CERTIFICATE ON OBJECTS: WORKING CAPITAL REQUIREMENTS

Date: June 10, 2026
To,
The Board of Directors,
Shreedhar Spinners Limited
503, Matharu Arcade,
Subhash Road, Vile Parle East,
Mumbai - 400057, Maharashtra

Marwadi Chandarana Intermediaries Brokers Private Limited
X-Change Plaza, Office No. 1201 to 1205, 12th Floor, Building No. 53E,
Zone-5, Road 5E, Gift City, Gandhinagar-382355, Gujarat, India

Re: Proposed initial public offering of equity shares of face value of Rs. 10 each (the "Equity Shares" and such offering, the "Offer") of Shreedhar Spinners Limited (the "Company")

Dear Sir(s)/Madam(s),

We, M R B & Associates, the Statutory Auditors of the Company, have been requested by the Company to verify and certify the existing working capital and funding requirements of the Company. We have examined the audited financial information for the financial years ended March 31, 2026, March 31, 2025 and March 31, 2024, prepared in accordance with the Companies Act, 2013, read with the rules made thereunder, each as amended (the "**Companies Act**"), and the applicable accounting standards. Based on our examination of the aforesaid audited standalone financial statements and the records made available to us, and according to the information and explanations given to us, we hereby certify that the working capital position of the Company for the aforesaid periods on the basis of the Audited Financial Statements, computed on a standalone basis as set out at **Annexure A** and are true, fair and accurate.

In this regard, we have also obtained and verified the following documents:

1. The minutes of meetings of the board of directors, committee dated, shareholders meeting minutes for the financial years ended March 31, 2026, March 31, 2025, and March 31, 2024 to furnish this certificate and inquired with the directors/key managerial persons of the Company.

2. The working for the existing working capital requirements prepared by the Company for the financial years ended March 31, 2026, March 31, 2025 and March 31, 2024 based on the Audited Standalone Financial Statements.

3. The board resolution dated June 10, 2026 approving the business plan and financial projections of the Company for the financial years ended March 31, 2027 and March 31, 2028 including the

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As on March 31, 2026, the company has a fund and non-fund based working capital loan sanctioned amount of ₹ 2775.00 Lakhs against which the outstanding is Rs. 2406.84 Lakhs (including Rs. 255.36 Lakhs non fund based limit utilised)

Further, on the basis of Company's existing working capital requirements and the projected working capital requirements prepared by the management of the Company, board resolution dated June 10, 2026 approving the business plan and financial projections of the Company for the financial years ended March 31, 2027 and March 31, 2028, we confirm the projected working capital requirements for the respective periods and the proposed funding patterns for those years along with the assumptions underlying the justifications for periods of holding levels as set out at **Annexure B**.

Our review of the above working is dependent upon the information furnished to us by the management being complete and accurate in all material respect. We have not performed any audit of the said projections or any of the prospective information used and therefore do not express any opinion with regards to the same

The projection has been prepared using set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are cautioned that this projection may not be appropriate for purposes other than those described herein.

We confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well-informed decision.

The Company proposes to utilize Rs. 2103.60 of the Net Proceeds in fiscal 2027 and fiscal 2028, respectively, towards its working capital requirements for meeting its future business requirements.

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.

This certificate is issued for the purpose of the Offer, and can be used, in full or part, for inclusion in the preliminary placement document and placement document and any other material used in connection with the Offer (together, the "**Offer Documents**") which may be filed by the Company with Securities and Exchange Board of India ("**SEBI**"), Registrar of Companies (ROC Mumbai) and National Stock Exchange of India Limited (the "**Stock Exchange**"),.

We hereby consent to our name and the aforementioned details being included in the Offer Documents and/or consent to the submission of this certificate as may be necessary, to any regulatory/statutory

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authority, stock exchanges, any other authority as may be required, and/or for the records to be maintained by the BRLMs in connection with the Offer and in accordance with applicable law.

This certificate may be relied on by the BRLMs, their affiliates and legal counsels in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Offer. We hereby consent to this certificate being disclosed by the BRLMs, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to immediately communicate, in writing, any changes to the above information/confirmations to the BRLMs and the Company until the equity shares allotted in the Offer commence trading on the relevant stock exchanges. In the absence of any such communication from us, the Company, the BRLMs and the legal advisors appointed with respect to the Offer can assume that there is no change to the information/confirmations forming part of this certificate and accordingly, such information should be considered to be true and correct.

All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours sincerely,

For M R B & Associates
Chartered Accountants
ICAI Firm Registration Number: 136306W

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Manish R Bohra
Partner
Membership No.: 058431
Place: Mumbai
UDIN: 26058431JCNZVR8122

Annexure A

We propose to utilise ₹ 2103.60 Lakhs from the Net Proceeds to fund the working capital requirements of our Company in Fiscal 2027 & Fiscal 2028. We have significant working capital requirements, and we fund a majority of our working capital requirements in the ordinary course of business from our existing equity, internal accruals, and financing facilities from various banks and financial institutions. As on April 30, 2026, we have a fund and non-fund based working capital loan sanctioned amount of Rs. 2,775.00 Lakhs, against which the outstanding is Rs. 2,299.99 Lakhs (including Rs. 255.36 Lakhs non-fund based limit utilised). Further, the funding of the incremental working capital requirements of our Company will help to a consequent increase in our profitability and in achieving the proposed targets as per our business plan.

Existing and Estimated Working Capital Requirement

The details of our Company's working capital requirement for Fiscal 2024, Fiscal 2025 and Fiscal 2026 derived from the standalone financial statements, and the sources of funding of the same and estimated working capital requirements for Fiscal 2027 and for Fiscal 2028 and proposed funding of such working capital requirements are as set out in the table below:

(Rs. in Lakhs)

Particulars	Fiscal 2024 (Audited)	Fiscal 2025 (Audited)	Fiscal 2026 (Audited)
Current Assets			
(a) Inventories	1,567.44	1,794.82	2,830.35
Raw Materials	843.60	1,034.52	*1,667.75*
Work In Progress	288.53	411.11	*730.07*
Finished goods	398.86	309.73	*368.43*
Stock of Consumables and Stores	31.85	22.92	*38.03*
Stock of Packing Materials	4.60	16.54	*26.07*
(b) Trade receivables	118.07	150.98	116.04
(c) Short-term loans and advances	234.70	248.33	450.36
(d) Other Current Assets	792.83	1,026.58	1,713.19
Total Current Assets (A)	**2,713.04**	**3,220.72**	**5,109.93**
Current Liabilities			
(a) Trade payables	905.50	1,175.11	1,657.45
(b) Other current liabilities	281.20	363.32	530.71
(c) Short-term provision	86.71	2.57	218.97
Total Current Liabilities (B)	**1,273.40**	**1,541.00**	**2,407.13**
Net Working Capital (A-B)	**1,439.64**	**1,679.72**	**2,702.80**
Sources of Funds			
Borrowings (Cash Credit)	1,058.58	1,180.02	2151.48
Internal Accruals	381.05	499.70	551.32
Total	**1,439.64**	**1,679.72**	**2,702.80**

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Estimated working capital requirements:

Considering, the existing working capital requirements and as expected for the future, the estimated working capital requirements for Fiscal 2027 and Fiscal 2028, the proposed funding of such working capital requirements which are detailed below:

(Rs. in Lakhs)

Particulars	**Fiscal 2027 (Projected)**	**Fiscal 2028 (Projected)**
Current Assets		
Inventories	*4,300.63*	*5304.64*
Raw Materials	*2,794.53*	3379.69
Work In Progress	*626.23*	716.90
Finished goods	*849.31*	1,176.88
Stock of Consumables and Stores	*20.86*	21.28
Stock of Packing Materials	*9.70*	9.89
Trade receivables	1,014.22	1026.73
Short-term loans and advances	450.36	450.36
Other Current Assets	954.14	943.02
Total Current Assets (A)	**6,719.35**	**7,724.75**
Current Liabilities		
(a) Trade payables	615.35	628.79
(b) Other current liabilities	211.57	216.20
(c) Short term provision	30.75	25.64
Total Current Liabilities (B)	**857.67**	**870.63**
Net Working Capital (A-B)	**5,861.68**	**6,854.12**
Sources of Funds		
Borrowings (Cash Credit)	2,400.00	2,400.00
Internal Accruals	1,688.12	4124.08
IPO Proceeds	1,773.56	330.04
Total	**5,861.68**	**6,854.12**

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Annexure B

Assumptions and Holding Period (Number of Days)

The table below contains the details of holding period (in number of days) for Financial Year, 2024, 2025 and 2026 the estimated holding period (in days) for Fiscal 2027 and Fiscal 2028 the assumptions based on which the working plan projections have been made and approved by the Board of Directors of the Company:

(in days)

S. No.	Particulars	Fiscal 2024 (Actual)	Fiscal 2025 (Actual)	Fiscal 2026 (Actual)	Fiscal 2027 (Projected)	Fiscal 2028 (Projected)
I.	**Current Assets**					
	Inventories	58	62	94	77	93
	Raw Materials	*31*	*36*	*55*	*50*	*59*
	Work In Progress	*11*	*14*	*24*	*11*	*13*
	Finished goods	*15*	*11*	*12*	*15*	*21*
	Stock of Consumables & Stores	*1*	*1*	*1*	*1*	*0*
	Stock of Packing Materials	*0*	*1*	*1*	*0*	*0*
	Trade Receivables	3	4	*3*	*15*	*15*
II.	Current Liabilities					
	Trade Payables	32	40	50	12	12
III	**Working Capital Days**	**29**	**26**	**46**	**80**	**96**

Notes:

(1)Holding period level days of Inventories is calculated by dividing inventories by sum of cost of material consumed and Changes in inventories of finished goods, work-in-progress and Stock-in-trade multiplied by number of days in the year/period.

(2)Holding period level days of Trade Receivables is calculated by dividing trade receivables by revenue from operations multiplied by number of days in the year/period.

(3)Holding period level days of trade payables is calculated by dividing trade payables by sum of purchase of raw material multiplied by number of days in the year/period.

Rationale for raising additional working capital

Our Company has commenced operation in 2022 and has recorded steady growth across key performance indicators, supported by increasing demand for our products. We intend to further deepen and broaden our presence by introducing new product, catering to new customers, sectors and entering new geographies.

Our business is working capital intensive and we fund our working capital requirements in the ordinary course of business from our internal accruals and financing facilities from various banks, financial institutions and unsecured borrowings. Our Company requires additional working capital for funding future growth requirements of our Company and for other corporate purposes.

As part of our growth strategy, we have established unit 2 with an installed capacity of 10,368 spindles and 1,440 TFO spindles. The establishment of the second Unit has increased our production and operational scale. Consequently, the commencement of operations of Unit 2 will result in increased working capital requirements, primarily towards procurement of raw materials, maintenance of higher inventory levels, payment of wages and overheads, and funding of receivables arising from increased sales volumes. Accordingly, we require additional working capital to support the efficient functioning of the Proposed Unit and to ensure uninterrupted operations during the expansion phase.

Further, our business requires working capital majorly for investment in Inventories, trade receivables, advances to suppliers, payment to trade payables and funding day to day operations. To expand our business, it is necessary to maintain adequate inventory levels to ensure timely fulfilment of customer orders and avoid production delays. Our manufacturing process depends on a steady supply of raw materials, making advance payments to suppliers helps secure raw materials at competitive rates.

Key justification for holding levels

The incremental working capital requirement of our company is primarily driven by increase in the trade receivables and Inventories guided by the increase in the revenue from operations. Further, with the fund infusion from the net issue proceeds, we will also be in position to provide timely payment to our suppliers resulting into reduction in trade payables.

Key assumptions for working capital projections made by our Company:

Particulars	Justification
Inventories	
Raw Material	A substantial portion of our working capital is allocated towards the procurement of raw materials, primarily cotton bales. Cotton is a seasonal agricultural commodity, and its availability and pricing are subject to fluctuation. To ensure cost efficiency and uninterrupted production, we procure cotton bales during the peak season when prices are favorable or to ensure the supply of raw material is sufficient for our production throughout the calendar year. This seasonal nature of procurement leads to higher upfront working capital requirements during specific periods of the year. In Fiscal 2024, our Company's inventory holding levels were 31 days. In Fiscal 2025, we achieved a 6.44% growth in revenue from operations compared to Fiscal 2024 while maintaining inventory holding levels at 36 days. For the Fiscal 2026, our Company maintained raw material to ensure uninterrupted production, meeting fluctuating customer demand, and mitigating supply chain requirements. Thus, our inventory holding level rose to 55 days in Fiscal 2026.. Raw material inventory holding levels are projected at 50 days for Fiscal 2027 and 59 days for Fiscal 2028, primarily to support increased scale of operations, ensure timely availability of cotton for manufacturing, and meet day-to-day operational requirements. Further, pursuant to our expansion plans, including the establishment of the proposed manufacturing unit, we will be required to maintain higher raw material inventory levels to support increased production capacity and to ensure uninterrupted operations.

Particulars	Justification
	procurement of cotton under MSP arrangements, which have required advance or shorter credit terms relative to open market supplies, and the Company's working capital strategy to ensure timely availability of cotton for uninterrupted production. We continue to optimise its payables management while balancing supplier relationships and cost considerations.
Other Current Liabilities	Other current liabilities majorly comprise of advance from customers, statutory dues payable and interest on loan payable. It has been maintained in line with the projected business activity.
Short term provision	Short term provision majorly comprises of provision on loan and provision for employee benefits. It has been maintained in line with the projected business activity.

Conclusion:

Without sufficient working capital, we may face challenges in meeting short-term obligations, such as paying suppliers or employees, which can ultimately impact overall business performance. Additionally, having adequate working capital also allows company to take advantage of growth opportunities and maintain a competitive edge in the market.

Particulars	Fiscal 2024	Fiscal 2025	Fiscal 2026
Working Capital	1,439.64	1,679.72	**2,702.80**
Working Capital to sales (%)	11.41%	12.51%	18.47%

Despite similar turnover across these periods, the working capital requirement has seen a significant increase. This is primarily attributable to:

- Increased raw material costs driven by seasonal price fluctuations.
- Revisions in finished goods pricing in response to raw material volatility.
- Strategic procurement planning to ensure raw material availability at favorable prices.

Accordingly, the proposed infusion of ₹2103.60 lakhs from the Net Proceeds will help us address the increased working capital needs, maintain business continuity, and support future growth. Considering the commencement of operation of the proposed manufacturing unit 2 and the anticipated growth in the Company's business, additional working capital will be required to support higher operational volumes and increased working capital intensity. The proposed utilization of Net Proceeds is therefore essential to fund the Company's growth plans and ensure business continuity.

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Particulars	Justification
Work-in- progress	The holding period is projected to remain in the range of 11-13 days over the projection period, broadly in line with historical levels of 11 days for FY 2024, 14 days FY 2025 and 24 days for FY 2026. The increase in WIP holding days over the historical period reflects the scaling up of manufacturing operations, increased production activity, and the need to maintain higher levels of work-in-progress inventory to support growing demand. The projected WIP holding period assumes continued operational efficiencies, stable production throughput, and effective coordination between raw material availability and production schedules. Fluctuations within the projected range may arise due to changes in order volumes, production batch sizes, and the mix of customer orders. However, we expect to maintain WIP inventory within this range through disciplined production management, efficient workflow sequencing, and timely conversion of WIP into finished goods, thereby minimizing inventory lock-in while ensuring uninterrupted manufacturing operations.
Finished Goods	We are producing cotton spun yarn. Generally, we manufacture the yarn based on orders received from customers in advance. The finished good stock is usually stock sold and pending dispatch or pending completion, however some finished goods may be produced to mitigate risks like unexpected demand surges, and to ensure timely order fulfilment, ultimately improving customer satisfaction and preventing lost sales. In the last three fiscal, we have maintained average stock of about 13 days. The finished goods holding period was 15 days in Fiscal 2024, which declined to 11 days in Fiscal 2025 and remained stable at 12 days in Fiscal 2026. The finished goods inventory holding period has shown a significant reduction over the historical period, reflecting improved demand forecasting, efficient order execution, and better alignment between production and dispatch schedules. The projected finished goods holding period is expected to increase moderately 15 days in Fiscal 2027 and in Fiscal 2028, it is projected at 21 days. The increase in the projected period primarily reflects the need to maintain adequate finished goods inventory to support higher sales volumes, meet time-sensitive customer orders, and ensure timely fulfilment during peak demand periods. Overall, the projected finished goods inventory holding levels are expected to remain within a manageable range, supported by continued improvements in production planning, dispatch coordination, and customer order management, thereby minimizing inventory accumulation while ensuring operational flexibility.
Trade Receivables	The holding levels of the Company's trade receivables have ranged from 3-4 days during the last 3 Fiscals. In Fiscal 2024, trade receivable holding level was3 days which has further increased to 4 days in Fiscal 2025. This is due to increased credit terms given

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Particulars	Justification
	to our customers to stay competitive for both Fiscals 2024 and 2025. Further in Fiscal 2026, our Company's trade receivable days were 3 days. In Fiscal 2027 and Fiscal 2028, further rises to 15 days. Increase in Trade Receivable days is in line with the past trend and is mainly due to deeper market penetration, exploring new geographical markets and strategic investments in proposed unit requiring increased business operation. Additionally, as part of our expansion plans, including strategic investments in the proposed manufacturing unit and the consequent scale-up of operations, we expect an increase in business volumes, customer base, and order sizes. This is expected to result in a corresponding increase in trade receivable levels. Despite the projected increase, we intend to continue monitoring receivables closely and maintain prudent credit assessment and collection practices to mitigate credit risk and ensure efficient working capital management.
Short term loans and advances	Short term loans and advances comprises of advance to suppliers and GST Receivables. Herein there is no major variation except for growth in business
Other Current Assets	Other Current Assets comprises of Fixed Deposit and Subsidy Receivable from government. Herein there is no major variation except for growth in business
Trade Payables	Trade payables represent amounts due to suppliers for raw materials procured us. Historically, raw materials were sourced predominantly from the open market, where suppliers typically extended average credit periods ranging from approximately 32 to 50 days during Fiscal 2024, Fiscal 2025 and Fiscal 2026. This trade credit facilitated working capital management under normal market procurement conditions. During the recent cotton marketing seasons, the Government of India, through the Cotton Corporation of India ("CCI"), commenced cotton procurement operations at the Minimum Support Price ("MSP") to support farmers when market prices were below MSP levels. For the 2024–25 and 2025–26 cotton seasons, MSP procurement by CCI began from October in key cotton producing states, including Maharashtra, with procurement operations commencing around mid-October in central states such as Maharashtra. The MSP for cotton during the relevant seasons was fixed by the Government and cotton purchase centres were operational across the State to ensure support prices to farmers. Under MSP procurement, cotton supplies by CCI were made available at predetermined support prices or prevailing prices as per the quality and bid prices on their purchasing portal, however advance payments were required to secure allocations and book cotton bales, additionally full advance payment were required before dispatch of raw material, as opposed to the longer supplier credit available in open market purchases. Given the advance payment requirement for MSP cotton procurement and comparatively shorter vendor credit at MSP centres, we anticipate a reduction in trade payables days in the projected period. Accordingly, trade payables days are forecasted to decline to approximately to 12 days during Fiscal 2027 and Fiscal 2028. This reduction reflects our

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