



# Sakuma Exports Limited

5th Annual Report 2009-2010



## SAKUMA EXPORTS LIMITED.

### BOARD OF DIRECTORS

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

### AUDITORS

A.R.Sodha & Co.  
Chartered Accountants  
101/102, Ashiana, 11th TPS III Road,  
Santacruz (East) Mumbai – 400 055

### 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 Fifth Annual General Meeting of the members of **SAKUMA EXPORTS LIMITED** will be held on Wednesday, 15<sup>th</sup> September 2010 at "P.L. Deshpande Kala Academy, Ravindra Natyamandir, Gr.Floor, Sayani Road, Prabhadevi, Mumbai - 400 025 at 3.00 P.M to transact the following business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010, Audited Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ashok Kumar Doda, who retires by rotation and being eligible, offers himself for re-appointment.
3. To declare dividend on Preference Shares.
4. To re-appoint Auditors of the Company and to fix their remuneration.

**Special Business:**

5. To Consider and if, thought fit, to pass with or without modification, the following resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment of and payment of remuneration and perquisites to Mr. Chander Mohan as the Executive Chairman of the Company for a period of three years with effect from 1<sup>st</sup> September, 2010 till 31<sup>st</sup> August, 2013.

**RESOLVED FURTHER THAT** Mr. Chander Mohan shall be paid remuneration and perquisites up to Rs. 3,50,000/- per month or 5% of net profits whichever is higher and shall be eligible for monthly increments as may be decided by the Board of Directors from time to time annually, if permissible as per the provisions of the Act.

**RESOLVED FURTHER THAT** the terms and conditions of the letter of appointment which is placed before the meeting and signed by Mr. Radhe Shyam, Independent Director of the company for the purpose of identification are approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites to the extent the Board of Directors may consider appropriate and as may be authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration and perquisites payable to Mr. Chander Mohan shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed there under provided that the terms of the letter of appointment between the company and Mr. Chander Mohan shall be suitably modified to give effect to such variation or increase as the case may be.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Chander Mohan as the Executive Chairman, the remuneration and perquisites set out in the aforesaid letter of appointment be paid or granted to Mr. Chander Mohan as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Part II Section II(B)(v) of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII whether or not amended from time to time or any equivalent statutory re-enactment(s) thereof."

6. To Consider and if, thought fit, to pass with or without modification, the following resolution as a Special Resolution.

**"RESOLVED THAT** pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956, including Schedule XIII of the said Act as amended up-to-date, consent and approval be and is hereby accorded to the re-appointment of and payment of remuneration and perquisites to Mr. Saurabh Malhotra as the Managing Director of the Company for a period of three years with effect from 1<sup>st</sup> September, 2010 till 31<sup>st</sup> August, 2013.

**RESOLVED FURTHER THAT** Mr. Saurabh Malhotra shall be paid remuneration and perquisites up to Rs. 3,50,000/- per month or 5% of net profits whichever is higher and shall be eligible for monthly increments as may be decided by the Board of Directors from time to time annually, if permissible as per the provisions of the Act.



**RESOLVED FURTHER THAT** the terms and conditions of the letter of appointment which is placed before the meeting and signed by Mr. Radhe Shyam, Independent Director of the company for the purpose of identification are approved.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to vary or increase the remuneration and perquisites to the extent the Board of Directors may consider appropriate and as may be authorised in accordance with any provision under the Act for the time being in force provided, however, that the remuneration and perquisites payable to Mr. Saurabh Malhotra shall be within the limits set out in the said Act including the said Schedule XIII to the Act or any amendments thereto or any modification(s) or statutory re-enactment(s) thereof and/or any rules or regulations framed there under provided that the terms of the letter of appointment between the company and Mr. Saurabh Malhotra shall be suitably modified to give effect to such variation or increase as the case may be.

**RESOLVED FURTHER THAT** in the event of loss or inadequacy of profits in any financial year of the Company during the term of office of Mr. Saurabh Malhotra as the Managing Director, the remuneration and perquisites set out in the aforesaid letter of appointment be paid or granted to Mr. Saurabh Malhotra as minimum remuneration provided that the total remuneration by way of salary, perquisites and other allowances shall not exceed the ceiling provided in Part II Section II(B)(v) of Schedule XIII to the said Act or such other amount and perquisites as may be provided in the said Schedule XIII whether or not amended from time to time or any equivalent statutory re-enactment(s) thereof.”

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

**Sd/-**  
**(Saurabh Malhotra)**  
**Managing Director**

**Place: Mumbai**

**Dated: 19<sup>th</sup> July'2010**

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM IS ENCLOSED ALONG WITH THIS NOTICE.
2. The Proxy Form, in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. Explanatory Notice (pursuant to section 173(2) of the Companies Act, 1956) to item no. 5 and 6 of above is attached as an annexure to this notice.
4. For the convenience of the shareholders, Attendance Slip is annexed to this notice. Shareholders/Proxy Holders are requested to fill in and affix their signatures at the space provided therein and surrender the same at the venue.
5. The Register of Members and Share Transfer Register of the Company will remain closed from September 8 to 15, 2010 (both the days inclusive).
6. Corporate Members intending to send their authorized representatives at the Meeting are requested to send a certified true copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Dividend on preference shares, if approved at the Meeting, will be paid to those shareholders whose names shall appear on the Company's Register of Members as on 15<sup>th</sup> September 2010. The dividend in respect of shares held in dematerialized form will be paid to those shareholders whose names are furnished by Central Depository Services (India) Limited and National Securities Depository Limited as beneficial owners as on that date.

9. Members who hold shares in dematerialized form may kindly note that their Bank Account details, as furnished by their depositories to the company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account. Members holding shares in dematerialised form as well as in physical form are requested to intimate instructions pertaining to those shares to the respective Depository Participant and for shares in physical form to intimate instructions pertaining to those shares to the Company's Registrar and Transfer Agent.
10. To avoid loss of dividend warrants in transit and undue delay in respect of receipt of dividend warrants, the Company has provided a facility to the Members for remittance of dividend through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Registrar and Share Transfer Agent i.e. M/s. Big Share Services Private Limited.
11. Members are requested to immediately notify 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.
12. 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.
13. 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.

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.

<b>Financial Year</b>	<b>Date of Declaration of Dividend</b>	<b>Last Date of claiming un- paid Dividend</b>
Final Dividend 2005- 2006	26.07.2006	30.08.2013
Final Dividend 2006- 2007	09.07.2007	13.08.2014
Final Dividend 2007- 2008	20.08.2008	24.09.2015



## ANNEXURE TO NOTICE DATED 19<sup>th</sup> JULY 2010

### EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of the Companies Act, 1956)

That following explanatory statement sets out the material facts referring to resolution proposed at Item No. 6 and 7 of the Notice convening 5<sup>th</sup> Annual General Meeting of the Company.

#### **ITEM NO. 5 AND 6**

The present tenure of appointment of Mr. Chander Mohan, Executive Chairman and Mr. Saurabh Malhotra, Managing Director is expiring on 31<sup>st</sup> August, 2010. The Board of Directors has decided to re-appoint Mr. Chander Mohan as Executive Chairman and Mr. Saurabh Malhotra as Managing Director w.e.f. 1<sup>st</sup> September, 2010 for a period of 3 years. The terms and conditions of their re-appointment are given below:

Sr. No.	Name of Director	Designation	Responsibility
1	Mr. Chander Mohan	Executive Chairman	Day to day management with focus on corporate planning, growth and finance.
2	Saurabh Malhotra	Managing Director	Day to day management with focus on Marketing, Procurement and Logistics

As per the said Sub-clause B (iv) of Part II Section II (B) of Schedule XIII, the company is required to furnish the following information in the Explanatory Statement;

#### **I. GENERAL INFORMATION:**

No	PARTICULARS	
1.	Nature of Industry	Trading, Import and Export of goods
2.	Date or expected date of commencement of Commercial Production.	Not Applicable
3.	In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.	Not Applicable
4.	Financial performance based on given indications.	31-3-2010 (Rs. in lakhs)
	Sales (Net of Excise)	40,566.97
	Net Profit before Tax	477.27
	Net Profit After Tax	335.88
5.	Export performance.	FOB Value of Exports: Rs.3,80,55,755/-
6.	Foreign investments or collaborators, if any.	Not Applicable

#### **II. INFORMATION ABOUT THE APPOINTEE:**

No	PARTICULARS	
1.	Background Details	<p><b>Chander Mohan :</b> Post Graduate in Economics from Delhi School of Economics with professional qualification in Banking, Management etc. Retired as a senior executive from IDBI. Promoter of Sakuma Exports Ltd and part of its top management since its inception.</p> <p><b>Saurabh Malhotra :</b> Post Graduate in Business Management. Promoter of Sakuma Exports Ltd and part of its top management since its inception.</p>



2.	Past Remuneration / Perquisites	<b>Chander Mohan</b> : Rs.2,50,000/- per month including perquisites <b>Saurabh Malhotra</b> : Rs.1,50,000/- per month including perquisites
3.	Recognition or Awards	Saurabh Malhotra, Managing Director of Company have got Hall of Fame Platinum award 2006 from Welinkar Institute of Management. Under the leadership of Mr.Chander Mohan and Mr.Saurabh Malhotra company has got awards from Indian Oilseeds and Produce Exporters Association in the year 2005-2006 for excellence in export of Castor Oil and Ground Nut.
4.	Job Profile and His Suitability	<b>Chander Mohan</b> : Managing Sakuma Exports Ltd since its inception. <b>Saurabh Malhotra</b> : Managing Sakuma Exports Ltd since its inception.
5.	Remuneration / perquisites proposed	Not exceeding Rs. 3,50,000/- per month including perquisites if any or 5% of net profits whichever is higher.
6.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any,	Mr. Chander Mohan, Executive Chairman and Mr. Saurabh Malhotra, Managing Director has no pecuniary relationship with the Company except as employees of the Company as and as a shareholder.

### III. OTHER INFORMATION:

1.	Reasons of loss or inadequate profits	Company never incurred losses
2.	Steps taken or proposed to be taken for improvement.	However with a view to improve the workings, the company has been reviewing and diversifying the products and markets as well as adding activities as warranted by the circumstances.
3.	Expected increase in productivity and profits in measurable terms	Improvement in profits for companies engaged in agricultural commodities can not be predicted in measurable terms in view of the fast changing national and global economic scenario.

The remuneration and perquisites payable to Mr. Chander Mohan as Executive Chairman and Mr. Saurabh Malhotra, Managing Director are as follows:

The Company proposes to pay following remuneration and perquisites w.e.f. 1<sup>st</sup> September, 2010.

#### A. REMUNERATION:

Sr. No.	Name of Director	Designation	Remunerations & Perquisites
1	Chander Mohan	Executive Chairman	Not exceeding Rs. 3,50,000/- per month including perquisites if any or 5% of net profits whichever is higher
2	Saurabh Malhotra	Managing Director	Not exceeding Rs. 3,50,000/- per month including perquisites if any or 5% of net profits whichever is higher

#### B. INCREMENTS:

The Board of Directors shall decide the increments payable to each Directors at the end of March, every year within the overall ceiling laid down in the Schedule XIII so that the total remuneration by way of salary, perquisites and other allowances including increments shall not exceed the ceiling provided in Part II Section II of Schedule XIII to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof.



### **C. MINIMUM REMUNERATION**

1. The above remuneration and perquisites has been fixed on the basis of inadequate profits as per the audited balance sheet as on 31<sup>st</sup> March, 2010 and has been fixed as provided in Part II Section II(B)(v) of Schedule XIII to the said Act based on the effective capital for the respective financial year or such other amount and perquisites as may be provided in the said Schedule XIII as may be amended from time to time or any equivalent statutory re-enactment(s) thereof and shall be considered as minimum remuneration.
2. During the tenure of their appointments, if the Company earns profits in excess of the limits prescribed under Schedule XIII or if the profits are adequate in any financial year, as per the provisions of Section 198, 309 and any other applicable provisions of the Companies Act, 1956, then the remuneration of Mr. Chander Mohan and Mr. Saurabh Malhotra shall be paid as per the profits earned by the Company in that particular financial year.

The Explanatory Statement together with the accompanying Notice should be treated as an abstract of the terms of the Agreement and Memorandum of concern or interest under Section 302 of the Companies Act, 1956.

The resolutions are being recommended for the approval of the members.

None of the Directors except Mr. Chander Mohan, Mr. Saurabh Malhotra and Ms. Shipra Mediratta (daughter of Mr. Chander Mohan and sister of Mr. Saurabh Malhotra) are concerned or interested to the extent remuneration payable to the respective directors.

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

**Sd/-  
(Saurabh Malhotra)  
Managing Director**

**Place: Mumbai  
Dated: 19<sup>TH</sup> July'2010**



## DIRECTORS' REPORT

Your Directors take pleasure in presenting their Fifth 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 2010.

### Financial Highlights

#### FINANCIAL RESULTS FOR THE YEAR ENDED MARCH 31, 2010

	<b>Rs. (in lacs)</b>	
	<b>Year Ended 31.03.2010</b>	<b>Year Ended 31.03.2009</b>
Sales & Other Income	40566.97	39770.67
Profit before depreciation & Tax	578.44	502.14
Depreciation	101.17	116.30
Profit before Tax	477.27	385.84
<b><u>Provision for Tax</u></b>		
-Current Tax (including FBT)	171.71	82.76
- Deferred Tax	(30.32)	46.53
Net Profit after tax	335.88	256.55
Add: Surplus from previous period	887.98	691.31
<b><u>Profit Available for Appropriation</u></b>		947.86
<b><u>Appropriation</u></b>		
Income Tax of Earlier years	-	1.38
Dividend on Equity Shares	-	-
Dividend on Preference Shares	50.00	50.00
Dividend Tax	8.50	8.50
<b><u>Balance carried to Balance Sheet</u></b>	<b>1165.35</b>	<b>887.98</b>

#### Operations Review and Future Prospects

The global turmoil and domestic policy constraints not only continued but the situation worsened during the year 2009-2010 owing to sharp fluctuations in prices in agri commodities, particularly sugar. The government came out with stringent measures to control the prices including stock limits etc. Despite above constraints, your Company was able to achieve a turnover of 405.67 crores during the year 2009-10 which is marginally higher than that of the preceding year. However, there has been an increase of 15.19% in profit before depreciation and tax from Rs 502.14 lacs to Rs 578.44 lacs. The net profit after tax increased by 30.92% from Rs.256.55 lacs for the year 31<sup>st</sup> March 2009 to Rs 335.88 lacs for the year ended 31<sup>st</sup> March 2010.

As the country continued to face acute shortages of food grains and other agri- commodities, export of these items from India, became increasingly difficult in agri products, partly because of government restrictions and partly because of sharp increase in domestic prices. The focus as such, during the year was on domestic trade and imports. Domestic sales constituted 99% of our total sales. Your Company started imports of pulses and sugar to cater to domestic demand. Imports constituted 8% of total purchases.

The prices of sugar, the main commodity we traded had been highly volatile during the year. The prices of sugar increased from Rs.20,000 in the month of April 2009 to Rs. 34,000 in December 2009 then sharply declined to Rs.27,500 in March 2010. With such a high degree of volatility, it is difficult to achieve consistency in margins, particularly, if you are importing the commodity because there is a time lag of 3 or 4 months in the dates of placing the import orders and receiving the delivery in India. As a result, our quarterly results show inconsistency in profitability.

There has been decline in production of windmills from 22,87,141 units in the year 2008-09 to 20,31,112 units in 2009-10 due to unfavourable weather conditions. There has been increase in sale of P.P.Bags from Rs 34 lacs in the year 2008-09 to Rs 588 lacs during the year 2009-10. The Company has also started marketing of imported paper after getting it processed on job work basis.

With global turmoil, particularly the turbulent Euro markets, highly volatile forex / commodity prices and acute shortages of agricultural commodities, there seems to be not much scope for the export of these items. However, your Company, having adopted flexible approach and multi-product/multi market model, is alert to adversities and working out various alternatives to cope with the situation. We are in the process of identifying new products which can be exported and have already started working on few



items like Molasses. The business during the current year will be a blend of exports, imports and domestic trade. The Company is making efforts to strengthen its other business activities and is also planning to start, a couple of a new activities during the current year.

#### Dividend

Your Directors recommend a dividend of 5% i.e. Rs. 5.00 per Cumulative Redeemable Preference Share. However, the profit being inadequate, particularly as the Company has to build adequate reserves before March 2011 to redeem Cumulative Redeemable Preference Shares, no dividend has been recorded on Equity Shares.

#### Public Deposits

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

#### 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, 2010, 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, 2010 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.

#### Auditors

M/s A.R.Sodha & Co., Auditors for the year 2009-10, have confirmed their eligibility and willingness to act as Auditors of the Company for the year 2010-11 as well. Audit Committee of the Board has recommended their continuation. 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.

We had taken an existing unit on short lease, initially for one year for manufacturing of P.P.Bags and have extended the lease for one more year. We are studying various possible means of conservation of energy, however, no capital expenditure is envisaged unless we decide to go in for a long lease.