

Bagaria & Co LLP

Chartered Accountants
701 Stanford, S V Road,
Andheri West, Mumbai – 400 058
Maharashtra, India.

Mishra Rajiv Kamal & Associates

Chartered Accountants
221 B, City Centre 570,
MG Road, Indore- 452001,
Madhya Pradesh, India.

CERTIFICATE ON WORKING CAPITAL REQUIREMENTS

To,
The Board of Directors,
Balaji Phosphates Limited
Address: 305 UTSAV AVENUE, 12/5 USHA GANJ JAORA COMPOUND,
G.P.O., Indore, Madhya Pradesh, India, 452001

(The “Company”)

AND

Arihant Capital Markets Limited
1011 Building No. 10, Solitaire Corporate Park,
Guru Hargovindji Road, Chakala,
Andheri (East), Mumbai – 400093,
Maharashtra, India

(Arihant Capital Markets Limited with any other book running lead managers that may be appointed in connection with the Issue, the “BRLM”).

Re: Proposed initial public offering of equity shares of face value of Rs. 10/- each (the “Equity Shares” and such offering, the “Issue”) of ‘Balaji Phosphates Limited’ (the “Company”)

We, Bagaria & Co. LLP, (“BNC”) and Mishra Rajesh Kamal & Associates (“MRK”), (BNC and MRK are collectively referred to “Joint Auditors” and the references to the Joint Auditors as “we”, “us” or “our”, in this certificate, shall be construed accordingly) have audited the financial statements of the Company for the stub period ended August 31, 2024 and financial years ended, March 31, 2024, March 31, 2023, March 31, 2022 and prepared in accordance with the ICDR Regulations as amended, the Indian Accounting Standards, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (“ICAI”) and Companies Act, 2013, as amended and read with the rules, circulars and notifications issued in relation thereto (“Companies Act”).

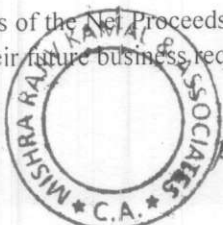
On examination of the indebtedness and working capital estimates provided by the Company, we certify that the working capital estimations and assumptions are based on the Restated Consolidated Summary Statements and management estimation of the future requirements for financial year ended March 31 2025 and March 31 2026, considering the growth in activities of the Company. A copy of the said estimates along with assumptions is attached herewith as an Annexure I. The working capital estimates are solely based on the assumptions and growth estimates made by the management of the Company, and we do not in any manner vouch for the accuracy of the forecast.

As on August 31 2024, the Company’s total sanctioned limit of working capital facilities are set forth in Annexure II. There are no working capital 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.

Based on internal estimates and projections set out at Annexure I, the Company would require total working capital to the extent of ₹ 5,258.86 lakhs and ₹ 6,579.78 lakhs for the fiscal March 31, 2025 and March 31, 2026 respectively.

In respect of the working capital requirements detailed hereinabove, the assumption underlying the justification for periods of holding levels are set forth in Annexure I.

The Company proposes to utilize ₹ 620.00 lakhs and ₹ 1,280.00 lakhs of the Net Proceeds in fiscals 2025 and 2026, respectively, towards its working capital requirements for meeting their future business requirements.



A-K Jambharia

We hereby consent to the extracts of this certificate being used in the Red Herring Prospectus (**RHP**) to be filed with the National Stock Exchange of India Limited (NSE Emerge Platform) and the Red Herring Prospectus (**RHP**) and the Prospectus (Prospectus and together with DRHP and RHP, the Issue Documents), to be filed with the Registrar of Companies, Gwalior (**ROC**) and submitted to the SEBI, and the Stock Exchanges with respect to the Issue, and in any other material used in connection with the Issue.

We have conducted our examination in accordance with the "Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)" ("**Guidance Note**") issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have also complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.

We 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.

This certificate is issued for the sole purpose of the Issue and this certificate or any extracts or annexures thereof, can be used, in full or part, for inclusion in the draft red herring prospectus, red herring prospectus, prospectus and any other material used in connection with the Issue, 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 BRLM in connection with the Issue and in accordance with applicable law, and for the purpose of any defense the BRLM may wish to advance in any claim or proceeding in connection with the contents of the Issue documents.

This certificate may be relied on by the BRLM, their affiliates and legal counsel in relation to the Issue.

We undertake to update you in writing of any changes in the abovementioned position, until the date the Equity Shares issued pursuant to the Issue 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 Bagaria & Co LLP
Chartered Accountants
FRN: 113447W / W-18701



Vinay Somani
Partner

Membership No.: 143503
UDIN: 25143503BMIBLE5577
Place: Mumbai
Date: February 20, 2025



For Mishra Rajiv Kamal & Associates
Chartered Accountants
FRN.: 006752C




Akshaya Kumar Sambharia
Partner

Membership No.: 071628
UDIN: 25071628BMMKIT3468
Place: Indore
Date: February 20, 2025

Encl: As above

CC:

Legal Counsel to the Issue

Name: Candour Legal

Address: Elanza Crest, C 105, Sindhubhavan Rd, nr. Sigma Corporates, opp. Courtyard Marriot, Bodakdev, Ahmedabad, Gujarat 380054

ANNEXURE I

Basis of estimation of working capital requirement

Our business is working capital intensive, and we fund the majority of our working capital requirements through internal accruals, net worth, financing from different banks and financial institutions and unsecured loans. We expect a further increase in the working capital requirements in view of current and potential operations that may be awarded. Accordingly, we have proposed using Rs. 1,900 Lakhs out of the issue proceeds to meet the working capital requirements.

(₹ in lakhs)

	FY22	FY23	FY24	5MFY24
CURRENT ASSETS				
Trade Receivables	2,800.39	2,643.05	2,844.09	4,163.44
Inventories	2,084.43	3,945.62	2,797.88	2,383.20
Raw Material	548.28	1,425.00	291.90	427.56
Consumables	53.99	89.96	54.46	213.60
Work In Progress	208.45	892.41	779.17	1.91
Finished Goods	1,273.71	1,538.25	1,672.35	1,740.12
Other Financial Assets	198.65	211.89	210.93	190.55
Other Current Assets	1,048.46	791.65	232.78	309.80
Total Current Assets (A)	6,131.92	7,592.21	6,085.69	7,046.99
CURRENT LIABILITIES				
Trade Payables	1,663.73	1,771.39	862.94	922.60
Other financial Liabilities	8.30	5.67	16.33	20.07
Other Current Liabilities	1,659.89	1,765.19	393.17	310.27
Provision for Taxation	106.35	210.15	382.70	1.89
Total Current Liabilities (B)	3,438.27	3,752.39	1,655.13	1,254.84
Working Capital Requirement (A-B)	2,693.65	3,839.82	4,430.55	5,792.15
Net Proceeds from IPO				
Short Term Borrowings	1,001.16	1,527.07	1,904.23	1,902.59
Internal Accruals/Net Worth	1,692.49	2,312.75	2,526.32	3,889.56



A. K. Ambharia

On the basis of existing and estimated working capital requirement of our Company, and key assumptions for such working capital requirements, which are mentioned below, our Board pursuant to its resolution dated September 26, 2024, has approved the projected working capital requirements for financial years 2025 and 2026. The proposed funding of such working capital requirements as set forth in the table below:

(₹ in lakhs)

	FY25	FY26
CURRENT ASSETS		
Trade Receivables	3,205.54	3,892.06
Inventories	3,158.59	4,129.85
Raw Material	356.17	334.80
Consumables	59.90	70.39
Work In Progress	783.58	878.85
Finished Goods	1,958.94	2,845.81
Other Financial Assets	210.00	220.00
Other Current Assets	300.00	300.00
Total Current Assets (A)	6,874.13	8,541.91
CURRENT LIABILITIES		
Trade Payables	931.28	1,103.12
Other financial Liabilities	20.00	20.00
Other Current Liabilities	400.00	400.00
Provision for Taxation	264.00	439.00
Total Current Liabilities (B)	1,615.28	1,962.12
Working Capital Requirement (A-B)	5,258.86	6,579.78
Net Proceeds from IPO	620.00	1,900.00
Short Term Borrowings	1,900.00	1,900.00
Internal Accruals/Net Worth	2,738.86	2,779.78

Assumptions for our estimated working capital requirements

Working Capital Days	FY22	FY23	FY24	5MFY24	FY25	FY26
Receivable Days	114	86	88	142	90	93
Inventory Days	85	129	86	81	89	99
Raw Material Days	22	46	9	15	10	8
Consumables Days	2	3	2	7	2	2
Work In Progress Days	9	29	24	0	22	21
Finished Goods Days	52	50	52	59	55	68
Payable Days	92	83	37	46	37	39

Justifications

Inventories	Inventory levels are maintained by our Company depending upon the demand and delivery schedules. We have assumed Inventories turnover days to be around 89 and 99 days respectively for F.Y. 2024-25 and FY 2025-26 as compared to 85 days in F.Y. 2021-22, 129 days in F.Y. 2022-23 and 86 days in F.Y. 2023-24.
Trade receivables days	In FY2021-22, FY 2022-23 and FY 2023-24, the Trade Receivable holding days are 114 days, 86 days and 88 days expected to go marginally against 90 and 93 days respectively for FY 2024-25 and FY 2025-26 as our Company plans to grow its business to a higher level, for which higher credit period will be required
Trade payables days	Our Creditors payments days for FY2021-22, FY 2022-23 and FY 2023-24 were 92 days,



A. K. Jambharia

83 days and 37 days respectively and we expect to keep it 37 days and 39 days respectively for days for F.Y. 2024-25 and F.Y 2025-26



K. Sambharia

ANNEXURE II

Details of Working Capital Sanctioned to the Company and Outstanding as on August 31, 2024

Category of borrowing	Sanctioned Amount (Rs. in lakhs)	Outstanding amount (Rs. in lakhs) as on 31.08.24
Fund Based Borrowings		
Working Capital	1975.00	1,933.31
Others	1002.00	700.32
Sub Total (A)	2977.00	2633.63
Non Fund Based Borrowings		
LC	340.00	336.57
Sub Total (B)	340.00	336.57
Total (A+B)	3317.00	2970.20



A.K. Gambhary