(A) ORDINARY BUSINESS

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

(B) SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that Sh. Ankit Setia who was appointed as additional director u/s 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing him as a candidate for the office of the director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed a director of the company, liable to retire by rotation."
Sh. Chaman Lal, Mg. Director, Sh. Vijay Setia and Sh. Rajeev Setia both directors, be deemed to be interested in passing of the resolution, being relative of Sh. Ankit Setia.
6. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that Sh. Naresh Suneja who was appointed as additional director u/s 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing him as a candidate for the office of the director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed a director of the company, liable to retire by rotation."
7. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:
"Resolved that Sh. Parmod Kumar who was appointed as additional director u/s 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing him as a candidate for the office of the director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed director of the company, liable to retire by rotation."
8. To consider and if thought fit to pass with or without modification the following resolution as an Ordinary Resolution:



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"Resolved that Sh. Amit Malhotra who was appointed as additional director U/s 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing him as a candidate for the office of the director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed a director of the company, liable to retire by rotation."

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

"Resolved that Sh. Ravi Peshawaria who was appointed as additional director u/s 260 of the Companies Act, 1956 and in respect of whom the company has received a notice in writing from a member proposing him as a candidate for the office of the director under the provisions of Section 257 of the Companies Act, 1956 be and is hereby appointed a director of the company, liable to retire by rotation."

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

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

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself / herself and the proxy need not to be a member.
2. The instrument of proxy must be deposited at the Company's Registered Office not less than 48 hours before the time for holding the aforesaid meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23.9.2003 to 29.9.2003 (both days inclusive.)
4. Cases of Transfer of Shares may be referred to the Registrar, Whose address has been given at Page No. 1
5. Shareholders are requested to intimate to the Company, changes, if any, in their registered address including PIN CODE number.
6. Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.
7. Enquiries, if any, about the Annual Accounts, may please be intimated to the Company, at least Seven days in advance of the date of Annual General meeting.

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

Place: Amritsar

Rajeev Setia

Dated: 18-08-03

Whole Time Director



Chaman Lal Setia Exports Limited

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

Item No. 5

In terms of Section 257 of the Companies Act, 1956, Notice has been received from a member signifying his intention to propose Sh. Ankit Setia as a candidate for the office of Director. As Sh. Ankit Setia is quiet young & dynamic, having experience of rice industry by birth and having diploma in Food Technology, it is desirable that company should avail of his services as a member of the Board on the following terms & conditions. Yours directors recommend his appointment on the following terms & conditions:

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

Item No. 6

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

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

Item No. 7

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

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

Item No. 8

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

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



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Item No. 9

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

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

Item No. 10

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

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Chaman Lal Setia Exports Limited

M/s CHAMAN LAL SETIA EXPORTS LTD.

DIRECTORS' REPORT

To The Members,

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

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

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

Highlights of Preformance:

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

2. Deposits

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

3. Personnel

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



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4. Directors

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

5. Statement u/s 217 (1) (e) of the Companies Act

The requirements for disclosure of particular with respect to conservation of energy are not applicable to the company. A statement giving details of technology absorption, foreign exchange earning and outgo in accordance with the above provisions is annexed here to as Annexure 'A' and forms parts of this report

6. Particulars of employees

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

7. Auditors' Report

The notes on accounts referred to in the Auditor's Report are self-explanatory and therefore do not call for any further Comments.

8. Auditors

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

9. Dividend

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

10. Director's Responsibility

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

- (i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- (ii) Appropriate accounting policies have been selected and applied Consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company as at March 31, 2003 and of the profit of the Company for the said period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

11. Corporate Governance

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



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

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

12. Dematerialisation of Shares

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

13. Social Objectives

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

- 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.

14. Pollution Free Environment: - Company's Slogan

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

15. Company's credit rating by ICRA

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

16. ISO -9002 Certification

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

Appreciation

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

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

Place: Amritsar

Dated: 18-08-03

FOR & ON BEHALF OF BOARD
CHAMAN LAL SETIA

Chairman cum Mg. Director



ANNEXURE A

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

A. CONSERVATION OF ENERGY

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

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

B. TECHNOLOGY ABSORPTION

(i) Research And Development(R&D)

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

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

2. Future plan of action.

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

3. Expenditure on R & D.

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

(ii) Technology absorption, adoption and innovation.

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

C. EFFLUENT TREATMENT

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

D. ELIMINATION OF PESTICIDE RESIDUE: -

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

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

E. SMOKED BASMATI RICE: -

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