

CA Certificate on Working Capital Requirements

To,
The Board of Directors,
V.L.Infraprojects Limited
716, Shivalik Satyamev, Nr. Vakil Saheb Bridge
Bopal, Ahmedabad
Gujarat - 380058

To,
Beeline Capital Advisors Private Limited
B/1311-1314, Shilp Corporate Park, Near Rajpath Club,
Rajpath Rangoli Road, Sarkhej - Gandhinagar Hwy,
Ahmedabad, Gujarat 380054

(Beeline Capital Advisors Private Limited referred to as "Book Running Lead Manager")

Dear Sir(s)/ Madam(s),

Ref: Proposed Initial Public Offering of Equity Shares of Face Value ₹ 10 Each (The "Equity Shares") of V.L.Infraprojects Limited (The "Company")

1. This certificate is issued in accordance with the terms of our service scope letter dated March 16, 2024 with V.L.Infraprojects Limited.
2. The accompanying annexure, prepared by the Company and which we have initialed for identification purposes only, contains details of
 - (i) Working Capital Requirements.for the purpose of inclusion of specific information contained in the annexure in the offer documents in connection with its proposed initial public offering ('IPO') comprising a fresh issue of equity shares of face value ₹ 10 of the Company ("Equity Shares").

Management's Responsibility for the Annexures:

1. The preparation of the Annexures is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

1. Pursuant to the request received from "The Company", our responsibility is to certify the Working Capital Requirements.
2. We have examined the books of accounts as well as the Restated Financial Statements of the company for financial years ended on March 31, 2024, 2023, 2022 & 2021 prepared in accordance with Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended (the "Companies Act"), and the Accounting Standard issued by the Institute of Chartered Accountants of India ("AS") and the Guidance Note on Reports or Certificates for special purposes issued by the Institute of Chartered Accountants of India and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "Restated Financial Information").
3. We conducted our examination of the Annexures in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India. 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.
4. 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.



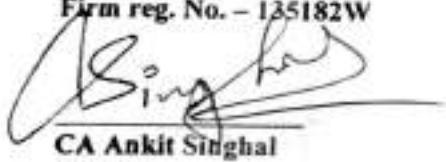
5. It should be noted that certain information contained in the in the Draft Red Herring Prospectus/ Red Herring Prospectus/ Prospectus are not measures of operating performance or liquidity as defined by generally accepted accounting principles and may not be comparable to similarly titled measures presented by other companies.
6. We make no comment about the company's definitions, calculations or usefulness for any purpose.
7. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Restriction on Use

This certificate has been prepared at the request of the management for the proposed IPO. This certificate may be relied upon by the Book Running Lead Manager and Legal Counsel appointed in relation to the offer. This certificate is for information and for inclusion in the Red Herring Prospectus/ Prospectus to be issued by the company in relation to the offer. Aforementioned details may be included in the Red Herring Prospectus/ Prospectus and the certificate may submitted to any regulatory authority and / or for the records to be maintained by the book running lead manager in connection with the offer and in accordance with applicable law. It should not be used by any other person or for any other purpose. We do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come.

For M/s. S V J K and Associates,
Chartered accountants
Firm reg. No. - 135182W




CA Ankit Singhal

Partner

Membership no. 151324

UDIN: 24151324BKESIE3322

Date: July 13, 2024

Place: Ahmedabad

Annexure - I**Basis of estimation of working capital requirement and estimated working capital requirement****(₹ in lakhs)**

Particulars	(Projected)		(Restated Basis)			
	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021
Inventories						
Raw materials and Consumables	1,040.47	692.08	301.99	281.63	189.69	162.42
Deposits held under lien	446.43	330.69	164.71	97.45	34.16	28.45
Trade receivables	3,212.74	2,374.79	1,663.41	758.48	531.58	565.16
Cash and cash equivalents	17.04	14.70	13.48	1.03	0.41	9.10
Loans and Advances	442.42	314.94	249.95	208.65	194.47	142.16
Other Assets	4,063.92	3,190.21	2,900.03	1,292.44	783.77	519.05
Total Assets	9,223.02	6,917.41	5,293.57	2,639.68	1,734.09	1,426.34
Trade payables	2,423.93	1,958.63	2,169.96	598.13	122.63	269.92
Other Liabilities	283.38	243.80	197.28	203.81	82.64	59.82
Short-term provisions	34.83	27.86	22.29	0.19	0.35	20.66
Total Liabilities	2,742.14	2,230.30	2,389.53	802.13	205.62	350.40
Net Working Capital	6,480.88	4,687.12	2,904.04	1,837.55	1,528.47	1,075.94
Sources of Funds						
Internal Accruals/Existing Net worth/Borrowings	5,000.88	3,787.12	2,904.04	1,837.55	1,528.47	1,075.94
Proceeds from IPO*	1,480.00	900.00	0.00	0.00	0.00	0.00
Total	6,480.88	4,687.12	2,904.04	1,837.55	1,528.47	1,075.94

[1] As on March 31, 2024, Company has ₹ 1,582.22 lakhs of working capital loan and Cash Credit from various banks.

*Company is expecting utilization of ₹ 900.00 lakhs in FY 2024-25 and remaining amount i.e. ₹ 580.00 lakhs (₹1,480.00 Lakhs Working Capital requirement reduced by utilized amount till FY 2024-25 ₹ 900.00 lakhs) in FY 2025-26. Therefore, amount disclosed in FY 2025-26 is sum of total utilization of Working Capital for previous and current year i.e. ₹ 900.00 lakhs for FY 2024-25 and ₹ 580.00 lakhs for FY 2025-26. Moreover, working capital requirement is calculated based on statement of assets and liabilities as on particular date. Utilization of working capital disclosed in the table is based on closing balances. From the above working capital requirement of ₹ 6,480.88 lakhs in FY 2025-26, Company intends to utilize ₹ 1,480.00 Lakhs towards Working Capital requirement out of the Issue Proceeds.



Assumptions for working capital requirements:

Particulars	Holding level (in Months/Days)					
	(Projected)		(Restated Basis)			
	31-Mar-26	31-Mar-25	31-Mar-24	31-Mar-23	31-Mar-22	31-Mar-21
Trade Receivables (A)						
Number of months of Trade Receivables	1.95	1.87	1.75	2.00	1.79	2.21
Number of Days of Trade Receivables	58.00	56.00	53.00	60.00	54.00	66.00
Inventory (B)						
Number of months for Inventory	0.97	0.82	0.49	1.28	1.53	1.59
Number of Days for Inventory	29.00	25.00	15.00	38.00	46.00	48.00
Current Liabilities (C)						
Number of months of Trade Payable	1.74	1.88	2.79	1.86	0.47	1.20
Number of days of Trade Payable	52.00	56.00	84.00	56.00	14.00	36.00

Note:

1. Holding period level (in months/days) of Trade Receivables is calculated by dividing closing trade receivables by revenue from operations multiplied by number of months/days in the year/period.
2. Holding period level (in months/days) of Inventory is calculated by dividing closing Inventory by Cost of Goods Sold multiplied by number of months/days in the year/period.
3. Holding period level (in months/days) of Trade Payables is calculated by dividing closing trade payables by purchase of raw materials & components and other expenses multiplied by number of months/days in the year/period.

Our Company's estimated working capital requirements on a restated basis are based on the following key assumptions:

Sr No	Particulars	Details
Current Assets		
1.	Trade receivables	Trade receivables are amount owed to Company by customers following rendering of services i.e. Sale & Supply of Water Pipeline Construction services, Irrigation Projects services, Road Construction and Building Construction services on credit. The company is engaged in the business wherein realization of payment from the clients undergoes processing delays due to administrative clearances of government departments, after which demand for the payment is made by the accounts department and then the payment is released so normally the debtors period in this business falls between 45-90 days depending on state to state. From FY 2020-21 to FY 2023-24, our trade receivables holding period has witnessed a reduction from 66 days to 53 days. This positive trend can be attributed to the favorable credit



Sr No	Particulars	Details
		<p>terms offered by our clients from Gujarat region and increase in the number of our projects in Gujarat region.</p> <p>Looking ahead, we anticipate Trade Receivable days to be in the range of previous financial years. Company estimates Trade Receivables Holding period of 56 days in FY 2024-25 and gradually increasing with increase in Revenue from Operation to 58 days in FY 2025-26. Increase in Trade Receivable days is mainly due to increase in estimated size of operations of our company.</p>
2.	Inventory (Raw Materials and Components)	<p>Inventories of our company includes Raw Materials and Components consisting of pipes, steel construction material, cement, valves, sand, ready-mix and other hardware items.</p> <p>From FY 2020-21 to FY 2023-24, our inventory holding period has witnessed a reduction from 48 days to 15 days. Over the period the company has increased its focus in the Gujarat region, Gujarat has a well-established network of industries, making it easier to source a wide range of raw materials for various sectors, including infrastructure, engineering and chemicals. This positive trend in the inventory holding period can be attributed to the easy and timely availability of majority of raw material required for project execution.</p> <p>Company estimates raw materials and components holding period to be in the range of 25 to 30 days in the projected period. Increase in raw materials and components is not substantial due to its timely availability and reason for such increase is due to increase in the size of operations of our company.</p>
Current Liabilities		
3.	Trade Payables	<p>Trade payables are amount to be paid to suppliers by company following purchase of raw materials & components, stock-in-trade and other expenses on credit. Historically, our trade payables holding period from FY 2020-21 to FY 2023-24 were in the range of 84 to 36 days.</p> <p>Company estimates Trade Payable Holding period of 56 days in FY 2024-25 (in line with average holding period for FY 2020-21 to FY 2023-24) and gradually decreasing to 52 days in FY 2025-26. Company expects better pricing and continuous supply from vendors by making early payment and negotiating better deals. With improved cash flow, we can settle our trade payables more promptly, further reducing the holding period which will provide better pricing from vendors and negotiating better deals.</p>

Apart from above there are other working capital requirements such as Deposit under lien, Cash and cash equivalents, Other Assets, Loans and advances, Short Term Provisions and Other Current Liabilities. Details of which are given below.

Deposits held under lien

Deposits hold under lien includes Margin money deposits with i) more than 12 months maturity and ii) more than 3 Months and less than 12 months Maturity. As part of our business and as is customary, our clients deduct margins from each invoice as retention money and we are required to provide performance bank guarantees in favour of our project clients under the respective contracts.

With increase in the quantum of projects, our company will require higher margins as deposits for Bank Guarantees. For Higher Bank Guarantee limits our company has to maintain a healthy balance with banks in form of Fixed Deposit.



Cash and Cash Equivalents	Cash and cash equivalents include cash in hand and balance in current account excluding Deposits held under lien. Cash and Cash Equivalent balance is estimated based on amount required for day-to-day Business operation and for expected Business requirement of company.
Loans and Advances	Loans and Advances includes, Tax deduction at source, Advances recoverable in cash or kind, Advance income tax (net of provision for income tax), Prepaid expenses, Balances with government authorities and MAT credit entitlements. Loans and advances are estimated based on previous year outstanding amount and for expected Business requirement of company.
Other Assets	Other Assets include, Security Deposits, Unbilled Revenue (i.e. Company recognizes revenue based on percentage of completion of work method and it must be verified by client for the progress to be billed. On the closing date, if company has executed the portion of work contract and it is under process of verification, such revenue will be recognized under the unbilled revenue), Interest accrued on fixed deposits and others, Earnest money deposit and Other receivables. Projected Other Assets are estimated based on previous year outstanding amount and for expected Business requirement of company.
Other Liabilities	Other Liabilities mainly include Salary Payable, Interest accrued but not due on borrowings, Interest accrued and due on borrowings, Statutory liabilities and Retention money held with company. Other current liabilities are estimated based on previous year outstanding amounts and for expected Business requirement of company.
Short-term provisions	Short-term provisions mainly include provision for gratuity and tax. Short-term provisions are estimated based on previous year outstanding amounts and for expected Business requirement of company.

