

SHARP CHUCKS AND MACHINES LIMITED

Formerly SHARP CHUCKS AND MACHINES PVT.LTD.

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CERTIFIED TRUE COPY OF THE RESOLUTION PASSED BY THE BOARD OF DIRECTORS OF SHARP CHUCKS AND MACHINES LIMITED IN ITS BOARD OF DIRECTORS MEETING HELD AT ITS REGISTERED OFFICE OF THE COMPANY SITUATED AT A-12 INDUSTRIAL DEVELOPMENT COLONY JALANDHAR - 144012, PUNJAB, INDIA ON SEPTEMBER 23, 2023 AT 12.00 PM

BOARD RESOLUTION FOR APPROVAL OF PROJECTIONS

WHEREAS, it is necessary for to include working capital financial projections in the Prospectus; and

WHEREAS, the management has prepared and presented the financial projections for review and approval by the Board of Directors; and

WHEREAS, the Board of Directors has duly considered and evaluated the financial projections and is satisfied with the reasonableness and accuracy of the assumptions and methodology used therein;

1. Funding our working capital requirements

Our Company proposes to utilise Rs.267.00 lakhs from the Net Proceeds towards funding its working capital requirements in Fiscal 2024. We have significant working capital requirements, and we fund our working capital requirements in the ordinary course of business from our internal accruals/equity and financing facilities from various banks and financial institutions. Our Company requires additional working capital 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 utilised for the aforesaid purposes.

Basis of estimation of working capital requirement

We propose to utilise Rs. 267.00 lakhs from the Net Proceeds to fund the working capital requirements of our Company in the Fiscal 2024. The balance portion of our working capital requirement will be arranged from existing equity, internal accruals, borrowings from banks and financial institutions



MANUFACTURERS & EXPORTERS OF
"SHARP" PRECISION SELF CENTERING LATHE CHUCKS, DRILL CHUCKS,
INDEPENDENT CHUCKS & CUSTOMISED CASTING

(Rs. in lakhs)

Sr No	Particulars	As at March 31, 2023 (Restated)	As at March 31, 2022 (Restated)	As at March 31, 2021 (Restated)
I	Current assets			
	Inventories	6,464.69	5,091.49	5,193.83
	Trade receivables	2,910.07	3,359.20	2,133.91
	Short Term Loans & Advances	438.58	497.28	286.75
	Other Current Asser	Nil	52.55	3.62
	Total Current Assets (A)	9813.34	9000.52	7,618.11
II	Current liabilities			
	Trade payables	2,319.07	2,313.40	1,793.04
	Other Current Liabilities	592.85	417.81	476.33
	Short Term provision	140.69	117.38	90.20
	Total current liabilities (B)	3,052.61	2,848.59	2,359.57
	Net working capital (A – B)	6,760.73	6,151.93	5,258.54
III	Sources of funds			
	Short term borrowing	5,039.17	5,273.15	3,422.29
	Internal accruals / Equity	1,721.56	878.78	1,836.25
	Total Means of Finance	6,760.73	6,151.93	5,258.54

Expected working capital requirements

The estimates of the working capital requirements for the Fiscal 2024 have 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.

Sr No	Particulars	As at March 31, 2024 (Projected)
I	Current assets	
	Inventories	7,836.13
	Trade receivables	3,482.72
	Short Term Loans & Advances & Other Current Assets	580.45
	Total Current Assets (A)	11,899.31
II	Current liabilities	
	Trade payables	2,612.04
	Other Current Liabilities	580.45
	Short term provisions	116.09
	Total current liabilities (B)	3,308.59
III	Net working capital requirements (A – B)	8,590.72
	Sources of funds	
	Short term borrowing	5000.00
	Internal accruals / Equity	3,323.72
	IPO Proceeds	267.00

Sr No	Particulars	As at March 31, 2024 (Projected)
	Total means of Finance	8,590.72

The table below sets forth the details of holding levels (in days) for the Fiscal 2023, Fiscal 2022 and Fiscal 2021 as well as the estimated holding levels (in days) for Fiscal 2024:

(in days)

Particulars	Holding Levels (March 31, 2024)	Holding Levels (March 31, 2023)	Holding Levels (March 31, 2022)	Holding Levels (March 31, 2021)
Inventories	135	134	122	140
Trade receivables	60	60	81	57
Short term loan and advances	10	09	12	8
Other Current Assets	0	0	1	0
Total	205	203	216	205
Current Liabilities				
Trade payables	45	48	56	48
Other Current Liabilities	11	12	10	13
Short term provision	2	3	3	2
Total	57	63	68	63
Working Capital Cycle	148	140	148	142

Notes:

1. Holding period (in days) is calculated as respective current asset or current liability divided by revenue from operations multiplied by number of days (see note 2 below). Estimated holding days for Fiscal 2023 and 2024 have been rounded to the nearest number.

2. The holding period has been computed over 365 (three hundred sixty-five) days for each fiscal year

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

Particular	Assumption
Inventory	Our Company had maintained inventory holding period of 140 days in Fiscal 2021, 122 days in Fiscal 2022 and 134 days in Fiscal 2023. The business operations during the said periods were impacted by Covid-19. However, the holding level has reduced gradually on account of rationalization of inventory management. We expect holding level to stay around 135 days for Fiscal 2024.
Trade Receivable	The holding levels of trade receivables were at 57 days in Fiscal 2021, 81 days in Fiscal 2022 and 60 days in Fiscal 2023. As our strategy, our Company has taken steps to improve trade receivable days by rationalizing sales mix. We have been able to reduce trade receivable days from 81 days in Fiscal 2022 to 60 days in Fiscal 2023. However, we consider that we would be able to maintain the trade receivables around 60 days in the Fiscal 2024.
Trade Payable	Our Company had maintained trade payables at 48 days in Fiscal 2021, 56 days in Fiscal 2022 and 48 days in Fiscal 2023. We expect to maintain trade payable days at 45 days for

Fiscal 2024.

NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of our Company after due deliberations hereby approves the working capital requirement for Fiscal 2024, by passing following resolutions

FURTHER RESOLVED THAT, the approval of the Board be and hereby accorded for inclusion in the Prospectus of inter alia, details of the Company working capital as on September 29, 2023 the basis of restated financial information of March 2021 ,March 2022 and March 2023 along with projected working capital March 31, 2024

FURTHER RESOLVED THAT, that the management is authorized to use the approved financial projections in including the same in the Prospectus in relation to the Initial Public Offer of the Company.

FURTHER RESOLVED THAT, that the management shall periodically review the actual financial performance of our Company against the approved projections and report any material deviations or significant changes to the Board of Directors.

FURTHER RESOLVED THAT, Mr Rajat Kathpalia ,Company Secretary & Compliance officer, be and is hereby authorized to certify the true copy of the aforementioned in the resolution and furnish the same to the various regulatory authority or other authorities and /or individuals as may be required for their record and necessary action

RESOLVED UNANIMOUSLY, this 23.09.2023

FOR SHARP CHUCKS AND MACHINES LIMITED

For Sharp Chucks & Machines Ltd.

Mg. Director

Ajay Sikka

DIN: 00665858

Managing Director and Chairman