



SAKUMA EXPORTS LIMITED

[Formed as a partnership firm in the name of M/s Sakuma Exports on December 1, 1998 at Mumbai and was subsequently converted into a Public Limited Company and duly incorporated on August 31, 2005 with The Registrar of Companies, Maharashtra] The Partnership Firm was converted into Company under Part IX of the Companies Act, 1956 under the name of M/s. Sakuma Exports Limited vide Certificate of Incorporation dated August 31, 2005.

Registered & Corporate Office: 17, Chemox House, 7, Barrack Road, Bombay Hospital Lane,
New Marine Lines, Mumbai 400 020 (India) Tel: (022) 2207 9296 / 97, Fax: (022) 2207 9301,
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PUBLIC ISSUE OF 66,66,667 EQUITY SHARES OF RS.10/- EACH FOR CASH AT A PRICE BAND OF RS.45-50/- EACH AMOUNTING TO RS.30,00,00,015/- AT THE MINIMUM PRICE AND RS.33,33,33,350/- AT THE MAXIMUM PRICE IN THE BAND AND 10,00,000 CUMULATIVE REDEEMABLE PREFERENCE SHARES(CRPS) (WITH TWO OPTIONAL DETACHABLE TRADABLE WARRANT ATTACHED) AT A PRICE OF RS.100/- EACH AMOUNTING TO RS.10,00,00,000/- (HERE IN AFTER REFERRED TO AS THE ISSUE). THE AGGREGATE ISSUE SIZE IS RS.40,00,00,015/- AT THE LOWER END OF PRICE BAND AND RS.43,33,33,350/- AT THE HIGHER END OF PRICE BAND. THE ISSUE PRICE OF EQUITY SHARES IS 4.5 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 5 TIMES AT THE HIGHER END OF THE PRICE BAND AND THAT OF CRPS IS 1 TIME OF THE FACE VALUE. (THE COMPANY SHALL DETERMINE THE FINAL PRICE BEFORE FILING THE PROSPECTUS WITH ROC)

RISK IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares and Cumulative Redeemable Preference Shares along with Optional Detachable Tradable Warrant of SAKUMA EXPORTS LIMITED ('the Company'); there has been no formal market for equity shares and cumulative redeemable preference shares and warrants of the Company. The face value of the equity shares is Rs.10/-; CRPS is Rs.100/- and the issue price of equity shares is 4.5 times of the face value at the lower end of price band and 5 times at the higher end of price band and that of CRPS is 1 time of the face value. The issue price (as determined by the Company in consultation with the Lead Managers and on the basis of assessment of market demand for the equity shares; CRPS and ODTW) should not be taken to be indicative of the market price of the equity shares; CRPS and ODTW after the same are listed. No assurance can be given regarding an active and / or sustained trading in the equity shares; preference shares and warrants of the Company nor regarding the price at which the equity shares, CRPS, ODTW will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the issuer and the issue including the risks involved. The equity shares; preference shares, warrants offered in the issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. The attention of the investors is drawn to the statement of risk factors appearing on page number (vi) of this Draft Prospectus.

ISSUE ABSOLUTE RESPONSIBILITY

'SAKUMA EXPORTS LIMITED' having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regards to SAKUMA EXPORTS LIMITED and the Issue, which is material in the context of the Issue, that the information contained in the Draft Prospectus is true and correct in all material aspects and is not misleading in any material respects, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omissions of which makes this Draft Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING ARRANGEMENTS

The Equity Shares, CRPS, ODTW offered through this Prospectus are proposed to be listed on Bombay Stock Exchange Limited (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Limited, (NSE). The in-principle approvals from Bombay Stock Exchange Limited (BSE) and the National Stock Exchange of India Limited, Mumbai (NSE) have been received vide letters dated DD/MM/2005 and DD/MM/2005 respectively.

LEAD MANAGER TO THE ISSUE KHANDWALA SECURITIES LIMITED

(SEBI Regn. No.: INM000001899)
Vikas Building, Ground Floor,
Green Street, Fort, Mumbai- 400 023
Tel: +91-22-2264 2300;
Fax: + 91-22-2261 5172;
Email: sel@kslindia.com



REGISTRAR TO THE ISSUE BIGSHARE SERVICES PRIVATE LTD

(SEBI REG.NO.INR00001385)
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai 400 072
Tel. : 56936291; Fax : 28475207
Email bigshare@bom7.sify.com



ISSUE PROGRAMME

ISSUE OPENS ON : Month XX, 2005

ISSUE CLOSSES ON : Month XX, 2005

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SECTION I- DEFINITIONS/ABBREVIATIONS

1. CONVENTIONAL / GENERAL TERMS

Act	: The Companies Act, 1956
Articles / AOA	: Articles of Association of SAKUMA EXPORTS LIMITED
Depositories Act	: The Depositories Act, 1996 as amended from time to time
DP	: Depository Participant
FEMA	: Foreign Exchange Management Act, 1999
DGFT	: Directorate General of Foreign Trade
FI	: Financial Institution
FII(s)	: Foreign Institutional Investors (s)
Financial Year / Fiscal Year / FY	: The twelve months ended 31 st March of a particular year, unless stated otherwise
GOI / Government	: The Government of India
IDBI	: Industrial Development Bank of India
IT Act	: The Income Tax Act, 1961, as amended from time to time
Memorandum / AOA	: Memorandum and Articles of Association of SAKUMA EXPORTS LIMITED
NRI / Non Resident Indian	: A person resident outside India who is a citizen of India or is person of Indian origin (as defined in Foreign Exchange Management (Deposit) Regulations, 2000)
RBI	: Reserve Bank of India
SCRR	: Securities Contracts (Regulation) Rules, 1957 as amended from time to time
SEBI	: Securities and Exchange Board of India
SEBI Act	: Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	: Means the extant Guidelines for Disclosure and Investor Protection issued by Securities and Exchange Board of India, Constituted under the Securities and Exchange Board of India Act, 1992 (as amended), called Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000

2. OFFERING RELATED TERMS

Applicant	: Any prospective investor who makes an application for shares in terms of this prospectus
Application form	: The form in terms of which the investor shall apply for the equity / preference shares
Bankers to the Issue	: The Bankers with whom the account for the Issue shall be opened
BSE/ NSE -	: Bombay Stock Exchange Limited, National Stock Exchange of India Limited
Designated Stock Exchange	: Bombay Stock Exchange Limited (BSE)
Equity Shares	: Equity Shares of the Company of the face value Rs.10/- each, unless otherwise specified in the context thereof
Equity Shareholder(s)	: Person(s) holding Equity Share(s) of the Company unless otherwise specified in the context thereof
Fresh Issue/Issue	: The issue of 66,66,667 equity shares of Rs. 10/- each at a premium of Rs. 35 to Rs.40 per share and 10,00,000 CRPS of Rs.100 per CRPS with two (2) ODTW attached to them as per this Prospectus
CRPS	: Cumulative Redeemable Preference Shares of the face value of Rs. 100/-each, unless otherwise specified in the context thereof



Issue Closing Date	: The date on which the issue closes for subscription
Issue Opening Date	: The date on which the issue opens for subscription
Issue Period	: The period between the Issue Opening Date and Issue Closing Date and includes both these dates
Issue Price	: The price at which the equity shares will be issued by the Company under this Prospectus
Issuer/Company / Sakuma	: SAKUMA EXPORTS LIMITED
Lead Manager / LM	: Lead Managers to the issue i.e. KHANDWALA SECURITIES LIMITED
MP	: Management Perception
Offer Document / Prospectus	: The Prospectus filed with the ROC containing inter alia the Issue price and the number of equity shares/ CRPS to be issued, issue price and other incidental information
ODTW	: Optional Detachable Tradable Warrants
Preference Shareholder(s)	: Person(s) holding Cumulative Redeemable Preference Share(s) of the Company unless otherwise specified in the context thereof
Registrar	: Registrar to the Issue i.e., Bigshare Services Private Limited

3. COMPANY / INDUSTRY RELATED TERMS

AEZ	: Agri Export Zone
APEDA	: Agricultural and Processed Food Products Export Development Authority
Auditors	: The statutory auditors of the Company, Mittal Associates, Chartered Accountants
Board	: Board of Directors of SAKUMA EXPORTS LIMITED or a committee thereof
DEPB	: Duty Entitlement Pass Book.
DGCIS	: Directorate General of Commercial Intelligence and Statistics
ECM Countries	: European Common Market
EFTA Countries	: European Free Trade Area
ESCAP	: Economic and Social Survey of Asia and Pacific
IEC	: Importer Exporter Code
RPA	: RPA Countries
Face Value	: Value of paid up capital per Equity Share, in this case being Rs.10/-, Face Value of Cumulative Redeemable Preference Share being Rs. 100/-
FAO	: Food and Agriculture Organisation
FIEO	: Federation of Indian Export Organisations
IOPEA	: Indian Oilseeds & Produce Exporters Association.
Registered Office / Registered Office of the Company	: 17, Chemox House, 7, Barrack Road, Bombay Hospital Lane, New Marine Lines, Mumbai 400 020 (India)
Registrar	: Registrar to the Issue i.e., Bigshare Services Private Limited
SEZ	: Special Economic Zone
Warrant Holder(s)	: Person(s) holding Warrant(s) of the Company unless otherwise specified in the context thereafter



4. ABBREVIATIONS

A/c	: Account
AS	: Accounting Standard issued by the Institute of Chartered Accountants of India
AY	: Assessment Year
BSE	: Bombay Stock Exchange Limited
CAGR	: Compounded Annualised Growth Rate
Capex	: Capital Expenditure
CDSL	: Central Depository Services Limited
CLB	: Company Law Board
DCA	: Department of Company Affairs
EBITDA	: Earnings Before Interest Tax Depreciation and Amortisation
EPS	: Earnings Per Share
ESOP	: Employees Stock Option Plan
ESOS	: Employees Stock Option Scheme
FEMA	: Foreign Exchange Management Act, 1999
HUF	: Hindu Undivided Family
IDBI	: Industrial Development Bank of India
IPO	: Initial Public Offering
N.A.	: Not Applicable
NAV	: Net Assets Value
NOC	: No Objection Certificate
NR	: Non Resident
NRE Account	: Non-Resident External Account
NRI (s)	: Non-Resident Indians
NRO Account	: Non resident Ordinary Account
NSE	: National Stock Exchange of India Limited
NSDL	: National Securities Depository Limited
PAN	: Permanent Account Number
PAT	: Profit After Tax
PBDT	: Profit Before Depreciation and Tax
PBIDT	: Profit Before Interest, Depreciation and Tax
PBT	: Profit Before Tax
P/E Ratio	: Price/Earning Ratio
RBI	: Reserve Bank of India
ROC	: Registrar of Companies, Maharashtra at Mumbai
RONW	: Return on Net Worth
SE/ Stock Exchange (s)	: Bombay Stock Exchange Limited / National Stock Exchange of India Limited
SEBI	: The Securities and Exchange Board of India constituted under the SEBI Act, 1992
Sec.	: Section
UIN	: Unique Identification Number
US	: United States of America
USD / \$ / US \$	: United States Dollar

Currency of Presentation

In this Prospectus, all references to "Rs." or "INR" are to Indian Rupee. All financial data contained in this Prospectus has been rounded off to the nearest Lacs, except stated otherwise. In this Prospectus, any discrepancy in any table between the total and sums of the amount listed are due to rounding off



SECTION II- RISK FACTORS

FORWARD LOOKING STATEMENTS; MARKET DATA

Statements included in this prospectus which contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “working capital requirements”, “should”, “will pursue” and similar expressions or variations of such expressions, that are “forward looking statements”.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company's expectations with respect to, but not limited to, the Company's ability to successfully implement its strategy, its growth and expansion, technological changes, its exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and Globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

For further discussion of factors that could cause the Company's actual results to differ, see the section entitled “Risk Factors” beginning on page no. (vi) of this Draft Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. In accordance with SEBI requirements, the Company will ensure that investors are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

USE OF MARKET DATA

Market Data used throughout this Draft Prospectus was obtained from internal Company reports and from various news related sites of the same industry. The information contained in this Draft Prospectus has been obtained from sources believed to be reliable, but the accuracy and completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Although, the Company believes that the market data used in this Draft Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports and data, while believed to be reliable, have not been verified by any independent source.



RISK FACTORS

A. Risk Envisaged By Management And Management's Proposals To Address The Risks

The investor(s) should consider carefully the following risk factors, together with other information contained in this Draft Prospectus before they decide to buy the Company's equity shares and CRPS with ODTW attached. Risks have been quantified, wherever possible. If any of the following risks actually occur, the Company's business, financial condition and results of operations could suffer, the trading price of the Company's equity shares, CRPS, ODTW could decline and you may lose all or part of your investment.

A. SPECIFIC TO THE PROPOSED DEPLOYMENT OF FUNDS AND INTERNAL RISK FACTORS

1. The Company does not have any strong tie-up / alliance with reputed major suppliers or customers, in absence of which the Company may not be able to generate continuous revenues.

MP

In a competitive environment tie ups are neither customary nor desirable for trading Company as the scenario keeps on changing. Company has generated sufficient goodwill and trust among its clients and is getting consistently repeat orders from most of its valued clients. As a matter of Strategy the company has been diversifying and widening its export mix as well as continuously adding to its destinations and clients. The Company by not having any tie up / alliance, would be in a position to shift to new commodities/ clients/destinations within in short time and take advantage of an early entry.

2. The premises being, used by the Company, as its, Registered Office is not owned by the Company. It is rented in the name of its group company, for which the Company is paying no rent to the owner instead an interest free security deposit has been placed with the associate company.

MP

Since Inception, Sakuma Exports has been conducting its activities at the said premises. The associate company has the tenancy rights including the right to allow the premises for use to any of its Group Companies. The Company is not paying any monthly rental or maintenance for the same. The Company has given to the group Company an interest free deposit of Rs.70 Lacs, which is refundable whenever the issuer vacates the premises.

3. **Declining Margins of the Company:** The net profit margins of the Company have shown a declining trend in the initial years of operation. It has reduced from 1.3% of sales in 2002 to 0.3% of sales in 2004

MP

During the initial years of its operations the Company's focus was on establishing product mix, client base, Goodwill. Now that the Company is well established with a strong client base and wide range of product mix, the margins have improved from 0.3% in 2004 to 0.85% in 2005 and further to 2.07% in the 5 months ending August, 2005 post tax.

4. **Dependence upon few customers:** For the year ended March, 2005, top ten customers of the Company constitute nearly 68% of its total export turnover. This could affect the operations of the Company in the long term as most of its sales are generated from few customers.

MP

The Company's relations with its top customers are fairly strong and it is continuously getting repeat orders from them. Further the company, as a matter of strategy, has been working to enlarge its client base and product range. Today it has more than 75 clients. With increasing trend in sales and a deeper market structure evolving, the management expects the concentration levels to reduce further in coming periods. Company's dependence on customers has come down from 100% in 2001 to 68% in 2005.

5. **Seasonality of the products dealt in by the Company:** The Company is in the business of trading in many agricultural products, which are highly seasonal in nature. Thus, the earnings of the Company are subject to seasonal fluctuations

MP

As the Company is dealing in number of agricultural commodities, which have different seasons and with multiple cropping patterns in well irrigated areas, the trend of the turnover of the Company does not get affected much by the seasonality factor. Additionally, due to good storage facilities available and better fumigation system in place for most of the agricultural products, the Company is confident of countering the risks on account of seasonality.

6. **Perishable nature of products:** Exports by the Company include perishable products likes fruits, onions and rice etc. may have an adverse effect on the profitability of the Company, if the shipment gets delayed or there is any other procedural delay

**MP**

Exports of fruit and perishable products constitute a small portion of the overall turnover of the Company. Further with the help of suitable storage facilities and fumigation system, the shelf life of such commodities can be prolonged.

7. The deployment of funds is entirely at the discretion of the Issuer and is not subject to monitoring by any independent agency. Further the requirement of funds and the means of finance have not been appraised by a Bank / Financial Institution / Merchant Banker and are company's own estimates.

MP

The requirement of funds has been estimated by the company based on its past experience. The estimates of the requirement of fund are believed to be fair and reasonable. Further, the Issuer has internally formed a team consisting of persons from procurement, business development and finance departments. This committee will report on a regular basis to the Board and the Audit Committee with a view to ensure optimum utilization of the funds.

8. The Company is promoted by first generation entrepreneur

MP

The Promoter of the Company Mr. Chander Mohan and Mr. Saurabh Malhotra have between them an experience of over a decade in the business of export of Commodities. Mr. Chander Mohan holds a MA in Economics with Specialization in Agricultural Economics and Industrial Economics from Delhi School of Economics. Mr. Saurabh Malhotra is Post Graduate in Business Administration. Promoters have an in-depth understanding and knowledge of commodity trading and allied activities. Promoters are qualified and run the business with experienced professionals in key areas of operations.

9. The proposed growth plan is funded by Public Issue; any delay in raising funds from the public issue which may have an adverse impact on the performance of the Company.

MP

The existing operations of the Company are profitable and the Company shall meet any unforeseen delay in raising the funds through Public Issue by temporarily realigning activities during that period.

10. There could be any delay in the schedule of deployment of funds for the proposed growth plan, may have an adverse impact on business.

MP

The company has the requisite experience and capabilities to achieve growth plan. It has sufficient flexibility and options to realign its export activities as warranted by the changing situation.

11. Risks relating to promotion of other ventures to carry on the same kind of business as that of SEL (Issuer Company) and conflict of interest.

MP

The affairs of the company are being managed professionally with a clear-cut demarcation of responsibilities. Hence, there is no likelihood of any conflict of interest in the operations and day-to-day affairs of the company. Further, there is no related business being conducted by the other concerns and there would be no conflict of Interest per-se

12. The Promoter and the Promoter Group currently hold 100% of the present paid up equity capital, which would decrease to 58.79% Post-Issue. Being majority stakeholders, the Promoters and the Promoter group have the ability to exercise significant influence over matters requiring shareholder's approval, as only 41.21% of the diluted post-issue paid up capital is being offered in this Issue, prior to conversion of warrants attached to the preference shares. The shareholders arising out of this Issue may not be in a position to influence any decision taken by the Promoters and the Promoter Group.

MP

The company operates in an open and professional manner. The Board of Directors comprising of highly experienced and professional personnel deliberate on the issues and act on a joint consultative basis for important corporate decisions.

13. Pending utilization, the proceeds of the issue will be invested in non-productive assets such as Government Securities and Bank Deposits in short and medium term. This deployment may result in inadequate returns to the Company.

MP

Utilization of proceeds for productive purposes can be achieved over a short period by proper planning of ingredients of working capital for higher returns on funds deployed.

14. Any further equity offerings by the issuer and/or its existing shareholders, or the issue of options under an employee stock option plan, may lead to dilution of the shareholding or affect the market price of the Equity Shares.

**MP**

An ESOP scheme serves as a strong motivational value for employees, which in turn contributes towards enhancement of shareholder's value.

15. The success of the Company's business depends on its management team. Loss of any key managerial person can adversely affect its business.

MP

The Company provides an extremely challenging, open and professionally satisfying work environment to its employees. The Company does not foresee any problem in hiring and retaining competent manpower. Besides the promoters themselves being professionals, fully understand the importance of retaining competent manpower.

16. No alternate means of finance have been planned for the Company's expansion plans other than proposed public offering.

MP

In the unlikely event that the proposed IPO does not go through or does not succeed, the proposed expansion plans will be financed through working capital loans and internal accruals after suitable adjustments to Company's business plans with respect to scaling up its activities.

17. The necessary approval / affiliations / registrations required for day-to-day operations of the company are in the name of Sakuma Exports (Partnership Firm).

MP

Company has already initiated the process of filing for the requisite approvals / affiliations / registrations in the name of the public limited company and is confident of getting the same in due course of time.

18. The contingent Liability of the company as on August 31, 2005 is as follows
 - a. Income Tax Demand of Rs.278900/- and the matter is in appeal.

OUTSTANDING LITIGATION / DEFAULTS / DISPUTED:**Against the Company:**

There are no cases against the Company

Against the Board of Directors / Promoters:

There are no cases pending against the Directors and Promoters of the Company.

Cases by the Company:

There are no Cases for Litigations filed by the Company against any entity.

Criminal Cases:

There are no Criminal cases filed by or against the Company / Directors / Promoters

Civil Cases:

There are no Civil cases filed by or against the Company / Directors / Promoters

B. EXTERNAL RISK FACTORS

1. The Company operates in a globally competitive business environment. Growing competition may force it to reduce the prices of its products / services rendered which may reduce its revenue and margins and/or decrease its market share, either of which could have a materially adverse effects on its business, financial condition and results of operations.

MP

The Company has a substantially diversified portfolio of commodities and large number of clientele, giving it the flexibility to switch to profit yielding export opportunities. The Company has since overcome the initial teething problem and is equipped to deal and operate in a globally competitive business environment.



2. Any change in the regulatory environment may have an impact on Issuer's business. Its operations are subjected to approval and / or registration with regulatory and / or government authorities. Any change in the policies may have an impact on its business.

MP

The Company keeps itself abreast of the various developments relating to the regulatory environment and gears itself to comply with such regulatory changes. Further, owing to negative Balance of Payment, Government policies have been favorable and supporting for exports.

3. The performance of the Company may be affected by a number of factors beyond its control including political and economic developments both in India and Worldwide. In addition, these conditions may have an adverse impact on the financial markets in India and may cause the market price of Company's equity shares on stock exchange to decline.

MP

Although, the above risk factor is generic in nature, the Company is aware and would address the same through appropriate risk management strategies as and when such eventuality should arise

4. Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which the Company has business partners and alliances, will have an impact on the profitability.

MP

Company's business activities and business relations are spread over many countries, which would negate any adverse impact.

5. Export realization is subject to exchange rate fluctuation

MP

The Company eliminates foreign exchange risk by instantly tying up back to back export orders with its suppliers. Further immediately on booking the export order, Company sells the expected foreign currency proceeds in forward to their bank to eliminate possibility of any loss on account of exchange fluctuation.

6. Being a global player, Company is dealing in different currencies. Any adverse fluctuations with respect to the exchange rate of US Dollars for Indian Rupees or any other currency is likely to affect the revenues.

MP

The Company is a net foreign exchange earner (after adjustment of cost of import against exports). The Company is presently dealing in U S Dollar only and has a policy of selling the expected foreign exchange in forward to their bank and there by negating the possibility of any loss on exchange fluctuations.

7. Merchant Export activities have become very competitive with many new entrants

MP

The Company's Promoters amongst them have rich experience of over a decade in this industry. The Company expects that it would be in a position to effectively counter competition in view of its large scale of operations and wide spread established client base.

8. After this Issue, the prices of Issuer's Equity Shares, Preference Shares, Warrants may be highly volatile, or an active trading market for its Equity Shares, Preference Shares, Warrants may not develop. The prices of its Equity Shares, Preference Shares, Warrants on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and Global Securities Markets,
- The results of operations and performance in terms of market share,
- Performance of its competitors, the Indian Export Industry and the perception in the market about investments in the Export sector,
- Performance of the Indian Economy,
- Changes in the estimates of its performance or recognitions by financial analysts,
- Significant developments in India's economic liberalization and deregulation policies, and
- Significant developments in India's fiscal and environmental regulations.

There has been no public market for the Equity Shares of the Company and the prices of the Equity Shares may fluctuate. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the prices at which the Equity Shares are sold in this Issue will correspond to the prices at which the Equity Shares will trade in the market subsequent to this Issue.

9. An economic downturn may negatively impair Company's operating results.
10. Political instability in India, United States, Europe, South East and Middle East Asia and other countries where Company's customers are based, can adversely affect the Company's business.



11. Volatility in the foreign exchange rate could adversely affect the cost of the Company's imports (on account of rupee depreciation) and competitiveness of exports (on account of rupee appreciation). Hence, the Company carries a potential foreign exchange risk

MP

Depending on its perception and expectation of the movements in the foreign exchange market, the Company may enter into forward contracts to reduce the exchange risks.

12. Some ports in India are facing congestion problem due to inadequate facility and/or excessive traffic of goods. This may result in delay in delivery of good and meeting of deadlines, thereby adversely affecting the revenues and/or result in reduction in margin or loss of business.

MP

The Company is currently conducting its business activities from a number of ports like Mundra, JNPT, Kandla, Chennai, Kakinada, Vizag. Company has a team of individuals working on the logistics to avoid any delay or congestion related problems

HIGHLIGHTS

Sakuma Exports Limited is a profit making Company since last five years. The Company was conferred Certificate of Recognition as an 'Export House' in May 20, 2002 vide certificate no. 012935.

Listing is proposed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited

NOTES:

1. The Pre Issue Net worth of the Company is Rs. 490.73 Lacs as on March 31, 2005 and Rs. 923.89 Lacs as on August 31, 2005.
2. Post Issue Net Worth of the Company is Rs. 4923.89 Lacs at the lower end of the price band and Rs. 5256.89 Lacs at the higher end of the price band
3. Public Issue of 66,66,667 equity shares of Rs. 10/- each for cash at a Price of Rs.45-50 per share amounting to Rs. 3,000 Lacs at the lower end of price band and Rs.3,333.33 Lacs at the higher end of price band; CRPS of Rs.100/- each at a price of Rs.100/- each amounting to Rs.1,000/- Lacs along with two ODTW attached with each CRPS. The Aggregate Issue size is Rs.4,000 Lacs at the lower end of price band and Rs.4,333.33 Lacs at the higher end of price band
4. The Cost per share to the Promoters is Rs. 10/- per share.
5. Book value per share is Rs. 10.00 as on March 31, 2005 and Rs. 9.71 on August 31, 2005.
6. The Promoters/Directors/Key Managerial personnel of the Company are interested in the Company to the extent of reimbursement of expenses incurred, normal remuneration or benefits, sitting fees and their respective shareholding in the Company. (Please refer interest of Promoters / Directors on Page no: 53 in the Draft Prospectus)
7. The investors are advised to refer to the para on "Basis of Issue Price" before making any investment in the issue.
8. Please read this Prospectus and the instructions contained herein before taking any decision on investing in the shares.
9. Investors may note that in case of over-subscription in the Public Issue, allotment shall be on a proportionate basis (refer to "Basis of Allotment") in consultation with the Designated Stock Exchange (BSE)
10. The investors may contact the Lead Manager or the Compliance Officer for any complaint / clarification / information pertaining to the Issue, who will be obliged to attend to the same.
11. In addition to the Lead Manager, the Issuer Company is obliged to update the Prospectus and keep the public informed of any material changes till listing and trading commences in respect of the shares issued through this Issue.



12. The Company has entered into the following Related Party Transaction

Description	Name
Subsidiaries	The Company has no subsidiaries
Group Companies/Firms	Sakuma International Private Limited Sakuma Finvest Private Limited Sakuma Import Export Private Limited C. K. K. Exports Private Limited
Directors	Mr. Chander Mohan Mr. Saurabh Malhotra Ms. Kusum Malhotra *
Associates	Mr. Chander Mohan (HUF)
Relatives of Directors	Ms. Vanitha Malhotra (Wife of Mr. Saurabh Malhotra)

* ceased to be a Director wef September 08, 2005

Related Party Transaction for Five Months ended August 31, 2005

Nature of Transaction (Amount in Rs. Lacs)	Group Company	Directors	Associate	Relatives of Directors
Net Capital Inflow	214.00	245.26 *		1.00
Unsecured Loan	11.96	162.47	0.46	0.04
Sundry Creditors				
Loans and Advances				
Managerial Remuneration		1.25		

* including amount contributed by Ms. Kusum Malhotra, ceased to be a director wef Sept 08, 2005 to facilitate broad basing of the Board

Related Party Transaction for the year ended March 31, 2005

Nature of Transaction (Amount in Rs. Lacs)	Group Company	Directors	Associate	Relatives of Directors
Net Capital Inflow		268.91*		
Unsecured Loan	166.48	94.16	3.26	0.50
Sundry Creditors	2.09			
Loans and Advances				
Managerial Remuneration		0.75		

* including amount contributed by Ms. Kusum Malhotra, ceased to be a director wef Sept 08, 2005 to facilitate broad basing of the Board

Related Party Transaction for the year ended March 31, 2004

Nature of Transaction (Amount in Rs. Lacs)	Group Company	Directors	Associate	Relatives of Directors
Capital Introduced		83.64 *		
Capital Withdrawn				
Unsecured Loan	110.25	25.27	2.24	1.16
Sundry Creditors	1.89			



Loans and Advances				
Managerial Remuneration				

* including amount contributed by Ms. Kusum Malhotra, ceased to be a director wef Sept 08, 2005 to facilitate broad basing of the Board

Related Party Transaction for the year ended March 31, 2003

Nature of Transaction (Amount in Rs. Lacs)	Group Company	Directors	Associate	Relatives of Directors
Capital Introduced		76.02 *		
Capital Withdrawn				
Unsecured Loan	7.19	75.94	2.34	0.20
Sundry Creditors				
Loans and Advances				
Managerial Remuneration				

* including amount contributed by Ms. Kusum Malhotra, ceased to be a director wef Sept 08, 2005 to facilitate broad basing of the Board



SECTION III INTRODUCTION

SUMMARY

The Industry

India's exports during the financial year April 2004 to March 2005 reached nearly US \$ 80 billion – being valued at INR 3560.69 billion (US \$ 79.59 billion), indicating a record growth of 21.72% (24.41% in dollar terms) over the level of INR 2933.67 billion (US \$ 63.9 billion) during April-March 2003-04. The growth achieved during the year is substantially higher than the 21.31% export growth in April-March 2003-04 over April-March 2002-03.

The export growth rate target for the year 2004-05 was originally set at 16% (value of US \$ 73.4 billion). The actual growth exceeded by as much as 50%. Despite the robust growth in exports, India's share in the global export market is still under 1%.

With the high growth achieved despite strengthening of the rupee vis-à-vis the US dollar and the overall impact of rise in fuel prices on competitiveness, the exports from India are expected to double its percentage share of world merchandise trade by increasing its exports to US \$ 150 billion by 2009

On the back of robust growth during the year, Ministry of Commerce has revised India's export target for the year 2005-06 upwards to US \$ 92 billion from the US \$ 88 billion target set earlier.

IMPORTS & EXPORTS (PROVISIONAL)

	(Rs. crores)
	Apr 04 – Mar 05
EXPORTS	
2003-04*	293366.76
2004-05	357076.54
Change (%)	21.72
IMPORTS	
2003-04*	359107.66
2004-05	476201.92
Change (%)	32.61
TRADE BALANCE	
2003-04*	-65740.90
2004-05	-119125.38

Source: Ministry of Commerce, DGCI&S

Note: Unadjusted for late returns

* Final Figures as given by DGCI&S

Business of the Issuer Company

Sakuma Exports was established on December 01, 1998 as a Partnership Firm. On August 31, 2005 the Company was incorporated as a Public Limited Company (Sakuma Exports Limited). The Company is engaged in the business of Trading and Export of Commodities. The core export of the Company consists of Agro Based Commodities.

Sakuma Exports is in the business of Exporting commodities and merchandise from India. Company commenced operations toward the end of Financial Year 1999-2000 as a partnership firm with exporting Pulses. Over the years Company developed exports of various agro based commodities and merchandise. The Company is engaged in exports of various commodities like Red Split Lentils, Onions, Peanuts, Peanuts in shell, Brass items, Sugar, Wheat Flour, Soya Bean Meal, Rape Seed Meal, Chilly, Jaggary, Watermelon, Sesame, Seeds, Maize, Sun Flower Meal, Rice, Chick Peas, Yellow Split Lentel, Sesame Seed Meal, Castor Seed Meal, Castor, etc.

In 1999, Company had started with one buyer in Colombo, Sri Lanka and today it has over 75 strong Customer Base in a number of countries like South East Asia, Middle East, Europe, Africa and the United States of America Markets and sources commodities from close to 400 suppliers directly and indirectly.

Management

The Company is currently managed by Board of Directors comprising of six Directors. Mr. Chander Mohan is the Chairman. The day to day affairs of the Company are being managed by Mr. Chander Mohan Chairman assisted by Mr. Saurabh Malhotra - Managing Director.



The Issue

Equity Shares Offered: (Issue Size / Net Offer to Public)	: 66,66,667 Equity Shares
Preference Shares Offered:	: 10,00,000 Preference Shares
Warrants Attached:	: 20,00,000 units
Of which:	
1. Retail Portion	: Minimum of 33,33,334 Equity Shares and 5,00,000 CRPS with two warrants attached to each CRPS* <i>Constituting atleast 50% of the Net Offer to the Public (Allocation on a proportionate basis)</i>
2. Other than Retail	: 33,33,333 Equity Shares and 5,00,000 CRPS with two warrants attached to each CRPS <i>Constituting atleast 50% of the Net Offer to the Public (Allocation on a proportionate basis)</i>
Under subscription in any of the category, shall be allowed to be met through oversubscription in any other category. * The percentage may be increased in consultation with BSE (Designated Stock Exchange) depending on the extent of response to the Issue from the investors in the category	
Equity Shares outstanding Prior to the Issue	: 95,10,000 Equity Shares
Equity Shares outstanding After the Issue	: 1,61,76,667 Equity Shares
Preference Shares outstanding Prior to the Issue	: Nil
Preference Shares outstanding After the Issue	: 10,00,000 Preference Shares
Warrants outstanding Prior to the Issue	: Nil
Warrants outstanding Post Issue	: 20,00,000 units
Object of the Issue	: The Company intends to deploy the net proceeds from the issue of shares for funding its long term working capital requirement, expanding present activities. As a result of the Issue, the Company also expects to provide greater liquidity to its existing shareholders. For details, please see the section entitled 'Objects of the Issue' on Page 12 of the Draft Prospectus for additional information.
Corporate Information	: Company was initially founded as a partnership firm in the name of M/s Sakuma Exports in the year 1998 at Mumbai and was converted and incorporated as a Public Limited Company in August 2005 with The Registrar of Companies, Mumbai, Maharashtra. The Partnership Firm was converted into Company under Part IX of the Companies Act, 1956 under the name of M/s. Sakuma Exports Limited having Certificate of incorporation dated August 31, 2005. Registered Office of the Company is 17, Chemox House, 7, Barrack Road, Bombay Hospital Lane, New Marine Lines, Mumbai 400 020 (India) Tel: (022) 2207 9296 / 97; Fax: (022) 2207 9301; E-mail: sakumaexports@hathway.com / sakumaex@mtnl.net.in URL: www.sakumaexportltd.com, Contact Person: Mr. Roy Jacob, Company Secretary



Summary Financial, Operating And Other Data

Statements of Assets & Liabilities (as restated)

(Rs. In Lacs)

PARTICULARS	AS AT 31.08.2005	AS AT 31.03.2005	AS AT 31.03.2004	AS AT 31.03.2003	AS AT 31.03.2002	AS AT 31.03.2001
APPLICATION OF FUND						
Fixed Assets						
Gross Block	24.09	18.79	11.71	0.30	0.26	-
Less : Depreciation	8.51	4.33	1.40	0.20	0.08	-
Net Block	15.58	14.46	10.31	0.10	0.18	-
Investments	0.06	0.06	0.06	-	-	-
Current Assets, Loans & Advances						
Inventories	127.99	327.02	43.01	79.76	2.59	137.92
Sundry Debtors	4,787.03	4757.11	767.40	407.85	177.72	34.82
Cash & Bank Balances	202.89	234.28	3.70	22.43	14.11	0.50
Loans & Advances	117.24	53.16	82.28	84.69	43.19	1.07
Other Current Assets	-	-	-	-	-	-
Total Current Assets	5235.15	5371.58	896.39	594.72	237.62	174.32
Less: Current Liabilities & Provisions						
Current Liabilities	4057.86	4003.95	248.10	86.88	13.61	99.98
Provisions	85.00	78.60	14.25	7.10	3.26	-
Total Current Liabilities	4142.86	4082.55	262.35	93.98	16.87	99.98
Net Current Assets	1092.29	1289.03	634.04	500.74	220.74	74.34
Total Assets	1107.93	1303.56	644.41	500.84	220.92	74.34
SOURCES OF FUNDS						
Loan Funds						
Secured Loans	4.11	305.42	283.66	276.98	148.93	16.23
Unsecured Loans	179.93	507.40	138.92	85.67	9.83	-
Total Loan Funds	184.04	812.82	422.58	362.65	158.76	16.23
Net Worth:						
Capital	951.00	490.74	221.83	138.19	62.16	58.11
Reserves and Surplus	-	-	-	-	-	-
Sub - Total	951.00	490.74	221.83	138.19	62.16	58.11
Less:- Miscellaneous Expenditure	27.11	-	-	-	-	-
Net Worth	923.89	490.74	221.83	138.19	62.16	58.11
Capital Employed	1107.93	1303.56	644.41	500.84	220.92	74.34

** Being a partnership firm the profits were credited to Partners Capital Account.



Statement of Profit & Loss (as restated)

(Rs. In Lacs)

PARTICULARS	Period Ended 31.08.2005	Year Ended 31.03.2005 Rs.	Year Ended 31.03.2004 Rs.	Year Ended 31.03.2003 Rs.	Year Ended 31.03.2002 Rs.	Year Ended 31.03.2001 Rs.
<u>INCOME</u>						
Sales	8048.56	16020.88	9187.65	3874.06	1391.00	323.32
Increase/Decrease in stock	(199.04)	284.01	(36.75)	77.17	(135.33)	137.92
Other Income	24.17	7.86	6.04	4.44	-	-
Total	7873.70	16312.76	9156.94	3955.67	1255.67	461.24
<u>EXPENDITURE</u>						
- Purchases & Other						
Direct Expenses	7599.76	16049.53	9084.35	3904.00	1222.57	447.92
Indirect Expenses	16.66	32.27	23.81	18.00	9.16	5.25
Interest	1.06	13.28	5.66	8.59	2.50	1.17
Depreciation	4.19	2.92	1.20	0.12	0.08	-
Total	7621.67	16098.01	9115.02	3930.71	1234.30	454.33
Profit before Taxation and Extra Ordinary Items	252.03	214.75	41.93	24.96	21.37	6.91
Provision for Income Tax	85.45	78.89	14.25	7.10	3.26	-
Net Profit before extra Ordinary items	166.58	135.85	27.68	17.86	18.11	6.91
Extra Ordinary Items (net of tax)	-	-	-	-	-	-
Net Profit after Extra Ordinary Items	166.58	135.85	27.68	17.86	18.11	6.91



GENERAL INFORMATION



SAKUMA EXPORTS LIMITED

[Formed as a partnership firm by the name M/s Sakuma Exports on December 1, 1998 at Mumbai and was subsequently converted and incorporated as a Public Limited Company in August 2005 with The Registrar of Companies, Maharashtra] The Partnership Firm was converted into Company under part IX of the Companies Act, 1956 under the name of M/s. Sakuma Exports Limited having Certificate of incorporation dated August 31, 2005.

(Regn No: U 51909 MH 2005 PLC 155765)

Registered & Corporate Office: 17, Chemox House, 7, Barrack Road, Bombay Hospital Lane,
New Marine Lines, Mumbai 400 020 (India)

Tel: (022) 2207 9296 / 97, **Fax:** (022) 2207 9301,

E-mail: sakumaexports@hathway.com / sakumaex@mtnl.net.in; **URL:** www.sakumaexportsltd.com

Board of Directors:

Board of Directors of the Company comprises of the following members:

Name	Designation
Mr. Chander Mohan	Chairman
Mr. Saurabh Malhotra	Managing Director
Mr. Ashok Kumar Doda	Independent Director
Mr. Radhe Shyam	Independent Director
Dr. Brij Bhushan Sahni	Non - Independent Director
Mr. Satyendra Sonar	Independent Director

Brief Details of Chairman, Managing Director, Whole Time Director:

Mr. Chander Mohan

Mr. Chander Mohan is a Post Graduate in Economics (Specialization in Agriculture Economics and Industrial Economics) from Delhi School of Economics, University of Delhi (1966). He is a retired development banker having held several key positions in Reserve Bank of India (RBI) / Industrial Development Bank of India (IDBI). During his tenure with IDBI, he was associated with international organizations like Economic Development Institute of World Bank and has co-directed a number of International seminars on economic reforms in India and abroad conducted by United Nations / World Bank / Asian Development Bank / Association of Development Financial Institutions of Asia and Pacific and IDBI.

Mr. Saurabh Malhotra

Mr. Saurabh Malhotra holds a Post Graduate diploma in Business Administration (Specialization in Finance) from Prin. L N Welingkar Institute of Management Development and Research. He is the Managing Director of the Company. He has strong business acumen with capability of identifying and converting potentials into reality. Responsible for developing exports and imports of number of commodities, Well informed and keeps himself updated by participating in business related summits, seminars, conventions, conferences and extensive traveling. He has developed strong foresight of the Global market conditions and keenly follows the same on day to day basis to identify, conceptualize and develop business strategies of Sakuma Exports. He has a rich experience of 6 years of managing the business.



Company Secretary & Compliance Officer

Mr. Roy Jacob,
17, Chemox House,
7, Barrack Road,
Bombay Hospital Lane,
Mumbai- 400 020.
Tel: +91 22 2207 9296
Fax: +91 22 2207 9301
Email: cs@sakumaexportsltd.com

Investors can contact the Compliance Officer in case of any pre-offer or post-issue related problems such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc.

Bankers to the Company

Corporation Bank

Earnest House,
NCPA Marg,
Nariman Point, Mumbai- 400 021 (India)
Tel: +91 22 2288 6067 / 8
Fax: +91 22 2285 1831

UTI Bank Limited

Court Chambers,
35, Sir Vithaldas Thackersey Marg,
New Marine Lines,
Mumbai- 400 002, (India)
Tel: +91 22 2200 7694/ 2200 7698
Fax: +91 22 2201 0700

Lead Manager

Khandwala Securities Limited

(SEBI Reg. No. INM000001899)
Vikas Building, Ground Floor,
Green Street,
Fort, Mumbai- 400 022
Contact: Mr. Ajay Puri
Tel: +91 22 2264 2300
Fax: +91 2261 5172
Email: sel@kslindia.com

Registrar to the Issue

Bigshare Services Private Limited

(SEBI Reg.No.INR00001385)
E-2, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (East), Mumbai 400 072.



Contact Person: V. Kumareshan
Tel: +91 22 28470652 / 3, 56936291
Fax: +91 22 28475207
E-mail bigshare@bom7.sify.com

Note: Investors can contact the Compliance Officer in case of any Pre-issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificate / credit of securities in depositaries beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

Banker to the Issue (To be appointed later)

Name of Bank
Address 1,
Address 2,
Address 3,
Area, City, Pincode
Tel: +91
Fax: +91
Email:

Brokers to the Issue

All members of the recognized Stock Exchanges would be eligible to act as Brokers to the Issue

Auditors

M/s Mittal & Associates,
Chartered Accountants
130, Esplanade Mansion,
M G Road,
Mumbai- 400 023, (India)
Contact Person: Mr. Gopal Bohra
Telefax: +91 22 2288 1975
Email: mittal@bom3.vsnl.net.in

Credit Rating

This being an Issue of Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants, credit rating is not required

Trustee

This being an Issue of Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants, appointment of Trustees is not required

Underwriting

The issuer is not proposing for the underwriting of the Issue.

**CAPITAL STRUCTURE**

NO OF SHARES		NOMINAL VALUE (RS.)	AGGREGATE VALUE (RS.)
A. AUTHORISED CAPITAL			
1,90,00,000	Equity shares of Rs.10/- each	19,00,00,000	19,00,00,000
11,00,000	Preference Shares of Rs.100/- each	11,00,00,000	11,00,00,000
B. ISSUED SUBSCRIBED AND PAID UP CAPITAL			
95,10,000	Equity shares of Rs.10/- each	9,51,00,000	9,51,00,000
C. PRESENT ISSUE- PUBLIC ISSUE OF			
66,66,667	Equity shares of Rs.10/- each at a premium of Rs.35 -40 per share	6,66,66,670	Rs.30,00,00,015 at a price of Rs.45/- and Rs.33,33,33,350 at a price of Rs.50/-
10,00,000	5% Cumulative Redeemable Preference Share of Rs.100/- each at par *	10,00,00,000	10,00,00,000
D. PAID UP CAPITAL AFTER THE ISSUE			
1,61,76,667	Equity shares of Rs.10/- each	16,17,66,670	
10,00,000	Preference share of Rs.10/- each	10,00,00,000	
E. SHARE PREMIUM ACCOUNT			
Before the Issue			Nil
After the Issue			
- At an Issue Price of Rs.45/- per share			23,33,33,345
- At an Issue price of Rs.50/- per share			26,66,66,680

* Each CRPS has two Optional Detachable Tradable Warrants attached to it which shall be converted into Equity shares at the option of the warrant holder. For details please refer to information under head- 'Terms of the Warrant'

Details of Increase In Authorised Capital

Type of Instrument	Face Value (Rs.)	No of Shares	Nominal Value	Particulars
Equity Shares	10	1,90,00,000	19,00,00,000	Incorporation
Preference Shares	100	11,00,000	11,00,00,000	Incorporation
Total Authorised Share Capital			30,00,00,000	

Notes Forming Part of the Capital Structure

1. The Share Capital History of the Company is as follows:

Date of Allotment	No of Shares	Cumulative Total Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Reason for allotment (bonus, swap, etc.)	Cumulative Share Premium (Rs.)
05/09/2005	95,10,000	95,10,000	10	10	Cash	Allotment to subscribers to Memorandum	0



2. Promoters Contribution and Lock-in

Sr. No.	Promoter	Date of Allotment / Transfer	Consideration (Cash, Bonus, etc.)	No of Shares	Face Value	Issue Price	% of Post-Issue Paid up Capital	Lock-in Period
1	Mr. Saurabh Malhotra	05/09/2005	Memorandum	13,28,500	10	10	8.21	3 yrs
2	Ms. Kusum Malhotra	05/09/2005	Memorandum	14,55,500	10	10	9.00	3 yrs
3	Chander Mohan	05/09/2005	Memorandum	4,53,000	10	10	2.80	3 yrs
	TOTAL			32,37,000			20.01	

3. Other than the above, the entire pre-issue capital of the Company including the following shares held by the Promoters shall be subject to a lock-in of one year from the date of allotment of shares in this public issue. Shareholding of the Promoters

Sr. No.	Promoter	Date of Allotment	Consideration (Cash, Bonus, etc.)	No of Shares	Face Value	Issue Price	% of Post-Issue Paid up Capital	Lock-in Period
1	Mr. Saurabh Malhotra	05/09/2005	Memorandum	16,91,500	10	10	10.46	1 year
2	Ms. Kusum Malhotra	05/09/2005	Memorandum	18,54,500	10	10	11.46	1 year
3	Mr. Chander Mohan	05/09/2005	Memorandum	5,77,000	10	10	3.57	1 year
4	Ms. Vanitha Malhotra	05/09/2005	Memorandum	10,000	10	10	0.06	1 year
5	M/s Sakuma International Marketing Pvt Ltd	05/09/2005	Memorandum	15,50,000	10	10	9.58	1 year
6	M/s. Sakuma Import & Export Pvt Ltd	05/09/2005	Memorandum	90,000	10	10	0.56	1 year
7	M/s. Sakuma Finvest Pvt Ltd	05/09/2005	Memorandum	5,00,000	10	10	3.09	1 year
	TOTAL			62,73,000			38.78	

4. Written consents have been obtained from the persons whose shares form a part of Promoters contribution and are subject to lock-in Provisions, to the extent of 20% of Post-Issue Paid up Capital.
5. The entire pre-capital, other than that locked in as promoters contribution shall be locked in for a period of one year from the date of allotment in the present issue.
6. Particulars of top ten shareholders
 - a. Particulars of top ten Shareholders as on DD/MM/YYYY (being the date of filing of the Prospectus with the Registrar of Companies)

Sr. No	Name of Shareholder	No of Shares (of Rs.10 each)	Percentage of post-issue paid-up capital
1	Mrs. Kusum Malhotra	33,10,000	20.46
2	Mr. Saurabh Malhotra	30,20,000	18.67
3	M/s Sakuma International Marketing Pvt Limited	15,50,000	9.58
4	Mr. Chander Mohan	10,30,000	6.37
5	M/s. Sakuma Finvest Pvt Limited	5,00,000	3.09
6	M/s. Sakuma Imports & Exports Pvt. Ltd.	90,000	0.56
7	Mrs. Vanitha Malhotra	10,000	0.06
	TOTAL	95,10,000	58.79



- b. Particulars of top ten Shareholders as on DD/MM/YYYY (two years prior to the date of filing of the Prospectus with the Registrar of Companies)

Sr. No	Name of Shareholder	No of Shares (of Rs.10 each)	Percentage of Total Paid-up Capital
	NA	NA	NA

- c. Particulars of top ten Shareholders as on DD/MM/YYYY (10 days prior to the date of filing of the Prospectus with the Registrar of Companies)

Sr. No	Name of Shareholder	No of Shares (of Rs.10 each)	Percentage of post- issue paid-up capital
1	Mrs. Kusum Malhotra	33,10,000	20.46
2	Mr. Saurabh Malhotra	30,20,000	18.67
3	M/s Sakuma International Marketing Pvt Limited	15,50,000	9.58
4	Mr. Chander Mohan	10,30,000	6.37
5	M/s. Sakuma Finvest Pvt Limited	5,00,000	3.09
6	M/s. Sakuma Imports & Exports Pvt. Ltd.	90,000	0.56
7	Mrs. Vanitha Malhotra	10,000	0.06
	TOTAL	95,10,000	58.79

(The Company had only seven Shareholders as on the relevant dates.)

- In case of over-subscription, allotment will be on proportionate basis as defined in Para on 'Basis of Allotment'. An over-subscription to the extent of 10% of the Net Offer to Public can be retained for the purpose of rounding off to the nearest integer while finalizing the basis of allotment.
- The Post-Issue promoters holding will be 58.79%. In terms of the guidelines, 20% of the post issue capital will be locked for 3 years and the balance holding will be in lock-in for 1 year.
- The Promoters/Directors, their relatives and associates have not purchased or sold or financed, directly or indirectly, any equity shares during a period of six months preceding the date on which the Prospectus is filed with SEBI.
- There are no outstanding warrants, options, or rights to convert debentures or other instruments into equity shares as on date of filing the Draft Prospectus.
- The Pre-Issue (as on 31.08.05) & proposed post-Issue shareholding pattern of Sakuma Exports Limited is as under:

Category	Pre-Issue		Post-Issue	
	No of Shares	% Holding	No of Shares	% Holding
Promoters & Promoters' Group	95,10,000	100.00%	95,10,000	58.79
Public	0	0	66,66,667	41.21
TOTAL	95,10,000	100.00%	1,61,76,667	100.00%

- Till date the Company has not introduced any Employee Stock Option Scheme / Employee Stock Purchase Scheme.
- The Equity Shares to be held by the Promoters under lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, the Equity Shares held by Promoters, which are locked in, may be transferred to and among promoters/Promoters' group or to a new Promoter(s) or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable. The Promoters may pledge their Equity Shares with banks or financial institutions as additional security for loans whenever availed by them from banks or financial institutions.



14. The Equity Shares held by persons other than the Promoters, prior to the issue, which is under lock-in may be transferred to and among promoters/Promoters' group or to a new Promoter(s) or persons in control of the Company, subject to the continuation of lock-in with the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.
15. The Company/Promoter/Director/Merchant Bankers have not entered in to buyback/standby or similar agreements for purchase of securities being issued by the Company through this Prospectus.
16. The Company has not issued any Equity Shares out of revaluation reserves or for consideration other than cash.
17. As per SEBI guidelines, a minimum of 50% of the net offer to the public is reserved for allotment to individual investors applying Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants of or for a value of not more than INR 100,000/-. The remaining 50% of the offer to the public is reserved for individuals corporate bodies / institutions, etc applying for Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants attached for a value more than INR 1,00,000/-. Unsubscribed portion in either of these categories shall be added to the other category interchangeably.
18. The Company has not availed any bridge loans against the proceeds of this Issue.
19. The Company undertakes that it shall not make any further Issue of capital whether by way of Issue of bonus shares, preferential allotment, rights Issue or Public Issue or in any other manner, during the period commencing from the submission of Prospectus to SEBI for Public Issue till the Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants referred in the Draft Prospectus have been listed or application moneys refunded on account of failure of the Issue.
20. The Company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares and/or Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants or further Issue of Equity Shares and/or Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants (including Issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, but if the Company goes in for acquisitions and joint ventures, the Company might consider raising additional capital to fund such activity or use shares as currency for acquisition and/or participation in such joint venture.
21. There shall be only one denomination for the Equity Shares and there shall be one denomination for Cumulative Redeemable Preference Share of the Company, subject to applicable regulations and the Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
22. The Equity Shares and Cumulative Redeemable Preference Share offered through this Public Issue shall be made fully paid up on allotment.
23. No single applicant can make an application for number of Equity Shares and Cumulative Redeemable Preference Shares, which exceeds the number of Shares offered.
24. The Company has 7 shareholders as on the date of filing the prospectus with the RoC (i.e. as on Month XX, 2005).
25. Each Cumulative Redeemable Preference Share will have attached to it two Optional Detachable Tradable Warrant. ODTW shall at the option of the warrant holder be convert into Equity Share within a period of 18 months as explained under the head Terms of the warrant on page 18.



OBJECTS OF THE ISSUE

The objects of the Issue are:

- Long Term Working Capital
- General Corporate Purposes
- Meet the expenses of the Issue
- Listing the Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants of the Company to be issued through this Prospectus on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE)

The Main Object Clause of the Memorandum of Association of the Company enables it to undertake the activities for which the funds are being raised in the present issue. Further, it is confirmed that the activities, which the Company has been carrying out until now is in accordance with the object of Memorandum of Association of the Company.

Fund Requirement:

The Company has estimated the fund requirement as follows:

Particulars	Rs. in Lacs	
	At Rs. 45/- per equity share and Rs.100/- per CRPS	At Rs.50/- per share and Rs.100/- per CRPS
Long term working capital	3650	3650
General Corporate Purposes	-	333
Issue Expenses	350	350
	4000	4333

The Company intends to raise funds to meet part of its working capital requirements. The Company's working capital requirement arises primarily from inventories, sundry debtors, security deposits and advance income tax. The Company anticipates that it would require Rs. 3,650 Lacs to augment its long term resources for its working capital requirements.

The norms assumed for the working capital requirement for the Company are based on the historical norms that emerge from the financial statements of the Company:

Particulars	Basis	Norm Assumed for 2006-07	Actual Norms for 2004-05
Inventories	In days	7	7
Sundry Debtors	In days	108	108
Loans & Advances	In Rs. Lacs	202	52
Sundry Creditors	In days	80	91
Provisions	In Rs. Lacs	322.5	89



The Company's requirement of working capital for the financial year 2006-2007 has been arrived at as under:

Rs. in Lacs		
Particulars	Estimated Working Capital Requirement for the Year Ended 31-Mar-2007	Actual Working Capital deployed for the Year Ended 31-Mar-2005
CURRENT ASSETS		
- Inventories	1150.0	327
- Sundry Debtors	17753	4757
- Loans & Advances	202	52
<i>Sub Total</i>	<i>19105</i>	<i>5136</i>
<u>Less:</u>		
Sundry Creditors	13479.5	3994
Provisions	322.5	89
<i>Sub Total</i>	<i>13802</i>	<i>4083</i>
Net Working Capital	5303	1053
Less:		
Consolidated Bank finance of Working Capital	900	300
Working Capital Requirement	4403	753

General Corporate Purposes

The Company intends to use Rs. 333 Lacs of the proceeds for general corporate purposes including marketing and promotional expenses to strengthen its business and brands.

Issue Expenses

The expenses of the Issue payable by the Company inclusive of the brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors, Stamp Duty, printing, publication, advertising and distribution expenses, bank charges, listing fees, and other miscellaneous expenses will not exceed Rs. 3,50,00,000/- and will be met out of the proceeds of the present issue.

Means of Finance:

Sr. No	Particulars	Amount (INR Lacs)	Amount (INR Lacs)
1.	Initial Public Offering		
	a) Equity Share	3,000*	3,333**
	b) Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrants Attached	1,000	1,000
	Total	4,000	4,333

* At Rs.45/- per Equity Share

** At Rs.50/- per Equity Share

Appraisal

The funds requirement and funding plans are Company's own estimates, and have not been appraised by any bank / financial institution/ merchant banker.



Schedule of Implementation

Net Issue proceeds after meeting public issue expenses will be utilized for long-term working capital requirement and shall be applied by the Company in its business to scale up its operations. The Company intends to use Rs. 333 Lacs of the proceeds for General Corporate purposes including marketing and promotional expenses to strengthen its business and brand.

Particulars	Completion (Month, Year)
Working Capital Requirement	May 2006
Issue Expenses	March 2006
General Corporate Expenses	June 2006

Funds Deployed (If any)

Not applicable

Sourcing & Financing of Funds Already Deployed

Not Applicable

Proposed Deployment of Funds

At Issue price of Rs.45/- per equity share and Rs.100/- per CRPS

Particulars	Jan-Mar 06	Apr-Jun 06
Working Capital Requirement	2205	1470
General Corporate Purposes	-	-
Issue Expenses	325	-
Total	2530	1470

At Issue price of Rs.50/- per equity share and Rs.100/- per CRPS

Particulars	Jan-Mar 06	Apr-Jun 06
Working Capital Requirement	2205	1470
General Corporate Purposes	199	134-
Issue Expenses	325	-
Total	2729	1604

Notes

- All suppliers relating to purchase of commodities are in no way related / connected to the promoters/directors of the Company.
- The Company is yet to place orders with the suppliers.
- The Company intends to place orders after the issue is completed.

Interim Use of Funds

Pending any use as described above, the Company intends to invest the proceeds of the Issue in high quality, interest / dividend bearing short term / long-term liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by the Company's Board or a duly authorised committee thereof.



BASIC TERMS OF THE ISSUE

Ranking

Equity Shares

The Equity Shares offered and arising out of this issue and on exercise of the rights attached to the ODTWs shall be subject to the Memorandum and Articles of Association of the Company and rank pari-passu with the existing Equity Shares of the Company in all respects. Allottees of the Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

Preference Shares

Preference Shares offered and arising out of this issue shall be subject to the Memorandum and Articles of Association of the Company and shall carry a preferential right over the Equity shares. On winding up or repayment of capital, the holders of the CRPS shall carry a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up

Mode of Payment of Dividend

Equity Shares

The Company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956.

Cumulative Redeemable Preference Shares

The CRPS shall carry a preferential right to be paid a fixed rate of dividend of 5% per annum (subject to deduction of income tax as per I. T. Act or any statutory modification or re-enactment thereof for the time being in force).

Dividend will be payable to the Registered holder of CRPS only and payment shall be made in the name of the first/sole holder of CRPS.

As per the provision of Section 85(1) of the Act, Preference share capital:

- a) as regards dividend, carries a preferential right to be paid a fixed amount or an amount calculated at a fixed rate which may be either free or subject to income tax.
- b) As respects capital, it carries, or will carry, on winding up or repayment of capital, a preferential Right to be repaid the amount of capital paid up or deemed to have been paid up, whether or not there is a preferential right to the payment of either or both of the following amounts, namely
 - i. any money remaining unpaid, in respect of the amounts specified in clause above, up to the date of winding up or repayment of capital; and
 - ii. any fixed premium or premium on any fixed scale, specified in the memorandum or article of the Company

Accordingly, the CRPS shall carry a preferential right to dividends over the equity shares according to the provision of Section 85 (1)(a) of the Act and CRPS holders shall be entitled to cumulative arrears of dividends, if any for preceding years before any payment of dividend is made to the equity shareholders of the Company

Face Value and Issue Price

Equity Shares

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue is at a price band of Rs. 45-50 per Equity Share, which is 4.5 times of the Face Value at lower end of the price band and 5 times the Face Value at the higher end of the price band.

Cumulative Redeemable Preference Shares

The Face Value of the Cumulative Redeemable Preference Share along with 2 Optional Detachable Tradable Warrants attached is INR 100/- per Preference Share and the Issue Price is one time of the Face Value

Rights of the Shareholders

Equity Shareholders

- i. To receive dividend, if declared.
- ii. To attend general meetings and exercise voting rights, unless prohibited by law.
- iii. To vote on a poll either personally or by proxy.
- iv. To receive offer for rights shares and be allotted bonus shares, if announced;



- v. To receive surplus on liquidation.
- vi. Right of free transferability; and
- vii. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956 and Memorandum and Articles of Association of the Company.

Cumulative Redeemable Preference Shareholders

- i. The CRPS shall carry a preferential right over equity shares for payment of Interest and/or dividend thereof.
- ii. On winding up or repayment of capital the holders of the CRPS shall carry a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up.
- iii. The CRPS are transferable and transmittable in the same manner and the same extent and be subject to the same restrictions and limitations as in the case of Equity Shares of the Company. The provisions relating to transfer and transmission and other related matters in respect of the Equity Shares of the Company, as contained in the Act, and the Articles, shall also apply mutatis mutandis to the CRPS.
- iv. The holders of CRPS have the right to vote on any resolution of the Company directly affecting their rights subject to the provisions of Section 87(2)(a) of the Act and they shall be entitled to vote on every resolution, if the dividend due has remained unpaid as specified in Section 87(2)(b) of the Act.
- v. The registered holder of the CRPS and/or in the case of joint holders, the one whose name stands first in the Register of CRPS holders shall be entitled to vote in respect of such CRPS, either in person or by proxy at any meeting of the holders of CRPS and every such holder shall be entitled to one vote on a show of hands, and on a poll his voting rights shall be in proportion as the capital paid up in respect of the CRPS bears to the total paid up cumulative redeemable preference Capital of the Company on every resolution placed before such meeting of the CRPS holders. The quorum for such meetings shall be 5 (five) holders present in person.
- vi. A Register of holders of CRPS will be maintained in accordance with Section 150 of the Act, and all sums becoming due and payable will be paid to the registered holders only and in case of joint holders, to the person whose name appears first in the Register of CRPS holders.
- vii. The rights and privileges of the CRPS holders may, subject to the provisions of section 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by Agreement between the company and any persons purporting to contract on behalf of the CRPS holders provided such agreement is:
 - a) consented to in writing by the holders of at least three-fourth of the issued cumulative redeemable preference shares or
 - b) sanctioned by a resolution passed at a separate general meeting of the members registered in respect of cumulative redeemable preference shares in accordance with Section 106 of the Act and all the provisions contained in the Articles of Association of the Company shall, mutatis mutandis apply to every such meeting except that the quorum thereof shall be at least two members registered in respect of or representing by proxy one fifth of the nominal amount of the issued preference shares.
- viii. The CRPS shall be redeemed by the company on the expiry of five years from the date of allotment. The company however reserves the right, in its absolute discretion, without being under any obligation to do so, to redeem CRPS any time before the expiry of five years as mentioned above by giving thirty days notice to this effect.
- ix. In case of loss or inadequacy of profit, dividend shall not be declared or paid by a Company. No dividend shall be declared or paid by a Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation.
- x. CRPS cannot be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption
- xi. The redemption of CRPS under this section by a company shall not be taken as reducing the amount of its authorized share capital.



Optional Detachable Tradable Warrant Holders

- i. The Warrants shall be transferable and transmittable in the same manner and to the same extent and shall be subject to the same restrictions and limitations as in the case of the existing Equity Shares of the Company and the provisions relating to transfer and transmission and other related matters in respect of Equity Share in the Articles of the Company and the provision of the Act shall apply, mutatis mutandis, to the warrants as well.
- ii. The warrant holders will not be entitled to any of the rights and/or privileges available to the members of the Company, except to the extent of the Equity Shares that will be allotted to them on exchange in the manner as mentioned under the heading 'Terms of the Warrant' on Page 18 of the Prospectus.
- iii. The Warrants shall not confer upon the holders thereof the right to receive a notice of or to attend and vote at General Meeting of the Company or to receive Annual Reports of the Company. If however, any resolution affecting the right attached to the warrants is placed before the meeting of the Equity Shareholders, such a resolution will be first placed before the meeting of warrant holders for their consideration.
- iv. A Register of the holders of the Warrants (hereinafter referred to as "The Register or Warrant-holders") will be maintained.
- v. Registered holders of the Warrants and in case of joint holders the one whose name stands first in the Register of Warrant holders shall be entitled to vote in respect of such Warrants either in person or by proxy at any meeting of the Warrant holders at which he is entitled to vote. Each Warrant-holder shall, on voting by show of hands, be entitled to one vote and on poll he shall be entitled to one vote per warrant held by him. The Quorum for such meetings shall be at least five Warrant holders present in person.
- vi. The Warrant holders will be entitled to their Warrants free from equities and/or cross-claims by the company.
- vii. Over and above the afore-mentioned terms and conditions, the warrants shall be subject to other usual terms and conditions as may be incorporated in the Warrant Certificates, if any, may be issued to the allottees thereof.
- viii. In the event of any issue of Bonus Shares by the Company prior to the date of allotment of equity shares to the holders of ODTW's as aforesaid, then subject to the Company obtaining such approvals as may be required the entitlement of the holders of ODTW's shall stand augmented in the same proportion in which the bonus shares are issued.
- ix. In the event of issue of Rights shares prior to the date of allotment of Equity Shares to the holders of ODTW's as aforesaid, then subject to the Company obtaining such approvals as may be necessary the holders of ODTW's shall be entitled to be offered such securities in the same proportion in which they are offered to the holders of Equity shares of the Company by way of rights.

Market Lot

Equity Shares

As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one Equity Share. Allotment of Equity Shares will be done in multiples of one Equity Share, subject to a minimum allotment of 100 Equity Shares.

Cumulative Redeemable Preference Shares

As trading in CRPS would be in dematerialized form, the market lot is one Preference Share. Allotment of Preference Shares will be done in multiples of one Preference Share, subject to a minimum allotment of 15 Preference Shares

Optional Detachable Tradable Warrants

As trading in ODTW would be in dematerialized form, the market lot is one warrant. Allotment of warrants will be done in multiples of 1 ODTW, subject to a minimum of 2 ODTW. However, allotment of warrants shall be in the same proportion as the allotment of CRPS.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to public on the date of closure of the issue or if the subscription falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire



subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956. No statement made in this offer document shall contravene any of the provisions of the Companies Act, 1956.

Period of Subscription

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days.

Authority for the Present Issue

The Present Issue of Equity Shares, CRPS and the ODTWs now being offered are pursuant to the Resolution under section 81(1A) of the Act passed by the Shareholders vide a Special Resolution passed at the Extra Ordinary General meeting of the Company held on September 08, 2005 and are also subject to the terms of this Prospectus, the Application Form, the Memorandum and Articles of Association of the Company (hereinafter referred to as "the Memorandum and Articles"), the provisions of the Act, and guidelines for the listing of securities issued by the Government of India from time to time. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on September 05, 2005. Further, vide a resolution dated September 08 2005, the Board of Directors of the Company determined the number of Equity Shares, CRPS along with ODTW to be issued for Cash through Prospectus.

Reservations

No reservation is proposed for any category of investors in the issue.

Minimum and Maximum Application Size

Application should be for minimum of 100 Equity Shares along with 15 Cumulative Redeemable Preference Shares and in multiples of 100 Equity Shares and 15 Cumulative Redeemable Preference Shares thereafter. An applicant in the net public category cannot make an application for that number of Equity Shares and CRPS exceeding the number of Equity Shares and CRPS offered to the public.

Terms of Payment

The entire Issue price of Rs.45-50 per equity share and Rs.100/- per CRPS is payable on application only. In case of allotment of lesser number of Equity Shares and CRPS than the number applied, the Company shall refund the excess amount paid on application to the applicants.

Interest on Excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment and unpaid calls will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the issue.

Terms of the Warrants

Every CRPS shall have Two Optionally Detachable Tradable Warrant attached to it. The holders of each Warrant shall have the right to subscribe to one Equity Share of Rs. 10/- each at 75% of the average market price for the two calendar months (with reference to the date determined by the Board) which shall be the average of the daily high and low quotations on the Designated Stock Exchange (Bombay Stock Exchange Limited). The price so ascertained shall be rounded off to the nearest rupee and shall not exceed Rs. 200/-. This right shall be exercisable within 18 months from the date of allotment of Equity Shares and CRPS.

The ODTW attached to the CRPS shall be separately tradable. The Company will make application to have the warrants listed on all the Stock Exchanges where the securities issued by the company are listed.

The Warrant holder who exercises the right will not be entitled to claim any adjustment or appropriation of the amount paid on the proposed CRPS towards amount payable for subscription of Equity Shares on conversion of warrants. If the right attached to the Warrant is not exercised within such time as may be decided by the Board of Directors, the entitlement of the holder(s) of Warrant(s) will automatically lapse at the end of the



specified period. The Board will thereafter be entitled to make further issue (s) and allotment (s) from time to time of such number of Equity Shares of Rs 10/- each or such other securities as it may deem fit at the subscription price as is equivalent to the number of warrants on which the right to subscribe for Equity Shares remains unexercised as aforesaid to any person or persons whomsoever in such proportion and in such manner as the Board may decide in its absolute discretion.

The right to subscribe to Equity Shares against the warrants shall be exercised by the persons whose names appear on the Register of Warrant holders on a Record date to be determined by the Board. The holders of the Warrant will be eligible to apply for Equity Shares by surrendering to the Company the warrant accompanied by requisite payment. The warrant-holders would be given one month notice for this purpose.

The exercise price of the warrants as per above mentioned pricing formula, decided by the Board will be announced in at least two national newspaper and the Board will fix a record date for the purpose. The exercise price and timing as determined by the Board shall be intimated to all the warrant holders by post at least 30 days before the record date fixed for the purpose and simultaneously announced in the newspapers as mentioned above.

Basis of Allotment

In the event of the Present Issue of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange).

The Executive Director/Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

i. Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 100 Equity Shares and 15 CRPS. If the proportionate allotment to an applicant works out to a number that is more than 100 equity shares and 15 CRPS but is a fraction, then, for a fraction equal to or higher than 0.50 shall be rounded off to the next integer. If that fraction is lesser than 0.50 the fraction shall be ignored. All applicants in such categories shall be allotted shares arrived at after such rounding off.

ii. Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:

- a. A minimum 50% of the net offer of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) to the public shall initially be made available for allotment to retail individual investors, as the case may be. This percentage may be altered in consultation with BSE (Designated Stock Exchange) depending on the extent of response to the Issue from investors in this category.
- b. The balance net offer of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) to the public shall be made available for allotment to:
 1. Individual applicants other than retail individual investors, and;
 2. Other investors including Corporate bodies/ institutions irrespective of the number of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) applied for.
- c. The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange).

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (Designated Stock Exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue.



An illustration explaining the proportionate allotment procedure is given herein below:

1. Total Equity Shares Offered in a price band of Rs.45-50 per share: 66,66,667 Equity Shares
2. Total CRPS (along with OTDW in the proportion of two warrant for each CPRS) offered @ Rs.100/- per preference share: 10,00,000 CRPS
2. Minimum Equity Shares Offered to Retail Category: 33,33,334 Equity Shares
3. Application can be made for a minimum of 100 Equity Shares and 15 CRPS and in multiples thereof.
4. If the total issue is over subscribed 4 times whereas the retail category is over subscribed 6.25 times.
5. Assume three retail investors X, Y & Z. X has applied for 700 Equity Shares and 105 Cumulative Redeemable Preference Share. Y has applied for 800 Equity Shares and 120 Cumulative Redeemable Preference Share. Z has applied for 900 Equity Shares and 135 Cumulative Redeemable Preference Share. As per allotment procedure, the allotment to retail individual investors would be on proportionate basis i.e., at 1/6.25 th of the total number of shares applied for. The actual entitlement shall be as follows:

Sr No	Name of Investor	Category of Investor	No of Shares Applied For	No of Shares Alloted in Proportion of 1/6.25	No of Shares Alloted after rounding off to next integer
1	X	Equity Shares	700	112.00	112
		Preference Shares	105	16.80	17
2	Y	Equity Shares	800	128.00	128
		Preference Shares	120	19.20	19
3	Z	Equity Shares	900	144.00	144
		Preference Shares	135	21.60	22

Note: Every Cumulative Redeemable Preference Shareholder will get two Optional Detachable Tradable Warrant for each CRPS held. These ODTW are subject to conversion within 18 months as explained elsewhere in the Draft Prospectus

Despatch of Refund Orders

The Company shall ensure despatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting & Refund Orders of value over Rs.1500/- and Share Certificates by Registered Post only. Further, adequate funds for the said purpose shall be made available to the Registrar by the Company.

Interest in Case of Delay in Dispatch of Allotment Letters / Refund Orders

The Company agrees that as far as possible allotment of Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrant offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 30 days from the date of the closure of the Issue.



BASIS OF ISSUE PRICE

Qualitative Factors

- Top management of the Company is highly qualified with several years of experience and expertise in their domain.
- The day-to-day affairs of the company are looked after by qualified key personnel with versatile experience, under the supervision of Chairman & Managing Director.
- Presently, the clientele of the Company consists of Mitsubishi Corporation, ConAgra (International) S.A, Khimji Ramdas, etc. A team of technocrats keep close relationship with these customers
- Has been making profits consistently since last five years
- The net profit of the company has grown from Rs.17.88 Lacs in March 2003 to Rs. 138.36 Lacs in March 2005 at a CAGR of 178 %.
- The sale of the Company has grown from Rs. 3743 Lacs as on March 2003 to Rs. 16,058 Lacs as on March 2005 at a CAGR of 107%.

Quantitative Factors

Adjusted **Earnings Per Share (EPS)** weighted on face value of Rs.10/-

Year	EPS (Rs)	Weight
2002-03	3.02	1
2003-04	2.29	2
2004-05	5.94	3
2005-06 (5 months) *	6.42	-
Weighted Average	4.24	

* Annualised

Price Earning Ratio (PE Ratio) in relation to the issue price of Rs.45/- at the lower end of the price band and Rs.50/- at the higher end of the price band

Based on Year 2005	At Rs.45/- per equity share	At Rs.50/- per equity share
Earnings Per Share	5.94	5.94
Price Earning Ratio	7.58	8.42

Particulars	P/E Ratio
Industry	
- Highest	66.1
- Lowest	5.3
- Average	23

(Source: Capital Market Sep 26, 2005 to Oct 9, 2005)

Return on Net Worth

Year	RONW Company (%)	Weight
2002-2003	12.93	1
2003-2004	12.48	2
2004-2005	27.68	3
2005-06 (5 months) *	18.03	-
Weighted Average	20.16	

Minimum Return on net worth needed after the issue to maintain EPS (as on March 31, 2005) at Rs.5.94/- is 19.56% at lower end of price band Rs.45/- and 18.32% at the higher end of price band Rs.50/-

**Net Asset Value (NAV) per share**

Particulars	NAV Company
As on March 2005	10.00
As on August 2005	9.71
Issue Price	Rs.45 – 50

The Issue Price of Rs. 45-50 per Equity Share and Rs.100/- per Preference Share is determined on the basis of the above ratios, is justified

The ratios of some of the companies in the same industry group are as follows:

Company	EPS (in Rs.)	P/E Ratio	RONW (%)	Book Value
Vishal Exports	0.7	-	16.2	4.7
Adani Exports	4.7	14.4	16.8	30.1

(Source: Capital Market Sep 26, 2005 to Oct 09, 2005)

The face value of the equity shares of the Company is Rs.10/- per share and the Issue Price is Rs.45-50 per equity share, which is 4.5 times of the face value of the equity shares at the lower end of the price band and 5 times at the higher end of the price band, face value of the preference shares is Rs.100/- per preference share and the Issue Price is Rs.100/- per preference share, which is 1 time of the face value of the preference shares of the Company

The Lead Manager believes that the Issue Price of Rs. 45-50 per Equity Share is justified in view of the above qualitative and quantitative parameters. The investors may want to pursue the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report appearing on Page 54 of the Prospectus to have a more informed view of the investment proposition



TAX BENEFITS

M/s Mittal & Associates,

Chartered Accountants
130, Esplanade Mansion,
M G Road, Mumbai- 400 023, (India)

Date 15.09.2005

The Board of Directors

SAKUMA EXPORTS LTD.

17, Chemox House,
Bombay Hospital Lane,
Mumbai – 20

Dear Sirs,

Sub: Report on Tax benefits available to the Company and to the members of the company.

We on the basis of information and explanations provided to us about the company and its proposed public issue and in accordance with the provisions of the Income Tax Act, 1961, Wealth Tax Act, 1957 we report that the following tax benefits will be available to the company and the shareholders of the company under the Income Tax and Wealth Tax.

To The Company

1. As per the provisions of Sec – 32 of the Income Tax Act, 1961, the Company is entitled to claim depreciation on tangible and specified intangible assets as explained in the said section and the relevant I. T. Rules there under:
2. The company is liable to pay Income Tax in accordance with the provision of the Income Tax Act, 1961.
3. The company is liable to pay Income Tax u/s 115 O (1) of the Income Tax Act, in respect of dividend declared, distributed or paid @ 12.5% of Income tax plus 10% surcharge and educational cess @ 2% of income tax (including Surcharge).
4. As per the Section 115W, with the effect from assessment year 2006-07 the Company shall be liable to pay fringe benefit tax (FBT) as per the prescribed rates as explained in the said section and the relevant I. T. Rules there under.

TO THE MEMBERS OF THE COMPANY

(I) BENEFITS UNDER THE INCOME-TAX ACT, 1961:

A. Resident Member

1. As per the new sub-section (38) inserted in section 10, by the Finance Act, 2004, the whole of the long term capital gains arising from the transfer of equity shares held for the period of 12 months or more shall be exempt from Income Tax. Therefore, investment made in this Offer will be eligible for this exemption if the shares are held for a period of not less than one year.
2. Further, as per the new section 111A all the gains arising by transfer of equity shares by the assessee held for less than a period of 12 months shall be taxed @ 10%.



3. As per the new sub-section (34) inserted in section 10, by the Finance Act, 2003, all dividends referred to in section 115O, distributed by the Company shall be exempt from tax in the hands of the receipt.

B. Non-Resident Member

1. Non-Resident Indians/Non-resident Member Other than FIIs and Foreign venture capital investors

Under section 115-I of the Act, a non-resident Indian (i.e. an individual being a citizen of Indian origin who is not a 'resident') has an option to be governed by the provisions of Chapter XII – A of the Income Tax Act, 1961 viz, "Specialization Provisions Relating to Certain Income of Non-Residents" which are as follows:

Under Section 115E of the Income Tax Act, 1961 where shares in the company are acquired or subscribed for in convertible Foreign Exchange by a Non Resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall be concessional tax at the flat rate of 10% (plus applicable Surcharge).

Under provision of section 115F of the Income tax Act, 1961 long term capital gains arising to a non-resident Indian from the transfer of shares of the Company subscribed to in convertible Foreign Exchange shall be exempt from the Income Tax, if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted into money within three years from the date of their acquisition.

Under provisions of section 115G of the Income Tax Act, 1961, it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income chargeable under the Act, consists of only investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted from such income.

In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the Company exempted from the tax.

Under the first proviso to section 48 of the Income Tax Act, 1961 in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains / loss in such a case is computed by converting the cost of acquisition, sales consideration and the expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilized in the purchase of the shares.

In terms of section 10(38) of the Income Tax Act, 1961, any income from the transfer of a long-term capital asset, being an equity share in a company or a unit of an equity oriented fund which is chargeable to securities transaction tax are exempt from tax.

Explanation .- For the purpose of this clause, "equity oriented fund" means a fund – the funds which are invested by way of equity shares in domestic companies to extent of more than fifty per cent of the total proceeds of such fund; and which has been set up under a scheme of Mutual Funds specified under clause (23D):

Provided that the percentage of equity shareholding of the fund shall be computed with reference to the annual average of the monthly averages of the opening and closing figures.

In terms of section 111A of the Income tax Act, 1961, where the total income of an assessee includes any income chargeable under the head "Capital Gains", arising from the transfer of a short term capital asset, being an equity share in a company or a unit of an equity oriented fund which is chargeable to securities transaction tax, the tax payable by the assessee shall be at the rate of 10%.

Explanation – for the purpose of this section, the expression "equity oriented fund" shall have the meaning assigned to it the Explanation to clause (38) of section 10.

2. Foreign Institutional Investors (FIIs)

In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115O (i.e. dividends declared, distributed or paid on or after 1 April, 2003) received on the shares of the company is exempted from the tax. The income by way of short term capital gains or long term capital gain



realized by FII's on sale of shares in the company would be taxed at the following rates as per section 115AD of the Income Tax Act, 1961: -

Short term capital gains – 30 % (plus applicable surcharge), however, short term capital gain subject to securities transaction tax in terms of section 111A of the Income tax Act, 1961, shall be tax at the rate of 10% (plus applicable surcharge).

Long term capital gains – 10 % plus applicable surcharge (Shares held in a company would be considered as a long term capital asset provided they are held for a period exceeding 12 months)

3. Venture Capital Companies / Funds

In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies / funds registered with Securities and Exchange Board of India, Subject to the conditions specified, are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the Company.

(II) BENEFITS UNDER THE WEALTH TAX ACT, 1957:

Shares of the company held by the shareholders will not be treated as an asset within the meaning of Sec.2 (ea) of Wealth Tax Act 1957, and hence Wealth Tax Act will not be applicable.

In view of the individual nature of tax consequence each investor is advised to consult his/her own tax adviser with respect to specific tax consequences of his/her participation in the scheme.

For Mittal & Associates

Chartered Accountants

Gopal Bohra

Partner

M. No. 77881



SECTION IV ABOUT SAKUMA EXPORTS LIMITED

Industry Overview

Industry Overview:

With Globalisation of markets, role of international trade is on the increase. Trade facilitates meeting the aspiration and demand of consumer world over by making available commodities of different origin throughout the year at reasonable prices. Today by virtue of free movement of goods one can have access to goods produced in different parts of the world.

India's exports during the financial year April 2004 to March 2005 reached nearly US \$ 80 billion – being valued at INR 3560.69 billion (US \$ 79.59 billion), indicating a record growth of 21.72% (24.41% in dollar terms) over the level of INR 2933.67 billion (US \$ 63.9 billion) during April-March 2003-04. The growth achieved during the year is substantially higher than the 21.31% export growth in April-March 2003-04 over April-March 2002-03.

The export growth rate target for the year 2004-05 was originally set at 16% (value of US \$ 73.4 billion). The actual growth exceeded by as much as 50%. Despite the robust growth in exports, India's share in the global export market is still under 1%.

With the high growth achieved despite strengthening of the rupee vis-à-vis the US dollar and the overall impact of rise in fuel prices on competitiveness, the exports from India are expected to double its percentage share of world merchandise trade by increasing its exports to US \$ 150 billion by 2009

On the back of robust growth during the year, Ministry of Commerce has revised India's export target for the year 2005-06 upwards to US \$ 92 billion from the US \$ 88 billion target set earlier.

Government Initiatives:

In view of the Trade deficit and negative balance of payment of India the Government has been laying major thrust on Export Promotion. From time to time Government has been coming out with various schemes for export promotion; we are availing benefits under few export promotion schemes of Government of India namely DEPB, DFRC, Incremental Growth, Vishesh Krishi Upaj Yojna and Target Plus.

Foreign trade Policy (2004-2009)

A comprehensive Foreign Trade Policy (2004-09) was announced on August 31, 2004. The basic objective of this policy is to double India's share of global merchandise trade by 2009 and to make exports an effective instrument of economic growth and employment generation. The key strategies adopted in the policy to enhance exports include simplification of procedures, reduction in transaction cost, neutralization of incidence of all levies and duties on inputs used for export, facilitating development of India as a global hub for manufacturing, trading and services and identifying and nurturing special focus areas like agriculture, handlooms, handicraft, gems & jewellery and leather, footwear etc. In addition, export promotion schemes like 'Vishesh Krishi Upaj Yojna' and 'Served from India' scheme to accelerate the growth of agriculture and services exports were also announced.

Varied number of measures like simplification of import export license, computerisation, specified time for issuing license, and related operations are undertaken to bring down the transaction cost and time.

Special Economic Zones (SEZs)

With a view to giving thrust to exports while at the same time catalyzing greater economic activity and employment in enclaves of export excellence, 36 SEZs have been approved and all the 8 Export Processing Zones have been converted into SEZs. Exports from SEZs during 2003-04 registered a growth of 44 percent in dollar terms as compared to the previous year.

Agri Export Zones (AEZs)

With the primary objective of boosting agricultural exports from India, in March 2001, Government of India announced a policy of setting up of Agri Export Zones (AEZs) across the country. As of now the Central Government, through its various departments, has sanctioned 60 AEZs comprising about 40 agricultural commodities. These AEZs are spread across 20 states in the country.



The objective of setting up AEZs is to converge the efforts made, hitherto, by various central and state government departments for increasing exports of agricultural commodities from India. The concept of Agri Export Zone takes a comprehensive view of a particular produce/ product located in a geographically contiguous area for the purpose of developing and sourcing raw materials, their processing/packaging leading to final exports. The entire effort is centred on a cluster approach of identifying the potential products, geographical region in which these products are grown and adopting an end-to end approach of integrating the entire process right from the stage of production till it reaches the consumption stage.

The 60 AEZs sanctioned by the Government envisaged an investment of INR 1,717.95 crores and export of INR 11,821.47 crores over a period of 5 years. Against these projections, these AEZs have so far crystallized an investment of INR 449.90 crores and exports of INR 2768.00 crores over the last three and a half years. (Source: Agri Export Advantage, EXIM Bank, March 2005, Vol IV Issue II.

Trends In India's Foreign Trade:

For the full year ended Apr-Mar 2004-05 total exports stood at Rs 357,076.54 crores (US \$ 79.59 billion), growing at 21.72% in Rs terms and 24.41% in US \$ terms as compared to Rs 293366.76 crores (US \$ 63.98 billion) during the same period previous year.

Imports for the year ended Apr-Mar 2004-05 stood at Rs 4,76,201.92 crores (US \$ 106121.18 million) as compared to Rs 359107.66 crores (US \$ 38250.86 million) registering a growth of 32.61% in Rs terms and 35.62% in US \$ terms.

Imports & Exports (Provisional)

	(Rs. crores)
	Apr 04 – Mar 05
EXPORTS	
2003-04*	293366.76
2004-05	357076.54
Change (%)	21.72
IMPORTS	
2003-04*	359107.66
2004-05	476201.92
Change (%)	32.61
TRADE BALANCE	
2003-04*	-65740.90
2004-05	-119125.38

Source: Ministry of Commerce, DGCI&S

Note: Unadjusted for late returns

* Final Figures as given by DGCI&S

Imports & Exports (Provisional)

	(US \$ million)
	Apr 04 – Mar 05
EXPORTS	
2003-04*	63978.78
2004-05	79593.59
Change (%)	24.41



IMPORTS	
2003-04*	78250.86
2004-05	106121.18
Change (%)	35.62
TRADE BALANCE	
2003-04*	-14272.08
2004-05	-26527.59

Source: Ministry of Commerce, DGCI&S

Note: Unadjusted for late returns

* Final Figures as given by DGCI&S

Exports of Principal Commodities

(Rs. Crores)

Sr. No.	COMMODITIES	APRIL-MARCH 2003-2004	APRIL-MARCH 2004-2005 (P)	Growth (%)	Weight (%)
1	Plantations	2723.26	2792.14	2.53	0.78
2	Agri & Allied Products	24844.48	27111.41	9.12	7.61
3	Marine Products	6105.63	5695.21	-6.72	1.6
4	Ores & Minerals	10884.62	18841.77	73.1	5.29
5	Leather & Mfrs.	9939.43	10285.86	3.49	2.89
6	Gems & Jewellery	48586.07	61580.58	26.75	17.29
7	Sports Goods	455.48	440.8	-3.22	0.12
8	Chemicals & Related Products	45768.06	56960.62	24.45	16
9	Engineering Goods	48324.44	65543.24	35.63	18.41
10	Electronic Goods	8293.86	8105.93	-2.27	2.28
11	Project Goods	386.58	220.92	-42.85	0.06
12	Textiles	56082.21	53996.24	-3.72	15.16
13	Handicrafts	2296.13	1543.27	-32.79	0.43
14	Carpets	2691.23	2679.43	-0.44	0.75
15	Cotton Raw Incl. Waste	942.37	364.49	-61.32	0.1
16	Petroleum Products	16397.44	30518.1	86.12	8.57
17	Unclassified Exports	8645.46	9388.87	8.6	2.64
Grand Total		293,366.75	356,068.88	21.37	100

Source: Ministry of Commerce, DGCI&S

(P)- Provisional

Imports of Principal Commodities

(Rs. Crores)

Sr. No	COMMODITIES	APRIL-MARCH 2003-2004	APRIL-MARCH 2004-2005	Growth (%)	Weight (%)
I.	Bulk Imports	134451	188042.8	39.86	39.09
1	Cereals & Preparations	89.24	111.76	25.23	0.02
2	Fertilizers	3312.1	5531.44	67.01	1.15
3	Edible Oil	11683.24	10755.65	-7.94	2.24
4	Sugar	62.7	954.24	1421.86	0.2



5	Pulp & waste paper	1880.06	2126.05	13.08	0.44
6	Paper board & mfrs.	2766.99	3045.23	10.06	0.63
7	Newsprint	1610.78	1699.52	5.51	0.35
8	Crude rubber	1290.18	1774.5	37.54	0.37
9	Non-ferrous Metals	4359.82	5630.3	29.14	1.17
10	Metalliferous Ores & Metal Scrap	5954.91	10650.53	78.85	2.21
11	Iron & Steel	6920.98	11669.62	68.61	2.43
12	Petroleum crude & products	94520	134094	41.87	27.87
II.	Pearls, Precious & Semi-Precious Stones	32757.32	42340.96	29.26	8.8
III.	Machinery	42752.62	48121.06	12.56	10
IV.	Project Goods	1819.62	2613.65	43.64	0.54
V.	Others	147327.1	199945.9	35.72	41.56
	TOTAL IMPORTS	359,107.7	481,064.1	33.96	100

Source: Ministry of Commerce, DGCI&S

(P)- Provisional

India's Exports by Region / Sub-Region

(Rs. crores)

Sr. No.	COUNTRIES/REGIONS	APRIL-MARCH 2003-2004	APRIL-MARCH 2004-2005	Growth %	Weight %
I	WEST EUROPE	72382.93	84736.77	17.07	23.8
(a)	EU Countries	66370.13	77488.74	16.75	21.76
(b)	Rest of West Europe	6012.8	7248.03	20.54	2.04
II	EAST EUROPE	555.13	795.06	43.22	0.22
III	C.I.S. & BALTIC STATES	4742.97	4662.55	-1.7	1.31
IV	ASIA AND OCEANIA	136112.79	168822.8	24.03	47.41
(a)	ESCAP	93899.67	115321.69	22.81	32.39
(b)	Others	42213.12	53501.11	26.74	15.03
V	AFRICA	16947.32	24093.07	42.16	6.77
VI	AMERICA	61705	72707.08	17.83	20.42
(a)	North America	56305.54	63282.74	12.39	17.77
(b)	Latin American Countries	5182.7	9357.25	80.55	2.63
(c)	Rest Of America	216.75	67.09	-69.05	0.02
	GRAND TOTAL	293366.75	356068.88	21.37	100

Source: Ministry of Commerce, DGCI&S

(P)- Provisional

India's Imports by Region / Sub-Region

(Rs. crores)

Sr. No.	COUNTRIES/REGIONS	APRIL-MARCH 2003-2004	APRIL-MARCH 2004-2005	Growth %	Weight %
I	WEST EUROPE	85885.03	108711.4	26.58	22.6
(a)	EU Countries	68889.29	81105.64	17.73	16.86
(b)	Rest of West Europe	16995.74	27605.76	62.43	5.74
II	EAST EUROPE	433.15	856.38	97.71	0.18



III	C.I.S.& BALTIC STATES	5796.44	8320.43	43.54	1.73
(a)	Russia	4409.64	5685.53	28.93	1.18
(b)	Rest of CIS Countries	1386.8	2634.91	90	0.55
IV	ASIA AND OCEANIA	124764.3	170287.1	36.49	35.4
(a)	Escap	101950.3	128385.7	25.93	26.69
(b)	Others	22814.02	41901.33	83.66	8.71
V	AFRICA	14690.47	16807.94	14.41	3.49
VI	AMERICA	31826.81	40200.35	26.31	8.36
(a)	North America	26471.39	31586.87	19.32	6.57
(b)	Latin American Countries	5351.14	8553.11	59.84	1.78
(c)	Rest of America	4.28	60.36	1311.85	0.01
GRAND TOTAL		359107.7	481064.1	33.96	100

Source: Ministry of Commerce, DGCI&S

(P)- Provisional

Direction Of World Agricultural Trade

With increasing urbanisation and change in eating patterns, consumption of agricultural products such as oil, butter, cheese, whole milk powder is expected to exhibit compound annual growth rate of above 2%. The consumption of wheat and rice is also expected to grow at 1.2% and 0.8% respectively. According to the OECD projections global consumption of vegetable oils is estimated to grow at 2.8% in medium term, till 2009.

Agriculture & Allied Products

Agriculture and Allied Products comprises wide variety products such as cereals, pulses, tobacco, spices, nuts and seeds, oil seeds, deoiled cakes, guar gum meals, castor oil, shellac, sugar and molasses, processed food, etc. For the year Apr-Mar, 2004-05, exports of this group recorded a growth of 9.12%, with value of exports rising from Rs. 24844.48 crore in the same period last year to Rs. 27111.41 during the current year.

Major export items in this category which registered positive growth were cereals (27.45%), pulses (68.53), tobacco (13.71%), spices (16.19%), nuts & seeds (18.97%), castor oil (56.73%).

Gems and Jewellery

The export of Gems and Jewellery during Apr-Mar 2004-05 stood at Rs. 61581 crore compared to Rs. 48586 crore during the corresponding period of last year, showing a growth of 26.75%.



SWOT ANALYSIS

Strength

- Professional entrepreneurs
- Reliable supply channel
- Global client base
- Strong logistical network

Weakness

- Unable to execute bulk break orders due to shortage of funds
- Unable to forward business credit

Opportunity

- Ever expanding global commodity market with India's share less than one percent and expected to grow at a robust pace
- Government taking active steps to boost exports, especially Agri commodities
- Government giving more impetus to infrastructure development, export of commodities will get a boost
- India is an agrarian economy and growing multi cropping pattern across the country, multiple crops are produced to be exported

Threats

- Growing competition from domestic as well as global export and trading houses.
- Agricultural production is dependent on the monsoon and erratic monsoons can affect the business
- No entry barriers



BUSINESS OVERVIEW

Details of the Business of the Issuer Company

(a) Location of the Office

The details of the registered office of the Company are as follows:

Sr No	Location	Utilization	Nature of Possession
1	17, Chemox House, 7, Barrack Road, Bombay Hospital Lane, New Marine Lines, Mumbai- 400 020	Corporate and Registered Office	Tenancy right for the said premises is favor of a group Company. The group Company has a right to allow its group Companies to operate from the said premises.

Present Business of the Company

Sakuma Exports commenced operations toward the end of financial year 1998-1999 as a partnership firm, engaged in international trading and domestic trading activity. Main activities undertaken by the Company under international export include direct export, indirect exports and imports of various goods and merchandise. Domestically, Company mainly deals in sales and purchase of Commodities.

The Company was conferred Certificate of Recognition as an 'Export House' in May 2002. It is engaged exports (Direct and Indirect) and local sales. The Company has specialized and created a niche for itself in the area of export of agro-based commodities.

The Company has developed flexible business strategy to switch over exports from one commodity to another with change in demand or inconsistency in pricing for any commodity during any season. This policy adopted by the management ensures that the Company does not pass through a lean period during the year.

Mission Statement

Short term:

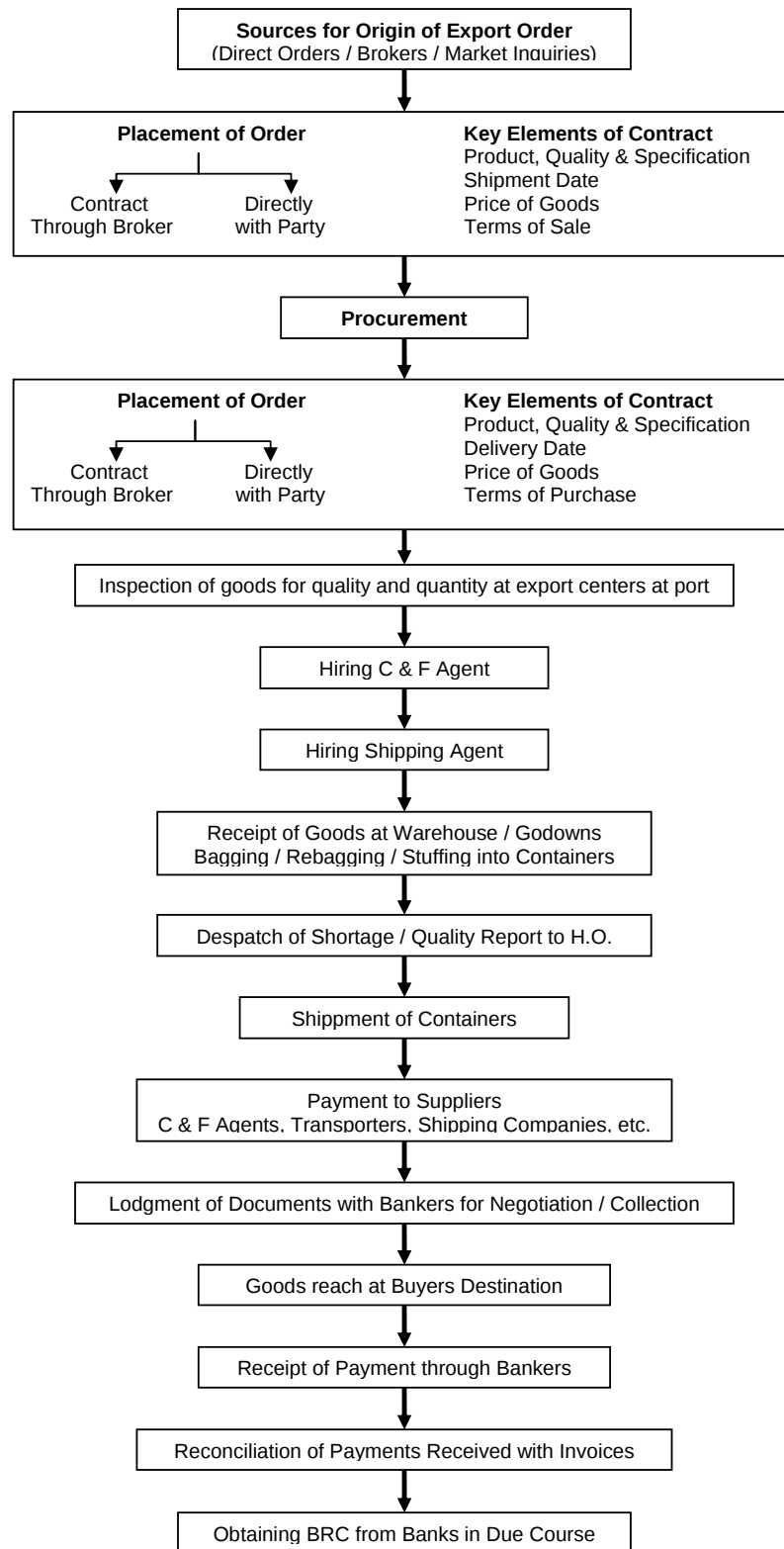
- To achieve economies of scale to gain competitive advantage.
- To expand clientele base and bringing into fold more and more countries.
- To keep abreast with the ever changing global scenario and changing in line with it.

Long term:

- To be the leading Export-Import House and a company of choice. Have a de-risked business model by developing a complete value chain to take care of all segment of the business.
- To go for forward and backward integration keeping synergy with the existing export business.
- To initiate exploratory studies for setting up processing units with technology/know how from popular international brands in food products.



The Business Process flow chart of the Company for Exports is as follows:




(b) Collaborations, any performance guarantee or assistance in marketing by the Collaborators

Company has not entered into any collaborations, or performance guarantee or assistance agreement with any party.

(c) Infrastructure and Utilities

Company has its registered and corporate office at Mumbai, India. The company has a fully furnished and air-conditioned office.

Company has developed its logistics in a way to minimize the need for storage and warehousing. The goods are sourced from the supplier either directly or through brokers based on order in hand. The goods are then directly stuffed into Containers either at the point of origin or at the C & F Agents warehouse.

Warehousing / Storage Facility

Presently, the company does not have its own warehouse or godown as there has been no pressing need for the same in the present state of affairs primarily due to easy availability of the same. Further, the company presently exports its consignments from number of ports (Mundra, JNPT, Kandla, Chennai, Kakinaka, Vizag) it will be economically unviable to have its own warehouses at this juncture besides being inconvenient.

Warehousing if required is done by C&F agent, who is paid a fixed charge on a per container basis. C & F rates are fixed taking into account storage charges.

Risk Management

The risk in an exports business arises from fluctuation in the exchange rate and the price. The company has succeeded in eliminating the risk arising due to fluctuation in the price of the commodities, by instantly tying up back-to-back exports order with our suppliers. On the same parlance, the company immediately on booking the export order sells the expected foreign currency proceeds in forward to its bank thereby eliminating the possibility of any loss on account of exchange fluctuation. The company carries an adequate insurance cover to protect itself against the risk of physical loss to commodities owing to natural/calamities, accident etc.

Credit Sanction from Bank

Company has credit sanction from Corporation Bank. The principal terms and conditions are as follows:

Sr. No	Particulars	Information
I (a)	Nature and Extent	Packing Credit (Hypo)/PCFC limit of Rs.300.00 lakhs (Renewal at the existing level) Sub-limit for PCL (Clean) Rs.100.00 lakhs (against lodgement of irrecoverable letter of credit of prime bank's abroad)
	Purpose	Pre shipment finance of exports
	Security	Hypothecation of stocks of Red Split Lentil, Sugar, Onion, etc.
	Margin	20% of FOB value
	Rate of Interest	7.50% P.A. (as at present subject to revision from time to time. For PCFC- Relative LIBOR+0.75% pa)
	Repayment	Each PCL to be closed within 30 days from the day of release of proceeds of export bills negotiated
	ECGC Cover	The advances made under this facility shall be covered under Whole Turnover Packing Credit Guarantee of the ECGC



I (b)	Nature & Extent	Terms for Import LC (DP) Facility sub-limit
	Purpose	For procurement of Whole lentils or other goods from Canada, Australia, etc. for re-exports
	Margin	20%
	Beneficiary	To be specified at the time of issuing L/Cs
	Tenor of the Bill	Sight Bill under Letter of Credit
	Commission	At our prescribed rate
	Security	Extension of Hypothecation charge on the inventory and receivables

II	Nature & Extent	Foreign Documentary bills Negotiation (FDBN) / PSFC Rs.600.00 Lacs (Renewal at the existing levels)
	Purpose	To finance export receivables / For Negotiating Foreign documentary bills
	Rate of Interest	At banks prescribed rate (For PSFC- Relative LIBOR + 0.75% pa)
	Commission	At our prescribed rate
	Tenor of bills under	Not to exceed 180 days

III	Nature & Extent	Bank Guarantee limit Rs.50.00 lacs (Renewal at the existing level)
	Purpose	For issue of BG favouring Govt. Dept., Excise and Customs etc.
	Beneficiary	TO be specified at the time of Issue of BG
	Cash Margin	25% (as at present)
	Commission	At our applicable rate
	Validity Period	Not to exceed one year
	Security	Continuing Hyp. Charge on chargeable current assets of the firm

Other terms for all credit limits include guarantee and collateral security by the promoters.

As on August 31, 2005 the Company has taken unsecured loans from the following:

PARTICULARS	TERMS	AMOUNT
From Directors, Relatives, Group Companies and Associates		
Chandermohan Malhotra	Interest Free	589,420
Saurabh Malhotra	Interest Free	7,879,939
Kusum Malhotra	Interest Free	7,777,970
Sakuma International Marketing Pvt. Ltd	Interest @ 8%	665,336
Sakuma Finvest Pvt. Ltd.	Interest Free	316,525
Sakuma Import & Export Pvt. Ltd.	Interest @ 8%	214,025
Chander Mohan, HUF	Interest Free	45,755
Vanita Malhotra	Interest Free	4,351
Others		
Global Mercantile Pvt. Ltd.	Interest Free	500,000
		17,993,320

Note: All unsecured loans are repayable on demand

(d) Products/ Services of the Company

SEL is in the business of trading and exporting of commodities and merchandise primarily in the export market.



Business Strategy

Brief Statement about Business Strategy

Globalization has broadened the market and has brought the supplier and consumer closer to each other. This has enabled availability of commodities of different origin through-out the year at reasonable prices. Changing demand and supply conditions will be determining the product mix offered by the Company.

SEL proposes to follow the following strategy for future growth:-

Economies of Scale: Company is looking forward to growth and higher margins and realizations by reaping the benefits of economies of scale. The Company strives to reduce the operational costs to increase the competitiveness in markets.

Increasing Product Portfolio: The Company intends to expand its existing range of products to include a wider range of commodities, both agro-based and others. Further, Company also proposes to enter into imports of various pulses, edible oil, etc.

Strengthening Customer Base: The Company looks forward to continuing growth path it has embarked upon and expand its base by adding newer customers from existing and newer countries. For this the company will be leveraging the strong bond and relationship developed and further enhancing customer satisfaction.

Strengthening Sourcing Capabilities: SEL believes in identifying newer and more efficient suppliers to reduce costs, increasing speed of delivery and reduce lead times.

Procurement Process

The Company is exporting a number of commodities namely Peanuts, Red Split Lentils, De-Oiled Cakes (Soya, Sunflower etc.) Sugar, Onions, Maize, Wheat Flour, Sesame Seeds, Chilli, Rice, Castor Oil, Chick Peas, etc. The procurement process differs from commodity to commodity. Processes involved for procurement of few products are explained below:

Groundnut/Peanuts

Groundnuts in India are grown in the states of Gujarat, Andhra Pradesh, Maharashtra, Karnataka, Orissa and Tamil Nadu. These states are also leading in shelling of groundnuts into peanuts. The company has identified leading brokers in the above-mentioned states through whom the peanuts are procured for exporting. Over a period of time the company has developed a strong network of peanut suppliers who are supplying to it peanuts on regular basis depending upon the season when crops in the respective state matures at most competitive rates backed up with an excellent quality. The company enters into formal contracts with the suppliers specifying the quantity, quality (including size, moisture contents etc.); price; delivery period and the packing material. The rates are fixed on FOR basis for destination of our export centers located at Chennai, Mundra, Kandla, and Mumbai (JNPT). On receipt of the commodity at the export centre, the quality and quantity are duly by a team comprising of company's officials, broker's representative and a representative of clearing agent. The company appoints at the port a clearing agent charged with the responsibility of loading, unloading, storage, stuffing of the containers and shipment as well as compliance with various statutory requirements. The payments for commodity received are released immediately from the registered office on receipt of relevant reports on quality and quantity. The company has developed an effective MIS wherein discrepancy in the quality and quantity is brought to the notice of all concerned for necessary remedial action, if any warranted under the circumstances.

Sugar

The company sourced its sugar primarily from the co-operative sugar mills located in the state of Maharashtra. Initially the company negotiates and finalizes the price and quantity with the concerned sugar mill, in line with the rate fixed by the Sugar Commissioner's Office. Thereafter a release order is obtained from Government of India, followed by the Central Excise Bonds under which the exports take place. The company is required to furnish a bank guarantee for the purpose to the Central Excise department. In the interim the company finalises the shipping company through whom the sugar shall be dispatched to the port of destination. Arrangements are made to ensure that the empty containers of the concerned shipping line are sent to the Sugar Mills. The payment is made by the Bank directly to the Sugar Mill. At the time of release of sugar in containers of the Shipping Company, they are sealed by the Central Excise authorities and cleared under the central excise bond for export from the sugar mill. The containers are directly dispatched to the desired port for loading on board the ship, to be shipped to its final destination overseas.

**Onions**

Onions are procured through brokers/merchants from Nasik/ Pune. Onions are bagged at the site and transported to company's godowns located near the port in Mumbai. At the godown these onions are stuffed into containers and shipped to their final destination. The payment for onions purchased, is made only after receipt of goods in our Godown. Onions, being a perishable commodity, steps are taken to ensure that immediately on receipt of the same in godown they are stuffed into containers and shipped. Stuffing of Onions into containers is done with the due care for ventilation to ensure that they are not spoiled during the shipment period.

Wheat Flour.

Before procuring wheat, the company negotiates primarily with the flourmills located close to the port of dispatch various important issues like pricing, quality control and the timings. Thereafter, it proceeds ahead with the lifting off wheat from the Food Corporation of India, for which a Bank Guarantee has to be given to them. The wheat delivered to the flour mill is processed by the concerned flour mill into flour and thereafter packed, stuffed and sealed in containers under the supervision of central excise and dispatched to the port for shipment to the final destination. The company makes the payment after the dispatch of the goods from the mill. Samples of the material dispatch from the mill are drawn and sent to Geo-Chem or SGS, the surveyors of International repute, for testing to ensure that the flour meets technical specification as demanded by the clients.

The procurement of other items we exports are not elaborated for the fear of repetition.



Competitive Strengths

Professional Management:

The Company is managed by a qualified management team with several years of relevant experience. The management team is supported by Board of Directors who are qualified and having vast experience in various knowledge domains.

Strong Customer Relationship:

Company started operation in December 1999 with just one customer. Today, Company services over 75 customers from a number of countries across five continents.

Large Sourcing Capacities:

Over the years SEL has developed strong and reliable network and bonding with brokers and over 400 suppliers to be able to source large quantities of commodities from the right place at the right time at right price.

Timely Delivery:

Meeting customer deadline and expectation for quality on a consistent basis is paramount for SEL's business. Dealing in commodities especially in case of perishable commodities timely delivery of goods is of utmost importance. SEL meticulously plans the entire logistics right from procuring the orders from customers to arranging to procure goods from manufacturers through brokers to arranging the shipment through C&F agents for timely delivery to customers across the Globe.

Insurance

Date	Policy No / C N No	Insurer Name	Type	From	To	Amount	Premium
3/6/2005	11-21-11-00905-05	Reliance General Insurance Company Limited	Standard Fire & Special Perils Policy, Floater Declaration Policy	06/06/2005	02/06/2006	2,00,00,000	29,093.00
3/6/2005	11 21 11 00905 05	Reliance General Insurance Company Limited	Extra Endorsement	03/06/2005	02/06/2006	1,00,00,000	12,673.00
		Total				3,00,00,000	41,766.00

Property

The Company currently conducts its business activities from the premises whose tenancy rights are owned by its group company and has the right to allow its group company to operate from the said premises. SEL does not pay monthly rental or maintenance charge for the said premises. It has placed an interest free deposit with its group company. For further details please refer Details of Related Party transactions on page xi of the Draft Prospectus.

**KEY INDUSTRY REGULATIONS**

1. To conduct business of Foreign Trade an Import Export Code (IEC) Number has to be obtained.
2. It is mandatory to register with Export Promotion Boards, governed by the Ministry of Commerce for Commodity or Product being exported. SEL, is a member and is registered with Agricultural And Processed Food Products Export Development Authority (APEDA), Spices Board and Federation of Indian Export Organizations (FIEO).
3. Fresh Onions is a Canalized item and a No Objection Certificate has to be obtained for the export of the same at the time of shipments from Government Appointed Canalizing Agents, viz; National Agricultural Co-operative Marketing Federation of India Ltd., M P State Co operative Oil Seed Growers federation Ltd., Maharashtra State Agricultural Marketing Board, or Gujarat Agro Industries Corporation Limited, etc NOC is available on producing the Contract or Payment details of the Export Order.
4. To Export Sugar a release order has to be obtained at the time of shipment from the Chief Director (Sugar), Government of India, Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and Public Distribution, Directorate of Sugar, New Delhi. If sugar is being exported from Maharashtra permission from the Sugar Commissioner of Maharashtra's office, Pune, which is available as per the norms and prevailing, government policies is also required.
5. To Export Red Chilly in any form a special mandatory inspection has to be carried out by the Spices Board at the time of shipment for each shipment and only after the inspection report is obtained, permission for exports is given, the same can be shipped thereafter.
6. Customs and Central Excise permission has to be obtained from time to time for exporting any excisable product and stuffing of export Cargo at Factory Premises or custom approved warehouses. The approval obtained by SEL is currently valid.



HISTORY AND CORPORATE STRUCTURE OF THE COMPANY

History and Present Business

Sakuma Exports started its operations as a partnership firm in the end of calendar year 1999, with the main object of trading and export of commodities and merchandise domestically and in the international market. The firm was converted under Part IX of the Companies Act 1956 as a public limited company on August 31, 2005.

It started its operations with export of one commodity to one client in one country in the first year of operations. Soon SEL multiplied export-mix, client and the destinations with vision, professional competence, hard work and unrelenting efforts.

During the first complete financial year 2000-2001, Company achieved turnover of INR 300 lacs.

Today, Company has an export mix of twenty five commodities, with a client base of over 75 countries across five continents.

It has a reliable supply chain with more than 400 suppliers spread over different parts of the country and developed adequate and competitive logistic facility across the country. It is exporting from a number of sea ports along the entire coastline of India like Mundra, Kandla, JNPT, Nhava Shiva, Mumbai, Chennai, Kakinada, Vizag, apart from the dry ports. This gives it competitive advantage by cutting transport and freight cost.

SEL has been continuously studying and analyzing international markets and domestic production trends to keep pace with changing demand and trends in the domestic and international trade market.

Milestones Achieved by the Company

Year	Milestone
Dec 1998	Sakuma Exports was established as a Partnership firm.
Jan 2001	Agriculture and Processed Food Products Export Development Authority (Ministry of Commerce, Government of India) recognized the company as a Merchant Exporter
2000-01	Sakuma Exports turnover of over INR 300 Lacs with first complete financial year
May 2002	Conferred Certificate of Recognition as an 'Export House'
Oct 2003	Federation of Indian Export Organisations granted registration cum membership certificate
2003-04	Turnover crossed INR 7,500 Lacs
2004-05	Turnover crossed INR 15,000 Lacs
Aug 05	Converted into a Public Limited Company under part IX of the Companies Act 1956

Main Objects

To carry on the business in India or Globally as traders, dealers, exporters, importers, buyers, sellers, merchants, indenters, commission agents, brokers, buying, selling agents, factors, distributors, stockiest, in all kinds of products and articles of merchandise and to undertake carry on or acquire agencies of all kinds and for all types of products and articles of merchandise, commodities and to act as manufacturers representatives and to set up import and export houses for all types of products required or ordered by customers.

Subsidiaries of the Issuer Company

The Company has no Subsidiaries

Shareholders Agreement

There are no Shareholders Agreement between the Company and any other person

Other Agreements

Company has not entered into any other agreement



Strategic Partners

There are no Strategic Partners agreements entered into by Company

Financial Partners

There are no Financial Partnership agreements entered into by Company



MANAGEMENT

Board of Directors

The Board of Directors of the Company comprises of the following members:

Name, Age, Designation, Address, Occupation	Date of Appointment	Qualification	Other Directorship
Mr. Chander Mohan, 62 years, Chairman S/o Mr. Aya Ram Malhotra Experience: 40 Years Residence Address: B-602, Palm House, 16, Mogal Lane, Mahim, Mumbai- 400016 Occupation: Business	31/08/2005 to 30/08/2010 Term 5 years	▪ MA (Economics with Specialisation in Agriculture Economics and Industrial Economics from Delhi School of Economics), ▪ Diploma in Rural Service, Government of India, ▪ Certified Associate of Indian Institute of Bankers	▪ Sakuma International Marketing Private Limited ▪ Sakuma Fininvest Private Limited ▪ Sakuma Imports Exports Private Limited ▪ C.K.K. Exports Private Limited
Mr. Saurabh Malhotra, 29 years, Managing Director S/o Mr. Chander Mohan Experience: 5 years Residence Address: B-602, Palm House, 16, Mogal Lane, Mahim, Mumbai- 400016 Occupation: Business	31/08/2005 to 30/08/2010 Term 5 years	▪ Post Graduate Diploma in Business Administration in Finance	▪ Sakuma International Marketing Private Limited ▪ Sakuma Fininvest Private Limited ▪ Sakuma Imports Exports Private Limited ▪ C.K.K. Exports Private Limited
Mr. Ashok Kumar Doda, 59 years, Director S/o Mr. Ram Gopal Doda Experience: 37 years Residence Address: A-223, Jolly Maker Apts. No.1, Cuffe Parade, Mumbai – 400 005 Occupation: Business	08/09/2005 Liable to retire by rotation	▪ B Tech (Hons) from IIT, Mumbai, ▪ Middle Management course from IIM, Ahmedabad, ▪ Management Studies, University of Mumbai, ▪ Certified Associate of Indian Institute of Bankers (CAIIB)	▪ Invent Assets Securitisation And Reconstruction Pvt. Ltd. ▪ Opus Financial Services Limited
Mr. Radhe Shyam, 62 years, Director S/o Mr. Madan Lal Experience: 38 years Residence Address: 4/801, NRI Complex, Navi Mumbai, Pin Code- 400 706 Occupation: Business	08/09/2005 Liable to retire by rotation	▪ Masters in Commerce, ▪ Certified Associate of Indian Institute of Bankers (CAIIB), ▪ Diploma in Industrial Finance	None
Dr. Brij Bhushan Sahni, 43 years, Director S/o Mr. Krishnadas M. Sahni Experience: 18 years Residence Address: 4-1-12/1, Tilak Road, Hyderabad- 500001 Occupation: Business	08/09/2005 Liable to retire by rotation	▪ Ph. D in Computer Science Specializing in Artificial Intelligence.	▪ Chairman and Managing Director Infotrack Systems (P) Limited



Mr. Satyedra J Sonar, 40 years, Director S/o Shri Jagannath Keshav Sonar Experience: 17 years Residence Address: C – 604, Kanti Appts, Mount Mary Church Road, Bandra (West), Mumbai – 400 050. Occupation: Business	08/09/2005 Liable to retire by rotation	- B.E. in Production Engineering from VJTI, Mumbai University. M. M. S. (Finance) from Jamanalal Bajaj Institute of Management Studies, Mumbai University.	- Matrix Corporate Solutions Limited - Kesiki Investments Pvt Ltd - Nuvem Investments Pvt Ltd
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Brief Profile of the Directors

Mr. Chander Mohan

Mr. Chander Mohan is a MA in Economics (Specialization in Agriculture Economics and Industrial Economics) from Delhi School of Economics, University of Delhi (1966). He is a retired development banker having held several key positions in Reserve Bank of India (RBI) / Industrial Development Bank of India (IDBI). During his tenure with IDBI, he was associated with international organizations like World Bank. During his illustrious career, he co-directed a number of National and International seminars on economic reforms in India and abroad conducted by United Nations / Economic Development Institute of World Bank / Asian Development Bank / Association of Development Financial Institutions of Asia and Pacific and IDBI.

Mr. Saurabh Malhotra

Mr. Saurabh Malhotra holds a Post Graduate diploma in Business Administration (Specialization In Finance) from Prin. L N Welingkar Institute of Management Development and Research. He is the Managing Director of the Company. He has strong business acumen with capability of identifying and converting potentials into reality. Responsible for developing exports and imports of number of commodities, Well informed and keeps himself updated by participating in business related summits, seminars, conventions, conferences and extensive traveling. He has developed strong foresight of the Global market conditions and keenly follows the same on day to day basis to identify, conceptualize and develop business strategies of Sakuma Exports. He has a rich experience of 6 years of managing the business.

Dr. Brij Bhushan Sahni, 44 years, Director, is a Ph. D in Computer Science Specializing in Artificial Intelligence. He began his career as member faculty of the Department of computer Science of the University of Hyderabad, Later worked for ICRISAT, a UN organisation. He was conferred Membership of the International Who's Who in the year 2005. He was also recognized by the International Biographical Centre, Cambridge, England as one amongst the 2000 leading intellectuals of the 21st Centaury for contribution in the fields of Artificial Intelligence and Object oriented Technologies. In February 2005, he was awarded the Stony Carter award for Professional Excellence and Humanism.

Mr. Ashok Kumar Doda, 59 years, Director, is a B. Tech. (Hons) from IIT, Mumbai; Middle Management course from IIM, Ahmedabad; Management Studies from University of Mumbai; Certified Associate of Indian Institute of Bankers (CAIIB). He has over 30 years of experience working with IDBI, India's apex Financial Institution; Member of Top Management team of IDBI for about 15 years, Brief Stint as Class I Gazetted Officer in Government of India (selected through UPSC). During his career he held several key positions like Executive Director in IDBI, Executive Trustee of Stressed Asset Stabilization Fund (SASF) of GOI, Chairman of the Board of IDBI Capital Markets Services Limited (ICMS), Chairman of Credit Committee, Investment Committee and other committees of IDBI.

Mr. Radhe Shyam, 62 years, Director, is Master in Commerce, Certified Associate of Indian Institute of Bankers (CAIIB), Diploma in Industrial Finance. He retired as Chief General Manager, Reserve Bank of India. Has an experience of 36 years as officer in Reserve Bank of India in various positions (last 5 years as Regional Director / Chief General Manager). He held positions in Banking Operations and Supervision, Member of Faculty at Bankers Training College, General Manager in Charge of Mumbai Regional Office of Exchange Control Department, Administrative / Miscellaneous.



Mr. Satyendra Jagannath Sonar, 40 years, Director, is B.E. in Production Engineering from VJTI, Mumbai and Master of Management Studies (M.M.S.) in Finance from Jamanalal Bajaj Institute of Management Studies, Mumbai. He has an experience of 17 years. For the last 13 years he has been successfully running his own Corporate Advisory Services.

Compensation of Chairman/ Managing Directors

The remuneration of Mr. Chander Mohan, Chairman; Mr. Saurabh Malhotra, Managing Director; has been approved in the Extra-ordinary General Meeting held on September 08, 2005. The details are as given below:

Mr. Chander Mohan appointed as an Executive Chairman for a period of five years with effect from 1st September 2005 pursuant to the relevant provisions of the Companies Act, 1956 on payment of remuneration as set out hereunder.

I. Remuneration:

Salary: Rs. 1,25,000/- per month in a scale of 1,25,000/- 25000 – 2,50,000/- with annual increments effective First time from April 1, 2006.

II. Commission : Commission at such rate as may be decided by the Board at the time of finalisation of accounts subject to overall ceiling limit of 5% of net profit.

III. Perquisites, Benefits and Facilities:-

- a. Medical Reimbursement: Expenses incurred by Mr. Chander Mohan and/or his family subject to a ceiling of one month's salary per year or five months salary over a period of five years.
- b. Leave Travel Concession: Leave travel concession for Mr. Chander Mohan and/or his family, once in a year incurred in accordance with the Rules of the Company.
- c. Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- d. Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.10,000
- e. The Company shall provide a car with a driver and a telephone at the residence of Mr. Chander Mohan. Provision of car for use in Company's business and telephone at residence will not be considered as perquisites.

IV. OTHER BENEFITS :

- i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
- ii) Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

V. MINIMUM REMUNERATION:

Notwithstanding absence or inadequacy of profits in any year during the tenure of Mr. Chander Mohan, he shall be paid above remuneration as a minimum remuneration.

While re-appointment of Director who retire by rotation, if the Chairman fails to get re appointed, he will ceased to hold office of Director and he will not be liable to any compensation for loss of office.

Mr. Saurabh Malhotra appointed as Managing Director for a period of five years with effect from 1st September 2005 pursuant to the relevant provisions of the Companies Act, 1956 on payment of remuneration as set out hereunder.



I. Remuneration:

Salary: Rs. 1,00,000/- per month in a scale of 1,00,000/- 25000- 1,50,000/- with annual increments effective First time from April 1, 2006.

II. Commission : Commission at such rate as may be decided by the Board at the time of finalisation of accounts subject to overall ceiling limit of 5% of net profit.

III. Perquisites, Benefits and Facilities:-

- a. Medical Reimbursement: Expenses incurred by Mr. Saurabh Malhotra and/or his family subject to a ceiling of one month's salary per year or five months salary over a period of five years.
- b. Leave Travel Concession: Leave travel concession for Mr. Saurabh Malhotra and/or his family, once in a year incurred in accordance with the Rules of the Company.
- c. Club Fees: Fees of clubs subject to a maximum of two clubs, admission and life membership fees not being allowed.
- d. Personal Accident Insurance: Personal Accident Insurance of an amount, the annual premium of which does not exceed Rs.10,000
- e. The Company shall provide a car with a driver and a telephone at the residence of Mr. Saurabh Malhotra. Provision of car for use in Company's business and telephone at residence will not be considered as perquisites.

IV. OTHER BENEFITS :

- i) Benefits under loan and other schemes in accordance with the practices, rules and regulations in force in the Company from time to time.
- ii) Such other benefits and amenities as may be provided by the Company to other senior officers from time to time.

V. MINIMUM REMUNERATION:

Notwithstanding absence or inadequacy of profits in any year during the tenure of Mr. Saurabh Malhotra, he shall be paid above remuneration as a minimum remuneration.

While re appointment of Director who retire by rotation, if the Managing Director fails to get re appointed, he will cease to hold office of Managing Director and he will not be liable to any compensation for loss of office.

Compliance with Corporate Governance Requirements

The provisions of the listing agreement to be entered into with the Stock Exchange with regards to Corporate Governance will be applicable to the Company immediately upon the listing of the Company's Equity Shares, CRPS, ODTW on the Stock Exchanges. The Company undertakes to adopt the Corporate Governance Code as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to the listing. Company believes in adopting the best Corporate Governance practices, based on the below mentioned principles in order to maintain utmost level of transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of Board and the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and priority of investor relations; and
- Timely and accurate disclosure on all material matters concerning operations and performance of the Company.

The Board of Directors comprises of:

Name of the Director	Designation	Status
Mr. Chander Mohan	Chairman	Non – Independent
Mr. Saurabh Malhotra	Managing Director	Non – Independent



Mr. Ashok Kumar Doda	Director	Independent
Mr. Radhe Shyam	Director	Independent
Dr. Brij Bhushan Sahni	Director	Non – Independent
Mr. Satyendra Sonar	Director	Independent

Details of the various committees are as follows:

(i) Audit Committee

The Committee has been constituted by the Board of Directors of the Company in their meeting held on September 17, 2005. The reconstituted Audit Committee comprises following members:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Radhe Shyam	Director	Independent
2	Mr. Ashok Kumar Doda	Director	Independent
3	Mr. Satyendra Sonar	Director	Independent

Membership

The Audit Committee of the Company comprises of three Directors was appointed by the Board of Directors in their meeting held on September 17, 2005.

Terms of Reference

Committee shall have the authority to investigate into matter in relation to the items specified in section 292A of the Companies Act, 1956, the listing agreement or referred to it by the Board. It shall have full access to information contained in the records of the Company and seek external professional advice, if necessary. The broad terms of reference of the Audit Committee shall include:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submissions to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Any related party transactions i.e., transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussions with internal auditors any significant findings and follow up thereon.



- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussions with external auditors before the audit commences nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- It shall have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly, and annual financial statements before submissions to the Board.
- To review the implementation of the proposed utilization of funds.
- It shall ensure compliance of internal control systems.
- The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the company.

Frequency of Meetings

The Audit Committee shall meet at least thrice in year, once at the time of finalisation of accounts and once every six months.

(ii) Investor Grievance Committee and Share Transfer Committee

The Company constituted the Investor Grievance Committee and Share Transfer Committee in their Board meeting held on September 17, 2005. The following are the members of the Committee:

Sr. No.	Name of the Director	Designation	Nature of Directorship
1	Mr. Chander Mohan	Chairman	Non – Independent
2	Mr Ashok Kumar Doda	Director	Independent
3	Mr. Radhe Shyam	Director	Independent

Terms of Reference

The Committee shall look into all the works relating to shares and shareholders grievances, i.e., approval of transfer / transmission / demat / remat of shares, issue of duplicate, split-up, consolidation, renewal of shares certificate, non receipt of Balance Sheet, Non receipt of Declared Dividend, etc.

Shareholding of Directors, including details of qualification shares held by them

The Articles of Association of the Company do not require the Directors to hold any Equity Shares in the Company as qualification shares. The following table details the shareholding of the Directors who hold shares either in their personal capacity or as joint holders, as at the date of the Prospectus.

Sr. No.	Name of the Director	No of Equity Shares
1	Mr. Chander Mohan	10,30,000
2	Mr. Saurabh Malhotra	30,20,000
3	Mr. Ashok Kumar Doda	0
4	Mr. Radhe Shyam	0
5	Dr. Brij Bhushan Sahni	0
6	Mr. Satyendra Sonar	0

Interest of the Directors

Except as otherwise stated in this Prospectus, all the directors of Sakuma Exports Limited may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.



The Directors may also be regarded as interested in the shares & dividend payable thereon and other distributions in respect of the shares, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and/or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Sakuma Exports Limited with any Company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

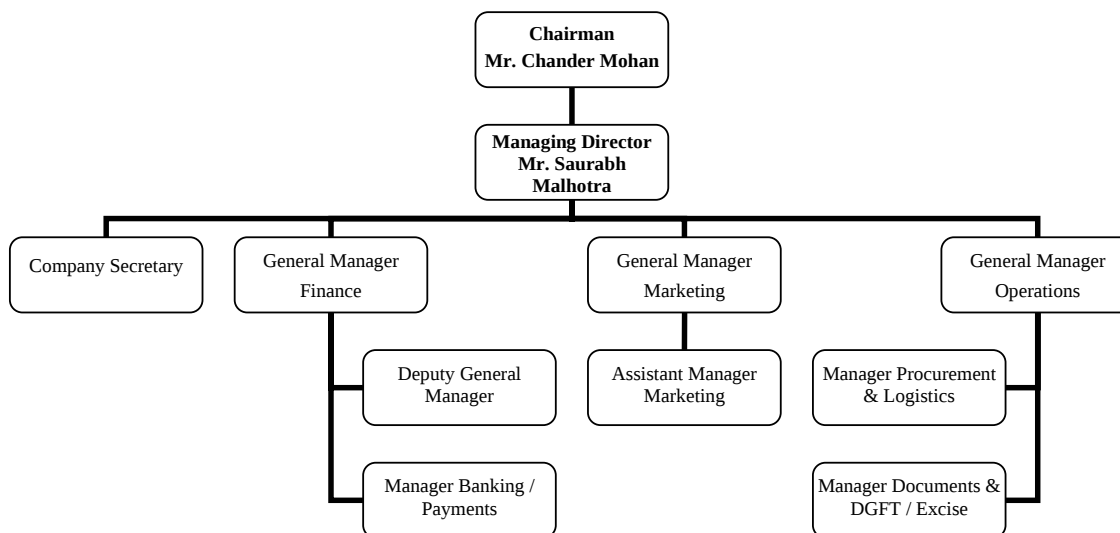
The Chairman and the Managing Director of SEL are interested to the extent of remuneration paid to them for services rendered to the Company (For more details, please refer "Related Party Disclosures" as mentioned under Annexure III of the Auditors' Report given on page 54 of this Prospectus).

Changes, if any, in the Directors in the last three years and reasons thereof, wherever applicable

The following changes have taken place in the Board of Directors of the Company during the last three years:

Name	Date of Appointment	Date of Cessation	Reason
Mrs. Kusum Malhotra		Sep 08, 2005	Broad basing the Board
Mr. Ashok Kumar Doda	Sep 08, 2005		Broad basing the Board
Mr. Radhe Shyam	Sep 08, 2005		Broad basing the Board
Dr. Brij Bhushan Sahni	Sep 08, 2005		Broad basing the Board
Mr. Satyendra Jagannath Sonar	Sep 08, 2005		Broad basing the Board

Management Organisation Structure





Details regarding Key Managerial Personnel

As on September 01, 2005, Sakuma Exports employs 24 personnel in various capacities. The key managerial personnel who head various business units and management functions possess adequate qualifications and experience in their respective fields. The summarized data on existing managerial personnel is given below:

(INR Lacs)

Sr. No.	Name of the Employee	Age	Qualification	Designation / Responsibility	Experience (yrs)	Date of joining	Previous Employment	Salary Paid During 2004-05
1	Mr. Chander Mohan	62	MA in Economics	Chairman	40 years	Dec 1998	IDBI	Nil
2	Mr. Saurabh Malhotra	29	P G D B A (Finance)	Managing Director	06 years	Dec 1998	NA	0.75 lacs
3	Mr. Iyer Subramaniam Venkatraman	50	B Com Diploma in Export Import Management	General Manager Marketing	33 years	Sep 2002	First City Company LLC, Oman	0.80 lacs
4	Mr. Anil Bhadang	54	B Com Diploma in Accounts & Audit	General Manager Finance	30 years	Dec 2001	Jayshree Construction Company, Thane	1.62 lacs
5	Mr. Vivek Grover	31	B E, Diploma in Export Import Management	General Manager Operations	10 years	July 2005	Parekh Platinum Ltd, Mumbai	NA
6	Mr. Roy Jacob	35	B Sc., L L B, A C S	Company Secretary	06 years	Sept 2005	Neural It, Mumbai	NA
7	Ms. Jyoti Jagdish Parab	24	C.A	DGM Corporate Finance	05 years	Sept 2005	Chag Pahwa & Shah Co, Mumbai	NA
8	Ms. Deepa B. Vartak	31	B.A	Manager Documentation, Logistics, Customs & Central Excise	10 years	Oct 1999	J. C. Industries, Mumbai	0.74 lacs
9	Mr. Laxman Tele	35	B.Com	Manager Procurement/ Quality Control	10 years	Nov 1999	Bhatia Shipping & Agency (P) Ltd	0.96 lacs
10	Mrs. Haribala Tushar Solanki	34	B.Com, CA (Inter)	Manager Banking & Payments	09 years	Jan 2005	Plexus Infocomm Networks Pvt Ltd	0.11 lacs

Brief profile of the Key Managerial Personnel

Mr. I S Venkatraman, General Manager (Marketing), Bringing with him 26 years of International Trade experience, he is responsible for servicing and developing International markets. He has been honorary member of Spices Board for valued added spice blends and powder for Europe and has visited various countries like France, Italy, Sweden, Germany and U K. He has been with Sakuma Exports since September, 2002. He holds a bachelors degree in Commerce, from Bombay University and a diploma in Import Export Management.

Mr. Anil Bhadang, General Manager (Finance) has the responsibility of handling Complete Finance and Accounts. He holds a bachelor degree in Commerce, from Pune University and a Government Diploma holder in Accounts and Audit. He has over 25 years experience. Before joining Sakuma in Dec 2001 he was working with Jayshree Construction Company.



Mr. Vivek Grover, General Manager, Operations, is B E. He is in-charge of Procurement & Logistics. He has over 9 years experience in the line & has widely traveled to countries viz United Kingdom, Germany, France, Czech Republic, Sri Lanka, Korea & Taiwan. He has worked for over four year with Parekh Platinum Limited

Mr. Roy Jacob, Company Secretary. Has around 6 years experience, he has worked for a year with Neural It and three years with Jurison Law Firm. He holds a bachelors degree in Science, L L B and an A C S, from Institute of Company Secretaries of India (ICSI).

Ms. Jyoti J Parab is a DGM (Finance) is a Chartered Accountant. Before joining Sakuma in Sept 2005, she was working with Chag Pahwa & Shah Co. and has around 5 years experience in finance, accounts & related Matter.

Ms. Deepa B Vartak is Manager Documentation, Logistics, Customs & Central Excise, she has the responsibilities of handling complete Pre and Post Shipment Documentation, Bank Documents, Coordination with Shipping Companies, Clearing Forwarding Agents, Liaison with the DGFT, Customs & Central Excise to complete all Export Import Formalities, with Sakuma Exports since October, 1999, having around 10 years of experience successfully handling similar positions. She holds a bachelors degree in Arts from Mumbai University.

Mr. Laxman Tele, Manager Procurement & Quality Control. He is responsible for sourcing procurement and quality control of Commodities and Products for Exports and Imports and accordingly coordinating with the Marketing & Logistics department from time to time to adhere to the Schedules and overseas and local Market requirements. He joined Sakuma Exports in November 1999 with four years of work experience. He was earlier working with Bhatia Shipping & Agency (P) Ltd. He holds a bachelors degree in commerce and is a Special Executive Officer (SEO) appointed by the Government of Maharashtra.

Mrs. Haribala T Solanki is the Manager (Accounts & Audit), She has an experience of around 9 years in Accounting and auditing with reputed Companies and Chartered Accountants firm. She holds a bachelors degree in commerce and having completed her CA (Inter) & a Diploma in Accounting and Taxation. She joined Sakuma Exports in January 2005

All the key employees are on the payrolls of the Company as Permanent Employees

Relationship between the Promoters, Directors and Key Managerial Personnel

Sr. No	Name	Relation with	Relationship
1	Mr. Chander Mohan	Mr. Saurabh Malhotra; Dr. Brij Bhushan Sahni	Father Father-in-Law
2	Mr. Saurabh Malhotra	Mr. Vivek Grover Dr. Brij Bhushan Sahni	Brother-in-Law Brother-in-Law

Excepting the above, there is no arrangement or understanding between the major shareholders, customers, suppliers and other pursuant to which any of the personnel / director were selected as a Director or Key Managerial Personnel

Shareholding of the Key Managerial Personnel

Key Managerial personnel do not hold any shares of the Company as on date.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no profit sharing plan for the Key Managerial Personnel, however Company makes bonus payments to the employees.



Changes in Key Managerial Personnel

Following have been the changes in the Key Managerial Personnel during the last one year

Name	Date of Joining	Date of Resignation	Designation	Reason
Mr. Vivek Grover	July 2005	-	General Manager International Co-ordination & Operations	Strengthening the Organization
Ms. Jyoti Jagdish Parab	Sept 2005	-	DGM Corporate Finance	Strengthening the Organization
Mrs. Haribala Tushar Solanki	Jan 2005	-	Manager, Accounts & Audit	Strengthening the Organization

Employees

The total manpower directly employed by the Company is 24 personnel.

Disclosures regarding ESOP, etc.

The Company does not have any Employee Stock Option Scheme as on date.

Payment or Benefits to Officers of the Company (Non-salary related)

There is no payment or benefit given to the officers of the Company other than salary and perquisites

**PROMOTERS**

The Company has been promoted by Mr. Chander Mohan, Mr. Saurabh Malhotra and Mrs. Kusum Malhotra.

Details about Promoters who are Individuals

A brief profile of the Promoters is given herewith

Mr. Chander Mohan	Chander Mohan, S/o Mr. Aya Ram Malhotra, Age 62.years;
	Educational Qualification: M A (Economics), Certified Associate of Indian Institute of Bankers (CAIIB), Work Experience- around four decades. He has held several key positions in Industrial Development Bank of India / Reserve Bank of India. He was associated with Economic Development Institute of World Bank, Co-Directed number of international seminars on economic reforms in India and abroad.
Voter ID Card	MT/06/032/012115
PAN Card	AAJPM4491J
Driving License Number	85/C/30813 dated 13.08.1985
Passport Number	A0753298 DT. 08.07.1996 MUMBAI

Mr. Saurabh Malhotra	Saurabh Malhotra, S/o Mr. Chander Mohan, Age 29 years,
	Educational Qualification: Bachelor of Commerce, Post Graduate Diploma in Business Administration from Prin. L. N. Welingkar Institute of Management Development and Research. Work Experience- 5 years, is the Promoter-Director of Sakuma Exports and has spearheaded the organisation and has taken it to International Level.
PAN Card	AAEPM3935G
Driving License Number	MH-01/94/511119 dated 30.11.1994
Passport Number	E9147131 DT 12.05.2004 MUMBAI

Mr. Kusum Malhotra	Kusum Malhotra, D/o Mr. Gurdasram Khosla , Age 58 years,
	Educational Qualification: B.A., Delhi University.
Voter ID Card	MT/06/032/012116
PAN Card	AAJPM4489Q
Driving License Number	85 / C / 33274 at 05/09/1985
Passport Number	A0753053 DT 08.07.1996 MUMBAI



Interest of Promoters

The Promoters may be deemed to be interested to the extent of shares held by them, their friends or relatives, and benefits arriving from their holding directorship in the Company.

The Promoters of the Company have no interest other than reimbursement of expenses incurred or normal remuneration or benefits and their shareholding in the Company, if any

There are no common pursuits in the business of the Company and other Companies promoted by the Promoter other than as described in this Prospectus.

Except as disclosed above and Related Party Transactions on page xi of the prospectus.

Payment or benefits to Promoters of the Issuer Company

There is no payment or benefit given to the promoters of the Company other than being a shareholder or reimbursement as a Director and as mentioned under the head compensation to Chairman and Managing Director.

Related Party transactions as per Financial Statements

Please refer 'Related Party Disclosure' under the head related party transaction on page xi of the Prospectus

DIVIDEND POLICY

The declaration of dividend will be recommended by the Board of Directors and shareholders, in their discretion and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition.



SECTION V FINANCIAL STATEMENTS

SELECTED CONSOLIDATED FINANCIAL AND OPERATING DATA

Not Applicable

FINANCIAL INFORMATION OF THE ISSUER COMPANY

From, Mittal & Associates

Chartered Accountants

130, Esplande Mansion,

M.G. Road, Mumbai- 400023

THE BOARD OF DIRECTORS

SAKUMA EXPORTS LTD.

17, Chemox House,

Bombay Hospital Lane,

Mumbai – 400 020

Dear Sirs,

Sub: Proposed Initial Public Issue of the Shares of the Company.

We have examined the following financial information of **Sakuma Exports Ltd.** (Erstwhile Sakuma Exports a partnership firm converted under part IX of the Companies Act, 1956) as attached to this report and as approved by the Board of Directors which has been prepared in accordance with Paragraph B-1 Part – II of Schedule II of the Companies Act, 1956 and in accordance with the provisions of paragraph **6.18.7** of the Securities and Exchange Board of India (Disclosures and investors Protection) Guidelines, 2000.

Annexure I	Statement of Adjusted Assets and Liabilities of M/s Sakuma Exports erstwhile partnership firm as at 31 st August 2005, 31 st March 2005, 31 st March 2004, 31 st March 2003, 31 st March 2002, & 31 st March 2001.
Annexure II	Statement of Adjusted Profit & Loss Account of M/s Sakuma Exports erstwhile partnership firm for the years/periods ended on 31 st August 2005, 31 st March 2005, 31 st March 2004, 31 st March 2003, 31 st March 2002, & 31 st March 2001.
Annexure III	Significant Accounting Policies and Notes on accounts
Annexure IV	Statement of Accounting Ratios
Annexure V	Statement of Rate of dividend
Annexure VI	Capitalization Statement
Annexure VII	Cash Flow Statement

Based on examination of the above statements with the respective audited financial statements and on the basis of information and explanations given to us, we report as under:



(i) The statement referred to as Annexure I to VII read with the respective Significant Accounting Policies and read together with the notes thereon and after making such adjustments, regroupings and disclosure as were, in our opinion, appropriate and required have been prepared out of audited financial statement for the years/periods.

(ii) Restatement of financial information in respect of years earlier to 31.03.2005 has not been considered necessary since (a) change in the accounting policies made pursuant to applicability of new mandatory accounting standards are prospective in nature; and (b) on grounds of materiality.

This report is intended solely for the information and for the inclusion in Prospectus in connection with the specific Initial Public Offering of equity shares of the Company and is not to be used, referred to or distributed for any other purpose without our written consent.

For Mittal & Associates
Chartered Accountants

Gopal Bohra
Partner
M. No. 77881

Place: Mumbai
Date: 15.09.2005



ANNEXURE I

SAKUMA EXPORTS LIMITED

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

PARTICULARS	AS AT 31.08.2005	AS AT 31.03.2005	AS AT 31.03.2004	AS AT 31.03.2003	AS AT 31.03.2002	AS AT 31.03.2001
APPLICATION OF FUND						
Fixed Assets						
Gross Block	2,409,411	1,879,144	1,171,036	29,850	26,100	-
Less : Depreciation	851,286	4,32,687	140,193	19,917	7,830	-
Net Block	1,558,125	1,446,457	1,030,843	9,933	18,270	-
Investments	6,100	6,100	6,100	-	-	-
Curent Assets, Loans & Advances						
Inventories	12,798,527	32,702,108	4,300,882	7,975,500	258,750	13,792,069
	478,702,79					
Sundry Debtors	0	475,710,995	76,739,676	40,784,555	17,772,374	3,482,047
Cash & Bank Balances	20,289,127	23,428,497	370,030	2,242,858	1,411,312	50,550
Loans & Advances	117.24	5,316,228	8,227,975	8,468,887	4,319,410	107,189
Other Current Assets	-	-	-	-	-	-
Total Current Assets	5235.15	537,157,828	89,638,563	59,471,800	23,761,846	17,431,855
Less: Current Liabilities & Provisions						
Current Liabilities	4057.86	400,394,776	24,809,917	8,687,781	1,361,414	9,997,996
Provisions	85.00	7,860,000	1,425,000	710,000	326,220	-
Total Current Liabilities	4142.86	408,254,776	26,234,917	9,397,781	1,687,634	9,997,996
Net Current Assets	1092.29	128,903,052	63,403,646	50,074,019	22,074,212	7,433,859
Total Assets	1107.93	130,355,609	64,440,589	50,083,952	22,092,482	7,433,859
SOURCES OF FUNDS						
Loan Funds						
Secured Loans	4.11	30,541,916	28,365,839	27,698,310	14,893,075	1,623,321
Unsecured Loans	179.93	50,740,095	13,891,830	8,566,916	983,064	-
Total Loan Funds	184.04	81,282,011	42,257,669	36,265,226	15,876,139	1,623,321
Net Worth:						
Capital	951.00	49,073,598	22,182,920	13,818,726	6,216,343	5,810,538
Reserves and Surplus	-	-	-	-	-	-
Sub - Total	951.00	49,073,598	22,182,920	13,818,726	6,216,343	5,810,538
Less:- Miscellaneous Expenditure	27.11	-	-	-	-	-
Net Worth	923.89	49,073,598	22,182,920	13,818,726	6,216,343	5,810,538
Capital Employed	1107.93	130,355,609	64,440,589	50,083,952	22,092,482	7,433,859



ANNEXURE II

SAKUMA EXPORTS LIMITED

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

PARTICULARS	Period Ended 31.08.2005	Year Ended 31.03.2005 Rs.	Year Ended 31.03.2004 Rs.	Year Ended 31.03.2003 Rs.	Year Ended 31.03.2002 Rs.	Year Ended 31.03.2001 Rs.
<u>INCOME</u>						
Sales	804,856,330	1,602,087,983	918,765,200	387,405,940	139,100,024	32,331,710
Increase/Decrease in stock	(19,903,581)	28,401,226	(3,674,618)	7,716,750	(13,533,319)	13,792,069
Other Income	2,417,124	786,308	603,894	444,447	-	-
Total	787,369,873	1,631,275,517	915,694,476	395,567,137	125,566,705	46,123,779
<u>EXPENDITURE</u>						
Purchases & Other						
Direct Expenses	759,975,666	1,604,953,007	908,434,927	390,399,530	122,256,593	44,791,537
Indirect Expenses	1,666,303	3,227,424	2,381,048	1,800,007	915,510	524,992
Interest	106,199	1,328,064	565,629	859,130	249,746	116,507
Depreciation	418,599	292,494	120,276	12,087	7,830	-
Total	762,166,767	1,609,800,989	911,501,880	393,070,754	123,429,679	45,433,036
Profit before Taxation and Extra Ordinary Items	25,203,106	21,474,528	4,192,596	2,496,383	2,137,026	690,743
Provision for Income Tax	8,544,900	7,889,124	1,425,000	710,000	326,220	-
Net Profit before extra Ordinary items	16,658,206	13,585,404	2,767,596	1,786,383	1,810,806	690,743
Extra Ordinary Items (net of tax)	-	-	-	-	-	-
Net Profit after Extra Ordinary Items	16,658,206	13,585,404	2,767,596	1,786,383	1,810,806	690,743

**Annexure - III****Significant Accounting Policies And Notes On Accounts****(A) SIGNIFICANT ACCOUNTING POLICIES****1 Basis for preparation of financial statements.**

The Financial Statements have been prepared under the historical – cost convention, in accordance with the Generally Accepted Accounting Principals in India, the applicable accounting standards issued by the Institute of Chartered Accountants of India. All income and expenditure having a material bearing on the financial statement are recognized on the actual basis.

The preparation of financial statement requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities on the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known/materialized.

2 Revenue Recognition.

Export sales are recognised based on the date of shipping Bill for exports. Indigenous sales are recognised based on the date of document of dispatch.

Export incentives in the form of credit earned on exports made during the year, under Duty Entitlement Pass Book (DEPB) / Duty Free Replenishment Certificate (DFRC) are accounted for at the time of sale of such license in the open market.

Interest on Bank Fixed Deposits is recognized using the time proportion method, based on interest rates on the particular deposits.

3 Expenditure

Expenses are accounted on the actual basis and provisions are made for all known losses and liabilities.

4 Fixed Assets

Fixed assets are stated at Cost less Accumulated depreciation. Direct costs are capitalized till the assets are ready to be put to use. These costs include financing costs relating to specific borrowings attributable to fixed assets.

5 Depreciation

Depreciation upto the Financial Year ended 31st March, 2005 is provided on Written Down Value (WDV) Method at the rates prescribed under the Income Tax Act, 1961. Depreciation rates for the period ended 31st August, 2005 has been changed from WDV rates as per Income Tax Act, 1961 to WDV rates as per Companies Act, 1956. The depreciation on WDV rates as provided under Schedule XIV of the Companies Act, 1956 is provided on the Fixed Assets since beginning and the resulting difference of Rs. 9,031/- is reduced from the depreciation for the current period.

6 Foreign Currency Transactions

Export sales are recorded on the basis of exchange rates prevailing on the date of realization and export sales outstanding for realization at the end of the period is recorded at exchange rate approximate at the end of the year. Where realizations are deposited into and disbursement made out of a foreign currency bank account, all transactions are recorded at a rate on the date of transaction.



7. Inventories

Inventories at the period end are valued at cost or net Realisable whichever is lower. Cost is determined on FIFO basis.

8. Investments

Investment is stated at cost.

9. Contingent Liabilities

Liabilities which are material and whose future outcome cannot be ascertained with reasonable certainty are treated as contingent and are disclosed by way of notes to Financial Statements.

(B) NOTES ON ACCOUNTS

1. Sales

Sales are inclusive of export incentives and sales tax thereon.

2. Purchases

Purchases of goods are net of discounts received and shortage.

3. Taxation

Provision for income tax has been made on the basis of the taxable profit for the period end in accordance with the Income Tax Act, 1961. Provision for the Fringe Benefit Tax has been made to the extent advance tax paid for the first quarter ended 30.06.05 on actual basis.

Deferred Tax Liability/Assets is not provided as there is no material timing difference between carrying value of Fixed Assets or Other items as per Income Tax and as per Books of Accounts and also there is no carry forward losses as on Balance Sheet date.

4. Contingent Liabilities

The company has no letters of credit or bank guarantee outstanding as at August 31, 2005.

Income Tax demand of Rs. 278,900/- (against which the firm has made pre-deposits of Rs. 278,900/-) being disputed in appeal.

5. Segment Reporting

The company is engaged in trading of commodities which falls under one segment and hence no separate segment reporting is given as envisaged in Accounting Standard 17 Issued by ICAI.

6. Employee Benefits

The company is not providing for provident Fund, Employee State Insurance Scheme and Gratuity as the relevant Act are not applicable to the Company.

7. Sundry Debtors, Sundry Creditors and Loans & Advances are subject to confirmation.

8. Exchange difference on outstanding forward contract to be recognised in the Profit and Loss account of subsequent accounting period aggregating to a loss of Rs. 5.01 lacs.



9. Related Party Disclosure

Related party disclosure as required by Accounting Standard – 18, “Related Party Disclosure” issued by the Institute of Chartered Accountants of India are given below:

A. Name and Relationship of the Related Parties:

i) Associated Concerns

- | | |
|---------------------------------------|--|
| a. Sakuma Finvest Pvt. Ltd. | b. Sakuma International Marketing Ltd. |
| c. Sakuma Imports & Exports Pvt. Ltd. | d. Chander Mohan – HUF |
| e. C.K.K. Exports Pvt. Ltd. | |

ii) Key Management Personnel:

- | | |
|-------------------------|-------------------------------|
| a. Mr. Saurabh Malhotra | b. Mr. Chander Mohan Malhotra |
|-------------------------|-------------------------------|

iii) Relatives of Key Management Personnel

- | | |
|------------------------|-------------------------|
| a. Mrs. Kusum Malhotra | b. Mrs. Vanita Malhotra |
|------------------------|-------------------------|

Note: Related party relationship is as defined by the firm and relied upon by the Auditor.

B. Transaction with the related party during the period:

Transaction with Related Parties	Associated Concerns	Key Personnel	Mgmt	Relatives of Key Mgmt. Personnel
Monthly Compensation	30,000/-	-	-	-
Remuneration	-	125,000/-	-	-
Interest on Loan	332,461/-	-	-	-
O/s Payable as on 31.08.05	1,241,641/-	8,469,359/-	-	7,782,321/-
Office Deposit Given	7,000,000/-	-	-	-

Note: There is no transaction during the period with CKK Exports Pvt. Ltd.

10. Sundry debtors include debtors outstanding over six months amounting to Rs.15,883,979/- as on 31.08.2005 and NIL as on 31.03.2005.

11. On the basis of information available with the Company, Vindhya Vasini Dall Mill a Small Scall Industries, to whom the Company owes sum of more than rupees one lac, outstanding over a period of more than 30 days.



ANNEXURE IV

SAKUMA EXPORTS LIMITED

STATEMENT OF ACCOUNTING RATIOS

(Rs.in Lacs)

PARTICULARS		Five Month Period ended 31st August 2005	Year ended 31st March 2005	Year ended 31st March 2004	Year ended 31st March 2003	Year ended 31st March 2002	Year ended 31st March 2001
Earning Per Share (EPS)							
Profit After Tax (Rs. in Lakhs)	a	166.58	135.85	27.68	17.86	18.11	6.91
Weighted Average No. of Shares (in Lakhs)	b	62.29	22.89	12.06	5.91	3.50	1.40
EPS (in Rupees)	a/b	@ 6.42	5.94	2.29	3.02	5.17	4.93
Return on Networth							
Profit After Tax (Rs. in Lakhs)	a	166.58	135.85	27.68	17.86	18.11	6.91
Net Worth (Rs. in Lakhs)	b	923.89	490.74	221.83	138.19	62.16	58.11
Return on Networth (%)	a/b	@ 43.27	27.68	12.48	12.93	29.13	11.89
Net Assets Value per Share							
Total Assets (Rs. in Lakhs)	a	5250.79	5386.10	906.76	594.82	237.80	174.32
Total Liabilities (Rs. in Lakhs)	b	4326.90	4895.37	684.93	456.63	175.64	116.21
Net Assets Value (a-b)(Rs. in Lakhs)	c	923.89	490.74	221.83	138.19	62.16	58.11
No. of Shares (in Lakhs)	d	95.10	49.07	22.18	13.82	6.22	5.81
Net Assets Value per Shares	c/d	9.71	10	10	10	10	10

@ calculated on annualized basis

Note:-

The erstwhile firm was converted into limited company under part IX of the Companies Act, 1956 on 31.08.2005; for all the calculation face value of shares has been assumed at Rs. 10/- per share. EPS has been calculated on weighted average capital balance.

**ANNEXURE V****SAKUMA EXPORTS LIMITED****STATEMENT OF RATE OF DIVIDEND**

The company is converted under part IX of the Companies Act, 1956 therefore the declaration of Dividend and rate of Dividend is not applicable.

ANNEXURE VI**SAKUMA EXPORTS LIMITED****CAPITALISATION STATEMENT**

(Rs. In Lakhs)

PARTICULARS		PRE-ISSUE	POST-ISSUE
Loans - Secured & Unsecured		184.04	Refer Note Below
Working Capital Loan		-	
Long Term Debts	(a)	184.04	
Shareholder's Funds:			
Share Capital		951.00	
Reserve & Surplus		-	
Miscellaneous Expenditure		27.11	
Total Shareholder's funds	(b)	923.89	
Long Term Debt/Shareholder's funds	(a)/(b)	0.20:1	
		0.20	

Note: - The post issue capitalisation cannot be determined till completion of initial public offer process.



ANNEXURE VII

SAKUMA EXPORTS LIMITED

AJUSTED CASH FLOW STATEMENT

PARTICULARS	PERIOD ENDED 31.08.2005	YEAR ENDED 31.03.2005	YEAR ENDED 31.03.2004	YEAR ENDED 31.03.2003	YEAR ENDED 31.03.2002	YEAR ENDED 31.03.2001
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit Before Tax	25,203,106	21,474,528	4,192,596	2,496,383	2,137,026	690,743
Adjustment For :						
- Depreciation	418,599	292,494	120,276	12,087	7,830	-
- Interest Expense	106,199	1,328,064	565,629	859,130	249,746	116,507
Operating Profit before Working Capital Changes	25,727,904	23,095,086	4,878,501	3,367,600	2,394,602	807,250
Adjustment For						
- (Incr)/Decr.in inventories	19,903,581	(28,401,226)	3,674,618	(7,716,750)	13,533,319	(13,792,069)
- (Incr)/Decr.in Debtors	(2,991,795)	(398,971,319)	(35,955,121)	(23,012,181)	(14,290,327)	(2,504,193)
- (Incr)/Decr.in Loans & Advances	(10,919,398)	3,586,283	1,261,123	(3,941,312)	(3,899,752)	(62,721)
- Incr/(Decr).in Current Liabilities	5,391,079	375,584,858	16,122,136	7,326,367	(8,636,582)	9,976,766
Cash Generated From Operations	37,111,371	(25,106,318)	(10,018,743)	(23,976,276)	(10,898,740)	(5,574,967)
Income Tax Paid	6,104,900	2,128,659	1,730,212	534,385	312,469	-
Net Cash - Operating Activities	31,006,471	(27,234,977)	(11,748,955)	(24,510,661)	(11,211,209)	(5,574,967)
B. CASH FLOW FROM INVESTING ACTIVITIES						
Outflow:						
Acquisition of Fixed Assets	530,267	708,108	1,141,186	3,750	26,100	-
Purchase of Investments	-	-	6,100	-	-	-
Net Cash Flow from Investing Activities	(530,267)	(708,108)	(1,147,286)	(3,750)	(26,100)	-
C. CASH FLOW FROM FINANCING ACTIVITIES						
Inflow:						
Capital Introduced by Partners (Net)	(65,731,804)	13,305,274	5,596,598	5,816,000	(1,405,001)	4,142,000
Proceeds from issue of Share Capital	95,100,000	-	-	-	-	-
Share Premium Received	-	-	-	-	-	-
Proceeds From Secured Loans	(30,130,796)	2,176,077	667,529	12,805,235	13,269,754	658,839
Proceeds From Unsecured Loans	(32,746,775)	36,848,265	5,324,915	7,583,852	983,064	-



	(33,509,375)	52,329,616	11,589,042	26,205,087	12,847,817	4,800,839
Outflow: Interest Paid	106,199	1,328,064	565,629	859,130	249,746	116,507
Net Cash - Financing Activities	(33,615,574)	51,001,552	11,023,413	25,345,957	12,598,071	4,684,332
D. Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(3,139,370)	23,058,467	(1,872,828)	831,546	1,360,762	(890,635)
E. Opening Balance of Cash and Cash Equivalents	23,428,497	370,030	2,242,858	1,411,312	50,550	941,185
F. Closing Balance of Cash and Cash Equivalents	20,289,127	23,428,497	370,030	2,242,858	1,411,312	50,550



FINANCIAL INFORMATION OF GROUP COMPANY

1 Sakuma International Marketing Private Limited

Sakuma International was incorporated on 15.03.1995. This was the first company promoted by Mr. Chander Mohan and family under the name of Sakuma Financial Services (India) Private Limited. Initially the Company was engaged in providing financial consultancy services to corporate clients. However, there has been no business activity in this company for the last 2 years and its funds are invested in Sakuma Exports. As the Company discontinued the business of financial services, its name was changed to Sakuma International Marketing Private Limited with effect from 14.10.2003. The Board of Directors of the Company comprise of the following:

Mr. Chander Mohan

Mrs. Kusum Malhotra

Mr. Saurabh Malhotra

The Shareholding structure of this Company is as follows:

Category of Shareholder	% Holdings
Directors	94.3%
Relatives & friends	5.7%
Others	0
Total	100.00

Financial Highlights:

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars as on March 31	March 2003	March 2004	March 2005
Total Income	1.7	27.8	44.16
Profit after Tax	(1.3)	8.3	28.7
Share Capital	36.6	43.8	45.8
Reserves and surplus	24.0	94.5	141.23
Earnings per Share (in Rs.)	(0.36)	1.89	6.27
NetWorth	60.6	138.3	193.68
Book Value per Share (in Rs.)	16.56	31.57	42.29
Face Value	10	10	10

2 Sakuma Finvest Private Limited:

The company, incorporated on 13.02.1996, was promoted by Mr. Chander Mohan and family. The Company was promoted to acquire and create office facilities for business ventures of the family. To this end, the Company has acquired office premises admeasuring around 1500 Sq. Ft. (including the terrace) on tenancy basis at 17, Chemox House, 7, Barrack Road, Bombay Hospital Lane, New Marine Lines, Mumbai – 400 020. The premises were fully renovated, furnished and air conditioned. The premises has been given to Sakuma Exports who are operating from this office.

The Board of Directors of the Company comprise of the following:

Mr. Chander Mohan

Mrs. Kusum Malhotra

Mr. Saurabh Malhotra



The Shareholding structure of this Company is as follows:

Category of Shareholder	% Holdings
Directors	100.00
Relatives & friends	0
Others	0
Total	100.00

Financial Highlights:

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars as on March 31	2003	2004	2005
Total Income	2.4	1.2	1.5
Profit after Tax	0.5	(0.2)	0.22
Share Capital	1.0	1.0	1.0
Reserves and surplus	1.8	1.6	1.8
Earnings per Share (in Rs.)	5	(2)	2.2
Net Worth	2.8	2.6	2.8
Book Value per Share	28	26	28
Face Value	10	10	10

3 Sakuma Import Export Private Limited:

The company, incorporated on 13.02.1996, was promoted for developing import business. Since there were tax benefits on export profits, it was decided to keep import activity separate from export activity. However, later on due to amendments of taxation rules, it was not relevant to have separate companies for import and export activities and whole business was undertaken in Sakuma Export (then a partnership firm). This company at present does not have any business activity and its funds are invested in Sakuma Exports Limited.

The Board of Directors of the Company comprise of the following:

Mr. Chander Mohan

Mr. Saurabh Malhotra

The Shareholding structure of this Company is as follows:

Category of Shareholder	% Holdings
Directors	100.00
Relatives & friends	0
Others	0
Total	100.00

Financial Highlights:

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars as on March 31	2003	2004	2005
Total Income	33.7	1.6	0.80
Profit after Tax	(0.1)	0.2	0.31
Share Capital	1.02	9.82	9.82



Reserves and surplus (in Rs.)	-	0.05	0.37
Earnings per Share	(0.98)	0.20	0.32
Net Worth	1.02	9.87	10.19
Book Value per Share	10	10.05	10.38
Face Value	10	10	10

4. **C.K.K. EXPORT PRIVATE LTD.:**

The Company was incorporated in the name of Sakuma Exports Private Limited in February 2005. And subsequently the name was changed to C.K.K Export Private Limited. There has been no business activity in this company to date.

The Shareholding structure of this Company is as follows:

Category of Shareholder	% Holdings
Directors	100.00
Relatives & friends	0
Others	0
Total	100.00

Financial Highlights:

The financial highlights for the last 3 years are as follows:

(Rs. in Lacs)

Particulars as on March 31	March 2005
Total Income	NA
Profit after Tax	NA
Share Capital	0.1
Reserves and surplus	NA
Earnings per Share	NA
Networth	0.1
Book Value	10
Face Value per Share	10

Note: C.K.K. Exports Private Limited was incorporated in February 2005, first audited balance sheet will be prepared in March 06.

CHANGES IN ACCOUNTING POLICIES IN LAST THREE YEARS

For details of changes in Accounting policies in last three years, please refer to 'Annexure III' of auditors report on page 56 of this prospectus.


MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS AS REFLECTED IN THE FINANCIAL STATEMENTS
Comparision of recent financial year with the previous financial years (last three years) on the major heads of the Profit & Loss Statement

The following discussion on the financial operations and performance should be read in conjunction with the audited financial results of the Company for the year ended 31st March 2003, 2004 and 2005:

STATEMENT OF ADJUSTED ASSETS & LIABILITIES

(Rs. in Lacs)

PARTICULARS	AS AT 31.08.2005	AS AT 31.03.2005	AS AT 31.03.2004	AS AT 31.03.2003	AS AT 31.03.2002	AS AT 31.03.2001
APPLICATION OF FUND						
Fixed Assets						
Gross Block	24.09	18.79	11.71	0.30	0.26	-
Less : Depreciation	8.51	4.33	1.40	0.20	0.08	-
Net Block	15.58	14.46	10.31	0.10	0.18	-
Investments	0.06	0.06	0.06	-	-	-
Curent Assets, Loans & Advances						
Inventories	127.99	327.02	43.01	79.76	2.59	137.92
Sundry Debtors	4,787.03	4757.11	767.40	407.85	177.72	34.82
Cash & Bank Balances	202.89	234.28	3.70	22.43	14.11	0.50
Loans & Advances	117.24	53.16	82.28	84.69	43.19	1.07
Other Current Assets	-	-	-	-	-	-
Total Current Assets	5235.15	5371.58	896.39	594.72	237.62	174.32
Less: Current Liabilities & Provisions						
Current Liabilities	4057.86	4003.95	248.10	86.88	13.61	99.98
Provisions	85.00	78.60	14.25	7.10	3.26	-
Total Current Liabilities	4142.86	4082.55	262.35	93.98	16.87	99.98
Net Current Assets	1092.29	1289.03	634.04	500.74	220.74	74.34
Total Assets	1107.93	1303.56	644.41	500.84	220.92	74.34
SOURCES OF FUNDS						
Loan Funds						
Secured Loans	4.11	305.42	283.66	276.98	148.93	16.23
Unsecured Loans	179.93	507.40	138.92	85.67	9.83	-
Total Loan Funds	184.04	812.82	422.58	362.65	158.76	16.23
Net Worth:						
Capital	951.00	490.74	221.83	138.19	62.16	58.11
Reserves and Surplus	-	-	-	-	-	-
Sub - Total	951.00	490.74	221.83	138.19	62.16	58.11
Less:- Miscellaneous Expenditure	27.11	-	-	-	-	-
Net Worth	923.89	490.74	221.83	138.19	62.16	58.11
Capital Employed	1107.93	1303.56	644.41	500.84	220.92	74.34



STATEMENT OF ADJUSTED PROFIT AND LOSS ACCOUNT

(Rs. In Lacs)

PARTICULARS	Period Ended 31.08.2005	Year Ended 31.03.2005 Rs.	Year Ended 31.03.2004 Rs.	Year Ended 31.03.2003 Rs.	Year Ended 31.03.2002 Rs.	Year Ended 31.03.2001 Rs.
<u>INCOME</u>						
Sales	8048.56	16020.88	9187.65	3874.06	1391.00	323.32
Increase/Decrease in stock	(199.04)	284.01	(36.75)	77.17	(135.33)	137.92
Other Income	24.17	7.86	6.04	4.44	-	-
Total	7873.70	16312.76	9156.94	3955.67	1255.67	461.24
<u>EXPENDITURE</u>						
Purchases & Other Direct Expenses	7599.76	16049.53	9084.35	3904.00	1222.57	447.92
Indirect Expenses	16.66	32.27	23.81	18.00	9.16	5.25
Interest	1.06	13.28	5.66	8.59	2.50	1.17
Depreciation	4.19	2.92	1.20	0.12	0.08	-
Total	7621.67	16098.01	9115.02	3930.71	1234.30	454.33
Profit before Taxation and Extra Ordinary Items	252.03	214.75	41.93	24.96	21.37	6.91
Provision for Income Tax	85.45	78.89	14.25	7.10	3.26	-
Net Profit before extra Ordinary items	166.58	135.85	27.68	17.86	18.11	6.91
Extra Ordinary Items (net of tax)	-	-	-	-	-	-
Net Profit after Extra Ordinary Items	166.58	135.85	27.68	17.86	18.11	6.91

Financial years ended March 2002, 2003, 2004, 2005 and the 5 months period ended Aug 31, 05:

You should read the following discussion of the company's financial conditions and results of operations together with the audited financial statements for the 5 months period ended 31 August, 2005, the financial year ended March 31, 2004 and each of the financial years 2003, 2002, and 2001 including the notes thereto and the reports thereon, which appear elsewhere in this prospectus.

The financial statements have been prepared in accordance with Indian GAAP and on information's available from other sources.



Overview:

Sakuma Exports started its operations as a partnership firm in the end of calendar year 1999, with the main object of trading and export of commodities and merchandise domestically and in the international market. The firm was converted into a Company on August 31, 2005.

SEL made a modest beginning in the year 2000 – 01 with exports of Red split lentils and Fresh Onions to Sri Lanka. Over the years SEL has added various other commodities and products to its portfolio. SEL ventured into exports of Sugar and import of pulses in 2001 – 02 and export of wheat flour and peanuts in 2003 – 04. In the year 2003 – 04 SEL made significant additions to its basket of exports viz; Sesame Seeds, Maize, Chilly, Water Melon, Soya bean meal and de oiled cake. The product portfolio further expanded in 2004 – 05 with exports of Rape Seed De Oiled cake, Chick peas, Rice and Sunflower De oiled cake. In the current financial year the company has started exports of Castor Oil, Castor de oiled cake and coriander seeds.

SEL started with its exports to Sri Lanka in 2000 – 01. Over the years it has exported its products to various countries across the globe such as Italy, Poland, Holland, U K, Germany, Sri Lanka, Singapore, Malaysia, Philippines, Indonesia, Thailand, Vietnam, Hong Kong, China, Japan, Belgium, Algeria, The United Arab Emirates, Arab Republic of Egypt, State of Kuwait, State of Bahrain, Yemen, Senegal and United States of America and others.

SEL has a well developed Logistics and supply chain management systems in place to cater to its shipments from various ports like J N P T, Nhava Sheva, Mumbai, Kandla & Mundra in Gujarat, Kakinada, Vishakapatnam in Andhra Pradesh, Miraj I C D in Maharashtra, Chennai in Tamil Nadu.

SEL has a wide and strong network of over 400 suppliers from various states like Maharashtra, Karnataka, Gujarat, Madhya Pradesh, Andhra Pradesh, Tamil Nadu, Orissa, Uttar Pradesh, Chattisgarh etc.

The total export of groundnut from India to Far East countries was: 117246 M T's (Total Exports being 176931 M T's) during the year 2003 – 04 (taken from Data compiled by IOPEA.) **SEL, shipped 10378 MT'S during the period to Far East although started exporting the same only in the second half of the year. SEL shipped 29433 MT'S during the year 2004 – 05.**

The total export of sugar from India during the year 2004 – 05 the total exports of sugar from India was 12.0 MT's, from which, SEL shipped 0.53 MT's.

Comparison of 5 month period ended 31 August, 2005 (FY05) with FY04:

These five months witnessed an all round improvement in the operations with sales at 8049 Lacs, which was more than double of the sales achieved during the corresponding period of the previous year. The promoters infused fresh capital of Rs.460.26 Lacs and share capital of the Company touched 951 Lacs. The profit after tax during these 5 months stood at 166.58 Lacs witnessing a growth of 2.96 times on annualized basis. The company continued to develop export of new commodities; viz; Export of Castor Oil, Castor De Oiled Cake was added to our export mix. We added two multinationals viz; Mitsubishi Corporation and Majuko Enterprise (S) Pte Ltd., among others to our client list. In view of growing sales and limited funds focus during this period was also on inventory management and there was marked decrease in stocks and the inventories reduced from 327 Lacs to 128 Lacs during the period. EPS stood at 6.42 on annualized basis, up 8% on y-o-y basis. RONW stood at 48% on annualized basis.

Comparison of FY 2005 WITH FY 2004:

There was all round growth; Promoters inducted additional capital of 269 Lacs. The sales more than doubled and profit after tax increased 4.9 times. Company exported around than 30,000 Mts. of peanut, the commodity was added to their basket in the previous year. SEL also started exports of Indian Mexican Chic Peas, thus widening our range of exports of Pulses in addition to others. We spread our wings to the Markets of Europe, Mediterranean & Pakistan during the year (FY05) Company strengthened our procurement channels in Orissa and Andhra. For the first time we started exports from Kakinada Port and also strengthened the logistics for exports from Chennai to cut transport and freight cost. With increase in turnover, financial charges increased 2.35 times. The EPS for the year stood at 5.94 up 159% as compared to previous year. RONW also rose by 122% to 27.68% over previous year.



Comparison of FY 2004 with FY 2003:

The focus during the year has been on widening the export basket and the client base, as a result sales increased from 3874 Lacs to 9188 Lacs, i.e. 2.37 times. The major increase in turnover was achieved with export of Sugar; during the year (FY04) we exported over 50,000 Mts. of sugar. Also during the year (FY04) company started exports of peanuts in the second half of the year and shipped more than 10,000 Mts. of peanuts to the Far East Market. The total export of peanuts from India to Far East countries was 1,17,246 Mts. We also made a beginning in the field of Animal Feed by exporting Maize and various types of De Oiled cakes including Soya Bean Meal, Sunflower D O C, Rape Seed D O C. The profit increased during the period by 1.55 times as compared to the previous year (FY2003). The capital also increased by 138 Lacs to 222 Lacs. There has been increase in fixed assets gross block from Rs.0.30 Lacs to Rs.11.71 Lacs. EPS for the year slipped to 2.29 as compared to 3.02 over the same period in previous year. RONW stood at 12.048 %.

Comparison of FY 2003 with FY 2002:

The firm was in the stages of infancy. Never the less it achieved a growth of 2.78 times in sales from 1391 Lacs to 3874 Lacs. The Company started exporting sugar out of India (FY03) & exported more than 30,000 Mts. and developed wide supply chain and logistics for sugar exports. The promoters more than doubled their capital. There has been an increase in finance cost. The focus being on establishing new clientele, developing new products and developing logistics at new centers, there was pressure on profitability. Though profit before tax increased by 16.8% the net profit was in a flat mode with a little decline of around 1%. During the year the company was conferred certificate of reorganization as an 'Export House' by the Government of India. The launching pad was ready for a big leap in future. For the year ended March 2003, EPS stood at 3.02 and RONW at 12.93%

a) Unusual or infrequent events or transactions:

There have been no unusual or infrequent transactions that have taken place during the last three years. The operations were being carried out as a partnership firm till August 2005. It decided to convert itself into a public limited company incorporated under the provisions of the Companies Act, 1956.

b) Significant Economic changes that materially affected or are likely to affect income from continuing operations:

Government's focus on exports will have major bearing on the companies involved in export sector. Any major changes in policies of the Government would have the significant impact on the profitability of the Company.

Except the above, there are no significant economic changes that may materially affect or likely to affect income from continuing operations.

c) Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations:

Apart from the risks as disclosed under heading "RISK FACTORS" appearing on page vi of this Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

d) The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices:

The increase in turnover is mainly on account of increase in sales volume.

e) Total turnover of each major industry segment in which the Company operated:

The Company is operating only in one segment namely exports industry. India's exports during the financial year April 2004 to March 2005 reached nearly US \$ 80 billion – being valued at INR 3560.69 billion (US \$ 79.59 billion), indicating a record growth of 24.41% over the level of INR 2933.67 billion (US \$ 63.9 billion) during April-March 2003-04. The growth achieved during the year is substantially higher than the 21.31% export growth in April-March 2003-04 over April-March 2002-03.



f) Status of any publicly announced new products or business segment:

The company is continuously looking at widening its product base and client base.

g) The extent to which business is seasonal:

Though, seasonality is inheritant in agro products, the Company is having a wide export mix and multi cropping pattern being wide spread in the country, Company's business is not affected by seasonality in a significant manner.

h) Any significant dependence on a single or few suppliers or customers:

The Company sources its raw materials from a large number of suppliers and is not under threat from excessive dependence on any single supplier. The company has over 400 suppliers

The client base of the company is wide spread, spanning across five continents. The company has over 75 established clients and is continuously getting repeat orders and is adding more and more clients

Overview of the business of the issuer company

Sakuma, an Export House, engaged in export of diversified commodities, primarily agro based.

The Company supplies commodities to clients across five continents and include names like Mitsubishi, Conagra, Khimji Ramdas, etc.

Significant developments subsequent to last financial year

The Directors of the Company confirm that in their opinion, no circumstances have arisen since the date of the last financial statements as disclosed in the Prospectus and which materially and adversely affect or is likely to affect the trading or profitability of the Company, or the value of its assets, or its ability to pay its liabilities within the next twelve months

Factors that may affect Results of the Operations

The factors that may affect the results of operations are deliberated under the head Risk Factors. For details, kindly refer to the same on Page no vi.



SECTION VI LEGAL & OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENT

Except as stated below there are no outstanding litigations, suits, criminal or civil prosecutions, potential disputes, labour disputes, bargains and demands, investigations, Central / State Government claims or inquiries, proceedings, or tax liabilities, overdoes to bank/financial institutions, defaults against banks / financial institutions, proceedings initiated for

Outstanding Litigation involving the Issuer Company

There are no outstanding litigations involving the Issuer Company

Outstanding Litigation against the issuer Company's

There are no outstanding litigations against the Issuer Company

Outstanding Litigation involving the Promoter and Group Companies

There are no outstanding litigations involving the Promoter and Group Company

Income Tax Matters

Assessment Year	Status	Nature	Amount
2003-04	Appeal dismissed by Commissioner of Income Tax	Tax Authorities have not considered the premium received on sale of DEPB/DFRC entitlement as export incentive and not allowed deduction u/s 80HHC of the IT Act, 1961	Rs.2,78,900/-

Note: Company plans to file an appeal with Tribunal for the same.

Material Developments since the last completed year balance sheet

Company has diversified in to export of products like castor oil



GOVERNMENT APPROVALS/ LICENSING ARRANGEMENTS

All the necessary consents, licenses, permissions and approvals from Government and State Agencies / private certification bodies required to undertake the current business activities, subject to disclosures made hereunder, are in the name of erstwhile Sakuma Exports (Partnership Firm); no further material approvals are required from any state agency to undertake or continue such activities.

The Company has already initiated the necessary procedure for changes in constitution of the consents, licenses, permissions, approvals from Government & State agencies/private certification bodies.

The following Government / Non-Governmental approvals / affiliations that are material to our business

Certificate of Incorporation

Importer Exporter Code (IEC)

APEDA

FIEO

Customs Excise Registration

Sales Tax & other necessary industry regulations as mentioned under head "Key Industry Regulation" on page 38 of the prospectus.

All the necessary certificates and approvals are valid as on date in the name of the Partnership Firm

It must be distinctly understood that in granting the above consents / licenses / permissions / approvals the Government does not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or commitments made or opinions expressed.



SECTION VII OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue and Details of the resolution passed for the Issue

Pursuant to Section 81(1A) of the Companies Act 1956, the present issue has been authorised by a Special Resolution passed at the Extra ordinary General Meeting of the shareholders of the Company held on September 08, 2005 and Resolution passed by the Board of Directors of the Company at their Meeting held on September 08, 2005

Prohibition by SEBI

The Company, its subsidiaries, its associates, its Directors, its Promoter, other Companies promoted by the Promoter of the Company, and Companies with which the Company's Directors are associated as Directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI. None of the Company's Directors or the persons in control of the Company has been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Eligibility of the Issuer Company to enter the Capital Market

According to Clause 2.2.1 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 and amendments thereof, an unlisted Company shall make a Initial Public Offer of equity share or any security convertible into equity shares at a later date subject to the following:

1. The Company has Net Tangible Assets worth of above Rs. 300 lacs in each of the preceding 3 full years (each of 12 months), of which not more than 50% is held in monetary assets;
2. It has a track record of Distributable Profits in terms of Section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;
3. It has a pre- issue Networth of not less than Rs. 100 Lacs in each of the preceding three (3) full years (of 12 months each);

Provided that, the issue size (i.e. Issue through Prospectus+ Firm Allotment+ Promoter's Contribution through the Prospectus) does not exceed five (5) times its pre- issue net worth as per the last available audited accounts, either at the time of filing the Draft Prospectus with SEBI or at the time of opening of the issue.

The pre-issue Net worth and distributable profits of the Company as per the Restated Financial Statements are as under:

	(Rs. in Lacs)		
For the Financial year ending	31/03/2003	31/03/2004	31/03/2005
Net Tangible Assets	500.84	644.40	1303.56
Monetary Assets	22.42	3.7	234.28
% of Monetary Assets to Net Tangible Assets	4.48	0.57	17.97
Profit After Tax	17.86	27.68	135.85
Net Worth	138.19	221.83	490.74

Source: Audited Annual Accounts of the Company for the respective Financial Years

Notes:

1. Net tangible assets is defined as the sum of fixed assets (including capital work in progress), trade investments, current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities)
2. Monetary Assets include Cash on Hand and Bank and Quoted Investment.
3. Net worth of the Company includes equity share capital and reserve.
4. The Distributable profits of the Company is as per Section 205 of the Act and has been calculated from the audited financials statements of the respective year/period before making adjustments for restatement of financial statements.

The Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted Company as specified in the Guideline 2.2.1 of SEBI (DIP) Guidelines, 2000 and amendments thereof. Therefore, the Board of Directors of the Company resolved to go for the proposed Public Issue pursuant to the above-mentioned guidelines.



Disclaimer Clause

SEBI DISCLAIMER CLAUSE

"IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, KHANDWALA SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT PROSPECTUS, THE LEAD MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKER KHANDWALA SECURITIES LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 29, 2005 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS:

- I.) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE OFFER DOCUMENT PERTAINING TO THE SAID ISSUE;
- II.) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.

WE CONFIRM THAT:

- (A) THE PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;
- (B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
- (C) THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.
- (D) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.

THE FILING OF THE PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MERCHANT BANKER(S) ANY IRREGULARITIES OR LAPSES IN OFFER DOCUMENT."

Caution

Sakuma Exports Limited, its directors and the Lead Manager accept no responsibility for statements made otherwise than in this prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information, including Company's web site, www.sakumaexportsltd.com, would be doing so at his or her own risk.



The Lead Manager accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the Lead Manager and Sakuma Exports Limited.

All information shall be made available by Sakuma Exports Limited, the Lead Manager to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at collection centers or elsewhere

Disclaimer in respect of Jurisdiction

This Issue is made in India to persons resident in India who are majors, Hindu undivided families, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), Trusts (registered under the Societies Registration Act, 1860, or any other Trust law and who are authorised under their constitution to hold and invest in shares), and to NRI's and FII's as defined under Indian Laws. This Prospectus does not, however, constitute an Issue to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for its observations and SEBI has given its observations and that the final Prospectus has been filed with ROC as per the provisions of the Companies Act 1956. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of SAKUMA EXPORTS LIMITED since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Disclaimer Clause of the Stock Exchange

Bombay Stock Exchange Limited

As required, a copy of this Draft Prospectus has been submitted to Bombay Stock Exchange Limited (BSE). Bombay Stock Exchange Limited (BSE) has given vide its letter no. _____; dated Month DD, 2005, permission to this Company to use the Exchange's name in this Prospectus as one of the Stock Exchanges on which the Company's securities are proposed to be listed. The Exchange has scrutinized this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. It is to be distinctly understood that the aforesaid permission given by BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor it takes any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

National Stock Exchange of India Limited

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (NSE). NSE has given vide its letter no _____ dated _____ permission to the Company to use the Exchange's name in this Prospectus as one of the stock exchanges on which the Company's securities are proposed to be listed subject to, the Company fulfilling the various criteria for listing including the one relating to paid up capital (i.e., the capital shall not be less than Rs. 100 million and market capitalization shall not be less than Rs. 250 million at the time of listing). The Exchange has scrutinized this Prospectus for its limited internal purpose of



deciding of the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify, endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

Every person who desires to apply for or otherwise acquire any securities of the Company may do so pursuant to independent inquiry, investigation and analysis shall not have any claim against the NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription or acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever

Undertaking from Promoters and Directors

The Issuer accepts full responsibility for the accuracy for the information given in the prospectus and confirms that to the best of their knowledge and belief, there are no other facts, omission of which makes any statement in the Draft Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. The issuer further declares that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of this offer or for the price at which the equity shares are offered or for the correctness of the statement made or opinions expressed in this Prospectus.

The promoters / directors declare and confirm that no information / material likely to have a bearing on the decision of investors in respect of the shares offered in terms of this Prospectus has been suppressed, withheld and / or incorporated in a manner that would lead to mis-statement, misrepresentation and in the event of its transpiring at any point of time till allotment / refund, as the case may be, that any information / material has been suppressed / withheld and / or amounts to a misstatement / misrepresentation, the promoters / directors undertake to refund the entire application monies to all the subscribers within seven days thereafter without prejudice to the provisions of Section 63 of the Companies Act

Filing of Prospectus with the Board and Registrar of Companies

- i.) A copy of this Prospectus along with the documents required to be filed under Section 60 of the Companies Act, 1956 having attached hereto have been delivered for registration to the Registrar of Companies, Maharashtra at Mumbai.
- ii.) A copy of this Prospectus has been filed with SEBI, Mumbai
- iii.) A copy of this Prospectus has been filed with Bombay Stock Exchange Limited (Designated Stock Exchange) and The National Stock Exchange of India Limited

Listing

Initial listing applications have been made to Bombay Stock Exchange Limited (Designated Stock Exchange) and National Stock Exchange of India Limited for permission to deal in and for an official quotation of the equity shares of the Company being offered in terms of this Prospectus as well as the existing equity shares of the Company.

In case the permission to deal in and for official quotation of the Equity Shares is not granted by the above mentioned Stock Exchange, the Company shall forthwith repay, without interest, all monies received from applicants in pursuance of this Draft Prospectus and if such money is not repaid within eight days from which the Company is liable to pay it, the Company and every Director of the Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay that money with interest as prescribed under section 73(2) of the Companies Act, 1956

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of Sub-section (1) of Section 68A of the Companies Act, 1956, which is reproduced below:

“Any person who:

- a) Makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or**



b) Otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name

Shall be punishable with imprisonment for a term which may extend to five years.”

Consents

The written consents of Directors, Company Secretary, Lead Manager to the Issue, Registrar to the Issue, Auditors, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Prospectus with the Registrar of Companies, Mumbai, Maharashtra as required under Section 60 of the Companies Act and such consents have not been withdrawn up to the time of delivery of the Prospectus for registration.

Expert Opinion Obtained, if any

The Company has not obtained any expert opinion apart from whatever is already mentioned in the Prospectus.

Expenses of the Issue

The expenses of the Issue payable by the Company inclusive of the brokerage, fees payable to the Lead Manager to the Issue, Registrar to the Issue, Legal Advisors, Stamp Duty, printing, publication, advertising and distribution expenses, bank charges, listing fees, and other miscellaneous expenses will not exceed Rs. 3,50,00,000/- and will be met out of the proceeds of the present issue.

Details of Fees Payable

Particulars	Amount (in Lacs)	% of total issue expenses	% of total Issue Size
Lead Manager Fees	60	17.14	1.5
Registrar to the Issue	5	1.43	0.13
Advertising Expenses	50	14.29	1.25
Printing	50	14.29	1.25
Postage	40	11.43	1
Brokerage / Marketing/ Press Conference/ Traveling	117	33.43	2.93
SEBI / Stock Exchanges	3	0.86	0.08
Contingencies	25	7.14	0.63
Total	350	100	8.75

Underwriting Commission, Brokerage and Selling Commission

Brokerage for the Issue will be paid not more than @ 1.25% of the Issue Price of the Equity Shares by Sakuma Exports Limited on the basis of the allotments made against the applications bearing the stamp of a member of any recognized Stock Exchange in India in the 'Broker' column. Brokerage at the same rate will also be payable to the Bankers to the Issue in respect of the allotments made against applications procured by them provided the respective forms of application bear their respective stamp in the Broker column. In case of tampering or over-stamping of Brokers'/ Agents' codes on the application form, the Company's decision to pay brokerage in this respect will be final and no further correspondence will be entertained in this matter.

Previous rights and public issues if any (during the last five years)

Sakuma Exports Limited has not made any public or rights Issue during last five years


Previous issues of shares other than cash

Sakuma Exports Limited has not issued any shares for consideration other than Cash.

Commission and brokerage on previous issues

Sakuma Exports Limited has not made any Public or Right Issue since its inception and has not paid any commission or brokerage.

Particulars in regards to the issuer company and other listed Companies under the same management within the Meaning section 370 (1) (B) of the Companies Act, 1956, which made any capital issue during the last three years.

Neither Sakuma Exports, nor any other listed companies under the same management within the meaning section 370 (1) (B) of the Companies Act, 1956, has made any capital Issue during the last three years

Promise vis-à-vis performance

The Company has not made any public Issue of shares since its inception. There are no group companies, which have made any public issues.

Outstanding debentures or bonds and redeemable preference shares and other instruments issued by the issuer Company outstanding as on the date of prospectus and terms of Issue

There are no outstanding debentures or bonds or redeemable preference shares or any other instrument issued by the issuer Company outstanding as on the date of the Prospectus.

Stock Market data for equity shares of the issuer company. If listed

This being the first issue by the Company, no stock market data is available.

Disclosure on Investor Grievances and Redressal System

The Company will settle investor grievances expeditiously and satisfactorily. The agreement between the Company and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Letters of Allotment / Share Certificate / Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the registrar to the Issue, giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch / collection center where the application was submitted.

SR. No	Nature of Complaint	Time Table
1	Non-receipt of refund	Within 7 days of receipt of complaint subject to production of satisfactory evidence
2	Change of Address Notification	Within 7 days of receipt of information
3	Any other complaint in relation to Public Issue	Within 7 days of receipt of complaint with all relevant details



Disposal of Investor Grievances

The average time required by the Company / Registrar for the redressal of routine investor grievances shall be seven working days from the date of receipt of the complaint. In case of non-routine complaints and where external agencies are involved, the Company / Registrar would strive to redress these complaints as expeditiously as possible.

Investors can also contact the Compliance Officer for any investor grievances.

Mr. Roy Jacob

Company Secretary

Sakuma Exports Limited

17, Chemox House, 7, Barrack Road,

Bombay Hospital Lane, New Marine Lines,

Mumbai 400 020 (India)

Tel: +91 (022) 2207 9296 / 97

Fax: +91 (022) 2207 9301

Email: cs@sakumaexportsltd.com

URL: www.sakumaexportsltd.com

There is no listed company under the same Management within the meaning of Section 370 (1B) of the Companies Act, 1956.

Change, if any, in the auditors during the last three years, and reasons, thereof

There is no change in the auditors of the Company during the past three years.

Capitalisation of reserves or profits (during last five years)

There has been no capitalisation of reserves or profits over a period of last five years.

Revaluation of Assets, if any (during last five years)

The Company has not revalued the assets during the last five years.



SECTION VIII OFFERING INFORMATION

TERMS OF THE ISSUE

Ranking

Equity Shares

The Equity Shares offered and arising out of this issue and on exercise of the rights attached to the ODTWs shall be subject to the Memorandum and Articles of Association of the Company and rank pari-passu with the existing Equity Shares of the Company in all respects. Allottees of the Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of allotment.

Preference Shares

Preference Shares offered and arising out of this issue shall be subject to the Memorandum and Articles of Association of the Company and shall carry a preferential right over the Equity shares. On winding up or repayment of capital, the holders of the CRPS shall carry a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up.

Mode of Payment of Dividend

Equity Shares

The Company shall pay dividend to its shareholders as per the provisions of the Companies Act, 1956.

Cumulative Redeemable Preference Shares

The CRPS shall carry a preferential right to be paid a fixed rate of dividend of 5% per annum (subject to deduction of income tax as per I. T. Act or any statutory modification or re-enactment thereof for the time being in force).

Dividend will be payable to the Registered holder of CRPS only and payment shall be made in the name of the first/sole holder of CRPS.

As per the provision of Section 85(1) of the Act, Preference share capital:

- a) as regards dividend, carries a preferential right to be paid a fixed amount or an amount calculated at a fixed rate which may be either free or subject to income tax.
- b) As respects capital, it carries, or will carry, on winding up or repayment of capital, a preferential Right to be repaid the amount of capital paid up or deemed to have been paid up, whether or not there is a preferential right to the payment of either or both of the following amounts, namely
 - i. any money remaining unpaid, in respect of the amounts specified in clause above, up to the date of winding up or repayment of capital; and
 - ii. any fixed premium or premium on any fixed scale, specified in the memorandum or article of the Company

Accordingly, the CRPS shall carry a preferential right to dividends over the equity shares according to the provision of Section 85 (1)(a) of the Act and CRPS holders shall be entitled to cumulative arrears of dividends, if any for preceding years before any payment of dividend is made to the equity shareholders of the Company

Face Value and Issue Price

Equity Shares

The Face Value of the Equity Shares is Rs.10/- per Equity Share and the Issue Price is Rs. 45-50 per Equity Share, which is 4.5 times of the Face Value at the lower end of the price band and 5 times of the Face Value at the higher end of the price band.

Cumulative Redeemable Preference Shares

The Face Value of the Cumulative Redeemable Preference Share along with Optional Redeemable Preference Share attached is INR 100/- per Preference Share, which is 1 time of the Face value of per CRPS.



Rights of the Shareholder

Equity Shareholders

- i. To receive dividend, if declared.
- ii. To attend general meetings and exercise voting rights, unless prohibited by law.
- iii. To vote on a poll either personally or by proxy.
- iv. To receive offer for rights shares and be allotted bonus shares, if announced;
- v. To receive surplus on liquidation.
- vi. Right of free transferability; and
- vii. Such other rights, as may be available to a shareholder of a Public Limited Company under the Companies Act, 1956 and Memorandum and Articles of Association of the Company.

Cumulative Redeemable Preference Shareholders

- i. The CRPS shall carry a preferential right over equity shares for payment of Interest and/or dividend thereof.
- ii. On winding up or repayment of capital the holders of the CRPS shall carry a preferential right to be repaid the amount of the capital paid-up or deemed to have been paid-up.
- iii. The CRPS are transferable and transmittable in the same manner and the same extent and be subject to the same restrictions and limitations as in the case of Equity Shares of the Company. The provisions relating to transfer and transmission and other related matters in respect of the Equity Shares of the Company, as contained in the Act, and the Articles, shall also apply mutatis mutandis to the CRPS.
- iv. The holders of CRPS have the right to vote on any resolution of the Company directly affecting their rights subject to the provisions of Section 87(2)(a) of the Act and they shall be entitled to vote on every resolution, if the dividend due has remained unpaid as specified in Section 87(2)(b) of the Act.
- v. The registered holder of the CRPS and/or in the case of joint holders, the one whose name stands first in the Register of CRPS holders shall be entitled to vote in respect of such CRPS, either in person or by proxy at any meeting of the holders of CRPS and every such holder shall be entitled to one vote on a show of hands, and on a poll his voting rights shall be in proportion as the capital paid up in respect of the CRPS bears to the total paid up cumulative redeemable preference Capital of the Company on every resolution placed before such meeting of the CRPS holders. The quorum for such meetings shall be 5 (five) holders present in person.
- vi. A Register of holders of CRPS will be maintained in accordance with Section 150 of the Act, and all sums becoming due and payable will be paid to the registered holders only and in case of joint holders, to the person whose name appears first in the Register of CRPS holders.
- vii. The rights and privileges of the CRPS holders may, subject to the provisions of section 106 and 107 of the Act, be modified, commuted, affected, abrogated, varied or dealt with by Agreement between the company and any persons purporting to contract on behalf of the CRPS holders provided such agreement is:
 - a) consented to in writing by the holders of at least three-fourth of the issued cumulative redeemable preference shares or
 - b) sanctioned by a resolution passed at a separate general meeting of the members registered in respect of cumulative redeemable preference shares in accordance with Section 106 of the Act and all the provisions contained in the Articles of Association of the Company shall, mutatis mutandis apply to every such meeting except that the quorum thereof shall be at least two members registered in respect of or representing by proxy one fifth of the nominal amount of the issued preference shares.
- viii. The CRPS shall be redeemed by the company on the expiry of five years from the date of allotment. The company however reserves the right, in its absolute discretion, without being under any obligation to do so, to redeem CRPS any time before the expiry of five years as mentioned above by giving thirty days notice to this effect.
- ix. In case of loss or inadequacy of profit, dividend shall not be declared or paid by a Company. No dividend shall be declared or paid by a Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation.



- x. CRPS cannot be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of the redemption
- xi. The redemption of CRPS under this section by a company shall not be taken as reducing the amount of its authorized share capital.

Optional Detachable Tradable Warrant Holders

- i. The Warrants shall be transferable and transmittable in the same manner and to the same extent and shall be subject to the same restrictions and limitations as in the case of the existing Equity Shares of the Company and the provisions relating to transfer and transmission and other related matters in respect of Equity Share in the Articles of the Company and the provision of the Act shall apply, mutatis mutandis, to the warrants as well.
- ii. The warrant holders will not be entitled to any of the rights and/or privileges available to the members of the Company, except to the extent of the Equity Shares that will be allotted to them on exchange in the manner as mentioned hereto before.
- iii. The Warrants shall not confer upon the holders thereof the right to receive and notice of or to attend and vote at General Meeting of the Company or to receive Annual Reports of the Company. If however, any resolution affecting the right attached to the warrants is placed before the meeting of the Equity Shareholders, such a resolution will be first placed before the meeting of warrant holders for their consideration.
- iv. A Register of the holders of the Warrants (hereinafter referred to as "The Register or Warrant-holders") will be maintained.
- v. Registered holders of the Warrants and in case of joint holders the one whose name stands first in the Register of Warrant holders shall be entitled to vote in respect of such Warrants either in person or by proxy at any meeting of the Warrant holders at which he is entitled to vote. Each Warrant-holder shall, on voting by show of hands, be entitled to one vote and on poll he shall be entitled to one vote per warrant held by him. The Quorum for such meetings shall be at least five Warrant holders present in person.
- vi. The Warrant holders will be entitled to their Warrants free from equities and/or cross-claims by the company.
- vii. Over and above the above mentioned terms and conditions, the warrants shall be subject to other usual terms and conditions as may be incorporated in the Warrant Certificates, if any, may be issued to the allottees thereof.
- viii. In the event of any issue of Bonus Shares by the Company prior to the date of allotment of equity shares to the holders of ODTW's as aforesaid, then subject to the Company obtaining such approvals as may be required the entitlement of the holders of ODTW's shall stand augmented in the same proportion in which the bonus shares are issued.
- ix. In the event of issue of Rights shares prior to the date of allotment of Equity Shares to the holders of ODTW's as aforesaid, then subject to the Company obtaining such approvals as may be necessary the holders of ODTW's shall be entitled to be offered such securities in the same proportion in which they are offered to the holders of Equity shares of the Company by way of rights.

Market Lot

Equity Shares

As trading in the Equity Shares is compulsorily in dematerialized form, the market lot is one Equity Share. Allotment of Equity Shares will be done in multiples of one Equity Share, subject to a minimum allotment of 100 Equity Shares.

Cumulative Redeemable Preference Shares

As trading in CRPS would be in dematerialized form, the market lot is one Preference Share. Allotment of Preference Shares will be done in multiples of one Preference Share, subject to a minimum allotment of 15 Preference Shares

Optional Detachable Tradable Warrants

As trading in ODTW would be in dematerialized form, the market lot is one warrant. Allotment of warrants will be done in multiples of 1 ODTW, subject to a minimum of 2 ODTW. However, allotment of warrants shall be in the same proportion as the allotment of CRPS.



Nomination facility to investor

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the Case may be, the Equity Shares and CRPS and ODTW allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares, CRPS, ODTW by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s), CRPS, ODTW. Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s), CRPS, ODTW in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s), CRPS, ODTW by the person nominating.

In accordance with Section 109B of the Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares, CRPS, ODTW; or
- to make such transfer of the Equity Shares, CRPS, ODTW, as the deceased holder could have made.

Further, the Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, CRPS, ODTW, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, CRPS, ODTW, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares, CRPS, ODTW in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform the respective depository participant.

Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the net offer to public on the date of closure of the issue, or if the subscription falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act, 1956.

Withdrawal of the Issue

The Company, in consultation with the Lead Manager, reserves the right not to proceed with the Issue after closure of the Issue.

Period of Subscription

The subscription list for public issue shall remain open for at least 3 working days and not more than 10 working days

Arrangements for Disposal of Odd Lots

Since the Equity Shares, CRPS, ODTW of the Company are traded under the DEMATERIALISED mode, trading lot is of one share. Further, no odd lot of Equity Shares will arise out of this Issue, as the tradable lot is One (1) Equity Share. Therefore, no arrangements are required for disposal of odd lot



ISSUE PROCEDURE

Authority to the Present Issue

The Present Issue of Equity Shares, CRPS and the ODTWs now being offered are pursuant to the Resolution under section 81(1A) of the Act passed by the Shareholders vide a Special Resolution passed at the Extra Ordinary General meeting of the Company held on September 08, 2005 and are also subject to the terms of this Prospectus, the Application Form, the Memorandum and Articles of Association of the Company (hereinafter referred to as "the Memorandum and Articles"), the provisions of the Act, and guidelines for the listing of securities issued by the Government of India from time to time. The Board of Directors of the Company had approved the present Issue of Equity Shares vide a resolution passed at their meeting held on September 05, 2005. Further, vide a resolution dated September 08, 2005, the Board of Directors of the Company determined the number of Equity Shares, CRPS along with ODTW to be issued for Cash through Prospectus.

Terms of the Present Issue

The Equity Shares, CRPS, ODTW now being offered are subject to the terms of this Prospectus, the application form and Memorandum and Articles of Association of the Company, the guidelines for listing issues by the Government of India and the guidelines issued by the Securities and Exchange Board of India (SEBI) from time to time, the Depositories Act, 1996 and the provisions of the Companies Act, 1956.

In addition, the Equity Shares shall also be subject to such other terms and conditions as may be interpreted in the Letter of Allotment, Share Certificates as per the guidelines, notifications and other regulations for the issue of Capital and listing of securities laid down from time to time by the Government of India and/or other authorities and other documents that may be executed in respect of equity shares

Face Value

Each Equity Share shall be of face value of Rs.10/- each and CRPS shall be of face value of Rs.100/- each.

Terms of Payment

The applications should be for a minimum of 100 equity shares and 15 CRPS and in multiples of 100 equity shares and 15 CRPS thereafter. Full amount is payable on application.

Where an applicant is allotted lesser number of shares than he/she has applied for the excess amount paid on application, if any, remaining thereafter will be refunded to the applicant.

No interest would be payable on application money pending allotment upto 30 days from the closure of the issue.

Option to subscribe in the Issue

Equity shares, CRPS, ODTW being issued through this Prospectus can be applied for in the dematerialized form only. **Applicants will not have the option of getting Allotment in physical form.** The Equity Shares, CRPS, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

How to apply- availability of forms, prospectus and modes of payment

a) Availability of Application Forms and Prospectus

Application forms with Memorandum containing salient features of the Prospectus and copies of the Prospectus under Section 56(3) of the Act may be obtained from the Registered Office of the Company, the Lead Managers to the issue and the Bankers to the issue named herein or from their branches as stated on the reverse of the application form.

b) Who can apply?

Applications may be made by:

- i. Indian Nationals resident in India who are not minor and lunatic, in single or joint names (not more than three)



- ii. Hindu Undivided Families (HUF) through the Karta of the Hindu Undivided Family
- iii. Companies, Corporate Bodies and Societies registered under the applicable law in India and authorised to invest in the shares
- iv. Scientific and/or Industrial research organisations, which are authorised to invest in shares
- v. Indian mutual funds registered with SEBI,
- vi. Indian Financial Institutions and banks
- vii. Trusts or societies registered under the Societies Registration Act, 1860 or any other applicable Trust Law and which are authorised under their constitution to hold and invest in equity shares of a company
- viii. Commercial Banks and regional Rural Banks, Co-operative Banks may also apply subject to permission from the Reserve Bank of India
- ix. Venture Capital Funds / Foreign Venture Capital investors registered with SEBI
- x. State Industrial Development Corporation
- xi. Provident Funds with minimum corpus of Rs25 crores
- xii. Pension Funds with minimum corpus of Rs25 crores
- xiii. Insurance Companies registered with Insurance Regulatory and Development Authority
- xiv. Non-Resident Indians (NRI's) on a repatriable / non repatriable basis
- xv. Foreign Institutional Investors (FII's) on a repatriable / non-repatriable basis
- xvi. Foreign Nationals and Foreign Companies

Application not to be made by:

- i. Minors
- ii. Partnership firms or their nominees
- iii. Overseas Corporate Bodies (OCBs)

A single application can be made only for the number of equity shares that are being offered to each respective category.

c) Application by Hindu Undivided Family (HUFs)

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications

d) Subscription by NRI's / FII's

The company has made an application to the RBI for the issue of equity shares to NRI's / FII's with repatriation benefits. Subject to obtaining such approvals, it will not be necessary for the investors to seek separate permission from the RBI for this specific purpose.

However, it is to be distinctly understood that there is no reservation and separate application forms for NRI's and FII's. All NRI's and FII's applicants will be treated on the same basis with other categories for the purpose of allotment. The allotment of the Equity shares to non residents shall be subject to the FIPB /RBI approval or any other requisite approvals as may be required

Procedure of Application

Application by Resident Indian Public

Application must be:

1. Made only in the prescribed application form accompanying the memorandum.
2. Completed in full in block letters in English except signatures in accordance with the instructions contained herein and in the application form. Applications not so made are liable to be rejected.
3. Made for a minimum of 100 equity shares and 15 CRPS and in multiples of 100 equity shares and 15 CRPS thereafter.



4. In the name of Resident Indian Individuals, Limited Companies, Statutory Corporations / Institutions Incorporated in India, Indian Mutual Funds registered with SEBI and Banks. Applications in the name of minors; foreign nationals; trusts not registered under the Societies Registration Act, 1860 or any other trust laws; partnership firms or their nominees; FII's; OCB's; NRIs; FDIs will be treated as invalid.
5. Applicants residing at places where no collection centres have been opened may submit/mail their applications at their sole risk along with application money due thereon by Demand Draft to the Registrar to the Issue, Bigshare Services Private Limited superscribing the envelope "**Sakuma Exports Limited - Public Issue**" so as to reach the Registrar on or before the closure of the Subscription List. Such demand drafts should be payable at Mumbai only. The charges, if any, for purchase of the demand draft will have to be borne by the applicant.
6. Application by Mutual Funds: A separate application can be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications provided the applications made by the Mutual Funds/Trustees/the Custodians clearly indicate their intention as to each Scheme concerned for which application has been made.
7. All cheques/bank drafts accompanying the application should be crossed "A/c payee only" and made payable to any of the Bankers to the Issue and lodged at any of their nominated branches and should bear the words "**Sakuma Exports Limited - Public Issue**".
8. Applicants are requested to write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for equity shares. For further instructions, please read the Application Form carefully
9. All application forms duly completed together with cash/cheques/demand draft drawn on any of the Bankers to the issue mentioned on the prescribed application form for the amount payable on application at the rate of Rs 45-50 per equity share, and Rs.100/- per CRPS should be lodged with the bankers to the issue mentioned in the prescribed application form.

General Instructions

Do's

1. Application must be in the prescribed Application form and completed in Full in BLOCK LETTERS in English as per the instructions contained herein and in the Application Form and are liable to be rejected if not so made.
2. The application for Equity Shares should be for a minimum of 100 Equity Shares and 15 CRPS and in multiples of 100 Equity Shares and 15 CRPS there after. An applicant in the public category can make an application only for a maximum of Equity Shares and CRPS offered to the public.
3. Thumb impression or signature in language other than English, Hindi or any other language specified in the 8th Schedule of the Constitution of India must be attested by a magistrate or public notary or a special executive magistrate under his official seal.
4. All communications should be addressed to the Registrar to the Issue.
5. The applicant should mention the Application Form number on the reverse of the instrument through which payment is made.

Bank Account details of the Applicant

The applicant should mention particulars relating to saving / current account number and the name of the bank and branch with whom such account is held in the respective space provided in the application form, to enable the Registrars to print the said details in the refund orders after the names of the payee to prevent fraudulent encashment of refund order (s).

Please note that it is mandatory to provide the aforementioned details. Application Forms without the information will be considered incomplete and will be liable to be rejected

Application by NRIs or FIIs on a repatriation basis

For NRI's /FII's on a repatriable basis

1. Application should be made only



- b. in the names of individuals or in the names of FII's but not in the names of minors, firms, partnerships, OCB's, foreign national or their nominees.
 - c. with remittances from abroad for the amount payable on application per share through approved banking channels or out of funds held in Non-Resident External (NRE) / Foreign Currency Non Resident (FCNR) accounts maintained with banks authorised to deal in foreign exchange in India, along with the certificate from the bank raising the draft confirming that the draft has been issued by debit to NRE/ FCNR account.
2. Application forms for the NRI / FII can be obtained from the Registered Office of the Company at Chemox House, Mumbai or from the Lead Manager, Khandwala Securities Limited or Registrar to the Issue.
3. The allotment of equity shares to NRI's shall be subject to RBI approval or any other requisite authority as may be necessary under the existing Exchange Control Regulation .The sale proceeds of such investment in equity shares by NRI's will be allowed to be repatriated along with income thereon, subject to instructions from RBI then in force and subject to Indian tax laws, provided that the investments are made by inward remittance from abroad through approved banking channels or out of funds held in NRE/ FCNR accounts maintained with a bank in India .
4. Refunds/dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges/commission .In case of applicants who remit their application money from funds held in NRE/FCNR accounts, such payments shall be credited to their respective NRE/FCNR accounts, under intimation to them. In case of applicants who remit their money through Indian Rupee Drafts from abroad, such payments in Indian Rupees will be converted into US dollars or any other freely convertible currency as may be permitted by RBI at the exchange rate prevailing at the time of remittance and will be despatched by registered post, or if the applicants so desire, will be credited to their NRE/FCNR accounts, details of which shall be provided by the applicant. The company will not be responsible for loss, if any, incurred by the applicant on account of conversion of foreign currency into Indian Rupees and vice-versa.
5. Applications in this category cannot be made out of NRO accounts and such applications would be rejected. Applications out of NRO accounts can, however, be made in the category Resident Indian Public.
6. All cheques/Bank Drafts accompanying the Applications Form must be made payable to "**Sakuma Exports Limited – Public Issue –NRI.**" And crossed "Account Payee only."

APPLICATION(S) WILL NOT BE ACCEPTED BY THE LEAD MANAGERS OR REGISTRAR TO THE ISSUE EXCEPT AS MENTIONED ABOVE.

Payment Instruction

For Resident Investors

Payments should be made in cash or cheque or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member or a sub-member of the Bankers' Clearing House located at the centres (indicated in the Application Form) where the application is accepted. A separate cheque/demand draft should accompany each application.

Money orders, postal orders, outstation cheques or demand drafts, cheques/draft drawn on banks not participating in the "clearing" will not be accepted and applications accompanied by such instruments may be rejected.

All Cheques/Demand Drafts accompanying the Application forms should be made payable in the name of '**Sakuma Exports Limited- Public Issue**'.

In case payment is effected in contravention of the conditions mentioned herein, the application money will be refunded and no interest will be paid thereon.

Submission of Application form

All applications duly completed and accompanied by Cash/Cheque/Demand Drafts shall be submitted at any of the branches of the Banker to the Issue (Listed in the Application form) before the closure of the Issue. Applications should not be sent to the Company or the Lead Manager to the Issue.

Application forms along with Bank Drafts payable at Mumbai can also be sent by registered post with acknowledgement due to the Registrars to the Issue, Bigshare Services Private Limited so that the same can



be received before the closure of the subscription list. The envelopes should be superscribed with the words "SAKUMA EXPORTS LIMITED-PUBLIC ISSUE"

No separate receipts will be issued for the application money. However the banker to the Issue or their approved collecting branches receiving the duly completed Application forms will acknowledge receipts of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

Application shall be deemed to have been received by the Company only when submitted to the Bankers to the Issue at the designated branches or on receipt by the Registrars as detailed above and not otherwise.

Other Instructions

a. Joint Applications in the Case of Individuals

Applications can be in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the first named applicant whose name appears in the Application form at the address mentioned therein.

Applications may be made by Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications

b. Multiple Applications

An applicant should submit only one Application Form (and not more than one) for the total number of Equity Shares and CRPS applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/or first applicant is one and the same.

The Company reserves the right to accept or reject, in its absolute discretion, any or all multiple applications. A separate single Cheque/draft must accompany each Application Form.

PAN/GIR Number

Where an application is for a total value of Rs. 50,000 or more, the applicant or in the case of applicants in joint names, each of the applicants should mention his permanent account number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR number and the Income Tax Circle/Ward/District should be mentioned. In case where neither the PAN nor the GIR number has been allotted, the fact of non-allotment should be mentioned in the application form. Application forms without this information will be considered incomplete and will be liable to be rejected

Stock Invest

Investors will not have facility of applying through Stockinvest instrument in the issue as RBI has withdrawn the Stockinvest scheme vide notification No.DBOD.NO.FSC.BC.42/24.47.001/2033-04 dated 5.11.2003.

Applications under Power of Attorney

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, trustees of Trusts, Provident Funds, Superannuation Funds, Gratuity Funds, a certified copy of the Power of Attorney or the relevant authority, along with a Copy of Memorandum and Article of Association and/or bye laws as the Case may be must be attached to the application or lodged separately at the office of the Registrar to the Issue within 10 days of submission of the application form, indicating the serial number of the Application Form and the name of the Bank and the Branch office where the application is submitted.

The Company in its absolute discretion reserves the right to relax the above condition of simultaneously lodging of the Power of Attorney along with the Application Form subject to such terms and condition as it may deem fit.

Application by Mutual Funds

In case of application by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The application made by the Asset Management Company/ Trustees/ Custodian of a Mutual Fund shall clearly indicate the scheme for which the application has been made.



The Company reserves the right to accept or reject, in its absolute discretion, any or all multiple applications. A separate single Cheque/draft must accompany each Application Form.

Depository Option for Investors

In terms of Section 68B of the Companies Act, the equity shares, CRPS, in this Issue shall be allotted only in dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

The ISIN No allotted to the Company for Equity Shares: INEXXXXXXXXXX

The ISIN No allotted to the Company for CRPS: INEXXXXXXXXXX

The ISIN No allotted to the Company for ODTW: INEXXXXXXXXXX

Applications from any investor without the following details of his or her depository account are liable to be rejected:

- An applicant applying for equity shares and CRPS must have at least one beneficiary account either of the depository participants of NSDL or CDSL prior to making the Application.
- The applicant must necessarily fill in the details (including the beneficiary account number and depository participants identification number) appearing in the application form.
- Equity shares, CRPS, ODTW allotted to applicant will be credited in electronic form directly to the beneficiary account (with the depository participant) of the applicant.
- Names in the application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the depository account of the -applicants(s).
- If incomplete or incorrect details are given under the heading 'Applicant Depository Account Details' in the Application Form, it is liable to be rejected.
- The applicant is responsible for the correctness of his or her demographic details given in the application form vis-à-vis those with his or her depository participant.
- It may be noted that equity shares, CRPS, ODTW in electronic form can be traded only on stock exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where our equity shares, CRPS, ODTW are proposed to be listed are connected to NSDL and CDSL.
- The trading of equity shares, CRPS, ODTW of the company would be in dematerialised form only for all investors.

Disposal of Application and Application Monies

No receipt will be issued for application money. However, the Banker to the Issue receiving the application will acknowledge the receipt of the application by stamping and returning the detachable acknowledgment slip appended to each application.

The sum received in respect of the issue will be kept in separate bank accounts and the Company will not have any access to the funds, unless approval of the designated stock exchange(s) is obtained for the basis of allotment and listing approval from the stock exchanges where listing is proposed.

The Company reserves the full unqualified and absolute right to accept or reject any application in whole or part and either case without assigning any reason thereof.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies

Act, 1956, which is reproduced below:

“Any person who:

- a. makes in a fictitious name, an application to a Company for acquiring or subscribing for, any shares therein, or
- b. otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

Shall be punishable with imprisonment for a term which may extend to five years.”



Interest On Refund Of Excess Application

The Company agrees that as far as possible allotment of Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrant offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 30 days from the date of the closure of the Issue.

Basis of Allotment or allocation

In the event of the Present Issue of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) being oversubscribed, allotment shall be made on a proportionate basis and the basis of allotment will be finalized in accordance with the SEBI Guidelines and in consultation with BSE (Designated Stock Exchange).

The Executive Director/Managing Director of BSE along with the Lead Manager and the Registrar to the Issue shall be responsible to ensure that the basis of allotment is finalized in a fair and proper manner in accordance with the following guidelines:

iii. Proportionate Allotment Procedure

Allotment shall be on proportionate basis within the specified categories, rounded off to the nearest integer subject to a minimum allotment being equal to the minimum application size i.e. 100 Equity Shares and 15 CRPS. If the proportionate allotment to an applicant works out to a number that is more than 100 equity shares and 15 CRPS but is a fraction, then, for a fraction equal to or higher than 0.50 shall be rounded off to the next integer. If that fraction is lesser than 0.50 the fraction shall be ignored. All applicants in such categories shall be allotted shares arrived at after such rounding off.

iv. Reservation for Retail Individual Investor

The above proportionate allotments of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) in an Issue that is oversubscribed shall be subject to the reservation for Retail individual investors as described below:

- a. A minimum 50% of the net offer of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) to the public shall initially be made available for allotment to retail individual investors, as the case may be. This percentage may be altered in consultation with BSE (Designated Stock Exchange) depending on the extent of response to the Issue from investors in this category.
- b. The balance net offer of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) to the public shall be made available for allotment to:
 1. Individual applicants other than retail individual investors, and;
 2. Other investors including Corporate bodies/ institutions irrespective of the number of Equity Shares and Cumulative Redeemable Preference Shares (along with Optional detachable Tradable Warrants) applied for.
- c. The unsubscribed portion of the net offer to any one of the categories specified in (a) or (b) shall / may be made available for allotment to applicants in the other category, if so required.

The drawal of lots (where required) to finalize the basis of allotment, shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange).

The basis of allotment shall be signed as correct by the Executive Director/Managing Director of BSE (Designated Stock Exchange) and the public representative in addition to the Lead Manager and the Registrar to the Issue.

Method of proportionate allotment

An illustration explaining the proportionate allotment procedure is given herein below:

1. Total Equity Shares Offered in a price band of Rs.45-50 per share: 66,66,667 Equity Shares
2. Total CRPS (along with OTDW in the proportion of two warrant for each CPRS) offered @ Rs.100/- per preference share: 10,00,000 CRPS
2. Minimum Equity Shares Offered to Retail Category: 33,33,334 Equity Shares



3. Application can be made for a minimum of 100 Equity Shares and 15 CRPS and in multiples thereof.

4. If the total issue is over subscribed 4 times whereas the retail category is over subscribed 6.25 times.

5. Assume three retail investors X, Y & Z. X has applied for 700 Equity Shares and 105 Cumulative Redeemable Preference Share. Y has applied for 800 Equity Shares and 120 Cumulative Redeemable Preference Share. Z has applied for 900 Equity Shares and 135 Cumulative Redeemable Preference Share. As per allotment procedure, the allotment to retail individual investors would be on proportionate basis i.e., at 1/6.25 th of the total number of shares applied for. The actual entitlement shall be as follows:

Sr No	Name of Investor	Category of Investor	No of Shares Applied For	No of Shares Allotted in Proportion of 1/6.25	No of Shares Allotted after rounding off to next integer
1	X	Equity Shares	700	112.00	112
		Preference Shares	105	16.80	17
2	Y	Equity Shares	800	128.00	128
		Preference Shares	120	19.20	19
3	Z	Equity Shares	900	144.00	144
		Preference Shares	135	21.60	22

Note:

Every Cumulative Redeemable Preference Shareholder will get two Optional Detachable Tradable Warrant for each CRPS held. These ODTW are subject to conversion within 18 months as explained elsewhere in the Draft Prospectus

Letter of Allotment or refund orders

The Company shall give credit to the Beneficiary Account with Depository Participants within two (2) working days of finalisation of the basis of allotment of Equity Shares & CRPS. The Company Shall dispatch refund orders, if any, of value up to Rs.1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first applicant's sole risk. The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within 7 working days of finalization of the Basis of Allotment for the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Guidelines, the Company further undertakes that:

- Allotment of Equity Shares will be made within 30 days from the Issue closing date
- Dispatch of refund orders will be done within 30 days from the Issue closing date
- The Company shall pay interest at 15% per annum (for delay beyond 30 day time as mentioned above), if refund orders are not dispatched and/or demat credit are not made to investors within the 30 day time prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques or pay-orders drawn on the bank(s) appointed by the Company, as refund banker(s). Such instruments will be payable at par at the places where applications are accepted. Bank charges, if any, for encashing such cheques or pay orders will be payable by the applicant.

Despatch of refund orders

The Company shall ensure despatch of Refund Orders of value up to Rs.1500/- Under Certificate of Posting & Refund Orders of value over Rs.1500/- and Share Certificates by Registered Post only. Further, adequate funds for the said purpose shall be made available to the Registrar by the Company



Interest in case of Delay in Despatch of Allotment Letters/Refund Orders in Case of Public Issues

The Company agrees that as far as possible allotment of Equity Shares and Cumulative Redeemable Preference Share along with Optional Detachable Tradable Warrant offered to the public shall be made within 30 days of the closure of Public Issue. The Company further agrees that it shall pay interest @15% per annum if the allotment letters/ refund orders have not been despatched to the applicants within 30 days from the date of the closure of the Issue.

Undertaking by the Company

The Company undertakes:

- i. that the complaints received in respect of the Issue shall be attended to by the Company expeditiously and satisfactorily.
- ii. that all steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the Equity Shares, CRPS, ODTW are to be listed are taken within seven working days of finalisation of basis of allotment.
- iii. that the funds required for despatch of refund orders/ allotment letters/certificates by registered post shall be made available to the Registrar to the Issue by the Company.
- iv. that the certificates of the Equity Shares, CRPS, ODTW / refund orders to the non-resident Indians shall be despatched within specified time.
- v. that no further Issue of Equity Shares, CRPS, ODTW shall be made till the Equity Shares offered through this Prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- a. all monies received out of this Issue of Equity Shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act, 1956;
- b. details of all monies utilized out of the Issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the purpose for which such monies had been utilized; and
- c. details of all unutilized monies out of the Issue, if any, referred to in sub-item (a) shall be disclosed under an appropriate separate head in the balance-sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company undertakes that it shall not access the money raised in the Issue till finalisation of basis of allotment or completion of offer formalities.



SECTION IX DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

SHARE CAPITAL

5. The Authorised Share Capital of the Company is Rs. 30,00,00,000/- (Rupees Thirty Crores Only) divided into 1,90,00,000 (One Crore Ninety Lacs) Equity Shares of Rs.10/- (Rupees Ten Only) each and 11,00,000 (Eleven Lacs) Preference Shares of Rs. 100/- (Rs. One Hundred) each with the rights and privileges and conditions attaching thereto as provided by the regulations of the company for the time being with power to increase and reduce the capital of the company, divide and subdivide the shares in the capital for the time being original or increased, into several classes and to attach thereto respectively such preferential, deferred, postponed, qualified or special rights, privileges as may be determined by or in accordance with the regulations of the company and to vary, modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the regulations of the company and to consolidate or subdivide the shares and issue shares of higher or lower denomination.
6. Subject to the provisions of these articles and (to Section 81) of the Act the shares shall be under control of the Board who may allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions, at such times, either at par or at a premium and for such consideration as the Board thinks fit. Provided that, where at any time (after the expiry of two years from the formation of the Company or allotment of shares in the Company made for the first time after or its formation, whichever is earlier) it is proposed to increase the subscribed capital of the Company by the allotment of further shares, subject to the provision of Section 81(1A) of the Act, the Board shall issue such shares in the manner set out in section 81(1) of the Act. Provided that option or right to subscribe shares shall not be given to any person or persons without the sanction of the Company in General Meeting.
7. As regards all allotments made from time to time the Company shall duly comply with Section 69 of the Act.
8. The Company shall comply with Section 73 of the Act in respect of any offer of its shares to the public for subscription.
9. The Directors shall have power, at their discretion, to convert the un issued Equity Shares into Redeemable Preference Shares and part or parts of the un issued shares (either equity or preference carrying a right to redemption out of the profits or liable to be so redeemed at the option of the Company) upon such terms and conditions and with such rights and privileges annexed thereto as the directors as their discretion may think fit and proper, but subject to the provisions of Sections 86, 87 & 88 of the Act and in particular, the Directors may issue such shares with such preferential or qualifying rights to dividends and for the distribution of the assets of the Company as the Directors may subject to the aforesaid Sections, determine from time to time.
10. The Company may exercise the power of paying commission conferred by Section 76 of the Act and in such case shall comply with the requirements of that Section, Such Commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in one way and partly the other. The Company may also on any issue of shares or debentures pay such brokerage as may be lawful.
11. With the previous authority of the Company in General Meeting and sanction of the Company Law Board and upon otherwise complying with Section 79 of the Act, the Board may issue at a discount shares of a class already issued.
12. If, by the conditions of allotment of any share, the whole or part of the amount or issue price thereof shall be payable in installments, every such installments shall, when due, be paid to the Company by the person whom for the time being, shall be the Registered holder of the share or by his executor or administration or legal representative.



JOINT-HOLDERS

13. Where two or more persons are registered as the holders of any share they shall be deemed the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles :-
 - (a) The Company shall be entitled to decline to register more than four persons as the holder of any share.
 - (b) The Joint-holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.
 - (c) On the death of any such joint-holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
 - (d) Any one of such joint holders may give effectual receipt of any dividends or other monies payable in respect of such share.
 - (e) Only the person whose name stands first in the Register of Members as one of the joint-holders of any shares shall be entitled to delivery to the certificate relating to such share to receive documents which expression shall be deemed to include all documents referred to in Article 180 from the company and any documents served on or sent to such person shall be deemed service on all the joint holders.
 - (f) Any one of two or more joint-holders may vote at any meeting either personally or by an attorney duly authorized under a power of attorney or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint-holder be present at any meeting personally or by proxy or by attorney then that one of such persons so present whose name stands first or higher (as the case may be) on the Register in respect thereof. Provided always that a joint-holder present at any meeting personally shall be entitled to vote in preference to a joint-holder present by an attorney duly authorised under power or by proxy although the name of such joint-holder present by an attorney or proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands for the purpose of this sub-clause by deemed joint-holders.
14. Save as herein otherwise provided, the Company shall be entitled to treat the Registered holder of any share as the absolute owner thereof and accordingly shall not except as ordered by a Court of competent jurisdiction or as by statute required, be bound to recognise any equitable or other claim to or interest in such share on the part of any other person.
15. Share may be registered in the name of any person, Company or other body corporate.

SHARE CERTIFICATES

16. Subject to the provisions of the Companies (issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof, share certificates shall be issued as follows :-
 - (1) The certificates of titles to shares and duplicates thereof when necessary shall be issued under the Seal of the Company, which shall be affixed in the presence of (i) two Directors or persons acting on behalf of Directors under a duly registered power of attorney or two persons acting as attorney for two Directors as aforesaid and (ii) the Secretary or some



other person appointed by the Board for the purpose, all of whom shall sign such share certificate, provided that, if the composition of the Board permits of it, at least one of the aforesaid two Director shall be a person other than a Managing Director or Wholetime Director. For the purpose of this Article, Director may sign thereon by means of any machine, equipment for other mechanical means such as engraving in metal or lithography, but not by a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

- (2) Every member shall be entitled free of charge to one certificate for all the shares of each class registered in his name or, if any member so wishes, to several certificates each for one or more of such shares but, in respect of each additional certificate which does not comprise shares in lots of market units of which does not comprise shares in lots of market units of trading, such sum may be charged as fee as the Board may determine from time to time. Unless the conditions of issue of any shares otherwise provide, the Company shall either within three months after the date of allotment and on surrender to the Company of its letter making the allotment or of its fractional coupons of requisite value (save in the case of issue against letters of acceptance or of renunciation or in cases of issue of bonus shares) or within one month of receipt of the application for registration of any of its shares, as the case may be complete and have ready for delivery the certificate of such shares. Every certificate of shares shall specify the name of the person in whose favour the certificate is issued, the shares to which it relates and the amount paid up thereon. Particulars of every certificates issued shall be entered in the register maintained in the form set out in the above rules or, in a form as near thereto as circumstances admit against the name of the person to whom it has been issued, indicating the date of issue. In respect of any share held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate to one of the several joint-holders shall be sufficient delivery to all such holders.
- (3) Notwithstanding anything contained in this Article, the Board may in its absolute discretion refuse applications for the sub-division or consolidation of share or debenture certificates into denominations of less than marketable lot except when such sub-division or consolidation is required to be made to comply with a statutory provision or an order a competent court of law.
- (4) No fee shall be charged for :-
 - (a) Registration of transfer of shares.
 - (b) Sub-division and consolidation of shares and debenture certificates and for sub-division of letters of allotment and Pucca Transfer Receipts into denominations corresponding to the market units of trading.
 - (c) Sub-division of renounceable Letters of Right.
 - (d) Issue of new certificate in replacement of those which are old, decrepit or worn out or where the changes on the reserves for recording transfer have been fully utilised.
 - (e) Registration of any Power of Attorney, Probate, Letters of Administration or similar other documents.
- (5) The fee that may be agreed upon with the Stock Exchange will be charged for :-
 - (a) Issue of a new certificate in replacement of those that are worn, defaced, lost or destroyed.



- (b) Sub-division and consolidation of Share and Debenture certificates and for Sub-division of Letters of allotment and split, consolidation, Renewal and Pucca Transfer Receipts into denominations other than those fixed for the market units of trading.
- (6) If any certificate be worn out defaced or rendered useless then upon production thereof to the Directors they may order the same to be cancelled and may issue a new certificate in lieu thereof and if any certificate be lost or destroyed then upon proof thereof to be satisfaction of the Directors and on such indemnity as the Directors deem adequate being given a new certificate in lieu thereof shall be given to the partly entitled to such lost or destroyed certificate. The such sum, as the Board may determine from time to time, shall be paid to the Company for every certificate issued under this Article, provided that no fee shall be charged for issue of new certificate in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilised.

CALLS

- 17. The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the provisions of Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every calls so made on him to the persons and at the times and places appointed by the Board. A call may be payable by installments and shall be deemed to have been made when the resolution of the Board authorising such call was passed, provided that no call be payable at less than one month from the date fixed for the payment of the last preceding call.
- 18. Not less than thirty day's notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.
- 19. (1) If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest for the same at the rate as may be decided by the board from the day appointed for the payment thereof to the time of the actual payment or at such lower rate (if any) as the Board may determine.
- (2) The Board shall be at liberty to waive payment of any such interest either wholly or in part.
- 20. If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by installments at fixed times, whether on account of the amount of the share or by way of premium, every such amount or installment shall be payable as if its were a call duly made by the Board and of which due notice had been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
- 21. On the trial or hearing of any action or suit brought by the Company against any member or his legal representatives to recover any debt of money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the defendant is, or was, when the claim arose, on the Register of Members as a holder, or one of the holders, of the number of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove at the Board meeting at which any call was made nor that the meeting at which any call was made was duly convened or constituted, nor any other whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.



22. The Board may, if it thinks fit, receive from any member willing to advance the same, all or any part of the moneys due upon the shares held by him beyond the sums actually called for and upon the money so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advance has been made the Company may pay interest at such rate not exceeding 9 percent per annum to the member paying such sum in advance. Money so paid in excess of the amount of calls shall not rank for dividends or confer a right to participate in profits. The Board may at any time repay the amount so advanced upon giving to such member not less than three months' notice in writing.
23. A call may be revoked or postponed at the discretion of the Board.

FORFEITURE AND LIEN

24. If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter, during such time as the call or installment remain unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.
25. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on and at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in the respect of which such call was made or installment is payable will be liable to be forfeited.
26. If the requirement of any such notice as aforesaid were not complied with, any shares in respect of which such notice has been given may, at any time thereafter, before payment of all calls or installments, interest and expenses, due in respect thereof be forfeited by a resolution of the Board to that effect.
27. When any share has been so forfeited, notice of the resolution shall be given to the members in whose name it stood immediately prior to the forfeiture, with the date thereof, shall forthwith be made in the Register but no forfeiture shall be in any manner invalidated by any omission or neglect to give notice or to make such entry as aforesaid.
28. Any share so forfeited shall be deemed to be the property of the Company and the Board may sell, re-allot or otherwise dispose of the same in such manner as it thinks fit.
29. The Board may, at any time before any share so forfeited shall have been sold, re-allotted or otherwise disposed of annul the forfeiture thereof upon such conditions as it thinks fit.
30. A person whose share has been forfeited shall cease to be a member in respect of the forfeited share, but shall, notwithstanding such forfeiture remain liable to pay and shall forthwith pay to the Company, all calls, installments, interest and expenses, owing upon or in respect of such share at the time of the forfeiture, together with interest thereon, from the time of forfeiture until payment, at 18 percent per annum and the Board may enforce the payment thereof or any part thereof without any deduction or allowance for the value of the share at the time of forfeiture but shall not be under any obligation to do so.
31. A duly verified declaration in writing that the declarant is a Director of the Company and that a share of the Company has been duly forfeited on a date stated as against all persons claiming



such to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares and the person to whom the shares sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceeding in reference to such forfeiture, sale or disposition.

32. The provisions of Articles 20 to 27 hereof shall apply in the case of non-payment of any sum which, by the terms of issue of a share, become payable at a fixed time, whether on account of the nominal value of a share or by way of premium as if the same had been payable by virtue of a call duly made notified.
33. The Company shall have a first and paramount lien upon all the shares (other than fully paid shares) registered in the name of each member (whether solely or jointly with others) and upon the proceedings of sale thereof for moneys called or payable at a fixed time in respect of such shares whether the period for the payment thereof shall have actually arrived or not and no equitable interest in any share shall be created except upon the footing and conditions that Article 14 hereof is to have full effect. Any such lien shall extend to all dividends from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as waiver of the Company's lien in any, on such shares. The Directors may at any time declare any shares to be wholly or in part exempt from the provisions of this Article.
34. For the purpose of enforcing such lien the Board may sell the shares subject thereto in such manner as it thinks fit, but no sale shall be made until such time for payment as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators or his committee, curator 'bonis' or other legal curator and default shall have been made by him or them in the payment of moneys called or payable at a fixed time in respect of such shares for thirty (30) days after the date of such notice.
35. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to the like lien for sums not presently payable as existed upon the share before the sale) be paid to the person entitled to the share at the date of the sale.
36. Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the board may appoint some person to execute an instrument of transfer of the share sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register in respect of such shares the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
37. Where any shares under the powers in that behalf herein contained are sold by the Board and the certificate in respect thereof has not been delivered to the Company by the former holder of such share the Board may issue a new certificate for such shares distinguishing it in such manner as it may think fit from the certificate not so delivered.

NOMINATION, TRANSFER AND TRANSMISSION

38. (1) Every holder of Shares in, or holder of Debentures of the Company may at any time nominate, in the prescribed manner under Section 109 A of the Act, a person to whom his Shares in, or Debentures of the Company shall vest in the event of his death.
- (2) Where the Shares in, or debentures of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner under Section



109 A of the Act, a person to whom all the rights in the Shares or Debentures of the Company shall vest in the event of death of all the joint holders.

- (3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in, or debentures of the Company, where a nomination made in the prescribed manner under Section 109 A of the Act, purports to confer on any person the right to vest the Shares in, or Debentures of the Company, the nominee shall, on the death of the Shareholder or holder of Debentures of the Company or, as the case may be, on the death of the joint holders, become entitled to all the rights in the Shares or Debentures of the Company or, as the case may be, all the joint holders, in relation to such Shares in, or Debentures of the Company to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner under Section 109 A of the Act.
 - (4) Where the nominee is a minor, it shall be lawful for the holder of the Shares, or holder of Debentures, to make the nomination to appoint, in the prescribed manner under Section 109 A of the Act, any person to become entitled to Shares in, or Debentures of the Company, in the event of his death, during the minority.
39. (1) Any person who becomes a nominee by virtue of the provisions of the Section 109 A of the Act, upon the production of such evidence as may be required by the Board and subject to as hereinafter provided, elect, either :-
- (a) to be registered himself as holder of the Shares or Debentures, as the case may be; or
 - (b) to make such transfer of the Share or Debenture, as the case may be, as the deceased Shareholder or Debenture holder, as the case may be, could have made.
- (2) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased Shareholder or Debenture holder as the case may be had transferred the Shares or Debentures, as the case may be, before his death.
 - (3) If the person being nominee, so becoming entitled, elects to be registered as holder of the shares or debentures, himself as the case may be, he shall deliver or send to the Company a Notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debenture holder, as the case may be
 - (4) All the limitations, restrictions and provisions of the Act relating to the right to transfer and the registration of transfer of Shares or Debentures shall be applicable to any such notice to transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that Shareholder or Debenture holder, as the case may be.
 - (5) A person, being a nominee, becoming entitled to a Share or Debenture by reason of the death of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture except that he shall not, before being registered a member in respect of his Share or Debenture, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.



Provided that the Board may, at any time, give notice requiring any such persons to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied within 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with."

40. Save as provided in Section 108 of the Act, no transfer of a share shall be registered unless a proper instrument of transfer duly stamped or and by or on behalf of the transferee has been delivered to the Company together with the certificate or, if no such certificate is in existence, the letter of allotment of the share. Each signature to such transfer shall be duly attested by the signature of one credible witness, who shall add his address.

The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act and any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof.

41. Application for the registration of the transfer of a share may be made either by the transferor or the transferee, provided that, where such application is made by the transferor no registration shall, in the case of partly paid share, be effected unless the Company gives notice of the application to the transferee in the manner prescribed by Section 110 of the Act and subject to provisions of these Articles the Company shall, unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register the name of the transferee in the same manner and subject to the same conditions as if the application for registration of the transfer was made by the transferee.
42. The instrument of transfer shall be in the form prescribed by the Act or the Rules made there under or where no such form is prescribed in the usual common form or any other form approved by the stock exchanges in India or as near thereto as circumstances will admit.
43. Subject to the provisions of Sections 111 of the Act, or any statutory modification thereof for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares and in particular may so decline in any case in which the Company has a lien upon the shares or any of them or whilst any moneys in respect of the shares desired to be transferred or any of them remain unpaid or unless the transferee is approved by the Directors and such refusal shall not be affected by the fact that the purposed transferee is already a member. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transferee.
44. No transfer shall be made to minor (unless shares are fully paid up) or person of unsound mind.
45. Every instrument of transfer shall be left at the Office for Registration, accompanied by the certificate of the share to be transferred or, if no such certificate is in existence by the Letter of Allotment of the share and such other evidence as the Board may require to prove the title of the transferor or his right to transfer the share. Every instrument of transfer, which shall be registered, shall be retained by the Company, but any instrument of transfer, which the Board may refuse, to register shall be returned to the person depositing the same.
46. If the Board refuses whether in pursuance of Article 43 or otherwise to register the transfer or the transmission by operation of law of the right to, any share, the Company shall, within one month from the date on which the instrument of transfer or the intimation of such transmission, as the case may be was lodged with the Company, send the transferee and transferor or to the person giving intimation of such transmission, as the case may be, the notice of the refusal.



47. (a) No fee shall be payable to the Company in respect of transfer or transmission of any share in the Company.
- (b) The registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company on any account whatsoever.
48. The executor or administrator of a deceased member (not being one of several joint-holders) shall be the only person recognised by the Company as having any title to the share registered in the name of such member and in case death of any one or more of the joint-holders, of any registered share, the survivor shall be the only person recognised by the Company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on the share held by him jointly with any other person. Before recognising any executor or administrator the Board may require him to obtain a Grant or probate or Letters of Administration or other legal representation, as the case may be, from a competent Court in India; provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with, letters of administration or such other legal representation upon such terms as to indemnity, as it considers proper.
49. (1) Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he propose to act under this Article or of his title as the Directors shall require either be registered as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so he shall not be freed from any liability in respect of such shares. This Clause is herein referred to as the Transmission Clause.
- (2) Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.
- (3) Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
50. (a) This Article is hereinafter referred to as "The Transmission Article".
- (i) If the person so becoming entitled under the Transmission Article shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.
- (ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing an instrument of transfer of the share.



- (iii) All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of instruments of transfer of a share shall be applicable to any such notice or transfer as aforesaid as in the death, lunacy, bankruptcy or insolvency of the member had not accrued and the notice of transfer were a transfer signed by that member.

(b) The Company shall incur no liability or responsibility whatever in consequence of their registering or giving effect to any transfer of share made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same share notwithstanding that the Company may have had notice of such equitable right title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

51. A person so becoming entitled under the Transmission Article to a share by reason of the death lunacy, bankruptcy or insolvency of the holder shall, subject to the provision of Article 83 and of Section 206 of the Act, be entitled to the same dividends and other advantages as he would be entitled to if he were the registered holder of the share. Provided that the Board may at any time give a notice requiring any such person to either to be registered himself or to transfer the share and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice has been complied with.

DEMATERIALISATION OF SECURITIES

52. (1) Either on the Company or on the investor exercising an option to hold his securities with a depository in a dematerialised form, the Company shall enter into an agreement with the depository to enable the investor to dematerialise the securities, in which event the rights and obligations of the parties concerned shall be governed by the Depositories Act, 1996.
- (2) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or hold securities with a depository. Where a person opts to hold a security with a depository, the Company shall intimate such depository the details of allotment of the security, and on receipt of such information the depository shall enter in its record the name of the allottee as the beneficial owner of that security.
- (3) All securities held by a depository shall be dematerialised and shall be in a fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by it on behalf of the beneficial owners.
- (4) (a) Notwithstanding anything to the contrary contained in the Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the beneficial owner.
- (b) Save as otherwise provided in (a) above, the depository as a registered owner shall not have any voting rights or any other rights in respect of securities held by it.



- (c) Every persons holding equity share capital of the Company and whose name is entered as beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of the securities held by a depository.
- (5) Every depository shall furnish to the Company information about the transfer of securities in the name of the beneficial owners at such intervals and in such manner as may be specified by the bye-laws and the Company in that behalf.
- (6) Subject to the provisions of Section 8 of the Depositories Act, 1996, if a beneficial owner seeks to opt out of a Depository in respect of any security, the beneficial owner shall inform the depository accordingly.

The depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company.

The Company shall, within thirty (30) days of the receipt of the intimation from the depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to be beneficial owner or the transferee as the case may be.

- (7) Notwithstanding any to the contrary contained in the Articles :
 - (a) Section 83 of the Act shall not apply to the shares held with a depository.
 - (b) Section 108 of the Act shall not apply to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of the depository.

BORROWING POWERS

- 64. The Board may, from time to time, at its discretion, subject to the provisions of Sections 293 and 372A of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or money for the purposes of the Company.
- 65.
 - (a) Subject to the provisions of the Act and these Articles the Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit and in particular by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.
 - (b) Any bonds, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
 - (c) Debentures, debenture-stock, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.



- (d) Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and with any privileges and conditions as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in general meeting.
 - (e) If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed or if permitted by the Act by instrument under the Seal authorise is executed or any other person in trust for him to make calls on the members in respect of such uncalled capital and the provisions hereinbefore contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Directors' power or otherwise and shall be assignable if expressed to be.
 - (f) Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company the Directors may execute or cause to be executed any mortgage charge or security over to affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.
66. Save as provided in Section 108 of the Act, no transfer of debentures shall be registered unless a proper instrument of transfer duly stamped and executed by the transferee has been delivered to the Company together with the certificates of the debentures.
67. If the Board refuses to register the transfer of any debentures, the Company shall, within two months from the date on which the instrument of transfer was lodged with the Company, send to the transferor notice of the refusal.

RESERVES

142. The Board shall subject to Section 205 (2A) of the Act from time to time before recommending any dividend, set apart any and such portion of the profits of the Company as it thinks fit as Reserves to meet contingencies or for the liquidisation of the any debentures, debts or other liabilities of the Company for equalisation of dividends, for repairing, improving or maintaining any of the property of the Company and for such other purposes of the Company as the Board in its absolute discretion thinks conducive to the interest of the Company, and may, subject to the provisions of Section 372A of the Act, invest the several sums so set aside upon such investments (other than shares of the Company) as it may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the Reserve into such special funds as the Board thinks fit, with full power to employ the Reserves or any parts thereof in the business of the Company and that without being bound to keep the same separate from other assets.
143. All money carried to the Reserve shall nevertheless remain and be profits of the Company applicable, subject to due provisions being made for actual losses depreciation for the payment of dividends and such moneys and all the other moneys of the Company not immediately required for the purposes of the Company may, subject to the provisions of Section 372A of the Act, be invested by the Board in or upon such investments or securities as it may select or may be used as working capital or may be kept at any Bank or deposit or otherwise as the Board may, from time to time, think proper.

**DIVIDENDS**

148. The Company in General Meeting may declare a dividend to be paid to the members according to their right and interest in the profits and may, subject to the provisions of the Section 207 of the Act, fix the time for payment. No larger dividend shall be declared than is recommended by the Board, but the Company in General Meeting may declare a smaller dividend.
149. No dividend shall be paid otherwise than out of the profits of the year or any other undistributed profits except as provided by Section 205 of the Act.
150. Subject to the special rights of holders of preference shares, if any for the time being, the profits of the Company distributed as dividends or bonus shall be distributed among the members in proportion to the amounts paid or credited as paid on the shares held by them respectively, but no amount paid on a share in advance of calls shall while carrying interest be treated for the purpose of this Article as paid on the share. All dividends shall be appointed and paid pro rata according to the amount paid on the shares during any portion or portions of the period in respect of which the dividends is paid, but if any share is issued on terms providing that it shall rank for dividends as from a particular date such share shall rank for dividend accordingly.
151. The declaration of the Board as to the amount of the net profits of the Company shall be conclusive.
152. The Board may from time to time pay to the members such interim dividends as in its judgment the position of the Company justifies.
153. The Board may retain any dividends on which the Company has lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.
154. Subject to the provisions of Article 19 any General Meeting declaring a dividend may take a call on the members of such amounts as the meeting fixes but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend may be set off against the call.
155. No dividend shall be payable except in cash, provided that nothing in the foregoing shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purposes of issuing fully paid-up bonus shares or paying up any amount for the time being unpaid on the shares held by the Company.
156. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer.
157. The Directors may retain the dividends payable upon shares in respect of which any person is under transmission Article (Article 49) entitled to become a member or which any person under that Article is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.
158. No dividend shall be paid in respect of any share except to the registered holder of share or to his order or to his bankers but nothing contained in the Article shall be deemed to require the bankers of a registered shareholder to make a separate application to the Company for the payment of the dividend.
159. Any one of several persons who are registered as the joint holders of any share may give effectual receipt for all dividends, bonuses and other payments in respect of such share.



160. Notice of any dividend, whether interim or otherwise, shall be given to the persons entitled to share therein the manner hereinafter provided.
161. All dividend and other dues to members shall be deemed to be payable at the Registered Office of the Company, unless otherwise directed any dividend, interest or other moneys payable in cash in respect of share may be paid by cheque or warrant sent through the post to the registered address of the holder of, in the case of joint holders who is the first named in the Register in respect of the joint holding or to such person and such address as the holder or joint holders, as the case may be, may direct and every cheque or warrant so sent shall be made payable at par to the order of the person to whom it is sent.
162. No unclaimed dividend shall be forfeited by the Board and dividend which remains unpaid and unclaimed after having been declared shall be dealt with as per the provisions of Section 205 A and 205 B of the Act.

WINDING UP

191. If the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up, on the shares held by them respectively. And if a winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up paid up or which ought to have been paid up on the shares held by them respectively. But this Articles is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.
192. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of an Extraordinary Resolution, divide amongst the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories, or any of them, as the liquidators, with the like sanction shall think fit.
- (2) If though expedient any such division may subject to the provisions of the Act be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined on, any contributory who would be prejudiced thereby shall have a right to dissent and ancillary rights as if such determination were a special Resolution passed pursuant to Section 494 of the Act.
- (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the Extraordinary Resolution by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the liquidators shall if practicable act accordingly.
193. A Special Resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may subject to the provisions of the Act in like manner as aforesaid determine that any shares or other consideration receivable by the liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.



SECRECY

194. Every Director, Manager, Secretary, Trustee for the Company, its members of debenture-holders, members of a committee, officer, servant, agent, accountant, or other person employed in or about the business of the Company shall, if so required by the Board before entering upon his duties sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declaration pledge himself not to reveal any of the matters which come to his knowledge in the discharge of his duties except when required so to do by the board or by any General Meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions of these Articles contained.
195. No members or other person (not being a Director) shall be entitled to enter upon the property of the Company or to inspect or examine the Company's premises or properties without the permission of the Board or subject to Article 165 to require discovery of or any information respecting any detail of his trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board will be expedient in the interest of the Company to communicate.

INDEMNITY AND RESPONSIBILITY

196. (a) Subject to the provisions of Section 201 of the Act every Director of the Company or Manager, Secretary and other officer or employer of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including traveling expenses) which any such Director, officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him as such Director, Officer or Servant or in any way in the discharge of his duties.
- (b) Subject as aforesaid every Director, managing Director, Company, Manager, Secretary or other officer or employer of the Company shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgementt is given in his favour or in which he is acquitted or in connection with any application under Section 693 of the Act in which relief is given to him by the Court.
197. Subject to the provisions of Section 201 of the act no Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any persons, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happen through his own dishonesty.



SECTION X OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in Para 'A' below (not being contracts entered into in the ordinary course of business carried out or intended to be carried on by the Company or contracts entered into more than two years before the date of this Prospectus) which are/or may be deemed to be material have been entered into by or on behalf of the Company.

Copies of these contracts together with copies of documents referred to in Para 'B' below all of which have been attached to the copy of this Prospectus and which have been delivered to the ROC for registration and may be inspected at the Registered Office of the Company between 11.00 am to 2.00 pm on any working day from the date of this Prospectus until the date of closing of subscription list.

A. Material Contracts

1. Memorandum of Understanding (MOU) dated September 20, 2005 between the Company and Khandwala Securities Limited for this Public Issue
2. Memorandum of Understanding (MOU) dated September 15, 2005 between the Company and Bigshare Services Private Limited for this Public Issue
3. Copy of tripartite agreement dated Month XX, 2005 between NSDL, the Company and Bigshare Services Private Limited
4. Copy of tripartite agreement dated Month XX, 2005 between CDSL, the Company and Bigshare Services Private Limited

B. Documents for Inspection

1. Memorandum and Articles of Association of the Company as amended from time to time
2. Certificate of Incorporation dated August 31, 2005 obtained from the Registrar of Companies, Mumbai, Maharashtra
3. Copy of Special Resolution passed u/s 81(1A) on September 08, 2005 authorising the Issue of Equity Shares
4. Letter from Bombay Stock Exchange Limited and National Stock Exchange of India Limited dated Month XX, 2005 and Month XX, 2005 respectively granting permission to include their names in the Prospectus and application made to the Stock Exchanges for listing of equity Shares, CRPS issued through this prospectus
5. Auditors Report on Financials dated September 15, 2005 and copies of the Annual Reports mentioned in the report.
6. Statutory Auditors Report on Tax benefits dated September 15, 2005
7. Consent Letters from Directors, Lead Managers, Bankers to the Issue, Bankers to the Company, Auditors, Registrar to the Issue, Company Secretary and Compliance Officer to act in their respective capacities for inclusion of their names in the Prospectus
8. Copies of members' Resolution for appointment of Chairman Shri Chander Mohan and Shri Saurabh Malhotra and the remuneration to be paid to them.
9. Copy of the Board resolution approving the Draft Prospectus and Final Prospectus
10. Power of Attorney(s) executed by the Directors for signing and making correction in the prospectus on their behalf.
11. Due diligence certificate dated September 29, 2005 issued by Lead Manager to the Issue Khandwala Securities Limited.
12. SEBI Observation letter no. XXXXX dated Month XX, 2005



DECLARATION

This is to confirm that all the relevant provisions of the Companies Act, 1956 and the guidelines issued by the Government have been complied with and no statements made in this Prospectus shall contravene any of the provisions of the Companies Act, 1956 and the rules made there-under. All the legal requirement connected with the said Issue as also the guidelines, instructions etc. issued by SEBI. Government and any other competent authority in this behalf have been duly complies with.

We further certify that all statements in this Prospectus are true and fair.

Signed All Directors

Mr. Chander Mohan, Chairman *

Mr. Saurabh Malhotra, Managing Director

Mr. Ashok Kumar Doda, Director *

Mr. Radhe Shyam, Director *

Dr. Brij Bhushan Sahni, Director *

Mr. Satyendra J Sonar, Director *

Mr. Anil Bhadang, General Manager Finance *

* by his constituted attorney Mr. Saurabh Malhotra

Place: Mumbai

Date: Month XX, 2005



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