



# SAKUMA EXPORTS LIMITED

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3<sup>rd</sup>

Annual Report  
2007 - 2008

## SAKUMA EXPORTS LIMITED

### BOARD OF DIRECTORS

Chander Mohan - Chairman  
 Ashok Kumar Doda  
 Radhe Shyam  
 Satyendra J Sonar  
 Shipra Mediratta  
 Saurabh Malhotra - Managing Director

### AUDITORS

Mittal & Associates,  
 Chartered Accountants  
 105, M K Bhavan,  
 300 Shahid Bhagat Singh Marg,  
 Fort, Mumbai 400 001.

### BANKERS

Corporation Bank  
 Overseas Branch,  
 Earnest House,  
 Nariman Point,  
 Mumbai - 400 021.

### REGISTERED OFFICE

17, Chemox House,  
 7, Barrack Road,  
 Bombay Hospital Lane,  
 New Marine Lines,  
 Mumbai - 400 020.

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## NOTICE

**NOTICE** is hereby given that the Third Annual General Meeting of the members of **SAKUMA EXPORTS LTD.** will be held on Wednesday, 20<sup>th</sup> August, 2008 at "WALCHAND HIRACHAND HALL", 4<sup>TH</sup> Floor, Indian Merchants' Chamber, Indian Merchants' Chamber Marg, Churchgate Mumbai-400 020 at 4.00 P.M. to transact the following business:

### Ordinary Business

1. To receive, consider and adopt the Balance Sheet as at 31st March 2008, Profit & Loss Account for the year ended as on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Satyendra Sonar, who retires by rotation and being eligible, offers him-self for re-appointment.
3. To declare dividend.
4. To appoint Auditors of the Company and fix their remuneration.

**BY ORDER OF THE BOARD**  
**For Sakuma Exports Ltd.**

SD/-  
(Saurabh Malhotra)  
Managing Director

**DATED: 23rd June, 2008**

### Registered Office:

17, Chemox House, 7, Barrack Road,  
Bombay Hospital Lane,  
New Marine Lines, Mumbai-400 020

### NOTES

- 1) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE MEETING.**
- 2) Explanatory Statement pursuant to the provisions of Section 173 of the Companies Act, 1956 is not required to be attached.
- 3) The Register of Members and share transfer books shall remain closed from Thursday, 14<sup>th</sup> August 2008 to Wednesday, 20<sup>th</sup> August 2008 both days inclusive.
- 4) The dividend, after declaration, will be paid to those shareholders whose name stand on the Register of Members on 20<sup>th</sup> August 2008. The dividend in respect of shares held in electronic form will be paid to the beneficial owners of shares whose names appear in the list furnished by the Depositories for this purpose as on 20<sup>th</sup> August 2008.
- 5) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Services (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities, the Company will print the bank account details, if available, on the payment instrument for distribution of dividend.
- 6) As per the provisions of the Companies Act, 1956 facility for making nominations is available for shareholders, in respect of the shares held by them. Nomination forms can be obtained from Depository Participants (DPs) in respect of their holdings in electronic form and from the company's Registrar and Transfer agent or Secretarial department of the company in respect of their holding in physical form.
- 7) Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and to the Secretarial department at the Registered Office of the company or to the Registrar and Transfer Agents in respect of their holding in physical form.

**SAKUMA EXPORTS LIMITED**

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- 8) As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies of the Annual Report.
- 9) Members who hold the shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the Meeting.
- 10) Members desiring any relevant information on the Accounts at the Annual General Meeting are advised to write to the Company at least seven days in advance, so as to enable the company to keep the information ready.
- 11) Pursuant to the provisions of Sections 205A and 205C of the Companies Act, 1956, dividend for the financial year March 31, 2006 and dividends declared thereafter, which remain unclaimed for a period of seven years, will be transferred by the Company to the IEPF pursuant to Section 205C of the Companies Act, 1956.

Financial Year	Date of Declaration of Dividend	Last Date of claiming un- paid Dividend
Final Dividend 2005- 2006	26.07.2006	31.08.2013
Final Dividend 2006- 2007	09.07.2007	14.08.2014





## DIRECTORS' REPORT

At the outset, your directors take pleasure in informing the members that based on performance of your company it has been granted status of **"Trading House"** in June 2008 by Government of India. Your Directors hereby present their Third Annual Report on the business and operations of your Company together with audited statement of accounts for the year ended 31<sup>st</sup> March 2008.

### Financial Highlights

#### FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2008 Rs. (in lacs)

	Year Ended 31.03.2008	Year Ended 31.03.2007
Sales & Other Income	59365.79	24080.30
Profit before depreciation & Tax	724.65	408.53
Depreciation	66.88	4.05
Profit before Tax	657.77	404.48
<b>Provision for Tax</b>		
-Current Tax (including FBT)	94.71	139.52
- Deferred Tax	130.08	(1.59)
- Income tax of earlier years	0.00	(0.11)
Net Profit after tax	432.98	266.66
Add: Surplus brought forward from previous period	412.92	299.38
<b>Profit Available for Appropriation</b>	845.90	566.04
<b>Appropriation</b>		
Dividend on Equity Shares	82.13	80.88
Dividend on Preference Shares	50.00	50.00
Dividend Tax	22.46	22.24
<b>Balance carried to Balance Sheet</b>	<b>691.31</b>	<b>412.92</b>

### Operations Review and Future Prospects

Your Directors are happy to report, that despite steep increase in prices of agricultural commodities, market uncertainties, volatility in forex markets and ban on exports of several agricultural commodities imposed by the Government of India, your company achieved sales turnover of Rs. 588.54Crores as against Rs.238.51Crores in the preceding year. The net profit for the year improved from Rs.266.66 Lacs in 2006 -07 to Rs.432.98 Lacs in 2007 -08. The EPS for the year worked out to Rs.2.30 as against Rs. 1.28 for the preceding year.

During the year 2007 – 08, not only the adversities of 2006 – 07 continued but the same became more intense. The Government of India, to curb increasing inflation, further widened the scope of ban on export of agricultural commodities. The forex rates also continued to be volatile and domestic prices continued to increase putting severe pressure on margins. The last quarter of the year witnessed sharp increase in the domestic prices of sugar and as a result some of our suppliers defaulted in meeting their commitments.

Owing to ban on several agricultural commodities your company had limited options. Sharp increase in prices of oil seeds and food grains led to squeeze in the margins on export of peanut and maize. As such, there was decline in our export of these commodities. The focus during the year was on export of sugar because the country had surplus sugar stocks and the Central Government and Government of Maharashtra supported export of sugar by way of subsidies and incentives. Also the export of sugar was brought under OGL by the Government of India. During the year your company exported 4,60,687 metric tons of sugar of value of Rs.521.40 Crores and continued to be a leading player in export of sugar.

## SAKUMA EXPORTS LIMITED

Presently, the focus of your company is on export of sugar and hopes to continue the same in the current year. However, efforts are being made to improve our margins by cutting costs of logistics wherever possible and identifying new clients/markets for this purpose. Efforts are also being made to improve export of a few other permissible agri- commodities like Maize, De-Oiled Cake, etc.,

The two wind mills, for which orders were placed by your company with Suzlon, on turnkey basis, were commissioned during the year. While one windmill was commissioned in September 2007, the second was commissioned in November 2007. Full impact of income generation from these wind mills will be available from 2008 – 09 onwards.

### Capital Structure

During the year, the Company issued 2,49,170 Equity Shares of Rs. 10/- each at a premium of Rs.3/- per share against Optional Detachable Tradeable Warrants. The Company has secured the listing and trading permission from BSE and NSE for these shares, except those shares for which d-mat accounts have been frozen by NSDL/CDSL. There has been no other change in the capital structure.

### Dividend

Your Directors recommend for the consideration of the members a dividend of 5% i.e Rs.0.50 per equity share and 5% i.e. Rs.5.00 per Cumulative Redeemable Preference Share.

### Public Deposits

The company has neither invited nor accepted any public deposits during the period under review.

### Directors

Mr. Satyendra Sonar, Non-Executive Independent Director retires by rotation and being eligible, offers himself for re-appointment.

### Directors' Responsibility Statement

Pursuant to section 217 (2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that

- (i) In the preparation of the annual accounts for the financial year ended March 31, 2008, all the applicable accounting standards have been followed along with proper explanations relating to material departures.
- (ii) Appropriate accounting policies have been selected and applied consistently, and made judgments and estimates that are reasonable and prudent so as to give a true and 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; and
- (iv) The annual accounts have been prepared on a 'going concern' basis.

The above statements have been noted by the Audit Committee at its meeting held on **23<sup>rd</sup> June 2008**.

### Auditors

M/s. Mittal & Associates, Chartered Accountants have been the auditors of the Company since inception. In accordance with corporate governance requirements, they have agreed to step down as Statutory Auditors for the financial year 2008-09. The Audit Committee of the board has recommended M/s Dilip S. Mehta & Co. as Auditors for the year 2008-09. M/s Dilip S. Mehta. & Co have confirmed their eligibility and willingness to act as Auditors of the Company. The remuneration will be finalized by the board of directors.



## Corporate Governance

A Report on the Corporate Governance Code along with a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as also the Management Discussion and Analysis Report, stipulated under Clause 49 of the Listing Agreements are annexed to this Report.

## Conservation of Energy, Research & Development, Technology Absorption, Foreign Exchange Earning and Outgo.

In pursuance of the provisions of section 217(2)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988, the particulars relating to conservation of energy, technology absorption and foreign exchange earning and outgo are given below:

### A. Conservation of Energy

The operations of the Company are not energy intensive. However, wherever possible the Company strives to curtail the consumption of energy on continued basis.

### B. Technology absorption, adaptation and innovation

Not Applicable.

### C. Foreign Exchange Earning and Outgo

Foreign Exchange **Earned: Rs.51396.34(in lacs)**

**Outgo : Rs. 1307.52(in lacs)**

## Particulars of Employees

The provision of section 217(2A) of the Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 are not applicable to your company since none of the employee is employed on a remuneration of Rs.2, 00,000/- P.M or Rs.24, 00,000/ P.A.

## Acknowledgements

The Directors take pleasure in thanking the Company's business associates/ customers, vendors and bankers for their continued support. The Directors also acknowledge the appreciation of the sincere efforts, contribution and cooperation of the employees.

**For and on behalf of the Board of Directors**

Mumbai  
Date: June 23, 2008

SD/-  
**(Chander Mohan )**  
Chairman



**SAKUMA EXPORTS LIMITED****CORPORATE GOVERNANCE REPORT**

(Report on Corporate Governance pursuant to clause 49 of the listing agreements entered in to with the Exchanges)

The Company's philosophy, since its inception, has been to adopt good Corporate Governance as a way of life, observing the highest level of ethics in all its dealings and maintaining fair and transparent governance.

The Company has complied with the Corporate Governance Code and the disclosure requirements of which are given below:

**Board of Directors**

- (i) **Board Composition:** At present, the Board consists of 6 members, of which 4 are Non-Executive Directors.

The composition and category of Directors on the Board of the Company are:

**Executive Directors (33.33%)**

Name	Designation	Relationship With Other Directors
Mr. Chander Mohan	Chairman & Whole Time Director	Father of Mr. Saurabh Malhotra and Ms. Shipra Mediratta
Mr. Saurabh Malhotra	Managing Director	Son of Mr. Chander Mohan and brother of Ms Shipra Mediratta

**Non-Executive Directors (66.67%)**

Name	Designation	Relationship With Other Directors
Ms. Shipra Mediratta	Non-Independent	Daughter of Mr. Chander Mohan and sister of Mr Saurabh Malhotra
Mr. Ashok Kumar Doda	Independent Director	Not Related
Mr. Radhe Shyam	Independent Director	Not Related
Mr. Satyendra J Sonar	Independent Director	Not Related

- (ii) **Board Meetings:** The Board of the Company held 9 meetings during 2007-08. The meetings were held on 30th April, 2007, 31st May, 2007, 10th July, 2007, 30th July, 2007, 28th September, 2007, 30th October, 2007, 17th November, 2007, 28th January, 2008 and 28th March, 2008.
- (iii) **Attendance of Directors:** The overall attendance of Directors was 92.59% and at the Annual General Meeting 83.33%.

**Attendance of Directors at the Board Meetings held during 2007-08 and the last Annual General Meeting**

Directors	Meeting held during the tenure of Directors	Meetings attended	Attendance at the last AGM
Mr. Chander Mohan	9	8	Present
Mr. Saurabh Malhotra	9	9	Present
Ms. Shipra Mediratta	9	9	Present
Mr. Ashok Kumar Doda	9	8	Present
Mr. Radhe Shyam	9	9	Present
Mr. Satyendra J Sonar	9	7	Not Present

- (iv) **Membership of Board Committees:** No Director holds membership of more than 10 Committees of Boards nor act as a Chairman of more than 5 Committees of Boards.
- (v) **Code of Conduct:** The Board has formulated a code of conduct for the Board members and senior management personnel of the Company. All Board members and senior management personnel have affirmed their compliance with the code. A declaration to this effect signed by the Chairman of the Company is given elsewhere in the Annual Report.





The details of other Directorships and Committee Memberships of the above referred Directors are as follows:

Name of the Director	Directorships	Committee Members
Mr. Chander Mohan	1. Sakuma International Marketing Private Limited. 2. Sakuma Finvest Private Limited. 3. Sakuma Import and Export Private Limited. 4. C.K.K.Exports Private Limited	Nil
Mr. Saurabh Malhotra	1. Sakuma International Marketing Private Limited. 2. Sakuma Finvest Private Limited. 3. Sakuma Import and Export Private Limited. 4. C.K.K.Exports Private Limited	Nil
Ms. Shipra Mediratta	1. Sakuma Import and Export Private Limited	Nil
Mr. Ashok Kumar Doda	1. Eklavya Creations Pvt. Ltd. 2. Invent Assets Securitisation & Reconstruction Pvt. Ltd. 3. Praneel Innovations Pvt Ltd. 4. Taanaya Gems & Jewellery Exports Pvt. Ltd. 5. ILFS Renewable Energy Ltd	Nil
Mr. Radhe Shyam	1. State Bank of Indore	Nil
Mr. Satyendra J Sonar	1. Matrix Corporate Solutions Ltd., 2. Kesiki Investments Pvt. Ltd. 3. Nuven Investments Pvt. Ltd	Nil

#### Audit Committee

The Audit Committee was constituted on September 17, 2005 and consists of three non-executive Independent Directors as follows:

Sr. No.	Name of Director	Designation
1.	Mr. Radhe Shyam	Chairman
2.	Mr. Ashok Kumar Doda	Member
3.	Mr. Satyendra Sonar	Member

All the members have good knowledge of accounts and finance. The Committee is currently being chaired by Mr. Radhe Shyam, who is Master in Commerce, Certified Associate of Indian Institute of Bankers (CAIIB) and Diploma in Industrial Finance. He retired as Chief General Manager, Reserve Bank of India. The Committee held 4 meetings during the year. The minutes of the meetings of the Audit Committee were placed and approved by the Board. The terms of reference to the Committee are as stipulated in Clause 49 of the Listing Agreement.

The number of meetings held during the year and attendance are furnished hereunder:

#### Attendance of Members at the Meeting of the Audit Committee held during 2007-08

Members	Meeting held during the tenure of Directors	Meetings attended
Mr. Radhe Shyam	4	4
Mr. Ashok Kumar Doda	4	3
Mr. Satyendra Sonar	4	3

Overall attendance in Audit Committee Meetings: 83.33%

## SAKUMA EXPORTS LIMITED

### Remuneration Committee

The Company does not have a formal Remuneration Committee. However, all decisions regarding the remuneration of Executive Directors are taken by the Board of Directors subject to approval from Shareholders and Central Government, as and when necessary.

### Remuneration of Directors

The remuneration of Executive Directors was determined by Board of Directors and approved by shareholders of the Company in its Extra Ordinary General meeting held on 8th September, 2005. Non-executive Directors are not paid any remuneration except sitting fees. The remuneration paid during the period from April 1, 2007 to March 31, 2008 as under:

Sr. No.	Name	Sitting Fees Rs.	Salary & Perks Rs.	Commission Rs.	Professional fees Rs.	Total Rs.
1	Mr. Chander Mohan	-	1800000	-	-	1800000
2	Mr. Saurabh Malhotra	-	1500000	-	-	1500000
3	Ms. Shipra Mediratta	78000	-	-	-	78000
4	Mr. Ashok Kumar Doda	83000	-	-	-	83000
5	Mr. Radhe Shyam	104000	-	-	-	104000
6	Mr. Satyendra J Sonar	57000	-	-	-	57000
	<b>Total</b>	<b>322000</b>	<b>3300000</b>	<b>nil</b>	<b>nil</b>	<b>3622000</b>

Note: The Company does not pay bonus, pension and any incentives to the Executive Directors. The Company has so far not issued any stock options to Executive Directors.

### Details of service contracts

Name	Designation	Current tenure	From	To
Mr. Chander Mohan	Executive chairman	5 years	1st September, 2005	31st August, 2010
Mr. Saurabh Malhotra	Managing Director	5 years	1st September, 2005	31st August, 2010

**Table 5 – Equity Shares of Sakuma Exports Limited held by Non-Executive Directors**

Directors	No. of shares held	
	As on March 31, 2008	As on March 31, 2007
Ms. Shipra Mediratta	Nil	Nil
Mr. Ashok Kumar Doda	Nil	Nil
Mr. Radhe Shyam	Nil	Nil
Mr. Satyendra J Sonar	Nil	Nil

### Investor Grievances Committee & Share Transfer Committee

The Company has re-constituted the Investor Grievance Committee and Share Transfer Committee in the Board Meeting held on January 25, 2007.

Members of Shareholder Grievances Committee and Share Transfer Committee are :

Sr. No.	Name of Director	Designation
1.	Mr. Ashok Kumar Doda	Chairman
2.	Mr. Radhe Shyam	Member
3.	Ms. Shipra Mediratta	Member