



**CERTIFICATE ON WORKING CAPITAL**

To,

**The Board of Directors**  
**HVAX TECHNOLOGIES LIMITED** 601, Lodha  
Supremus, I-Think Techno  
Campus, Kanjumarg (East), Mumbai -400042,  
Maharashtra

To,

**Fedex Securities Private Limited**  
3<sup>rd</sup> Floor, B Wing, Jay Chambers,  
Dayaldas Road, Vile Parle East,  
Mumbai – 400057

(Fedex Securities Private Limited is hereinafter referred to as the “Lead Manager” or “BRLM”)

Dear Sir / Madam,

**Subject: Certificate for Working Capital**

**Re: Proposed initial public Issue (“IPO”) of equity shares of face value Rs. 10/- each (“Equity Shares”) by Hvax Technologies Limited (“Company”)(“Issue”) in accordance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), and other applicable laws, as amended**

At the request of the Company, the working capital requirement figures proposed to disclose as part of the objects of the issue from the Restated Financial Statements for the Financial Year ended March 31, 2024, for the Financial Year ended March 31, 2023 and for the Financial Year ended March 31, 2022.

The following financial information of Restated Financial Statements to be included in the Red Herring Prospectus/Prospectus as one of the objects of the issue:

The Company have historically funded a majority of our working capital requirements in the ordinary course of business from our internal accruals or borrowing. Our Company requires additional working capital for meeting the future demand for its products, for funding future growth requirements of our Company and for other business purposes and the Net Proceeds deployed towards funding our working capital requirements are proposed to be utilized for the purposes.

The Company’s existing working capital requirements for the period ended March 31, 2024 and for the for the Financial Year ended March 31, 2023 and for the Financial Year ended March 31, 2022 respectively which have been derived from the Restated Financial Statement and funding of the same are as set out in the table below:

(₹ in lakhs)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
<b>Current Assets</b>			
Inventories	2,009.35	2,002.64	1,494.50
Trade receivables	2,490.60	3,248.26	1,975.86
Short-term loans and advances	16.50	451.59	82.86
Other Assets	347.42	422.86	306.92
<b>Total Current Assets</b>	<b>4,863.87</b>	<b>6,125.35</b>	<b>3,860.14</b>
<b>Current Liabilities</b>			
Trade payables	600.17	940.04	847.84
Other current liabilities	109.27	3,398.70	2,279.08
Short-term provisions	67.01	36.55	18.03





<b>Total Liabilities</b>	<b>776.45</b>	<b>4,375.29</b>	<b>3,144.95</b>
<b>Net Working Capital</b>	<b>4,087.42</b>	<b>1,750.06</b>	<b>715.19</b>
<b>Sources of Funds</b>			
Short Term Borrowing	2,154.61	1,374.56	590.83
Internal Accruals/Existing Net worth	1,932.81	375.50	124.36
<b>Total</b>	<b>4,087.42</b>	<b>1,750.06</b>	<b>715.19</b>

### ***Expected working capital requirements***

The estimates of the working capital requirements for the Financial Year ended March 31, 2025 and March 31, 2026 has been prepared based on the management estimates of current and future financial performance. The projection has been prepared using set of assumptions that include assumptions about future events and management's action that are not necessarily expected to occur.

On the basis of existing working capital requirements and estimated working capital requirements, Board pursuant to its resolution dated 13.06.2024 has approved the projected working capital requirements for Financial Year March 31, 2025 and March 31, 2026 with the assumptions and justifications for holding levels, and the proposed funding of such working capital requirements, as set forth below:

(₹ in lakhs)

Particulars	Fiscal 2026 (Projected)	Fiscal 2025 (Estimated)
<b>Current Assets</b>		
Inventories	3363.00	2,700.00
Trade receivables	4036.00	3,225.00
Short-term loans and advances	1121.00	875.00
Other Assets	224.00	185.00
<b>Total Current Assets</b>	<b>8744.00</b>	<b>6,985.00</b>
<b>Current Liabilities</b>		
Trade payables	807.00	635.00
Other current liabilities	3184.00	2,550.00
Short-term provisions	224.00	165.00
<b>Total Liabilities</b>	<b>4215.00</b>	<b>3,350.00</b>
<b>Net Working Capital</b>	<b>4,529.00</b>	<b>3,635.00</b>
<b>Sources of Funds</b>		
Short Term Borrowing	1500.00	1,500.00
Internal Accruals/Existing Net worth	1894.00	1,100.00
Proceeds from IPO	1,135.00	1,035.00
<b>Total</b>	<b>4,529.00</b>	<b>3,635.00</b>





Assumptions for our estimated working capital requirement:

(in days)

Particulars	Holding level (in days)				
	March 31, 2026 (Projected)	March 31, 2025 (Estimated)	March 31, 2024 (Restated)	March 31, 2023 (Restated)	March 31, 2022 (Restated)
Inventory	75	75	69	76	80
Trade Receivables	90	90	86	124	106
Short-term loans and advances	25	24	1	17	4
Other current assets	5	5	12	16	16
Total days	195	195	167	233	206
Trade Payables	18	18	21	36	45
Other Current liabilities	71	71	4	129	122
Short term provision	5	5	2	1	1
Total days	94	93	27	166	168
Net working days	101	101	141	67	38

The table below sets forth the key assumptions for working capital projections:

Inventory	Our Company had maintained inventory holding period of 80 days in Fiscal 2022, 76 days in Fiscal 2023 and 69 days in Fiscal 2024. The holding days of Inventory levels was decreased in Fiscal 2022 from 80 days to 69 days in Fiscal 2024. Our Company maintains sufficient level of inventory based on order in hand to supply during the project execution. Company purchases products for projects from reputed vendors which requires timely order or products in the appropriate quantity. We estimate inventory holding level to stay around 75 days in Fiscal 2025 and 75 days in Fiscal 2026. This estimation is based on stock in hand holding cycle of average of three Fiscal year and to meet expected turnover requirement for FY 2024-25 and FY 2025-26 and to optimize the working capital requirement.
Trade Receivable	The holding level of trade receivables were 106 days in Fiscal 2022, 124 days in Fiscal 2023 and 86 days in Fiscal 2024. Trade receivables comprise of receivables from domestic customers and export customers. Trade receivable days for Fiscal 2025 and Fiscal 2026 is considered at 90 days and 90 days respectively, as against 86 days in Fiscal 2024. We estimate the average receivable days around 90 days in the Fiscal 2025 and Fiscal 2026 due to focus on export sales. We believe that this strategy would help our Company in increasing our revenue from operations.
Short term Loans and Advances	The holding days of short-term loan and advances were 4 days in Fiscal 2022, 17 days in Fiscal 2023 and 1 days in Fiscal 2024. Our advance paid to our creditors for Fiscal 2024, Fiscal 2023, Fiscal 2022 stood at was Nil, ₹429.59 lakhs and ₹70.85 lakhs, respectively. The short-term loan and advance include advance to the creditor, advance to employees and advance to others. We estimate the holding level to stay around 24 days for Fiscal 2025 and 25 days for Fiscal 2026.
Other Current Assets	Other Current Assets mainly includes duties & taxes, prepaid expenses, GST/income tax/duty drawback receivable, rent deposit etc. The holding days of other current





	assets were 16 days in Fiscal 2022, 16 days in Fiscal 2023 and 12 days in Fiscal 2024. We expect the holding level to stay around 5 days and 5 days, respectively, for Fiscal 2025 and Fiscal 2026.
Trade Payable	Our Company had maintained Trade Payable at 45 days in Fiscal 2022, 36 days in Fiscal 2023 and 21 days in Fiscal 2024. Trade payables include dues to micro and small enterprises and other creditors. However, our Company intends to reduce trade payable in the range of 18 days for Fiscal 2025 and 18 days for Fiscal 2026. This estimation is in line with availing better pricing and reducing the cost of purchase by availing discounts from our suppliers / vendors.
Other current liabilities	Other Liabilities mainly includes advance from customers, statutory dues payable, expenses payable etc. Our Company had maintained holding period of Other Current liability at 122 days in Fiscal 2022, 129 days in Fiscal 2023 and 4 days in Fiscal 2024. Other liabilities are estimated based on previous years outstanding amount and for expected business requirement of our Company. We expect the holding level to stay around 71 days and 71 days, respectively, for Fiscal 2025 and Fiscal 2026.
Short-term provisions	Short-term provisions mainly include provision for income tax, profession fees, gratuity and leave encashment. Our Company had maintained holding period of short-term provision at 1 days in Fiscal 2022, 1 days in Fiscal 2023 and 2 days in Fiscal 2024. Short-term provisions are estimated based on previous years outstanding amount and for expected business requirement of our Company. We expect the holding level to stay around 5 days and 5 days, respectively, for Fiscal 2025 and Fiscal 2026

For the purpose of above working, we have performed the following procedures:

1. Traced the details of the Company's working capital requirement and funding of the same from the borrowing and internal accrual which is derived from the Restated Standalone Financial Statement.

This letter is being delivered to the addressees in connection with the Red Herring Prospectus / Prospectus of Hvax Technologies Limited (the "Company") in relation to the initial offering of equity shares of the Company in a public offering in India.

**For, Keyur Shah & Associates**

**Chartered Accountants**

**Firm Registration No.: 333288W**



**Akhlaq Ahmad Mutvalli**

**Partner**

**Membership No.: 181329**

**UDIN: 24181329BKCCGG4256**

**Date: 19<sup>th</sup> September, 2024**

**Place: Ahmedabad**