

AMS & CO.

CHARTERED ACCOUNTANTS

WORKING CAPITAL REQUIREMENT REPORT

23.01.2024

To,
The Board of Directors
Platinum Industries Limited
Unit No.841, 4th Floor, Solitaire Corporate Park-8,
Andheri Kurla Road, Andheri (E), Mumbai - 400093

Unistone Capital Private Limited
305, A Wing, Dynasty Business Park, Andheri Kurla
Road, Andheri East, Mumbai, Maharashtra – 400059,
India.

(Unistone Capital Private Limited referred to as the “Book Running Lead Manager”)

Dear Sirs,

Sub: Proposed initial public offering of equity shares of ₹ 10 each (the “Equity Shares”) of Platinum Industries Limited (the “Company” and such offering, the “Issue”)

Dear Sirs,

At the request of the Company, we have traced the working capital requirement figures proposed to disclosed as part of the objects of the issue from the Restated financial statements for the year(s) ended March 31, 2021, March 31, 2022 and March 31, 2023 and CMA data prepared by the management. We have not independently verified the CMA data and do not comment upon the accuracy or otherwise of the same.

We have solely relied on the Company’s representation that the working capital requirement disclosed represents working capital required by the Company for the fiscal 2024 and fiscal 2025 is at the same level as per the CMA estimates.

We have traced the following financial information to be included in the Draft Red Herring Prospectus/Red Herring Prospectus/Prospectus as one of the objects of the issue:

The Company’s working capital requirements for the year ended March 31, 2021, March 31, 2022, March 31, 2023 and period ended September 30, 2023 and funding of the same are as set out in the table below:

(₹ In millions)

Particulars	As at period ended September 30, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Current Assets				
Inventories	148.35	175.83	154.89	59.78
Trade receivables	364.21	332.92	445.16	166.38
Cash and bank balances	252.39	109.85	42.06	12.08



Other financial assets and current assets	46.08	51.27	88.83	23.40
Total Current Assets (A)	811.03	669.87	730.94	261.64
Current Liabilities				
Trade payables	140.63	128.75	271.31	193.81
Other financial liabilities	35.26	26.68	26.06	8.92
Other current liabilities	56.50	56	47.45	24.09
Total Current Liabilities (B)	232.39	211.43	344.82	226.82
Net Working Capital Requirements (A-B)	578.64	458.44	386.12	34.82
Source of funds				
Borrowings	69.87	163.85	237.4	25.74
Internal accruals / Net working capital	508.77	294.59	148.72	9.08

The details of the Company's projected working capital requirements for the fiscal 2024 and fiscal 2025 and funding of the same are as set out in the table below:

(₹ in millions)

Particulars	Estimated as at	
	As at March 31, 2024	As at March 31, 2025
Current Assets		
Inventories	196.93	284.08
Trade receivables	646.80	932.05
Cash and bank balances	111.27	130.28
Other financial assets and current assets	200.00	207.50
Total Current Assets (A)	1,155.00	1,553.92
Current Liabilities		
Trade payables	35.70	51.48
Other financial liabilities	10.50	10.61
Other current liabilities	14.25	14.84
Total Current Liabilities (B)	60.45	76.93
Net Working Capital Requirements (A-B)	1,094.56	1,476.99
Source of funds		
Borrowings	14.18	15.74
Internal accruals / Net worth	1030.38	1211.25
Proceeds from the issue	50.00	250.00

Assumptions

The table below sets forth the details of holding levels (with days rounded to the nearest whole number) for the Financial Years ended March 31, 2021, March 31, 2022 and March 31, 2023 and period ended September 30, 2023 as well as projections for the Financial Year ended March 31, 2024 and March 31, 2025.

Provided below are details of the holding levels (days) for financial years 2024 and 2025:

Particulars	As at March 31, 2021	As at March 31, 2022	As at March 31, 2023	As at September 30, 2023	As at March 31, 2024	As at March 31, 2025
Inventories	30.51	40.79	43.12	37.66	43.02	43.07
Trade receivables	68.03	88.14	51.88	55.63	90.00	90.00
Trade payables	94.71	69.60	30.34	33.76	7.40	7.45



Justifications

Inventories

Our inventory days, which represent the number of days our inventory is held, have shown a gradual increase over the past three fiscal years. In Fiscal 2021, our inventory days stood at 30 days, followed by 41 days in Fiscal 2022, and 43 days in Fiscal 2023 and 38 days in Fiscal 2024 (as on 30.9.2023). Looking ahead, we anticipate maintaining a consistent level of 43 days for both Fiscal 2024 and 2025. The reason behind this upward trend in inventory days is our reliance on imported raw materials, specifically Zeolite, Calcium Acetylacetonate, Stearic acid & Oxidised wax YD716. These raw materials are vital to our manufacturing process, and since they are imported, we need to store an adequate supply to ensure uninterrupted production. By having a sufficient inventory of these raw materials, we can meet the demand for our products and avoid any potential disruptions caused by delays in imports.

Trade receivables

Over the past three fiscal years, we have observed variations in our trade receivables days. In Fiscal 2021, our trade receivables days were 68 days, which increased to 88 days in Fiscal 2022, and then decreased significantly to 52 days in Fiscal 2023 and with marginal increase in trade receivable to 56 days in Fiscal 2024 (as on 30.09.2023). Looking ahead, we anticipate maintaining a consistent level of 90 days for both Fiscal 2024 and 2025. The projected increase in trade receivables days is a strategic decision aimed at fostering higher sales growth. We intend to provide our customers with extended credit periods, allowing them more time to settle their invoices. By offering this flexibility, we expect to stimulate increased sales volume and foster stronger customer relationships. While extending credit periods may lead to a slight increase in trade receivables days, we believe it will ultimately contribute to our overall growth and market expansion.

Trade payables

In the past three fiscal years, our trade payables days have exhibited a significant variation. In Fiscal 2021, our trade payables days stood at 95 days, followed by a notable decrease to 70 days in Fiscal 2022, and a further decrease to 30 days in Fiscal 2023 and marginal increase to 34 days in Fiscal 2024 (as on 30.09.2023). Looking ahead, we anticipate maintaining a consistent level of 7 days for both Fiscal 2024 and 2025. The projected decrease in trade payables days is a strategic decision driven by our objectives to secure the best pricing and foster strong relationships with our large suppliers. By reducing the time it takes to settle our payables, we aim to negotiate more favorable terms and conditions with our suppliers, enabling us to access competitive pricing for the goods and services we procure.

For the purpose of above working, we have performed the following procedures:

1. Traced Company's working capital requirements as at September 30, 2023, March 31, 2023 and 2022 and funding of the same from the audited financial statements.
2. Traced Company's working capital requirements as at March 31, 2021 and funding of the same from the special purpose financial statements.
3. Traced the details of the Company's expected working capital requirements and funding of the same from the CMA prepared by the Company and submitted us.
4. Relied solely on management representation that they will require the working capital estimate is for fiscal 2024, and fiscal 2025



5. Relied solely upon the CMA data prepared by the Company. We have not independently verified figures and amount stated in the CMA.

This letter is being delivered to the addressees in connection with the Draft Red Herring Prospectus / Red Herring Prospectus/Prospectus of Platinum Industries Limited (the "Company") in relation to the initial offering of equity shares of the Company in a public offering in India.

Yours sincerely,

For A M S & Co.,
Chartered Accountants
ICAI Firm Registration No.: 130878W

Ashok

Ashok Kumar Puri
Partner

Membership No: 128996

Place: Mumbai

Date: 23.01.2024

UDIN: 24128996BYDUYC2860

