

M.PARASHAR & CO. CHARTERED ACCOUNTANTS		SHOP NO 3, BEHIND HEERA PATH PETROL PUMP, MANSAROVER JAIPUR -302020, RAJASTHAN latta7@gmail.com Mob. : 094143-56110
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CERTIFICATE ON OBJECTS: WORKING CAPITAL REQUIREMENTS

Date: 29/03/2025

To,
The Board of Directors
Swastika Infra Limited
(Formerly known as Swastika Infra Private Limited)
Plot no.14&15, Gajraj Apartment,
Motilal Atal Road, Opposite Hotel Neelam,
Jaipur – 302001,
Rajasthan, India.

and

Srujan Alpha Capital Advisors LLP
824 & 825, Corporate Avenue,
Sonawala Rd, Goregaon, Mumbai,
Maharashtra 400064

PhillipCapital (India) Private Limited
1,18th Floor Urmi Estate,
95 Ganpatrao Kadam Marg, Lower Parel (W),
Mumbai 400013

(Srujan Alpha Capital Advisors LLP and PhillipCapital (India) Private Limited referred to as the “BRLM’S”)

Dear Sirs,

Re: Proposed initial public offering of Equity shares of face value of Rs. 10 each (the “Equity Shares” and such initial public offer, an “IPO” or “Issue”) of Swastika Infra Limited (the “Company”).

We have received a request from the Company and the Book Running Lead Managers to verify and examine the Historical Working Capital Requirements of **Swastika Infra Limited**(“the Company”) for the period ended September 30, 2024 and Fiscals ended March 31, 2024, 2023 and 2022 based on the Restated Financial Information and the Projected position of Current Assets, Current Liabilities and resultant Working Capital Requirements and the Proposed Funding Pattern of the Company for the Fiscals ended March 31, 2025, March 31, 2026 and March 31, 2027, estimated and prepared by the Company in terms of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, for the purpose of inclusion of the same in the Draft Red Herring Prospectus (DRHP), Red Herring Prospectus (RHP) and the Prospectus. The detailed working of these requirements is annexed in “Annexure A” herewith.

Based on the examination of records and documents and information and explanation provided to we hereby certify the historical working capital requirement and funding pattern for the six months ended September 30, 2024 and Fiscals ended March 31, 2024, 2023 and 2022as provided in Annexure A.

We have carried out our examination of the Projected position of Current Assets, Current Liabilities and resultant Working Capital Requirements and the Proposed Funding Pattern of the Company for the Fiscals ended March 31, 2025, March 31, 2026 and March 31, 2027as provided in Annexure A. 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

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projections. We hereby confirm that we have conducted our examination of the information following the SAE 3400 “The Examination of Prospective Financial Information”.

While issuing this certificate, we provided no assurance related to prospective financial information.

We hereby give consent to the extracts of this certificate to be used in the Draft Red Herring Prospectus (DRHP), Red Herring Prospectus (“RHP”) and the Prospectus and submission of this certificate as may be necessary, to the Securities and Exchange Board of India (“SEBI”) (hereinafter called as “the Purpose”), the Stock Exchanges where the Equity Shares are proposed to be listed and the Registrar of Companies, Jaipur at Rajasthan (“RoC”) or any regulatory authority and/or for the records to be maintained by the Book Running Lead Managers in connection with the Issue and in accordance with applicable law. We hereby consent to this certificate 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, 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 any changes in writing in the above information to the Book Running Lead Manager until the date when the Equity Shares commence trading on NSE and BSE where the Equity Shares are proposed to be listed. In the absence of any such communication from us, the Book Running Lead Manager and the legal advisors, each to the Company and the Book Running Lead Manager, can assume that there is no change to the above information until the Equity Shares commence trading on NSE and BSE pursuant to the Issue.

The certificate is for the specific purpose of inclusion in the offer documents of the company and may not be suitable for any other purpose. The company, the Book Running Lead Manager, legal advisors shall not use this for any other purpose without our prior consent.

Yours faithfully,

For and on behalf of

M/s M. Parashar and Co
Chartered Accountants,
Firm Registration No. : 110954C

CA Bhupesh Latta
Partner
Membership No.: 413047
UDIN **25413047BMNZER1949**
Place: Mumbai
Date:29/03/2025

CC:

Legal Counsel to Issue

Vidhigya Associates, Advocates
501, 5th Floor, Jeevan Sahakar Building
Sir P M Road, Homji Street
Fort, Mumbai -400 001

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Annexure A

Existing Working Capital

The details of Company's composition of net current assets or working capital for six months period ended September 30, 2024 and Financial Years ended March 31, 2024, March 31, 2023, March 31, 2022 and the source of funding, on the basis of Restated Financial Information, are provided in the table below:

<i>(₹ in lakhs)</i>				
Particulars	As at September 30, 2024	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
I. Current Assets				
(a) Inventories				
(i) Electrical Items and accessories for EPC contracts	421.55	603.05	755.10	1,019.25
(ii) Trading Goods	275.02	244.77	251.95	329.88
(b) Trade receivables	4,733.72	3,142.64	2,423.30	4,400.78
(c) Margin Money	1,635.09	2,118.67	1,310.57	1,029.05
(d) Retention Money	3,772.54	4,257.90	2,227.86	482.25
(e) Unbilled Revenue	1,074.90	835.54	325.43	197.92
(f) Loans & advances	612.29	277.36	241.18	7.85
(g) Other Current Assets	2,321.76	764.79	534.36	291.20
Total Current Assets (I)	14,846.88	12,244.71	8,069.75	7,758.19
II. Current liabilities				
(a) Trade payables	3,390.15	2,647.99	2,501.17	1,786.53
(b) Short Term Provisions	91.48	44.99	11.51	0.47
(c) Mobilization Advance	1,977.78	1,365.93	682.85	296.37
(d) Other Current Liabilities	390.01	851.04	724.09	328.00
(e) Current Tax Liabilities	76.89	-	-	75.47
Total current liabilities (II)	5,926.31	4,909.95	3,919.61	2,486.84
Net Working capital requirement (III) = (I) - (II)	8,920.57	7,334.76	4,150.14	5,271.35
Existing funding pattern				
A. Current Borrowing	4,016.76	4,345.02	2,086.28	3,377.31
B. Internal accruals/ equity	4,903.81	2,989.75	2,063.86	1,894.03
Total	8,920.57	7,334.76	4,150.14	5,271.35

^ Other short term borrowings include Channel Finance Facility/Supplier Finance arrangements (TREDS), current maturities of long term debts, loans from related parties and inter corporate loans.

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Estimated Working Capital Requirement

(₹ in lakhs)

Particulars	Financial Years ended		
	March 31, 2025 (Estimated)	March 31, 2026 (Estimated)	March 31, 2027 (Estimated)
Current assets			
(a) Inventories			
(i) Electrical Items and accessories for EPC contracts	1,055.67	1,719.79	2,694.57
(ii) Trading Goods	273.70	342.12	410.55
(b) Trade receivables	7,191.78	9,238.93	14,385.17
(c) Margin Money	2,778.08	4,496.18	7,044.64
(d) Retention Money	9,723.29	15,736.63	24,656.24
(e) Unbilled Revenue	1,852.05	2,997.45	4,696.43
(f) Loans & advances	450.00	500.00	550.00
(g) Other Current Assets	1,667.00	1,870.00	2,345.00
Total Current Assets (A)	24,991.58	36,901.11	56,782.59
Current liabilities			
(a) Trade Payables	5,506.44	7,107.24	11,052.00
(b) Short Term Provisions	100.00	110.00	120.00
(c) Mobilization Advance	1,203.84	1,948.34	3,052.68
(d) Other current liabilities	795.00	752.50	910.00
(e) Current Tax Liabilities	-	-	-
Total Current Liabilities (B)	7,605.27	9,918.08	15,134.67
Net Working Capital Requirements (A-B)	17,386.30	26,983.03	41,647.92
Existing Funding Pattern			
A. Current Borrowing	10,700.00	10,700.00	10,700.00
B. Usage from IPO Net Proceeds		6,000.00	14,500.00 [#]
C. Internal Accruals/Equity	6,686.30	10,283.03	16,447.92
Total	17,386.30	26,983.03	41,647.92

#Our Company proposes to utilize ₹ 14,500 lakhs from the Net Proceeds towards funding our incremental working capital requirements in the manner set out above, out of which ₹ 6,000 lakhs is proposed to be utilized in financial year ended 2026. Balance ₹ 8,500 lakhs out of the IPO Net Proceeds is proposed to be utilised during the financial year 2027 for the purpose of funding the working capital requirements

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Assumptions for Holding Levels

(In days)

Particulars	Holding levels on the basis of	Financial Year ended (Actuals)			Financial Year ended (Projected)		
		March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026	March 31, 2027
Assets							
Inventory days							
(i) Electrical items and accessories for EPC contracts	Cost of EPC Material Consumed*	86	24	16	15	15	15
(ii) Trading Goods	Cost Trading Material Consumed [#]	1,318	159	44	90	90	90
Trade Receivable days	Revenue from operations	272	58	55	75	60	60
Fixed Deposit held as Margin Money	Revenue from EPC contracts	65	33	41	30	30	30
Retention Money	Revenue from EPC contracts	30	55	83	105	105	105
Unbilled Revenue	Revenue from EPC contracts	12	8	16	20	20	20
Loans and advances	Revenue from operations	0	6	5	5	3	2
Other Current Assets	Revenue from operations	18	13	13	17	12	10
Liabilities							
Trade payables days	Cost of Material Consumed	148	77	60	75	60	60
Short Term Provision	Revenue from operations	0	0	1	1	1	1
Mobilization Advance	Revenue from EPC contracts	19	17	26	13	13	13
Other Current liabilities	Revenue from operations	25	17	15	8	5	4

*Cost of EPC material Consumed is derived by adding Procurement of Goods and Services for EPC contracts and (Increase)/Decrease in Inventories of work in progress and finished goods of Electrical items and accessories for EPC contracts

#Cost of Trading material Consumed is derived by adding Purchase of stock in Trade and (Increase)/Decrease in Inventories of work in progress and finished goods of Trading goods

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Particulars	Assumptions and Justifications
Inventory	<p>The inventory comprises of stock in hand for a) Electrical items & accessories for EPC Contract b) Trading</p> <p>Electrical Items & accessories for EPC contracts: The principal items of materials required for execution of contracts are cables, transformers etc. Our Company sources various types of cables and other items from multiple vendors as approved by our customers. Further the sites are situated in remote, far-flung and isolated locations in India and hence it is essential that adequate inventory of materials are always available with the project sites for uninterrupted operations. The turnover period in the Financial Year ended March 31, 2024 is 16 days of EPC Material Consumed, In Financial Year ended March 31, 2025, Financial Year ended March 31, 2026 and Financial Year ended March 31, 2027 the holding levels are maintained at 15 days of EPC material consumed</p> <p>Trading items: The overall inventory turn-around days of trading items were 159 days for Financial Year ended March 31, 2023 and 44 days for Financial Year ended March 31, 2024 which has been maintained at the 90 days of trading material consumed In Financial Year ended March 31, 2025, Financial Year ended March 31, 2026 and Financial Year ended March 31, 2027.</p>
Trade Receivables	<p>Holding levels of trade receivable were 58 days for Financial Year ended March 31, 2023 and 55 days for Financial Year ended March 31, 2024. Our Company expects trade receivable days to increase to 75 days in Financial Year ended March 31, 2025 due to relatively higher sales contribution during the fourth quarter and delay in receipt of certain payments from customers. Considering Financial Year ended March 31, 2025 as an exception, trade receivable days are considered to be 60 days of revenue from operations in the Financial Year ended March 31, 2026 and Financial Year ended March 31, 2027.</p>
Fixed Deposit held as Margin Money	<p>Fixed deposits are created for the purpose of providing margin against non-fund limits sanction by the banks. Holding levels of Fixed deposits vary between 33-65 days of revenue from EPC contracts for the Financial Year ended March 31, 2022, Financial Year ended March 31, 2023 and Financial Year ended March 31, 2024. Our Company has maintained its level at 30 days of revenue from EPC contracts for Financial Year ended March 31, 2025, March 31 2026 and March 31 2027. The main reason for decrease in Financial Year ended on 31 March 2025, Financial Year ended on 31 March 2026 and Financial Year ended on 31 March 2027 is due to relatively lower level of collateral margin provided to Banks as FDs.</p>
Retention Money and security deposit	<p>Retention money and security deposit is retained by the clients as per the contractual terms and released upon compliance with the terms of the contract</p> <p>Holding levels of retention money and security deposit vary between 30-83 days for the Financial Year ended March 31, 2022, Financial Year ended March 31, 2023 and Financial Year ended March 31, 2024, which is due to varying terms of contract, depending upon our customer. Based on our current mix of contracts, our company expects holding level of retention money to be 105 days of revenue from EPC contracts for financial year ended on March 31, 2025, Financial Year ended March 31 2026 and March 31 2027.</p>
Unbilled Revenue	<p>Unbilled Revenue indicates amount of work carried out by the Company but not due for billing as per terms of contract and to be billed after completion of certain milestones.</p> <p>Holding levels of Unbilled Revenue vary between 8-16 days of revenue from EPC contracts for the Financial Year ended March 31, 2022, Financial Year ended March 31, 2023 and Financial Year ended March 31, 2024. Our Company has maintained unbilled revenue at the similar levels of 20 days of revenue from EPC contracts for Financial Year ended March 31, 2025, March 31 2026 and March 31 2027.</p>
Loans & Advances	<p>Loans & Advances includes advances given to employees</p> <p>Holding levels of Loans & Advances were at 5 days of revenue from operations for Financial Year ended March 31, 2024. Our Company has maintained the holding levels to 5 days in Financial Year ended March 31 2025 and further reduced it to 3 days for Financial Year ended March 31 2026 and 2 days for the Financial Year ended March 31 2027. The reason for decrease is that these advances will not grow in proportionate to increase in revenue from operations.</p>

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Particulars	Assumptions and Justifications
Other Current Assets	<p>Major portion of other current assets includes, Advances paid to vendors, balances with revenue authorities and prepaid expenses and other receivables.</p> <p>Holding levels of Other Current assets were at 13 days of revenue from operations for Financial Year ended March 31, 2024. Our Company estimates increase in the holding levels to 17 days in Financial Year ended March 31 2025 and further reduce to 12 and 10 days for Financial Year ended March 31 2026 and March 31 2027 respectively. The reason for decrease is that these assets will not grow in proportionate to increase in revenue from operations</p>
Trade payable	<p>Our Company's trade payables was 60 days for the Financial Year ended March 31, 2024. Our Company expects the trade payables levels at 75 days during the Financial Year ended March 31, 2025 due to relatively higher procurement led by higher sales contrition during the fourth quarter. Further, trade payable levels are considered to reduce to 60 days of the cost of material consumed in Financial Year ended March 31, 2026 and Financial Year ended March 31, 2027 owing to the growth in T&D industry and in order to have better partners including subcontractors and suppliers with us, we need to offer better credit terms, which shall be achieved primarily on account of the infusion of the Offer proceeds.</p>
Short Term Provisions	<p>Provisions consists broadly of provisions for employee benefits (provision for Gratuity and Bonus), CSR Expenses and others. Holding level of Provision in Financial Year ended March 31, 2024 is 1 day of revenue from operations. Our company expect that the holding period to remain 1 day of revenue from operations in Financial Year ended on March 31 2025, Financial Year ended March 31, 2026 and Financial Year ended March 31, 2027</p>
Mobilization Advance	<p>Mobilization advances are advance received from our customers as per the contract terms Most of the contracts have two trenches of 7.5% each, the first tranche being received at the start of the contract and second tranche received on adjustments of the first tranche. The holding period for mobilization advance has varied between 17-26 days in the Financial Year ended March 31, 2022, Financial Year ended March 31, 2023 and Financial Year ended March 31, 2024. The company expects the holding period to be 13 days of revenue from EPC contracts for the Financial Year ended March 31, 2025, Financial Year ended March 31, 2026 and Financial Year ended March 31, 2027.</p>
Other Current Liabilities	<p>Major portion of other current liabilities includes, statutory dues payables, salary payable, expenses payable and advance from customer.</p> <p>Holding levels of Other Current liabilities were at 15 days of revenue from operations for Financial Year ended March 31, 2024. Our Company estimates to decrease the holding levels to 8 days in Financial Year ended March 31 2025 and further increase to 5 days for Financial Year ended March 31 2026 and stabilize at 4 days during the Financial Year ended March 31 2027. The reason for decrease is that these liabilities will not grow in proportionate to increase in revenue from operations.</p>