

MEHTA SINGHVI & ASSOCIATES, Chartered Accountants

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To,

**The Board of Directors,
Sakuma Exports Limited**

Aurus Chambers A, 301,
Near Mahindra Towers,
S.S. Amrutwar Lane
Worli, Mumbai - 400013

AND

First Overseas Capital Limited

Bhupen Chambers, Dalal Street,
Fountain Mumbai-400001,
Maharashtra India

(First Overseas Capital Limited being appointed in relation to the Issue hereinafter referred to as the “Lead Manager” or the “LM”)

Dear Sir,

Sub: Standalone Certificate for Working Capital Requirement of Sakuma Exports Limited (the “Issuer Company”)

Ref: Proposed Rights Issue of Equity Shares of Sakuma Exports Limited (the “Issuer Company”)

We, M/s Mehta Singhvi & Associates, Independent Chartered Accountants of the Issuer Company, have been requested by the Issuer Company to certify the proposed net working capital requirement to the extent of Rs. 19,200.00 Lakhs for the Fiscal Year 2024-2025 which will be funded from the Proceeds of the Rights Issue.

We have examined and verified the following:

- a) a) Audited Standalone financial statements for Fiscal Years March 31, 2021, 2022 and 2023 and unaudited excel format for Stub Period from April 01, 2023 to December 31, 2023 of the Issuer Company;
- b) Estimated & Projected Standalone Working Capital Requirements for the Fiscal Year 2023-2024 and 2024-2025 duly approved in board meeting dated February 13, 2024 and mentioned in MRL; and
- c) Other relevant records of the Issuer Company as submitted to us.

Basis of Estimation of Working Capital Requirement

A. Existing Working Capital as per Audited Financial Statements:

(Rs. in Lakhs)

Particulars	31-Mar-21	No. of Days	31-Mar-22	No. of Days	31-Mar-23	No. of Days
	Audited		Audited		Audited	
Current Assets						
Inventories	4,649.44	16	8,132.06	10	11,188.31	14
Trade Receivables	10,337.31	151	29,197.16	29	15,073.66	28
Short Term Loans & Advances and Deposits	20.63		92.92		651.23	
Cash & Bank Balances	501.32		860.06		2,080.54	
Other Current Assets	10,286.67		10,795.79		8,053.83	
Total Current Assets (A)	25,795.37		49,077.99		37,047.57	
Current Liabilities						
Sundry Creditors	2,223.53	131	5,808.60	6	4,065.69	7
Other Current Liabilities	2,815.74		12,106.06	-	6,377.83	
Total Current Liabilities (B) (Excluding Borrowings)	5,039.27		17,914.66		10,443.52	
Working Capital Gap (A-B) (Excluding Borrowings)	20,756.10		31,163.33		2,6604.05	
Funded through borrowings secured(1)	206.79		6,911.14		1,497.58	
Funded through borrowings related parties	-		1,416.86		-	
Funded through internal accruals	20,549.31		22,835.33		25,106.47	
Proposed Working Capital to be funded from rights issue	-		-		-	

(1)The sanction working capital facilities of Issuer Company is 10,400 lakh as on March 31, 2023 and the outstanding balances from banks was Rs. 206.79 lakhs, Rs. 6911.14 lakhs and Rs. 1497.58 lakhs for the year ended March 31, 2021, 2022 and 2023 respectively.

Note 1: Current Maturities represent portions of Long-Term Loans that are payable in the next 12 months and are required to be carved out of the Long-Term Borrowings only for the purposes of Presentation of Financial Statements, in accordance with Schedule III to the Companies Act, 2013. Hence, they are by nature Long-Term Borrowings and cannot be considered as part of Working Capital requirement

Note 2: No. of Days calculated based on average inventory, average debtors and average accounts payable

Note 3: We have considered cash and bank balance to arrive working capital gap.

On the basis of the internal estimates, existing working capital requirements and the projected working capital requirements and key assumptions with respect to the determination of the same; the Issuer Company on Standalone basis would require total working capital to the extent of Rs. 19,200.00 Lakhs for the Fiscal Year 2023-24.

The Right Issue Committee of the Issuer Company pursuant to their resolution dated February 13, 2024, has certified and approved by the estimated working capital requirements and the assumption underlying the justification for periods of holding levels for Fiscal Year 2023-2024 & 2024-2045.

B. Estimated and projected working capital requirements

The estimated and projected working capital requirements and the assumption underlying the justification for periods of holding levels for the period ended December 31, 2023, Fiscal Year 2023-24 and Fiscal Year 2024-2025 are as set out in the table below:

(Rs. in Lakhs)

Particulars	December 31, 2023 (Unaudited)	No of Days(*)	31-Mar-24	No. of Days(*)	31- Mar-25	No of Days(*)
			Estimated		Projections	
Current Assets						
Inventories	22,355.63	43	7,224	14	13,864	14
Trade Receivables	24,499.94	45	21,900	40	41,500	40
Short Term Loans & Advances and Deposits	1,845.90		123		127	
Cash & Bank Balances(**)	2,384.81		4,962		1,984	
Other Current Assets	4,273.99		3,960		10,080	
Total Current Assets (A)	55,360.27		38169		67,555	
Current Liabilities #						
Sundry Creditors	11561.39	21	3,000	6	6,150	6
Other Current Liabilities	8,278.59		5,483		8,241	
Total Current Liabilities (B) (Excluding Borrowings)	19,839.98		8,483		14,391	
Working Capital Gap (A-B) (Excluding Borrowings)	35,520.29		29,686		53,164	
Funded through borrowings (secured and unsecured) ⁽¹⁾	9,411.51		3,180		3,180	
Funded through internal accruals	26,108.78		26,506		30,784	
Proposed Working Capital to be funded from rights issue					19,200	

(*)The Number of Days calculated on the basis of

- i) Stock Holding Level -: Closing Stock / Cost of Goods Sold
- ii) Debtors Holding Level-: Closing Debtors / Net Sales
- iii) Creditors Holding Period -: Closing Accounts Payable/ Net Purchase

(**) we have considered cash and bank balance for calculating working capital gap

- a) Our sanctioned working capital facilities as on date of this Draft Letter of Offer is Rs. 12000.00 Lakhs from banks and the Outstanding borrowings from banks as on December 31, 2023 is Rs. 9,411.51 lakhs and Rs. 3,180 as on March 31, 2024
- b) Current Maturities of Long-term borrowings have not been considered as part of the current Liabilities in the computation of net working capital requirement.

The working capital projections made by the Issuer Company are based on certain key assumptions as are set out below:

Sr. No.	Particulars	Assumptions
Current Assets		
1	<i>Revenues:</i>	<p>The Company revenue was 1,48,989.92 Lakhs for the stub period 31st Dec 2023. The company turnover has been reduced as compared to stub period 31st December, 2022 due to major shipment has been delayed due to non-availability of vessels/ships because of current maritime trouble in Red Sea.</p> <p>Company's major global markets are countries in the Middle East and Africa which are facing geo political challenges for some time disrupting total logistics services.</p> <p>Due to disruption of shipping services in the Red Sea zone for some time, many shipping lines have suspended or curtailed their cargo services to East Africa and other Red Sea countries which has also impacted availability of free competitive shipping services rendering ocean freight becoming unworkable. Overseas buyers are not able to absorb high freight cost and delay in receiving of cargo due to diversion of shipping route.</p> <p>The Company estimated the Revenue Rs 1,98,000 lakhs for the year 2023-24 on the basis of Dec 2023 results against the projected turnover of Rs 3,80,000 lakhs. This shortfall due to maritime trouble in Red Sea and also non receipt of right issue funds in the month of August which additional effected the revenue of Rs 1,40,000 Lakhs for the projected year 2023-24.</p> <p>The company projected the turnover around Rs 3,80,000 Lakhs for the year 2024-25. The Company is in trading business of agro commodities especially sugar and these commodities are traded worldwide via a transportation combination of FOB (Free on Board), containers/ break bulk / bulk vessel and CIF (Cost Insurance and freight) depending on the location of the buyer. The Company anticipates to maintain the last 2 years' volume of goods sold in fiscal year 2025 and its projects it revenue from operations to increase mainly due to increase in sugar prices and other agro commodities prices.</p>
2	<i>Inventories:</i>	<p>The Inventory level was 43 days in the stub period December, 2023 as compared to 14 Days in the FY 2022-23 the increment was due to current maritime trouble at Red Sea.</p> <p>It anticipated to maintain its inventory levels in line its historical figure which is around 2 weeks level and projected inventory at 14 days for the fiscal year 2023-24 and 2024-25.</p>
3	<i>Trade receivables</i>	<p>The Company trade receivable has been increased to 45 Days in the stub period Dec 2023 as it was 28 days for the FY 2022-23 the increased was due to alteration in business strategy using combination of FOB/Containers/break bulk / bulk vessel and CIF and also domestic trading business.</p> <p>The Company anticipates to maintain same level of average receivables days for the FY 2025 i.e. 40 days.</p>

Sr. No.	Particulars	Assumptions
4	<i>Trade payables</i>	It has anticipated to maintain trade payable days by continuing to follow its purchase policy of efficiency payment and projected to be 6 Days for the fiscal year 2023-24 and 2024-25.
5	<i>Other current liabilities</i>	Other Current Liabilities includes Provision for Employee Benefit, Advance from Customers, statutory dues to Government, Unclaimed Dividend and Lease Liability, Other Provisions etc.

The Issuer Company proposes to utilize Rs. Rs. 19,200.00 Lakhs of the Proceeds in Fiscal Year 2024-25 towards its working capital requirements for meeting their future business requirements.

There are no fund requirements towards capital expenditure and hence Regulation 7(1)(e) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 is not applicable.

We confirm that the past and proposed computation of the working capital of the Company is in compliance with the applicable provisions of the Accounting Standards and such other laws.

We also confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well informed decision. All capitalized terms not defined in this certificate shall have the same meaning as defined in the Offer Documents.

This certificate is issued for the sole purpose of the Offer and this certificate or any extracts or annexures thereof, can be used, in full or part, for inclusion in the Offer Document and any other material used in connection with the Offer, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the LM in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the LM may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents. Any change in the information made available to us by the Issuer Company which forms substantial basis of our verification, subsequent to the issuance of this certificate has not been considered.

We hereby consent to the aforementioned details being included in the Offer Documents and submission of this certificate as may be necessary to any regulatory authority and/ for the records to be maintained by the LM in connection with the Offer and in accordance with the applicable law. However, any change in the information made available to us by the Issuer Company which forms substantial basis of our verification, subsequent to the issuance of this certificate has not been considered. This certificate may be relied on by the Issuer Company, the Lead Manager and Legal Counsel appointed in relation to the Offer.

We undertake to update you in writing of any changes in the abovementioned position, until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.

Yours faithfully,

For Mehta Singhvi & Associates
Firm Registration No. 122217W
Chartered Accountant

Seema Bhatia
Partner
Membership No. 169694
UDIN:24169694BKFXVT2349
Date: February 22, 2024
Place: Mumbai