

## CERTIFICATE ON FINANCIAL INDEBTEDNESS

Date: November 7, 2025

To,

**The Board of Directors,  
Capillary Technologies India Limited**  
#360 bearing PID No 101, 360  
15th Cross Rd, Sector 4, HSR Layout  
Bengaluru -560102  
Karnataka, India

And

**JM Financial Limited**  
7th Floor, Cnergy  
Appasaheb Marathe Marg  
Prabhadevi  
Mumbai 400 025  
Maharashtra, India

**IIFL Capital Services Limited (formerly known as IIFL Securities Limited)**  
24th Floor, One Lodha Place  
Senapati Bapat Marg, Lower Parel (West)  
Mumbai - 400 013  
Maharashtra, India

**Nomura Financial Advisory and Securities (India) Private Limited**  
Ceejay House, Level 11  
Plot F, Shivsagar Estate  
Dr. Annie Besant Road  
Worli, Mumbai - 400 018  
Maharashtra, India

*(JM Financial Limited, IIFL Capital Services Limited (formerly known as IIFL Securities Limited), Nomura Financial Advisory and Securities (India) Private Limited and any other book running lead managers appointed by the Company are collectively referred to as the "Book Running Lead Managers" or the "BRLMs")*

**Re: Proposed initial public offering of equity shares of face value of ₹2 each (the "Equity Shares") of Capillary Technologies India Limited (the "Company") by way of a fresh issue of Equity Shares (the "Fresh Issue") and/ or an offer for sale by certain existing shareholders of the Company (the "Selling Shareholders" and such offer for sale, the "Offer for Sale", together with Fresh Issue, the "Offer").**

We, Saini Pati Shah & Co LLP, *Chartered Accountants*, have been informed that the Company has filed the Draft Red Herring Prospectus with respect to the Offer (the "DRHP") with the Securities and Exchange Board of India ("SEBI"), BSE Limited and National Stock Exchange of India Limited (collectively, the "Stock Exchanges") in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and applicable laws, and proposes to file the Red Herring Prospectus with the SEBI, the Stock Exchanges and the Registrar of Companies, Karnataka at Bengaluru ("Registrar of Companies" and such Red Herring Prospectus, the "RHP"); and subsequently proposes to file the Prospectus with the SEBI, the Stock Exchanges and the Registrar of Companies (the "Prospectus"); and any other documents or materials to be issued in relation to the Offer (collectively with the DRHP, RHP and Prospectus, the "Offer Documents")..

We have received a request from the Company to verify and certify certain details with respect to the financial indebtedness of the Company as on September 30, 2025.

We confirm that it is our responsibility to report on the financial indebtedness of the Company and its subsidiaries as reported in the Restated Consolidated Financial Statements ("**Restated Consolidated Financial Information**") as on September 30, 2025.

We have reviewed the Restated Consolidated Financial Information of the Company for the six months period ending September 30, 2025 and six months period ending September 30, 2024, and for the financial years ended March 31, 2025, 2024 and 2023, as prepared in accordance with the ICDR Regulations as amended, the Indian Accounting Standards, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India and Companies Act, 2013, as

amended and read with the rules, circulars and notifications issued in relation thereto. These Restated Consolidated Financial Information have been approved by the Board of Directors at their meetings held on October 19, 2025. Examination of these Restated Consolidated Financial Information have been conducted by the statutory auditor of the company in accordance with the ICDR Regulations as amended, the Indian Accounting Standards, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India and Companies Act, 2013, as amended and read with the rules, circulars and notifications issued in relation thereto, whose examination report have been furnished to us by the management. Our reporting in the statement, in so far as it relates to this certificate is based on the consideration of the report from the statutory auditor.

Accordingly, we have performed the following procedures:

- a) obtained the statement as prepared by the management, outlining the details of loans of the Company and/or its Subsidiaries and traced the details stated in the Annexures with the Restated Consolidated Financial Information and Sanctions letters obtained from the Company,
- b) reviewed minutes of the meetings of the Board of Directors of the Company (the “**Board**”), minutes of annual general meetings and extra-ordinary general meetings of the Company, minutes of the meetings of various committees of the Board, return of charge filed by the Company with Registrar of Companies defined in first paragraph, relevant forms and documents filed with the Registrar of Companies and the Reserve Bank of India, bank statements, loan documentation including sanction letters, payment advices, interest rate reports, etc., issued by the banks/ financial institutions, facility and loan documentation, loan and bank ledger extracts from Company’s and its Subsidiaries’ financial reporting system, relevant statutory registers and the books of accounts as prepared and provided by the management of the Company;
- c) obtained financial year wise workings from the management for lender wise amounts sanctioned, repaid and outstanding as on respective six months period ended September 30, 2025 and six months period ending September 30, 2024, and financial year ended March 31, 2025, 2024 and 2023;
- d) reviewed form MBP-1 of all the directors of company and its subsidiaries, and declarations from Promoters in order to identify, whether any directors or promoters of the company and its subsidiaries are interested any loans or advances availed by the Company and its Subsidiaries;
- e) obtained necessary representations from the management.

Based on the procedures mentioned above and the information, explanations and representations provided to us by the management of the Company, we hereby confirm the following:

- 1) The financial indebtedness including summary of the borrowings sanctioned to the Company and outstanding, as on March 31, 2025 is stated in **Annexure A**. Except as included in Annexure A there are no other loans or facilities availed by the Company and its Subsidiaries.
- 2) The principal terms of the borrowings and assets charged as security by the Company and its Subsidiaries are stated in **Annexure B**.
- 3) Except as stated in **Annexure C**, the Company and its Subsidiaries has not provided any guarantees for the repayment of any loans availed by other entities.
- 4) Except as stated in **Annexure D**, there are no outstanding loans and advances taken by the Company from its Promoter, Subsidiaries, Directors and related parties.

We further confirm that, as on the date of this certificate, none of the banks or institutions from whom the Company has availed debt facilities which are outstanding as on September 30, 2025 have accelerated payment of the facility in full or in part on account of default in the repayment in any instalment or interest due or for violation of any other terms of any of the outstanding loans/ debt facilities granted to the Company.

This certificate is being provided in line with the requirements of the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) issued by the Institute of Chartered Accountants of India (“**ICAI**”).

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, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

This certificate is issued for the purpose of the Offer, and can be used, in full or part, for inclusion in the Offer Documents which may be filed by the Company with SEBI, Stock Exchanges, RoC and / or any other regulatory or statutory authority.

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 the SEBI, RoC, Stock Exchanges and/or any other regulatory/statutory authority as may be required and/or for the records to be maintained by the BRLMs.

This certificate may be relied on by the Company, the BRLMs, their affiliates and the legal counsel to each of the Company and the BRLMs appointed 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 letter 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 on the request of the Stock Exchanges 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 or (iii) for the records to be maintained by the BRLMs and in accordance with applicable law. We confirm that this certificate can also be uploaded on the repository portal of the stock exchanges/ SEBI as required pursuant to the SEBI circular dated December 5, 2024 and the subsequent requirements of the Stock Exchanges/ SEBI, as applicable.

We undertake to immediately communicate, in writing, any changes to the above information/confirmations, as and when made available to us by the management of the Company in writing to the BRLMs and the Company until the Equity Shares allotted in the Offer commence trading on the Stock Exchanges. In the absence of any such communication from us, the Company, the BRLMs and the legal advisors appointed with respect to 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 Saini Pati Shah & Co LLP**

*Chartered Accountants*

**ICAI Firm Registration No.:** 137904W/W100622

Radheshyam Mandora

Partner

**Membership No.:** 077372

**Date:** November 7, 2025

**Place:** Mumbai

**UDIN:** 25077372BMOQVE6761

**Encl: As above**

**CC:**

**Legal Counsel to the Company**

**Khaitan & Co**

3<sup>rd</sup> floor, Embassy Quest

45/1 Magrath Road

Bengaluru – 560 025

Karnataka, India

**Legal Counsel to the BRLMs**

**Trilegal**

7<sup>th</sup> Floor, Marksquare

61, St. Marks Road

Bengaluru – 560 001

Karnataka, India

**International Legal Counsel to the BRLMs**

**Hogan Lovells Lee & Lee**

50 Collyer Quay

#10-01 OUE Bayfront

Singapore – 049 321

**Annexure A**

**Details of the financial indebtedness of the Company and its subsidiaries, as on September 30, 2025**

<b>Category of borrowing</b>	<b>Name of the lender</b>	<b>Sanctioned amount</b>	<b>Outstanding amount</b>
<i>Secured</i>			
Term loans	U.S. Small Business Administration	13.93	13.93
Fund-based working capital facilities	1. The Hongkong and Shanghai Banking Corporation 2. HDFC Bank Limited 3. Bank of America	671.01	299.43
Non-fund based working capital facilities			
Over-draft facilities		536.00	526.02
Sales invoice discounting	HDFC Bank Limited	50.00	50.00
<b>Total secured facilities</b>		<b>1270.94</b>	<b>889.38</b>
<b>Total unsecured facilities</b>		Nil	Nil
<b>Borrowings</b>		<b>1,270.94</b>	<b>889.38</b>

## Annexure B

### ***The principal terms of the borrowings availed by the Company and CTL***

The details provided below are indicative and there may be additional terms, conditions and requirements under the various financing documentation executed by the Company and CTL in relation to the indebtedness that may require the consent of the relevant lender, the breach of which may amount to an event of default under the various borrowing arrangements entered into by us.

1. **Interest:** The applicable rate of interest for the sales invoice discounting and the working capital facilities availed by the Company are typically linked to the secured overnight financing rate (“SOFR”), or marginal cost of lending rate or treasury bills over a specific period of time and are subject to mutual discussions between the relevant lenders and the Company, along with spreads ranging from 1.75% to 2.5% with varying reset options. Commission payable for the bank guarantee facilities availed by the Company and CTL is 0.75% per annum. The rate of interest for bank overdraft facilities is typically the underlying fixed deposit interest along with a mark-up interest of 1.5%.  
The rate of interest for the credit facility availed by the subsidiary company, CTL is linked to the SOFR daily floating rate along with a spread of 2.13%.
2. **Penal Interest:** The default penal interest payable on the facilities availed by the Company and CTL is typically 6% - 24 % per annum over and above the applicable interest rate.
3. **Pre-payment penalty:** The facilities availed by us generally have prepayment provisions which allow for pre-payment of the outstanding loan amount on providing prior notice to the concerned lender or receiving prior approval from such concerned lender, subject to a prepayment premium of 2% to 4% per annum, or as laid down in the facility document, as the case may be.
4. **Validity/Tenor:** The tenor of overdraft facilities availed by the Company and CTL are up to 12 months and that of the pre and post-shipment credit facility and sales invoice discounting facility is 4 and 6 months respectively. The tenor of bank guarantee is 12 months.
5. **Security:** The sales invoice discounting and the working capital facilities availed by the Company is typically secured by way of:
  - (a) first pari passu charge over all the existing and future current assets (excluding receivables discounted by other banks) and moveable fixed assets.
  - (b) exclusive charge on entire receivables discounted by the relevant lender;
  - (c) charge on immovable properties and fixed deposits; andThe bank guarantees and the over-draft facilities are secured by cash margin by way of fixed deposits placed under lien in favour of the lender.  
  
The credit facility availed by CTL has been secured by way of pari passu charge by way of hypothecation over the current assets of CTL both present and future, including tangible and intangible personal property such as inventory, equipment, instruments, chattel paper, and other assets.
6. **Repayment:** While the overdraft facility is repayable on demand, the payment for sales invoice discounting facilities shall be made on the due date based on the disbursement against invoices raised to the agreed upon customer. The payment for pre/post-shipment credit facility shall be made on the due date as per the facility letter.
7. **Key Covenants:** Certain of the borrowing arrangements provide for covenants restricting certain corporate actions, and we are required to take the prior approval of the relevant lender before undertaking such corporate actions, *inter alia* the following:
  - (a) Change in capital structure or shareholding pattern or ownership or control of the Company;
  - (b) Change in the management or management set up of the Company;
  - (c) Creation of further charge or any other encumbrance on the security provided for borrowings;
  - (d) Amendment or modification of constitutional documents of the Company;
  - (e) Formulation of scheme of merger, demerger, reconstruction, amalgamation or corporate reconstruction; and
  - (f) Dilution or transfer of promoters shareholding and non-maintenance of shareholding of promoters/ directors at the prescribed threshold.
8. **Events of default:** Borrowing arrangements entered into by us, contain standard events of default, *inter alia* the following:
  - (a) Default in payment of interest or instalment amount due;
  - (b) Being adjudicated as insolvent or a receiver being appointed in respect of the whole or any part of the property;
  - (c) Breach of any terms and conditions as mentioned under the borrowing agreements;
  - (d) If the company ceases or threatens in writing to cease to carry on its business or gives notice in writing of its intention to do so;

- (e) Any change in the condition or circumstances of the company that has resulted in a material adverse effect;
- (f) Any default under any other agreements or other writings with the lender; and
- (g) Occurrence of any circumstances which could materially jeopardize, the security created in favour of the bank.

9. ***Consequences of events of default:*** In terms of borrowing arrangements, as a consequence of events of occurrence of events of default, lenders may, *inter alia*:

- (a) Declare the outstanding amount of the facility respect of facility due and payable;
- (b) Appoint nominee director or observer on the board of directors of the company;
- (c) Conversion of outstanding loan obligations into equity or other securities;
- (d) Enforce the security in case of payment default; and
- (e) Suspend or cancel further drawings under the facility.

### Annexure C

Details of Guarantees provided by the Company and Subsidiaries for loans obtained by other entities

Name of the entity	Guarantee Amount (₹ in millions) as on September 30, 2025	Outstanding Amount (₹ in millions) as on September 30, 2025
<u>NIL</u>		

### Annexure D

Outstanding loans and advances taken by the Company from its Promoter, Subsidiaries, Directors and related parties:

Name of Director/ Promoter/ Subsidiaries/ Related Party	Sanctioned Amount (₹) as on September 30, 2025	Outstanding Amount (₹) as on September 30, 2025
NIL		