

Ramesh Verma & Co.

CHARTERED ACCOUNTANTS

Shree Krishna Square
2A, Grant Lane, Unit 7H
7th Floor, Kolkata – 700 012
Phone: 033 4044 3999
Mobile: +91 98302 63068
Email: fca.rkv@gmail.com

Certificate on the Objects of the Offer towards working capital requirements of the Company and its Material Subsidiary

To,
The Board of Directors
J.G.Chemicals Limited
Adventz Infinity @ 5
Unit No. 1511, Street No. 18, BN Block
Sector V, Salt Lake, Kolkata - 700091
West Bengal, India

Centrum Capital Limited
Level 9, Centrum House, CST Road
Vidyanagari Marg, Kalina, Santacruz (East)
Mumbai – 400 098
Maharashtra, India.

Emkay Global Financial Services Limited
7th Floor, The Ruby, Senapati Bapat Marg
Dadar - West
Mumbai - 400 028
Maharashtra, India.

Keynote Financial Services Limited
The Ruby, 9th Floor, Senapati Bapat Marg
Dadar (West)
Mumbai - 400 028
Maharashtra, India.

(Centrum Capital Limited, Emkay Global Financial Services Limited and Keynote Financial Services Limited are hereinafter individually referred to as **Book Running Lead Manager** and collectively as the **Book Running Lead Managers**)

Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (Equity Shares) by J.G. Chemicals Limited (Company) comprising fresh issue of Equity Shares and an offer for sale of the Equity Shares by Selling Shareholders (Offer).

H.O.: Satyen Apartment, 47, Mandir Road, Flat 1E & 1I, Kolkata – 700 028.



Ramesh Verma & Co.

CHARTERED ACCOUNTANTS

Shree Krishna Square
2A, Grant Lane, Unit 7H
7th Floor, Kolkata – 700 012
Phone: 033 4044 3999
Mobile: +91 98302 63068
Email: fca.rkv@gmail.com

We, Ramesh Verma & Co., Chartered Accountants, have been informed that the Company proposes to utilize the funds to be raised pursuant to the Offer, for *inter alia*, (i) investment in the Material Subsidiary of the Company, viz. BDJ Oxides Private Limited for funding its long-term working capital requirements; (ii) funding the working capital requirements of the Company; and (iii) investment in the Material Subsidiary of the Company, viz. BDJ Oxides Private Limited for funding its capital expenditure requirements for setting up a research and development centre situated in Naidupeta, as set out and detailed in **Annexure I** (read with **Appendix A** and **Appendix B**) hereto which have been prepared by the management of the Company (**Objects**).

We have been requested by the Company to verify and certify the details prepared by the management of the Company in respect of the monies spent so far towards the **Objects** of the proposed Offer as set out by the management of the Company in the Offer Documents (*defined below*). In this regard, we have verified the relevant documents, records, registers, books of accounts, the audited standalone financial statements of the Company and the audited standalone financial statements of the material subsidiary of the Company viz. BDJ Oxides Private Limited, as provided by the management of the Company, as we deemed relevant and appropriate. Based upon the said verification and review, we hereby verify and certify that as on the date of this certificate, the Company has not deployed any funds towards any of the **Objects** as set out in **Annexure I**.

Further, we have examined the working capital estimations and assumptions set out in **Appendix A** in relation to the material subsidiary of the Company viz. BDJ Oxides Private Limited and **Appendix B** in relation to the Company, prepared by the management of the Company based on the audited standalone financial statements of BDJ Oxides Private Limited and the audited standalone financial statements of the Company, respectively, and the management estimation of the future requirements for financial year ended 31 March 2024, 31 March 2025, 31 March 2026 and 31 March 2027. The examination has been done in accordance with the Standard on Assurance Engagements (SAE) 3400, the Examination of Prospective Financial Information issued by the Institute of Chartered Accountants of India. The preparation and presentation of the working capital estimations including the underlying assumptions, set out in **Appendix A** and **Appendix B** is the responsibility of the management and has been approved by the Board of Directors of the company. Our responsibility is to examine the evidence supporting the estimations. Our responsibility does not include verification of the estimations and assumptions. Therefore, we do not vouch for the accuracy of the same. These estimations have been prepared for Offer as stated hereinabove. The estimations have been prepared using a set of assumptions as set out in **Appendix A** and **Appendix B** of the details of the Offer.

H.O.: Satyen Apartment, 47, Mandir Road, Flat 1E & 1I, Kolkata – 700 028.



Ramesh Verma & Co.

CHARTERED ACCOUNTANTS

Shree Krishna Square
2A, Grant Lane, Unit 7H
7th Floor, Kolkata – 700 012
Phone: 033 4044 3999
Mobile: +91 98302 63068
Email: fca.rkv@gmail.com

We have carried out our examination of the prospective financial information on a test basis.

Based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that assumptions do not provide a reasonable basis for the estimation. Further, in our opinion and according to information and explanations given to us, the estimation is properly prepared on the basis of the assumptions as set out in Appendixes and on a consistent basis with the historical financial statements, using appropriate accounting principles. Actual results are likely to be different from the estimates since anticipated events might not occur as expected and the variation might be material.

Based upon the said verification and review, we hereby verify and certify that the details set out in **Annexure I, Appendix A and Appendix B**, save and except for assumptions and estimates set out therein, are true and correct.

We hereby consent to the extracts of this certificate being used in the Red Herring Prospectus (RHP) and the Prospectus to be filed with the Registrar of Companies, West Bengal at Kolkata (RoC) and submitted to the Securities and Exchange Board of India (SEBI), the BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE and together with the BSE, the **Stock Exchanges**) with respect to the Offer, any other regulatory or governmental authorities, and in any other material used in connection with the Offer and on the website of the Company and the Book Running Lead Managers in connection with the Offer.

We confirm that we have not been engaged or interested in the formation or promotion or in the management of the Company. We also confirm that we have complied with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI). We have 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,' issued by the ICAI.

We hereby authorise you to deliver a copy of this consent letter pursuant to Section 26 and 32 of the Companies Act, 2013 to ROC, SEBI, Stock Exchanges or any other regulatory or governmental authorities, as may be required.

We also consent to the references to us as "Independent Chartered Accountant" in the Offer Documents and references to us as required under Section 26 of the Companies Act, 2013 and as an

H.O.: Satyen Apartment, 47, Mandir Road, Flat 1E & 1I, Kolkata – 700 028.



Ramesh Verma & Co.

CHARTERED ACCOUNTANTS

Shree Krishna Square
2A, Grant Lane, Unit 7H
7th Floor, Kolkata – 700 012
Phone: 033 4044 3999
Mobile: +91 98302 63068
Email: fca.rkv@gmail.com

“Expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in our capacity as an independent chartered accountant and in respect of this certificate issued by us.

We undertake to update you of any change that may come to our knowledge, in the above-mentioned disclosures in writing until the Equity Shares commence trading on the Stock Exchange. In the absence of any such communication from us, the above information should be considered as an updated information until the Equity Shares commence trading on the Stock Exchanges, pursuant to the Offer.

This certificate is for information and for inclusion, in part or in full, in the Offer Documents or any other Offer related material, and may be relied upon by the Company, the Book Running Lead Managers and the legal advisors to the Offer. We hereby consent to the submission and disclosure of this certificate as may be necessary to the SEBI, the ROC, the Stock Exchanges and any other regulatory or governmental authorities and, or, for any other litigation purposes and, or, for the records to be maintained by the Book Running Lead Managers, in accordance with applicable law and for disclosure on the websites of the Company and the Book Running Lead Managers.

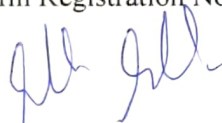
All capitalized terms not defined herein bear the meaning ascribed to them in the Offer Documents.

Yours Sincerely,

For Ramesh Verma & Co.

Chartered Accountants

Firm Registration No: 332562E



Ramesh K Verma

[Proprietor]

Membership No.: 064862

Dated: 14/02/2024

Place: Kolkata

UDIN: 24064862BKCTTJ9841



Cc:

BRLM Counsel

H.O.: Satyen Apartment, 47, Mandir Road, Flat 1E & 1I, Kolkata – 700 028.

Ramesh Verma & Co.

CHARTERED ACCOUNTANTS

Shree Krishna Square
2A, Grant Lane, Unit 7H
7th Floor, Kolkata – 700 012
Phone: 033 4044 3999
Mobile: +91 98302 63068
Email: fca.rkv@gmail.com

Bharucha & Partners

13th Floor, Free Press House,
Free Press Journal Marg,
Nariman Point,
Mumbai – 400 021
Maharashtra, India.

Company Counsel

Dentons Link Legal

Aiwan-e-Ghalib Complex,
Mata Sundri Lane,
New Delhi – 110 002



Enclosed: As above:

1. **Annexure I** - Details of the proposed utilization of funds and the Objects.
2. **Appendix A** and **Appendix B** in connection with the deployment and source of funds for the Objects.

H.O.: Satyen Apartment, 47, Mandir Road, Flat 1E & 1I, Kolkata – 700 028.

Annexure I

The Company proposes to deploy funds from the proceeds of the proposed Offer towards *inter alia* the following Objects. As on the date of this certificate, the Company has not deployed any funds towards any of the Objects.

Particulars	Amount deployed till date	Amount proposed to be funded from Net Proceeds (in ₹ million)	Details of the Objects
Investment in the Material Subsidiary of the Company, viz. BDJ Oxides Private Limited for funding its long-term working capital requirements	Nil	600.00	See Appendix A
Funding working capital requirements of the Company	Nil	350.00	See Appendix B
Investment in the Material Subsidiary of the Company, viz. BDJ Oxides Private Limited for funding its capital expenditure requirements for setting up a research and development centre situated in Naidupeta	Nil	60.58	Not Applicable



Appendix A

(Working Capital Requirements - BDJ Oxides)

Basis of estimation of working capital requirements

The details of working capital requirement of the Material Subsidiary of the Company, viz. BDJ Oxides Private Limited on the basis of the audited standalone financial statements of BDJ Oxides Private Limited as at December 31, 2023, March 31, 2023, March 31, 2022, and March 31, 2021, and the source of funding is set out below:

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Current assets				
(a) Inventories	420.89	756.80	448.54	293.99
(b) Trade receivables	624.27	653.30	546.89	508.99
(c) Loans & Advances	-	-	-	-
(d) Other current assets	117.24	37.54	127.20	115.68
(e) Other Financial Assets	17.79	11.48	12.06	17.72
(f) Current Tax Assets (Net)	0.51	-	-	-
Total current assets (A)	1,180.70	1459.12	1134.69	936.38
Current liabilities⁽¹⁾				
(a) Trade payables	25.43	51.26	21.62	38.64
(b) Provisions	6.31	7.18	5.74	-
(c) Other current liabilities	11.42	2.55	17.57	9.53
(d) Other Financial Liabilities	21.43	16.08	22.33	22.91



Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(e) Current Tax Liabilities (net)	-	4.24	8.41	21.58
Total current liabilities (B)	64.59	81.31	75.67	92.66
Total working capital requirements (A-B)	1,116.11	1377.81	1059.02	843.72
Funding Pattern				
Working capital funding from banks ⁽¹⁾	114.89	475.71	587.98	432.15
Internal accruals / unsecured loans	1,001.22	902.10	471.04	411.57

⁽¹⁾ Excluding current maturities of long-term debt and unsecured borrowings

Expected working capital requirement

On the basis of existing working capital requirement of the Material Subsidiary of the Company, viz. BDJ Oxides Private Limited, on a standalone basis, and assumptions for such working capital requirements for Fiscals 2024, 2025, 2026 and 2027 along with the proposed funding of such working capital requirements, as approved by the Board of Directors of the Company pursuant to its resolution dated 14 February 2024 and by the Board of Directors of BDJ Oxides Private Limited pursuant to its resolution dated 14 February 2024 the proposed funding of the working capital requirements are set out below:

Particulars	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027
I. Current Assets				
(a) Inventories	484.33	661.41	738.17	862.65
(b) Trade receivables	682.25	934.44	1,033.39	1,216.26
(c) Loans & Advances	-	-	-	-
(d) Other current assets	172.26	240.11	250.44	278.58

(in ₹ million)



Particulars	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027
Total current assets (A)	1,338.84	1,835.96	2,022.00	2,357.49
II. Current liabilities				
(a) Trade payables	56.85	77.29	86.52	103.40
(b) Provisions	7.18	7.18	7.18	7.18
(c) Other current liabilities	22.87	22.87	22.87	22.87
(d) Current tax liabilities (net)	-	-	-	-
Total current liabilities (B)	86.90	107.34	116.57	133.45
III. Total working capital requirements (C=A-B)	1,251.94	1,728.62	1,905.43	2,224.04
IV. Funding Pattern				
(a) Internal accruals (including Equity) */Borrowings**	1,251.94	1,478.62	1,505.43	1,624.04
(b) Net Working Capital Requirement	-	250.00	400.00	600.00
(c) Amount proposed to be utilised from Net Proceeds	-	250.00	150.00	200.00

*Internal accruals and equity as per audited standalone financials of BDJ Oxides for the Period ended December 31, 2023 is ₹ 1185.21 million.

** As on December 31, 2023 BDJ Oxides has ₹ 938.00 million of working capital sanction loan.



Assumptions for the estimated working capital requirements of BDJ Oxides Private Limited

The tables below contain the details of the holding levels (days) considered:

Inventory Days:

As at March 31, 2027 (assumed)	As at March 31, 2026 (assumed)	As at March 31, 2025 (assumed)	As at March 31, 2024 (assumed)	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
35	35	35	35	59	44	40

Trade Receivable Days:

As at March 31, 2027 (assumed)	As at March 31, 2026 (assumed)	As at March 31, 2025 (assumed)	As at March 31, 2024 (assumed)	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
50	50	50	50	52	55	72

Trade Payable Days:

As at March 31, 2027 (assumed)	As at March 31, 2026 (assumed)	As at March 31, 2025 (assumed)	As at March 31, 2024 (assumed)	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
5	5	5	5	2	0	4



Key justifications for holding levels

Sr. No.	Particulars	Assumptions
1.	Inventories	<p>Raw materials: The holding period of raw material in BDJ Oxides Pvt Limited is higher in Fiscal 2023 to 41 days due to higher level of inventory of raw materials as on the closing date primarily on account of addition of new production lines for which new plants were commissioned during last year. However, the same is expected to rationalise and BDJ Oxides Private Limited intends to hold inventory of Raw Material for approximately 25 days, in order to have the required critical raw materials in stock to cater to the required manufacturing due to the demand for the products of BDJ Oxides Private Limited.</p> <p>Finished Goods: In Fiscal 2023 the level of inventory of Finished goods was higher to 18 days due to higher level of closing inventories as on the closing date primarily on account of addition of new production lines for which new plants were commissioned during the last year. However, BDJ Oxides Private Limited typically maintains a low level of inventory i.e. 10 days of finished goods which is sufficient for the demand from various customers based on which the products are manufactured. BDJ Oxides Private Limited usually manufactures the finished goods as per the orders received, and hence the finished goods are not in inventory for more than 10 days.</p> <p>Material Subsidiary typically offers a credit period of about 50-55 days to its customers, the same is expected to be at 50 days for Fiscal 2024, 2025, 2026 & 2027.</p> <p>Material Subsidiary typically gets an average credit period of 0 to 4 days, it is expected to be 5 days for Fiscal 2024, 2025, 2026 & 2027.</p>
2.	Trade Receivables	
3.	Trade Payables	
4.	Provisions	These are short term in nature and are assumed at a constant level.



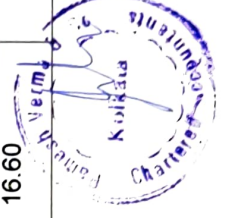
Appendix B

(Working Capital Requirements - Company)

Basis of estimation of working capital requirements

The details of working capital requirement of the Company on the basis of the audited standalone financial statements of the Company as at December 31, 2023 March 31, 2023, March 31, 2022, and March 31, 2021, and the source of funding is set out below:

Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Current assets				
(a) Inventories	343.50	281.65	434.12	192.42
(b) Trade receivables	318.96	502.79	400.83	388.96
(c) Loans & Advances	249.00	166.50	-	4.50
(d) Other current assets	162.64	53.03	92.15	144.60
(e) Other Financial Assets	63.73	198.39	76.01	43.42
(f) Current Tax Assets (Net)	6.91	-	-	-
Total current assets (A)	1,144.74	1202.36	1,003.11	773.90
Current liabilities⁽¹⁾				
(a) Trade payables	37.63	32.42	31.49	33.29
(b) Provisions	6.10	5.45	5.63	1.37
(c) Other current liabilities	2.57	2.09	3.56	22.51
(d) Other Financial Liabilities	16.42	7.00	16.60	7.43



Particulars	As at December 31, 2023	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(e) Current Tax Liabilities (net)	-	1.90	0.19	4.13
Total current liabilities (B)	62.72	48.86	57.47	68.73
Total working capital requirements (A-B)	1,082.02	1153.50	945.64	705.17
Funding Pattern				
Working capital Funding from banks ⁽¹⁾	63.32	132.42	240.64	218.82
Internal accruals	1,018.70	1021.08	705.00	486.35

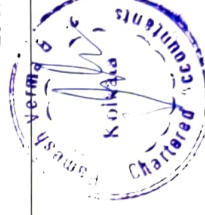
⁽¹⁾ Excluding current maturities of long-term debt and unsecured borrowings

Expected working capital requirement

On the basis of existing and estimated working capital requirement of the Company, on a standalone basis, and assumptions for such working capital requirements as approved by the Board of Directors of the Company pursuant to its resolution dated 14 February 2024 the proposed funding of the working capital requirements are set out below:

(in ₹ million)

Particulars	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027
I. Current Assets				
(a) Inventories	243.46	255.27	389.87	566.99
(b) Trade receivables	350.64	373.83	626.85	885.92
(c) Loans & Advances	-	-	-	-
(d) Other current assets	251.42	251.42	251.42	251.42



Particulars	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027
Total current assets (A)	845.52	880.52	1,268.14	1704.33
II. Current liabilities				
(a) Trade payables	29.15	30.68	51.35	72.60
(b) Provisions	5.45	5.45	5.45	5.45
(c) Other current liabilities	17.24	17.24	17.24	17.24
(d) Current tax liabilities (net)				
Total current liabilities (B)	51.84	53.37	74.04	95.29
III. Total working capital requirements (C=A-B)	793.68	827.15	1,194.10	1,609.04
IV. Funding Pattern				
(a) Internal accruals (including Equity)* /Borrowings**	793.68	827.15	994.10	1259.04
(b) Net Working Capital Requirement	-	-	200.00	350.00
(c) Amount proposed to be utilised from Net Proceeds	-	-	200.00	150.00

*Internal accruals and equity as per the audited standalone financials of the Company for the Period ended December 31, 2023 is ₹ 1239.98 million.

** As on December 31, 2023, the Company has ₹548.00 million of working capital sanction loan.



Assumptions for the estimated working capital requirements of the Company

The tables below contain the details of the holding levels (days) considered:

Inventory Days:

As at March 31, 2027 (assumed)	As at March 31, 2026 (assumed)	As at March 31, 2025 (assumed)	As at March 31, 2024 (assumed)	As at March 31,2023	As at March 31, 2022	As at March 31, 2021
35	35	35	35	30	60	36

Trade Receivable Days:

As at March 31, 2027 (assumed)	As at March 31, 2026 (assumed)	As at March 31, 2025 (assumed)	As at March 31, 2024 (assumed)	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
50	50	50	50	55	57	76

Trade Payable Days:

As at March 31, 2027 (assumed)	As at March 31, 2026 (assumed)	As at March 31, 2025 (assumed)	As at March 31, 2024 (assumed)	As at March 31, 2023	As at March 31,2022	As at March 31, 2021
5	5	5	5	1	1	3



Key justifications for holding levels

Sr. No.	Particulars	Assumptions
1.	Inventories	<ul style="list-style-type: none"> - Raw materials: The Company is holding inventory of raw material for at least 25 days, in order to have the required critical raw materials in stock to cater to the required manufacturing due to the demand for the products of the Company - Finished Goods: The Company typically maintains a low level of inventory i.e., 5 to 10 days of finished goods due to the demand from various customers based on which the products are manufactured. The Company usually manufactures the finished goods as per the orders received, and hence the finished goods are not in inventory for more than ten days.
2.	Trade Receivables	<ul style="list-style-type: none"> - Company typically offers a credit period of about 50-55 days to its customers, the same is expected to be at the same level for Fiscals 2024, 2025, 2026 & 2027.
3.	Trade Payables	<ul style="list-style-type: none"> - Company typically gets an average credit period of 1 to 4 days, it is expected to be 5 days for Fiscals 2024, 2025 & 2027.
4.	Provisions	<ul style="list-style-type: none"> - These are short term in nature and are assumed at a constant level.

