

CA JYOTI ASRANI

FCA, ISA (ICAI)



JYOTI ASRANI & ASSOCIATES
Chartered Accountants

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WORKING CAPITAL REQUIREMENT CERTIFICATE

Date: 12th December 2024

To,

The Board of Directors
Happy Square Outsourcing Services Limited
240, Nagpur Road, Madan Mahal,
Jabalpur- 482 008,
Madhya Pradesh, India

Corpwis Advisors Private Limited
G-07, Ground floor,
The Summit Business Park (Omkar),
Andheri Kurla Road, Andheri East,
Mumbai – 400 093, Maharashtra, India.

(Corpwis Advisors Private Limited referred to as the “Book Running Lead Manager”)

Dear Sir,

Sub: Proposed initial public offering of equity shares of face value Rs. 10 each (“Equity Shares”) by Happy Square Outsourcing Services Limited (“Company”) (referred to as the “Issue”).

Dear Sirs,

At the request of the Company, we have traced the working capital requirement figures proposed to disclose as part of the objects of the issue from the Restated financial statements for the year(s) ended March 31, 2024, 2023 and 2022 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 year 2024-25 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 period ended July 31, 2024, March 31, 2024, 2023 and 2022 and funding of the same are as set out in the table below:

(₹ In lakhs)

Particulars	2022 (Restated)	2023 (Restated)	2024 (Restated)	Jul-24 (Restated)
Current Assets				
Inventories	-	-	-	
Trade Receivables	600.65	762.21	1,517.08	1,826.80
Cash and Bank Balance	49.41	22.75	22.49	33.02
Short Term Loans & Advances	8.11	254.57	605.85	888.73
Other Current Assets	61.68	134.69	244.54	330.71
Total (A)	719.87	1,174.20	2,389.95	3,079.27
Current Liabilities				
Trade Payables	190.61	254.54	145.43	167.27
Other Current Liabilities	250.58	297.00	924.87	1,055.45
Short Term Provisions	0.01	0.02	0.03	20.53
Total (B)	441.20	551.56	1,070.33	1,243.25
Net Working Capital (A)-(B)	278.67	761.08	1,319.62	1,836.02
Sources of Working Capital				
Short Term Borrowings	87.82	389.93	789.63	1086.01
Other Sources	-	-	-	

The details of the Company's projected working capital requirements for the year 2025 and 2026 funding of the same are as set out in the table below:

(₹ in lakhs)

Particulars	2025 (Projected)	2026 (Projected)
Current Assets		
Inventories	-	-
Trade Receivables	2,138.48	3,040.04
Short Term Loans & Advances	264.81	330.00
Cash and Bank Balance	36.01	104.44
Other Current Assets	169.74	349.31
Total (A)	2,609.03	3,823.79
Current Liabilities		
Trade Payables	165.07	219.07
Other Current Liabilities	601.87	907.51
Short Term Provisions	-	-
Total (B)	766.93	1,126.59
Net Working Capital (A)-(B)	1,842.09	2,697.21
Sources Of Working Capital		

Short Term Borrowings	720.00	779.63
Internal accruals	1,122.09	17.58
IPO Proceeds	-	1,900

Assumption: -

Particulars	As At March 31,2024				
	2022	2023	2024	2025	2026
	(Restated) (Days)	(Restated) (Days)	(Restated) (Days)	(Estimated) (Days)	(Estimated) (Days)
Inventories [[·] Note: If Company has a manufacturing unit]	-	-	-	-	-
Trade Receivables	66	47	60	74	78
Trade Payables	15	17	12	7	7

Justifications

Particulars	Justification
Trade Receivables	The trade receivables holding levels for the company much comfortable over the years indicating prompt realization of debtors. In fiscal FY 22, the holding period was 66 days, which decreased to 47 days in fiscal FY 23. Further with growing sales and dynamic market conditions, for fiscal FY 24, the debtor days increased to 60 days indicating a little delay in realization as the management had to adjust its credit policy with the current market situation. The Management also ensures that the debt is collected and there are minimal or no bad debts on the receivables by implementing a robust policy for follow ups and collection.
Trade Payables	The average credit period for fiscal FY 22 was 15 days which slightly increased to 17 days for the fiscal FY 23. However, the credit days are lower as compared to the Industry as the Company pays off its suppliers in a timely manner and further the creditor days remained at approximately the same levels at 12 days as the company manages its payables efficiently. The average credit period estimated to be improved and is projected at 7 days for the coming fiscal FY 25 and expected to be at approximately same levels in fiscal FY 26 suggesting optimum management of trade creditors.

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

1. Traced Company's working capital requirements as of July 31 & March 31 2024, March 31 2023 and March 31 2022 and funding of the same from the restated final statements.
2. 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 to the bank.
3. Relied solely on management representation that they will require the working capital estimate is for year 2025, 2026
4. 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 Happy Square Outsourcing Services Limited (the "Company") in relation to the initial offering of equity shares of the Company in a public offering in India.

Yours sincerely,

For JYOTI ASRANI & ASSOCIATES
Chartered Accountants
ICAI Firm Registration No.: 010126C
Peer Review Certificate No. 016774

CA. JYOTI ASRANI
Partner
Membership No: 079966
Place: Jabalpur
Date: 12/12/2024
UDIN: [24079966BKCLFO9066]

