

Date: December 03, 2021

The Board of Directors

Data Patterns (India) Limited

Plot H9, Fourth Main Road
SIPCOT IT Park, Siruseri, Chennai 603 103
Tamil Nadu, India
(the “**Company**”)

JM Financial Limited

7th Floor, Cnergy,
Appasaheb Marathe Marg
Prabhadevi,
Mumbai 400 025
Maharashtra, India

IIFL Securities Limited

10th Floor, IIFL Centre
Kamala Mills, Senapati Bapat Marg
Lower Parel (West)
Mumbai – 400 013
Maharashtra, India

(Collectively, with any other book running lead managers that may be appointed in connection with the Offer, the “**Book Running Lead Managers**” or “**BRLMs**”)

Re: Proposed initial public offer of equity shares of face value of Rs. 2 each (the “Equity Shares”) of the “Company” and such offer, the “Offer”.

We, Sanjiv Shah & Associates, Chartered Accountants having (Firm Registration Number: 003572S / Peer Review Certificate No: 011473 office situated at 7th Floor, Empee Tower, No.59, Adhithanar Salai (Formerly Harris Road), Chennai – 600 002. Our firm has been appointed by the company M/s. Data Patterns (India) Ltd to certify the future working capital requirements of the Company for the purposes of DRHP filed with SEBI by the Company and also for the purposes of Red Herring Prospectus (RHP) and Prospectus which are proposed to be filed by the Company and which will form part of one of the Objects of the proposed IPO. For the purpose of this certificate, the working capital numbers pertaining to the financial years 2018-19, 2019-20, 2020-21 and for the period ended September 30, 2021 and September 30, 2020 were based on the restated financial statements certified on 27/11/2021 by the Company’s Statutory Auditors, M/S. R.G.N. Price & Co, Chartered Accountants, Chennai. The auditors have certified that the restated financial statements have been prepared in accordance with the Companies Act, 2013, as amended (the “**Companies Act**”) and Indian Accounting Standards prescribed under the Companies Act (Indian Accounting Standards) Rules, 2015 and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”) and the reports issued thereon (the “**Restated Standalone Financial Statements**”).

The preparation and presentation of the **Annexure A** including the underlying assumptions, set out in **Annexure 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 assumptions and other information in the estimated working capital requirements. Our responsibility does not include verification of the same. Therefore, we do not vouch for the accuracy of the same.

Actual results are likely to be different from the forecast since anticipated events might not occur as expected and the variation might be material.

We have carried out our examination 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 these assumptions do not provide a reasonable basis for the forecast and based on the information and explanation provided to us by the management, we hereby certify that as on the date of this certificate the working capital requirements of the Company for the Fiscals 2019, 2020, 2021 and for the period ended September 30, 2021 and September 30, 2020 (on the basis of restated standalone financial statements certified on 27/11/2021), the estimated working capital requirements for the [Fiscals 2022, 2023 and 2024] and the holding levels are set out at **Annexure A**.

Based on internal estimates and projections by the company and as approved in the board minutes, are as set out at **Annexure A**, the Company would require total working capital to the extent of Rs. 2076.47 million, Rs. 2820.98 million and Rs. 3104.97 million for the Fiscals 2022, 2023 and 2024, respectively.

As on November 20, 2021, Company has total sanctioned limit of working capital facilities of Rs. 528.40 million from State Bank of India, Axis Bank, IDBI Bank and HDFC Bank., and has utilized Rs. 502.09 million.

In respect of the working capital requirements detailed hereinabove, the assumption underlying the justification for periods of holding levels as per the management and approved in the board minutes are set forth in **Annexure B**.

The Company proposes to utilize Rs. 951.91 million of the Net Proceeds in Fiscal 2023 and Fiscal 2024 towards its working capital requirements for meeting their future business requirements.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

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.

We confirm that the information in this certificate based on our examination of the evidence supporting the assumptions, nothing has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the forecast and is in accordance with the requirements of the Companies Act, 2013 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. We confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

This certificate is for information and for inclusion (in part or 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 appointed by the Company and the Book Running Lead Managers in relation to the Offer. We hereby consent to the submission of this certificate as may be necessary to SEBI, the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"), the relevant stock exchanges, 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 hereby consent to this certificate being disclosed by the Book Running Lead Managers, if required (i) by reason of any law, regulation or order of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We confirm that we will immediately communicate in writing any changes that has come to our knowledge or are brought to our knowledge and attention by the Company in the above information to the Book Running Lead Managers until the date when the Equity Shares commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Book Running Lead Managers and the legal advisors, each to the Company and the Book Running Lead Managers, can assume that there is no change to the above information that has come to our attention until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Offer.

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

Restriction on use

The certificate is addressed to and provided to the Board of Directors of the Company and BRLMs solely for the purpose of proposed Initial public offer and to submit the accompanying Statement to SEBI, the Registrar of Companies, Tamil Nadu at Chennai ("**RoC**"), the relevant stock exchanges, any other regulatory authority and/or for the records to be maintained by the Book Running Lead Managers and in accordance with applicable law and should not be used by any other person or for any other purpose. Accordingly, 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.

For Sanjiv Shah & Associates,
Chartered Accountants
Firm Registration No: 003572S

G Digitally signed by
G Ramakrishnan
Ramakrishnan

CA G Ramakrishnan
Partner

Membership No.: 209035
UDIN: 21209035AAAADV3818

Place: Chennai
Date: Decemeber 03, 2021

Encl: As above

ANNEXURE A

Basis of estimation of working capital requirement

As per restated standalone financial statements dated 27/11/2021

(Rs. in Million)

S. No.	Particulars	As at Sep 30, 2021	As at Sep 30, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2019
(A)	Current Assets*					
	Inventories	868.18	910.32	737.45	794.14	866.86
	Trade receivables	1345.27	1091.29	1559.35	1156.34	1029.40
	Other financial and current assets	256.62	268.40	228.29	189.82	120.09
	Total Current assets (A)	2470.07	2270.01	2525.09	2140.30	2016.35
(B)	Current Liabilities					
	Trade Payables	100.56	231.47	119.95	172.58	158.61
	Advances from customers	129.42	299.48	191.31	187.74	185.67
	Other financial and current liabilities	239.31	134.11	171.23	207.02	131.48
	Total Current Liabilities (B)	469.29	665.06	482.49	567.34	475.76
	Net working capital requirements (A-B)	2000.78	1604.95	2042.60	1572.96	1540.59
(C)	Funding pattern					
	Borrowings from banks, financial institution and non-banking financial companies (including bill discounting)	435.55	466.46	234.51	600.13	601.33
	Internal accruals / Equity	1565.23	1138.49	1808.09	972.83	939.26
	Total Means of Finance	2000.78	1604.95	2042.60	1572.96	1540.59

*Cash and cash equivalents have not been considered as part of the current assets in the computation of net working capital requirements.

(Rs. in Million)

S. No.	Particulars	Est. As at March 31, 2022	Est. As at March 31, 2023	Est. As at March 31, 2024
(A)	Current Assets*			
	Inventories	923.61	1198.90	1193.67
	Trade receivables	1968.23	2463.98	2905.29
	Other financial and current assets	220.90	220.90	220.90
	Total Current assets (A)	3112.74	3883.78	4319.86
(B)	Current Liabilities**			
	Trade Payables	173.18	239.78	265.26
	Advances from customers	408.45	238.06	247.67
	Other financial and current liabilities	454.64	584.96	701.96
	Total Current Liabilities (B)	1036.27	1062.80	1214.89
	Net working capital requirements (A-B)	2076.47	2820.98	3104.97
(C)	Funding pattern			
	Borrowings from banks, financial institution and non-banking financial companies (including bill discounting) or internal accruals	2076.47	2153.98	2153.06
	Proceeds from the Offer		667.00	951.91
	Total Means of Finance	2076.47	2820.98	3104.97

* Cash and cash equivalents have not been considered as part of the current assets in the computation of estimated net working capital requirements.

** Current maturities of long-term debt have not been considered as part of the current liabilities in the computation of estimated net working capital requirements.

Holding levels

Provided below are details of the holding levels (in number of days) considered:

Days (Basis of revenue from contract with customers)	FY19	FY20	FY21	Sept 21	Sept 20	FY22E	FY23E	FY24E
Inventories	241	186	120	164	374	105	104	87
Trade receivables	287	270	254	255	448	224	213	213
Other financial and current assets	33	44	37	49	110	25	19	16
Trade Payables	44	40	20	19	95	20	21	19
Advances from customers	52	44	31	24	123	46	21	18
Other financial and current liabilities	37	48	28	45	55	52	51	51
Net working capital days	429	368	333	379	659	236	244	228

ANNEXURE B

Key assumptions for working capital projections

S. No.	Particulars	Assumptions
Current Assets		
1	Inventories	With the scale up in the production-based contracts in order book and revenue, the inventory holding period levels will progressively come down. Inventories have been maintained in line with the projected business activity for the Fiscals 2022, 2023 and 2024.
2	Trade Receivables	The receivables days has been consistently trending down over the past three years. The trend is likely to continue going forward owing to higher production-based contracts in revenues. Trade receivable levels been maintained in line with the projected business activity for the Fiscals 2022, 2023 and 2024.
3	Other financial and Current assets	This primarily comprises of Prepaid expenses, advance to suppliers, balances with Statutory authorities, interest accrued but not due etc. Other financial and current assets have been maintained in line with the projected business activity for the Fiscals 2022, 2023 and 2024.
Current Liabilities		
1	Trade Payables	Trade Payables cycle are expected to remain in line with the FY21 end levels at around 20 days. Trade Payable levels have been maintained in line with the projected business activity for the Fiscals 2022, 2023 and 2024.
2	Advances from Customers	As the company's order book expands, the customer advances are expected to moderate and hence expected to go down going forward. Advances from Customers have been maintained in line with the projected business activity for the Fiscals 2022, 2023 and 2024.
3	Other financial and current liabilities	This primarily comprises of Statutory payments dues, Provision for income tax, Payable to employees, short term provisions etc. Other financial and current liabilities have been maintained in line with the projected business activity for the Fiscals 2022, 2023 and 2024.