
CERTIFICATE ON WORKING CAPITAL REQUIREMENTS

August 18th, 2025

To,

**The Board of Directors,
Vikran Engineering Limited**
401, Odyssey IT Park, Road No. 9,
Industrial Wagle Estate, Thane,
Maharashtra, India, 400604
(The “Company”)

Pantomath Capital Advisors Private Limited
Pantomath Nucleus House,
Saki Vihar Road, Andheri East,
Mumbai - 400072 Maharashtra, India

Systematix Corporate Services Limited
The Capital, A-wing, No. 603–606
6th Floor, Plot No. C-70
G Block, Bandra Kurla Complex
Bandra (East), Mumbai – 400 051, India

(Pantomath Capital Advisors Private Limited alongwith Systematix Corporate Services Limited are collectively referred to as the “Book Running Lead Managers”, the “BRLMs”)

Re: Proposed initial public offering of Vikran Engineering Limited (the “Company” or “Offeror”)

This certificate is issued in accordance with the terms of our engagement letter and consent letter.

We, M/s Pramodkumar Dad & Associates, Chartered Accountants, the Peer Reviewed Independent Practicing Chartered Accountant, have been informed that the Company proposes to file the Red Herring Prospectus with the Registrar of Companies, Maharashtra at Mumbai (“**Registrar of Companies**”) and such Red Herring Prospectus, the “RHP”) and with the Securities and Exchange Board of India (“**SEBI**”), BSE Limited and National Stock Exchange of India Limited (collectively, the “**Stock Exchanges**”) in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”) and; (i) Prospectus with SEBI, the Stock Exchanges and the Registrar of Companies (the “**Prospectus**”); and (ii) any other documents or materials to be issued in relation to the Offer (collectively with the RHP and Prospectus, the “**Offer Documents**”).



We have received a request from the Company to examine indebtedness and working capital estimates provided by the Company of the Company.

Management's Responsibility:

The preparation of the information relied on for the purpose of this certificate / the preparation of this statement is primarily the responsibility of the Management of the Company. This responsibility also includes maintenance of all accounting & other records supporting its contents; designing, implementing & maintaining adequate internal control relevant to the size & nature of company that were operating effectively for ensuring the accuracy, authenticity & completeness of the accounting records; making estimates that are reasonable in the circumstances and providing data for verification which is free from any kind of misstatements & errors for reliance by practitioner.

The Management is also primarily responsible for ensuring, with respect to matters disclosed in the certificate, correct identification of details / information required, true & correct determination of facts and figures and accuracy & authenticity in the content and intent so that the certificate serves the desired purpose to the users.

The management is also responsible of compliance with the requirements of the ICDR Regulations in relation to the issue, Companies Act, 2013 and other applicable laws.

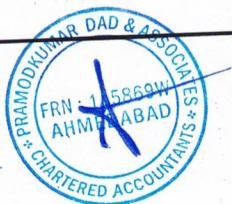
Practitioners Responsibility:

Pursuant to the requirements, it is our responsibility to perform necessary process and procedures to confirm as to whether the details, information, facts and figures relied on for the purpose of this certificate by management / the statement prepared by the management; are in accordance with the relevant records provided for examination.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Reports in Company Prospectuses (Revised 2019) (the "**Guidance Notes**") in accordance with the generally accepted auditing standards in India and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the examination to obtain reasonable assurance about the 'Reporting Criteria'. The Guidance Notes 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 have performed the following procedures:

We have relied on the audited financial statements and special purpose audited financial statements of the Company as of March 31, 2025, March 31, 2024 and corresponding figures of March 31, 2023. Further, we have audited special purpose financial statements of the Company for the financial years ended March 31, 2024 and March 31, 2023. These audited financial statements are prepared in accordance with the Companies Act, 2013, as amended (the "Companies Act") and the Indian Accounting Standards ("Ind AS). We have also relied



on independent auditor's report in respect of these Financial Statements and such other documents as we deemed necessary for issuing this certificate.

We have also relied on the Restated Financial Information and Examination Report thereon of the Company as of March 31, 2025, March 31, 2024 and corresponding figures of March 31, 2023 prepared in accordance with the Companies Act, 2013, as amended (the "Companies Act") and the Indian Accounting Standards ("Ind AS") 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 Financial Information") and such other documents as we deemed necessary for issuing this certificate.

Conclusion:

Based on our examination, according to the information & explanations given to us and relying on representations & explanations from the management of the Company, we hereby confirm that:

- a) The working capital estimations and assumptions are based on the Restated Financial information and management estimation of the future requirements for financial year ended March 31 2026 and March 31, 2027, considering the growth in activities of the Company. A copy of the said estimates along with assumptions is attached herewith as an **Annexure A**. The working capital estimates are solely based on the assumptions and growth estimates made by the management of the Company, and we do not in any manner vouch for the accuracy of the forecast.
- b) As on 31-03-2025, the Company's total sanctioned limit of working capital facilities are set forth in **Annexure B**. There are no working capital fund requirements towards capital expenditure and hence Regulation 7(1)(e) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 is not applicable.

Based on internal estimates and projections set out at **Annexure A**, the Company would require total working capital to the extent of Rs. 10,660.02 million and Rs. 14,814.02 million for the fiscals March 31, 2026 and March 31, 2027 respectively.

In respect of the working capital requirements detailed hereinabove, the assumption underlying the justification for periods of holding levels are set forth in **Annexure A**.

The Company proposes to utilize Rs. 2,218 Million of the Net Proceeds in fiscals 2026 and Rs. 3,192 million of the Net Proceeds in fiscals 2027, respectively, towards its working capital requirements for meeting their future business requirements.

We undertake to update you in writing of any changes in the abovementioned position based on written intimation received from management until the date the Equity Shares issued pursuant to the Offer commence trading on the stock exchanges. In the absence of any communication from management till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.



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

Restriction on Use:

This certificate is for information and for inclusion (in part or full) in the RHP and the Prospectus which the Company intends to file with the RoC and thereafter file with the SEBI and the Stock Exchanges and in any other document in relation to the Offer (collectively, the "Offer Documents") or any other Offer related material, and may be relied upon by the Company, the BRLMs and the Legal Counsel to the Offer. We hereby consent to the submission of this certificate as may be necessary to the SEBI, the RoC, the Stock Exchanges and any other regulatory authority and/or for the records to be maintained by the BRLMs and in accordance with applicable law.

This certificate has been prepared at the request of the company solely for the purpose of the issue and addressed to intended & identified users. This certificate 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 report is shown or into whose hands it may come without our prior consent in writing.
Yours faithfully,

Yours faithfully,

For M/s Pramodkumar Dad & Associates
Chartered Accountants
ICAI Firm Registration Number: 115869W

Abhishek



Partner: Abhishek Dad
Membership No. 131918
Place: Ahmedabad
UDIN: 25131918BMGXWH7293

CC:

Legal Counsel to the Company
Kanga & Co.
Readymoney Mansion,
43, Veer Nariman Road,
Mumbai – 400 001

Legal Counsel to the BRLMs
M/s. Crawford Bayley & Co.
State Bank Buildings
N.G. N. Vaidya Marg
Fort, Mumbai 400 023
Maharashtra, India

Annexure A

Projected working capital requirements for Fiscals 2026 and 2027

On the basis of existing and estimated working capital requirement of the Company on a basis, and key assumptions for such working capital requirements, which are mentioned below, the Board of the Directors of the Company pursuant to its resolution dated August 18, 2025 has approved the projected working capital requirements for Fiscals 2026 and 2027, and the proposed funding of such working capital requirements as set forth in the table below:

(INR in millions)

S. No.	Particulars	As per Estimates	
		As at March 31, 2026	As at March 31, 2027
(A)	Current Assets		
	Trade Receivables	11,709.30	15543.47
	Inventories	1,347.48	1,889.67
	Loans & Advances	194.26	255.81
	Other financial and current assets	7,485.58	12492.99
	Total Current Assets (A) (Excluding Cash & Cash Equivalents)	20,736.62	30181.94
(B)	Current Liabilities		
	Trade Payables	7,405.18	10,731.80
	Other financial and current liabilities	2,590.24	4,546.82
	Provisions	81.18	89.30
	Total Current Liabilities (B) (Excluding Borrowings)	10,076.60	15,367.92
(C)	Net working capital requirements (A-B)	10,660.02	14,814.02
	Existing Funding Pattern		
	Borrowings from banks (including bill discounting)	2,532.30	2,532.30
	Internal Accruals / Equity	5,909.72	9,089.72
	IPO Proceeds	2,218.00	3,192.00
	Total	10,660.02	14,814.02



Proposed Schedule of Implementation and Deployment of Net Proceeds

The following table sets forth the schedule of the expected deployment of Net Proceeds:

(INR in million)

Particulars	Amount to be funded from the Net Proceeds	Estimated deployment	
		Fiscal 2026	Fiscal 2027
Funding working capital requirements of our Company	5,410.00	2,218.00	3,192.00

Assumptions for estimated working capital requirements

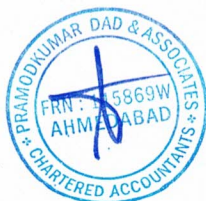
Provided below are details of the holding levels (days) for March 31, 2025, March 31, 2024 and March 31, 2023 as well as projections for Fiscal 2026 and Fiscal 2027:

Particulars	No. of Days				
	For the Fiscal ended March 31, 2023	For the Fiscal ended March 31, 2024	For the Fiscal ended March 31, 2025	For the Fiscal ended March 31, 2026	For the Fiscal ended March 31, 2027
	(Actual)	(Actual)	(Actual)	(Estimated)	(Estimated)
(A) Current assets					
(a) Inventory days	34	29	31	31	31
(b) Trade Receivables days	221	168	190	177	170
(c) Other financial and current assets days	92	142	195	154	146
(B) Current liabilities					
1. Trade Payables days	217	166	186	162	150
2. Other financial and current liabilities days	75	88	76	54	63

SN	Particulars	Assumptions
1	Inventories	The Company had Inventory of 34 days 29 days and 31 days calculated based on Cost of Goods Sold for the Fiscal 2023, 2024 and 2025 respectively. The Company is expecting to hold the inventory at similar levels for Fiscal 2026 and 2027 respectively.
2	Trade Receivables	The Company had Trade Receivables of 221 days 168 days and 190 days of sales at the end of Fiscal 2023, 2024 and 2025 respectively. The Company has estimated Trade Receivable of



		177 days and 170 days of sales at the end of Fiscal 2026 and 2027 respectively. The company expects a marginal decrease in Fiscal 2026 and Fiscal 2027 mainly due to increase in revenue, which will help reduction of retention balance as percentage of total receivables.
3	Other financials and current Assets	Other financials and current assets comprise of advance and contract assets and fixed deposits kept as margin money for bank guarantee and letter of credit. The Company had financial and current assets of 92 days 142 days and 195 days at the end of Fiscal 2023 2024 and 2025 respectively. The Company has estimated other financial and current assets of 154 days and 146 days of financial and current assets at the end of Fiscal 2026 and 2027 respectively. The main reason for marginal decrease in fiscal 2026 and further decreases in fiscal 2027 is due to relatively lower increase in collateral provided to Banks as FDs and work under certification as compared to expected increase in revenue.
4	Trade Payables	The Company had Trade Payables of 217 days 166 days and 186 days of Cost of Goods sold at the end of Fiscal 2023, 2024 and 2025 respectively. The Company have assumed Trade Payables of 162 days and 150 days based on Cost of Goods sold at the end of Fiscal 2026 and 2027. The payable days are shortened as the higher demand of raw material will lead to shorter payable days .
5	Other financial and current Liabilities	The Other current liability mainly includes contract liability, which is (mainly represent the billing in excess of the revenue) provisions, income tax and other statutory liabilities. The Company had financial and current Liabilities of 75 days 88 days and 76 days at the end of Fiscal 2023 2024 and 2025 respectively. The increase in current liability is due to increased contract liabilities. The Company have assumed financial and current assets of 54 days and 63 days in fiscal 2026 and fiscal 2027 respectively mainly on account of relatively lower increase in contract liability as compared to expected increase in revenue. of financial and current Liabilities at the end of Fiscal 2026 and 2027 respectively. The Other current liability mainly include contract liability, which is mainly represent the billing in excess of the revenue.



Annexure B

Previous and Existing working capital requirement of the company
(INR in million)

S. No.	Particulars	As per Audited FS		
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2023
(A)	Current Assets			
	Trade Receivables	6,343.29	4,638.96	3,699.07
	Inventories	599.39	507.23	356.56
	Loans & Advances	154.89	195.39	66.40
	Other financial and current assets	5,799.28	3,623.03	2,201.10
	Total Current Assets (A)	12,896.85	8,964.61	6,323.13
(B)	Current Liabilities			
	Trade Payables	4,776.19	2,969.24	2,932.07
	Other financial and current liabilities	1,244.62	1,744.24	1,139.16
	Provisions	73.88	105.89	164.22
	Total Current Liabilities (B)	6,094.69	4,819.37	4,235.47
(C)	Net working capital requirements (A-B)*	6,802.16	4,145.24	2,087.66
	*Excluding Borrowings, Cash & Cash Equivalents			
	Existing funding pattern			
	Borrowings from banks (including bill discounting)	2410.25	1,726.80	1,184.10
	Internal Accruals/ Equity	4391.91	2,418.44	903.56
	Total	6,802.16	4,145.24	2,087.66

Percentage Increase in Working Capital

Particulars	Fiscal 2025	Fiscal 2024	Fiscal 2023
Working capital	6,802.16	4,145.24	2,087.66
% increase in Working capital	64.10%	98.56%	NA



Company's total sanctioned limit of working capital facilities as on March 31, 2025

Category of borrowing	Sanctioned Amount (Rs. in million)	Outstanding amount (Rs. in million) as on March 31, 2025
Fund Based Borrowings		
CC	1,365.00	1,301.51
Loans	486.43	385.60
Supplier bills discounted- From Financial institution	587.52	474.23
Debentures	500.00	500.00
Sub Total (A)	2,938.95	2,661.34
Non Fund Based Borrowings		
LC	425.00	238.60
BG	2,850.00	2,630.30
Sub Total (B)	3,275.00	2,868.90
Total (A+B)	6,213.95	5,530.24

Category of borrowing	Sanctioned Amount (Rs. in million)	Outstanding amount (Rs. in million) as on March 31, 2025
Unsecured Loans		
- from banks	13.50	2.55
- from financial institution	81.74	65.52
Total	95.24	68.07

