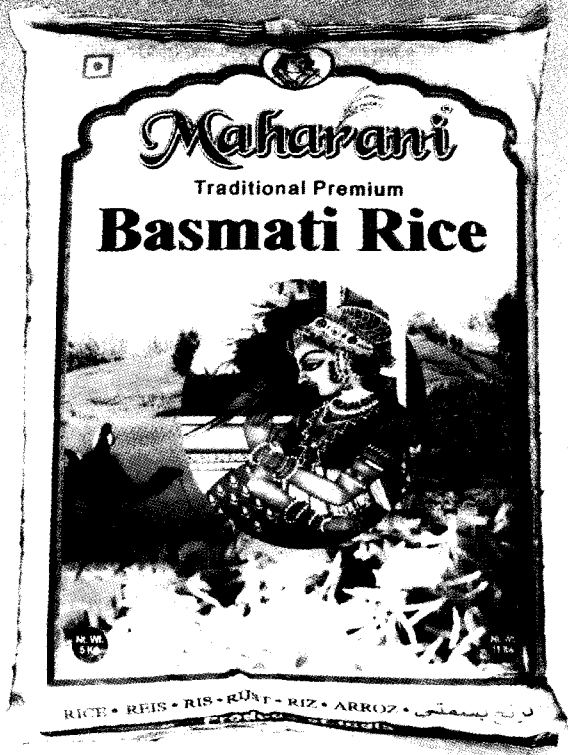




Maharani Rice

FIRST EVER INDIAN COMPANY TO HAVE DEVELOPED RICE FOR DIABETIC PEOPLE



14TH ANNUAL REPORT 2007 - 2008

An
ISO 9001 : 2000
Certified Co.

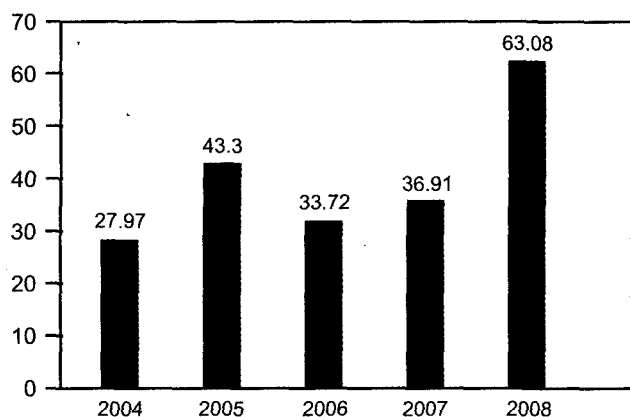
Chaman Lal Setia Exports Ltd.

(A Govt. Recognised One Star Export House)

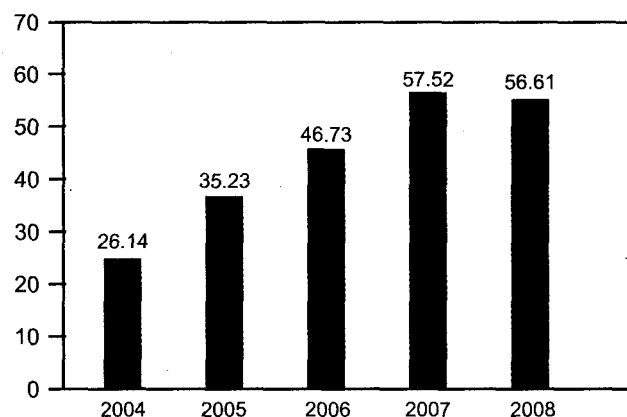
Chaman Lal Setia Exports Ltd.

FINANCIAL HIGHLIGHT (Rs. in Crores except EPS & Dividend)

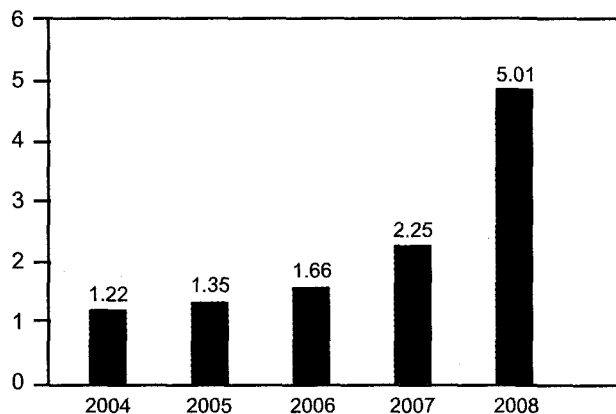
Export Sales 2004-2008



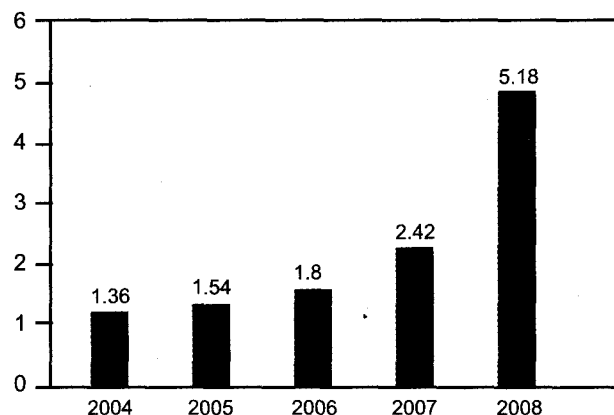
Domestic Sales 2004-2008



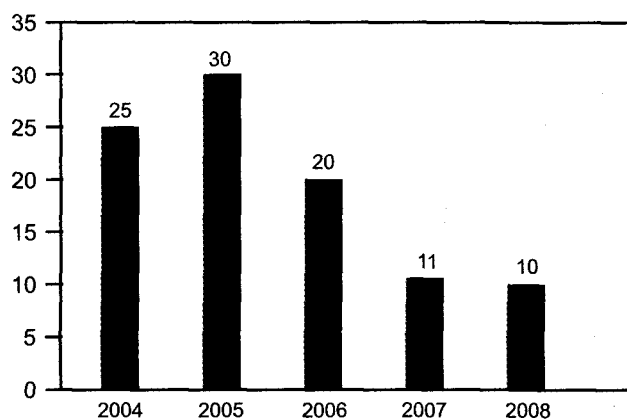
Profit After Tax (PAT)



Earning Per Share (EPS)



Dividend 2004-2005





Chaman Lal Setia Exports Ltd.

Maharani[®]
Rice

BOARD OF DIRECTORS

CHAMAN LAL SETIA

(Chairman Cum Managing Director)

VIJAY SETIA

(Whole Time Director)

RAJEEV SETIA

(Whole Time Director)

INDER DEV KUKKAR

(Director)

SUKARN SETIA

(Whole Time Director)

ANKIT SETIA

(Whole Time Director)

NARESH SUNEJA

(Director)

PARMOD KUMAR

(Director)

AMIT MALHOTRA

(Director)

RAGHAV PESHAWARIA

(Director)

REGISTERED OFFICE

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

CORPORATE OFFICE

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

WORKS

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

BANKERS

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

REGISTRAR & COMMON SHARE TRANSFER AGENT

M/s Beetal Financial & Computer Services (P) Ltd.
IIIrd Floor, 99, Madangir
(Near Dada Harsukh Dass Mandir)
New Delhi

AUDITORS

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

ANNUAL GENERAL MEETING

On 29th Sept. At 4:30 p.m at
Hotel P.R. Residency 101, Distt. Shopping Complex,
Ranjit Avenue, Amritsar

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NOTICE TO THE MEMBERS

Notice is hereby given that the 14th Annual General Meeting of CHAMAN LAL SETIA EXPORTS LTD. will be held on Monday the 29th Sept 2008 at Hotel P.R Residency, Ranjit Avenue, Amritsar at 4.30 p.m. to transact the following business:

(A) ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and audited Balance Sheet and the Profit & Loss Account as at and for the year ended 31.03.08 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.

(B) SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Rajeev Setia be and is hereby reappointed as Whole-Time Director of the Company to hold office for a period of five years with effect from October 1, 2008, upon the remuneration as may be determined and agreed to between the Board of Directors and Mr. Rajeev Setia on the following terms and conditions, with further powers to the boards to increase the remuneration considering the growth of business during the tenure of Sh Rajeev Setia :

I. Remuneration

A) Fixed Compensation

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity.

The Basic Salary shall be Rs. 50,000 per month, payable monthly.

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

B) Flexible Compensation

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

- Housing as per rules of the Company (i.e. unfurnished/furnished residential accommodation and or House Rent
- Payment/reimbursement of medical/hospitalization expenses for the whole-time director and his family in accordance with the rules of the Company.
- Group insurance cover, group mediclaim cover;
- Company car with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;



- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.
- iv) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

II. Overall Remuneration

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

III. Minimum Remuneration

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

6. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Vijay Setia be and is hereby reappointed as Whole-Time Director of the Company to hold office for a period of five years with effect from October 1, 2008, upon the remuneration as may be determined and agreed to between the Board of Directors and Mr. Vijay Setia on the following terms and conditions, with further powers to the boards to increase the remuneration considering the growth of business during the tenure of Sh Vijay Setia :

I. Remuneration

A) Fixed Compensation

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity.

The Basic Salary shall be Rs. 50,000 per month, payable monthly.

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

B) Flexible Compensation

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

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

II. Overall Remuneration

The aggregate of salary and perquisites as specified above or paid additionally in accordance with the rules of the



Company in any financial year, which the Board in its absolute discretion pay to the Whole-time Director from time to time, shall not exceed the limits prescribed from time to time under Sections 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the said Act as may for the time being, be in force.

III. Minimum Remuneration

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

7. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Sukaran Setia be and is hereby reappointed as Whole-Time Director of the Company to hold office for a period of five years with effect from October 1, 2008, upon the remuneration as may be determined and agreed to between the Board of Directors and Mr. Sukaran Setia on the following terms and conditions, with further powers to the boards to increase the remuneration considering the growth of business during the tenure of Sh Sukaran Setia :

I. Remuneration

A) Fixed Compensation

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity.

The Basic Salary shall be Rs. 50,000 per month, payable monthly.

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

B) Flexible Compensation

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

- Housing as per rules of the Company (i.e. unfurnished/furnished residential accommodation and or House Rent
- Payment/reimbursement of medical/hospitalization expenses for the whole-time director and his family in accordance with the rules of the Company.
- Group insurance cover, group mediclaim cover;
- Company car with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.

- iv) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

II. Overall Remuneration

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

III. Minimum Remuneration

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



8. To consider and, if thought fit, to pass with or without modification, the following resolution as an **ORDINARY RESOLUTION**:

RESOLVED THAT pursuant to Sections 198, 269, 309, 311 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, Mr. Ankit Setia be and is hereby reappointed as Whole-Time Director of the Company to hold office for a period of five years with effect from October 1, 2008, upon the remuneration as may be determined and agreed to between the Board of Directors and Mr. Ankit Setia on the following terms and conditions, with further powers to the boards to increase the remuneration considering the growth of business during the tenure of Sh Ankit Setia:

I. Remuneration

A) Fixed Compensation

Fixed Compensation shall include Basic Salary, Company's Contribution to Provident Fund and Gratuity.

The Basic Salary shall be Rs. 50,000 per month, payable monthly.

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

B) Flexible Compensation

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

- Housing as per rules of the Company (i.e. unfurnished/furnished residential accommodation and or House Rent
- Payment/reimbursement of medical/hospitalization expenses for the whole-time director and his family in accordance with the rules of the Company.
- Group insurance cover, group mediclaim cover;
- Company car with driver for official use, provision of telephone(s) at residence;
- Payment/reimbursement of telephone expenses;
- Such other perquisites and allowances as per the policy/rules of the Company in force and/or as may be approved by the Board from time to time.

iv) Perquisites shall be evaluated at actual cost or if the cost is not ascertainable the same shall be valued as per Income Tax Rules.

II. Overall Remuneration

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

III. Minimum Remuneration

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

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 23.9.2008 to 29.9.2008 (both days inclusive.)
4. Cases of Transfer of Shares may be referred to the Registrar, Whose address has been given at Page No. 1



5. Shareholders are requested to intimate to the Company, changes, if any, in their registered address including PIN CODE number.
6. Persons attending the Annual General Meeting are requested to bring their copies of Annual Report.
7. Enquiries, if any, about the Annual Accounts, may please be intimated to the Company, at least Seven days in advance of the date of Annual General meeting.

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

Place : Amritsar
Dated : 18-08-08

Rajeev Setia
Whole Time Director

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

ITEM NO.5

The shareholders in the Extra-Ordinary General Meeting held on 05.11.94 appointed Mr. Rajeev Setia as Whole-time Director with effect from 21.09.94 to hold office for a period of five years. It is proposed to reappoint Mr. Rajeev Setia as a Whole-time Director of the Company for a further period of five years from October 1, 2008.

The personal profile of Mr. Rajeev Setia is given below:

Full Name	: Mr. Rajeev Setia
Date of Birth	: 28-10-1955
Date of appointment as director in the Company	: 21.09.94
Qualification	: M.Com

Specialized Expertise: Banking, Export Marketing and Finance Controller .

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

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

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

ITEM NO.6

The shareholders in the Extra-Ordinary General Meeting held on 05.11.94 appointed Mr. Vijay Setia as Whole-time Director with effect from 21.09.94 to hold office for a period of five years. It is proposed to reappoint Mr. Vijay Setia as a Whole-time Director of the Company for a further period of five years from October 1, 2008.

The personal profile of Mr. Vijay Setia is given below:

Full Name	: Mr. Vijay Setia
Date of Birth	: 16-11-1953
Date of appointment as director in the Company	: 21.09.94
Qualification	: Graduate
Specialised Expertise	: Technical Expert ,Quality Controlling and Production.

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

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



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

ITEM NO.7

The shareholders in the Annual General Meeting held on 28.09.2001 appointed Mr. Sukaran Setia as Whole-time Director with effect from 11.08.2001 to hold office for a period of five years. It is proposed to reappoint Mr. Sukaran Setia a Whole-time Director of the Company for a further period of five years from October 1, 2008.

The personal profile of Mr. Sukaran Setia is given below:

Full Name	: Mr. Sukaran Setia
Date of Birth	: 19-09-1980
Date of appointment as director in the Company	: 11.08.2001
Qualification	: Commerce Graduate & Diploma holder in Import & Export from Schilling University, London
Specialized Expertise	: Export Marketing

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

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

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

ITEM NO.8

The shareholders in the Annual General Meeting held on 29.09.2003 appointed Mr. Ankit Setia as Whole-time Director with effect from 18.08.2003 to hold office for a period of five years. It is proposed to reappoint Mr. Ankit Setia a Whole-time Director of the Company for a further period of five years from October 1, 2008.

The personal profile of Mr. Ankit Setia is given below:

Full Name	: Mr. Ankit Setia
Date of Birth	: 28-09-84
Date of appointment as director in the Company	: 18.08.2003
Qualification	: Degree in Food Technology
Specialised Expertise	: Technical Export and Quality Controller

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

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

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

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

Place : Amritsar
Dated : 18-08-08

Rajeev Setia
Whole Time Director



**DIRECTORS' REPORT**

To The Members,

Yours Director have pleasure in presenting the 14th Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2008.

1. RICE BUSINESS ——— Performance At A Glance

Particulars	Amount (in Lacs)	Amount (in Lacs)
	Y.E. 31.03.2007	Y.E 31.03.2008
Export turnover	3691.64	6308.27
Domestic turnover	5752.88	5661.66
Profit before Intt. & Depreciation	620.55	1045.42
Interest	235.73	335.22
Provision for Depreciation	93.98	98.35
Profit before Tax	290.84	611.85
Provision for Tax	66.20	110.30
Profit after Tax	224.64	501.25
Proposed Dividend	113.75	106.51
Transfer To General Reserve	22.46	50.12
Carried to Balance Sheet	76.15	365.48
Current Assets	4954.58	7744.72
Current Liabilities	2029.39	4495.90
Working Capital	2925.19	3248.82
Capital Employed	3552.99	3925.50
EPS	2.42	5.18
Book Value	24.77	27.37

Highlights of Performance:

During the year the Sales of Company increased at a higher pace in spite of the adverse factors i.e. fall in the value of dollar & cut throat competition in the market. This was the result of the efforts put in by management last year viz attraction packing, branded & standardisation of quality of rice creating of new markets. This also result in higher profit this year.

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 31.03.08

3. Personnel

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

4. Directors

All Director of the Company retires by rotation at the Annual General Meeting and being Eligible offers themselves for re-election.

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

The requirements for disclosure of particular with respect to conservation of energy are not applicable to the company. A statement giving details of technology absorption, foreign exchange earning and outgo in accordance with the above provisions is annexed here to as Annexure 'A' and 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, 2008 your Company's working results have improved Considerably on both front i.e. sale & profit in view of the Management thrust on Cost reduction in all areas of Company's operations, productivity improvement, improvement in the quality of yield and innovation of new products . Still keeping in view the further expansion , yours directors, recommend a dividend of 10 % on pro-rata 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, 2008 and of the profit of the Company for the said period.
- (iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) The annual accounts have been prepared on a going concern basis.

11. Statutory Disclosures

None of the directors of your company is disqualified as per the Provisions of Section 274 (1) (g) of the Companies Act, 1956. Your directors have made necessary disclosures as required under various provisions of the Act and clause 49 of the Listing Agreement.

The information given under Section 217 (1) (e) of the Companies Act, 1956 to be read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as amended is enclosed as Annexure 'A'.

None of the employees of your company is drawing remuneration exceeding the limits laid down under provisions of Section 217(2A) of the Companies Act, 1956 to be read with Companies (Particulars of Employees) Rules, 1975 as amended.

12. Corporate Governance

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

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

13. Dematerialisation of Shares

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

14. Social Objectives

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

- a) Development of new technique whereby rice could be made Pesticide Residue Free
- b) Development of low cost water filters for poor segment of the society. The Company has named the new invention after the name of its Brand as Begum Water Filter.
- c) Project for tackling problem of wastewater logging and treatment of sanitary discharge in villages is under process.
- d) Development of diabetic rice for diabetic patients.



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

15. Listing of Shares

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

16. Pollution Free Environment: - Company's Slogan

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

17. Future Expansion

Keeping in view the increase in demand of rice, scarcity of food grains world and obsolete old machinery. The Company has proposed future expansion by installing new State of Art technology machinery at its unit Kaithal Road Karnal having installed capacity of 200 Ton per day (Appx.)

Appreciation

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

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

FOR & ON BEHALF OF BOARD

Place : Amritsar
Dated : 18-08-2008

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 31.03.2008

A. CONSERVATION OF ENERGY

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

B. TECHNOLOGY ABSORPTION

(i) Research And Development(R&D)

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

- a) Development of Pesticide Residue Free aged Basmati rice;
- b) Development of Smoked Basmati Rice;
- c) Development of quick cooking Brown Rice;
- d) Development of Sugar Free 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 for the first time in India;
- i) Development of Fragrance Rice.
- j) Reducing broken in paddy with very high sun checks under process.
- k) Rice bran stabilization for human consumption under process.
- l) Making bio-compost from waste and reject of paddy under process.
- m) Cool Chamber system.

2. Future plan of action.

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



3. Expenditure on R & D.

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

(ii) Technology absorption, adoption and innovation.

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

C. EFFLUENT TREATMENT

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

D. ELIMINATION OF PESTICIDE RESIDUE: -

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

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

E. SMOKED BASMATI RICE: -

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

F. DIABETIC FREE RICE:-

Company has succeeded in developing a new variety of rice which is called "Rice for Diabetic people". These rice are with moderate G.I. Our claim for diabetic free rice has been upheld by department of Nutrition & diabetic of P.S.G college of Arts and Science (An ISO 9001 2000 certified institute also accredited at the 5 star level by NAAC) after two simultaneous research's.

G. LIGHT WEIGHT TILES:-

The Research & Development wing of the Company have been able to achieve a remarkable thing by developing lightweight tiles made from Rice Husks. Which can be used in multi stored building while construction. These tiles are light in weight and company foresee a good prospect of this innovative product along with elimination of Hazardous waste of rice.

H. CARDAMOM FLAVOUR RICE:-

The Company has yet another mile stone achieved to its credit by developing a different quality of rice called "Cardamom Flavour rice". This special rice has started giving its results by creating a Niche for its quality in middle East and Europe etc.



Management Discussion and Analyses

1. Economic Environment & Rice Industry:-

The Economy of India measured in USD exchange rate terms is the 12th largest in the world ,with a GDP of around \$ 1 trillion in 2008. It recorded a GDP growth rate of 9% for the fiscal year 2007-08 which makes it the second fastest big emerging economy after China in the World. At this rate of sustained growth many economists forecast that India would over the coming decades have a make pronounced economic effect on the world stage. Despite this fact the World Bank has classified India as low Income economy mainly due to increasing population and lower per capita Income.

India's economy is diverse encompassing agriculture handicrafts textile, manufacturing and a multitude of services. Although 2/3 rd of Indian workforce still earn their livelihood directly or indirectly through agriculture, services are growing at a faster pace.

Indian Agriculture vis-à-vis rice production mainly depends upon water resources and cultivable land. India's total cultivable area is 1269219 km² which is 56.78% of total land area and is decreasing due to urbanization /population. India has total water surface area of 314400 Km² and receives an annual rainfall of 1100 mm.

India ranks second worldwide in farm output . Agriculture and allied sectors accounted for 17 % of GDP in 2007 employed 60% of total workforce and despite steady decline of its share in GDP is still the largest economic sector.

2. Outlook – Global Rice Industry:-

Although Agricultural sector is steadily loosing its charm but this year has witnessed a real growth in rice Industry which is expected to continue in the ensuing year. The shortage of food grains world wide has given rise to sky rocketing prices of rice leading to super profits. This position is expected to continue in the year to come. This resulted through increasing population, shortage of food grains, rising fuel and fertilizer costs.

Opportunities & Threats: -

Opportunities:

1. The future expansion programme which lead to installation of fully automated State of the Art Machinery will result in higher production vis-à-vis improved quality of rice in demand. This will future result in increased sale and profitability.
2. The company's novel product Bhatti Sella that was introduced five years before is selling at a premium in the rice market. This rice has the qualities like taste, aroma, easy cooking and longer preservation period.
3. The Company has developed a unique product i.e. Pesticide Residue Free Aged Basmati Rice which is absolutely free from any pesticide residue. This product of the company can be called triumph card for the future. As it is well known now that some of very popular food items have been found having pesticide residue content.. But as far as our company is concerned, our product is now pesticide residue free and this is perhaps unique in the world. Its sale is increasing day by day.
4. Yet another development for which we can boast of is Smoked Rice having something-unique taste and flavour. This rice is now also picking up particularly in Saudi etc.
5. Quick cooking brown rice developed by the company is very useful for large function at a big level and its sale is picking up especially in Saudi Area.
6. Yet another product of the company introduced two year back is for Diabetic People who avoid normal rice. This rice developed by the company contains low quantity of sugar as compared to the normal rice available in the market. This will also prove a backbone in the profitability and sales of the company in the coming year.
7. The Company has already installed a Chinese sheller at its Karnal Factory which would lead to saving in energy Electricity thus cost reduction and will enhance the production capacity of the factory.



8. The Company has put its corporate office at Delhi which is giving rise to increased sale
9. The Company's main fund is that the fixed cost can be brought down substantially with increased production. The company has considerably reduced the financial cost by making a prudent use of funds and still hopeful for further decrease in financial expenses is coming true with the installation of Chinese sheller and further expansion programme on the anvil.

Threats: -

Under performance of world economy, global recession and uneven monsoon, 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 and wrong classification of 1121 produce in non basmati are the threats which can 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 quite helpful to overcome such difficulties.

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 is to make cost of production internationally competitive and reduce 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 initiated by other countries may close down the window for exports. However the company's focus is also on the domestic market.

In case of Sugar free Rice Company's claim proved to be correct by Dept. of Nutrition and dietetics of P.S.G College of Arts and Science.

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 reasonable assurance that all assets are safeguarded and protected against loss from unauthorized use or disposition, and that transactions 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 your 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:

Despite difficult market scenario, erratic monsoon, tight money market and other factors viz fall in exchange rate company maintained its record of profitability and earned Rs710.20 lacs as cash profit as compared to 384.82 lacs last year. During the year company's sale record a growth from 9444.52 lacs to 11969.93 lacs and EPS increased to Rs 5.18 from Rs 2.42.

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.2.25 lacs on the training of its employees and Rs 38.47 lacs on staff welfare & other provisions for the benefit of employees..

Employee relation continued to be satisfactory. The number of persons directly employed by the company was above 165 as on 31st March 2008..

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 ore 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 authorisation, 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 31.03.08

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 2007-08 :-

Date of Meeting	No. of Directors on Board	No. of Directors in Attendance
20.04.07	10	7
30.04.07	10	7
31.05.07	10	8
11.06.07	10	8
25.06.07	10	8
20.07.07	10	7
30.07.07	10	8
20.08.07	10	8
27.08.07	10	9
31.08.07	10	8
10.09.07	10	7
01.10.07	10	7
20.10.07	10	7
30.10.07	10	8
31.10.07	10	8
20.11.07	10	8
30.11.07	10	9
30.12.07	10	8
10.01.08	10	7
21.01.08	10	7
30.01.08	10	7



Date of Meeting	No. of Directors on Board	No. of Directors in Attendance
31.01.08	10	8
20.02.08	10	7
28.02.08	10	9
29.02.08	10	8
01.03.08	10	7
30.03.08	10	8

2.3 Details of meetings attended by directors during 2007-08

Name of Director	No. of Meetings Held	No. of Meetings attended	Attendance in Last AGM
Chaman Lal	27	24	Yes
Vijay Setia	27	19	No
Rajeev Setia	27	23	Yes
Inder Dev Kukkar	27	17	Yes
Sukarn Setia	27	21	No
Ankit Setia	27	22	Yes
Naresh Suneja	27	18	Yes
Amit Malhotra	27	20	No
Parmod Kumar	27	21	No
RaghavPeshawari	27	23	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.
- Housekeeping.
- 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 2007-08: -

Name	No. of Meetings held	No. of Meetings attended
Sh. Inder Dev Kukkar	4	4
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 2007-08: -

Name of Director	No. of Meetings held	No. of Meetings attended
Sh. Rajeev Setia	5	5
Sh Raghav Peshwaria	5	5

The company has received 64 complaints/queries from the investors during the year. All of these have been redressed. No share transfer request received upto 31.03.08 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	306970/-
		Interest	4572000/-
Sh Vijay Setia	Executive Director	Remuneration	339011/-
		Interest	4589462/-
Smt Neelam Setia	Director 's wife	Rent	432000/-
Smt Sushma Setia	Director 's wife	Rent	432000/-
Sh. Rajeev Setia	Executive Director	Remuneration	637755/-
		Interest	4352000/-
Sh. Sukarn Setia	Executive Director	Remuneration	240000/-
Sh. Ankit Setia	Executive Director	Remuneration	240000/-
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: -	2007-08	2006-07
Face Value (Rs.)	10	10
Earning Per Share (Rs.)	5.18	2.42
Dividend (%)	10%	11%
Book Value (Rs.)	27.37	24.77

6. Listing on Stock Exchange: -

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

- Mumbai

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 madanvir, 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, 2007	Hotel Mohan International ,Albert Road Amritsar.
Sep.29,2006	P.O Central Jail Mirankot Road,Amritsar
Sep 29,2005	Hotel Royal Castle, Albert Road, Amritsar



The Company will hold the next Annual General Meeting on Sep 29, 2008 at 4.30 P.M. at P.R. Residency 101, Distt Shopping Centre, Ranjit Avenue, Amritsar.

Special Resolution passed in the last three Annual General Meetings.

Meeting Date	Details of Special Resolution
Sep. 29, 2007	Nil
Sep.27, 2006	Nil
Sep. 29, 2005	Nil

9. Share Transfer System:-

Transfer of physical shares is made within the time stipulated by SEBI

10. Shareholding & Distribution Pattern (as on 31.03.08):-

Category	No. of Shares Held
Promoters//their Relatives/	7095958
Domestic Companies	474271
Indian Public/Resident Individuals	1921970
NRI/OCB/others	6101

11. Distribution Schedule

Shareholding of Nominal Value	No of Shares holders	%	Number of shares	%
1- 5000	3144	85.18	668198	7.03
5001-10000	292	7.91	239503	2.52
10001-20000	108	2.93	164840	1.74
20001-30000	39	1.06	100647	1.06
30001-40000	30	0.81	107941	1.13
40001-50000	13	0.35	60903	0.64
50001-100000	25	0.68	172985	1.82
100001 Above	40	1.08	7983283	84.05

12. Dematerialisation of Shares: -

The company's shares are traded compulsorily in demat form under ISIN Code INE 419D01018.

At present, 1594289 Equity Shares of the Company have been dematerialised.

13. Market price data : High/Low during each month of 2007-08 on Mumbai Stock Exchange

Month	Highest Price	Lowest Price	Volume
April 2007	30.50	25.65	31159
May 2007	35.80	27.55	278837
June 2007	31.00	27.55	55320
July 2007	32.60	27.90	98171
Aug 2007	35.00	28.05	130200
Sept 2007	30.50	26.05	106012
Oct 2007	30.00	23.05	103338
Nov 2007	29.80	22.50	74321
Dec 2007	47.85	24.80	504738
Jan 2008	51.00	26.35	500007
Feb 2008	34.50	27.00	109016
Mar 2008	30.45	22.55	72836



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

Name	Share hold as on 31/3/08	Dividend paid
Sh Chaman Lal Setia	2109000	2319900
Sh Vijay Setia	2268800	2495680
Sh Rajiv Setia	2378300	2616130
Sh Sukarn Setia	56800	62480
Sh Ankit Setia	50000	55000
Sh Inder Dev kukkar	Nil	Nil
Sh Naresh Suneja	Nil	Nil
Sh Parmod Kumar	Nil	Nil
Sh Amit Malhotra	Nil	Nil
Sh Raghav Pashawaria	Nil	Nil

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 Aggrement:-

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 liable to retire 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 Naresh Suneja & Parmod kumar & Amit Malhotra 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 Naresh Suneja
Date of Birth	15.12.54
Qualification	Graduate
Specialised Expertise	Businessman having rich business expertise of at least 25 year
No of Share held	Nil
Directorship in other Company	Nil
Name	Sh Parmod Kumar
Date of Birth	25.01.59
Qualification	Graduate
Specialised Expertise	Business expertise of Agriculture based at least 20 year
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 rich experience of Exim policy & legal matters.
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 Personnels having affirmed their compliance with the said code of Conduct for the year 31.03.2008 is annexed to the Corporate Governance Report .



Chaman Lal Setia Exports Ltd.

Maharani[®]
Rice

20. General Shareholders Information

A. Annual General Meeting

Date & Time 29.09.2008 at 4.30 PM
Venue P.R Residency, Ranjit Avenue, Amritsar

B. Financial Calendar

Financial Year April 1 To March 31

C. Book Closure

Period 23.09.2008 to 29.09.2008 (Both Days Inclusive)

D. Dividend for the Year 07-08

Type	Board Meeting	Rate
Final Dividend	18.08.2008	10%
Subject to 100% adjustments of Partly Paid ShareHolders.		

E. Listing

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

F. 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

H. Address of Correspondence

Chaman Lal Setia Exports Ltd.
Meerankot Road, P.O. Central Jail
Ajnala Road, Amritsar, Pin 143001

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 2007-2008.

For and on behalf of the Board

Place : Amritsar

Date : 18-08-2008

(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, 08, 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.

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

Place : Amritsar

Dated : 18-08-2008

(RAJESH KAPOOR)

Prop.

M. No. : 92692



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.
3. 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.
- (a) 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.
- (b) The balance sheet, profit and loss account and cash flow statement dealt with by this report is in agreement with the books of accounts.
- (c) In our opinion, the Profit & Loss Account, Balance Sheet and cash flow statement Comply with the Accounting Standards referred to in sub section (3c) of section 211 of Companies Act 1956;
- (d) 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, 2008 from being appointed as director in terms of section 274(1) (g) of the Companies Act 1956 and;
- (e) 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 '20' 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 31.3.08 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

Place : Amritsar
Dated : 18-08-2008

(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 2008

- (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.
- (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) To the best of our knowledge and according to the information given to us, the Central Government has not prescribed maintenance of cost records under Section 209 (1) (d) of the Companies Act, 1956 in respect of the Company's products.
- (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 2008, 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 has maintained proper records of transactions and contracts relating to dealings in shares and other investments and timely entries have been made therein. Further, such securities have been held by the company in its own name.
- (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.

FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

Place : Amritsar
Dated : 18-08-2008

(RAJESH KAPOOR)
Prop.
M. No. : 92692



BALANCE SHEET AS ON MARCH 31, 2008

SOURCES OF FUNDS	SCHEDULE	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
SHAREHOLDERS FUNDS			
(a) SHARE CAPITAL	1	93809580	93801050
(b) RESERVES AND SURPLUS	2	170176031	136204669
LOAN FUNDS			
(a) SECURED LOAN	3	374968131	150962132
(b) UNSECURED LOAN	4	117913914	125294322
TOTAL		756867656	506262173
APPLICATION OF FUNDS			
FIXED ASSETS			
(a) GROSS BLOCK		153628885	139124985
(b) LESS DEPRECIATION		86670419	77692361
(c) NET BLOCK	5	66958467	61432624
INVESTMENT	6	692040	1330546
CURRENT ASSETS, LOANS & ADVANCES			
(a) INVENTORIES	7	521898156	300447565
(b) SUNDRY DEBTORS	8	174994852	123323992
(c) CASH & BANK BALANCES	9	44835739	52450129
(d) LOANS AND ADVANCES	10	32843724	19236810
		774572471	495458496
LESS : CURRENT LIABILITIES AND PROVISIONS	11	85373206	51977377
NET CURRENT ASSETS		689199265	443481119
MISC. EXPENDITURE (To the extent not written off or adjusted)	12	17884	17884
TOTAL		756867656	506262173
ACCOUNTING POLICIES AND NOTES ON ACCOUNTS	20		

SIGNED IN TERMS OF OUR REPORT OF EVEN DATE

RAJESH KAPOOR
PROP.

CHAMAN LAL SETIA

**CHAIRMAN CUM MANAGING
DIRECTOR**

FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

RAJIV SETIA

EXECUTIVE DIRECTOR

PLACE : AMRITSAR

DATE : 18.08.2008

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

SOURCES OF FUNDS	SCHEDULE	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
INCOME			
SALES & OTHER INCOME	13	1214826263	950045936
INCREASE/(DECREASE) IN STOCK OF WORK IN PROGRESS & FINISHED GOODS	14	51148132	-35466709
TOTAL		1265974395	914579227
EXPENDITURE			
MANUFACTURING EXPENSES	15	1071265414	777821215
PERSONEL EXPENSES	16	12088426	13073215
ADMINISTRATIVE EXP.	17	14782873	13074427
FINANCIAL EXPESNES	18	33521887	23573865
SELLING & DISTRIBUTION	19	63324622	48553950
DEPRECIATION	5	9835467	9398230
TOTAL		1204818689	885494902
PROFIT FOR THE YEAR BEFORE TAX		61155706	29084325
PROVISION FOR TAXATION		10000000	6000000
DEFERRED TAX		1030000	620000
PROFIT AFTER TAXES		50125706	22464325
PRIOR YEAR TAX ADJUSTMENTS		-5191784	-2534834
PRIOR PERIOD DIVIDEND ADJUSTMENT		-337150	77890
PROFIT/LOSS B/F FROM BALANCE SHEET		7615538	1229859
AMOUNT AVAILABLE FOR APPROPRIATION		52212310	21237240
PROPOSED DIVIDEND		10651000	11375270
TRANSFERRED TO GENERAL RESERVE		5012571	2246433
BALANCE CARRIED TO BALANCE SHEET		36548740	7615538

SIGNED IN TERMS OF OUR REPORT OF EVEN DATERAJESH KAPOOR
PROP.

CHAMAN LAL SETIA

CHAIRMAN CUM MANAGING
DIRECTORFOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

RAJIV SETIA

EXECUTIVE DIRECTOR

PLACE : AMRITSAR
DATE : 18.08.2008



**SCHEDULES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS
ACCOUNT FOR THE YEAR ENDED MARCH 31, 2008**

SCHEDULE - 1

SHARE CAPITAL	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
AUTHORISED		
1,20,00,000 Equity Shares of Rs.10/- each	120000000	120000000
ISSUED,SUBSCRIBED AND PAID UP		
9498300 Equity Shares (PRV Year 9498300) of Rs 10/- each.	94983000	94983000
LESS CALLS IN ARREARS	1173420	1181950
TOTAL	<u>93809580</u>	<u>93801050</u>

SCHEDULE - 2

RESERVES & SURPLUS		
SHRI GANESH JI & LAKSHMI JI	22	22
SHARE PREMIUM	100228740	100203150
GENERAL RESERVE		
BALANCE AS PER LAST BALANCE SHEET (Net)	28385958	
ADD:AMOUNT TRANSFERRED FROM P & L A/C	5012571	
PROFIT & LOSS ACCOUNT	33398529	28385958
	36548740	7615539
TOTAL	<u>170176031</u>	<u>136204669</u>

SCHEDULE - 3

SECURED LOAN		
I. CASH CREDIT	13890329	2569527
II. TERM LOAN	0	110900
III. PACKING CREDIT	304096485	102423854
IV. FOREIGN BILL DISCOUNTING	56981317	45857851
TOTAL	<u>374968131</u>	<u>150962132</u>

SECURITIES

- {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 pledge of FDRs in the name of Directors. The above loans are also personally guaranteed by Three Indian Directors namely Sh Chaman Lal Setia, Vijay Setia, Rajeev Setia

SCHEDULE - 4

UNSECURED LOAN		
LOAN FROM DIRECTORS	117913914	125294322
TOTAL	<u>117913914</u>	<u>125294322</u>



SCHEDULE - 5

FIXED ASSETS PARTICULAR	GROSS BLOCK				UP TO 01.04.07	DEPRECIATION		TOTAL UPTO AT 31.3.08	NET BLOCK	
	OPENING BALANCE AS AT 1.4.07	ADDITIONS DURING THE YEAR (Rs.)	LESS DURING THE YEAR (Rs.)	CLOSING BALANCE AS AT 31.3.08		DEPRECIATION DURING THE YEAR (Rs.)	LESS DURING THE YEAR (Rs.)		AS AT 31.3.08 (Rs)	AS AT 31.3.07 (Rs)
LANQ & BUILDING	24105732	1028594	0	25134326	10846612	1328572	0	12175185	12959141	13259120
PLANT & MACHINARY	79389152	9658804	1359582	87688374	47138638	4977616	778293	51337962	36350412	32250514
ACESSORIES	16805415	2732539	70800	19467194	8509048	1043338	45367	9507017	9960135	8273215
WOODEN CRATES	2633016	154440	33750	2753706	2633016	54434	33750	2653700	100006	0
CAR	13334459	1113159	0	14447618	6045832	1987349	0	8033182	6414436	7288627
FURNITURE & FIXTURE	631472	628664	0	1260136	354241	106027	0	460269	799867	277231
TARPAL	2225740	651791	0	2877531.00	2164976	338129	0	2503106	374426	83917
Total	139124986	15967991	1464132	153628885	77692363	9835467	857410	86670419	66958424	61432623
Last Year	126705455	13788860	1369330	139124985	69022439	9398230	728306	77692361	61432624	57683016

SCHEDULE - 6

INVESTMENT	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
PNB Gilts Ltd.	600000	600000
PNB Equity Shares	92040	92040
TERM DEPOSIT	0	638506
TOTAL	692040	1330546

SCHEDULE - 7

INVESTMENT	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
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	229690065	66519446
FINISHED GOODS	292208091	233928119
TOTAL	521898156	300447565

SCHEDULE - 8

SUNDRY DEBTORS	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
UNSECURED CONSIDERED GOOD FOR A PERIOD EXCEEDING SIX MONTHS	4905317	2122710
OTHERS	170089535	121201282
TOTAL	174994852	123323992

**SCHEDULE - 9**

CASH & BANK BALANCES	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
CASH & BANK BALANCES		
CASH & CHEQUES IN HAND	9030967	1265965
— IN CURRENT ACCOOUNT	15429581	15697141
— IN FIXED DEPOSIT/MARGIN MONEY ACCOUNT	19406807	34787014
— CASH/CHEQUE IMPREST ACCOUNT	556018	634009
— TRAVELLER CHEQUES	0	66000
— INVESTOR PROTECTION FUND	412366	412366
TOTAL	44835739	52450129

SCHEDULE - 10

LOANS AND ADVANCES	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
ADVANCES RECOVERABLE IN CASH OR IN KIND OR FOR VALUE TO BE RECEIVED:		
UNSECURED CONSIDERED GOOD :-		
SECURITY AND OTHER DEPOSITS	1238511	829357
STAFF & WORKERS	1972908	1423743
FOR PURCHASE OF MACHINERY	25000	25000
FOR EXPENSES & OTHERS	1966992	2009492
ADVANCE TAX /TDS	27482313	13528717
INSURANCE CLAIM RECEIVABLE	158000	1420501
TOTAL	32843724	19236810

SCHEDULE - 11

CURRENT LIABILITIES AND PROVISIONS	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
SUNDRY CREDITORS	32564340	13093534
OTHER LIABILITIES	4086414	5003132
DIVIDEND /REFUND PAYABLE	3482244	113639
PROVISIONS		
INCOME TAX	22000000	11200000
DIVIDEND(INCLUDING INCOME TAX)	10651000	13493727
T.D.S PAYABLE	5976118	5162208
DEFERRED TAX	4941137	3911137
CST	1671953	0
TOTAL	85373206	51977377



SCHEDULE - 12

MISCELLANEOUS EXPENDITURE	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
(TO THE EXTENT NOT WRITTEN OFF OR ADJUSTED)		
A) PRELIMINARY EXPENSES		
AS PER LAST BALANCE SHEET	17884	17884
ADDITION DURING THE YEAR		
LESS : AMOUNT WRITTEN OFF		
SUB-TOTAL	17884	17884
DEFERRED REVENUE EXPENSES	0	0
EXPENSES DURING THE YEAR	0	0
LESS : 1/10TH WRITTEN OFF	0	0
SUB-TOTAL	0	0
TOTAL	17884	17884

SCHEDULE - 13

SALES AND OTHER INCOME	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
SALES :-		
*EXPORT	630827095	369164345
*LOCAL	566166394	575288241
SUB-TOTAL	1196993489	944452586
OTHER INCOME :-		
INTEREST RECEIVED/ACCRUED	5609182	1666994
SALE OF LICENCES	6011285	3039582
MISC. RECEIPTS	6212307	886774
SUB-TOTAL	17832774	5593350
TOTAL	1214826263	950045936

SCHEDULE - 14

INCREASE (DECREASE) IN STOCKS OF WORK IN PROGRESS AND FINISHED GOODS	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
OPENING STOCK		
— FINISHED GOODS	224740297	260207006
CLOSING STOCK		
— FINISHED GOODS	275888429	224740297
INCREASE/DECREASE IN STOCKS	51148132	-35466709

**SCHEDULE - 15**

EXPENSES	THIS YEAR	LAST YEAR
	AMOUNT (RS) 31.03.2008	AMOUNT (RS) 31.03.2007
MANUFACTURING EXPENSES		
RAW MATERIAL AND COMPONENTS CONSUMED	917593409	713546020
RICE PURCHASE	85804528	0
POWER AND FUEL	13268315	15263032
MACHINERY REPAIR & MAINTENANCE	3344115	4582464
SHELLER LEASE	1378000	990678
BARDANA REPAIRS	712468	828897
PACKING EXPENSES	32061214	2785967
STACKING,WEIGHING LOADING,UNLOADING, SORTING&BUNAI	4124439	7714437
OIL & GREASE	2000	39498
PACKING MATERIAL /EMPTY COST	7444798	30743183
FUMIGATION	155025	192351
RESEARCH & DEVELOPMENT	2803367	177579
OTHER REPAIR	524522	957109
WAGES	2049214	0
TOTAL	1071265414	777821215

SCHEDULE - 16

PERSONNEL EXPENSES	THIS YEAR	LAST YEAR
	AMOUNT (RS) 31.03.2008	AMOUNT (RS) 31.03.2007
SALARIES/WAGES	6258917	5872215
ALLOWANCES TO STAFF/WORKERS	839759	1237019
DIRECTORS REMUNERATION	1756356	1937874
EMPLOYEES PROVIDENT/FAMILY PENSION	1559570	1959786
BONUS	943246	886720
STAFF WELFARE & MEDICAL EXPENSES	505487	1179601
MANAGEMENT TRAINING EXPENSES	225091	
TOTAL	12088426	13073215

**SCHEDULE - 17**

ADMINISTRATIVE EXPENSES	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
INSURANCE	3795331	3016425
LEGAL/PROFESSIONAL EXPENSES	2222444	1494709
POSTAGE, TELEPHONE & COURIER EXPS.	1436060	1405447
VEHICLES REPAIR & MAINTENANCE	1679720	1827078
STATIONERY & PRINTING	470159	371268
TRAVELLING EXPENSES		
*DOMESTIC	519881.00	
*FOREIGN	1674355.00	3202907
SUBSCRIPTION	77131	316650
AUDITOR'S REMUNERATION		
*STATUTORY AUDIT	30000	
*TAX AUDIT	10000	
*TAXATION MATTERS	10000	
*AUDIT EXPENSES	65460	121734
MISC. EXPENSES/SHOP EXPENSES	1422574	547841
DONATION	146126	94875
RENT	828900	275838
ISO EXPENSES	0	37110
BUSINESS PROMOTION	394732	362545
TOTAL	14782873	13074427

SCHEDULE - 18

FINANCIAL EXPENSES	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
BANK CHARGES	2756742	1638480
INTEREST	30765145	21935385
TOTAL	33521887	23573865

SCHEDULE - 19

SELLING & DISTRIBUTION EXPENSES	THIS YEAR AMOUNT (RS) 31.03.2008	LAST YEAR AMOUNT (RS) 31.03.2007
EXPORT COMMISSION	5148019	1809660
E.C.G.C EXPENSES/AGMARK EXPENSES	1485407	773138
ADVERTISEMENT	2393845	2011341
DIRECT EXPORT EXPENSES	49665188	39788939
CONSIGNMENT EXPENSES	0	27660
BROKERAGE	2702217	3501892
BILL DISCOUNT/REBATE	438692	466684
MISC. EXPENSES	1246294	74047
BAD DEBTS	244960	100589
TOTAL	63324622	48553950



Schedule - 20
Notes on Accounts

1. Significant Accounting Policies

(A) Sales

- (i) Sales are accounted for on the date of Bill in the case of Domestic Sales and in the case of Export Sales it is accounted for on the date of Bill of Lading.
- (ii) Interest on Time deposits and other Securities is accounted for an accrual basis.
- (iii) Revenue from DEPB Licenses is accounted for on receipt basis.
- (iv) Insurance Claims are accounted for on receipt basis.

(B) Accounting of Claims and Subsidies

- (i) Insurance Claims & Govt. Subsidies are accounted for on the date of Receipts.
- (ii) Subsidy receivable against a specific fixed assets is deducted from cost of relevant fixed asset otherwise Credited to Capital Reserve Account.

(C) Public Issue / Deferred Revenue Expenses

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

(D) Retirement Benefits

- (i) Company's Contribution paid / payable during the year to Provident Fund & Gratuity Fund are charged to Profit & loss A/c.

(E) Fixed Assets

- (i) Fixed Assets are stated at Cost of acquisition or Construction, including attributable interest and financial costs till such assets are put to use, less specific grants received.
- (ii) Fixed Assets are stated at historical cost less depreciation till date.
- (iii) Depreciation is provided on WDV basis as specified in Schedule XIV of the Companies Act 1956 on pro-rata basis. Depreciation on plant & Machinery has been provided on the basis of shifts worked in the case of both the units.
- (iv) Cost of leasehold land is amortised over the period of lease.

(F) Investment

- (i) Long term Investments are stated at cost.

(G) Research & Development

- (i) Revenue Expenses on Research & Development are Charged to P&L Account in the same year. Expenditure which results in creation of assets is included in fixed assets and depreciation is provided accordingly.

(H) Inventories

- (i) Raw Materials, Stock-in-trade and work-in-progress are valued at Cost or Net realisable value whichever is lower.
- (ii) Cost is determined on FIFO basis in the case of Raw Material & Work in Progress and on weighted average basis in the case of Stock-in-Trade.

(I) Foreign Exchange Transactions

- (i) Foreign Currency transactions are accounted for at the rate prevailing on the date of transaction, in the case of income & expenditure items except wherever booked forward/options.
- (ii) Monetary assets and liabilities are translated in Indian Rupees at the Exchange rate, prevailing at the Year end as notified by FEDAI
- (iii) Gain or Loss arising out of translation / conversion / realisation is taken Credit for or charged to profit & Loss Account, except those relating to acquisition of fixed assets which are debited to fixed assets as on the date of settlement of account.

(J) Contingent Liabilities

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

(K) Expenses

- (i) All the expenses are accounted for accrual basis except purchase/Sale Tax/Vat Determined on finalisation of the assessment of relevant year.



2. Managerial Remuneration

Computation of Managerial Remuneration u/s 198

	31.03.2008	31.03.2007
Profit before Tax	61155706	29084325
Add: Depreciation	9835467	9398230
Less: Depreciation as per Sec 350	9835467	9398230
Net Profit u/s 350 of Companies Act 1956	61155706	29084325
Add: Directors Remuneration	1756356	1937874
Profit as per Section 198	62912062	31022199
Managerial Remuneration allowable @ 11%	6920326	3412442
Managerial Remuneration paid	1756356	1937874

3. 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.

4. 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.

5. 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.

6. 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.

7. 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.

8. The preliminary and share issue expenses are being amortised 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 amortised over a period of 5 years.

9. The Managerial Remuneration has been paid within the limits of Section 198 of Companies Act 1956. Managing Director Rs 306970/-Whole Time Directors Rs.976766/-

10. Contingent liabilities as at 31.3.2008

- The Company has filed a writ petition in Punjab & Haryana High 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.
- Doubtful debts for whom no provision has been made Rs.-4905317/

11. Compliance with Accounting Standard

(i) AS-18 Related party transaction

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

- | | |
|---------------------------|---------------------------------|
| (a) Shri Chaman Lal Setia | Chairman cum Managing Director. |
| (b) Shri Vijay Setia | Executive Director |
| (c) Shri Rajeev Setia | Executive Director |
| (d) Shri Sukarn Setia | Executive Director |
| (e) Shri Ankit Setia | Executive Director |

(I) Remuneration paid to chairman & Managing Director and executive director is Rs 306970/- and Rs976766/- respectively.

(ii) Interest on unsecured loans paid to directors during the year@ 12% p.a is Rs. 13513462/-
The Company has not entered into any transaction with relative of key managerial personnel.

(iii) 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.

EPS = Rs.5.18



(iv) AS-22 Deferred Taxes

In accordance with the accounting standard AS-22 the deferred tax has been accounted for during the year ended 31.03.08. The deferred tax Assets upto 31.03.2001 amounting to Rs 2902273/- has been credited to Revenue Reserve and disclosed separately. The deferred tax liability related to current year is Rs 1030000/- which has been set off against the above said amount.

The deferred taxes has arisen only on account of difference in depreciation allowable under Income Tax Act and as per books.

(iii) AS-19 Segmental Reporting

The Company has only one business segment namely rice. There is no different geographical segment.

12. 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 tranferred to Investor education & protection fund..
13. 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 tonnes per hour are as under:
Amritsar (Leased) 2 MT Rice per hour.
Karnal 6 MT Rice per hour.
The installed capacity is as certified by the management and relied upon by the Auditors, being a technical matter.
14. Stores & Spares are charged to Profit & Loss at time of Purchase and no inventory in respect of these is being maintained.
15. There was no payment exceeding Rs One Lac due to any small scale industrial undertaken.
16. During the year company suffered a loss on account of Forward Booking of US currency against Export proceeds which was not accounted for in the books as the deal was to mature in Sept 2008. The amount of loss is not yet crystallized. This will be accounted for as and when crystallized.
17. 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 :

	31.03.2008	31.03.2007
Licensed Capacity (per hour)	8 MT	8 MT
Installed Capacity (per hour)	8 MT	8 MT
Actual Production (In Qtls)	221388	259371
Quantitative Stocks (In Qtls)		
Opening Stock as at		

<u>01.04.06</u>	<u>01.04.07</u>	<u>31.03.08</u>	<u>31.03.07</u>
130037	102784	117044	102784

Value of Imports calculated on CIF Basis Rs.Nil

(B) Expenditure in Foreign Currency

- (i) Travelling Expenses Rs. 1674355/-
- (ii) Export Commission Rs 5148019/-

(C) Earning in Foreign Exchange

FOB Value of Export Rs.609248265/-

(D) Raw Material Consumed: (In Qtls)

31.03.08		31.03.07	
<u>Quantity</u>	<u>Value</u>	<u>Quantity</u>	<u>Value</u>
346843	917593409	405041	713546020

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



CASH FLOW STATEMENT FOR YEAR ENDING 31.03.2008

	AMOUNT 31.03.08	AMOUNT 31.03.07
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	61155706	29084325
ADJUSTMENT FOR:-		
DEPRECIATION/AMORTISATION	9835467	9398230
INTEREST/DIVIDEND RECEIVED	5609182	1666994
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	76600355	36815561
ADJUSTMENT FOR:		
TRADE AND OTHER RECEIVABLES	-65277774	-52353040
INVENTORIES	-221450591	19686524
TRADE PAYABLES	33395829	-3289525
CASH GENERATED FORM OPERATION	-176732181	859520
DIVIDEND /ADJUSTED	10651000	11375270
DIRECT TAXES PAID	16221784	9076944
CASH FLOW BEFORE EXTRAORDINARY ITEMS	-203604965	-19592694
EXTRAORDINARY ITEMS	0	
NET CASH FROM OPERATING ACTIVITIES:		-19592694
B) CASH FLOW FROM INVESTING ACTIVITIES		
PURCHASE OF FIXED ASSETS	15361310	13788860
SALE OF FIXED ASSETS	0	641024
ISSUE EXPENSES	0	0
PURCHASE OF INVESTMENTS (Net)	0	0
SALE OF INVESTMENTS	638506	2668263
INTEREST RECEIVED	5609182	1666994
DIVIDEND PAID	337150	0
NET CASH USED IN INVESTING ACTIVITIES	-8776472	-8812579
C. CASH FLOW FROM FINANCING ACTIVITIES		
PROCEEDS FROM SHARE CAPITAL	34120	555040
PROCEEDS FROM BORROWINGS	216625591	46338602
REPAYMENT OF FINANCE LEASE LIABILITIES	0	0
NET CASH FROM FINANCING ACTIVITIES	216659711	46893642
NET INCREASE IN CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AS AT 01.04.2007 (OPENING BALANCE)	52450129	33961763
CASH AND CASH EQUIVALENTS AS AT 31.03.2008 (CLOSING BALANCE)	44835739	52450129

For and on behalf of Board

Place : Amritsar
Date : 18.08.2008

CHAMAN LAL SETIA
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, 2008 and 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.

Place : Amritsar
Date : 18.08.2008



Chaman Lal Setia Exports Ltd.

Maharani[®]
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**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	31.03.2008		

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

Public Issue*	0.34	Right Issue	Nil
Bonus Issue	Nil	Private Placement	Nil

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

Total Liabilities	7568.67	Total Assets	7568.67
Source of Funds			
Paid up capital	938.09	Reserve & Surplus	1701.76
Secured Loans	3749.68	Unsecured Loans	1179.13

Application of Funds

Net Fixed Assets	669.58	Investments	6.92
Net Current Assets	6891.99	Misc Expenditure	0.18
Accumulated Losses	Nil		

Performance of the Company (Amount in Rs.lacs)

Turnover	12148.26	Total Expenditure	11535.70
Profit before Tax	611.55	Profit after Tax	501.25
Earnings per shares	Rs. 5.18	Dividend rate %	10%

* 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.

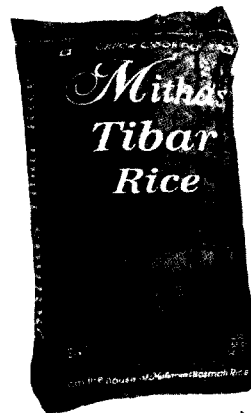
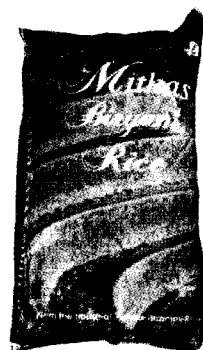
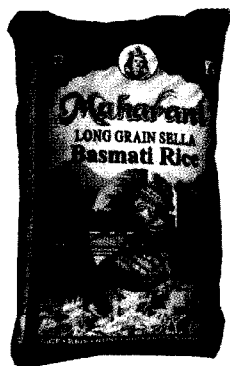
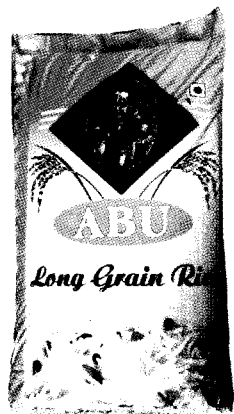
CHAMAN LAL SETIA
CHAIRMAN CUM MANAGING DIRECTOR

FOR RAJESH KAPOOR & CO.
CHARTERED ACCOUNTANTS

RAJIV SETIA
EXECUTIVE DIRECTOR

PLACE : AMRITSAR
DATE : 18.08.2008





Chaman Lal Setia Exports Ltd.

(A Govt. Recognised One Star Export House)

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

Tel : 91-183-2590318, 91-183-2592708, Facsimile : 91-183-2590453, 91-184-2291067

E.mail : setia@jla.vsnl.net.in