



Vinay I Aggarwal & Associates

CHARTERED ACCOUNTANTS

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To,
Smart Horizon Capital Advisors Private Limited
(Formerly Known as Shreni Capital Advisors Private Limited)
B/908, Western Edge II, Kanakia Space, Behind metro mall,
Off Western Express Highway, Magathane, Borivali East,
Mumbai – 400066, Maharashtra, India.
(The “Book Running Lead Manager”)

Dear Sir(s),

Proposed Initial Public Offer (“IPO”) of Tipco Engineering India Limited (Formerly known as Tipco Engineering India Private Limited) on SME Platform of BSE Limited (“BSE SME”)

Based on the Audited Financials of Assets and Liabilities as at March 31, 2023, 2024 and 2025 and December 31, 2025 respectively from the Audited Financial Statements of the Company in connection with the Initial Public Offering in SME Platform, and according to revenue and other assumptions, information/explanation as provided by the company, terms of the engagement with the company and as per the relevant records produced before us, we certify that we have examined the correctness of working capital assessment of the company and funding pattern of working capital gap as follows:

(₹ In Lakhs)

Particulars	2022-23	2023-24	2024-25	2025-26 (Till December)
	Audited	Audited	Audited	Audited
Current assets				
Inventories	718.49	1,248.85	3,124.29	3,509.37
Trade Receivables	1,043.27	2,352.77	2,622.05	3,703.43
Short Term Loans & Advances	966.71	2,175.45	732.58	1,915.59
Total Current Assets (I)	2,728.48	5,777.07	6,478.92	9,128.40
Current Liabilities				
Trade Payables	1,226.38	2,296.08	1,154.83	841.05
Other Current Liabilities	75.72	1,163.44	1,952.89	1,563.11
Short Term Provisions	53.79	94.24	357.40	668.93
Current Liabilities (II)	1,355.89	3,553.76	3,465.12	3,073.08
Total WC Gap (III)=[(I)-(II)]	1,372.59	2,223.31	3,013.79	6,055.32
ST Borrowings	969.24	554.92	1,336.77	3,189.43
IPO Fund	-	-	-	-
Internal accrual	403.35	1,668.39	1,677.02	2,865.88



On the basis of the existing working capital requirements, the Board of Directors of the company has approved the estimated working capital requirements for Fiscal 2026 & Fiscal 2027 as set forth below:

(₹ In Lakhs)

Particulars	2025-26	2026-27
	Estimated	Estimated
Current assets		
Inventories	2,453.58	4,313.80
Trade Receivables	3,665.34	3,797.26
Short Term Loans & Advances	1,223.40	1,245.00
Total Current Assets (I)	7,342.32	9,356.06
Current Liabilities		
Trade Payables	2,310.36	1,882.82
Other Current Liabilities	1,520.00	1,943.01
Short Term Provisions	404.34	559.21
Current Liabilities (II)	4,234.70	4,385.04
Total WC Gap (III)=[(I)-(II)]	3,107.62	4,971.02
ST Borrowings	-	-
IPO Fund	-	766.00
Internal accrual	3,107.62	4,205.02

Key assumptions for working capital projections made by the Company:

The table below sets forth the details of holding levels (in days) for Fiscal 2023, Fiscal 2024, Fiscal 2025 as well as projections for Fiscal 2026:

Particulars	2022-23	2023-24	2024-25	Dec-2025*	2025-26	2026-27
Average Inventory Turnover Days (approx.)	90	43	80	212	89	89
Average Trade Receivable Turnover Days (approx.)	106	61	68	134	76	76
Average Trade Payable Turnover Days (approx.)	154	77	63	64	55	55

*Not Annualized

Inventory Days, Trade Receivable Days & Trade Payable Days are calculated on an absolute basis since company started operations in FY 2022-23.

Notes:

- Average Inventory holding days is calculated by dividing 365 by Average Inventory Turnover ratio. Average Inventory Turnover ratio is calculated by dividing Cost of Goods Sold and Goods in transit by Average Inventory.
- Average Trade Receivable holding days is calculated by dividing 365 by Average Trade Receivables Turnover ratio. Average Trade Receivables Turnover ratio is calculated by dividing Revenue from Operations by Average Trade Receivables.
- Average Trade Payable holding days is calculated by dividing 365 by Average Trade Payables Turnover ratio. Average Trade Payables Turnover ratio is calculated by dividing Cost of Goods Sold and Goods in transit by Average Trade Payables.



Key Justifications from management:

Inventory	<p>The company is in the business of manufacturing and supplying a comprehensive range of machinery such as bead mill, batch type bead mill, lab bead mill, horizontal bead mill, etc. The company has to maintain various types of inventories of raw materials for the manufacturing of such machineries & other stock-in-trade as well for the smooth flow of its operations.</p> <p>The company maintained an average inventory level of 80 days in Fiscal 2025, which is expected to increase to 89 days in Fiscal 2026 and Fiscal 2027. This slight rise is driven by the need to support the company's projected growth and ensure the availability of products for smooth operations, as maintaining higher inventory levels will help meet increased demand and prevent potential stock shortages.</p>
Trade Receivables	<p>The company has maintained an average receivables days of 61 days in Fiscal 2024 & 68 days in Fiscal 2025. The trade receivables of the company are expected to increase slightly to 76 days in Fiscal 2026 and Fiscal 2027, which is in line with the historical trends. These credit terms are aimed at supporting the company's growth by offering customers more flexible payment options, thereby driving higher sales and expanding operations.</p>
Trade Payables	<p>The company's trade payables consist mainly of creditors for purchases of raw materials & purchases of stock-in-trade.</p> <p>The company had average payable days of 77 days in Fiscal 2024, which decreased to 63 days in Fiscal 2025. The same is expected to further decrease to 55 days in Fiscal 2026 & Fiscal 2027. This decrease in trade payable days will help in improved credit relations with service providers, driven by higher transaction volumes and stronger supplier relationships.</p>
Short-Term Loans & Advances	<p>The company's short-term loans & advances majorly consists of GST receivable from government authorities, advances paid to suppliers and also includes advances to employees, advances to others, etc. These are expected to increase in line with the growing operations of the company.</p>
Short Term Provisions	<p>The company's short-term provisions consist of provisions for income tax, provision for gratuity, etc. The same is expected to increase in line with the growing operations of the company.</p>
Other Current Liabilities	<p>The company's other current liabilities consist of statutory dues payable, expenses payable, advances from customers etc. The same are expected to slightly decrease in Fiscal 2026 due to expected reduction in overall outstanding expenses payable and are expected to increase in Fiscal 2027 in line with the growing operations of the company.</p>
Internal Accrual	<p>Company will meet its working capital requirements from its internal accrual which consists of its internal reserves for Fiscal 2026 and will also include IPO proceeds in Fiscal 2027.</p>

Benefits of IPO Funding

- 1) **Enhanced working capital:** The IPO proceeds will provide the company with the liquidity required to bridge the current working capital gap. This will enable us to manage cash flow more effectively, improving our ability to meet supplier payments and customer demands without relying on internal funds.
- 2) **Boost to sales growth:** With sufficient working capital, the company will be able to increase its inventory levels, negotiate better terms with suppliers, and fulfil customer orders more efficiently. This will help unlock sales growth.



We hereby confirm that while providing this certificate we have complied with the Standard on Quality Control (SQC) 1, and '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 ("ICAI"). We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the ICAI which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI and in accordance with 'Guidance Note on Reports in Company Prospectuses' (Revised 2019). We hereby confirm that while providing this certificate we have complied with the above guidance notes.

This certificate is issued for the sole purpose of the Company's proposed Issue of its Equity Shares for listing on stock exchanges in India and can be used for inclusion in the draft red herring prospectus, red herring prospectus and prospectus and any other material in relation to the Issue, for submissions to Securities and Exchange Board of India, Registrar of Companies, stock exchanges or any other authority as may be required. We further consent to the aforementioned details being included for the records to be maintained by the Company, Book Running Lead Manager in connection with the Issue and in accordance with applicable law.

Terms capitalized and not defined herein shall have the same meaning as ascribed to them in the Offer Documents.

Yours sincerely,

**For M/s. Vinay I Aggarwal & Associates,
Chartered Accountants
ICAI Firm Reg No: 019631N**



**Shobhit Gupta
Partner
Membership No: 502897**

**Date: 12th March 2026
Place- Delhi**

UDIN: 26502897YLAXFQ6424