

## MarketMarvels Analysts

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### Research Report

**Scrip : Chamanlal Setia Exports Ltd. Risk :**

**Date :** 21/April/2026

**ISIN :** INE419D01026



**Call:** Buy (@CMP ₹277 )

**NSE :** CLSEL

**BSE :** 530307

**Margin of Safety:**+11.90%

#### About the company :

Chaman Lal Setia Exports Limited (CLSEL) was established in 1974 by the late Mr. Chaman Lal Setia. It was subsequently converted into a partnership firm in 1983 and later reconstituted as a public limited company in 1994. The company was listed on the Bombay Stock Exchange in 1995 and later on the National Stock Exchange in 2021 [1]. It is primarily engaged in the milling and processing of basmati rice. Having commenced export operations in 1982, the company was recognized as an export house by the Ministry of Commerce in 1989 and currently holds the status of a 'Star Export House'. Today, it exports to over 90 countries across Europe,

the Middle East, the Americas, Asia, and other regions.

The company operates a manufacturing facility in Karnal, Haryana, with an installed capacity of 12 metric tonnes per hour. This facility is a modern, fully automated rice processing unit. In addition, the company has grading and sorting units in Karnal (Haryana) and Kandla (Gujarat). It undertakes in-house rice processing using parboiled, raw, and steam techniques with advanced equipment to preserve the grain's physical characteristics, aroma, and taste. Its flagship brand is 'Maharani', supported by other basmati brands such as 'Mithas' and 'Begum'. The company also markets non-basmati rice under the 'Green World Aromatic Rice' brand and offers value-added

and specialty products including 'Maharani Diabetics Rice', 'Basmati Rice Plus', and organic variants like 'Maharani Brown Basmati Rice'.

### **Business Outlook:**

According to the latest projections by the International Monetary Fund, global economic growth is expected to moderate in the near term, declining from an estimated 3.3% in 2024 to 2.8% in 2025, before recovering to 3% in 2026. These figures are lower than those presented in the January 2025 World Economic Outlook Update, with downward revisions of 0.5 percentage points for 2025 and 0.3 percentage points for 2026 across most economies. Growth in advanced economies is projected to slow from 1.8% in 2024 to 1.4% in 2025, with a slight improvement to 1.5% in 2026 [1]. This slowdown reflects rising tariff barriers, heightened policy uncertainty, and weakening international cooperation. Although global inflation is expected to ease, the pace of decline may be slower than previously anticipated. Downside risks, including trade tensions and financial market volatility, continue to weigh on the outlook. Inflation is projected to moderate across most regions, except in the United States, where tariff measures may push consumer

prices higher, potentially peaking in the third quarter. Central banks are likely to respond to weaker growth and easing inflation with rate cuts, while the United States may maintain steady interest rates until March 2026. Meanwhile, governments in the U.S., Europe, and China are expected to increase fiscal spending to support growth, potentially leading to higher fiscal deficits [2].

Rice remains one of the most vital food crops globally and serves as a staple for nearly half of the world's population. More than 90% of global rice production and consumption is concentrated in Asia, where leading producers such as China and India are also the largest consumers. India contributes over 22% of global rice production, supported by approximately 48 million hectares of cultivated area. Favorable climatic conditions have positioned India as the second-largest rice-producing nation worldwide. The country accounts for around 25% of global production and nearly 40% of global rice exports, with about 16% of its domestic output being exported. India is expected to further strengthen its dominance in the global rice market during 2025–26, with projected exports of 24 million tonnes, capturing close to 40% of global trade.

During the financial year 2024–25, India's basmati rice exports reached approximately 60.65 lakh metric tonnes, reflecting a 15.7% year-on-year growth in volume. Saudi Arabia emerged as the largest importer. The total export value increased by ₹1,923 crore, reaching approximately USD 12.95 billion [1]. Key export destinations included Saudi Arabia, Iraq, the United Arab Emirates, and the United States, with the Middle East remaining the dominant market. Strong performance was driven by favorable monsoon conditions and higher production, although the final quarter faced challenges due to geopolitical tensions and potential trade disruptions, including the proposed 25% tariff on Indian goods by Donald Trump. Despite these headwinds, India retained its position as the world's leading basmati rice exporter, expanding its presence to over 154 countries. Saudi Arabia remained the largest importer by both volume and value, purchasing 11.73 lakh metric tonnes valued at ₹10,190.73 crore. India accounts for nearly 85% of global basmati exports, with basmati contributing approximately 37% of total rice exports by volume and 60% by value. Overall, nearly 60% of India's basmati rice production is exported to close to 90 countries worldwide[2].

## **Financial Analysis :**

The financial analysis is derived from the company's annual report for the financial year 2024–2025 [3]. During the year, total consolidated revenue stood at ₹1,503.93 crore, reflecting a 10.94% year-on-year (YoY) growth, while operating costs declined significantly by 21.75% YoY. Employee expenses increased to ₹1.87 crore, marking a 5.83% YoY rise. Despite revenue growth and lower operating costs, net profit declined by 11.03% YoY to ₹102.87 crore, accompanied by a corresponding contraction in net profit margin. This decline in profitability can be attributed primarily to higher purchases of stock-in-trade, along with a positive change in inventory levels, both of which exerted pressure on margins.

Working capital days remained at an optimal level of 157.26 days, indicating effective working capital management by the company. Although trade receivables increased by 14.44%, the management addressed the auditor's observations by writing off disputed receivables from the balance sheet, as illustrated in Figure 1.

## 22. STATUTORY AUDITOR AND THEIR REPORT:

As per Section 139 of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014, the Members of the Company had approved the appointment of M/s. Rajesh Kapoor & Co., Chartered Accountants [Firm registration number: 013527N] as statutory auditors of the Company at the 28th Annual General Meeting (AGM) of the Company for a term of five years, which is valid till the conclusion of 33rd AGM of the Company.

The Statutory Auditor has given a confirmation that he is eligible to continue with his appointment and he is not disqualified in any manner from continuing as Statutory Auditor.

The Statutory Auditor has confirmed that he satisfies the independence criteria as required under the Act. The Report given by Rajesh Kapoor & Co., Chartered Accountants, on the financial statements of the Company for the year 2025 is part of the Annual Report. The Statutory Auditor has Qualified its Report for not writing Off Disputed Trade Receivables - Considered Doubtful amounting To Rs 251.55 Lacs .Not Writing Back Non Disputed Trade Payables Amounting to Rs 16.53 Lacs both long Outstanding. Further qualification has also been given to the effect of not providing Interest payable to MSME Amounting to Rs 6.23 Lacs .

Your Directors Confirm that the amount pertaining to Doubtful Trade Receivables to the extent of Rs 122.32 lacs has already been Written off in the Books of Account on or before the Date of this Report and Further the balance amount will be either written off or provided for after considering the facts and Circumstances of each individual Case and taking in account Other legal aspect Further Submitted undisputed Trade Payable which are long Outstanding amounting to Rs 16.53 will be written back in the ensuing Year.Further as regard not providing for MSME Interest of Rs 6.27 In Lacs, Your Director confirmed same will be Paid as when Demanded!

	10-year CAGR(%)
Revenue	11.46%
PAT	18.09%
Total Equity	24.86%

**Table 1 :** The CAGR of revenue, PAT and Total Equity from 2015 to 2025

**Figure 1.** Screenshot from the Annual Report 2024-2025.

A current ratio of 9.93 reflects strong liquidity and efficient short-term financial management. The company increased its non-current borrowings by 6.41% (10.37% YoY), while significantly reducing current borrowings by 48.56% YoY, indicating a strategic shift toward long-term financing.

Total equity stood at ₹733.27 crore, registering a 2.70% YoY increase. A Return on Equity (RoE) of 14.03%, coupled with a Sustainable Growth Rate (SGR) of 0.38%, suggests steady internal growth supported by efficient capital utilization.

### Management Analysis :

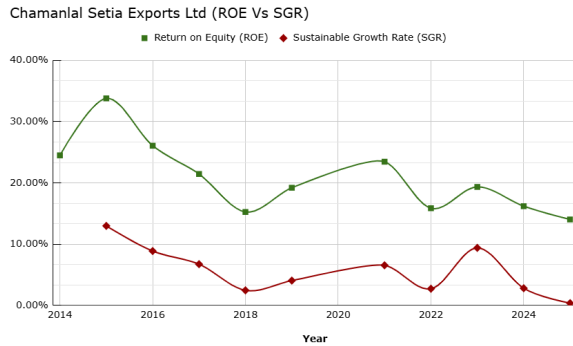
The management evaluation of CLSEL, based on financial data from 2015 to 2025 [4], highlights the company's consistent focus on enhancing shareholder value. As presented in **Table 1**, both revenue and net profit have demonstrated steady growth throughout the period.

Over the past decade, the company has delivered steady growth, with revenue increasing at a compound annual growth rate (CAGR) of 11.46% and profit after tax growing at a higher CAGR of 18.09%. Shareholders' equity has expanded at a robust CAGR of 24.86%, indicating consistent value creation. This growth has been supported by the management through strategic and well-planned capital expenditure aimed at scaling operations. Additionally, the company has undertaken share buybacks from the open market, resulting in an increase in promoter shareholding to 74.05%, which reflects strong management confidence in the business fundamentals.

Over the past decade, return on equity (ROE) has remained over 14% each year, while the sustainable growth rate (SGR) has stayed consistently positive, as illustrated in **Chart 1**.

In view of the management's strong working capital discipline and its

capability to deliver long-term value creation, a multiple of 20 has been assigned to management quality, which will be applied in the subsequent business evaluation.



**Chart 1 :** Return on Equity (ROE) and Sustainable Growth Rate (SGR) comparison between the financial year 2015 and 2025.

## Risk Considerations :

While the business is exposed to general operating risks such as fluctuations in raw material costs and broader macroeconomic factors, it also faces certain specific risks unique to its structure and operations:

### 1. Concentrated governance:

The company is predominantly managed by the Setia family, with a majority of board members belonging to the same family and the CFO also being part of the promoter group. Such concentration of control may lead to governance challenges over time. If not managed

effectively, internal family disputes could escalate into legal conflicts, potentially disrupting board functioning. Additionally, the company's operations appear to rely significantly on the business relationships of a single family member, increasing key-person dependency. Highly concentrated family ownership, if not governed prudently, can adversely impact long-term value creation.

2. **Geopolitical exposure:** Being an export-oriented business, the company is particularly vulnerable to geopolitical developments such as trade conflicts, tariff impositions, or international tensions (for example, U.S.–Iran relations). While such factors affect the broader economy, export-driven businesses tend to experience a more pronounced impact on both operations and cost structures.

## Business Evaluation :

Chamanlal Setia Exports Ltd (CLSEL) has a market capitalization of ₹1379.63 crore, with its shares trading at ₹277, classifying it as a **small-cap company** [5]. For FY 2024–25, CLSEL reported

consolidated revenue of ₹1,503.93 crore, translating into a market capitalization of 0.92 times its revenue, as shown in **Table 2**.

Although the company has delivered a revenue CAGR of 11.46% and maintains a Sustainable Growth Rate (SGR) of 0.38%, the current valuation appears below relative to its revenue base, indicating undervaluation by the market.

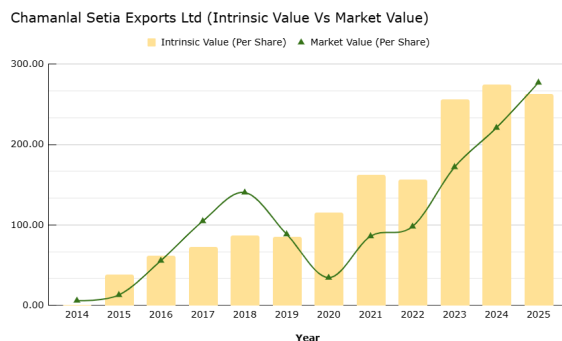
	Value
<b>Market Capital To Total Revenue</b>	0.92
<b>Graham Number (Intrinsic Value)</b>	262.00
<b>Margin of Safety</b>	11.90%
<b>Sustainable Growth Rate</b>	0.38%

**Table 2** : Valuation Parameters

Based on the analysis of net profit and book value, the intrinsic value of the company is estimated at ₹262.00 per share. After factoring in a 20% premium for management quality [6], the fair value of the business is derived at approximately ₹314.41 per share.

At the current market price of ₹277 per share, the stock reflects a **margin of safety of +11.90%**. Given the decade-long shareholders' equity growth of 24.86% CAGR, the

company appears significantly undervalued at current market levels. Accordingly, we recommend a **BUY** at the prevailing price. Investors with a higher risk appetite and a long-term investment horizon may consider accumulating the stock on meaningful price corrections below the current market levels.



**Chart 2.** Intrinsic Value Vs Market Value of CLSEL

The adjacent **Chart 2** illustrates the changes in CLSEL's intrinsic value compared to its market capitalization. The company's market capitalization remained undervalued for many years.

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## Notes:

[1] Source : Chamanlal Setia Exports Ltd annual report 2024-2025.

[2] Source : Annual Reports of the peer companies in the Industry.

[3] The financial analysis is based completely on the financial statements of the company for the financial year 2023-24. The past and the future expected financials are considered to be irrelevant in the financial analysis by MarketMarvels Analysts.

[4] The management analysis is based completely on the past financials of the business. MarketMarvels Analysts believe that the past financial management of the business reflects the management capabilities in managing the business.

[5] The categorization of a company into micro cap, small cap, mid cap and large cap is based on the market capital : less than ₹500 crore, ₹500 crore - ₹5,000 crore, ₹5,000 crore - ₹50,000 crore, and more than ₹50,000 crore, respectively.

[6] The business valuation keeps changing with the financials and the management behavior. The margin that we added to the fair value is based on our views and/or assumptions. The margin can be different for different analysts.

## Disclosures :

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4. Received any compensation for products or services from the subject company;
5. Received any compensation or other benefits from the Subject Company or 3rd party in connection
6. Served as an officer, director or employee of the subject company;
7. Been engaged in market making activity of the subject company.

8. Also, the subject company was not a client of the Company during twelve months preceding the date of report.

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4. Several paragraphs of the report have been rephrased using AI tools like ChatGPT to enhance the quality of reporting.
5. For any queries on the research report, please contact [help@marketmarvels.in](mailto:help@marketmarvels.in)

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