



**Kapoor Goyal & Co.**

Chartered Accountants

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**Certificate on Working Capital Requirement**

To

**The Board of Directors,**

Oval Projects Engineering Limited,  
House No.451568, Milan Chakra, (Near Prajapita Brahma kumari Centre),  
Badharghat, P.O. A., D. Nagar, Agartala, Tripura - 799003  
(The "Company")

And

**SMC Capitals Limited**

A-401/402, Lotus Corporate Park,  
Off W.E. Highway, Jai Coach Signal,  
Goregaon (East), Mumbai - 400063  
(BRLM")

**Re: Proposed Initial Public Offering of equity shares of face value of Rs.10/- each (the "Equity Shares" and such offering, the "Issue") of 'Oval Projects Engineering Limited' (the "Company")**

Dear Sirs,

We, M/s Kapoor Goyal & Co., the statutory auditors of the Company, have examined the restated consolidated financial information of the Company for the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023, prepared in accordance with the Indian Generally Accepted Accounting Standards, the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "SEBI ICDR Regulations"), and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time (the "Restated Consolidated Financial Information") . .

We understand that the Company intends to utilize a portion of the proceeds raised by it through the Issue towards the long – term Working Capital.

At the request of the Company, we have traced the working capital requirement figures proposed to be disclosed as objects of the issue from the Restated financial statements for the year(s) ended March 31, 2026 and 2027 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 Fiscal 2026 and Fiscal 2027 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:

In this regard, we have obtained and reviewed the schedule of creditors along with outstanding balances due to creditors of the Company prepared by its management, as on March 31, 2025 and compared the amount outstanding as per such schedule with the consolidated financial statements as at of the Company, to confirm the accuracy and completeness of such amounts to the extent applicable. We have also reviewed the ledger accounts of creditors, minutes of the meetings of the board of directors of the Company and other documents that we have deemed necessary in this regard.

Basis the estimation of incremental working capital requirement, Company propose to utilize ₹3,712.50 Lakhs from the net proceeds to fund the long-term working capital requirements of the Company over Fiscal 2026 and Fiscal 2027. The balance portion of working capital requirement will be arranged from existing equity, internal accruals and borrowings from banks and financial institutions.



Details of the Company's working capital as of and for the financial year ended March 31, 2025, March 31, 2024 and March 31, 2023 derived from the Restated Financial Information, and source of funding are provided in the table below:

(in ₹ lakhs)

Sr. No.	Particulars	Fiscal 2025	Fiscal 2024	Fiscal 2023
<b>I</b>	<b>Current Assets</b>			
1	Inventories	4,457.19	3,988.07	2,302.98
2	Trade Receivables	4,256.43	1,781.92	1,824.83
3	Cash & Bank Balance	2,030.05	1,078.05	1,132.21
4	Other Current Assets	1,544.45	596.02	1,058.95
	<b>Total (A)</b>	<b>12,288.11</b>	<b>7,444.06</b>	<b>6,318.97</b>
<b>II</b>	<b>Current Liabilities</b>			
1	Trade Payables	3,406.65	2,762.53	2,607.67
2	Short Term provisions	398.31	272.81	136.63
3	Other Current Liabilities	361.79	282.83	307.46
	<b>Total (B)</b>	<b>4,166.75</b>	<b>3,318.16</b>	<b>3,051.76</b>
<b>III</b>	<b>Total Working Capital Gap (A-B)</b>	<b>8,121.36</b>	<b>4,125.90</b>	<b>3,267.21</b>
<b>IV</b>	<b>Funding pattern</b>			
	Short Term Borrowings (incl. working capital facilities from banks & others), internal accruals and equity issuance	<b>8,121.36</b>	<b>4,125.90</b>	<b>3,267.21</b>

On the basis of existing and estimated working capital requirement of our Company, on a consolidated basis, and assumptions for such working capital requirements, our Board, pursuant to its resolution dated June 16<sup>th</sup>, 2025, has approved the projected working capital requirements for Fiscal 2026 and Fiscal 2027 are as set out in the table below:

Sr. No.	Particulars	Fiscal 2026	Fiscal 2027
		<b>(Projected)</b>	
<b>I</b>	<b>Current Assets</b>		
1	Inventories	4,908.79	5,099.75
2	Trade Receivables	5,873.87	6,696.21
3	Cash & Cash Equivalents	3,581.18	3,688.61
4	Other Current Assets	2,940.70	3,493.11
	<b>Total (A)</b>	<b>17,304.54</b>	<b>18,977.69</b>
<b>II</b>	<b>Current Liabilities</b>		



	1	Trade Payables	3,338.51	3,438.67
	2	Short Term provisions	806.37	1,154.74
	3	Other Current Liabilities	397.97	429.81
	<b>Total (B)</b>		<b>4542.86</b>	<b>5023.2</b>
<b>III</b>	<b>Total Working Capital Gap (A-B)</b>		<b>12761.68</b>	<b>13954.46</b>
<b>IV</b>	<b>Funding pattern</b>			
a)	Short Term Borrowings (incl. working capital facilities from banks and others)		4,058.45	3,738.96
b)	Internal accruals & equity		6944.49	8271.64
c)	Amount proposed to be utilized from Net Proceeds		1,758.74	1,943.87

Relying on the management representation given to us containing details of Fiscal 2023, Fiscal 2024 and 2025, we hereby certify the following details of the projected working capital requirement, including detailed assessment of working capital as a part of objects of the issue.

Sr. No	Particulars	Basis	Fiscal 2027	Fiscal 2026	Fiscal 2025	Fiscal 2024	Fiscal 2023
			(Projected)				
1	Trade Receivables	Days	96	113	152	83	113
2	Inventories (Work-in-progress, stores & spares and finished goods)	Days	73	95	159	187	142
3	Trade Payables	Days	86	111	196	191	222

**Note:**

1. Holding period level (in days) of Trade Receivables is calculated by dividing average trade receivables by revenue from operations multiplied by number of days in the year/period.
2. Holding period level (in days) of Inventories is calculated by dividing average inventories by cost of goods sold (including raw material consumed, and change in inventories) multiplied by number of days in the year/period.
3. Holding period level (in days) of Trade Payables is calculated by dividing average trade payables by sum of raw material consumed, change in inventories, job work charges multiplied by number of days in the year/period.

**Justification for holding period levels:**

<b>Inventories</b>	The average inventory holding level for financial year ended March 31, 2025, 2024 & 2023, was 159 days, 187 days & 142 days respectively. We believe that considering the size of our orders in hand, overall economic conditions and various factors involved in execution of projects, the holding level is expected to be at 95 days and 73 days for financial year ending March 31, 2026 and March 31, 2027.
<b>Trade Receivables</b>	The debtors' realization for financial year ended March 31, 2025, 2024 & 2023, was 152 days, 83 days and 113 days respectively. Based on our long-standing relations with many of our customers, a better collection period of 113 days and 96 days for financial year ended March 31, 2026 and March 31, 2027, seems realistic and achievable, given the current business developments.
<b>Trade Payables</b>	During the financial year ended March 31, 2025, 2024 & 2023, our creditors period was 196 days, 191 days and 222 days respectively. However, for financial year ended March 31, 2026 and March 31, 2027, we expect the creditors payment period to be 111 days





	and 86 days.
<b>Other Current Assets</b>	Other Current Assets basically include Cash & Cash Equivalents, fixed deposit with banks and other loans and advances. All these current assets are expected to change in correlation with the level of operations and profit of the company.
<b>Other Current Liabilities</b>	Other Liabilities mainly include statutory liabilities. Other current liabilities are estimated based on previous years outstanding amount and for expected Business requirement of company.
<b>Short-term provisions</b>	Short-term provisions mainly include Provision for income tax. Short-term provisions are estimated based on previous years outstanding amount and for expected Business requirement of company.

**Key justification for projected working capital requirements:**

The working capital requirement of our Company is expected to increase by ₹ 4,639.39 lakhs or by 57.13% from ₹ 8,121.36 lakhs in Fiscal 2025 to ₹ 12,760.75 lakhs in Fiscal 2026 and expected to increase by ₹ 1,192.03 lakhs or by 9.34% from ₹ 12,760.75 lakhs in Fiscal 2026 to ₹ 13,952.78 lakhs in Fiscal 2027 on account of expected increase in revenue as per the current order book of our Company as well as new order book expected to be received during the Fiscal 2026 and Fiscal 2027.

The working capital requirements of our Company are estimated for Fiscal 2026 and Fiscal 2027, based on the following assumptions:

- **Current Order Book:** Our Company will continue to focus on penetration into Tripura state by bidding more projects in Oil & Gas and Specialised projects vertical. This is in line with Govt's proposed allocation to Oil & Gas sector in the state of Tripura. We have a strong pipeline of ongoing and upcoming projects, which will drive growth in the coming years. As of April 09, 2025, our Company has completed work amounting to ₹ 20,362.74 lakhs and our ongoing order book is at ₹ 45,299.61 lakhs as on April 09, 2025.
- **Margin money for performance guarantees:** As part of our business, our Company is required to provide financial and performance bank guarantees in favour of its clients under the respective contracts in relation to the projects. For projects, our Company typically issues bank guarantees to respective clients which enter into contractual arrangements with our Company.
- **Future Order Book:** Our Company is continuously working to bid for new orders, and it requires working capital to execute these projects subject to allotment of letter of intent. The availability of working capital also provides strength for our Company for bidding new projects.
- **Receivables:** Our substantial business is dependent on government-controlled entities including central and state government entities wherein the realization of payment from the clients may take some time due to operational reasons of the respective clients.

Based on our examination and as per information and explanation given to us, we confirm that the information in this certificate is true, fair, correct and accurate which would not render the contents of this certificate misleading in its form or context.

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 Institute of Chartered Accountants of India.

We have been informed that this certificate has been requested for the purpose of inclusion of specific matters as enumerated in paragraph above in the Draft Red Herring Prospectus ("DRHP"), Red Herring Prospectus ("RHP") and the prospectus ("Prospectus") (DRHP, RHP and Prospectus, collectively, the "Issue Documents") which the Company intends to file, with the SME Platform of BSE Limited ("BSE SME" or the "Stock Exchange") and Red Herring Prospectus ("RHP") and the Prospectus to be filed with the Registrar of Companies, Shillong ("RoC") and submitted to the SEBI (for record purposes only), in accordance with the provisions of the SEBI



ICDR Regulations and the Companies Act, with respect to the Issue, and in any other material used in connection with the Issue. We hereby consent to the extracts of this certificate being used in the Issue Documents and in any other material used in connection with the Issue.

We undertake to update you of any change in the above-mentioned disclosures until the Equity Shares allotted, pursuant to the Issue, are listed and commence trading on BSE SME. In the absence of any such communication from us, the above information should be considered as updated information until the Equity Shares commence trading on the BSE SME, pursuant to the Issue.

This certificate is for information and for inclusion, in part or in full, in the Issue Documents or any other Issue related material, and may be relied upon by the Company, the Book Running Lead Manager and the legal counsel to the Issue. We hereby consent to the submission and disclosure of this certificate as may be necessary to the SEBI, the ROC, BSE Limited and any other regulatory or judicial authorities and, or, for any other litigation purposes and, or, for the records to be maintained by the Book Running Lead Manager, in accordance with applicable law.

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

**Yours sincerely,**

**For M/s Kapoor Goyal & Co.,**

Chartered Accountants

Firm Reg No: 001370N



**Mr. Tarun Kapoor**  
**Partner**

Membership No.: 095949

UDIN: 25095949BMFXRW2268



Place: Delhi

Date: 16/06/2025

Cc:

**Messrs. Kanga and Company, Advocates and Solicitors**

Readymoney Mansion,

43, Veer Nariman Road,

Fort, Mumbai - 400 001.