

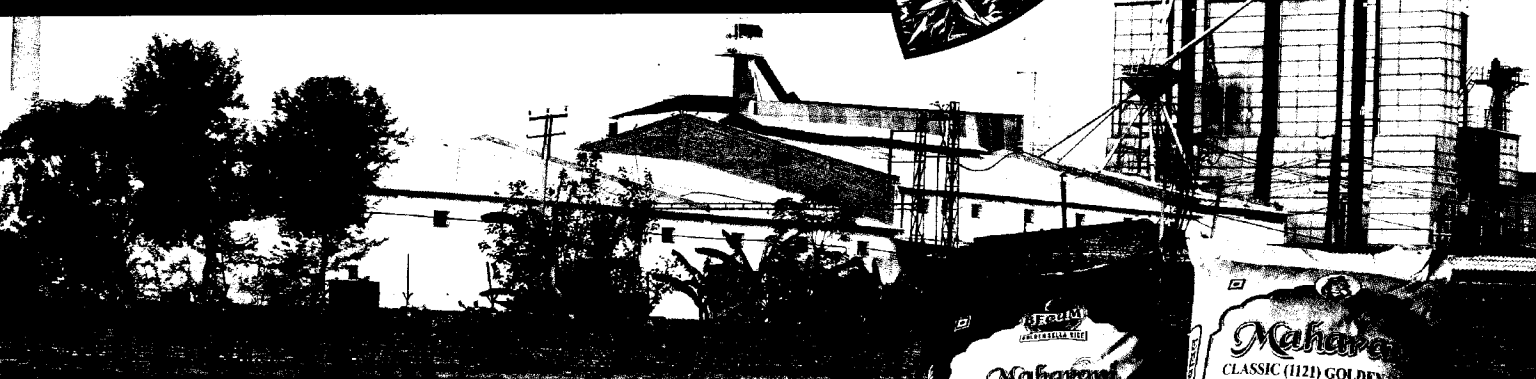


16th ANNUAL REPORT
2009-10

Maharani[®] Rice



Pure Fragrant Original Basmati Rice



An ISO 9001 : 2008
Haccp
Certified Co.

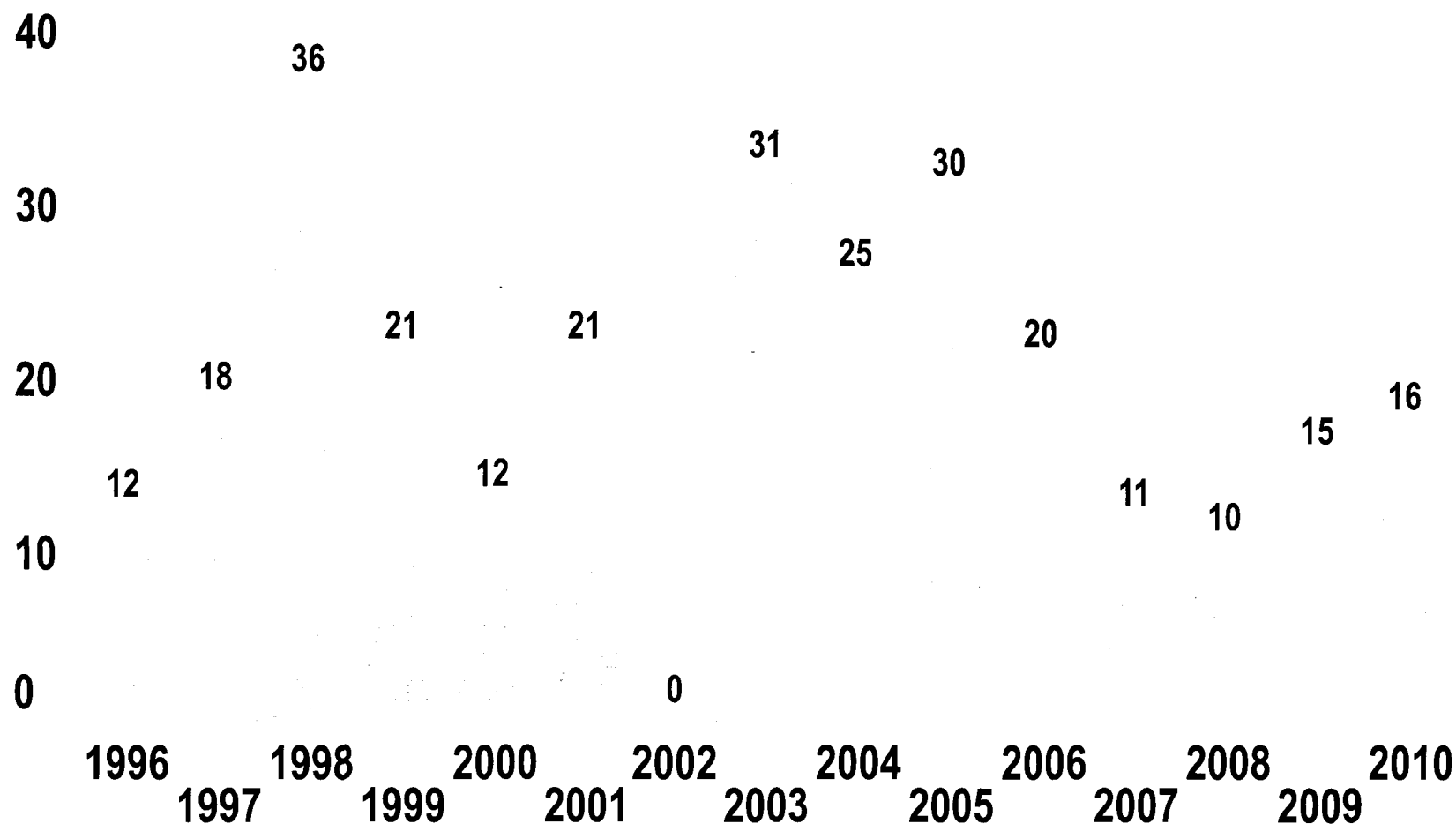
CHAMAN LAL SETIA EXPORTS LTD.
(A Govt. Recognized Star Export House)





Chaman Lal Setia Exports Ltd.

278% Dividend since inception



16% Dividend Proposed in 2009-10



BOARD OF DIRECTORS

Chaman Lal Setia

(Chairman Cum Mg. Director)

Vijay Setia

(Whole Time Director)

President All India Rice Exporters Association

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

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

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 Madan Vir
(Near Dada Harsukh dass Mandir)
New Delhi

Auditors

M/s. Rajesh Kapoor & Co.
Chartered Accountants
140 Green Avenue, Amritsar

ANNUAL GENERAL MEETING

On 29th Sept. 2010 at 4.30 p.m. at
Hotel P.R. Residency
101, Distt Shopping Centre, Ranjit Avenue, Amritsar

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NOTICE TO THE MEMBERS

Notice is hereby given that the 16th Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Wednesday the 29th Sept 2010 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 and audited Balance Sheet and the Profit & Loss Account as at and for the year ended 31.03.10 and the Auditors' Report thereon.
2. (a) To appoint a director in place of Mr.Rajeev Setia who retires by rotation but being eligible, offers himself for re-appointment.
(b) To appoint a director in place of Mr.Sukarn Setia who retires by rotation but being eligible offers himself for re-appointment.
(c) To appoint a director in place of Mr.Ankit Setia who retires by rotation but being eligible offers himself for re-appointment.
3. To appoint auditors for the next year and to fix their remuneration. M/s Rajesh Kapoor & Co. are eligible and available for re appointment.
4. To declare dividend.

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 23.9.2010 to 29.9.2010 (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.

Rajeev Setia
Whole Time Director

Place : Amritsar
Dated: 20-08-10



DIRECTORS' REPORT

To The Members,

Yours Directors' have pleasure in presenting the 16th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2010.

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

Particulars	Amount (in Lacs) Y.E. 31.03.2010	Amount (in Lacs) Y.E. 31.03.2009
Export turnover	10113.73	8609.46
Domestic turnover	8453.00	6682.45
Profit before Intt. & Depreciation	1470.64	984.59
Interest	279.22	313.20
Provision for Depreciation	166.87	170.30
Profit before Tax	1024.54	501.08
Provision for Tax	324.81	160.00
Profit after Tax	699.73	341.08
Proposed Dividend	173.92	162.97
Transfer To General Reserve	69.97	34.11
Carried to Balance Sheet	791.91	339.61
Current Assets	7335.50	6237.69
Current Liabilities	3782.67	3697.12
Working Capital	3552.83	2540.57
Capital Employed	4482.60	3872.55
EPS	7.53	3.67
Book Value	34.18	28.51

Highlights of Performance: The Company during the year registered a handsome growth both in Sales as well as Profit

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 attractive packing, branding & standardization of quality of rice, creating of new markets domestic as well as overseas, removal of export duty by the Govt. and increase in the prices of rice worldwide. The handsome increase in profit can be attributed to the innovative ideas of management to produce better quality product which led to better realization of Prices, Increase in prices of Rice specially in the export market as a resultant to food grain shortage world wide.

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 31.03.10

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.

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. Auditor's 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, 2010 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, yours directors, recommend a dividend of 16% i.e Rs.1.60 per Share 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, 2010 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 requirements of code of corporate governance as required by Clause 49 of the listing Agreement and the required particulars on part of this Annual report.

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

The company has been successful in its effort of using of waste water from sella plant for Plantation. 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 has installed Ultra Modern Machinery at its Karnal Unit. The commercial production has started and will expand in future.

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

CHAMAN LAL SETIA
Chairman

Place : Amritsar
Date : 20-08-10



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 31.03.2010

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 one third and balance energy can be utilized for some other purpose.

B. TECHNOLOGY ABSORPTION

(i) Research And Development(R&D)

1. Various R&D initiatives were undertaken which have resulted in :
 - a) Development of Smoked Basmati Rice;
 - b) Development of quick cooking Brown Rice;
 - c) Use of neem as Bio-pesticide;
 - d) Improvement in Parboiling for improvement in quality parameters;
 - e) Use of Plastic Buckets in parboiling plant thus reducing cost;
 - f) Development of Bhatti Sella for the first time in India;
 - g) Development of Fragrance Rice.
 - h) Reducing broken in paddy with very high sun checks under process.
 - i) Rice bran stabilization for human consumption under process.
 - j) Making bio-compost from waste and reject of paddy under process.
 - k) 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 health & family.

D. RICE SUITABLE FOR DIABETIC PEOPLE:-

Company has succeeded in developing a new variety of rice which is called "Rice for Diabetic people". This rice is 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.



MANAGEMENT DISCUSSION AND ANALYSES

1. Economic Environment & Rice Industry:-

The Indian Economy is one of the fastest growing economies and is the 12th largest in terms of the Market Exchange rate at \$1242 billion. In terms of Purchasing Power parity (PPP), the Indian Economy ranks the fourth largest in the World. India is the seventh largest in Area having 3287240 sq Km and Second largest in Population with 1.2 billion in numbers. It 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. Although the world witnessed a dark recession during 2007-2009, still Indian Economy managed to register a growth at the rate of 5.35% in 2009 largely due to Outsourcing.

The service Sector, backed by IT revolution, remained the biggest contributor to the National GDP, with a contribution of 58.4%. The Industry sector contributed 24.1% and the agriculture sector contributed 17.5% to the GDP. Still Agriculture Sector is a major component of the Indian economy, as over 66% of the Indian population earns its livelihood from this sector.

After several years of rapid growth, Inflation continues to pose a threat at around 10.7% in 2009, in addition to the increasing population, lower per capita income and Unemployment.

2. Outlook – Global Rice Industry:-

India is the Second largest Rice Producing country of the World

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 66% 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 17.5% 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 Production of rice in the year 2009-10 (July-June) fell to 89.13 Million Tonnes from its previous year which was 99.18 million tonnes due to Drought mainly. According to the Agricultural Ministry the Rice Production could reach at 100 Million tonnes in the year 2010-11 mainly due to good and steady rainy season continuing as such. The land under paddy sowing has also increased by 12 lakh hectares over its previous year.

The monsoon in 2009 was 10 to 40 percent below normal in most of the country impacting food production and leading to sky rocketing of good grains prices. In 2010 it is going to be normal monsoon as per meteorological department which will have positive affect on the economy.

The export of basmati rice of our country is expected to cross 3 millions M.T. in spite of subsidy withdrawal of Saudi. Set back to exports in Iran and Dubai financial crisis. Basmati rice export contract during the first 9 months of the fiscal year has crossed 23 Lakhs M.T. Showing 43.75% growth over the same period last year.

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



MANAGEMENT DISCUSSION AND ANALYSES

Opportunities & Threats: - Opportunities:-

1. The Installation of Fully Automated State of Art Sella Plant at Karnal Unit has given rise to sale and Profitability both through increased production and better quality. The Plant has just started to produce the quality rice and the remaining life of the Plant is around ten years as such the trend of higher sales and profitability has just started and will continue for years to come.
2. The Promotion of flagship brand Maharani is on the top agenda of the company in the time to come. Company has introduced very attractive and novel packings of Maharani Brand. The Company plans to go for aggressive advertising in print and electronic media and brand equity is likely to be future strength and business stimulators of the company.
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 and innovative products viz; Bhatti Sella, Pesticide Residue free rice and quick cooking rice sales is picking up in various directions of the World markets particularly the Maharani Rice suitable for Diabetic people. These 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 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. 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 is increasing day by day.
7. Yet another product of the company introduced three year back is rice suitable for Diabetic People who avoid normal rice. This rice developed by the company has moderate Glimex Index (G.I) as compared to the normal rice available in the market. Our claim has been approved by various agencies/labs in India and Abroad. This product is already being exported to U.K, Singapore, U.S.A and U.A.E and we are expecting this product will spread in other parts of World too and Company profitability and goodwill will definitely improve with this line of product.
8. The Company has set up corporate office in Delhi which is giving rise to the sales as Domestic and International buyers come to Delhi more frequently and as such the company has more access to existing and prospective buyers.
9. The Company's main fund is that the fixed cost can be brought down substantially with increased production. The company has considerably reduced the financial cost by making a prudent use of funds and still hopeful for further decrease in financial expenses in coming years with the installation of Modern Plant at Karnal Unit and further expansion programme on the anvil.
10. The Executive director of the Company Sh. Vijay Setia who is also President Rice Exporters Association of India has been engaged by an International Company namely M/s Gerson Lehrman Group as a consultant in the field of Food Technology for having so in depth knowledge of the subject that he is being paid for that worldwide. This is a major achievement which can be highly instrumental to the growth of the company in the time to come.