

M/s SANJAY VHANBATTE AND CO

Chartered Accountant

First Floor, Mahalaxmi Bank Building

Opp: Kelavkar Hospital/IDBI Bank

CTS No. 245, C/1, E Ward Tarabai Park, Kolhapur 416003

M. No. 9822010247

Email: smvcok@gmail.com

Certificate On Working Capital Assessment Towards Objects Of The Issue

To,

The Board of Directors

Saraswati Saree Depot Limited

SR No. 144/1 Manade mala

Gandhinagar Road, Nigadewadi,

Kolhapur – 416005

Maharashtra, India

Unistone Capital Private Limited

305, A Wing, Dynasty Business Park,

Andheri Kurla Road, Andheri East,

Mumbai – 400059,

Maharashtra, India

(Unistone Capital Private Limited is hereinafter referred to as the **Book Running Lead Manager**)

Dear Sirs,

Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (the “Equity Shares”) by Saraswati Saree Depot Limited (the “Company”, and such offering, the “Issue”).

We, Sanjay Vhanbatte & Co., Chartered Accountants, are the statutory auditor of the Company. We have been requested by the Company to verify and certify the existing working capital and funding requirements on the basis of the audited standalone statements of assets and liabilities as at and for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024, the audited standalone statement of profit and loss (including other comprehensive income), audited standalone statement of



changes in equity and the audited standalone statements of cash flows for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 (together, the “**Working Capital Financial Statements**”), which forms a part of the audited standalone financial statements for the for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 (together, the “**Audited Financial Statements**”).

Accordingly, we have obtained and verified the following documents:

- (a) Working Capital Financial Statements;
 - (b) Obtained the working for the existing working capital requirements prepared by the Company for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 based on the Working Capital Financial Statements.
 - (c) Obtained the Board resolutions approving the business plan and financial projections of the Company for the financial years ended March 31, 2025 and March 31, 2026.
1. Based on the above procedures, information and explanations provided by the management of the Company, we confirm that as of and for the financial years ended March 31, 2021, March 31, 2022 and March 31, 2023 the company’s existing working capital and funding requirements compiled on the basis of Working Capital Financial Statements are as follows:

(₹ in millions)

S. No.	Particulars	As at Fiscal 2024	As at Fiscal 2023	As at Fiscal 2022
I	Current Assets			
1.	Inventories	1077.03	928.05	757.5
2.	Financial assets			
	(a) Trade receivables	751.24	656.49	688.25
	(b) Others	2.52	1.20	4.03
3.	Other current assets	55.05	44.26	45.23
	Total current assets (A)	1885.84	1630.00	1495.01
II	Current Liabilities			
1.	Financial liabilities			
	a) Trade payables	947.98	1084.54	882.00
	b) Other financial liabilities	4.44	24.36	25.24
	c) Provisions	13.45	8.32	1.32
2.	Other current liabilities			
3.	Current tax liabilities (net)	9.52	3.21	0.49
	Total current liabilities (B)	975.38	1,120.43	909.05
III	Working capital requirements (A-B)	910.46	509.57	585.96
IV	Source of funds			
	Borrowings and Internal accruals	910.46	509.57	585.96



2. On the basis of Company's existing working capital requirements and the projected working capital requirements, the Board of Directors of the Company pursuant to their resolution dated 02/08/2023 have approved the business plan and financial projections for the financial years ending March 31, 2025 and March 31, 2026 and the projected working capital requirements for the respective periods and the proposed funding patterns for those years.

The following data has been extracted from the minutes of the board meeting dated 02/08/2023:

(₹ in millions)

S. No.	Particulars	Estimated amount as on March 31, 2025
I	Current Assets	
1.	Inventories	1,490.35
2.	Financial assets	
	(a) Trade receivables	894.21
	(b) Cash and cash equivalents	-
	(c) Loans	-
	(d) Others	-
3.	Other current assets	85.49
	Total current assets (A)	2470.04
II	Current Liabilities	
1.	Financial liabilities	
	(a) Trade payables	1,192.28
	(b) Other financial liabilities	30.40
	(c) Provisions	9.17
2.	Other current liabilities	-
	Total current liabilities (B)	1231.85
III	Working capital requirements (A-B)	1238.20
IV	Source of funds	
	Borrowings and internal accruals	428.20
	IPO Proceeds	810.00

The Company proposes to utilize ₹ 810 millions from Net Proceeds towards funding our working capital requirements. Our company expects that the funding pattern for working capital requirements for Fiscals 2025 will comprise of short-term borrowings from group companies, internal accruals and Net Proceeds.

3. The table below contains the details of the holding levels (in number of days or relevant matrix as applicable) considered and is derived from the Working Capital



Financial Statements for the financial years ended March 31, 2022, March 31, 2023 and March 31, 2024 and assumptions based on which the working plan projections has been made and approved by the Board of Directors:

(₹ in millions)

S. No.	Particulars	March 31, 2022 (Actuals)	March 31, 2023 (Actuals)	March 31, 2024 (Actuals)	March 31, 2025 (Estimated)
1	Current Assets				
	Inventories (in days of sales)	50	56	64	75
	Trade receivables (in days of sales)	46	40	45	45
	Other current assets (in days of sales)	3	3	3	4
2	Current Liabilities				
	Trade Payables (in days of sales)	58	66	57	60

4. The working capital projections made by the Company on the basis of the Working Capital Financial Statements pursuant to the resolutions mentioned above are based on the following key assumptions:

S. No.	Particulars	Assumptions and Justifications
1.	Inventory	<p>Inventory days have been calculated as inventory as on balance sheet date divided by Sales over 365 days.</p> <p>The Company's inventory holding period for Financial Year 2024 has been slightly increased compared to the holding period for Financial Year 2023, in line with growth in business and has been projected as 75 days for the Financial Year 2025. For the Financial Year 2025 and onwards, the Company with its intention to foray into [retail business operations] (Comment: to be mapped to the terminology of the business strategy section), has assumed an increment in the inventory holding period due to the nature of retail operations. Inventory days Fiscal 2025 and onwards are expected to be 75 days for maintaining required level of inventory to meet the future requirements including the base inventory needed for the new retail stores. We believe all of our stores are required to be well-stocked with SKUs. We expect to stock our stores with sufficient inventory comprising of varied variety of sarees, lehengas and dress materials for various occasions.</p> <p>Further, the projections for the holding levels are based on our projected increase in sales coupled with the projected increase in stores.</p>
2.	Trade Receivable	<p>Trade receivables days are calculated as trade receivables as on balance sheet date divided by revenue from operations over 365 days.</p> <p>Trade receivables days for Fiscal 2025 and 2026 are anticipated to be in line with our</p>



S. No.	Particulars	Assumptions and Justifications
		existing pattern as we believe we will be able to work along with our customers on similar terms. Further, the expected sales at the retail stores, will be at no or negligible credit facility to the retail customers, thereby expecting no increase in trade receivable days.
4.	Other current assets	Other assets majorly comprise of GST Balances, TDS/TCS receivables and prepaid expenses. We expect the other current asset to be in line with our existing business operations. To align the projected business activity, the company has projected the level of other current assets within the range of 3-4 days for the Financial Years 2024 and 2025 in line with previous fiscal years.
5.	Trade Payables	Trade payable days are calculated as trade payable as on balance sheet date divided by Sales over 365 days. Holding levels for trade payables for Fiscal 2025 and 2026 are anticipated to be 60 days, in line with past range of 60-67 days for the last two fiscal years.
6.	Provisions	Provisions are calculated by assuming a 5% increase every year.
7.	Current tax liabilities	Current tax liabilities are calculated by assuming a 5% increase every year.

We have examined the projection of Working Capital Requirements of Saraswati Saree Depot Limited for the period from 01.04.2023 to 31.03.2025 as given above in accordance with Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India.

The preparation and presentation of the projection including the underlying assumptions, set out in Note 4 above is the responsibility of the Management and has been approved by the Board of Directors of the company which represents their view of reasonable expectations at the point of time when they were prepared. Our responsibility is to examine the evidence supporting the assumptions (excluding the hypothetical assumption) and other information in the prospective financial information. Our responsibility does not include verification of projections. Therefore, we do not vouch for the accuracy of the same.

This projection has been prepared for proposed Issue of share by the company. The projection has been prepared using a 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 that described above.

We have carried out our examination of the prospective financial information on a test basis. Based on our examination of the evidence supporting the assumptions, nothing



has come to our attention which causes us to believe that these assumptions do not provide a reasonable basis for the projection.

Further, in our opinion the projection is properly prepared on the basis of the assumptions as set out in Note 4 above and on a consistent basis with the historical financial statements, using appropriate accounting principles. Even if the events anticipated under the hypothetical assumptions described above occur, actual results are still likely to be different from the projection since other anticipated events frequently do not occur as expected and the variation may be material.

Subject to our remarks above, we confirm that the information in this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context and will enable investors to make a well-informed decision.

We have complied with the relevant applicable requirements of 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 ICAI. We have conducted our examination in accordance with the *'Guidance Note on Reports or Certificates for Special Purposes'* issued by the Institute of Chartered Accountants of India ("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 purpose of the Issue, and can be used, in full or part, for inclusion in the draft red herring prospectus, red herring prospectus, prospectus and any other material used in connection with the Issue (together the "**Issue Documents**"). We hereby consent to the aforementioned details being included in the Issue Documents and consent to the submission of this certificate as may be necessary, to the Securities and Exchange Board of India, any regulatory / statutory authority, stock exchange where the Equity Shares are proposed to be listed, Registrar of Companies, NCT of Delhi and Haryana at New Delhi or any other authority as may be required and/or for the records to be maintained by the BRLMs in connection with the Issue and in accordance with applicable laws, and for the purpose of any defense the BRLMs may wish to advance in any claim or proceeding in connection with the contents of the Issue Documents.



This certificate can be relied on by the Company, the BRLMs and the Legal Counsel to the Issue and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Issue. 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 defense in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued pursuant to the Issue commences trading on the Stock Exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date on which the Equity Shares commence trading on the Stock Exchanges.

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

SANJAY VHANBATTE AND COMPANY

Chartered Accountants

FRN NO.112996W



CA. S. M. VHANBATTE

PROPREITOR

M.No.44808

Place: Kolhapur

Date: 05/08/2024

UDIN: 24044808BKEFYM2891



CC:

Legal Counsel to the Issue

Alliance Law

801, 8th Floor, Raheja Centre

Free Press Journal Marg,

Nariman Point, Mumbai – 400021

Maharashtra, India.