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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAKUMA EXPORTS LIMITED

Report on the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Ind AS financial statements of **SAKUMA EXPORTS LIMITED**, ("the Company"), which comprise the Balance Sheet as at 31st March, 2023, the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of changes in Equity for the year then ended and notes to the financial statements including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, its **Profit** including other comprehensive income its cash flows and the changes in equity for the year ended on that date.

Basis of Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements for the financial year ended 31st March, 2023. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the standalone Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the standalone Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying standalone Ind AS financial statements.



Key Audit Matters	How our audit addressed the key audit matter
<p>1. Assessment of impairment of investment in subsidiaries, (Refer Note 5 of the Standalone Ind AS Balance Sheet)</p> <p>As at 31st March, 2023 the Company balance sheet includes investment in subsidiaries & associates of Rs. 2,224.53 lakhs, In accordance with Indian Accounting Standards (Ind-AS), the management has allocated these balances to their respective cash generating units (CGU) and tested these for impairment using a discounted cash flow model. The management compares the carrying value of these assets with their respective recoverable amount. A deficit between the recoverable amount and CGU's net assets would result in impairment. The inputs to the impairment testing model which have most significant impact on the model includes:</p> <ul style="list-style-type: none"> a) Sales growth rate; b) Operating margin; c) Working capital requirements; d) Capital expenditure; and e) Discount rate applied to the projected cash flows. <p>The impairment test model includes sensitivity testing of key assumptions. The annual impairment testing is considered a significant accounting judgment and estimate and a key audit matter because the assumptions on which the tests are based are highly judgmental and are affected by future market and economic conditions which are inherently uncertain, and because of the materiality of the balances to the financial statements as a whole.</p>	<p>As a part of our audit we have, carried out the following procedures:</p> <ul style="list-style-type: none"> a) We assessed the Company's methodology applied in determining the CGUs to which these assets are allocated. b) We assessed the assumptions around the key drivers of the cash flow forecasts including discount rates, expected growth rates and terminal growth rates used. c) We also assessed the recoverable value by performing sensitivity testing of key assumptions used. d) We tested the arithmetical accuracy of the models e) Performed analysis of the disclosures related to the impairment tests and their compliance with Indian Accounting Standard (Ind-AS).
<p>2. Revenue Recognition (Refer to the accounting policies in Note 2 to the financial statements)</p> <p>Revenue from the sale of goods is recognised upon the transfer of control of the goods to the customer. The Company uses a variety of shipment terms across its operating markets, and this has an impact on the timing of revenue recognition. There is a risk that revenue could be recognised in the incorrect period for sales transactions occurring on and around the year-end, therefore revenue recognition has been identified as a key audit matter.</p>	<ul style="list-style-type: none"> a) Our audit procedures included reading the Company's revenue recognition accounting policies to assess compliance with Ind AS 115 "Revenue from contracts with customers". b) We performed test of controls of management's process of recognizing the revenue from sales of goods with regard to the timing of the revenue recognition as per the sales terms with the customers. c) We performed test of details of the sales transactions testing based on a representative sampling of the sales orders to test that the related revenues and trade receivables are recorded

