

CERTIFICATE ON OBJECTS: WORKING CAPITAL REQUIREMENTS

Date: September 19, 2025

To,

The Board of Directors
TruAlt Bioenergy Limited
Survey No. 166
Kulali Cross, Jamkhandi Mudhol Road
Bagalkot – 587313
Karnataka, India.

DAM Capital Advisors Limited
Altimus 2202, Level 22
Pandurang Budhkar Marg
Worli, Mumbai – 400 018
Maharashtra, India.

SBI Capital Markets Limited
Unit No. 1501, 15th floor, Parinee Crescenzo
Bandra Kurla Complex, Bandra (East)
Mumbai- 400 051
Maharashtra, India.

(DAM Capital Advisors Limited, SBI Capital Markets Limited and any other book running lead managers who may be appointed in relation to the Offer are collectively referred to as the “**Book Running Lead Managers**” or the “**BRLMs**”)

Re: Proposed initial public offering of equity shares of face value of ₹ 10 (“Equity Shares”) by TruAlt Bioenergy Limited (the “Company”) and such offering (the “Offer”)

We, **M/s N. M. Raiji & Co.**, Chartered Accountants, FRN: 108296W, have been informed that the Company has filed the Draft Red Herring Prospectus (“**DRHP**”) dated August 16, 2024 and proposes to file the Red Herring Prospectus (“**RHP**”); the Prospectus (“**Prospectus**”) with the Registrar of Companies, Karnataka at Bangalore (“**RoC**”) and the Stock Exchanges and any other documents or materials to be issued in relation to the Offer (collectively with the DRHP, RHP and Prospectus, the “**Offer Documents**”), in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”). We consent to be named as an “expert” in terms of Section 2(38) and Section 26 and any other applicable provisions of the Companies Act, 2013, as amended, in the Offer Documents, in relation to the certificates delivered by us in connection with the Offer.



We have been requested by the Company to certify its working capital requirements. We have reviewed the Restated Standalone Financial Information of the Company for the financial years ended March 31, 2023, March 31, 2024, and March 31, 2025 derived from audited standalone financial information ("**Restated Standalone Financial Information**"), the Proforma Condensed Combined Financial Information for the financial years ended March 31, 2021, March 31, 2022 and March 31, 2023 ("**Proforma Condensed Combined Financial Information**") and the business estimations for the financial year ended March 31, 2026 and March 31, 2027 and other relevant records of the Company as submitted to us.

On the basis of the existing working capital requirements, management estimates and the projected working capital requirements, of the Company, the board of directors of the Company, pursuant to their resolution dated September 19, 2025, has approved the projected working capital requirements for Fiscal Year 2026 and Fiscal Year 2027. Further, we have relied on the report of external consultants. As informed by the management, the numbers for Fiscal 2026 in the projections are taken basis actuals for 4 months (from April 1, 2025 to July 31, 2025) and estimations for remaining 8 months (from August 1, 2025 to March 31, 2026) as the Company is still in the process of preparing MIS for the month of August, 2025 as on the date of this certificate.

Based on our examination, as we considered necessary and according to the information, explanations and representation given to us, we hereby confirm that working capital requirements of the Company for the financial years ended March 31, 2023, March 31, 2024, and March 31, 2025, from the Restated Standalone Financial Information, source of funding are as set out in **Annexure A**.

We confirm the Company's expected working capital requirements for Fiscal Years 2026 and 2027 based on estimates and projections provided by the Company and justifications for the same are as set out in the **Annexure B** and **Annexure C**. The Company proposes to utilize ₹30,000.00 lakhs and ₹12,500.00 lakhs of the Net Proceeds in Fiscal Years ending March 31, 2026 and March 31, 2027, respectively, towards its working capital requirements for meeting their future business requirements. The balance portion of working capital requirement of the Company shall be met through internal accruals and borrowings from Banks.

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 Offer, and can be used, in full or part, for inclusion in the Offer Documents, 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 Book Running Lead Managers in connection with the Offer and in accordance with applicable law, and for the purpose of any defense the Book Running Lead Managers may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.



This certificate may be relied on by the Book Running Lead Managers, their affiliates and legal counsel in relation to the Offer.

We confirm that on receipt of any written communication from the Company of any changes in the information, we will immediately communicate any changes in writing in the above information to the Book Running Lead Managers 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.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

For and on behalf of N. M. Raji & Co.,
Chartered Accountants
FRN: 108296W



Vinay D. Balse

Partner

Membership Number: 039434

UDIN: 25039434BMK0AR2648



Place:- Mumbai

Cc:

Domestic Legal Counsel to the BRLMs

Cyril Amarchand Mangaldas

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Domestic Legal Counsel to the Company

Khaitan & Co

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ANNEXURE A

(a) Basis of estimation of working capital requirement

The details of the Company's working capital as at March 31, 2023, March 31, 2024 and as at March 31, 2025, derived from the **Restated Standalone Financial Information** which is derived from an audited standalone financial information, and source of funding are provided in the table below:

Sr. No.	Particulars	(₹ in lakhs)		
		Fiscal Year		
		2023^^	2024	2025
(A)	Current assets			
a	Inventories	15,348.50	15,551.38	20,420.23
b	Trade receivables	8,654.24	29,692.79	33,780.40
c	Cash and cash equivalents	477.91	1,738.09	14,782.67
d	Other financial assets (including loans to subsidiary) *	3,571.27	402.91	1,936.45
e	Government grant	-	4,999.32	9,561.50
f	Other current assets	4,993.81	10,294.86	23,812.15
g	Investment in mutual funds	-	1,000.02	436.08
	Total current assets (A)	33,045.73	63,679.37	104,729.48
(B)	Current liabilities**			
a	Trade payables	30,872.40	13,765.06	46,826.90
b	Other financial liabilities	5,188.10	19,222.76	11,981.78
c	Provisions	4.66	14.47	24.16
d	Lease liabilities	-	-	166.46
e	Other current liabilities	211.49	139.04	183.33
	Total current liabilities (B)	36,276.65	33,141.33	59,182.63
(C)	Total working capital requirements (C=A-B)	(3,230.92)	30,538.04	45,546.85
	Less: Cash and Bank	477.91	1,738.09	14,782.67
	Total Net working capital requirements	(3,708.83)	28,799.95	30,764.18
(D)	Funding Pattern			
	Borrowings from banks	-	25,455.37***	27,941.95
	Internal accruals	-	3,344.58	2,822.23

^^ The closing pursuant to the business transfer agreements each dated September 26, 2022 with the erstwhile Nirani Sugars Limited, erstwhile Shri Sai Priya Sugars Limited, and erstwhile MRN Cane Power (India) Limited took place on October 1, 2022. Hence these are effectively only 6 months numbers.

* Excludes receivable from third parties amounting to Nil as at March 31, 2025, Rs 544.81 lakhs as at March 31, 2024, Rs 13,364.59 lakhs as at March 31, 2023 representing capital advances recoverable from vendors and includes income tax assets of Rs. 170.98 lakhs as at March 31, 2025, Rs. 397.13 lakhs as at March 31, 2024, Nil as at March 31, 2023.)

** Current maturities of term loans and liability component of Compulsorily Convertible Preference Shares are excluded from above current liabilities.

*** Working Capital loan was disbursed from the State Bank of India on January 23, 2024.



The table below highlights the installed capacity of TBL Unit 1, TBL Unit 2, TBL Unit 3, TBL Unit 4 and TBL Unit 5:

	Fiscal Year 2023 (in KLPD)	Fiscal Year 2024 (in KLPD)	Fiscal Year 2025 (in KLPD)
TBL Unit 1	700*	700	700
TBL Unit 2	500**	500	500
TBL Unit 3	200	200	400***
TBL Unit 4			200****
TBL Unit 5			200*****
Total	1,400	1,400	2,000

*The capacity was increased from 150 KLPD to 700 KLPD w.e.f. February 2023.

** The capacity was increased from 240 KLPD to 500 KLPD w.e.f. December 2022.

***TBL Unit 3 capacity was increased from 200 KLPD to 400 KLPD from November 1, 2024.

**** TBL Unit 4 received Consent for Operation (CFO) on December 24, 2024 and was capitalised on March 30, 2025 post completion of trial run production on March 29, 2025.

*****TBL Unit 5 was installed but not operational as on March 31, 2025.

The table below highlights the operational capacity of TBL Unit 1, TBL Unit 2, TBL Unit 3 and TBL Unit 4:

	Fiscal Year 2023 (in KLPD)	Fiscal Year 2024 (in KLPD)	Fiscal Year 2025 (in KLPD)
TBL Unit 1	700*	700	700
TBL Unit 2	500**	500	500
TBL Unit 3	200	200	400***
TBL Unit 4			200****
Total	1,400	1,400	1,800

*The capacity was increased from 150 KLPD to 700 KLPD w.e.f. February 2023.

** The capacity was increased from 240 KLPD to 500 KLPD w.e.f. December 2022.

***TBL Unit 3 capacity was increased from 200 KLPD to 400 KLPD from November 1, 2024.

**** TBL Unit 4 received Consent for Operation (CFO) on December 24, 2024 and was capitalised on March 30, 2025 post completion of trial run production on March 29, 2025.



The table below sets forth salient operational details of TBL Unit 1, TBL Unit 2, TBL Unit 3, *post-acquisition of distillery units pursuant to the business transfer agreements, each dated September 26, 2022, and* TBL Unit 4 and TBL Unit 5:

Particulars	Fiscal Year		
	2023	2024	2025
No. of Units functional at the start of the Year / Acquired during the Year	3	3	3
No. of Units started/expanded production during the Year	2*	-	2**
No. of Units functional at the end of the Year	3	3	4
Operational Capacity at start of the year	590	1400	1400
Operational Capacity increased during the year	810	-	400
Operational Capacity at end of the year	1400	1400	1800
Actual production	1,22,535	1,81,445	2,29,255***
Capacity	1,65,450	4,25,600	5,08,600
Capacity utilization ****	74.06%	42.63%	45.08%
No. of days of operation of distillery unit	151	304	365

*In Fiscal 2023, the installed capacity of TBL Unit 1 has increased from 150 KLPD to 700 KLPD and the installed capacity of TBL Unit 2 has increased from 240 KLPD to 500 KLPD.

**In Fiscal 2025, the installed capacity of TBL Unit 3 has increased from 200 KLPD to 400 KLPD. TBL Unit 4 received Consent for Operation (CFO) for 200 KLPD on December 24, 2024, from the Karnataka State Pollution Control Board and was capitalised on March 30, 2025 post completion of trial run production on March 29, 2025. TBL Unit 5 was installed but not operational as on March 31, 2025.

***Includes the trial run production of TBL Unit 4 for the period from February 20, 2025 to March 29, 2025 of 3,874 KL.

****For details pertaining to production, capacity and capacity utilization (%), refer Capacity Utilization on the following page.

The table below sets forth salient operational details of the TBL Unit 1, TBL Unit 2, TBL Unit 3 **as if the acquisition of the distillery units pursuant to the business transfer agreements, took place with effect from April 1, 2020, and** TBL Unit 4 and TBL Unit 5:

Particulars	Fiscal Year		
	2023	2024	2025
No. of Units functional at the start of the Fiscal Year	3	3	3
No. of Units expanded / started during the Fiscal Year	2*	-	2**
No. of Units functional at the end of the Fiscal Year	3	3	4
Operational Capacity at start of the Fiscal Year (in KLPD)	590	1,400	1400
Operational Capacity increased during the Fiscal Year (in KLPD)	810	-	400



Particulars	Fiscal Year		
	2023	2024	2025
Operational Capacity at end of the Fiscal Year (in KLPD)	1,400	1,400	1800
Actual production (in KL)	1,81,431	1,81,445	2,29,255***
Capacity at the end of the Fiscal Year (in KL)	2,60,220	4,25,600	5,08,600
Capacity utilization (%)****	69.72%	42.63%	45.08%
No. of days of operation of distillery unit	365	304	365

*In Fiscal 2023, the installed capacity of TBL Unit 1 has increased from 150 KLPD to 700 KLPD and the installed capacity of TBL Unit 2 has increased from 240 KLPD to 500 KLPD.

**In Fiscal 2025, the installed capacity of TBL Unit 3 has increased from 200 KLPD to 400 KLPD. TBL Unit 4 received Consent for Operation (CFO) for 200 KLPD on December 24, 2024 and was capitalised on March 30, 2025 post completion of trial run production on March 29, 2025. TBL Unit 5 was installed but not operational as on March 31, 2025.

*** Includes the trial run production of Unit 4 for the period from February 20, 2025 to March 29, 2025 of 3,874 KL.

****For details pertaining to production, capacity and capacity utilization (%), refer Capacity Utilization on the following page.

Capacity Utilization

During the Fiscals 2023, 2024 and 2025, the Company had a capacity utilisation rate of 69.72%, 42.63% and 45.08%, respectively. The lower capacity utilisation was primarily due to non-availability of working capital for procurement of raw materials for manufacture during the off season.

The following table sets forth in detail, the capacity utilization data and the number of operational days on a monthly basis for Fiscals 2023, 2024, 2025. The cells highlighted in grey in the below table are **as if the acquisition of the distillery units pursuant to the business transfer agreements, took place with effect from April 1, 2020**.



Month	Fiscal 2023						Fiscal 2024						Fiscal 2025					
	No. of Days	Capacity in KLPD	Production (KL)	Capacity (KL)	Utilization (%)	No. of Days	Capacity in KLPD	Production (KL)	Capacity (KL)	Utilization (%)	No. of Days	Capacity in KLPD	Production (KL)	Capacity (KL)	Utilization (%)	No. of Days	Capacity in KLPD	Production (KL)
April	30	590	12,739	17,700	71.97%	30	1,400	18,583	42,000	44.25%	30	1,400	8,540	42,000	20.33%	30	1,400	8,540
May	31	590	13,029	18,290	71.24%	31	1,400	21,992	43,400	50.67%	31	1,400	8,645	43,400	19.92%	31	1,400	8,645
June	30	590	10,237	17,700	57.84%	30	1,400	11,002	42,000	26.20%	30	1,400	8,138	42,000	19.38%	30	1,400	8,138
July	31	590	12,299	18,290	67.24%	31	1,400	4,598	43,400	10.59%	31	1,400	5,136	43,400	11.83%	31	1,400	5,136
August	31	590	9,202	18,290	50.31%	31	1,400	3,302	43,400	7.61%	31	700	4,138	21,700	19.07%	31	700	4,138
September	30	150*	1,387	4,500	30.82%	-	- *	-	-	-	30	900	8,513	27,000	31.53%	30	900	8,513
October	31	150*	1,044	4,650	22.46%	-	- *	-	-	-	31	900	4,538	27,900	16.27%	31	900	4,538
November	30	850	12,861	25,500	50.44%	30	1,400	22,348	42,000	53.21%	30	1,600	19,434	48,000	40.49%	30	1,600	19,434
December	31	850	23,543	26,350	89.35%	31	1,400	25,559	43,400	58.89%	31	1,800**	45,550	51,200	88.96%	31	1,800**	45,550
January	31	850	26,516	26,350	100.63%	31	1,400	19,959	43,400	45.99%	31	1,800	47,548	55,800	85.21%	31	1,800	47,548



	No. of Days	Capacity in KLPD	Production (KL)	Capacity (KL)	Utilization (%)	No. of Days	Capacity in KLPD	Production (KL)	Capacity (KL)	Utilization (%)	No. of Days	Capacity in KLPD	Production (KL)	Capacity (KL)	Utilization (%)
Feb	28	1,400	30,623	39,200	78.12%	28	1,400	30,077	39,200	76.73%	28	1,800	36,080	50,400	71.59%
Mar	31	1,400	27,948	43,400	64.40%	31	1,400	24,024	43,400	55.36%	31	1,800	32,995	55,800	59.13%
Total	365	1,400	1,81,431	2,60,220	69.72%	304	1,400	1,81,445	4,25,600	42.63%	365	1,800	2,29,255	5,08,600	45.08%

* Balance capacity under maintenance / planned shutdown due to lack of raw material.

In Fiscal 2023, Unit 1 (150 KLPD), Unit 2 (240 KLPD) and Unit 3 (200 KLPD) were operational from April to August 2022. The installed capacity of TBL Unit 1 increased from 150 KLPD to 700 KLPD from February 2023 and the installed capacity of TBL Unit 2 increased from 240 KLPD to 500 KLPD from December 2022.

In August, 2024, Unit 1 (700 KLPD) was operational and in September and October 2024, Unit 1 (700 KLPD) and Unit 3 (200 KLPD) were operational.

**In Fiscal 2025, the installed capacity of TBL Unit 3 has increased from 200 KLPD to 400 KLPD. TBL Unit 4 received Consent for Operation (CFO) from the Karnataka State Pollution Control Board for 200 KLPD on December 24, 2024 and was capitalised on March 30, 2025 post completion of trial run production on March 29, 2025. TBL Unit 5 was installed but not operational as on March 31, 2025.

*** Includes the trial run production of Unit 4 for the period from February 20, 2025 to March 29, 2025 of 3,874 KL.



Capacity Utilisation for Fiscal 2026 upto July 31, 2025

Fiscal 2026 upto July 31, 2025				
Month	No. of Operational days	Capacity (in KL)	Production (in KL)	Utilisation
April, 2025	3-20*	15,500	7,189	46.38%
May, 2025	2-22**	16,200	6,793	41.93%
June, 2025	5***	3,500	1,949	55.69%
July, 2025	4***	2,800	1,800	64.29%
		35,200	17,731	50.37%

*No. of days Operational – TBL Unit 1- 20 days, TBL Unit 2 – 3 days. TBL Units 3 and 4 were not operational.

** No. of days Operational – TBL Unit 1- 22 days, TBL Unit 3 – 2 days. TBL Units 2 and 4 were not operational

***Only Unit 1 was operational.

Note: The above table has been calculated based on the number of operational days of the plants. The plants typically operate for 300 to 330 days in a year. TBL Units 2, 3 and 4 were under a scheduled shutdown between May, 2025 and July, 2025.

Consent to operate is yet to be received from the Karnataka State Pollution Control Board for TBL Unit 5.



Under-utilisation During November 2023 to July 2024

The average utilisation for the period extending from November 1, 2023 to March 31, 2024 is equivalent to 57.70% on account of the following reasons:

- The crushing of sugarcane season started on November 28, 2023;
- The Ministry of Consumer Affairs, Government of India, under the Essential Commodities Act, 1955, and the Sugar (Control) Order, 1966 issued notification on December 7, 2023, ("**Notification 1**") prohibiting all sugar mills and distilleries from using sugarcane juice/syrup for production of ethanol in ethanol supply year 2023-2024, i.e., from November 1, 2023 till October 31, 2024 with immediate effect. However, the supply of ethanol from existing offers received from OMCs from B-heavy molasses could continue.;
- On December 15, 2023, by a further notification by the Ministry of Consumer Affairs, Government of India ("**Notification 2**", and together with Notification 1, "**Notifications**"), OMCs were directed to issue a revised allocation of sugarcane juice and B-heavy molasses-based ethanol for ethanol supply year 2023-24 to each distillery, including the Company. The Ministry of Consumer Affairs, Government of India also prohibited the use of sugarcane juice and B-heavy molasses for rectified spirit and extra neutral alcohol;
- Subsequently, writ petitions were filed before the High Court of Karnataka ("**Karnataka High Court**") seeking quashing of Notification 1 and Notification 2;
- By way of a judgment dated April 25, 2024, the Hon'ble Karnataka High Court upheld the Notifications observing that the Notifications are a temporary measure and being applicable only for the present ethanol supply year and will be subject to review by the Group of Ministers, the following year. The Hon'ble Karnataka High Court, *inter alia*, restrained all petitioners from generating any more 'B' heavy molasses and/or purchasing 'B' heavy molasses from the market, and also directed certain impugned OMCs, to procure the stock of ethanol already produced by the manufacturers and the ethanol to be manufactured within the following eight weeks from manufacturers who already have certain stock of 'B' heavy molasses;
- Pursuant to the Hon'ble Karnataka High Court order, the Company started dispatching ethanol from July 2024.
- Subsequently, the Ministry of Consumer Affairs, Government of India, issued notifications on August 29, 2024, and September 13, 2024, (a) allowing sugar mills and distilleries to produce ethanol from sugarcane juice/syrup, B heavy molasses, C heavy molasses during ethanol supply year 2024-2025 i.e. i.e., from November 1, 2024 till October 31, 2025 as per the agreement/allocation with OMCs and (b) allowing manufacture of rectified spirit and extra neutral alcohol respectively.

The Company had finished goods aggregating to 46,786 KL as of March 31, 2024 and 42,272 KL as of June 30, 2024. The storage capacity for finished goods of the company was 53,803 KL as of March 31, 2024 and 53,803 KL as of June 30, 2024. By virtue of the entire storage of the Company capacity being almost full, the Company could not produce more goods, leading to under-utilization of its existing capacity.

There was lower capacity utilization between the period from August 2024 to October 2024 due to off-season and lack of raw material availability.



ANNEXURE B

Considering the Company's existing working capital requirements, management estimates and projected working capital requirements, duly approved by the Board of Directors of the Company in its meeting held in September 19, 2025, we certify that the projected working capital requirements of the Company for Fiscal years 2026 and 2027 are as follows:

(₹ in Lakhs)			
	Particulars	Estimated as at March 31, 2026	Estimated as at March 31, 2027
	Capacity	2000 KLPD	2000 KLPD
	Capacity Utilization	77%	90%
	No. of Days of Operation of Distillery Unit	330	330
(A)	Current assets		
a	Inventories	1,04,760.39	1,26,228.04
b	Trade receivables	39,153.22	39,266.56
c	Cash and cash equivalents	19,157.21	33,958.54
d	Other financial assets	15,320.88	17,175.50
e	Government grant	15,000.00	15,000.00
f	Other current assets	31,500.00	31,500.00
	Total current assets (A)	2,24,891.70	2,63,128.64
(B)	Current liabilities		
a	Trade payables	37,238.76	38,926.21
b	Other financial liabilities	61,820.88	63,675.50
c	Provisions and other current liabilities	960.35	991.26
d	Other Current Liabilities	70.00	70.00
	Total current liabilities (B)	1,00,089.99	1,03,662.97
(C)	Total working capital requirements (C=A-B)	1,24,801.72	1,59,465.67
	Less: Cash and Bank	19,157.21	33,958.54
	Total Net working capital requirements	1,05,644.50	1,25,507.13
(D)	Funding Pattern		
	Borrowings from banks	30,000.00	30,000.00
	Internal accruals	45,644.50	83,007.13
	Funding through IPO Proceeds (on a cumulative basis)	30,000.00	42,500.00
	Funding through IPO Proceeds (Incremental for the year)	30,000.00	12,500.00



(a) **Assumptions for working capital requirements**

Particulars	Actuals based on Restated financial information			Projected	
	March 31			March 31	
	2023	2024	2025	2026	2027
Inventory days (Note-1)	56	70	52	139	174
- Raw Material	22	26	16	111	139
- Finished Goods	30	39	33	28	35
Trade receivables days	21	58	62	38	37
Other financial assets days	17	4	4	15	16
Government grant	-	15	19	15	14
Other current assets	24	31	46	31	30
Cash and cash equivalents	2	5	29	19	32
Trade payables days*	112	102	87	50	54
Other financial liabilities	3	12	6	59	64
Provisions and other current liabilities	2	1	1	1	1
Net Working Capital Days (Note-2)	-	64	89	128	152

*The high trade payable days for the years ended March 31, 2023, March 31, 2024 and March 31 2025 resulted from the group companies of the Company extending the credit period due to the Company's lack of working capital. Further, as the Company was able to procure working capital loan in the last quarter of Fiscal 2024, it was able to achieve a reduction in trade payable days from 102 as at March 31, 2024 to 87 days as at March 31, 2025. This extension is not indicative of the typical trade cycle for the industry, which generally ranges from 30 to 45 days.

Note-1: High inventory days stem from the need to store raw material which primarily is molasses for usage during off season period which generally lasts for 6-8 months from the months of April to October. During peak crushing seasons (lasting 4 to 5 months from the months of November to mid April) when the output surpasses demand the sugar manufacturing industry produces and stores final product (sugar / ethanol) and various byproducts like molasses. Thus, for Ethanol players, syrup is used as a raw material in the crushing season and molasses is used in the off season. Additionally, evolving market conditions with respect to domestic and international markets may also play a role in inventory management decisions leading to prolonged storage periods.

Sale of ethanol is to various Oil Marketing Companies ("OMCs"). The OMCs issue a tender and the Company participates in such tenders and upon being awarded the contract, the Company supplies ethanol.

Further the supply of ethanol is as per the delivery schedules which is guided by OMCs pursuant to various market factors. Hence during the crushing season, wherein manufacturing is a continuous process, the Company has to store the finished product also to enable the Company to supply on a regular basis as per the delivery schedules of OMCs.

Further, for pure-play ethanol companies, the raw material (syrup and molasses) prices increase in the off season due to which they are procured in the cane crushing season and stored in inventory, to ensure continuous supply of raw material throughout the year, thus leading to a higher investment in inventory resulting in a longer working capital cycle.

Note-2: Higher number of inventory days in the industry can be attributed to its cyclic nature with production being concentrated in sugarcane crushing season which generally lasts for 4-5 months, leading to a mismatch between cashflows and expenses throughout the year thus necessitating higher working capital days to manage daily operations and inventory.

Financial information used to calculate the aforementioned days derived from the Restated Standalone Financial Information for the financial year ended March 31, 2023, March 31, 2024 and March 31 2025 are as follows:



- (a) Trade receivable days is calculated as (Average receivables divided by revenue from operations) and multiplied by the number of days in the year.
- (b) Inventory days is calculated as (Average inventory divided by cost of goods sold) and multiplied by the number of days in the year.
- (c) Other current assets days is derived from other current assets at the year-end multiplied by number of days in the year divided by revenue from operations and other financial asset days is derived from other financial asset including income tax assets at the year end and excluding receivable from third parties representing capital advances receivable from vendors at the year-end multiplied by number of days in the year divided by revenue from operations.
- (d) Trade payable days is calculated as (average payables divided by cost of goods sold) and multiplied by the number of days in the year.
- (e) Other financial liabilities days is derived as other financial liabilities less due to related parties and creditors for capital goods at the period end, multiplied by number of days in the year and divided by cost of goods sold.
- (f) Provisions and other current liabilities days is derived from provisions and other current liabilities at the year end, multiplied by number of days in the year and divided by cost of goods sold.



Annexure C

Justifications for holding period levels

Basis for working capital requirement: To effectively meet the anticipated year-round demand, it is crucial for the Company to build a substantial inventory by the fourth quarter, as inventory supply is limited during the off-season extending from April to October. Consequently, inventory levels are significantly high at the end of the financial year to support this off-season. The Company plans to raise ₹ 42,500.00 lakhs through the proposed Offer to finance working capital requirements of the Company, of which ₹ 30,000 lakhs will be deployed in the production season of Fiscal 2026 and ₹ 12,500 lakhs will be deployed in the production season of Fiscal 2027 thereby enabling the procurement and storage of inventory at the end of the crushing season March / April and procurement of raw materials to operate the unit round the year. These funds will also help reduce the trade payable period from an average of 100 days to 52 days, allowing the Company to pay suppliers more promptly. Additionally, the Company will streamline trade receivables from an average of 47 days to 38 days, accelerating cash flow from customers and enhancing the Company's liquidity position. Further, the Company is also in the process of expanding the warehouse facility for procurement and storage of grain based raw material in the form of rice and maize. This is over and above the existing storage capacity.

Particulars	Justification
Trade receivables	The extended trade receivable days in the initial years are due to outstanding debts owed by existing debtors. As the Company achieve stability in the operations and implement enhanced control mechanisms, the Company aims to streamline its trade receivable cycle with the industry.
Inventories	The inventory holding period has historically ranged from 56 to 70 days. As of March 31, 2024, inventory levels were high due to Notification 1, restricting the use of sugarcane juice/syrup in ethanol production. This restriction led to a decline in ethanol sales to OMCs and an increase in inventory. Additionally, due to the seasonal nature of the business of the Company, it is crucial to accumulate a substantial inventory by the fourth quarter to meet anticipated demand effectively throughout the year, resulting into high inventory as at March 31st due to production in off season (from April to September). Until 2025, the capacity utilization rate was 45.08%. However, with the additional working capital raised through the proposed Offer, the company aims to increase the utilization rate to 77% in Fiscal 2026, and 90% in Fiscal 2027, which will lead to a projected increase in inventory days from 2026 onwards.
Other financial assets/ Other current assets	Other financial assets and Other current asset are expected to increase in line with expected business growth. This primarily comprises of receivable from third parties, balance with government authorities, prepaid expenses and advance to third parties and government grants (Interest Subvention).
Trade payables	The credit terms with vendors are 30 to 45 days. However, in the absence of a working capital facility, the trade payable days ranged between 102 to 112 days. During the quarter ending March 31, 2024, the Company secured a working capital loan with which the trade payable days was reduced to 87 days. Further, the trade payables will be reduced to a projected range of 54 to 50 days with support of additional working capital.



Provisions and other current liabilities (including financial liabilities)	Other financial liabilities (incl. other current liabilities and provisions) are expected to increase in line with expected business growth. This primarily comprises of dues to related parties, interest payable, statutory dues payable and provisions.
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