



Piyush J. Shah & Co.
Chartered Accountants

Piyush J. Shah

B.Com, FCA, D.I.S.A.(ICA)

To,
The Board Of Directors,
Neptune Petrochemicals Limited
Block-B, Office No. 606, Mondeal Heights Nr.
Panchratna Party Plot, S. G. Highway, Ahmedabad,
Ahmedabad, Gujarat, India, 38001

To,
Beeline Capital Advisors Private Limited,
B/1311-1314, Shilp Corporate Park Near Rajpath
Club, Rajpath Rangoli Road, Sarkhej - Gandhinagar
Hwy, Ahmedabad, Gujarat 380054
(Beeline Capital Advisors Private Limited referred to
as the "Lead Manager")

Dear Sir,

Sub: Proposed Initial Public Offering of Equity Shares of ₹ 10 Each (The "Equity Shares") Of Neptune Petrochemicals Limited (The "Company" and Such Offering, The "Issue")

Dear Sir,

According to the revenue and other assumptions, information/explanation as provided by the Company, Terms of our engagement with the Company and as per relevant records produced before us, we certify that we have examined the correctness of working capital assessment of the Company and funding pattern of working capital gap as follows:

Working Capital Requirement

Since Incorporation, our Company is engaged in manufacturing of manufacturing, and trading of a comprehensive range of bitumen products, bitumen emulsions and allied materials. The Company will meet the requirement to the extent of ₹4200.00 Lakhs from the Net Proceeds of the Issue and balance from borrowings at an appropriate time as per the requirements of the business. The Company will be utilising the additional working capital for expansion of its business activities. As per the internal workings provided by the Company for future Projections and Restated Standalone Financial Statement of the Company issued by M/s Piyush J. Shah & Co. dated 24th February, 2025 for last three years and period ended on 31st December, 2024, the position of estimated working Capital as per requirement arrived is as follows:

Details of Estimation of Working Capital requirement are as follows:



Reg. Office : 404-504, Shikhar Building, Nr. Vadilal house, Netaji Marg, Mithakhali Cross Road, Navrangpura, Ahmedabad-380009.

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Email : pjshahca@rediffmail.com; piyush@pjshahca.com Website : www.pjshahca.com

Branch Office : B-503, 9 Square, Nanamava Circle, Nr. Marvadi Broker, Rajnagar Main Road, Rajkot-360003.

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Your Growth Partner.....

S. No.	Particulars	As per Proforma Financials Statements (Merged Financial Inforamtion)	Actual (Restated)	Actual (Restated)	Actual (Restated)	Actual (Restated)	Projecte d	Projecte d	Projecte d
		31-March-22	31-March-22*	31-March-23	31-March-24	31-Dec-24	31-March-25	31-March-26	31-March-27
I	Current Assets								
	Trade receivables	4,738.95	3,892.96	5,246.68	7,144.12	7,764.24	9,372.79	11,035.35	13,280.91
	Inventories	4,885.85	3,959.79	3,576.38	2,543.30	1,468.31	3,591.58	4,406.45	5,365.50
	Cash and cash equivalents	1,965.53	1,187.46	880.04	1,667.59	1,482.82	517.24	722.62	647.92
	Short term loan & Advances	2.14	-	3.36	169.37	176.70	207.70	239.97	275.97
	Other Current Assets	862.32	708.53	941.51	144.48	290.22	823.35	1,031.10	1,208.00
	Total(A)	12,454.79	9,748.74	10,647.97	11,668.86	11,182.29	14,512.65	17,435.49	20,778.30
II	Current Liabilities								
	Trade payables	10,049.95	9,233.91	8,155.89	7,706.50	3,595.89	6,915.24	6,949.64	6,842.31
	Short Term Provisions	0.20	0.20	4.05	195.11	87.43	256.66	330.81	389.96
	Other Current Liabilities	1,157.92	447.38	1,002.69	992.54	1,858.62	1,346.84	777.61	894.25
	Total (B)	11,208.07	9,681.49	9,162.62	8,894.15	5,541.94	8,518.75	8,058.06	8,126.52
III	Total Working Capital Gap (A-B)	1,246.72	67.25	1,485.34	2,774.71	5,640.35	5,993.91	9,377.43	12,651.78
IV	Funding Pattern								
	Short term borrowing & Internal Accruals	1,246.72	67.25	1,485.34	2,774.71	5,640.35	5,993.91	6,877.43	10,951.78
	IPO Proceeds		-	-	-			2,500.00	1,700.00

* Note: The Company was originally formed as Partnership Firm under the Indian Partnership Act, 1932 ("Partnership Act") in the name and style of "M/s. Neptune Tradelink" pursuant to a Deed of Partnership dated April 03, 2021. The Partnership firm was formed by acquiring the business of M/s. Neptune Tradelink, sole proprietorship concern of our promoter Mr. Pareshkumar Subodhchandra Shah which was incorporated in 2004. "M/s. Neptune Tradelink" was thereafter converted from a Partnership firm to a Private Limited Company in the name and Style of "Neptune Petrochemicals Private Limited" under the provisions of Companies Act, 2013 vide certificate of incorporation dated October 21, 2021 issued by Registrar of Companies, Central Registration Centre bearing Corporate Identification Number (CIN) U24299GJ2021PTC126567..

While the intent was to transfer all business operations from the proprietorship to the partnership firm, practical challenges delayed the full transition, considering sequential nature of essential registrations and licenses, existing contracts with vendors, change notifications to vendors and customers, import formalities etc. In the meanwhile, the partnership firm applied for



conversion into a Private Limited Company under the Companies Act. The Certificate of Incorporation (COI) for the new entity was obtained on October 21, 2021.

However, due to the ongoing practical constraints, business operations continued under the proprietorship firm gradually and were moved in a structured and phased manner, into the Company. Accordingly, during FY21-22, the business has been booked in both Proprietorship firm and the Company. The Proforma Financial Statements have been prepared to give effect to the transition phase and reflect the nature of operations. Starting FY22-23, the business was completely moved into the Company.

The figures shown in restated financials include the results of M/s Neptune Petrochemicals Pvt. Ltd. and M/s Neptune Tradelinks (erstwhile partnership firm), the Company.

Key assumptions for working capital projections made by the Company:

Particulars	Actual March 31, 2022	Actual March 31, 2023	Actual March 31, 2024	Projected March 31, 2025	Projected March 31, 2026	Projected March 31, 2027
Debtors (in days)	180	28	40	42	43	45
Creditors (in days)	416	43	44	32	28	24
Inventories (in days)	183	19	14	16	17	18

Holding Level based on Proforma Financial Statement:

Below is the break-up of holding levels of Debtors, Creditors and Inventories for the Pro forma Financial Statement and the Assurance Report on it, dated 24th February, 2025:

Note: The Pro forma Merged Financial Information has been compiled by Management to show the combined financial information of Neptune Tradelink (erstwhile proprietorship firm) and Neptune Petrochemicals Limited (incorporated on October 21, 2021) on the company's financial position as at March 31, 2022 and its financial performance for the year ended March 31, 2022 as if the company was incorporated and commenced its business at the beginning of the earliest reported year presented i.e., April 01, 2021)

Particulars	Actual March 31, 2022
Debtors (in days)	32
Creditors (in days)	66
Inventories (in days)	33

(1) Inventory days: Closing of inventory for the period / revenue from sales of products * 365

(2) Trade receivable days: Closing of trade receivables for the period/ revenue from sales of products * 365

(3) Trade payable days: Closing of trade payables for the period / total direct cost for the current period * 365



Justification:

S. No.	Particulars
Debtors	<p>The Debtors levels for FY22 to FY24, has increased from ₹ 3892.96 Lakhs (as per Proforma Financial Statements ₹ 4,738.95) to ₹ 7144.12 Lakhs. To maintain competitiveness, the Company needs to offer longer credit periods, given the nature of its customer base, which is predominantly in the construction and infrastructure sectors known for extended payment cycles, accordingly the Company anticipates a lengthening of the debtor realization period from current 40 to 42 in FY25, 43 in FY26 and 45 days in FY27.</p> <p>The company like present, will continue to focus on optimizing collections and maintaining efficient receivables management to support liquidity, ensuring efficient working capital cycle while growing the sales in competitive landscape.</p>
Creditors	<p>The Company has been actively managing its trade payables to optimize its working capital cycle and enhance its bottom-line. Procurement of key raw materials like bitumen comes with shorter credit terms, and suppliers offer discounts for prompt payments. The creditor days ranged between 43 in FY23 and 44 in FY24 and actual creditors stood at ₹ 8155.89 Lakhs and ₹7706.50 Lakhs level.</p> <p>Moving forward, the Company plans to reduce creditor days to 32 days (value ₹ 6,915.24 Lakhs) in FY25 and further to 28 days (value ₹ 6,949.64 Lakhs) in FY26 and further to 24 days (value ₹ 6,842.3 Lakhs) by expediting payments to suppliers to avail cash discounts linked to earlier payments. This strategic shift of faster payments to suppliers, is aimed to avail cash discounts for prompt payments, which will help improve overall margins of the Company. The focus on efficient payable management in addition to margin improvements, shall also contribute to strengthening relationships with suppliers while supporting long-term growth of the Company.</p>
Inventories	<p>The Inventory levels for FY22 to FY24, inventory levels decreased from ₹3,959.79 Lakhs (as per Proforma Financial Statements ₹ 4,885.85) to ₹2,543.31 Lakhs. The Company has toned down its inventory holding level considering global commodity pricing fluctuations due to geo-political tensions. During FY24 closing, the Company had projected slowness in Q4FY24 and Q1FY25 due to halts & slowness in the Government spending and projects on account of model code of conduct for general elections, hence it has kept the inventory holding at lower levels, which shall again come back to normal holding period in coming years.</p> <p>We expect inventories to rise in alignment with increased demand and also partly due to supply chain issues, to mitigate potential supply chain disruptions, the inventory holding period is projected to increase slightly the inventory holding levels to be increased. Consequently, inventory days are projected to rise slightly, reaching 17 days by FY26 and then 18 days by FY27. Despite this moderate increase, we will continue focusing on optimizing inventory levels.</p>



This is to certify that the above mentioned information is true to the best of my knowledge and belief, according to the books, estimates and documents produced before me for verification.

The above certificate has been given on the specific request of the Company management for IPO of the company.

For Piyush J. Shah & Co.

F.R.N.: 121172W

Chartered Accountants



CA Arvind S. Vijayvargiya

Partner

M. No. 165063

UDIN: 25165063BMGXVR9388

Place: Ahmedabad

Date: 24th February, 2025