

S H B A & CO LLP

Chartered Accountants

CERTIFICATE ON WORKING CAPITAL REQUIREMENT

To,

The Board of Directors

Premier Industrial Corporation Limited

5th Floor, Kailash Corporate Lounge,

Godrej Hiranandani Link Road,

Park Site, Vikhroli (West), Mumbai-400079

(the "Company")

Unistone Capital Private Limited

A/305, Dynasty Business Park Andheri Kurla Road,

Andheri East, Mumbai 400 059,

Maharashtra, India

(Unistone Capital Private Limited hereinafter shall be referred to as "Book Running Lead Manager" or "BRLM")

Re: Proposed initial public offering of equity shares of the face value of ₹ 10 each (the "Equity Shares") of Premier Industrial Corporation Limited (the "Company" and such offering, the "Fresh Issue") and an offer for sale of Equity Shares by certain existing shareholders of the Company (the "Offer for Sale", and together with the Fresh Issue, the "Offer")

We, S H B A & CO LLP, the statutory auditors of the Company, have received a request from the management of the Company to review the working capital requirement of the Company and confirm details required for disclosures for the proposed Offer.

We have examined the restated financial statements and other relevant records of the Company for the financial years ended March 31, 2025, March 31, 2024, and March 31, 2023. We have examined the prospective estimated financial information given in the business plan duly approved by the

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Board of Directors of the Company for the financial years ended March 31, 2026, March 31, 2027, and March 31, 2028 and other relevant documentation in connection with the working capital requirements of the Company for the years ended March 31, 2026, March 31, 2027, and March 31, 2028.

Existing & projected working Capital Requirements: Based on our examination, as we considered necessary and according to the information and explanations given to us, we hereby certify the details of the Company's composition of net current assets or working capital, on the basis of the restated financial statements for the financial years ended March 31, 2025, March 31, 2024, March 31, 2023, respectively and source of funding of the same, and we hereby confirm the details of the Company's expected working capital requirements for Fiscal 2026, Fiscal 2027 and Fiscal 2028 and funding of the same are provided in the table below:

(₹ in million)

Sr. No.	Particulars	As at March 31, 2025 (Restated)	As at March 31, 2024 (Restated)	As at March 31, 2023 (Restated)
I.	A. Current Assets			
	Work-in Process and Inventories	1,828.01	1,304.49	879.33
	Trade receivables	1,054.18	696.35	785.15
	Bank balances other than Cash & Equivalents	15.94	91.29	39.66
	Other Financial assets and Current Assets	170.43	148.09	179.37
	Total Current Assets	3,067.93	2,232.85	1,878.90
II.	B. Current Liabilities			
	Trade Payables	341.41	192.87	132.66
	Other Financial Liabilities	981.93	544.13	425.22
	Contract Liabilities			
	Current Tax Liabilities	(0.62)	(7.35)	(4.61)

Sr. No.	Particulars	As at March 31, 2025 (Restated)	As at March 31, 2024 (Restated)	As at March 31, 2023 (Restated)
	Other Current Liabilities	48.86	33.49	27.34
	Total Current Liabilities	1,371.58	763.14	580.62
III.	C. Total Working Capital Requirement (A-B)	1,696.36	1,469.70	1,298.29
IV.	D. Existing Funding Pattern			
	Working capital loans, internal accruals, equity	2,662.35	1,922.56	1,636.07

The details of the Company's projected working capital requirements for Fiscal 2026, Fiscal 2027 and Fiscal 2028, are set out below:

(₹ in million)

Sr. No.	Particulars	As at March 31, 2026 (Projected)	As at March 31, 2027 (Projected)	As at March 31, 2028 (Projected)
I.	A. Current Assets			
	Inventories	1,881.52	2,126.01	2,559.04
	Trade receivables	1,101.92	1,221.08	1,515.46
	Other current assets	165.57	170.57	180.57
	Total Current Assets (Other than Loan Assets)	3,149.01	3,517.66	4,255.07
II.	B. Current Liabilities			
	Trade Payables	338.95	357.67	417.79
	Other Current Liabilities	58.86	68.86	113.86
	Total Current Liabilities (Other than Borrowings)	397.81	426.53	531.65

Sr. No.	Particulars	As at March 31, 2026 (Projected)	As at March 31, 2027 (Projected)	As at March 31, 2028 (Projected)
III.	C. Total Working Capital Requirement (A-B)	2,751.20	3,091.13	3,723.41
IV.	D. Existing Funding Pattern			
	Borrowing	1,210.00	1,210.00	1,210.00
	Internal Accruals	1,541.20	1,711.13	2,013.41
V.	Cumulative Amount proposed to be utilized from Net Proceeds	-	170.00	500.00

The Company proposes to utilize ₹ 670.00 million from Net Proceeds towards funding the working capital requirements. The company expects that the funding pattern for working capital requirements for Fiscals 2026, Fiscal 2027 and Fiscal 2028 will comprise of short-term borrowings from banks and other financial institutions, internal accruals and Net Proceeds.

Assumptions and justifications for working capital requirements

Sr. No.	Particulars	Assumptions and Justifications
1	Inventories	Our inventory holding period has fluctuated from 79 to 120 days over the last three financial years. As a manufacturer of powder and wires used as a raw material in the welding consumables industry, maintaining a certain level of inventory is crucial. The increase to 117 days in FY 2024 was due to a significant 10% drop in raw material prices. The further increase to 120 days in FY 2025 was a result of revenue growth. For FY 2026, we project a further increase to 129 days as a strategic measure to mitigate price volatility in the metal market. For FY 2027 and FY 2028, we expect inventory days to decrease to 128 and 125 days, respectively, as we anticipate stabilization in raw material prices. Maintaining a 120-day inventory level is crucial for ensuring smooth order execution, timely delivery, and managing raw material price risks. This level also helps improve supply chain reliability and provides the flexibility needed to meet the demand from various sectors like construction and infrastructure, automotive, aerospace, shipbuilding and marine, energy, manufacturing, defence and military, mining and mineral processing, art and design, electronics and electrical, where customization is often required. The nature of our finished products, supplied to

Sr. No.	Particulars	Assumptions and Justifications
		various sectors, necessitates customization in the process. Therefore, keeping an adequate inventory is crucial to ensure smooth order execution and timely delivery
2	Trade receivables	Our Company's trade receivable days have historically ranged from 67 to 81 days, which is typical for a B2B operation. The nature of our products, used for further manufacturing, and a customer base that supplies to both government and private entities, often results in longer payment cycles. The slight decrease in receivable days from 81 to 80 days in FY2024 was due to decline in Revenue from Operations (₹311.57 million) compared to the decline in Trade Receivables (₹88.80 million). Although the debtor balance decreased, the larger reduction in the sales base over which the days are calculated resulted in the extension of the receivable period. Conversely, the sharp decrease to 67 days in FY2025 was driven by a 40.33% surge in Revenue from Operations (increase of ₹1,369.01 million), which significantly outpaced the 51.39% increase in Trade Receivables (increase of ₹357.84 million). The substantial increase in revenue, which is the denominator in the days calculation, led to a compression of the Trade Receivable Days, even with the growth in outstanding debtors. For FY 2026, FY 2027, and FY 2028, we project a reduction in trade receivable days to 75, 74, and 73 days, respectively. This is a strategic move to secure new customers with more stringent payment terms, thereby lessening our dependence on repeated customers. We anticipate our trade receivable days will stabilize and will be in line with industry standards.
3	Other financial assets and current assets	These assets, which include balances for GST input credit and advances to suppliers, are expected to grow in line with the overall business expansion. The decrease in this category from ₹165 million in FY 2023 to ₹132 million in FY 2024 was primarily due to a ₹79.5 million GST refund claim. The subsequent increase to ₹160 million in FY 2025 was driven by an advance payment of ₹21.69 million for customs duty. As our operations scale, we anticipate a corresponding increase in these assets to support business activities and operational needs.
4	Trade Payables	Our historical trade payable days have ranged from 12 to 29 days. We project this to be 34, 34, and 30 days for FY 2026, FY 2027, and FY 2028, respectively. This slight increase is a conscious decision to extend credit periods and take advantage of competitive purchase prices, which will improve the company's profitability. The increase in payable days from 12 to 25 in FY 2024 and further to 29 in FY 2025 was due to increased credit periods from suppliers and favourable market conditions for buyers. To improve efficiency, we plan to streamline our payable processes to our vendors. This will empower us to negotiate more favourable terms and prices, fostering stronger supplier relationships and bolstering our bottom line.
5	Other Current Liabilities	Other current liabilities, which include expenses payable and employee-related liabilities, are expected to increase in line with our business growth. The increase from ₹20.33 million in FY2024 to ₹24.01 million in FY2025 was due to a rise in gratuity liability. The subsequent increase to ₹37.11 million in FY2025 was driven by higher audit fees and an increase in employee headcount. The projected increase in these liabilities for FY2026, FY2027, and FY2028 is directly linked to the company's planned expansion, including the installation of a new plant, which will lead to a rise in employee-related liabilities and monthly expenses. We anticipate a shift in customer payment terms from advance

Sr. No.	Particulars	Assumptions and Justifications
		payments to Letters of Credit, particularly for new domestic and export customers. This will contribute to a more stable and predictable cash flow cycle, while managing operational needs effectively.

The below table sets forth the details of the holding period:

Sr. No.	Particulars	Restated			Projected		
		No. of days as on As at March 31, 2023	No. of days as on As at March 31, 2024	No. of days as on As at March 31, 2025	No. of days as on As at March 31, 2026	No. of days as on As at March 31, 2027	No. of days as on As at March 31, 2028
I.	A. Current Assets						
	Inventories ⁽¹⁾	79	117	120	129	128	125
	Trade receivables ⁽²⁾	81	80	67	75	74	73
	Other Financial assets & Other current assets ⁽³⁾	16	18	12	12	11	9
II.	B. Current Liabilities						
	Trade Payables ⁽⁴⁾	12	25	29	34	31	30
	Other Current Liabilities ⁽⁵⁾	12	5	4	5	6	7

Notes:

- 1) *Inventories days are calculated as Inventories at the end of the period multiplied by 365 and divided by revenue from operations.*
- 2) *Trade receivables days are calculated as Trade receivables at the end of the period multiplied by 365 divided by revenue from operations for the period.*
- 3) *Other current assets days are calculated as Other current assets at the end of the period multiplied by 365 divided by revenue from operations for the period*
- 4) *Trade Payables days are calculated Trade Payables at the end of the period multiplied by 365 divided by cost of goods sold for the period*
- 5) *Other Current Liabilities days are calculated Other Current Liabilities at the end of the period multiplied by 365 divided by revenue from operations for the period*

Key justifications for holding levels

The estimates of working capital requirements for the years ended March 31, 2026, March 31, 2027, and March 31, 2028, have been prepared by the management of the Company. The same is based on the estimates of future financial performance as projected by the management of the Company and as approved by the Board, which represents their view of reasonable expectations at the point of time when they were prepared, but such information and estimates are not offered as assurances that the same will be achieved or events will occur as predicted. The projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are cautioned that these projections may not be appropriate for purposes other than that described herein.

We have compiled the above-mentioned existing working capital information from the restated financial statements of the Company for the financial years ended March 31, 2025, March 31, 2024, and March 31, 2023, and the working capital projections approved by the board of directors of the Company pursuant to a resolution dated 29th September, 2025.

While reviewing these details, we have reviewed the restated financial statements of the Company for the financial years ended March 31, 2025, March 31, 2024, and March 31, 2023, the minutes of meetings of the board of directors (including any committees thereof), minutes of the meetings of the shareholders, and any other documents and records of the Company that we believe are relevant for us to furnish this certificate and inquired with the directors / key managerial personnel of the Company.

We have examined the projected working capital requirements of the Company and the holding levels as reported in this certificate in accordance with 'Standard on Assurance Engagement 3400 - The Examination of Prospective Financial Information' issued by Institute of Chartered Accountants of India (ICAI) and 'Guidance Note on Reports or Certificates for Special Purposes' issued by the ICAI. We hereby confirm that while providing this

certificate we have complied with the Code of Ethics and 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.

Our responsibility is to examine the evidence supporting the assumptions and other information considered in preparation of projected working capital requirements as mentioned above. Our responsibility does not include verification of projections; hence we do not vouch for the accuracy of the same. Our review of the above working is dependent upon the information furnished to us by the management. We have not performed any audit of the said projections or any of the prospective estimated financial information used and therefore do not express any opinion with regards to the same. In accordance with SAE 3400, we have carried out our examination of prospective estimated financial information and the underlying assumptions on test basis.

Restriction on use

We confirm that we will immediately inform any changes in writing to the above information to the Company and the Book Running Lead Managers until the date when the Equity Shares commence trading on the Stock Exchanges. In the absence of any such communication from us, you may assume that there is no change in respect of the matters covered in this certificate.

We also consent to the inclusion of this letter as a part of "*Material Contracts and Documents for Inspection*" in connection with this Offer, which will be available for public for inspection from date of the filing of the RHP until the Bid/ Offer Closing Date including through online means on the website of the Company.

We hereby consent to this letter being disclosed by the Book Running Lead Manager, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority and (ii) can be relied upon in connection with any actual, potential, or threatened legal, arbitral, or regulatory proceedings or investigations."

This certificate is for information and for inclusion (in part or full) in the draft red herring prospectus ("**DRHP**"), the red herring prospectus ("**RHP**") and the prospectus ("**Prospectus**") filed in relation to the Offer (collectively, 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 each of the Company and the Book Running Lead Managers. We hereby consent to our name and the aforementioned details being included in the Offer Documents and also consent to the submission of this certificate as may be necessary to the Securities and Exchange Board of India, the Registrar of Companies, Mumbai at Maharashtra, the Stock Exchanges, and any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law. We do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

We consent to the upload of this certificate as part of the back-up documents to be retained in relation to the Offer on the online document repository platform established by each of the Stock Exchanges, in accordance with SEBI Circular No. SEBI/HO/CFD/CFD-TPD-1/P/CIR/2024/170 dated December 5, 2024.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours faithfully,

For, S H B A & CO LLP

(Formerly Bathiya & Associates LLP)

Chartered Accountants

ICAI Firm Registration No.: 101046W/W100063



Jatin A. Thakkar

Partner

Membership No: 134767

Place: Mumbai

Date: 29th September, 2025

UDIN: 25134767BMJEXU9129

Cc:

Legal Counsel to the Issuer as to Indian Laws

Dentons Link Legal

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