Certificate on Working Capital

To,
The Board of Directors
ADVANCE TECHNOFORGE LIMITED
Plot No. 01 to 06,
Survey No. 121,
Padvala Industrial Area,
Veraval Shapar
Rajkot- 360024,
Gujarat, India

To,
SUN CAPITAL ADVISORY SERVICES PRIVATE LIMITED
302, Kumar Plaza, 3rd Floor,
Kalina Kurla Road,
Santacruz (E)
Mumbai
400029 IN

Dear Sirs,

Re: Proposed initial public offering of equity shares of face value of ₹10/- each (the "Equity Shares") of ADVANCE TECHNOFORGE LIMITED (the "Company") and such issuing, (the "Issue")

We, **R V D & Co.**, Chartered Accountants (Firm Registration Number: 143936W), Statutory Auditor and Expert of the Company hereby certify the following, based on our review of the corporate records of the Company including the minutes of the meetings of the Board of Directors, Restated Financial Statement of the company and comprising the Restated Balance Sheet as at March 31, 2026, March 31, 2025 and March 31, 2024, The Restated Profit and Loss of statements and the Restated Cash Flow Statement for the financial year ended March 31, 2026, March 31, 2025 and March 31, 2024, the Summary Statement of Significant Accounting Policies and other explanatory information (collectively, the "**Restated Financial Information**"), prepared in accordance with the Companies Act, 2013, as amended (the "**Companies Act**") and Accounting Standards prescribed under the Companies Act (Accounting Standards) Rules, 2006 and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**") and the reports issued thereon:

We have verified and confirm that the working as per **Annexure A** for working capital requirement appears proper. This working capital requirement is approved by the Board of Directors in their meeting held on June 15, 2026.

We have conducted our examination in accordance with the "Guidance Note on Reports in Company Prospectuses (Revised 2019)", issued by the Institute of Chartered Accountants of India, so far it relates to Expert issuing certificates on information included in the prospectus. 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 confirm that the information in this certificate is true, fair, and correct, and is in accordance with the requirements of the Companies Act, 2013, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, and other applicable law, and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context. We confirm that the information in this certificate is adequate to enable investors to make a well-informed decision, to the extent that such information with respect to us is relevant to the prospective investor to make a well-informed decision.

R V D & Co.
FRN: 143936W
M.No.: 197487
City: Rajkot
Chartered Accountants

This certificate is for information and inclusion (in part or full) in the prospectus ("**Prospectus**") filed in relation to the Issue (collectively, the "**Issue Documents**") or any other Issue-related material, and may be relied upon by the Company, the Lead Manager and the Legal Advisors appointed by the Company and the Lead Manager in relation to the Issue. We hereby consent to the submission of this certificate as may be necessary to the Securities and Exchange Board of India ("**SEBI**"), the Registrar of Companies, Ahmedabad situated at Ahmedabad, Gujarat ("**RoC**"), the relevant stock exchanges, any other regulatory authority, and/or for the records to be maintained by the Lead Manager and in accordance with applicable law. We hereby consent to this certificate being disclosed by the 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 defense 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 Lead Manager until the date when the Equity Shares commence trading on the relevant stock exchanges where the Equity Shares are proposed to be listed. In the absence of any such communication from us, the Lead Manager and the Legal Advisors, each to the Company and the Lead Manager, can assume that there is no change to the above information until the Equity Shares commence trading on the relevant stock exchanges pursuant to the Issue.

The certificate is for the specific purpose of inclusion in the Issue Documents of the Company and may not be suitable for any other purpose. The Company, the Lead Manager, and the Legal Advisors shall not use this for any other purpose without our prior consent.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Issue Documents.

Yours faithfully,

For, R V D & Co.
Chartered Accountants
ICAI Firm Registration No 143936W

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Radhika J. Popat
(Partner)
Membership No. 197487
UDIN: 26197487SYCYBL3815
Date: June 15, 2026
Place: Rajkot

Working for Basis of estimation of working capital requirement

Existing Working Capital

The details of our Company's working capital as at March 31, 2026, March 31, 2025 and March 31, 2024, derived from the Restated Financial Statements of our Company, and its source of funding are provided in the table below:

(₹ in lakh)

Particulars	As on March 31, 2026 (Actual)	As on March 31, 2025 (Actual)	As on March 31, 2024 (Actual)
Current Assets			
Inventories	1,252.6	807.9	848.3
Trade Receivables	1,316.3	1,214.0	1,169.2
Cash and Bank Balances	3.8	4.5	3.6
Short-Term Loans and Advances	115.8	63.3	25.2
Other Current Assets	16.3	10.7	7.7
Total Current Assets (A)	**2,704.7**	**2,100.4**	**2,054.0**
Current Liabilities			
Trade Payables	1,345.4	1,112.5	914.0
Other Current Liabilities and Provisions	136.4	73.5	101.6
Total Current Liabilities (B)	**1,481.7**	**1,186.0**	**1,015.6**
Total working capital requirement (A-B)	1,223.0	914.4	1,038.4
Funding pattern			
Short term borrowings from banks and others	872.0	953.9	761.1
Internal Accruals and Equity	351.0	(39.5)	277.3

Estimated Working Capital Requirement

In light of the incremental business requirements, the Company requires funding for additional long-term working capital requirements in the Financial Year 2027 and Financial Year 2028. On the basis of our existing working capital requirements and the projected working capital requirements, the business plan for the Financial Years ending March 31, 2027 and March 31, 2028 and the estimated funding of such working capital requirements as set forth below:

RVD & Co. * FRN: 143936W M.No.: 197487 City: Rajkot * Chartered Accountants

"Level-6",Office No 604-605,Near AP Park, Opp Imperial Heights, Rajkot-360005
+91 6356 797 885 0281 - 2991685 office@cakda.in www.cakda.in

(₹ in lakh)

Particulars	Estimated Amount as on March 31, 2027	Estimated Amount as on March 31, 2028
Current Assets		
Inventories	1,340.3	1,475.9
Trade Receivables	1,466.5	1,660.4
Short-Term Loans and Advances	123.9	132.6
Other Current Assets	17.9	19.7
Total Current Assets (A)	**2,948.6**	**3,288.7**
Current Liabilities		
Trade Payables	1,261.5	1,383.7
Other Current Liabilities and Provisions (excluding creditors for capital expenditure)	138.0	139.6
Total Current Liabilities (B)	**1,399.5**	**1,523.3**
Total working capital requirement (A-B)	**1,549.2**	**1,765.3**
Funding pattern		
From short term borrowings from banks and others	872.0	872.0
From internal accruals	277.2	568.3
Net Proceeds from the Issue	**400.0**	**325.0**

Key assumptions for estimated working capital requirement

The basis of estimation of working capital requirement along with the relevant assumptions are as under:
Assumptions for holding levels (in days) *

Particulars	Holding level for Financial Year ended March 31, 2024 (Actual)	Holding level for Financial Year ended March 31, 2025 (Actual)	Holding level for Financial Year ended March 31, 2026 (Actual)	Holding level for Financial Year ended March 31, 2027 (Provisional)	Holding level for Financial Year ended March 31, 2028 (Estimated)
Current Assets					
Inventories	65	58	91	85	80
Trade Receivables	89	87	96	93	90
Other Current Assets (excluding cash)	2	5	10	9	8
Current Liabilities					
Trade Payables	70	80	85	80	75
Other Current Liabilities (including Provisions)	8	5	10	9	8

Justification for holding period level (in days) for key items*

R V D & Co. FRN : 145936W M.No. : 197487 City : Rajkot Chartered Accountants

The justifications for the holding period level (in days) mentioned in the table above are provided below:

Particulars	March 31, 2024 (Actual)	March 31, 2025 (Actual)	March 31, 2026 (Actual)	March 31, 2027 (Provisional)	March 31, 2028 (Estimated)
Inventories	65	58	91	85	80
Trade Receivables	89	87	96	93	90
Trade Payables	70	80	85	80	75

Note:

1. *Holding period level (in days) of Trade Receivables is calculated by dividing trade receivables by revenue from operations multiplied by number of days in the year/period (i.e. 365).*
2. *Holding period level (in days) of Other Current Assets (Total current asset less trade receivables, inventories, cash & bank balances and Short-term loans and advances) and is calculated by dividing other current assets by revenue from operations multiplied by number of days in the year/period (i.e. 365).*
3. *Holding period level (in days) of Inventories is calculated by dividing inventories by revenue from operations multiplied by number of days in the year/period (i.e. 365).*
4. *Holding period level (in days) of Trade Payables is calculated by dividing trade payables by revenue from operations multiplied by number of days in the year/period (i.e. 365).*
5. *Holding period level (in days) of Other Current Liabilities (Total current liabilities less trade payables, short-term borrowings and* excluding creditors for capital expenditure*) is calculated by dividing other current liabilities by revenue from operations multiplied by number of days in the year/period (i.e. 365).*

Rationale on changes in Working Capital cycle in past and future

The table below sets forth the key reasons and assumptions for changes in our working capital cycle:

Particulars	Justification
Inventories	Inventories include raw materials and finished goods. The historical holding days of inventories has been 65 days, 58 days and 91 days for the financial year ended March 31, 2024, March 31, 2025 and March 31, 2026 respectively. We do not utilize standardized raw materials across our final products, as each product is manufactured according to unique customer specifications, requiring different grades, compositions, and dimensions of raw materials. To ensure precision and compliance with these varied requirements, we maintain dedicated raw material inventories for each customer and their respective product lines. Our production process involves multiple stages, including forging, machining, heat treatment, surface treatment, and cleaning, with lead times ranging from 4 to 6 weeks, depending on the complexity and number of processes involved. Given the intricacies of our operations and the necessity of maintaining uninterrupted workflow, we stock an extensive inventory for each material type to mitigate supply chain delays and meet customer deadlines efficiently

RVD & Co. FRN: 143936W M.No.: 197487 City: Rajkot Chartered Accountants

	We have considered the turnover value in calculation of holding period of Inventories based on the fact that our Company is into providing Forging Components and a major chunk of that cost is included in "Other expenses" head of Financials and thus not form part of COGS. Thus, in order to have a realistic and logical presentation of holding levels of Inventories, we have considered the Turnover in place of Cost of material Consumed. Company estimates inventories holding days to be 85 days for FY 2026-27 and 80 days for FY 2027-28 respectively.
Trade Receivables	The historical holding days of trade receivables has been ranging from 89 days to 96 days during Fiscal 2024 to Fiscal 2026. For most customers, standard credit terms are 60 days from the Goods Receipt Note (GRN), which signifies goods received and quality-cleared at the customer's end. For export receivables, payments are typically made within a week after the goods reach their destination. Given that sea transit times to Europe and the USA average 60 days, and additional time is required for customs clearance and inland transportation, the total export payment cycle extends to approximately 80 to 90 days. We have considered holding period for receivable for FY 2026-27 is 93 Days, and FY 2027-28 is 90 Days
Trade Payables	The trade payable holding period was 70 days in FY 2023-24, 80 days in FY 2024-25 and 85 days in FY 2025-26. From FY 2023-24 onwards, as business operations normalized and financial stability improved, the company successfully regularized its payment cycle, bringing the holding period down to 70 days. For future projections, we have considered a trade payable holding period of 80 days for FY 2026-27, and 75 days for FY 2027-28 This estimation is based on our expectation that the company's internal accruals will strengthen, driven by improved cash flow and profitability. With better financial positioning, the company will be able to expedite payments to creditors, leading to enhanced supplier relationships and potential cost savings. Additionally, faster payments will allow us to take advantage of early payment discounts and optimize production costs, further contributing to overall operational efficiency and financial health.

This plan is prepared based on past financial trends and expected future business trends.

RVD & Co.
FRN: 143936W
M.No.: 197487
City: Rajkot
Chartered Accountants