

CERTIFICATE ON OBJECTS – FUNDING THE CLOUD INFRASTRUCTURE COST

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
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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”)

1. 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”).
2. In terms of our engagement letter dated February 5, 2025 in relation to the Offer, we have received a request from the Company to certify the details of funding the cloud infrastructure cost of the Company and its Subsidiaries (as set out in the **Annexure A**).
3. The management is responsible for the maintenance of proper books of accounts and such other relevant records as prescribed by applicable laws, which includes collecting, collating, and validating data and designing, implementing and monitoring of internal controls relevant for preparation of **Annexure A** hereto. The preparation and presentation of the

projection including the underlying assumptions, set out in **Annexure A** to this certificate is the responsibility of the Management and has been approved by the Board of Directors of the Company vide resolution dated June 18, 2025. Our responsibility is to examine the evidence supporting the assumptions assess if the assumptions are in line with the historical trend and also based on plans and proposals approved by the Board of Directors of the Company other information set out in the **Annexure A** herein. Our responsibility also includes verifying the arithmetical accuracy of the data set out in **Annexure A**.

4. We have examined the projection of cost of cloud infrastructure of Company's products and platform projected to be incurred by the one of the Material Subsidiaries of the Company, Capillary Pte. Ltd. (as set out in the **Annexure A**). in accordance with Standard on Assurance Engagement 3400, "The Examination of Prospective Financial Information", issued by the Institute of Chartered Accountants of India ("**ICAI**").
5. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.
6. 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. Further, actual results are likely to be different as anticipated events frequently do not occur as expected and the variation could be material. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described above.
7. We have performed the following procedures in relation to the Statement:
 - (a) Reviewed the audited consolidated financial statements of the Company along with the restated consolidated financial information of the Company for 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;;
 - (b) Reviewed the agreements entered into with third party service providers with respect to cloud infrastructure;
 - (c) Reviewed the segregation of payments made by the Company, on a consolidated basis, to the service providers for various nature of services and tools pertaining to cloud infrastructure
 - (d) Reviewed the books of accounts of the Company
 - (e) Reviewed the invoices pertaining to cloud infrastructure cost and also the website of AWS for detailed terms and conditions
 - (f) Conducted relevant management inquiries and obtained necessary representation; and
 - (g) Verified the arithmetical accuracy of the computation in Annexure A.
8. 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, assuming existence of hypothetical assumptions as stated in **Annexure A**. Further, in our opinion the projection is properly prepared on the basis of the assumptions as set out in **Annexure A** using the historical financial statements, and appropriate accounting principles.
9. 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.
10. 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.
11. 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.
12. 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.

13. 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

Firm Registration No.: 137904W/W100622

Radheshyam Mandora

Partner

Membership No.: 077372

Date: November 7, 2025

Place: Mumbai

UDIN: 25077372BMOQVV4645

Encl: As above

CC:

Legal Counsel to the Company

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Karnataka, India

Legal Counsel to the BRLMs

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Annexure A

1. The table below sets out the software and server charges, including the server, software and other tool charges paid to various external service providers for six months period ended September 30, 2025 and Fiscals 2025, 2024 and 2023 respectively, on a consolidated basis:

Particulars	Six months period ended September 30, 2025		Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Amount (in ₹ million)	% of total expenses [#]	Amount (in ₹ million)	% of total expenses [#]	Amount (in ₹ million)	% of total expenses [#]	Amount (in ₹ million)	% of total expenses [#]
Server charges* (A)	504.24	15.62%	578.59	10.85%	488.47	9.10%	248.62	7.66%
Software and other tool charges** (B)	134.63	4.17%	343.26	6.44%	447.37	8.33%	50.09	1.54%
Software and server charges (A+B)	638.87	19.79%	921.85	17.29%	935.84	17.43%	298.71	9.20%

* Includes cost towards cloud servers that our technology infrastructure is built on

** includes cost towards software and other tools used for service delivery to customers

[#] Total expenses are expenses as per item IV of Restated Financial statements and does not include depreciation and amortization expenses, finance cost, tax expenses, etc.

2. The Company, through its wholly owned Material Subsidiary, Capillary Pte. Ltd (“CPL”) has executed two private pricing addendums, with the a prominent third-party cloud infrastructure provider (“Service Provider”) each dated September 22, 2023 one of which was amended through an amendment agreement dated October 30, 2024, (“Erstwhile Technology Agreements”), for a period of five years from October 1, 2023 until September 30, 2028, pursuant to which we had made annual spend commitment. However, given the increased usage requirement of technology and cloud infrastructure services over the historical years, two renewed private pricing addendums have been entered into with the Service Provider each dated September 30, 2025, (“Technology Agreements”), for a period of five years from October 1, 2025 until September 30, 2030, pursuant to which we have made the following annual spend commitment (“Annual Commit”) that applies to Company and Subsidiaries:

Particulars	Contract year				
	October 1, 2025 to September 30, 2026	October 1, 2026 to September 30, 2027	October 1, 2027 to September 30, 2028	October 1, 2028 to September 30, 2029	October 1, 2029 to September 30, 2030
Spend Commitment (in USD million)	7.10	7.40	7.70	8.00	8.50
Spend Commitment (in ₹ million)*	629.91	656.53	683.14	709.76	754.12

* For the purposes of these estimations, a conversion rate of 1 USD = ₹88.72 as on September 30, 2025 has been considered

The Capillary Group has also signed up for savings plan provided by the Service Provider pursuant to which it avails Compute Services (defined below) at fixed hourly rates on committing to availing the Compute Services for a specified tenure (“Savings Plan”).

The Company along with its Subsidiaries (“Capillary Group”) uses the following services provided by Service Provider –

- i. *Compute services.* It provides scalable computing capacity in the cloud and allows users to run virtual machines with customisable configurations or run code in response to events without provisioning servers (“Compute Services”).
- ii. *Container services.* Helps in deploying, managing, and scaling containerised applications (“Container Services”).
- iii. *Storage and data Services.* Offers secure, scalable, and durable storage options and is widely used object storage service, ideal for backup, archival, and big data. Additionally, we avail monitoring and management services that help maintain performance, security and reliability across the cloud infrastructure (“Storage, Data and Monitoring Services”).
- iv. *Networking Services.* Enables secure, scalable, and high-performance connectivity and lets users create isolated networks within the cloud computing platform, defining IP ranges, subnets, and routing rules along with container solutions, and storage and data services. (“Networking Services”)

(the Container Services, Storage, Data and Monitoring Services, and Network Services are collectively referred to as “Storage, Container and Networking Services”)

3. Capillary Group has paid an aggregate amount of ₹ 1,517.32 million to the Services Provider for the various services availed and tools utilised by it including for Compute Services, and Storage, Container and Network Services, during the Six months period ended September 30, 2025 and Fiscals 2025, 2024 and 2023 as set forth below:

Particulars	Six months period ended September 30, 2025		Fiscal 2025		Fiscal 2024		Fiscal 2023	
	Amount (in ₹ million)	% of Software and Server charges	Amount (in ₹ million)	% of Software and Server charges	Amount (in ₹ million)	% of Software and Server charges	Amount (in ₹ million)	% of Software and Server charges
Compute Services	127.04	19.89%	201.51	21.86%	132.35	14.14%	108.04	36.17%
Storage, Container and Networking Services	198.20	31.02%	317.06	34.39%	292.54	31.26%	140.58	47.06%
Total payment to Service Provider	325.24	50.91%	518.57	56.25%	424.89	45.40%	248.62	83.23%

In accordance with the Technology Agreement, the Annual Commit is the minimum amount required to be spent for each contract year, failing which the Capillary Group is required to pay the shortfall amount to the Service Provider. However, as set out above, the Capillary Group historically paid significantly higher amounts towards fees to the Service Provider. The payment to the Service Provider as a percentage of Annual Commit (which includes payment towards Compute Commit) for the six months period ended September 30, 2025 was 284.01% for Fiscal 2025 was 226.42% and for the period starting October 1, 2023 to March 31, 2024 was 190.98%. There was no arrangement with the Service Provider for the period between April 1, 2022 till September 30, 2023 under the Technology Agreements. Thus, as set out in the above paragraphs, Company have entered into the modified Technology Agreement agreeing to a higher Annual Commit given the high historical usage and our expected growth.

4. The number of consumers on the Capillary Group’s platform has increased consistently over the years. The table below sets out the increases in the consumers of the Company as well as loyalty transactions processed per hour in six months period ended September 30, 2025 and Fiscals 2025, 2024 and 2023.

Particulars	Six months period ended September 30, 2025	Fiscal 2025	Fiscal 2024	Fiscal 2023
Number of consumers (<i>in million</i>)	1,819	1,256	1,132	969
Percentage increase in number of consumers (in %)	NA	11.00%	16.78%	NA
Number of loyalty transactions per hour (<i>in million</i>)	0.16	0.18	0.15	0.10
Percentage increase in number of loyalty transactions per hour (in %)	NA	21.72	53.57	NA

5. The Company intends to utilize up to ₹1,430.00 million of the Net Proceeds towards funding cloud infrastructure cost of the Capillary Group, to be, deployed as ₹150.00 million in Fiscal 2026, ₹640.00 million in Fiscal 2027 and ₹640.00 million in Fiscal 2028, through payments to be made by the Company or subsidiaries.

6. Company have estimated the following actual cost of cloud infrastructure for the next three Fiscals as follows:

Amount (in ₹ million)

Particulars	Fiscal 2026	Fiscal 2027	Fiscal 2028
Total expected payment to Service Provider	671.53	819.70	963.22

The above estimates are based on the following assumptions used for each of the Fiscals as set out below:

Particulars	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026	Fiscal 2027	Fiscal 2028
	Based on actuals			Estimated		
Total expected payment to Service Provider	248.62	424.89	518.58	671.53	819.70	963.22
Units Consumed (Mn units)	791,428	1,140,879	1,540,626	1,968,998	2,403,424	2,824,230
Cost per Million units (in ₹)	314.14	372.42	336.60	341.06	341.06	341.06

Assumptions:

1. Company assumed that Cost per Million units for the Fiscal 2026, Fiscal 2027 and Fiscal 2028 will be the average of the previous three fiscal years i.e. the Fiscal 2023, Fiscal 2024 and Fiscal 2025.
2. Company assumed that growth rate in Units Consumed will decelerate over Fiscal 2026, Fiscal 2027 & Fiscal 2028 at the same rate as it fell across Fiscal 2024 and Fiscal 2025.