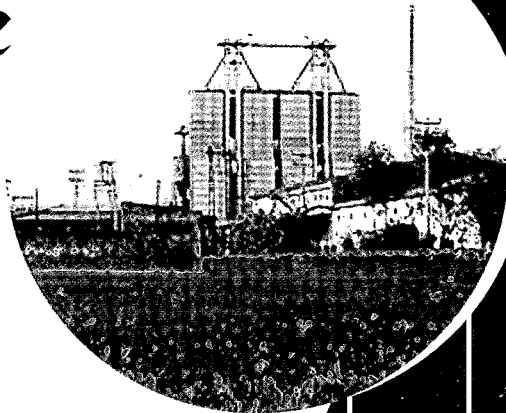


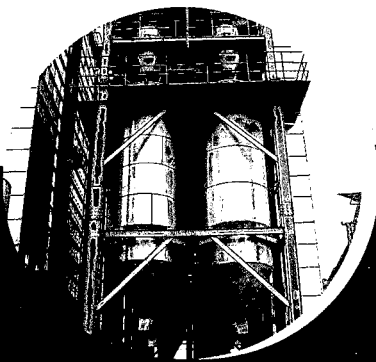
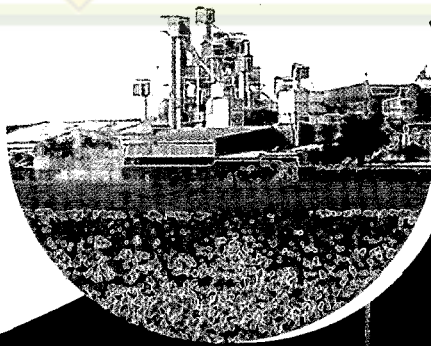


# Maharani<sup>®</sup> Rice

Pure Fragrant Original Basmati Rice



**15<sup>th</sup> ANNUAL REPORT**  
**2008-09**



*An* ISO 9001 : 2000  
Haccp  
Certified Co.

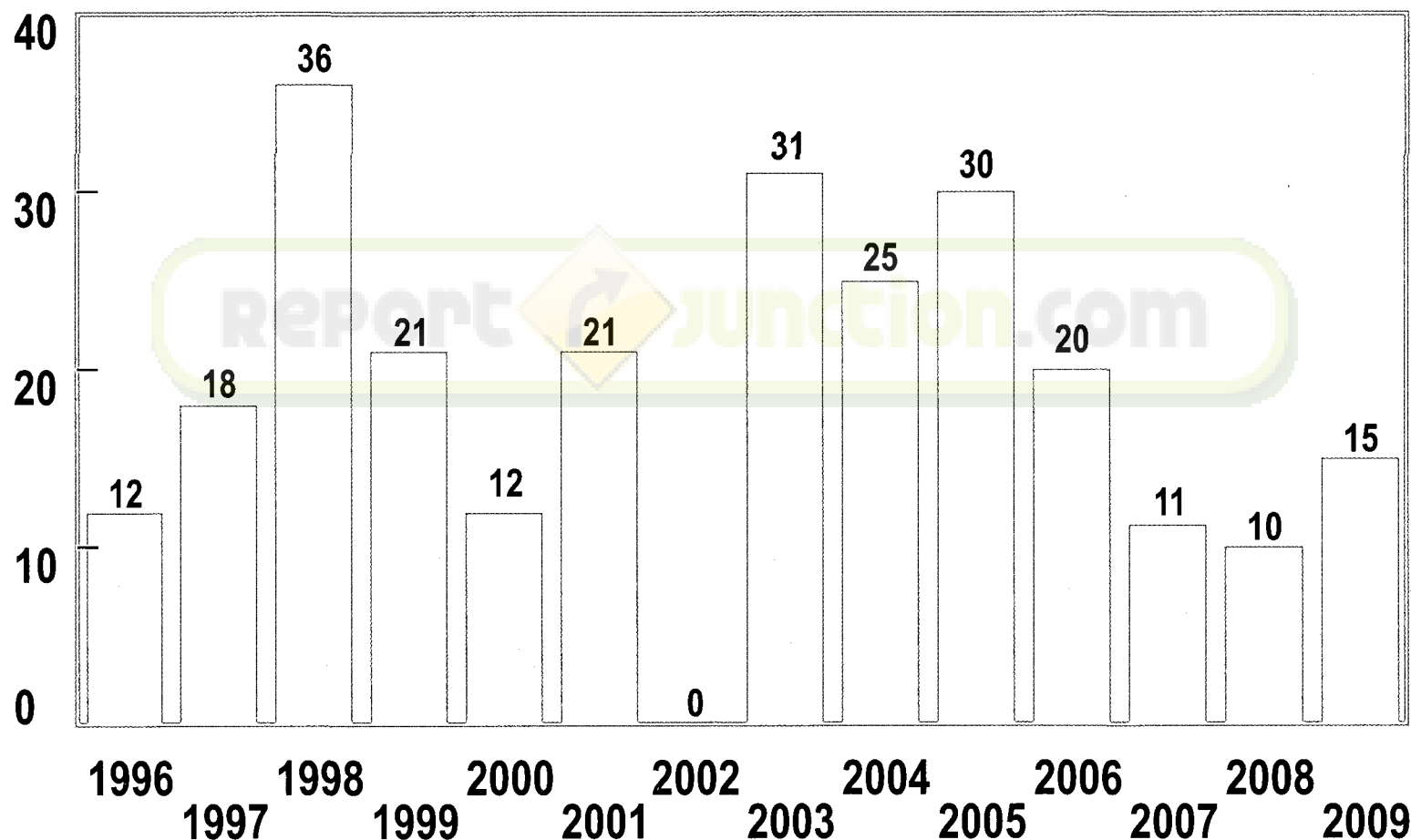
**CHAMAN LAL SETIA EXPORTS LTD.**  
(A Govt. Recognised Star Export House)





# Chaman Lal Setia Exports Ltd.

262% Dividend since inception



15% Dividend Proposed in 2008-09



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## BOARD OF DIRECTORS

### Chaman Lal Setia

(Chairman Cum Mg. 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)

## 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 Madahgir  
(Near Dada Harsukh Dass Mandir)  
New Delhi

## AUDITORS

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

## ANNUAL GENERAL MEETING

On 29<sup>th</sup> Sept., 09 at 4:30 p.m. at  
Hotel P.R Residency  
101, Distt Shopping Centre, Ranjit Avenue, Amritsar

## REGISTERED OFFICE

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

## CORPORATE OFFICE

408, Krishna Apra Business Square  
Netaji Subash Place, Pitampura  
Delhi-110 034

## Works

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

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## NOTICE TO THE MEMBERS

Notice is hereby given that the 15<sup>th</sup> Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Tuesday the 29<sup>th</sup> Sept 2009 at P.R Residency, Ranjit Avenue, Amritsar at 4.30 p.m. to transact the following business:

### (A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Report, audited Balance Sheet, the Profit & Loss Account and cash flow statement as at and for the year ended 31.03.09 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. Inder Dev Kukkar who retires by rotation but being eligible offers himself for re-appointment.  
(c) To appoint a director in place of Mr. Raghav Peshawaria 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 a Special resolution:  
RESOLVED that pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Chaman Lal Setia be and is hereby reappointed as Managing Director of the Company to hold office for a period of five years with effect from September 21, 2009, on the following terms and conditions, with further powers to the boards to increase the remuneration considering the growth of business during the tenure of Sh Chaman Lal Setia :

#### I. REMUNERATION

##### A) Fixed Compensation

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity. The Basic Salary shall be Rs. 50,000 per month, payable monthly.

The Company's contribution to Gratuity and Provident Fund shall be according to the rules of the company, in force from time to time.

##### B) Flexible Compensation

In addition to the Fixed Compensation, he will be entitled to the following allowances, perquisites, benefits, facilities and amenities as per rules of the Company and subject to the relevant provisions of the Companies Act, 1956 (collectively called "perquisites and allowances"). These perquisites and allowances may be granted to the Managing Director in such form and manner as the Board may decide.

- Housing as per rules of the Company (i.e. unfurnished/furnished residential accommodation and or House Rent)
- Payment/reimbursement of medical/hospitalization expenses for the Managing Director and his family in accordance with the rules of the Company.
- Group insurance cover, group medi-claim cover;
- Company car with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.
- Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

#### II. OVERALL REMUNERATION

The aggregate of salary and perquisites as specified above or paid additionally in accordance with the rules of the Company in any financial year, which the Board in its absolute discretion pay to the Managing Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

#### III. MINIMUM REMUNERATION

Notwithstanding the foregoing, where in any Financial Year during the currency of the tenure of the Managing Director, the Company has no profits or its profits are inadequate, the remuneration will be subject to Schedule XIII to the Companies Act, 1956.



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## 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 23.9.2009 to 29.9.2009 (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  
Dated: 20-08-09

Rajeev Setia  
Whole Time Director

Report Junction.com

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ITEM \*\*

### Item No.5

The shareholders in the Annual General Meeting held on 29.09.04 appointed Mr. Chaman Lal Setia as Managing Director with effect from 21.09.04 to hold office for a period of five years. It is proposed to reappoint Mr. Chaman Lal Setia as Managing Director of the Company for a further period of five years from September, 21, 2009.

The personal profile of Mr. Chaman Lal Setia is given below:

Full Name : Mr. Chaman Lal Setia

Date of Birth : 04-07-1934

Date of appointment as director in the Company: 21.09.94

Qualification: Under Graduate

Specialized Expertise: Procurement, Quality Control and Finance Control.

For the sake of brevity the particulars of the proposed remuneration, perquisites and benefits of Mr. Chaman Lal Setia are not being set out in the explanatory statement and the members are requested to refer to the same as set out in the body of the resolution.

These particulars also constitute the abstract of the terms of the contract proposed to be entered into with Mr. Chaman Lal Setia which is required to be sent to every member pursuant to Section 302 of the Companies Act, 1956.

Mr. Chaman Lal Setia may be deemed to be concerned or interested in this resolution. Sh.Rajeev Setia, Director, Sh.Vijay Setia, Director, Sh.Sukaran Setia, Director Sh. Ankit Setia, Director may be deemed to be concerned or interested in this resolution being relatives. The Board of Directors recommends the passing of the said resolution.


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## DIRECTORS' REPORT

To The Members,

Yours Director's have pleasure in presenting the 15<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31<sup>st</sup> March 2009.

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

Particulars	Amount (in Lacs) Y.E. 31.03.2008	Amount(in Lacs) Y.E 31.03.2009
Export turnover	6308.27	8609.46
Domestic turnover	5661.66	6682.45
Profit before Intt. & Depreciation	1045.42	984.59
Interest	335.22	313.20
Provision for Depreciation	98.35	170.30
Profit before Tax	611.85	501.08
Provision for Tax	110.30	160.00
Profit after Tax	501.25	341.08
Proposed Dividend	106.51	162.97
Transfer To General Reserve	50.12	34.11
Carried to Balance Sheet	365.48	339.61
Current Assets	7744.72	6237.69
Current Liabilities	4603.41	3266.22
Working Capital	3141.31	2971.47
Capital Employed	3818.98	3872.55
EPS	5.18	3.67
Book Value	26.62	28.51

#### Highlights of Performance:

During the year the Sales of Company increased at a higher pace in spite of the adverse factors i.e. fall in the value of dollar & cut throat competition in the market. This was the result of the efforts put in by management viz attraction packing, branding & standardisation of quality of rice creating of new markets. The decrease in profit can be attributed to Govt policies viz; Custom duty, Export ban on non basmati rice 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 31.03.09

### 3. Personnel

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

### 4. Directors

All Director of the Company retiring 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 form parts of this report.





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Rice

**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, 2009 your Company's working results have improved Considerably 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. Still keeping in view the further expansion, your directors, recommend a dividend of 15 % 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, 2009 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**

Chaman Lal Setia Exports Ltd has rooted itself in Values, Nurtured by ethics, transparency and Corporate Governance, Your Company is all set to branch out further and grow stronger. It is these values and guidelines that will give a firm foundation for the future growth.

The Company has implemented the new requirement code of corporate governance as required by Clause 49 of the listing Agreement and the required particulars form part of this Annual report.



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**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.
- e) Zero Energy cool chamber development of more cost effective more users friendly cooling system at a very nominal cost.

**15. Listing of Shares**

The share of the Company are listed on Mumbai Stock Exchange Limited and listing fees has been paid timely.

**16. Pollution Free Environment: Company's Slogan**

Company continued its expedition of free distribution of Neem & Jamun Plants for plantation & medical cure .Neem can be used also as bio-pesticide for curing infestation .The Company is trying hard to stabilize rice bran for human consumption.

**17. Future Expansion**

Keeping in view the increase in demand of rice, scarcity of food grains worldwide the company is in the process of installing Ultra Modern Machinery at its Karnal Unit .The commercial production is supposed to come in the coming season.

**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: 20-08-09

**CHAMAN LAL SETIA**  
Chairman

## ANNEXURE A

Particulars as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rule 1988 and forming part of the Director's Report for the year ended 31.03.2009.

**A. CONSERVATION OF ENERGY**

Company is in the process of installing Chinese machinery at its Karnal Unit ,which with the same energy and fuel will produce three times the present production, thus at the present production level energy utilization will be only on third and balance energy can be utilized for same other purpose.





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## **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 rice suitable of diabetic people.
  - 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.
  - m) Cool Chamber system.

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. 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 family health.

## **D. RICE SUITABLE FOR DIABETIC PEOPLE:-**

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 has been upheld by department of Nutrition & diabetic of P.S.G college of Arts and Science, Coimbatore (An ISO 9001 2000 certified institute also accredited at the 5 star level by NAAC). Further more our claim of rice suitable for diabetic people is certified by RSS Lab in United Kingdom and recently certified by G.I Testing centre for Food, Madras Diabetic research foundation, Chennai.



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Rice

## Management Discussion and Analyses

### 1. Economic Environment & Rice Industry:-

India has been one of the best performers in the world economy in recent years. India economy has been one of the stars of Global Economics in recent years growing 9.2% in 2007 & 9% in 2008. Growth had been sported by market reforms, huge inflows of FDI, rising Foreign Exchange reserves, boom in Real Estate & IT & a flourishing capital market.

The world economy grew 5.2% in 2007-08 powered by growth in China (11%), India (9%) and Russia (8%). After several years of rapid growth 2009 will prove a testing year for India. Inflation continuous to pose a threat. In addition to the increasing population, lower per capita income.

After reaching growth of 9% in 2007-08 growth is expected to slow down to 7% which can be still said as good but with 60% of India's 1.2 billion population living off agriculture and with droughts & flood increasing poverty elevation is still a major problem.

### 2. Outlook – Global Rice Industry:-

Throughout history rice has been one of man's most important foods. Today, this unique grain helps sustain two-thirds of the world's population. Today, agriculture is the backbone of India's economy, providing direct employment to about 70% of working people in the country. It forms the basis of many premier industries of India, including the textile, jute, and sugar industries. Agriculture contributes about 31% to GDP; about 25% of India's exports are agricultural products.

The major rice growing area in India are West Bengal, Uttar Pradesh, Madhya Pradesh, Orissa, Bihar, Andhra Pradesh, Assam, Tamil Nadu, Punjab, Maharashtra, Karnataka, Haryana, Gujarat, Kerala, Jammu- Kashmir, Tripura, Meghalaya, Manipur, Rajasthan, Nagaland, Arunachal Pradesh, Himachal Pradesh, Mizoram, Goa, Pondicherry, Sikkim, A & N Island and D & N Haveli.

The agriculture is the backbone of India's economy, providing direct employment to about 70% of working people in the country. It forms the basis of many premier industries of India, including the textile, jute, and sugar industries. Agriculture contributes about 31% to GDP; about 25% of India's exports are agricultural products.

Through a combination of increasing the area under cultivation and increasing cropping intensity today India is self sufficient in rice. Adoption of Modern Varieties (MVS) rice production exceeded 100 million tons annually since 1988. India regularly exports high quality basmati rice (aromatic).

The export of Basmati rice of our Country stood at 1.4 million tons for the current year worth about Rs.8000 crores.

So the Company has considerable scope of growth if it capture even little share of the pie.

### OPPORTUNITIES & THREATS:-

#### Opportunities:-

1. The future expansion programme which lead to installation of fully automated State of the Art Machinery will result in higher production vis-à-vis improved quality of rice in demand. This will future result in increased sale and profitability. The commercial production is all set to start in coming season.
2. The Classification of 1121 rice has been changed from Non Basmati Rice to Basmati Rice by Govt. of India boosting thereby export possibilities of the Company specially to Iran and further to Iraq which is emerging as a big importer of 1121 Basmati Rice.
3. The Company has explored altogether new countries and new customers within the existing countries for exporting rice to further boost the sale of rice.
4. The company is also concentrating on new domestic centers through brand promotion and lucrative designs in packaging and packing.
5. The company's novel product Bhatti Sella that was introduced five 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.
6. Company has developed a unique product i.e. Pesticide Residue Free Aged Basmati Rice which is absolutely free from any pesticide