



# Maharani<sup>®</sup> Rice

Pure Fragrant Original Basmati Rice



## 17<sup>th</sup> Annual Report 2010-11



An ISO 9001 : 2008  
Haccp  
Certified Co.

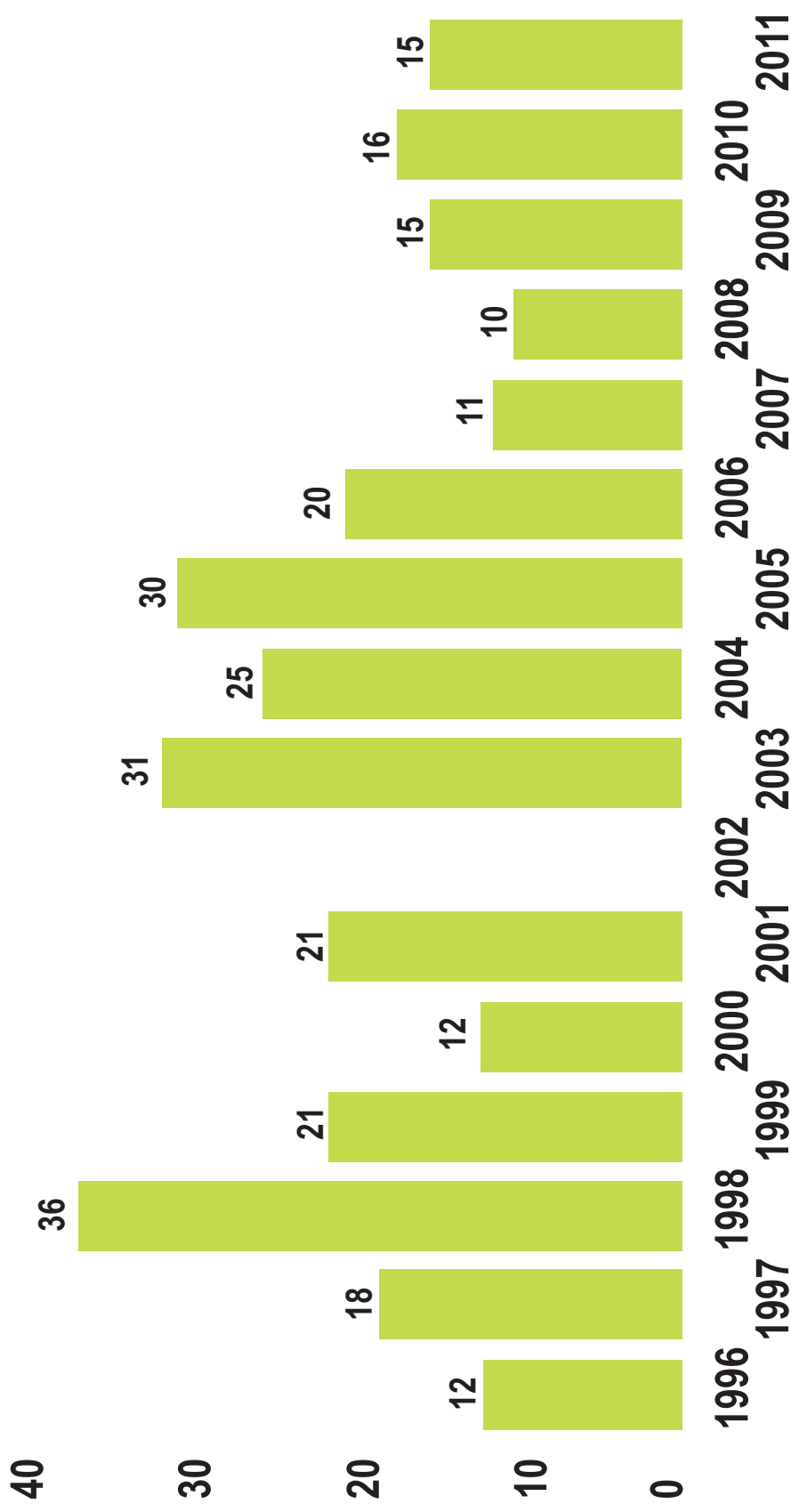
**CHAMAN LAL SETIA EXPORTS LTD.**  
(A Govt. Recognized Star Export House)





# Chaman Lal Setia Exports Ltd.

293% Dividend since inception



15% Dividend Proposed in 2010-11



## 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)

### **Sukarn Setia**

(Whole Time Director)

### **Ankit Setia**

(Whole Time Director)

### **Inder Dev Kukkar**

(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 Subhash Place, Pitampura  
Delhi-110 034

### **Works**

- Meerankot Road, Amritsar.
- Kaithal Road, Karnal.
- 526-B, Lahori Gate, Delhi
- Alipur, Delhi

## BANKERS

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

### **Registrar & Common Share Transfer Agent**

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  
140 Green Avenue,  
Amritsar

## ANNUAL GENERAL MEETING

On 26<sup>th</sup> Sept., 2011 at 4:30 p.m. at  
Hotel Mohan International,  
Albert Road, Amritsar

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## NOTICE TO THE MEMBERS

Notice is hereby given that the 17<sup>th</sup> Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Monday the 26<sup>th</sup> Sept 2011 at Hotel Mohan International, 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 31.03.11 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 23.9.2011 to 29.9.2011 (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 and E-mail Id.
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 : 24-08-11

**Rajeev Setia**  
Whole Time Director



## DIRECTORS' REPORT

To The Members,

Yours Directors' have pleasure in presenting the 17<sup>th</sup> Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2011.

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

| Particulars                        | Amount (in Lacs)<br>Y.E. 31.03.2010 | Amount(in Lacs)<br>Y.E 31.03.2011 |
|------------------------------------|-------------------------------------|-----------------------------------|
| Export turnover                    | 10113.73                            | 11710.93                          |
| Domestic turnover                  | 8453.00                             | 4978.49                           |
| Profit before Intt. & Depreciation | 1470.64                             | 1326.54                           |
| Interest                           | 279.22                              | 249.35                            |
| Provision for Depreciation         | 166.87                              | 175.74                            |
| Profit before Tax                  | 1024.54                             | 901.72                            |
| Provision for Tax                  | 324.81                              | 299.42                            |
| Profit after Tax                   | 699.73                              | 602.30                            |
| Proposed Dividend                  | 173.92                              | 162.52                            |
| Transfer To General Reserve        | 69.97                               | 60.23                             |
| Carried to Balance Sheet           | 791.91                              | 1043.05                           |
| Current Assets                     | 7335.50                             | 8583.37                           |
| Current Liabilities                | 3782.67                             | 4994.07                           |
| Working Capital                    | 3552.83                             | 3589.30                           |
| Capital Employed                   | 4482.60                             | 4739.90                           |
| EPS                                | 7.53                                | 6.48                              |
| Book Value                         | 34.18                               | 37.57                             |

#### Highlights of Performance:

During the year the Sales of Company decreased to some extent due to adverse factors i.e. extreme volatility of prices of Paddy & Rice and as such cut throat competition in the market, however there was reasonable increase in Export sales. This was the result of the efforts put in by management by Travelling & Exploring new International markets, the emphasis was also on attractive packing & brand equity, The little decrease in profit can be attributed to the higher price of raw material and lesser realization both on domestic and export front .

#### 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 31.03.11

#### 3. Personnel

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

#### 4. Directors

Director liable to retire by rotation of the Company retires 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. 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, 2011 your Company's working results were affected by the world wide economic depression but this could not affect the financial credentials of the company at a larger scale due to the Management thrust on Cost reduction in all areas of Company's operations, productivity, quality improvement and innovation of new products . Still keeping in view the aspiration of the shareholders and also in order to strive balance between the aspiration of shareholders and future expansion , yours directors, recommend a dividend of 15 % i.e Rs. 1.50 per Share 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, 2011 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 of code of corporate governance as required by Clause 49 of the listing Agreement and the required particulars from 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. The company's shares are traded compulsorily in demat form under ISIN code INE419D01018 and the percentage of demat shares of the Company is 18.40% .

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

### 15. Listing of Shares

The shares 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 continues its pursuit of free distribution of Neem & Jamun Plants for plantation which helps medical cure and clean environment. The Neem can also be used as bio-pesticide for preventing infestation in food grains.

### 17. Future Expansion

The Management of the company understands that it has to improve upon to face the ever changing circumstances and evolvments globally. The recent pesticide tolerance limits in Europe is one example, so company has to strengthen it's production norms, better storage, strict implementation of HACCP & other quality standards accepted world over and has to replace existing plant with state of art machinery and infrastructure from time to time.

#### Appreciation

The Board of directors thanks company's customers, public, 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 : 24-08-11

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 31.03.2011

### A. CONSERVATION OF ENERGY

The company has developed a novel process at its Karnal Unit for reducing energy and water requirement for Paddy Parboiling process and the same has been applied for Patent through director,

The energy will be utilized just one third of the available with the company and such saved energy to the tune of two third can be utilized for other productive purposes.

### B. TECHNOLOGY ABSORPTION

#### (I) Research And Development (R&D)

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

- a) Development of a system and method for parboiling paddy that obviates husk of paddy from splitting
- b) Development of 100% insect killing technique by using 1/3rd of Pesticides
- c) Development of Smoked Basmati Rice;
- d) Development of quick cooking Brown 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 through automation for the first time in India;
- l) Development of Fragrant 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.

#### (ii) Future plan of action.

- a) The Company will try to assist any R&D Unit of any academy/University in this field.

#### (iii) Expenditure on R & D.

- a) Wages, salaries, stores, spares & consumable used for R&D activities have been debited to Respective Heads.
- b) The Company has completely indigenous technology & has not imported any technology from abroad.

### C. ELIMINATION OF PESTICIDE RESIDUE: -

The company has developed 100% insect killing technique by using only 1/3rd of the pesticides.

The old rice is preferred by consumer as aging of rice improves cooking and taste of rice. Whereas aging requires one or two years of storage and to avoid infestation during storage, fumigants are invariable used to preserve the rice. These are toxic and even have residues affects and are health hazards. So through this technique Pesticides residue can be brought to a bare minimum level .As per the norms of WHO these pesticides are to be phased out in a time frame for human health & environment concerns and it is remarkable achievement of the company that it has developed a technology of aging rice without fumigation & pesticide usage resulting thereby a marketable, healthy and tasty rice.

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

Company has already developed "Rice suitable for Diabetic people & good for all". This rice has moderate G.I and our such 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 in the World today .Its population which was once the most talked about subject has actually turned the table for India .With a host of economic advantages , a well educated and young population India is all set to rule and give superpowers a run for their money .In terms of GDP ranking ,India is only behind Brazil in the World . The last twenty years have really proved extremely beneficial for India . India has replaced Russia and grabbed the second position in the global forefront mostly due to strategic Planning and huge amount of expenditure on Education .India GDP 2011 is expected to cross the 8 % mark and move to 9 % GDP growth rate .In the 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. Indian Exports increased by 26.8% (YTY.) and touched US\$ 18.9 billion in Nov 2010 .For the Period April 10 to Nov 11 exports grew by 26.7% to \$ 140.3 billion and imports grew to \$ 222 billion

According to NASSCOMs Strategic Review 2010 ,the IT and BPO sector in India remained the fastest developing Industry in India churning out total revenue of \$ 73.1 billion in 2010 The Industry sector contributed 24.1% and the agriculture sector contributed 31 % to the GDP while 25% of the total exports. Still Agriculture Sector is a major component of the Indian economy , as over 66 % of the Indian population earns its livelihood from this sector. But the GDP growth rate of Agriculture sector in 2010-11 remained low at 4.4 % as against the growth rate of Manufacturing sector which remained at 9.8%

After several years of rapid growth Still Inflation continuous to pose a threat at around 10.% in 2010,in addition to the increasing population, lower per capita income and Unemployment all are alarming factors .Due to theses mainly the GDP growth rate has declined a bit in the year 2010

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

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 31% to GDP; about 25% of India's exports are agricultural products.

#### **India is the Second largest Rice Producing country of the World**

Throughout history as per the Archeological evidence rice has been one of man's most important foods for more than 5000 years . Today, this unique grain helps sustain two- thirds of the world's population 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, Mirozam, Goa, Pondicherry, Sikkim, A & N Island and D & N Haveli.

Through a combination of increasing the area under cultivation and increasing cropping intensity today India is self reliant in Rice . Adoption of modern Varieties ,rice production exceeded every year from its previous year since 1988 . In India alone , basmati rice ,non basmati rice exports are valued at US \$ 800 million per year. Over 80% of basmati rice grown in India is produced for export.

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 tones due to Drought mainly . Although it has touched the level of 100 Million tons during 2010-11 due to mainly good and steady monsoon . The demand of rice in India is expected at 128 Million for the year 2012 .The increase in demand of rice in India is expected to be followed by world as rice is being used increasingly in other products such as beer ,liquor etc heavily consumed in USA, Europe etc .

The monsoon in 2010 was almost normal leading to increase in production of rice thereby stabilizing prices of rice in India and abroad . In 2011 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 Million MT in the year 2011-12 due to shortage of food grain .Also the domestic demand is expected to rise by 15% annually due to increased spending power of consumer .Increased demand from key importing countries coupled with cheaper hybrid varieties of basmati has boosted India's export .The hybrid variety of basmati is relatively cheaper compared with traditional variety of basmati rice and its easy acceptability in the export market.

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



## MANAGEMENT DISCUSSION AND ANALYSES

### Opportunities & Threats: -

#### Opportunities: -

- 1 The Successful Commencement of production on fully automated State of Art Sella Plant at Karnal Unit .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 packagings 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 new International markets and it is continued pursuit of Management to find new markets world around and also winning the confidence of the existing customers.
- 4 The company is also concentrating on new domestic centers through brand promotion, advertising and offering lucrative packaging of quality product at competitive prices.
- 5 The company's novel and innovative products viz ; Bhatti Sella, Pesticide Residue free rice and quick cooking rice. Sale is picking up in various directions of the World markets particularly the Maharani Rice suitable for Diabetic people. This rice has added qualities like taste, aroma, easy cooking and longer preservation period.
- 6 Yet another product of the company introduced two 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.
- 7 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.

#### Threats: -

Under performance of world economy specially USA and UK , global recession and uneven monsoon, High Inflation rate lower growth in Agricultural sector, lower share of agricultural sector in the real GDP frequent change in govt.policy, Govt.'s ban on Non basmati rice were the threats which 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 quiet helpful to overcome such difficulties. Further to this Meteorological Department has predicted a normal monsoon season for 2012 easing worries of the farmers and Millers

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 or non tariff barriers by other countries may hit or reduce the exports. However the company's focus is also on the domestic market.

#### **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 reachable assurance that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transaction 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 yours 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.

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:**

During the year the Sales of the Company decreased marginally due to fall in prices of rice, whereas the export of the company increased at a handsome rate 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 packaging, branding & standardization of quality of rice, creating of new markets overseas, The handsome profit can be attributed to the innovative Ideas of management to produce better quality product and focusing to new International markets which led to better realization of Prices,. The Sales of the Company touched Rs 16825.63 lacs in 2010-11. The Profit of the company reached at the level of Rs 901.71 lacs. The EPS of the company is Rs.6.48 during the same period.

#### **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).

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.8.54 lacs on the training of its employees and Rs 63.50 lacs on staff welfare & other provisions for the benefit of employees.

Employee relation continued to be satisfactory. The number of persons directly and indirectly employed by company was about 210 as on 31st March 2011.

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 or 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 believes in conducting its affairs with the highest level of integrity with proper authorization, accountability and transparency.

### 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 31.03.11

| S.No. | Name                 | Designation               | Date of Appointment | Other Boards/Committees |
|-------|----------------------|---------------------------|---------------------|-------------------------|
| 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            | Shareholders 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 Raghav Peshwaria  | Director                  | 28.07.04            | Shareholders Committee  |

None of the directors is a member of more than 10 Board level committee or a chairman of more than five such committees as prescribed under clause 49 of listing agreement.

#### 2.2 Details of Board Meetings held in 2009-10: -

| Date of Meeting | No. of Directors on Board | No. of Directors in Attendance |
|-----------------|---------------------------|--------------------------------|
| 30.04.2010      | 10                        | 9                              |
| 10.05.2010      | 10                        | 7                              |
| 20.05.2010      | 10                        | 8                              |
| 31.05.2010      | 10                        | 7                              |
| 10.06.2010      | 10                        | 8                              |
| 21.06.2010      | 10                        | 7                              |
| 30.06.2010      | 10                        | 8                              |
| 10.07.2010      | 10                        | 8                              |
| 20.07.2010      | 10                        | 7                              |
| 30.07.2010      | 10                        | 8                              |
| 20.08.2010      | 10                        | 7                              |
| 31.08.2010      | 10                        | 7                              |
| 30.10.2010      | 10                        | 8                              |
| 10.11.2010      | 10                        | 7                              |
| 20.11.2010      | 10                        | 8                              |
| 30.12.2010      | 10                        | 7                              |
| 31.12.2010      | 10                        | 9                              |
| 31.01.2011      | 10                        | 8                              |
| 15.02.2011      | 10                        | 7                              |
| 28.02.2011      | 10                        | 8                              |
| 15.03.2011      | 10                        | 8                              |
| 31.03.2011      | 10                        | 8                              |



### 2.3 Details of meetings attended by directors during 2010-11

| Name of Director | No. of Meetings Held | No. of Meetings attended | Attendance in Last AGM |
|------------------|----------------------|--------------------------|------------------------|
| Chaman Lal       | 22                   | 18                       | No                     |
| Vijay Setia      | 22                   | 17                       | No                     |
| Rajeev Setia     | 22                   | 18                       | Yes                    |
| Inder Dev Kukkar | 22                   | 16                       | Yes                    |
| Sukarn Setia     | 22                   | 16                       | No                     |
| Ankit Setia      | 22                   | 16                       | No                     |
| Naresh Suneja    | 22                   | 16                       | Yes                    |
| Amit Malhotra    | 22                   | 17                       | Yes                    |
| Parmod Kumar     | 22                   | 17                       | Yes                    |
| RaghavPeshawari  | 22                   | 18                       | Yes                    |

All the information required to be supplied to Board of Directors under Clause 49 of Listing Agreement was supplied to them.

### 3. Committees of the Board :-

#### 3.1 Audit Committee: -

**Composition: -**

Sh. Inder Dev Kukkar

Non Executive Director (Chairman)/Independent

Sh. Naresh Suneja

Non Executive Director (Member)/Independent

Sh. Amit Malhotra

Non Executive Director (Member)/Independent

#### 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.
- Recommending appointment/re-appointment and if required removal of Statutory Auditor.
- Approving of payment to Statutory Auditor for any other services rendered.
- Reviewing, with the Management, the Annual Financial Statements before submission to the Board for approval.
- Reviewing the functioning of the whistle Blower Mechanism.

#### 3.2 Details of meetings attended by member directors during 2010-11: -

| Name                 | No. of Meetings held | No. of Meetings attended |
|----------------------|----------------------|--------------------------|
| Sh. Inder Dev Kukkar | 4                    | 3                        |
| Sh. Naresh Suneja    | 4                    | 4                        |
| Sh. Amit Malhotra    | 4                    | 4                        |



### 3.3 Shareholders/ Investor Grievance Committee :-

**Composition: -**

|                       |                                   |
|-----------------------|-----------------------------------|
| Sh. Rajeev Setia      | Executive Director (Member)       |
| Sh. Raghav Peshawaria | Non Executive Director (Chairman) |

This Committee looks into re-dressing of shareholder complaints like Transfer of Share, Non Receipt of Dividend/Balance Sheet, as required in Clause 49 of Listing Agreement.

### 3.4 Details of meetings attended by member directors during 2010-11:-

| Name of Director    | No. of Meetings held | No. of Meetings attended |
|---------------------|----------------------|--------------------------|
| Sh. Rajeev Setia    | 4                    | 4                        |
| Sh Raghav Peshwaria | 4                    | 4                        |

The company has received 38 complaints/queries from the investors during the year. All of these have been redressed. No share transfer request received upto 31.03.11 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          | 669200  |
|                           |                           | Interest              | 2648280 |
| Sh Vijay Setia            | Executive Director        | Remuneration          | 689200  |
|                           |                           | Interest              | 6917467 |
| Smt Neelam Setia          | Director 's wife          | Rent                  | 432000  |
| Smt Sushma Setia          | Director 's wife          | Rent                  | 432000  |
| Sh. Rajeev Setia          | Executive Director        | Remuneration          | 759200  |
|                           |                           | Interest              | 1290370 |
| Sh. Sukarn Setia          | Executive Director        | Remuneration          | 619200  |
| Sh. Ankit Setia           | Executive Director        | Remuneration          | 619200  |
|                           |                           | Commission            | 1500000 |
| Setia Rice Mills          | Sister Concern            | Lease Rent            | 300000  |

In addition dividend was also paid to them, disclosed in this report elsewhere.

### 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          | 2010-11 | 2009-10 |
|-------------------------|---------|---------|
| Face Value (Rs.)        | 10      | 10      |
| Earning Per Share (Rs.) | 6.48    | 7.53    |
| Dividend (%)            | 15%     | 16%     |
| Book Value (Rs.)        | 37.57   | 34.18   |



**6. Listing on Stock Exchange: -**

The shares of the company are listed on the Mumbai Stock Exchanges

**7. 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 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 IIIrd floor 99 madangir  
Near dada Harsukh dass Mandir  
New Delhi.

**8. General Body Meeting : The Details of Last Three Annual General Meetings of the Company are as follows;**

| Date & Time | Venue  |
|-------------|--|
| Sep 29,2010 | Hotel P.R Residency,101,Distt.Shoping Centre, Ranjit Avenue, Amritsar  |
| Sep 29,2009 | Hotel P.R Residency,101,Distt.Shoping Centre, Ranjit Avenue, Amritsar. |
| Sep 29,2008 | Hotel P.R Residency,101,Distt.Shoping Centre,Ranjit Avenue,Amritsar.   |

The Company will hold the next Annual General Meeting on Sep 26, 2011 at 4.30 p.m. at Hotel Mohan International ,Albert Road , Amritsar.

Special Resolution paased in the last three Annual General Meetings.

| Meeting Date | Details of Special Resolution                                       |
|--------------|---|
| Sep 29, 2010 | Nil   |
| Sep 29, 2009 | Appointment of Chaman Lal Setia as Mg. Director for next five Years |
| Sep.29, 2008 | Nil   |

**9. Share Transfer System:-**

The transfer of physical shares is made within the time stipulated by SEBI.

**10. Shareholding & Distribution Pattern (as on 31.03.11):-**

| Category                           | No. of Shares Held |
|------------------------------------|--------------------|
| Promoters/their Relatives/         | 7086201            |
| Domestic Companies                 | 442736             |
| Indian Public/Resident Individuals | 1962131            |
| NRI/OCB/others                     | 7232               |





**11. Distribution Schedule**

| Shareholding of Nominal Value | No of Shares holders | %     | Number of shares | %     |
|-------------------------------|----------------------|-------|------------------|-------|
| 1- 5000                       | 3087                 | 85.09 | 618165           | 6.50  |
| 5001-10000                    | 276                  | 7.61  | 221404           | 2.33  |
| 10001-20000                   | 109                  | 3.00  | 162471           | 1.71  |
| 20001-30000                   | 42                   | 1.16  | 108608           | 1.14  |
| 30001-40000                   | 25                   | 0.69  | 91218            | 0.96  |
| 40001-50000                   | 16                   | 0.44  | 75901            | 0.79  |
| 50001-100000                  | 28                   | 0.77  | 194210           | 2.04  |
| 100001 Above                  | 45                   | 1.24  | 8026323          | 84.50 |

**12. Dematerialisation of Shares: -**

The company's shares are traded compulsorily in demat form under ISIN Code INE 419D01018. At present, 1747489 Equity Shares of the Company have been dematerialized.

**13. Market Price data:- High/Low during each month of 2009-10 on Mumbai Stock Exchange**

| Month      | Highest price | Lowest price | Volume |
|------------|---------------|--------------|--------|
| April 2010 | 37.25         | 27.00        | 201912 |
| May 2010   | 42.25         | 34.25        | 300313 |
| June 2010  | 43.35         | 35.60        | 105564 |
| July 2010  | 48.65         | 39.80        | 369841 |
| Aug 2010   | 44.70         | 38.00        | 256295 |
| Sep 2010   | 53.00         | 38.10        | 642193 |
| Oct 2010   | 46.95         | 38.10        | 247940 |
| Nov 2010   | 45.00         | 36.65        | 682765 |
| Dec 2010   | 41.90         | 30.15        | 332512 |
| Jan 2011   | 34.90         | 29.25        | 56328  |
| Feb 2011   | 33.25         | 27.55        | 78664  |
| Mar 2011   | 37.00         | 29.20        | 99234  |

**14. Detail of shares held by directors and dividend paid to them**

| Name                | Share hold as on 31/3/11 | Dividend paid |
|---------------------|--------------------------|---------------|
| Sh Chaman Lal Setia | 2109000                  | 3374400       |
| Sh Vijay Setia      | 2268800                  | 3630080       |
| Sh Rajeev Setia     | 2378300                  | 3805280       |
| Sh Sukarn Setia     | 56800                    | 90880         |
| Sh Ankit Setia      | 50000                    | 80000         |



15. **Particular of loans/Advances** and investment in its own share by listed Companies their subsidiaries, associates etc required to be disclosed in the annual accounts of the Company as per clause 32 of the listing Agreement:-

Loans and Advances in the nature of loan to subsidiaries.....Nil

16. **Whistle blower Policy**

With a view to establish a mechanism for protecting the employees reporting unethical behaviour frauds, violation of company 's code of conduct the Board has adopted a whistle blower policy during the year. No person has been denied access to the audit committee.

17. **Details of non compliance:-** The Statutory proforma required under clause 49 of listing agreement has been duly submitted to the stock exchange on regular basis. There has not been any non compliance by the company of any mandatory requirement of clause 49. No penalties and strictures were imposed on the company by the Stock Exchange or SEBI or any statutory Authority on any matter related to Capital Market.

18. **Disclosures regarding re-appointment of Director retiring by rotation.**

According to the Articles of the Company at every AGM 1/3 of the directors are liable to retire by rotation. Thus Sh Parmod Kumar , Amit Malhotra & Naresh Suneja shall retire at the Annual General Meeting and being eligible offers themselves for re-election .The resume of three directors are as follows:-

|                               |   |
|-------------------------------|---|
| Name                          | Sh Parmod Kumar   |
| Date of Birth                 | 25.01.59  |
| Qualification                 | Graduate  |
| Specialised Expertise         | Businessman having rich business expertise of at least 23 year In Agri Business |
| No of Share held              | Nil   |
| Directorship in other Company | Nil   |

|                               |  |
|-------------------------------|--|
| Name                          | Sh Amit Malhotra   |
| Date of Birth                 | 24.03.1968   |
| Qualification                 | Post Graduate  |
| Specialised Expertise         | Professional having expertise in Exim Policy and Legal Matters |
| No of Share held              | Nil  |
| Directorship in other Company | Nil  |

|                               |   |
|-------------------------------|---|
| Name                          | Sh Naresh Suneja                                  |
| Date of Birth                 | 15.12.54  |
| Qualification                 | Graduate  |
| Specialised Expertise         | Rich experience of Business of at least 28 years. |
| No of Share held              | Nil   |
| Directorship in other Company | Nil   |

19. **Declaration by Chairman and Managing Director for compliance with code of conduct :**

The declaration by the CMD , pursuant to clause 49(1) (D) of the Listing Agreement, stating that all the Board Members and Senior Management Personnel having affirmed their compliance with the said code of Conduct for the year 31.03.2011 is annexed to the Corporate Governance Report .



**20 General Shareholders Information;**

**A. Annual General Meeting**

Date & Time 26.09.2011 at 4.30 p.m  
Venue Hotel Mohan International,  
Albert Road, Amritsar

Financial Calendar  
Financial Year April 1 to March 31

**B. Book Closure**

Period 23.09.2011 to 29.09.2011 (Both Days Inclusive)

**C. Dividend for the Year 10-11(Recommendation)**

| Type           | Board Meeting | Rate                |
|----------------|---------------|---------------------|
| Final Dividend | 24.08.2011    | 1.50 per share(15%) |

Subject to 100% adjustments of Partly Paid ShareHolders.

**D. Listing**

The Company's shares are listed on Mumbai Stock Exchange Ltd.

**E. Stock Code**

The Mumbai Stock Exchange Ltd. 530307

**G. Registrar Share Transfer Agent**

Beetal Finance & Computer Services (P) Ltd  
IIIrd Floor 99 Madangir,  
(Near Dada Harsukh Dass Mandir)  
New Delhi

**F. Address of Correspondence**

Chaman Lal Setia Exports Ltd.  
Meerankot Road, P.O.Central Jail  
Ajnala Road, Amritsar, Pin 143002

**Declaration by Chairman and Managing Director**

I, Chaman Lal, Chairman & Managing Director of M/s Chaman Lal Setia Exports Ltd. hereby confirm pursuant to Clause 49(1)(D) of Listing Agreement that:-

1. The Board of Directors of Chaman Lal Setia Exports Ltd. has laid down a Code of Conduct for all the Board members and Senior Management of the Company. The said Code of Conduct has been displayed in the Regd. Office of the company.
2. All the Board Members and Senior Management personnel have affirmed their Compliance with the said Code of Conduct for the year 2010-2011.

For and on behalf of the Board

Place :-Amritsar  
Date :-24.08.11

(Chaman Lal)  
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, 11, 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.

Place: - Amritsar  
Date: - 24-08-2011

For M/s Rajesh Kapoor & Co.  
Chartered Accountants

(Rajesh Kapoor)  
Prop.  
M.No: 92692



## ANNEXURE TO THE AUDITORS' REPORT

To the Members of Chaman Lal Setia Exports Ltd. on the Accounts for the Year Ended 31st March 2011

- (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 and accordingly paragraph 4 (i) (c) of the said order relating to Going Concern is not affected .
- (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) During the year the Company was not required to maintain Cost Audit Records as provide under Section 209 (1) (d) of the Companies Act, 1956.
- (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 31st March 2011 , 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 and according to explanation given to us the company is not dealing or trading in shares ,securities and debentures and other investments and accordingly para 4 ( xiv) is not applicable .
- (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.

Place: - Amritsar  
Date: - 24-08-2011

For M/s Rajesh Kapoor & Co.  
Chartered Accountants

(Rajesh Kapoor)  
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.
- (c) 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.
- (d) The balance sheet, profit and loss account and cash flow statement dealt with by this report is in agreement with the books of accounts.
- (e) In our opinion, the Profit & Loss Account, Balance Sheet and cash flow statement Comply with the Accounting Standards referred to in ( Accounting Standard ) Rules ,2006 ;
- (f) 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, 2010 from being appointed as director in terms of section 274(1) (g) of the Companies Act 1956 and;
- (g) 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 19' 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 31.3.11 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

(RAJESH KAPOOR)  
Prop.

PLACE: AMRITSAR  
DATED: 24-08-11



## BALANCE SHEET AS ON MARCH 31, 2011

| SOURCES OF FUNDS                             | SCHEDULE | THIS YEAR<br>AMOUNT (RS).<br>31.03.2011 | LAST YEAR<br>AMOUNT (RS).<br>31.03.2010 |
|--|----------|---|---|
| <b>SHAREHOLDERS FUNDS</b>                    |          |   |   |
| (a) Share Capital                            | 1        | 94058266                                | 93957398                                |
| (b) Reserves and Surplus                     | 2        | 255110016                               | 223669654                               |
| <b>LOAN FUNDS</b>                            |          |   |   |
| (a) Secured Loan                             | 3        | 348811769                               | 272248631                               |
| (b) Unsecured Loan                           | 4        | 124822441                               | 130634601                               |
| <b>TOTAL</b>                                 |          | <b>822802492</b>                        | <b>720510284</b>                        |
| <b>APPLICATION OF FUNDS</b>                  |          |   |   |
| <b>FIXED ASSETS</b>                          |          |   |   |
| (a) Gross block                              |          | 258114220                               | 223985334                               |
| (b) Less Depreciation                        |          | 129005511                               | 111614306                               |
| (c) Net block                                | 5        | 129108709                               | 112371028                               |
| INVESTMENT                                   | 6        | 692040                                  | 692040                                  |
| <b>CURRENT ASSETS, LOANS &amp; ADVANCES</b>  |          |   |   |
| (a) Inventories                              | 7        | 406128293                               | 373494646                               |
| (b) Sundry Debtors                           | 8        | 222960673                               | 227334454                               |
| (c) Cash & Bank Balances                     | 9        | 159376769                               | 76611907                                |
| (d) Loans and Advances                       | 10       | 69871407                                | 56108722                                |
|  |          | 858337142                               | 733549729                               |
| Less : Current Liabilities<br>And Provisions | 11       | 165335399                               | 126102513                               |
| Net Current Assets                           |          | 693001743                               | 607447216                               |
| <b>TOTAL</b>                                 |          | <b>822802492</b>                        | <b>720510284</b>                        |
| Accounting Policies and<br>Notes on Accounts | 20       |   |   |

Signed in terms of our report of even date

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

CHAMAN LAL SETIA

RAJEEV SETIA

CHAIRMAN CUM MANAGING  
DIRECTOR

EXECUTIVE DIRECTOR

PLACE : AMRITSAR  
DATE : 24.08.2011





## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011

| INCOME   | SCHEDULE     | THIS YEAR<br>AMOUNT (RS).<br>31.03.2011 | LAST YEAR<br>AMOUNT (RS).<br>31.03.2010 |
|--|--------------|---|---|
| <b>SALES &amp; OTHER INCOME</b>                                      | <b>13</b>    | <b>1682563203</b>                       | <b>1865860427</b>                       |
| Increase/(Decrease) In Stock of Work<br>In Progress & Finished Goods | 14           | 20368759                                | -20427860                               |
|  | <b>TOTAL</b> | <b>1702931962</b>                       | <b>1845432567</b>                       |
| <b>EXPENDITURE</b>   |              |   |   |
| Manufacturing Expenses   | 15           | 1423661234                              | 1569504115                              |
| Personel Expenses  | 16           | 20068392                                | 17921297                                |
| Administrative Exp.  | 17           | 15507006                                | 14008251                                |
| Financial Expenses   | 18           | 24935214                                | 27922898                                |
| Selling & Distribution   | 19           | 111013404                               | 96933491                                |
| Depreciation   | 5            | 17574717                                | 16687865                                |
|  | <b>TOTAL</b> | <b>1612759967</b>                       | <b>1742977917</b>                       |
| Profit for the year Before Tax                                       |              | 90171995                                | 102454650                               |
| Provision for Taxation   |              | 30522000                                | 28500000                                |
| Deferred Tax   |              | -580000                                 | 3981200                                 |
| Profit After Taxes   |              | 60229995                                | 69973450                                |
| Prior Year Tax Adjustments   |              | 12839147                                | 366992                                  |
| Prior Period Dividend Adjustment                                     |              | 160                                     | 13366                                   |
| Profit/Loss B/F From Balance Sheet                                   |              | 79190677                                | 33961137                                |
| Amount Available for Appropriation                                   |              | 126581365                               | 103580961                               |
| Proposed Dividend Incl. Tax  |              | 16252927                                | 17392940                                |
| Transferred to General Reserve                                       |              | 6023000                                 | 6997345                                 |
| Balance Carried to Balance Sheet                                     |              | 104305440                               | 79190677                                |

Signed in terms of our report of even date

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

CHAMAN LAL SETIA

CHAIRMAN CUM MANAGING  
DIRECTOR

RAJEEV SETIA

EXECUTIVE DIRECTOR

PLACE : AMRITSAR  
DATE : 24.08.2011



**SCHEDULES FORMING PART OF BALANCE SHEET AND  
PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011**

| <b>SHARE CAPITAL</b>   | <b>THIS YEAR<br/>AMOUNT (RS).<br/>31.03.2011</b> | <b>LAST YEAR<br/>AMOUNT (RS).<br/>31.03.2010</b> |
|--|--|--|
| <b>SCHEDULE 1</b>  |  |  |
| <b>AUTHORISED</b>  |  |  |
| 1,20,00,000 Equity Shares of Rs.10/- each<br>ISSUED, SUBSCRIBED AND PAID UP  | 120000000  | 120000000  |
| 9498300 Equity Shares(PRV Year 9498300)<br>of Rs 10/- each.  | 94983000   | 94983000   |
| LESS CALLS IN ARREARS  | 924734   | 1025602  |
| <b>TOTAL</b>   | <b>94058266</b>                                  | <b>93957398</b>                                  |
| <b>SCHEDULE 2</b>  |  |  |
| <b>RESERVES &amp; SURPLUS</b>  |  |  |
| SHRI GANESH JI & LAKSHMI JI  | 22   | 22   |
| SHARE PREMIMUM   | 100974796  | 100672196  |
| GENERAL RESERVE  |  |  |
| BALANCE AS PER LAST BALANCE SHEET (Net)  | 43806759   |  |
| ADD:AMOUNT TRANSFERRED FROM P & L A/C  | 6023000  | 43806759   |
| PROFIT & LOSS ACCOUNT  | 104305440  | 79190677   |
| <b>TOTAL</b>   | <b>255110016</b>                                 | <b>223669654</b>                                 |
| <b>SCHEDULE 3</b>  |  |  |
| <b>SECURED LOAN</b>  |  |  |
| I CASH CREDIT  | 5761162  | 10596407   |
| II TERM LOAN   | 14739274   | 20083117   |
| III PACKING CREDIT   | 323321038  | 187761563  |
| IV FOREIGN BILL DISCOUNTING  | 4990295  | 53807544   |
| <b>TOTAL</b>   | <b>348811769</b>                                 | <b>272248631</b>                                 |
| <b>SECURITIES</b>  |  |  |
| {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 Hypothecation of Machinery Purchased in name of Company. The above loans are also personally guaranteed by Three Indian Directors namely Sh Chaman Lal Setia , Vijay Setia, Rajeev Setia. |  |  |
| <b>SCHEDULE 4</b>  |  |  |
| <b>UNSECURED LOAN</b>  |  |  |
| LOAN FROM DIRECTORS  | 124822441  | 130634601  |
| <b>TOTAL</b>   | <b>124822441</b>                                 | <b>130634601</b>                                 |



## SCHEDULE 5

| FIXED ASSETS<br>PARTICULAR | GROSS BLOCK                        |                                       |                                       |                                     | DEPRECIATION      |   |                                  | NET BLOCK                   |                          |                          |
|----------------------------|------------------------------------|---------------------------------------|---------------------------------------|-------------------------------------|-------------------|---|----------------------------------|-----------------------------|--------------------------|--------------------------|
|                            | OPENING<br>BALANCE<br>AS AT 1.4.10 | ADDITIONS<br>DURING THE<br>YEAR (Rs.) | DEDUCTION<br>DURING THE<br>YEAR (Rs.) | CLOSING<br>BALANCE AS<br>AT 31.3.11 | UP TO<br>01.04.10 | DEPRECIATION<br>DURING THE<br>YEAR (Rs) | LESS<br>DURING THE<br>YEAR (Rs.) | TOTAL<br>UPTO<br>AT 31.3.11 | AS AT<br>31.3.11<br>(Rs) | AS AT<br>31.3.10<br>(Rs) |
| LAND & BUILDING            | 28388704                           | 12895205                              | 0                                     | 41283909                            | 14203631          | 1063974                                 | 0                                | 15267605                    | 26016304                 | 14185073                 |
| PLANT & MACHINERY          | 136156895                          | 15644291                              | 286000                                | 151515186                           | 62070548          | 10739593                                | 159841                           | 72650300                    | 78864886                 | 74086347                 |
| ACCESSORIES                | 31127776                           | 4801752                               | 1400                                  | 35928128                            | 17368542          | 2470433                                 | 0                                | 19838975                    | 16089153                 | 13759234                 |
| WOODEN CRATES              | 3055243                            | 0                                     | 0                                     | 3055243                             | 2802742           | 252501                                  | 0                                | 3055243                     | 0                        | 252501                   |
| CAR                        | 19660310                           | 806872                                | 49620                                 | 20417562                            | 10519544          | 2513717                                 | 23670                            | 13009591                    | 7407971                  | 9140766                  |
| FURNITURE & FIXTURE        | 1361174                            | 144447                                | 0                                     | 1505621                             | 761170            | 122245                                  | 0                                | 883415                      | 622206                   | 600004                   |
| TARPAL                     | 4235232                            | 173339                                | 0                                     | 4408571                             | 3888128           | 412254                                  | 0                                | 4300382                     | 108189                   | 3471040                  |
| <b>Total</b>               | <b>223985334</b>                   | <b>34465906</b>                       | <b>337020</b>                         | <b>258114220</b>                    | <b>111614305</b>  | <b>17574717</b>                         | <b>183511</b>                    | <b>129005511</b>            | <b>129108709</b>         | <b>112371029</b>         |
| Last Year                  | 204645392                          | 21970032                              | 2630090                               | 223985334                           | 96534835          | 16687865                                | 1608394                          | 111614306                   | 112369264                | 108108508                |

### SCHEDULE 6 INVESTMENT

|                   | THIS YEAR<br>AMOUNT (RS).<br>31.03.2011 | LAST YEAR<br>AMOUNT (RS).<br>31.03.2010 |
|-------------------|---|---|
| PNB Gilts Ltd.    | 600000                                  | 600000                                  |
| PNB Equity Shares | 92040                                   | 92040                                   |
| TERM DEPOSIT      |   |   |
| <b>TOTAL</b>      | <b>692040</b>                           | <b>692040</b>                           |

### SCHEDULE 7 INVENTORIES

#### STOCK IN TRADE

(Valued at cost or Net realisable value

which ever is less & as per inventories taken and certified by management)

|                           |                  |                  |
|---------------------------|------------------|------------------|
| RAW MATERIAL & COMPONENTS | 208268263        | 188735047        |
| FINISHED GOODS            | 197860030        | 184759599        |
| <b>TOTAL</b>              | <b>406128293</b> | <b>373494646</b> |

### SCHEDULE 8

#### SUNDRY DEBTORS

##### UNSECURED CONSIDERED GOOD

##### FOR A PERIOD EXCEEDING SIX MONTHS

##### OTHERS

|                                   |                  |                  |
|-----------------------------------|------------------|------------------|
| FOR A PERIOD EXCEEDING SIX MONTHS | 9515809          | 3286232          |
| OTHERS                            | 213444864        | 224048222        |
| <b>TOTAL</b>                      | <b>222960673</b> | <b>227334454</b> |



| <b>SCHEDULE 9<br/>CASH &amp; BANK BALANCES</b> | <b>THIS YEAR<br/>AMOUNT (RS).<br/>31.03.2011</b> | <b>LAST YEAR<br/>AMOUNT (RS).<br/>31.03.2010</b> |
|--|--|--|
| CASH & CHEQUES IN HAND                         | 2505014  | 1299934  |
| -IN CURRENT ACCOOUNT                           | 42938125   | 30380237   |
| -IN FIXED DEPOSIT/MARGIN MONEY ACCOUNT         | 113085549  | 44083655   |
| -CASH/CHEQUE IMPREST ACCOUNT                   | 435715   | 435715   |
| -INVESTOR PROTECTION FUND                      | 412366   | 412366   |
| <b>TOTAL</b>                                   | <b>159376769</b>                                 | <b>76611907</b>                                  |

| <b>SCHEDULE 10<br/>LOANS AND ADVANCES</b>   |                 |                 |
|---|-----------------|-----------------|
| ADVANCES RECOVERABLE IN<br>CASH OR IN KIND OR FOR VALUE<br>TO BE RECEIVED::<br>UNSECURED CONSIDERED GOOD :- |                 |                 |
| SECURITY AND OTHER DEPOSITS   | 1942385         | 2025261         |
| STAFF & WORKERS   | 2992507         | 2139527         |
| FOR PURCHASE OF MACHINERY   | 0               | 1272065         |
| FOR EXPENSES & OTHERS   | 3211527         | 5103747         |
| ADVANCE TAX /TDS  | 60678671        | 44620016        |
| INSURANCE CLAIM /VAT/SERVICE TAX RECEIVABLE   | 1046317         | 948106          |
| <b>TOTAL</b>  | <b>69871407</b> | <b>56108722</b> |

| <b>SCHEDULE 11<br/>CURRENT LIABILITIES AND PROVISIONS</b> |                  |                  |
|---|------------------|------------------|
| SUNDRY CREDITORS  | 39315226         | 27938244         |
| SUNDRY CREDITORS (Micro & SSI)                            | 859635           | 756964           |
| OTHER LIABILITIES   | 4166059          | 7540772          |
| DIVIDEND/REFUND PAYABLE                                   | 16771120         | 2250086          |
| PROVISIONS  |                  |                  |
| INCOME TAX  | 73022000         | 52500000         |
| DIVIDEND (Including Income Tax)                           | 16252927         | 17392940         |
| T.D.S PAYABLE   | 4270838          | 5575822          |
| DEFERRED TAX  | 10342337         | 10922337         |
| CST/SERVICE TAX   | 335257           | 1225348          |
| <b>TOTAL</b>  | <b>165335399</b> | <b>126102513</b> |



**SCHEDULE 12**

**THIS YEAR  
AMOUNT (RS).  
31.03.2011**

**LAST YEAR  
AMOUNT (RS).  
31.03.2010**

**MISCELLANEOUS EXPENDITURE**

(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)

**A) PRELIMINARY EXPENSES**

AS PER LAST BALANCE SHEET

17884

ADDITION DURING THE YEAR

LESS : AMOUNT WRITTEN OFF

17884

SUB-TOTAL

0

DEFERRED REVENUE EXPENSES

EXPENSES DURING THE YEAR

LESS : 1/10TH WRITTEN OFF

SUB-TOTAL

**TOTAL**

**0**

**0**

**SCHEDULE 13**

**SALES AND OTHER INCOME**

SALES :-

\* EXPORT

1171092944

1011373151

\* LOCAL

497849567

845300338

SUB-TOTAL

1668942511

1856673489

OTHER INCOME :-

INTEREST RECEIVED/ACCRUED

2505305

4573934

EXCHANGE FLUCTUATIONS

2745379

0

MISC. RECEIPTS

8370008

4613004

SUB-TOTAL

13620692

9186938

**TOTAL**

**1682563203**

**1865860427**

**SCHEDULE 14**

**INCREASE ( DECREASE ) IN STOCKS OF WORK**

**IN PROGRESS AND FINISHED GOODS**

OPENING STOCK

- FINISHED GOODS

156574214

177002074

CLOSING STOCK

- FINISHED GOODS

176942973

156574214

INCREASE/DECREASE IN STOCKS

20368759

-20427860



| <b>SCHEDULE 15</b>                                   | <b>THIS YEAR<br/>AMOUNT (RS).<br/>31.03.2011</b> | <b>LAST YEAR<br/>AMOUNT (RS).<br/>31.03.2010</b> |
|--|--|--|
| <b>EXPENSES</b>                                      |  |  |
| MANUFACTURING EXPENSES                               |  |  |
| RAW MATERIAL AND COMPONENTS CONSUMED                 | 580332883  | 854951448  |
| RICE PURCHASE  | 741149891  | 620862047  |
| POWER AND FUEL                                       | 14908694   | 19859573   |
| MACHINERY REPAIR & MAINTENANCE                       | 4756414  | 3743762  |
| SHELLER LEASE /GODOWN LEASE                          | 3037816  | 1690297  |
| BARDANA REPAIRS                                      | 1183156  | 1316878  |
| PACKING EXPENSES                                     | 3881805  | 2256700  |
| STACKING, WEIGHING LOADING, UNLOADING, SORTING&BUNAI | 13960179   | 12598598   |
| PACKING MATERIAL /EMPTY COST                         | 57946249   | 48821959   |
| FUMIGATION   | 1090597  | 599372   |
| OTHER REPAIR   | 1413550  | 2266539  |
| WAGES  | 0  | 536942   |
| <b>TOTAL</b>   | <b>1423661234</b>                                | <b>1569504115</b>                                |

| <b>SCHEDULE 16</b>                                     |                 |                 |
|--|-----------------|-----------------|
| <b>PERSONNEL EXPENSES*</b>                             |                 |                 |
| SALARIES/WAGES   | 9566988         | 8886971         |
| ALLOWANCES TO STAFF/WORKERS                            | 884416          | 1079985         |
| DIRECTORS REMUNERATION                                 | 3297138         | 3150238         |
| EMPLOYEES PROVIDENT/FAMILY PENSION/PUNJAB WELFARE FUND | 2425423         | 2034559         |
| BONUS  | 1671405         | 1398516         |
| STAFF WELFARE & MEDICAL EXPENSES                       | 1369018         | 742170          |
| MANAGEMENT TRAINING EXPENSES                           | 854004          | 628858          |
| <b>TOTAL</b>   | <b>20068392</b> | <b>17921297</b> |

| <b>SCHEDULE 17</b>                 |            |           |
|------------------------------------|------------|-----------|
| <b>ADMINISTRATIVE EXPENSES</b>     |            |           |
| INSURANCE                          | 2797550    | 2808653   |
| LEGAL/PROFESSIONAL EXPENSES        | 2122207    | 1548026   |
| POSTAGE, TELEPHONE & COURIER EXPS. | 1926847    | 1844418   |
| VEHICLES REPAIR & MAINTENANCE      | 1156405    | 1178256   |
| STATIONERY & PRINTING              | 590482     | 430215    |
| TRAVELLING EXPENSES                |            |           |
| *DOMESTIC                          | 1132139.00 | 779885.00 |
| *FOREIGN                           | 2729884    | 1888508   |
| SUBSCRIPTION                       | 206762     | 134590    |



**AUDITOR'S REMUNERATION**

|  |           |                 |                 |
|--|-----------|-----------------|-----------------|
| *STATUTORY AUDIT                           | 50000.00  |                 |                 |
| *TAX AUDIT                                 | 20000.00  |                 |                 |
| *TAXATION MATTERS                          | 30000.00  |                 |                 |
| *AUDIT EXPENSES                            | 181968.00 | 281968          | 110907          |
| MISC. EXPENSES/SHOP EXPENSES               |           | 1458438         | 1895047         |
| PRELIMINARY & PUBLIC ISSUE EXP.WRITTEN OFF |           |                 | 17884           |
| DONATION                                   |           | 172888          | 96080           |
| RENT                                       |           | 931436          | 1275782         |
| <b>TOTAL</b>                               |           | <b>15507006</b> | <b>14008251</b> |

**SCHEDULE 18**

**FINANCIAL EXPENSES\***

|              |  |                 |                 |
|--------------|--|-----------------|-----------------|
| BANK CHARGES |  | 2953796         | 2605171         |
| INTEREST     |  | 21981418        | 25317727        |
| <b>TOTAL</b> |  | <b>24935214</b> | <b>27922898</b> |

**SCHEDULE 19**

**SELLING & DISTRIBUTION EXP.**

|                                  |  |                  |                 |
|----------------------------------|--|------------------|-----------------|
| EXPORT COMMISSION                |  | 17131938         | 23843895        |
| E.C.G.C EXPENSES/AGMARK EXPENSES |  | 2137579          | 1224802         |
| ADVERTISEMENT                    |  | 3190677          | 1120438         |
| DIRECT EXPORT EXPENSES           |  | 81796813         | 56814810        |
| BROKERAGE                        |  | 3189641          | 5537484         |
| BILL DISCOUNT/REBATE             |  | 2905997          | 6437025         |
| MISC EXPENSES                    |  | 309954           | 899957          |
| BAD DEBTS                        |  | 350301           | 1050277         |
| FARE EXPENSES                    |  | 504              | 4803            |
| <b>TOTAL</b>                     |  | <b>111013404</b> | <b>96933491</b> |



## Schedule 20

## Notes on Accounts

### A Significant Accounting Policies

#### 1 Basis of Preparation of Financial Statements

The financial statements are prepared and presented under the Historical cost convention on the accrual basis of accounting and comply with the Accounting Standard prescribed by the Companies (Accounting Standards) Rules, 2006 and relevant provisions of the Companies Act 1956 to the extent applicable, as adopted consistently by the company.

#### 2 Use of Estimates and Judgments

The preparation of the financial statements are in conformity with the Accounting Standards which requires management to make estimates and the assumption that affect the reported amount of assets and liabilities and disclosures relating to the contingent liabilities as on date of balance sheet and the reported amount of revenues and expenditure during the reported period. The estimates and assumptions used in the financial statements are based upon management's best evaluation of the statements. Examples of such estimates include useful life of fixed assets, creation of deferred tax asset, lease rentals and write off of deferred revenue expenditure. Actual results may differ from those estimates.

#### 3 Revenue Recognition

The Company follows the mercantile system of accounting and recognizes the income and expenditure on accrual basis except in case of significant uncertainties. Certain items of income such as DEPB Income, insurance claim, market fees refund, overdue interest from customers etc have been considered to the extent the amount is accepted by the parties. The principles of the revenue recognition are given below.

Sales are recognized as follows

Domestic Sales - At the point of dispatches to customers.

Export Sales - At the time of issue of bill of lading

Sales are recorded net of sales returns, price differences and sales tax. Sale of license and duty draw back are recognized on realization basis.

#### 4 Fixed Assets

Fixed Assets are stated at cost less accumulated depreciation. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use.

Capital work in progress is stated at cost. Capital WIP includes the cost of fixed assets that are not yet ready for their intended use, as on the balance sheet date.

#### 5 Depreciation

Depreciation is provided on written down value basis at rates provided in schedule XIV to the Companies Act, 1956. The depreciation rates which are different from principal rates specified in schedule are as follows

Tarpoline 100%

Wooden & Plastic Crates 100%

Depreciation on plant & Machinery has been provided on the basis of shifts worked in the case of both the units.

Cost of leasehold land is amortized over the period of lease.

#### 6 Leases

In respect of operating lease, lease rentals are accounted on accrual basis in accordance with the respective lease agreements.





## **7 Government Grants**

Grants in the nature of capital contribution towards setting up of projects in backward area is adjusted from the cost of the related fixed assets.

## **8 Deferred Tax**

Deferred tax assets and liabilities are computed on the timing differences at the balance sheet date between the carrying amount of assets and liabilities and their respective tax bases. Deferred Tax Assets (DTA) is recognized based on management estimates of virtual certainty that sufficient future taxable income will be available against which such DTA can be realized. The deferred tax charge or credit is recognized using the tax rates and tax law that have been enacted or substantively enacted by the balance sheet date.

## **9 Employees Benefits**

### **9.1 Defined Contribution Plans**

Defined contribution plans are benefit plans under which the company pays fixed contribution to state managed benefit schemes. The company contributions to defined contribution plans are recognized in the profit and loss account in the financial year to which they relate.

### **9.2 Defined Benefits Plans**

The company has defined benefit plan in respect of its gratuity liability and contributes to a Gratuity Fund managed by LIC of India . Contribution is made to this fund yearly on the basis of calculation made by LIC keeping in view certain factor. This premium is charged to Profit & loss a/c in the year of payment.

## **10 Investments**

Long Term Investment

Long Term Investments are stated at cost.

## **11 Inventories**

Inventories are valued at cost or net realisable value whichever is lower, as taken, valued and certified by the management. The basis for determining cost for various categories of inventories is as under

Raw Material- At cost on FIFO Basis

Finished Stock -At material cost + appropriate share of production overhead

Packing Material -At Cost

Stores & Spares

Stores & spares are charged to profit & loss A/c in the year of purchase.

## **12 Foreign Exchange Transactions**

Transaction in foreign currency are converted at the exchange rate prevailing at the date of the transaction. Foreign currency monetary assets and liabilities not covered by forward exchange contracts are restated at the year end rates and the resultant gains or losses are recognised in the profit and loss account. Nonmonetary items are carried in terms of historical cost denominated in foreign currency using the exchange rates at the date of transaction.

Forward contracts other than those entered into to hedge foreign currency risk on unexecuted firm commitment or on highly probable forecast transactions are treated as foreign currency transactions and accounted accordingly. Premium on foreign exchange forward contracts are recognized in the profit and loss account over the life of contract. Any profit and loss arising on cancellation of forward contract is recognized as income or expense in the period in which they arise.



The company follows the Accounting Standards which are made mandatory .It is in the process of formulating the requisite mechanism/systems to meet prescribed requirements under Accounting Standards 30,31 & 32. It shall be following the accounting policy of recognition ,presentation & disclosure of forward exchange transactions including Derivative/Hedging/Currency Swaps & Interest Swaps etc prescribed under these Accounting Standards with effect from the date these are made mandatory by ICAI.

**13 Research and Development**

Revenue Expenditure on Research & Development is charged as an expense in the year in which it is incurred. Capital expenditure is included in respective heads under fixes assets.

**14 Miscellaneous Expenditure**

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

**15 Contingent Liabilities**

Contingent Liabilities are disclosed after a careful evaluation of the facts and legal aspects of the matter involved.

**(B) NOTES TO ACCOUNTS**

**1. Managerial Remuneration**

Computation of Managerial Remuneration u/s 198

|  | 31.03.2010 | 31.03.2011 |
|--|------------|------------|
| Profit before Tax                        | 102454650  | 90171995   |
| Add: Depreciation                        | 16687865   | 17574717   |
| Less: Depreciation as per Sec 350        | 16687865   | 17574717   |
| Net Profit u/s 350 of Companies Act 1956 | 102454650  | 90171995   |
| Add: Directors Remuneration              | 3150238    | 3297138    |
| Profit as per Section 198                | 105604888  | 93469133   |
| Managerial Remuneration allowable @ 11%  | 11616538   | 10281605   |
| Managerial Remuneration paid             | 3150238    | 3297138    |

- 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.
- 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.
- 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.
- 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.
- 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.
- The preliminary and share issue expenses are being amortized 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 amortized over a period of 5 years.
- The Managerial Remuneration has been paid within the limits of Section 198 of Companies Act 1956.  
Managing Director Rs 650000/-Whole Time Directors Rs.2647138/-



9. Contingent liabilities as at 31.3.2011
- (a) Rs.9515809/- Doubtful debts not provided for.
  - (b) Rs.4990295/- Foreign Bill Discounting.
  - (c) The Company has filed a writ petition in Apex 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.
- (l) Doubtful debts for whom no provision has been made Rs.9515809/- because Export debtors for which RBI permission is required to write-off.

**10. Compliance with Accounting Standard**

**(l) AS-18 Related party transaction**

Details pertaining to related party transaction in respect of key managerial personnel of the company are as follow: -

|                       |                                 |
|-----------------------|---------------------------------|
| Shri Chaman Lal Setia | Chairman cum Managing Director. |
| Shri Vijay Setia      | Executive Director              |
| Shri Rajeev Setia     | Executive Director              |
| Shri Sukarn Setia     | Executive Director              |
| Shri Ankit Setia      | Executive Director              |

- (a) Remuneration paid to chairman & Managing Director and executive director is Rs 650000/- and Rs2647138 /- respectively.
- (b) Interest on unsecured loans paid to directors during the year@ 12% p.a is Rs.10856117/-
- (c) Commission on Export Sales paid to Sh.Ankit Setia at Rs.1500000/

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.

Partly Paid Shares=412600 Equivalent to Fully Paid shares = 206300

Fully paid shares =9085700 Equivalent to Fully Paid shares=9085700

Total Number of Fully Paid shares =9292000

Net Profit after taxes Rs.60229995/-

EARNING PER SHARE (EPS) =RS.6.48

**(iii) AS-22 Deferred Taxes**

In accordance with the accounting standard AS-22 the deferred tax has been accounted for during the year ended 31.03.11 .The deferred tax Assets up to 31.03.2001 amounting to Rs 2902273/- has been credited to Revenue Reserve and disclosed separately under current liability and provision. The deferred tax Asset related to current year is Rs 580000/- which has been set off against the above said amount and current outstanding as at 31.03.2011 is Rs 10342337 .

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 segment.



11. The provisions of section 205C of the Companies Act 1956 regarding Investor education and protection fund are applicable during the the year and the total amount lying unpaid in dividend account for more than 7 years has been transferred to Investor education & protection fund.

12. 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 tones per hour are as under:

Amritsar (Leased)                      2 MT Rice per hour.

Karnal                                      12 MT Rice per hour.

The installed capacity is as certified by the management and relied upon by the Auditors, being a technical matter

13. Stores & Spares are charged to Profit & Loss at time of Purchase and no inventory in respect of these is being maintained.

14. There was no payment exceeding Rs One Lac due to any small scale industrial undertaken.

15. Additional Information Pursuant to the Provisions of paragraphs 3 & 4 of part II of Schedule VI to the Companies Act 1956: -

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

|                               | 31.03.10 |          | 31.03.11            |  |
|-------------------------------|----------|----------|---------------------|--|
| Licensed Capacity (per hour)  | 14 MT    |          | 14 MT               |  |
| Installed Capacity (per hour) | 14 MT    |          | 14 MT               |  |
| Actual Production (In Qtls)   | 324995   |          | 174785              |  |
| Quantitative Stocks (In Qtls) |          |          |                     |  |
| Opening Stock as at           |          |          | Closing Stock as at |  |
| 01.04.09                      | 01.04.10 | 31.03.10 | 31.03.11            |  |
| 71992                         | 115476   | 115476   | 93752               |  |

Value of Imports calculated on CIF Basis Rs.Nil

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

(I) Travelling Expenses   Rs. 2729884

(II) Export Commission   Rs 17131938

(C) Earning in Foreign Exchange

FOB Value of Export       Rs.1129453520

(D) Raw Material Consumed: (In Qtls)

| 31.03.10 |           | 31.03.11 |           |
|----------|-----------|----------|-----------|
| Quantity | Value     | Quantity | Value     |
| 505686   | 854951448 | 273127   | 580332883 |

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



## CHAMAN LAL SETIA EXPORTS LTD.

| <b>CASH FLOW STATEMENT FOR YEAR ENDING 31.03.2011</b> | <b>AMOUNT</b>    | <b>AMOUNT</b>    |
|---|------------------|------------------|
| <b>A.CASH FLOW FROM OPERATING ACTIVITIES</b>          | <b>31.03.11</b>  | <b>31.03.10</b>  |
| NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS         | 90171995         | 102454650        |
| <b>ADJUSTMENT FOR:-</b>                               |                  |                  |
| DEPRECIATION/AMORTISATION                             | 17574717         | 16687865         |
| INTEREST/DIVIDEND RECEIVED                            | 2505305          | 4573934          |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES       | 105241407        | 114568581        |
| <b>ADJUSTMENT FOR:_</b>                               |                  |                  |
| TRADE AND OTHER RECEIVABLES                           | -9388904         | -84919439        |
| INVENTORIES   | -32633647        | -28029480        |
| TRADE PAYABLES  | 39232886         | 26613626         |
| CASH GENERATED FORM OPERATION                         | 102451742        | 28233288         |
| DIVIDEND /ADJUSTED                                    | 16253087         | 17406306         |
| DIRECT TAXES PAID                                     | 42781147         | 32848192         |
| CASH FLOW BEFORE EXTRAORDINARY ITEMS                  | 43417508         | -22021210        |
| EXTRAORDINARY ITEMS                                   | 0                | 0                |
| <b>NET CASH FROM OPERATING ACTIVITIES:_</b>           | <b>43417508</b>  | <b>-22021210</b> |
| <b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>         |                  |                  |
| PURCHASE OF FIXED ASSETS                              | 34465906         | 21970032         |
| SALE OF FIXED ASSETS                                  | 153505           | 1065507          |
| ISSUE EXPENSES  | 0                | 0                |
| PURCHASE OF INVESTMENTS (Net)                         | 0                | 0                |
| SALE OF INVESTMENTS                                   | 0                | 2834819          |
| INTEREST RECEIVED                                     | 2505305          | 4573934          |
| DIVIDEND PAID   | 0                | 0                |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>          | <b>31807096</b>  | <b>13539583</b>  |
| <b>C)CASH FLOW FROM FINANCING ACTIVITIES</b>          |                  |                  |
| PROCEEDS FROM SHARE CAPITAL                           | 403472           | 571348           |
| PROCEEDS FROM BORROWINGS                              | 70750978         | 31775960         |
| REPAYMENT OF FINANCE LEASE LIABILITIES                | 0                | 0                |
| <b>NET CASH FROM FINANCING ACTIVITIES</b>             | <b>71154450</b>  | <b>32347308</b>  |
| <b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>      |                  |                  |
| <b>CASH AND CASH EQUIVALENTS AS AT 01.04.2010</b>     | <b>76611907</b>  | <b>79780771</b>  |
| (OPENING BALANCE)                                     |                  |                  |
| <b>CASH AND CASH EQUIVALENTS AS AT 31.03.2011</b>     | <b>159376769</b> | <b>76611097</b>  |
| (CLOSING BALANCE)                                     |                  |                  |

Place :-Amritsar  
Date:- 24.08.2011

For and on behalf of Board

Chaman Lal  
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,2011and found the same to be drawn in accordance there with and also with the requirements of the listing agreement with stock exchanges.

For Rajesh Kapoor & Co.  
Chartered Accountants  
Rajesh Kapoor  
Prop.

Date:- 24.08.2011  
Place:- Amritsar.



## INFORMATION PURSUANT TO PART IV OF SCHEDULE VI 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 | 31.03.11 |            |    |

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

|              |      |                   |     |
|--------------|------|-------------------|-----|
| Public Issue | 4.04 | Right Issue       | Nil |
| Bonus Issue  | Nil  | Private Placement | Nil |

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

|                   |         |              |         |
|-------------------|---------|--------------|---------|
| Total Liabilities | 8228.02 | Total Assets | 8228.02 |
|-------------------|---------|--------------|---------|

#### Source of Funds

|                 |         |                   |         |
|-----------------|---------|-------------------|---------|
| Paid up capital | 940.58  | Reserve & Surplus | 2551.10 |
| Secured Loans   | 3488.11 | Unsecured Loans   | 1248.22 |

#### Application of Funds

|                    |         |                  |      |
|--------------------|---------|------------------|------|
| Net Fixed Assets   | 1291.08 | Investments      | 6.92 |
| Net Current Assets | 6930.01 | Misc Expenditure | 0.00 |
| Accumulated Losses | Nil     |                  |      |

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

|                     |          |                   |          |
|---------------------|----------|-------------------|----------|
| Turnover            | 16825.63 | Total Expenditure | 15869.91 |
| Profit before Tax   | 901.72   | Profit after Tax  | 602.30   |
| Earnings per shares | Rs. 6.48 | Dividend rate %   | 15%      |

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.

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

**CHAMAN LAL SETIA**  
CHAIRMAN CUM MANAGING DIRECTOR

**RAJEEV SETIA**  
EXECUTIVE DIRECTOR

PLACE: -AMRITSAR  
DATE: 24.08.11



## NOTES

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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 17<sup>th</sup> ANNUAL GENERAL MEETING of the Company at Hotel Mohan International, Albert Road, Amritsar on Monday 26<sup>th</sup> Sept. 2011 at 4:30 P.M.

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

Folio No.....

.....

Signature

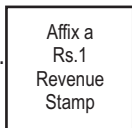
### CHAMAN LAL SETIA EXPORTS LIMITED

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.....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  
.....2011 and at any adjournment thereof.

Signed this.....day of .....2011.



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

\*Strikeout which is not desired.





# Pure Fragrant Original Basmati Rice Collection



## Chaman Lal Setia Exports Ltd.

(A Govt. Recognised Star Export House)

Regd. Office : Meerankot Road, P.O. Central Jail  
Ajnala Road, Amritsar - 143 001 India

Tel. : +91-183-2590318, 2592708

Facsimile : +91-183-2590453, +91-184-2291067

e-mail : setia@jia.vsnl.net.in