



# Chaman Lal Setia Exports Ltd.

(A Govt. Recognised Star Export House)

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ISO 22000 : 2005  
Certified Co.

02.06.2023

To

The Manager,  
Bombay Stock Exchange Limited  
Floor 25, P.J. Towers  
Dalal Street  
Mumbai-400001

The Manager,  
National Stock Exchange of India Limited  
"Exchange Plaza" Plot No. C/1, G. Block  
Bandra-Kurla Complex, Bandra (E)  
Mumbai – 400051

Scrip Code: 530307

Symbol: - CLSEL Series: EQ

Ref :- Chaman Lal Setia Exports Ltd. ("the Company")

Sub :- Transcript of the Analyst/Investor Call Held ON 29.05.2023 :-

Dear Sir,

Pursuant to Regulation 30 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find the attached transcript of the Concall held on 29.05.2023

Thanking You

For Chaman Lal Setia Exports Ltd.

Kanika Nevtia

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Date: 2023.06.02 14:21:35  
+05'30'

(Kanika Nevtia )

Company Secretary & Compliance Report

ACS:-29680

Encl: As above

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“Chaman Lal Setia Exports Limited  
Q4 FY23 Earnings Conference Call”  
May 29, 2023

**MANAGEMENT: MR. VIJAY SETIA – CHAIRMAN AND MANAGING  
DIRECTOR**  
**MR. RAJEEV SETIA – JOINT MANAGING DIRECTOR  
AND CFO**

Ajay Thakur: Should we start sir? Sir, can we start now? Can you put yourself on unmute.

Rajeev Setia: Yes.

Ajay Thakur: Good Morning everyone. On behalf of Anand Rathi Shares and Stock Brokers, I welcome you all for Q4 FY23 and full year FY23 results conference call of Chaman Lal Setia Exports Ltd. From the management side, we have Mr. Vijay Setia, Chairman and Managing Director and Mr. Rajeev Setia, Joint Managing Director of the company. We shall start the call with the opening remarks from the Mr. Vijay Setia and that would be followed by a Q&A session. I shall request Vijay Setia for his opening remarks. Over to you sir.

Vijay Setia: Thank you, Thank you, Sir and I welcome all my investors and the people who are interested in the company. With your support and blessings of all my investors and the blessings of my father, who always give us a right direction to work in earnestly and from best of our ability, so company with the support of our investors is doing well and for the better future of this company, we are working with the professionals and experts, scientists like Ravi Saroj from IIT Kharagpur and Mandira from IIT Delhi. They are working with us now and they are doing lot of R&D on our rice, and we will share all these things with the all the members. So, this will be something very interesting that the new developments which we are doing in the company, they will give our company a very bright future and a different place in the industry. A different with our special works, or I can simply mention in a one word right here our entire storage is insulated. In summer, people loose a lot of weight loss.....

Ajay Thakur: I think we have lost the connection of Mr. Vijay Setia. We shall just wait for him to reconnect.

Rajeev Setia: Anyways, meanwhile, Vijay resumes, I'm Rajiv Setia, I will carry on. At the outset, I Welcome and Thank you everyone for joining this Q4 23 and full year 23 meeting. I'm delighted to announce that we have achieved highest ever growth in the company revenue as well as profitability of the company. The revenue has gone up to 1387 crore and it's 49% up year-to-year from 932 crore in the preceding year. And the sales volume has also grown by 28%. The figures, details are with all investors that has been circulated already and we'll speak more about the future of the company. The coming year we are expecting the prices to come down as the area under cultivation is being expanded. The company you know, with the new generation, they are very aggressive all around. They are participating in every single food exhibition in the world. As an exhibitor, company is participating and Ankit Setia and Sankesh Setia are very regular with the follow up of all customers and they're the real group floaters now, we are no longer. We handle from the back. So, Vijay, you are already there now. Vijay unmute, can you?

Vijay Setia: Yes, yes, I'm here again.

Rajeev Setia: Yeah, Vijay you please come.

Vijay Setia: Okay, I will continue with what where I was. So, I was talking about how my team has able to reduce the broken in our process. This is a big contribution and credit goes to not only to the scientists in my company, it goes to the entire team, which at ground level, work day and night to establish the things. And in a very fair and correct manner, it is always a challenge. Minor, minor adjustments made the thing work finally. Then we have a unique product that brown rice, the process we have developed in our company. The brown rice with all the benefits will cook in 15 minutes. Normal brown rice takes 40 minutes. So, all the good qualities and vitamins are compromised if you are cooking something for a very long time, and the fluffiness is not there, mashy rice. So, we have overcome this problem. Now our rice is fluffy and cooks in 15 minutes and it is healthy rice, and we are developing a new packing, very interesting vacuum packing for this product. And this will definitely do good for the company's economic side also. Then we have ETP solution, effluent treatment plants. All effluent treatment plants, wherever they are used they, they also generate a lot of pollutants. They use electricity, that means from the source electricity is coming, there is some pollution and with the chemicals you are using for the water reclaiming, they also produce lot of residues, which is another problem to how to sort it out. What we have done, we created a unique system, which was recommended for national award in 2001. We further stabilized it and without any electrical use or chemical use, an organic system is developed and where we are doing our factory's waste water cleaning, recharging and environment friendly, environment of putting banana on ash. Nothing can be grown on ash, but we are able to do it because the technology used is doing wonders. This can be shown to all interested people. They are welcome to visit the factory and see the factory. The factory size is now quite big and our silo storage everything is there and our company's everything is on YouTube and with the one click you can visit the factory and see how we are working from a distance. But you are most welcome to visit the factory. It is your factory. Then we created another thing which is unique. We have filed a patent for that also that is zero emission from the factory. When you burn fuels, definitely there will be a problem that smoke and the harmful gases we put into the environment. We created a technology where I took support from Ravi Saroj, he was like my brain and eyes, and we together worked on this project and successfully completed our trial model and then scaled it up and we tried on 12 ton boiler where we are able to clean 100% of the few gases. Investment is small, rather the absorbent will also become a useful product for the factory. Then we worked on the area of dry heat par boiling rice. Dry heat par boiling is a unique technique where rice becomes more fluffy, more soft and gives a better taste and even head grain recovery is better. Drying time is less. Cost of making par boiled rice is less. So, this technology, we further stabilized, we added some process into this. We are cooling and drying, which is a requirement for improving the

reducing the GI of a rice, improving the quality of rice, which becomes suitable for the diabetics which we are marketing all around the world under our main brand Maharani and the credit goes to Sankesh and Ankit. They have travelled all around the world to discuss this product with the potential customers and it is bringing good results to the company, good revenue, good income to the company that is clear on the record now. Then I will say one thing more, that our research to make rice cooking in 2 minutes. You just soak it, after soaking period is over, rice feeling is like it is cooked rice, but the 99% is a feeling of cooked rice, less than 1% feeling it needs a little bit more cooking. So, if you put this rice in a boiling water, it cooks in 2 minutes. We are putting up a new line designed for particular this product, and this will go a big way in the coming time in future. Nowhere in the world such technology exists and definitely we are filing a patent for this also, and we first time sharing with my investors what we are doing and what we are able to achieve for you. Then I will say very interesting area, everybody has a Vitamin D deficiency, not in India, all around. Okay. So, we are working on this area and credit goes to Mandira Kapri, she is from IIT Delhi, PhD and Ravi Saroj and credit to all the directors who gave consent that we should move ahead with this project. We are able to develop rice, which is in an organic way, full of Vitamin D. This is a big achievement, but right now cost is on a higher side. We are working on it to make it affordable so that this produce can be launched at a right time, at a right price to bring glory to the company. Where I see the social side, the social work for the people in the society, the message from my father who was our MD, Shri Chaman Lal Ji, he is not with us, but his blessings and guidance is with us. He started supporting 1200 widows in Amritsar, still that program every month on 7<sup>th</sup> of every month, the kit of wheat and other things is provided to those ladies. Those have not any earning or any family member who can help them. So, this program is still going on. Then on the innovative side and for the social cause, we are working on to develop an organic material as a substitute for pesticides. Pesticides are becoming so harmful. They are in our food chain. They are now in our water chain also. Any groundwater because of fertilizer and pesticides going with the rainwater, the traces of these fertilizers and pesticides are now coming to the groundwater also. So, we are working on those things that pesticides can be reduced and the produce we are getting should be free from or within the tolerance. So, for this project I gave my product to HAU. They did one year trial, and they did it on sugarcane. They politely said that paddy season is, we are delayed to do this and this season they will be working on paddy also. For sugarcane, they have given a wonderful report. It competed with the pesticides. The results they got with the pesticides they got with the organic material supplied by Chamanlal Setia Exports. So, the name of Maharani Rice and the name of Chamanlal Setia it is spreading and it is spreading with its working. What we are doing and what our entire team is doing, what our directors as a team working together and it is really very, I feel proud at this age that the younger generation is taking over everything in a very aggressive way, in a good

way and my good wishes and good feeling for all the investors and my blessings for the younger directors that they will carry forward what we have started and they will bring the best results. So, this is all I want to say technical side of this company. Since I look after only technical parts, so I have covered. Anybody wants to ask anything, I'm open for that question.

Ajay Thakur: Thank you Sir. That was quite interesting and insightful. I shall now request the participants if they have any questions, they can actually, you know, put, raise their hand and can go ahead with the questions. We have the first question from Keshav. I will request the participant to unmute themselves and ask the question, also do mention your fund or you know, if they are coming from certain organizations, if they can actually mention that it will be quite helpful. Thanks, Keshav you are unmuted. You can go ahead with the question. Thanks.

Keshav: Sir, Thank you very much for this opportunity. Sir, if you could just tell us about this current financial year FY24? Sir, what is the expectation in terms of top line as well as margins? Sir, we are doing around 14% margin in the fourth quarter. Do you think that looking at the basmati rice prices and the demand that feedback you're getting from your customers, sir what kind of margins and top line should we expect for FY24?

Rajeev Setia: Vijay, go ahead.

Vijay Setia: You see one thing, I have answered your question when I was addressing, when company has come up with a product like rice suitable for diabetics and which we are marketing all around the world under our brand name Maharani and its demand is increasing, that is giving us a handsome profit. This is one, and other products which like a brown rice cooking in 15 minutes, this will be added support to us. Then our model of working is very important. We are exporting I think more than in 90 countries. So, such a diverse base and around 70%, 60% business is like a retail business, which gives us sufficient profit all the time. Our buyers are small. Someone is buying 5 containers, 10 containers, so they are sticking to this company for last 40 years, 30 years, 20 years, 15 years. So, when I look at this thing, I will say one thing that my company's first buyer, which we started our exports in Singapore is still working with us. So that's why I'm confident that we will maintain healthy profits and healthy business for the future. Thank you.

Keshav: So, in your judgment sir, since past two quarters, we are doing around 50 crore of operating profit or EBIDTA. So, you think that we can continue with this run rate, per quarter?

Vijay Setia: You see, why not higher than that? Why not we think that if we work hard, it should be better than that. Otherwise, you see things depends on the global scenario. Food production and rice contribution, and the demand for gluten free products is increasing. In my line, I'm thinking of adding two more things which

still we are planning to start that is cooked rice, okay, that is retort system, we are planning for that. Another is rice powder, why I am picking up that powder, people are selling their rice powder. There are number of companies, but they have not identified that what variety should be used and what are the benefits from that variety. If you have that science with you, you can do better than your competitors. So, we are confident that we will maintain what we are doing.

Keshav: Sir, also recently news article came up that Kenya has also started growing basmati rice. So, you think that going forward in next 5-7 years, some impact can come or it's irrelevant?

Vijay Setia: No, it is all irrelevant because Kumaran and Sagar is a company appointed by APEDA to take care of all these type of false labels, they take care. It is a GI protected product, immediately Government of India comes into action, and it is not the first thing many countries, many companies tried these things and it is contested and the Indian Government everywhere prevailed and got it in our favor.

Keshav: Sir, one more last thing. Sir, there was again a news article sir, which said that the price differential between basmati rice and common rice in 1940 was 569%, which came down in the 1990s to 153% and now the differential has fallen to 20%, and sir there is a massive shift from basmati acreage and the basmati rice to common rice. So, sir you think that in the next again 5, 7, 10 years, this trend is a threat to the whole industry as well as for us?

Vijay Setia: Okay, you started from a question from, I think 70 years prior, but the data says you see, if we look at basmati, it was guarded by the security guards that was the time, so this was the commodity, then it became on a public domain available, it just started [inaudible] but the yield was less [inaudible]. They have covered the area, with the research and development [inaudible] basmati area, non-basmati varieties have also improved so, but basmati, because last year the good prices farmer received from the industry.

Rajeev Setia: Vijay, you are not audible. Let me continue what you said.

Vijay Setia: Okay.

Rajeev Setia: Let me little bit remind because we all of us looking at the future profitability and future progress of the company. If you recall, Vijay said few times back, dry heat rice, that's kind of a roasted rice he implemented. He produced this rice about 12 to 13 years back, that rice I was selling in the international market at \$200 higher than the conventional rice, but because it was all in-house and whatever he is claiming is for in-house, nothing is bought from outside or unnecessarily capex put on this. It's all in-house done by Mr. Vijay and of course, we support everything. Now, this rice, he is going to start in the coming season and I'm very confident, my team is confident that this rice, as a Maharani brand, we will be putting in all markets of the world and definitely we can get the best result

because it sells in front of the conventional rice, it competes any good brand. This is nutty, good taste rice, which Vijay explained. So, this is something which we'll be doing in every market around the world, wherever our around 400 customers are buying, we're giving samples to everyone. So, half a container, full one container to every single people. And we expect a large and very profitable business from this variety. Vijay will explain if he comes again on the line. Vijay, you are on the line?

Vijay Setia: Yes, yes, I'm there.

Rajeev Setia: Vijay, would you little bit more explain about this rice? It can compete all the conventional, I know the way we were doing.

Vijay Setia: You see, you have to think out of box. You have to do some differently, otherwise for common man rice and rice and his questions are always that why you are making more profits. If you look at entire industry, there are people they might be making higher profit than me in their certain brands, there are people who are making less profit and there are always people who are losing money. It all depends on how you are planning your things, how your team is working for your company, that is all. Thank you.

Keshav: Sir, Thank you very much and best of luck.

Vijay Setia: Thank you.

Ajay Thakur: Thanks Keshav. The next question we have is from the line of Mr. Sanjeev Damani. Sir, you can unmute yourself and ask the question.

Sanjeev Damani: Namaskar Sir. My basic question is to understand in next year, crop prospects, that is our raw material, their pricing, and the international market scenario in view of the fact that we listen, that you know there is recession in Europe and America, so how we are viewing this situation for our trade? On that side, one more thing that many a times government announces relaxation of export of broken rice and sometimes they stop it. So, what are the impact for us and for the industry and for the ethanol industry as to pricing of those broken rice and as you rightly said that you are ensuring that your broken rice production is leased, that means you have higher efficiency while you are processing the rice to get a better yield on a complete rice. So that is appreciated sir. And how we are planning next year, if you can kindly give some light on that? Thank you.

Vijay Setia: Okay. Your first question is regarding the next year crop. The IMD says that less rains, but widespread. Basmati crops needs less water, so area under basmati will in no way going to come down, rather the survey and feedback we are having, the area under basmati varieties will be higher this time, especially in new areas where people were in past not doing the basmati cultivation. So, from the raw material side, I think industry will get sufficient material. Second thing, people are more aggressive, and this effect will remain in the market scenario next year.

The investment in plant and machinery in the rice industry this year is tremendous. Many rice mills are coming into this business. So, I think raw material availability and quality these factors will be taken care. And regarding prices, this is always in the many factors which decide, and they change very quickly. If there is any big tender or big buying from Iraq, Iran, Saudi, Indian market suddenly behaves differently in a very aggressive manner. So, there are other forces which are becoming active for Indian basmati rice. You see, Indian basmati rice has replaced American rice everywhere because we are giving a good quality at a reasonable price. So Indian basmati exports last year, they have also increased by 14%. And what industries views are that this trend will continue for another 2-3 years because of our disturbance in Ukraine and other supply chain disturbances, advantage India and the surplus rice we have for basmati and non-basmati, Indian business will keep growing. Regarding broken rice, broken rice exports are still not very seems profitable. There are two issues, one is the request should be from some government.

- Rajeev Setia: Gambia government has allowed 3.5 lakh ton to Gambia. This is the news today.
- Vijay Setia: Otherwise, they have 20% export tax. That's why, I'm saying that after paying 20% tax, exporting will not be that attractive. So that's my point, and but the way other countries are doing, my views are always different, and I have told the government agencies and authorities that we are exporting broken rice, whereas other countries are making wine and crackers from our broken rice. So why not we should spend more on food processing and agriculture produce which can give better realization to industry and Indian farmers. So, our Indian policies need some review for promotion because we are agriculture industry, 50% of our population is in agriculture to provide jobs, we have to do food processing. If we say we are losing 30% fruits and vegetables or 10 to 12% of food grain in losses, so we can by encouraging the food processing industries, I think these can be a big achievement for this country, for jobs and everything. Thank you.
- Sanjeev Daman: Very nice, sir. And now, regarding pricing in international markets? Sir, that was my another question.
- Vijay Setia: I think in my first answer, I have told one thing that Chaman Lal Setia Exports is exporting in more than 90 countries and wherever we are exporting our main business is dealing with the customers of small medium, that is a major part of our business, which always gives better profit and that depends on our management techniques, on time delivery, quality assurance that's helping us. And since mostly in other countries prices don't fluctuate like India, so their buying power can increase, they can buy more, and our profit will be less affected, rather we will be more benefited by that.
- Sanjeev Damani: Thank you, Sir. Last question Sir, are we going to process more tonnage this year and are we utilizing fully our existing capacities, or will we be needing more capex in days to come?

- Vijay Setia: Yeah, Damani Sahab I will say one thing that I should have put my company's structure, video infrastructure, everything on record. But on YouTube you can visit. You see, we are putting silos, we are putting more warehouses so that the opportunities can be availed for the future and for the profitability of the company. I think I have answered your question.
- Sanjeev Damani: Thank you sir. Thank you very much.
- Rajeev Setia: Mr. Damani, if you simply write Maharani Rice on YouTube, you can visit our factory.
- Sanjeev Damani: Thank you, sir. Thank you very much. I'm satisfied, Sir. And all the best to you sir.
- Rajeev Setia: Thank you.
- Vijay Setia: Thank you.
- Ajay Thakur: Thanks for that. We have our next question from the line of Mr. Somnath Paul from Relay Investment. Sir, you can unmute yourself and ask the question.
- Somnath Paul: Hi, good morning to you Mr. Setia. Sir, I have a few questions. If you can just throw some light. Sir, one is that you mentioned about the new businesses which you and your team are developing. So as a percentage of your business, say FY24 and FY25, how much do you see the business as a percentage of your sales, you expect it to be and on a very high level, what could be the margin differential between say suppose the standard business which you are doing of the basmati versus these? Percentage would be helpful. Thank you.
- Rajeev Setia: Vijay, I'll answer. As regard rice suitable for diabetic is concerned, that is regularly growing, regularly growing and in some parts of the world continent, particularly Africa, it's going very large, which could be 7-8% of our export at this point of time. And the other one out of the new products you said, yes, I can understand quick cooking and rice and a few other inventions that may take some time, but this rice, which I talked earlier also, dry heat rice in the raw form that can make a big deal. That's going to be quite attractive and very quickly move that rice.
- Somnath Paul: Sir. Couple of more questions.
- Rajeev Setia: And of course, profitability is much higher in both these varieties, both these variants.
- Somnath Paul: Sir much would you basically double off your traditional business rough approximately?
- Rajeev Setia: Definitely. Profit wise it is double.

- Vijay Setia: So, it's an interesting area it depends. After all, you cannot put such a price where sales will be affected. It should be always reasonable prices and gradually, gradually we are capturing the market and increasing the profits. So, I think I can say that positive trend will be maintained that I can ensure.
- Rajeev Setia: I would add one thing here just 1-2 years back, particularly in the COVID era, we had never expected even the very well ongoing business we had never expected the kind of profitability we have got in the preceding two quarters. Thank you.
- Somnath Paul: Yeah, so I was also going through the PPT, and I just had some data which probably you could throw some light. Sir, I understand from last March to this March shipping costs are down probably about 50 to 70% generally on any route. But still on an overall EBITDA basis, I see we have gone from 10.2% to 11.5%, right? Although I understand freight costs are also part of your operational costs and also on the same lines, why is it generally Q4, we saw lesser volumes as per the PPT, it is 41,000 metric tons versus 53 kilo metric ton, whereby there was general impetus, lot of demand for growth. So, I mean I am just trying to get some sense or if you can throw some light and similarly how you are seeing Q1 in terms of volume vis-a-vis the last year volumes.
- Rajeev Setia: Vijay, let me answer. As regard because 100% broken was banned in month of September. So, the current quarter had only export of basmati, which has value of 1000 to 1300-1400 dollar starting variant price. And as regard March corresponding March is concerned, we were exporting broken rice also, which had in USD term \$360-370. So, the volume at the low price was too much in the preceding year when we were exporting broken to China. So, this is how this answers your question. The volumes are more in that quarter and in this quarter volumes are less. Yes, our sales are little higher.
- Somnath Paul: Sir, but would that lead us to assume that you have some stock of broken rice as of now and whenever the government allows?
- Rajeev Setia: You see, when we were exporting broken, a stage came when we were selling at a very good margin. We started at 380-385. Then with the competition, it started going down. A stage came when it was almost at break even and we stopped. When the government banned the rice, we had 36 bags in our factory, just 36 bags. Some of the people had huge 5 to 10,000-ton rice. That was horrible because suddenly it was stopped, and the prices had come down by 4-5 rupees and that to the rice was at the ports and then Mr. Setia, my brother and all team helped somehow.
- Vijay Setia: There are two things that are very important, I explain one thing. Because Ankit was leading on this front. He was handling all brokens and he was discussing everything with me and since I was a former president of All India Rice Exporters, so a lot of things he was sharing with me and the feedback I was getting in the industry was that Chinese are now instead of giving a better price,

they are asking for discounts from the people because the market which is looking for the discounts and harassment to the Indian suppliers better avoid this market. So, profits were coming down, so we started keeping only those customers in mind who can give us good price and they were saying that others are getting at a lower price, so, we were holding our sales. And when you raise this question, that's why raise the hand, the government closed exports the day they stopped exports, we were carrying few bags only, only few bags that was really.

Rajeev Setia: Vijay, I have the count 36 so it's.

Vijay Setia: 36 are good. So, I was not repeating that. 36 bags means 10 quintals.

Rajeev Setia: Yeah, it's simply a business wisdom beyond that, nothing.

Vijay Setia: I can say we were lucky. I won't say that we are best judge, no, it is sheer luck also that we were in that position at that time.

Somnath Paul: Sir, you think the EBITDA margins say for H1 FY24 say Q1 which is ongoing in the upcoming quarter you see the trends to improve because obviously it will be a mix of a lot of things?

Vijay Setia: As I have already answered this thing though, rice is a very competitive business, there is no doubt and large number of there are rice exporters, but the model of working is very important. How you are planning, how you are catering your customers, how much you are travelling around, how much is your interaction with your customers and how much they have faith with you. Only one thing I will say the first customer we started in 1978 is still working up with us. He's sitting in Singapore, and I think entire industry visited that buyer, but he is with us. If you are giving on-time delivery, your quality is free from any complaints, so naturally customer that faith is helping us and as I said, our large number of buyers, our large buyer base is also helping us to retain our profits and make our company grow. And I think this trend will be further maintained. We are participating in the trade fairs, we are meeting people, we recently participated in African trade fair. We have participated in a trade fair in Thaifex also. Everywhere where we find that opportunity to contact with the small buyers, good buyers and select people who can continually work with us, they make money, we make money, we work on this principle. So, that means everything matters on time delivery, good packings and your commitment to what you have sold, so this is all helping us to grow and I think that what we have achieved, we are not content with that. We have still that energy with us. We will develop more business for the company and younger generation has taken over, they are doing very well. So that's my view. Thank you.

Somnath Paul: OK, sir, all the best. I'll get back in the queue for more questions, thank you.

Vijay Setia: Thank you.

- Ajay Thakur: Thanks. Our next participant is Mr. Praveen Sharma. Mr. Sharma, you can unmute yourself and ask the question.
- Praveen Sharma: Yeah. Hello sir, am I audible?
- Vijay Setia: Yeah, yeah.
- Praveen Sharma: Yeah. Sir, good afternoon and congratulations for excellent set of numbers. My first question is you know though we anticipate you know yield of rice with acreage of rice will increase, but just in case of El Nino and poor rains, if the cost of raw material increases, how strong is our ability to pass on the prices?
- Rajeev Setia: Vijay, you answer this or I answer?
- Vijay Setia: Yes, I will answer this. First thing I think you missed one line that IMD says that rain will be less, but it will be widespread. So, it is not going to be in previous year that it is raining in certain pockets very heavily and somewhere it is deficient, and average is on a higher side. It is not going to happen this year; this is one thing. Second thing is basmati varieties need less water as compared to non-basmati varieties. Non-basmati varieties transplantation starts around 15th of June and whereas basmati varieties start showing on July 1st week and it continues to the 20th of July and after that rain starts. So, less water is required for basmati varieties. They are compensated by the rains. So, there can be a stress on non-basmati varieties because of high temperature and water requirement, water table going down and government putting pressure for diversification from the water guzzling variety to less water. So, even in Punjab they are promoting basmati. They are telling farmers to shift from non-basmati to basmati. So, I think prices of basmati, paddy raw material are not going to change much in the coming season, and they will remain favourable to the industry and the farmers. Thank you.
- Praveen Sharma: That's nice to hear, sir. My second question is, you know in the last on call, Rajeev Sir said that, you know, we have a very strong marketing channel and very long term relationship with the customers all over the World and you know, there is a possibility wherein we can leverage over this marketing channel in terms of selling other commodities or other food items like pulses, tea, sugar, whatever you know which are in demand in those geographies from those customers. So, where are we on that like we are seriously looking at those initiatives to move on from rice only to other you know items?
- Vijay Setia: I tell you one thing that in government meetings now I'm projecting one thing that why you have made India as a source of raw material supplier why not be the value addition. People are making in out of our rice. People are making crackers from our rice. They are making talcum powders from our rice, and we are selling brokens only what we are doing. So, another problem is why industry is less in this sector of food processing. In India, we start putting taxes on the raw material. No other country puts tax on the raw material, there is market fees, which is a big

nuisance that you put the tax of 4%, 6% in the very beginning, people start thinking of saving the tax this way or that way. So, healthy industry building in such an environment is a challenge. So, that's why you see there is no flour mill industry in Haryana. Haryana is the second largest producer and contributor of wheat to the center pool, but we don't have a flour mill in this sector and the wheat flour which government is selling at the Russian shops is coming from UP flour mills. So, that means directions if comes definitely one can work and definitely in my mind these developments are there and I'm looking into these prospects that what we can do. In past, we have exported small quantity of utensils of aluminum we sent them to Germany and other than that some small things in front of us that we have done, but we are very clear that there should be a reasonable profit for exporting anything. Otherwise, you export, why people are facing problem. My company is working on a principle of cash against documents and whereas most of our competitors, they are working on DA, DA means you are dependent on your buyer when he will send the payment. So, you loose opportunities when you give credit. So, our company is very clear that this money is public money, we have to protect it and our policies are very clear. So, I think that's why we are different and maybe God is kind on us that I will say. Thank you.

Praveen Sharma: Ok, ok. No, I was talking about selling to the existing customers only where we have trust and you know long term relationships?

Vijay Setia: Yeah, we have our these type of relations and we want something if we have to do it should be perfect. I can do wheat, I can do wheat flour, not wheat flour, value added wheat flour.

Praveen Sharma: Yeah, yeah.

Vijay Setia: My team is working where we are worked on Vitamin D enriched rice, we are successful. Our trials are successful, cost is very high. We want to make it affordable. That is the second phase we are working, but side by side we are working for this thing that Vitamin D enrich wheat flour which I not mentioned in the first go but definitely if this company will come with a different product, better product with a particular segment which can support our company with a right price for the product. So, I think we will do definitely something which will be profitable. We are competent, our buyers are willing to, but there is specialized people I see other agro commodities, there are experts, people are you see we don't have our dehydrated fruits here, we are buying it from Thailand, we are getting it from China. Our industry should focus on these areas. People who are into these fields, government should encourage them. What we are doing, I shared all information with the Haryana Chamber of Commerce, All India Rice Exporter Association. I put on their group that Thailand is making talcum powder from rice, maybe talcum powder, what they are making? That is a specialization thing which are needed and definitely your company is looking into these areas

and definitely we will come up with certain new things the next time we will meet, right. Thank you.

Praveen Sharma: My last question is Sir, you know we are, you know, doing a lot of research and development as you mentioned in terms of quick boiling, you know brown rice and soak and cooked kind of rice, you know I think there can be a huge market potential for such thing in India with, you know, going forward into, you know, the people changing habits and healthy eating habits and things like that. So, do you think we would be investing into marketing and developing channels in domestic market also at least for such things which are highly value added in nature?

Vijay Setia: Yes, very true. Once I will be ready, I will be spending on these things, and we have a very clear roadmap for that, and you will see the difference and definitely we will be doing that. As I said about quick cooking brown rice, you see one of my existing customers from Canada, he met me four days ago and he said I have to change my packings now. In the previous rice it was taking 35 minutes and I was writing 35 minutes means in 35 minutes quick cooking brown rice will become halwa, he said halwa. So, I spoke right, he said this will be.

Rajeev Setia: Vijay, Vijay, let me complete your answer. Your question is right. When do you plan to expand in India, conventional rice to market in the conventional business, which is happening we are not interested to burn cash truly speaking but once the products which Vijay has told they will be in production in fine shape, we will definite because these are more revenue and profit generating products. So, we will launch and online sales can be very quickly achieved on these products, quickly. In brown rice and the two minutes like noodle if the rice like that it is a very, very vast market. But other products agro because we have always cash surplus with us that's why I said I have the idea of doing this from Gandhidham. So, right now we are in the preparation stage of everything.

Praveen Sharma: OK, Sir, that's nice to hear and good luck and best wishes for the future.

Vijay Setia: Thank you so very much.

Ajay Thakur: Thank Praveen. Before moving to the question queue, we have one question on the chat box. The question comes from Mr. Rahul Paliwal from Shiva Family Office. I believe the first part of the question has already been answered just now. The question was about, you know, inclination towards moving from B2B to B2C, which I guess both Mr. Rajeev Setia and Mr. Vijay Setia had answered it mostly. We'll move to the second part of the question, which is mentioning about what is your R&D team size and what is the qualification? How much you spend on R&D? Is it some MOU with Food Research institutions or owned by you? Any plan to get into RTE - ready to eat?

Rajeev Setia: Vijay, answer.

Vijay Setia: Ok. This is something regarding the team. I think inventors are sometimes only one person who can do the change in the whole World. If we look at Green Revolution, credit goes to Dr. Swaminathan and the real person behind all research was Dr. Mathur. His name is not known to anybody. He released the 29 varieties in this country with which we were able to remove this hunger from this country. The one thing which I mentioned regarding zero emission from the factory, I have not seen such invention all around the World. 90% credit goes to Ravi Saroj, he is sitting beside me. I will show him on the screen. He is from IIT Kharagpur, a very young and very aggressive chap.

Ravi Saroj: Hello.

Vijay Setia: So, if we talk about this thing, regarding our team, I can say one thing, Ravi is one, Mandira Kapri, she's not in my office today. She is IIT. She is from IIT Kharagpur, and she is my brain. She is working on Vitamin D enrichment of rice and wheat flour. She is expert on mycelium, so she wants to go with that route incubator and fermentation, and she has a lot of projects in her mind where my company will definitely take it forward. Then, we have in our team that daughter is from Delhi. She is doing her PhD under Prime Minister Scholarship Scheme. So, our company is partner in that project, and she is working on oxidation of pesticide residue which I have not mentioned in my first introduction. We have our electrical team, which is expert in automation, 90% of automation in our factory is done by our own team. You call the outsiders they take a lot of time to understand our requirements and percent of their quoted price and we are working with that team. So, you need good leaders in your team and then there are team members to work under their guidance and give the results. So, I think regarding my research R&D team, as I told, for pesticides reduction in the agricultural fields, last year we made our MOU with the HAU. After doing their trials on sugar cane, they gave their results. We were working on paddy, I have some personal agriculture farms where I'm doing organic farming, so I used this product. I did not get any disease without using any pesticides. I'm able to produce my 1-1-2-1 variety without any trouble with a sufficient and equal yield as compared to my neighbours. The people who are using pesticide, they face the problem of neck blast, I did not face that also. Again, we visited IARI in Delhi, Dr. AK Singh, Vice Chancellor cum Director, IARI and Dr. Madam Anupama Chitkara. So, we went there that this is a product which we are working and developing and so far we are freely distributing to the farmers. The government body said that they will do the ring trials and they ask for financial support of 25 lakhs to 50 lakhs for the project. Means if you finish in this period or a number of years, you use, the cost can go like this. I will prefer that from our CSR fund that we should go ahead with this project if we can help our country with this type of alternative for the pesticides, I think it is the best investment than anything else I'm doing in my life. Thank you.

- Ajay Thakur: Thanks sir. We have few more questions in chat box actually. So, just taking one by one. So, the other part of the question from Mr. Rahul Paliwal was about in India still tougher to get your products through platform and mindshare is also lesser compared to Daawat. What is your market share in premium basmati rice overall in exports and domestic side?
- Vijay Setia: Rajeev, you want to answer or I should answer? I think Rajeev is missing.
- Vijay Setia: Ok, I answer. You compared Daawat. They have equally good team and I have very high regards for Kohinoor, Daawat and KRBL. Kohinoor faced some problems because of some internal reasons whatsoever, but on the rice front at one time they were doing very well and maybe some reason unknown I am not aware, but regarding LT, their teamwork is almost on our similar manners like we have people of expertise with us, with a team of working on the R&D doing coming with the new products and LT has invested on their brand with a good quality, continuous supply and I won't make much comments on that, but definitely they are doing good job. Same way this KRBL is doing good business. GRM is doing well. And for my company, I can say my team is not less than any other companies' team. My team is equally hardworking and devoted to the job and that's why we are improving, that's all. And regarding availability of our product, definitely our main markets are export markets and more than 90% of our rice we are exporting outside India. With the new products coming, so definitely we will focus on Indian market also and if you are kicking rice against rice, it's a fight. And if you have a product against rice, you have an edge. So, we will be in the market with the product which brings better revenues and separate segment for our product. Definitely we will do that, and I think the question is very valid. Our rice is available on Amazon and other sites also. So, in domestic market, we are less active as compared to others very rightly pointed and we would definitely be working on this side and hopefully we will be doing better results on this side.
- Rajeev Setia: There was one question flowing on the screen about dividend that we have already recommended 50%, one rupees a share dividend already recommended that will be good.
- Vijay Setia: Good, welcome.
- Ajay Thakur: Ok. Just moving on, there was another question on the chat box by Mr. Sanjay Manyal from ICICI Direct. He's asking about our gross margin. Gross profit margin has come down on both on YOY and sequential basis. Reasons for the same given that we procure three to four months only, is it safe to assume that gross margin will remain low for the next quarters also?
- Rajeev Setia: I will answer. We are selling on CIF basis most of the business and in the preceding year the ocean freight had gone up very, very high 4-time, 5-time, 10 times or so. So that way you know the gross profit, sale price was high vis-à-vis

our incoming purchases. Ultimately, that goes in the profit and loss account, and then it waits, but GP was high, but that's why now the ocean freights are coming down and the GP is lower. That is the answer. But overall we are running more.

Ajay Thakur: Understand. Sir, the next question is from the line of Mahesh, he has put on the chat box. Question is kindly advise on revenue projection for FY24 any drop in revenue expected post Ramadan in next two quarters. This is the first part of the question.

Rajeev Setia: Because it's the new year beginning and the prices were very high all these days when Ramadan buying was going on and subsequently they have come down. When the prices are coming down, people watch for some time and then again come up for the buy. So, the business as usual will happen and as we have repeatedly explained, we have very spread risk so many countries, so many buyers, sometimes we don't know from which country suddenly demand comes, which country suddenly it's come down, but in all, it helps our business. That's the way of business.

Ajay Thakur: Understand. The second part of the question is there has been a dip in gross margin this quarter. Any reasons for this and also guidance for margins for this year FY24?

Rajeev Setia: You see, whenever, because we expect, Vijay has said that the prices will be reasonable high or reasonable, but the kind of my survey I did yesterday, I talked to the scientist also how much seed is sold, the farmer is grabbing seeds. I talked Punjab, the state government is pushing the farmer to grow basmati. Whenever the prices at the point of purchase of raw material are low, which we are expecting, the profitability in any case goes up. So, this is what we expect in the coming season. Yes, this is a little slow period, but still very good company is doing wonderful.

Ajay Thakur: Sir, one more question on the chat box from Rishikesh. He's asking contribution of Maharani in total revenue for FY23 and what is the target for the same over the next 2-3 years?

Rajeev Setia: One thing the Maharani suitable for diabetic is doing very good as regard to overall sales is concerned because that gives better profit also. And being an exclusive and product with validation because some people are competing, but their claims are not validated, we have produced in a way Vijay has explained low GI, low glycemic index and our claim is validated by Sydney University, so we can share the links also and so it's growing very much this side and other conventional rice is selling, yes, but overall it is around 10%-12% of the total sales. In domestic, it's all our own brand international, although Maharani is in 40 or 41 countries but somewhere sales are slow. We'll improve once I told the rice I am expecting from Vijay, every day, tell we have to give this dry heat rice. I did very well in that rice in the past, I have experience and that's it.

- Ajay Thakur: Sure sir. Sir, there was a general announcement that we wanted to make if anybody who wishes to visit the Karnal Facility of Mr. Chaman Lal Setia. There has been a link which has been shared in the last page of the investor presentation. Anyone who wishes to be part of the visit, can actually go and click on the link and can participate for the visit. We have another question from Mr. Somnath Paul from Relay Investments. Mr. Somnath, you can unmute and ask your question.
- Somnath Paul: Sir, I think most of the questions have been answered. This is just a general understanding of the rice industry. Japan is a big market and as I understand from industry people, so a lot of products Japan are trying to diversify from China as their sourcing partner. So, I know Japan considers Japonica Rice or the goodness rice. So, can you throw some light on have you tried doing that or as a market because India doesn't do too much of it, can you throw some light?
- Rajeev Setia: Yeah, we have exported to Japan in the past. Now, Sankesh is going in three days to Japan. He has meeting with 2-3 companies, and we expect resume of the business because nobody went to Japan from the company. Yes, Vijay visited, but so many years back that worked with the association. So, we expect something to start from Japan.
- Somnath Paul: But would it be general basmati rice for the Indian and the other people staying there or is it more like a traditional variety which is more larger in volumes like consumed by the entire country?
- Rajeev Setia: Actually, you see over Indian community is all around. They and Pakistani Indian or oriental people of Afghan, Iran, Iraq origin, they eat rice, but you see in every single restaurant boiled rice is given. In Europe I have seen all along in all restaurants. So, the Indian food is getting publicity, is going on, coming up more.
- Vijay Setia: Rajeev, I answer something. I just understood that Japan market, I will say one thing Japanese eating habits are different from us. They prefer sticky rice, so Japan won't be a big market for India. I have visited Japan when from India basmati rice exports were started. They don't like aroma in the rice first thing, they like sticky rice. They use making for their sushi and other things. They use chopsticks. So, there is a difference what we are eating and what type of rice they are eating. Going to Japan is getting technology and a very small business of rice, definitely this much is opportunity, and it may in future Japan, if their eating habits change, then it is possible. This is such a community when they were in a short of rice supplies, government of Japan under some government treaties or some reasons they imported some rice from Thailand. The consumers were forced to take one Japanese and one Thai pouch from the government sales or their sales system. After buying, they were dropping one back that was Thai rice and they were taking their Japanese rice.
- Rajeev Setia: Nationalism.

- Vijay Setia: Nationalism is too much, so that's about that country, but we have exported rice to Japan to Hitachi Corporation in the past, but it was small quantities and again we will try to revive. Because they were also investing on basmati somewhere, we can make market in our Japan areas and I think they could not make much, but there are small quantities exported to Japan and we will try for that. Thank you.
- Somnath Paul: Great point sir. Very, very insightful. Thank you.
- Ajay Thakur: Thanks. We have another question from Sangui Investment. They are asking Sir, any buyback plans as our share is trading at a deep discount to peers?
- Vijay Setia: I think it is free floating and we don't have as any such plan of buying or selling and definitely our main focus is on that how we can develop our company to a next level, what more can be added to the company's work culture and systems so that we can improve our presence in the global market in a more stronger way, that is our plan right now. Thank you, Sir.
- Ajay Thakur: Ok. And before we close actually, so there is one part of the question from Mr. Rahul Paliwal. He's asking for the link just to inform every participant that the link is shared in the last page of the presentation, they can go to the presentation and can click on the link provided in the presentation for the planned visit. Thanks. Sir, on behalf of Anand Rathi, I would like to thank you both, Mr. Vijay Setia and Rajeev Setia from Chaman Lal Setia Exports Limited for giving us the opportunity to host for the call and sharing your views on Q4 FY23 and full year FY23 results highlight and also you know they share on views on the industry overall. Thanks for giving us the opportunity on behalf of both.
- Vijay Setia: Thank you very much everybody.
- Rajeev Setia: Thank you very much for sparing their time. Thank you.
- Ajay Thakur: Thanks sir. On behalf of Anand Rathi and Chaman Lal Setia Exports Limited.
- Vijay Setia: [Inaudible] Thanks for raising a very valuable question and which are enlightening to me and to my team also. I'm thankful to everybody. Thank you very much. Jai Hind.
- Ajay Thakur: Thanks sir. Thanks everyone for your participation. We would like to end the call now. Thanks.

(This document has been edited for readability purpose)

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