



# S.N. Gadiya & Co.

Chartered Accountants

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# Satya Narayan Gadiya

FCA, ACS, B.Com.

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📞 9301503126

**Date:** 04/12/2023

To,  
The Board of Directors,  
Electro Force (India) Limited,  
(Formerly Known as Electro Force (India) Private Limited),  
39/5, Mauje Waliv Vasai (East),  
Thane, Maharashtra - 401 208, India.

AND

First Overseas Capital Limited,  
1-2 Bhupen Chambers, Dalal Street, Fountain,  
Mumbai – 400 001, Maharashtra, India

(First Overseas Capital Limited being appointed in relation to the Issue hereinafter referred to as the “Lead Manager” or the “LM”)

**Sub: Certificate for working capital requirement of Electro Force (India) Limited (the “Issuer Company”)**

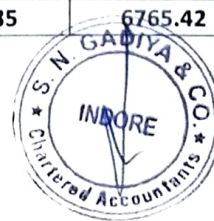
**Ref: Subject: Proposed Initial Public Issue of Electro Force (India) Limited (Formerly Known as Electro Force (India) Private Limited) on SME Platform of National Stock Exchange of India Limited**

We, M/s S N Gadiya and Company, Practicing Chartered Accountants, have been requested by the Issuer Company to certify the proposed net working capital requirement to the extent of Rs. 1300 and Rs. 1200 for the Fiscal Years 2024 and 2025, respectively which will be funded from the Net Proceeds of the IPO.

We have examined and verified the a) audited financial statements for Fiscal Years March 31, 2023, 2022 and 2021 and six months period ended September 30, 2023 of the Issuer Company; b) Restated Financial Statements as of March 31, 2023, 2022 and 2021 and 30<sup>th</sup> September, 2023 of the Issuer Company c) the business estimations for the Fiscal Years 2024 and 2025 and d) other relevant records of the Issuer Company as submitted to us. Based on our examination, as we considered necessary and according to the documents, information and explanations given to us, we hereby certify that as on the date of this certificate the existing working capital requirements and the holding levels has been determined as under:

(Rs. in Lakhs)

Particulars	Fiscal 2021 (Restated)	Fiscal 2022 (Restated)	Fiscal 2023 (Restated)	April 23 – September 23
<b>Current Assets</b>				
Inventories	208.39	204.24	1270.21	1093.45
Trade Receivables	559.45	395.75	667.35	530.52
Other Current Assets	131.40	2780.86	4827.86	5704.64
<b>Total (A)</b>	<b>899.24</b>	<b>3380.85</b>	<b>6765.42</b>	<b>7328.61</b>



<b>Current Liabilities</b>				
Trade Payables	394.75	431.71	390.04	485.81
Other Current Liabilities & Short Term Provision	555.66	2425.67	4995.51	4784.15
<b>Total (B)</b>	<b>950.41</b>	<b>2857.38</b>	<b>5385.55</b>	<b>5269.96</b>
<b>Total Working Capital (A)-(B)</b>	<b>(51.17)</b>	<b>523.47</b>	<b>1379.88</b>	<b>2058.65</b>
<b>Funded through Internal Accruals and Equity</b>	<b>(51.17)</b>	<b>523.47</b>	<b>1379.88</b>	<b>2058.65</b>

Assumptions for Working Capital Requirements	Number of days	Number of days	Number of days	Number of days
<b>Current Assets</b>				
Inventories on Sales	48	22	153	173
Trade Receivables	130	42	81	84
<b>Current Liabilities</b>				
Trade Payables on CoGS	92	74	85	154

(1) Our sanctioned working capital facilities as on date of this Draft Prospectus comprised of NIL Lakhs from banks and other financial institutions.

Note: - In Above Working Capital requirement Calculation, Short Term Borrowings, Current Maturities of Long-term borrowings and Trade payable for Capital goods have not been considered which was shown under the head current Liabilities in the restated financial statements for FY 2020-21, FY 2021-22, FY 2022-23 and six months period ended 30<sup>th</sup> September, 2023.

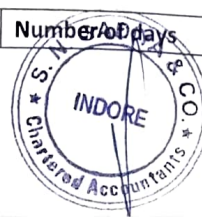
On the basis on the internal estimates, existing working capital requirements and the projected working capital requirements and key assumptions with respect to the determination of the same; the Issuer Company would require total working capital to the extent of Rs. 1300 and Rs. 1200 for the Fiscal Years 2024 and 2025, respectively.

The Board of Directors of the Issuer Company pursuant to their resolution dated September 8, 2023, has certified and approved by the estimated working capital requirements and the assumption underlying the justification for periods of holding levels for Fiscal Years 2024 and 2025.

The estimated and projected working capital requirements and the assumption underlying the justification for periods of holding levels for Fiscal Years 2024 and 2025 are as set out in the table below:

Particulars	(Rs. in Lakhs)	
	Fiscal 2024 (Projected)	Fiscal 2025 (Projected)
<b>Current Assets</b>		
Inventories	1476.04	1712.20
Trade Receivables	985.00	1355.00
Other Current Liabilities & Short Term Provision	4740.00	4370.00
<b>Total (A)</b>	<b>7201.04</b>	<b>7437.20</b>
<b>Current Liabilities</b>		
Trade Payables	586.24	780.15
Other Current Liabilities & Short Term Provision	3939.77	2606.23
<b>Total (B)</b>	<b>4526.01</b>	<b>3386.38</b>
<b>Total Working Capital (A)-(B)</b>	<b>2675.03</b>	<b>4050.82</b>

Assumptions for Working Capital Requirements	Number of days	Number of days
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<b>Current Assets</b>		
Inventories on Sales	130	111
Trade Receivables	87	88
<b>Current Liabilities</b>		
Trade Payables	92	83

The working capital projections made by the Issuer Company are based on certain key assumptions and as approved and certified by the Board via its resolution dated December 5, 2023, are set out below:

Sr. No.	Particulars	Assumptions
<b>Current Assets</b>		
1	<i>Inventories:</i>	In order to achieve cost competitiveness and lead times through constant innovation, we need to maintain efficient inventory levels. In Fiscals 2021, 2022, 2023 and as on 30 <sup>th</sup> September, 2023 our inventory days were 48 days, 22 days 153 days and 173 days, respectively. We have estimated 130 days of inventory for the Fiscal 2024 and 111 days for the Fiscal 2025 to ensure adequate availability due to the addition of capacity and our expected organic growth.
2	Trade receivables	In Fiscals 2021, 2022, 2023 and as on 30 <sup>th</sup> September, 2023 our receivable days were 130 days, 42 days, 81 days and 84 days, respectively. We expect the receivable days at 87 days for Fiscal 2024 and 88 days for Fiscal 2025 with the availability of Net Proceeds.
3	Other current assets including Short term loans and advances	The key items under this head are prepaid expenses, advance to suppliers, balance with government authorities etc. However, going forward, we do not foresee any major change.
<b>Current Liabilities</b>		
4	Trade payables	Our trade payables have been for 92 days, 74 days, 85 days and 155 days for Fiscals 2021, 2022, 2023 and as on 30 <sup>th</sup> September, 2023, respectively. However, going forward, we estimate to maintain payables at 92 days for Fiscal 2024 and 83 days for Fiscal 2025 to avail best pricing and also buy from large suppliers.
5	Other current liabilities	Other current liabilities include provisions, statutory dues, expenses payable, etc. However, going forward, we do not foresee any major change.

Note: - In Above Working Capital requirement Calculation, Short Term Borrowings, Current Maturities of Long-term borrowings and Trade payable for Capital goods have not been considered which was shown under the head current Liabilities in the restated financial statements for FY 2020-21, FY 2021-22, FY 2022-23 and six month period ended 30<sup>th</sup> September, 2023.

The Issuer Company proposes to utilize Rs. 1300 and Rs. 1200 for the Fiscal Years 2024 and 2025, respectively, towards its working capital requirements for meeting their future business requirements.



The balance working capital requirements, if any shall be met through the internal accruals. Accordingly, we confirm that the Company is in compliance with the requirements to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI (ICDR) through verifiable means towards atleast 75% of the stated means of finance, excluding the amount to be raised through the Net Proceeds. OR

As on 30.09.2023, the Issuer Company has total sanctioned limit of working capital facilities of Rs. 0. Accordingly, there are no 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.

We confirm that the computation of the working capital of the Company for the past three financial years and stub period is in compliance with the applicable provisions of the Accounting Standards and such other laws.

We also confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well informed decision. All capitalized terms not defined in this certificate shall have the same meaning as defined in the Offer Documents.

This certificate is issued for the sole purpose of the Offer and this certificate or any extracts or annexures thereof, can be used, in full or part, for inclusion in the Offer Document (Draft Prospectus and/or Prospectus) and any other material used in connection with the Offer (IPO), and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the LM in connection with the Offer (IPO) and in accordance with applicable law. Any change in the information made available to us by the Issuer Company which forms substantial basis of our verification, subsequent to the issuance of this certificate has not been considered.

We hereby consent to the aforementioned details being included in the Offer Documents and submission of this certificate as may be necessary to any regulatory authority and/ for the records to be maintained by the LM in connection with the IPO and in accordance with the applicable law. However, any change in the information made available to us by the Issuer Company which forms substantial basis of our verification, subsequent to the issuance of this certificate has not been considered.

This certificate may be relied on by the Issuer Company, the Lead Manager and Legal Counsel appointed in relation to the Offer (IPO).

We undertake to update you in writing of any changes in the abovementioned position, until the date the Equity Shares issued pursuant to the Offer (IPO) commence trading on the stock exchanges. In the absence of any communication from us 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.

Yours faithfully,

**FOR S N GADIYA & CO.**  
**Chartered Accountants**



Satya Narayan Gadiya  
Proprietor  
Membership No. 071229  
Place: Mumbai  
Date: 04/12/2023  
UDIN: 23071229BGVAJX1778

