

## ANNEXURE III

June 18, 2025

### Securities and Exchange Board of India

Corporation Finance Department  
Division of Issues and Listing  
SEBI Bhavan, Plot No. C4 A, G Block  
Bandra Kurla Complex, Bandra (East)  
Mumbai 400 051  
Maharashtra, India

Dear Sir/ Madam,

**Re: Proposed initial public offering of equity shares of face value of ₹2 each (the “Equity Shares”) of Capillary Technologies India Limited (the “Company”) comprising of a fresh issue of Equity Shares aggregating up to ₹4,300.00 million (the “Fresh Issue”) and an offer for sale of up to 18,331,386 Equity Shares by the Selling Shareholders (the “Offer for Sale”, and such initial public offering, the “Offer”)**

We, JM Financial Limited, IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*), and Nomura Financial Advisory and Securities (India) Private Limited, the book running lead managers to the Offer (the “**BRLMs**”), appointed by the Company and Selling Shareholders to manage the Offer, confirm that:

- (1) We have examined various documents including those relating to litigation, including commercial disputes, trademark disputes, labour disputes, etc. and other documents in connection with the finalisation of the draft red herring prospectus dated June 18, 2025 (“**DRHP**”) pertaining to the Offer; - **Complied with to the extent applicable.**
- (2) On the basis of such examination and the discussions with the Company, its Directors and other officers, other agencies and independent verification of the statements concerning the objects of the Offer, price justification and the contents of the documents and other papers furnished by the Company, we confirm that:
  - (a) the DRHP filed with the Securities and Exchange Board of India (“**SEBI**”) is in conformity with the documents, materials and papers which are material to the Offer;
  - (b) all material legal requirements relating to the Offer as specified by the SEBI, the Central Government and any other competent authority in this behalf have been duly complied with; and
  - (c) the material disclosures made in the DRHP are true and adequate to enable the investors to make a well-informed decision as to the investment in the proposed Offer and such disclosures are in accordance with the requirements of the Companies Act, 2013, as amended, the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**SEBI ICDR Regulations**”) and other applicable legal requirements.
- (3) Besides ourselves, all the intermediaries named in the DRHP are registered with the SEBI and that until date such registrations are valid. - **Complied with and noted for compliance.**
- (4) We have satisfied ourselves about the capability of the underwriters to fulfil their underwriting commitments. - **Noted for compliance.**
- (5) Written consent from the Promoters have been obtained for inclusion of its Equity Shares as part of the promoter’s contribution subject to lock-in and the Equity Shares proposed to form part of the promoter’s contribution subject to lock-in, shall not be disposed or sold or transferred by the promoter during the period starting from the date of filing the DRHP with the SEBI until the date of commencement of lock-in period as stated in the DRHP. - **Complied with and noted for compliance.**
- (6) All applicable provisions of the SEBI ICDR Regulations, which relate to Equity Shares ineligible for

computation of promoter's contribution, have been and shall be duly complied with and appropriate disclosures as to compliance with the said regulation(s) have been made in the DRHP. - **Complied with and noted for compliance.**

- (7) All applicable provisions of the SEBI ICDR Regulations which relate to receipt of promoter's contribution prior to opening of the Offer, shall be complied with. We confirm that arrangements have been made to ensure that promoter's contribution shall be received at least one day before the opening of the Offer. We undertake that independent chartered accountant's certificate to this effect shall be duly submitted to the SEBI. We further confirm that arrangements have been made to ensure that the promoter's contribution will be kept in an escrow account with a scheduled commercial bank and shall be released to the Company along with the proceeds of the Offer. - **Not applicable.**
- (8) Necessary arrangements have been made to ensure that the monies received pursuant to the Offer are credited or transferred in a separate bank account as per the provisions of sub-section (3) of Section 40 of the Companies Act, 2013, as amended, and that such monies shall be released by the said bank only after permission is obtained from all the Stock Exchanges and that the agreement entered into between the Bankers to the Offer, the Selling Shareholders, and the Company specifically contains this condition. - **Noted for compliance.**
- (9) The existing business of the Company for which funds are being raised fall within the 'main objects' in the object clause of the Memorandum of Association of the Company or the charter of the Company and that the activities which have been carried on in the last ten years are valid in terms of the object clause of the Memorandum of Association of the Company. - **Complied with to the extent applicable.**
- (10) Following disclosures have been made in the DRHP:
  - (a) An undertaking from the Company that at any given time, there shall be only one denomination for the Equity Shares of the Company excluding SR equity shares, where the Company has outstanding SR equity shares; and - **Complied with to the extent applicable. There are no SR equity shares issued by the Company**
  - (b) An undertaking from the Company that it shall comply with all disclosure and accounting norms specified by the SEBI. **Complied with and noted for compliance.**
- (11) We shall comply with the regulations pertaining to advertisements in terms of the SEBI ICDR Regulations. - **Noted for compliance.**
- (12) We certify that the entity is eligible to list on the innovators growth platform in terms of the provisions of Chapter X of SEBI ICDR Regulations. - **Not applicable.**

We enclose in **Annexure III-A**, a note explaining how the process of due diligence has been exercised by the BRLMs, including in relation to the business of the Company, experience of the Promoters, the risks in relation to the business, and that the related party transactions entered into for the periods disclosed in the DRHP have been entered into by the Company in accordance with applicable laws.

We enclose in **Annexure III-B**, a checklist confirming regulation-wise compliance with the applicable provisions of the SEBI ICDR Regulations, containing details such as the regulation number, its text, the status of compliance, page number of the DRHP where the regulation has been complied with and our comments, if any.

All capitalized terms used herein and not specifically defined shall have the same meaning ascribed to such terms in the DRHP.

Encl.: Annexures as above

Thanking you,

Sincerely,

*[Reminder of this page intentionally left blank]*

*(Signature pages to follow)*

		
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*This signature page forms an integral part of the letter submitted to Securities and Exchange Board of India, in relation to the initial public offering of Capillary Technologies India Limited.*

**For JM Financial Limited**



Authorised Signatory  
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*This signature page forms an integral part of the letter submitted to Securities and Exchange Board of India, in relation to the initial public offering of Capillary Technologies India Limited.*

**For IIFL Capital Services Limited (formerly known as IIFL Securities Limited)**




Authorised Signatory  
Name: Pawan Kumar Jain  
Designation: Vice President  
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 <b>JM FINANCIAL</b>	 <b>IIFL CAPITAL</b>	 <b>NOMURA</b>
<b>JM Financial Limited</b> 7 <sup>th</sup> Floor, Cnergy Appa Saheb Marathe Marg Prabhadevi, Mumbai 400 051 Maharashtra, India Tel.: +9122 6630 3030 E-mail: capillary.ipo@jmfml.com Investor Grievance E-mail: grievance.ibd@jmfml.com Website: www.jmfml.com SEBI Registration No.: INM000010361 CIN: L67120MH1986PLC038784	<b>IIFL Capital Services Limited (formerly known as IIFL Securities Limited)</b> 24 <sup>th</sup> Floor, One Lodha Place Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013, Maharashtra, India Tel.: +9122 4646 4728 E-mail: capillary.ipo@iiflcap.com Investor Grievance E-mail: ig.ib@iiflcap.com Website: www.iiflcap.com SEBI Registration No.: INM000010940 CIN: L99999MH1996PLC132983	<b>Nomura Financial Advisory and Securities (India) Private Limited</b> Ceejay House, Level 11, Plot F Shivsagar Estate Dr. Annie Besant Road, Worli Mumbai 400 018 Maharashtra, India Tel.: +9122 4037 4037 E-mail: capillaryipo@nomura.com Investor Grievance E-mail: investorgrievances.in@nomura.com Website: <a href="http://www.nomuraholdings.com/company/group/asia/india/index.html">http://www.nomuraholdings.com/company/group/asia/india/index.html</a> SEBI Registration No.: INM000011419 CIN: U74140MH2007PTC169116

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**For Nomura Financial Advisory and Securities (India) Private Limited**




Authorised Signatory  
Name: Vishal Kanjani  
Designation: Executive Director  
Contact Number: +91 22 4037 4037  
Email: vishal.kanjani@nomura.com

## Annexure III-A

### Due Diligence Process Notes

We, the BRLMs, with assistance from the Legal Counsels (*defined below*) have carried out a due diligence exercise on the Company for the purposes of complying with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the “**SEBI ICDR Regulations**”) and other applicable laws, and to the extent customary for initial public offerings in India, along with other professionals and experts engaged in connection with this Offer. All capitalized terms used herein and not specifically defined shall have the same meanings ascribed to such terms in the draft red herring prospectus dated June 18, 2025 (the “**DRHP**”).

Khaitan & Co. has been appointed as the legal advisor to the Company as to Indian law, Trilegal has been appointed as legal advisor to the BRLMs as to Indian law, and Hogan Lovells Lee & Lee has been appointed as international legal counsel to the BRLMs (collectively, the “**Legal Counsels**”). The Legal Counsels have assisted in carrying out legal due diligence and drafting of the DRHP in compliance with the SEBI ICDR Regulations and other applicable laws, and advised the Company and the BRLMs in relation to the Offer, as appropriate, in their respective roles, including for the purpose of issuing legal opinions in relation to the Offer to the BRLMs, as applicable.

The due diligence process commenced with interactions with the Directors, Key Managerial Personnel, Senior Management and other members of the management and representatives of the Company and the Founder to gain, among other matters, an understanding of the business and operations of the Company and its Subsidiaries, key risks involved and financial overview, and the background of the Company’s management, including its Promoters. The due diligence process involved, among other things, attending virtual and physical meetings with the Company and the Legal Counsels as well as visits to the Company’s Registered and Corporate Office. These interactions were conducted with the objective of assisting the Company in preparing necessary disclosures as required under the SEBI ICDR Regulations and other applicable laws in relation to the Offer. In this regard, the Company was provided with a due diligence questionnaire and information request list prepared in consultation with Legal Counsels, and the Company provided supporting documents for review and diligence and gave clarifications and explanations for queries raised, to the extent applicable. In order to facilitate such review, the Company set up an online data room where copies of such relevant documents were made available for undertaking due diligence.

The BRLMs were also assisted by the statutory auditor of the Company, Walker Chandiook & Co. LLP (the “**Statutory Auditor**”) for financial due diligence. The Statutory Auditor has provided its examination report dated May 7, 2025 on the Restated Consolidated Financial Information as of and for the financial year ended March 31, 2025, March 31, 2024 and March 31, 2023, included in the DRHP, and has delivered a customary comfort letter to the BRLMs confirming the accuracy of the financial information contained in the DRHP. The Statutory Auditor has also verified details and provided certifications in respect of the statement of possible special tax benefits of the Company and its shareholders, and compliance with corporate governance requirements by the Company. Additionally, Saini Pati Shah & Co LLP, Chartered Accountants, an independent chartered accountant holding a valid peer review certificate (“**Independent Chartered Accountant**”), was appointed to review and confirm the operating and other financial information of the Company disclosed in the DRHP and provide circle-ups confirming the accuracy of such information. The Independent Chartered Accountant has also verified and provided certifications with respect to certain information included in the DRHP, including certain key performance indicators included in the “*Basis for Offer Price*” section of the DRHP and other operational indicators of the Company, weighted average price of acquisition of Equity Shares acquired by the Promoters and Selling Shareholders, average cost of acquisition of Equity Shares of the Promoters and Selling Shareholders, details of price at which specified securities were acquired by the Promoters, members of Promoter Group, Selling Shareholders and Shareholders with a right to nominate directors or any other special rights, as applicable, weighted average cost of acquisition of Equity Shares transacted in the last one year, eighteen months and three years, details of taxation proceedings, details of any amounts outstanding to micro, small and medium enterprises, and material creditors and other creditors of the Company. The Independent Chartered Accountant has also confirmed that all related party transactions entered into for the periods disclosed in the DRHP have been entered into by the Company in accordance with applicable laws, on an arm’s length basis. As on the date of the DRHP, the Statutory Auditor and the Independent Chartered Accountant have consented to be named as an ‘expert’, in terms of the Companies Act, 2013, as amended, in the DRHP and have confirmed that they hold valid peer review certificates issued by the peer review board of the Institute of Chartered Accountants of India.

Additionally, (i) PBG Associates Ltd, Chartered Accountants & Registered Auditors has issued report dated June 13, 2025 on the statement of possible special tax benefits available to one of the Material Subsidiary, Capillary Technologies Europe Limited; (ii) ECRA Pte. Ltd., Tax Agents has issued report dated June 14, 2025 on the statement of possible special tax benefits available to one of the Material Subsidiary, Capillary Pte. Ltd.; and (iii) TruAnalyst Solutions LLP, Certified Public Accountants has issued reports dated June 14, 2025 on the statement of possible special tax benefits available to two of the Material Subsidiaries being, (a) Capillary Technologies LLC; and (b) Capillary Brierley Inc.

Further, for confirmations in relation to various disclosures in relation to its foreign Material Subsidiaries the Company has obtained foreign counsel opinions from Gunnercooke for Capillary Technologies Europe Limited, FSLAW LLC for Capillary Pte. Ltd., and Chavda Law Group, LLC for Capillary Technologies LLC and Capillary Brierley Inc.

Further, BMP & Co. LLP, Independent Company Secretary, (“**Independent PCS**”), verified and certified compliance with Companies Act, 2013 by the Company, in relation to issuance of securities since its incorporation. The Independent PCS also provided confirmations that (i) the employee stock option plan of the Company is in compliance with the SEBI SBEB & SE Regulations; and (ii) the structural digital database is in compliance with Regulations 3(5) and 3(6) of SEBI PIT Regulations

The Company has also relied on the report titled ‘*Customer Loyalty and Engagement Software Market Overview*’ dated June, 2025, issued and prepared by Zinnov Management Consulting Private Limited (“**Zinnov**”) (and such report, the “**Zinnov Report**”), for disclosures relating to industry information in the DRHP. Further, the Company has received a written consent from Zinnov, dated June 17, 2025, to include their name, engagement letter dated February 19, 2025, the Zinnov Report and its contents or any extract or references thereof in the DRHP, Red Herring Prospectus and Prospectus, and as a material document for inspection by the public in the section titled “*Material Contracts and Documents for Inspection*” of the DRHP and make the same available on the website of the Company at <https://www.capillarytech.com/investors/>. The Zinnov Report has been commissioned and paid for by the Company and has been prepared exclusively for the purposes of disclosures in the “*Industry Overview*” section of the Offer.

## 1. **Business and commercial diligence**

The due diligence process in relation to general business and commercial matters included:

- (a) Organizing and attending a kick-off discussion with the Company to develop an understanding of the business, history and other matters of the Company and Subsidiaries including the industry overview and regulatory environment. The discussion was attended by representatives including of the Company team, BRLMs, Legal Counsels, and the Statutory Auditor. A broad overview of the business of the Company and Subsidiaries, the industry in which the Company operates, the regulatory framework with respect to the business, the corporate structure, the capital structure, financials and shareholding pattern of the Company were presented, followed by interactive discussions.
- (b) Interacting with the senior management of the Company as well as the senior personnel from the secretarial, legal and finance departments, and the Statutory Auditor, for the purpose of gaining an understanding about the business, the risks involved and the financial overview of the Company, amongst other matters. These interactions included (i) due diligence calls, drafting sessions, virtual and physical meetings, and conference calls to discuss the disclosures in the DRHP, (ii) due diligence calls with the Independent Chartered Accountant for certain disclosures in the DRHP, including key operational data and information; (iii) seeking appropriate clarifications from the Company, the Independent Chartered Accountant with respect to key financial, financial related and/ or operational data, and other information in the DRHP; (iv) due diligence call with representatives of the management of the Company to receive information from the Company before filing the DRHP; (v) due diligence calls with the Independent Chartered Accountant and Statutory Auditor; (vi) due diligence calls with key customers & vendors of the Company; and (vii) obtaining appropriate certifications from the Company, its Directors, Key Managerial Personnel, Senior Management, Promoters, members of the Promoter Group, Group Companies, Subsidiaries, the Statutory Auditor, Independent Chartered Accountant, Independent PCS, and the Selling Shareholders. Further, interactions were also conducted with the Selling Shareholders and their representatives to prepare the disclosures in the DRHP in relation to the Equity Shares offered by them in the Offer for Sale. These interactions were conducted with an objective to assist the

Company to prepare disclosures in the DRHP. We expect these interactions and due diligence calls to continue until closing.

- (c) Requesting the Company to provide relevant documents, and reviewing such documents along with the Legal Counsels, as is customary in such transactions.
- (d) Interacting with the Key Managerial Personnel and Senior Management of the Company to understand, among others, the Company's day to day operations, key business processes and to verify the disclosures being made in the DRHP.
- (e) Obtaining certificates, confirmations, formal representations and undertakings from and on behalf of, as applicable, the Company, Promoters, members of the Promoter Group, Subsidiaries, Group Companies, Directors, Key Managerial Personnel, Senior Management, the Selling Shareholders, the Statutory Auditor, Independent Chartered Accountant, and Independent PCS in support of certain disclosures made in the DRHP.
- (f) Reviewing, together with the Legal Counsels, certain material business-related documents pertaining to the Company in relation to their customers, vendors, third party service providers and, agreements for the loans availed by the Company. Where such agreements were large in number and standard in form, the review was carried out on a sample basis.
- (a) Conducting site visit of the Registered and Corporate Office situated at #360, bearing PID No.101/360, 15th cross road, Sector 4, HSR Layout, Bengaluru 560 102, Karnataka, India and also get a walkthrough of the systems and processes of the company to understand the value chain, working of key features and product roadmap. The product and platform development team is predominantly located at the said office. In addition, given that the Company is expanding its operations in the United States, we also did a site visit of an office of a US subsidiary located at 5830 Granite Pkwy STE 100 Plano, Texas 75024.
- (b) Reviewing the audit committee resolution dated June 18, 2025, pursuant to which the audit committee (a) noted the key performance indicators ("KPIs") pertaining to the Company disclosed to investors at any point of time during the three years' period prior to the date of filing of DRHP, (b) identified the KPIs disclosed in the "*Basis for Offer Price*" section of the DRHP, (c) took on record the certificate from the Independent Chartered Accountant for the KPIs; and (d) took on record the management certificate on the KPIs.
- (c) Obtaining circle-up confirmations from the Statutory Auditor and the Independent Chartered Accountant on financial information, and certification/ circle-ups for KPIs, operational data and certain other financial related information included in the DRHP.
- (d) Obtaining and relying on formal representations and undertakings from the Company in the Offer Agreement. For certain information, relying on management certificates from the Company for compliance with the SEBI ICDR Regulations.
- (e) Reviewing such other documents as we have deemed necessary and as have been provided by the Company, from time to time.

## **2. Industry Information**

Reliance has been placed on the industry and market data derived from the report titled "*Customer Loyalty and Engagement Software Market Overview*" dated June, 2025 commissioned, and paid for, by the Company and prepared by Zinnov Management Consulting Private Limited ("**Zinnov**"), exclusively for the purposes of confirming the Company's understanding of the industry it operates in, in connection with the Offer pursuant to an engagement letter dated February 19, 2025. Due diligence call was conducted and interactions were held with representatives of Zinnov to discuss the contents of the report. The industry related information contained in the DRHP, including sections titled "*Summary of the Offer Document*", "*Basis of Offer Price*", "*Industry Overview*", "*Our Business*", "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", has been sourced from the Zinnov Report, which has been exclusively commissioned and paid for by the Company in connection with the Offer. A copy of the Report is available on the website of the Company at the following link: <https://www.capillarytech.com/investors/>.

The report has been included as a material document for inspection by the public in the section “*Material Contracts and Documents for Inspection*” of the DRHP from the date of filing of the RHP with the RoC until the Bid/Offer Closing Date.

### 3. **Financial information**

The DRHP includes and presents the Restated Consolidated Financial Information, comprising the restated consolidated statement of assets and liabilities as at March 31, 2025, March 31, 2024 and March 31, 2023 and the restated consolidated statement of profit and loss (including other comprehensive income), restated consolidated cash flow statement and changes in equity for the financial years ended March, 31, 2025, March, 31, 2024 and March 31, 2023 of the Company and Subsidiaries together with the summary of material accounting policies, and other explanatory information thereon, derived from the consolidated audited financial statements prepared in accordance with the Ind AS for the financial years ended March 31, 2025, March 31, 2024 and March 31, 2023, restated in accordance with the SEBI ICDR Regulations, Section 26 of Part I of Chapter III of the Companies Act, 2013 and the Guidance Note on “Reports in Company Prospectuses (Revised 2019)” issued by ICAI (the “**Restated Consolidated Financial Information**”).

The Statutory Auditors’ examination report on the Restated Consolidated Financial Information was reviewed, and calls/ meetings were conducted with the Statutory Auditor and the finance department of the Company in relation to the same, and confirmations/ certifications with respect to certain financial information included in the DRHP from the Statutory Auditor. Further, the Statutory Auditors were required to review the financial information relating to the Company in the DRHP and have delivered a customary comfort letter to the BRLMs confirming the accuracy of the financial information contained in the DRHP. Such comfort letter and certificates will be re-issued or brought down at certain future dates as the Offer progresses. Additionally, Independent Chartered Accountant has verified and provided certifications in respect of KPIs & certain operational data as well as reviewed the financial information of the Company and provided circle-ups confirming the accuracy of certain financial information contained in the DRHP for the Fiscals ended March 31, 2025, March 31, 2024 and March 31, 2023.

Reliance has been placed on the statement of possible special tax benefits available to the Company and its Shareholders issued by the Statutory Auditor. Additionally, (i) PBG Associates Ltd, Chartered Accountants & Registered Auditors has issued report dated June 13, 2025 on the statement of possible special tax benefits available to one of the Material Subsidiary, Capillary Technologies Europe Limited; (ii) ECRA Pte. Ltd., Tax Agents has issued report dated June 14, 2025 on the statement of possible special tax benefits available to one of the Material Subsidiaries, Capillary Pte. Ltd.; and (iii) TruAnalyst Solutions LLP, Certified Public Accountants has issued reports dated June 14, 2025 on the statement of possible special tax benefits available to two of the Material Subsidiaries being, (a) Capillary Technologies LLC; and (b) Capillary Brierley Inc.

Further, along with the Legal Counsels, due diligence calls were also conducted with the Statutory Auditor to discuss the disclosures in the DRHP as well certain other questions regarding their audit and verification procedures.

In addition to the above, discussions were conducted with the management of the Company and the Statutory Auditor, and reliance was placed on explanations and representations provided by the management of the Company that all the related party transactions entered into for the periods disclosed in the DRHP have been entered into by the Company in accordance with applicable laws and on arms’ length basis. Further, for this purpose, we have also obtained certification from Independent Chartered Accountants.

In accordance with the SEBI ICDR Regulations, the audited standalone financial statements of the Company and the Material Subsidiaries namely, Capillary Pte. Ltd., Capillary Technologies DMCC, Capillary Technologies Europe Limited, Capillary Brierley Inc. and Capillary Technologies LLC as of and for the financial years ended March 31, 2025, March 31, 2024, and March 31, 2023 (i.e., the three completed financial years immediately preceding the date of filing of the DRHP) have been uploaded on the website of the Company at <https://www.capillarytech.com/investors/>. The audited financial statements of the Capillary Pte. Ltd., Capillary Technologies DMCC, Capillary Technologies Europe Limited, Capillary Brierley Inc. and Capillary Technologies LLC., have been translated into Indian

rupees and uploaded on the website of the Company.

#### 4. ***Financial Indebtedness***

In relation to the information disclosed in summarized form in the section “*Financial Indebtedness*” of the DRHP, the relevant sanction letters and agreements issued by the lenders as well as other financing related documents were made available and, together with the Legal Counsels, the same were reviewed. Relevant intimations were made to and consent was obtained from the relevant lenders in connection with the corporate actions related to the Offer, as required under the arrangements with such lenders. Reliance has also been placed on a certificate from the Independent Chartered Accountant to ascertain the amount of sanctioned and outstanding borrowings of the Company as of March 31, 2025, as disclosed in the section “*Financial Indebtedness*” of the DRHP.

#### 5. ***Key Performance Indicators***

SEBI has, *vide* its circular dated February 28, 2025 on the Industry Standards on Key Performance Indicators Disclosures in the Draft Offer Document and Offer Document (“**SEBI Circular on KPIs**”), introduced certain industry standards for the disclosure of key performance indicators to be followed by issuers and merchant bankers. In compliance with the same, key performance indicators of the Company have been identified and disclosed in the section titled “*Basis for Offer Price*” of the DRHP. Further, such KPIs were certified by the management of the Company pursuant to their certificate dated June 18, 2025 and were approved by the Audit Committee of the Company pursuant to its resolution dated June 18, 2025 and such key performance indicators as disclosed in the DRHP have been certified by the Independent Chartered Accountant *vide* their certificate dated June 18, 2025. Such certificate issued by Independent Chartered Accountant in relation to the KPIs will form part of the section “*Material Contracts and Documents for Inspection*” of the DRHP and will be available for public inspection from the date of filing of the RHP with the RoC until the Bid/Offer Closing Date. ***Objects of the Offer***

The Company proposes to utilise the Net Proceeds towards the following objects:

1. Funding cloud infrastructure cost;
2. Investment in research, designing and development of our products and platform;
3. Investment in purchase of computer systems for our business; and
4. Funding inorganic growth through unidentified acquisitions and general corporate purposes.

The Company will not receive any proceeds from the Offer for Sale.

#### 6. ***Outstanding litigation proceedings and dues to creditors***

The Company has disclosed outstanding litigation involving the Company, Subsidiaries, its Promoters, and its Directors (collectively, the “**Relevant Parties**”), its Group Companies, its Key Managerial Personnel and Senior Management on the basis of the legal requirements under the SEBI ICDR Regulations and in accordance with the policy of materiality adopted by the Board by a resolution dated April 20, 2025 (“**Materiality Policy**”). Disclosures on material creditors have also been made as per the Materiality Policy in the “*Outstanding Litigation and Material Developments*” section of the DRHP. The materiality threshold in relation to outstanding litigation proceedings and material creditors as approved by the board of directors of the Company has been disclosed in the DRHP.

Pursuant to requirements of the SEBI ICDR Regulations, we have disclosed all outstanding (i) criminal proceedings (including any notices received for such criminal proceedings and matters at FIR stage or police complaints even if no cognizance has been taken by any court) involving the Company, Subsidiaries, Directors, or Promoters (the “**Relevant Parties**”); (ii) actions taken by statutory or regulatory authorities involving the Relevant Parties (iii) claims relating to direct and indirect taxes in a consolidated manner, involving the Relevant Parties; (iv) other pending litigations or arbitration proceedings involving the Relevant Parties which has been determined to be material pursuant to the Materiality Policy; (v) disciplinary actions (including penalties) imposed by SEBI or stock exchanges against the Promoters in the last five Fiscals

Pursuant to Materiality Policy, for the purpose of (iv) above, all outstanding litigation, including any litigation involving the Relevant Parties, other than criminal proceedings, actions by regulatory

authorities and statutory authorities, and tax matters (direct or indirect), will be considered material if: (a) the monetary amount of claim/dispute, to the extent quantifiable, involved in any such outstanding litigation is equivalent to or in excess of (i) 2% of turnover, as per the latest Fiscal included in the Restated Consolidated Financial Information of the Company; or (ii) 2% of net worth, as per the latest Fiscal included in the Restated Consolidated Financial Information of the Company, except in case the arithmetic value of the net worth is negative; or (iii) 5% of average of absolute value of profit or loss after tax, as per the Restated Consolidated Financial Information of the Company for the last three Fiscals, whichever is lower.

Accordingly, (a) 5% of the average of absolute value of profit or loss after tax, as per the Restated Consolidated Financial Information of the Company for the last three Fiscals, i.e., ₹ 26.73 million (“**Materiality Threshold**”); or (b) any outstanding litigation/arbitration proceeding, where the monetary impact is not determinable or quantifiable or does not exceed the Materiality Threshold, but an adverse outcome of which would materially and adversely affect the business, prospects, operations, performance, financial position or reputation of the Company or where a decision in one proceeding is likely to affect the decision in similar proceedings, such that the cumulative monetary impact in such proceedings exceeds the Materiality Threshold even though the monetary impact in the individual proceedings may not exceed the Materiality Threshold or pertaining to the title of the portfolio (held directly/indirectly by the Company) has been deemed material.

Further, in accordance with the SEBI ICDR Regulations, all criminal proceedings involving the Key Managerial Personnel and Senior Management of the Company; and all actions by regulatory and statutory authorities against the Key Managerial Personnel and Senior Management of the Company has been disclosed.

It is clarified that for the purposes of the above, pre-litigation notices received by the Relevant Parties from third parties (excluding those notices issued by statutory or regulatory or governmental or tax or judicial authorities or notices threatening criminal action) have not and shall not be considered material until such time that the Relevant Party is impleaded before any judicial forum.

The Company had provided a list of outstanding litigation involving the Company and supporting documents for material proceedings involving the Company in the online virtual access data room. Further, we interacted with the relevant representatives of the Company to understand the status of various pending proceedings involving the Company. In relation to the litigation involving the Promoters, Key Managerial Personnel, Senior Management Personnel, Group Companies and Directors, relevant certificates have been received from the respective individuals/entities, as the case may be, based on which appropriate disclosures, wherever applicable, in relation to litigation proceedings involving them have been included in the DRHP. Further, in relation to the litigation involving the Subsidiaries relevant certificates and foreign counsel opinions have been received from the respective entities, based on which appropriate disclosures, wherever applicable, in relation to litigation proceedings involving them have been included in the DRHP. With respect to consolidated disclosure of taxation proceedings giving details of number of cases and total amount involved in such proceedings involving the Company, its Subsidiaries, its Directors and Promoters, reliance has been placed on a list provided by the Company and the certificate dated June 18, 2025 issued by the Independent Chartered Accountant in this regard.

In terms of the Materiality Policy, outstanding dues to any creditor of the Company having monetary value which exceeds 5% of the total trade payables of the Company as of March 31, 2025 as reported in the Restated Consolidated Financial Information, being March 31, 2025, being outstanding dues exceeding ₹25.29 million; have been considered as material outstanding dues for the purposes of disclosure in the DRHP. Further, consolidated disclosure on the dues to (a) creditors that are micro, small and medium enterprises; and (b) other creditors have been provided in a summary format (indicating the total number of, and aggregate outstanding amounts due to such creditors) has been disclosed in the DRHP. The details pertaining to outstanding overdues to the Material Creditors, along with names and amounts involved for each such Material Creditor are available on the website of the Company at <https://www.capillarytech.com/investors/>. Further, for outstanding dues to MSMEs, the disclosure is based on information available with the Company regarding status of the creditors under Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended read with the rules and notifications thereunder.

**7. Disclosures pertaining to Promoters, members of the Promoter Group, Group Company, Subsidiaries, Directors, Key Managerial Personnel, Senior Management and Selling Shareholders**

For the purposes of making certain disclosures with respect to the Promoters, members of the Promoter Group, Group Companies, Directors, Subsidiaries, Key Managerial Personnel, Senior Management and Selling Shareholders, in the DRHP, supporting documents, consents and certifications, as applicable, from the relevant entities/ persons have been obtained. We, along with the Legal Counsels also interacted with the relevant parties, to assist them to understand the requirements of law and disclosures in terms of SEBI ICDR Regulations.

For the purposes of disclosure of the educational qualifications and professional experience of Directors, Key Managerial Personnel and Senior Management, reliance was placed *inter alia* on relevant degree certificates/ marksheets, experience certificates issued by previous and current employers and other back-up documents, as applicable, in addition to certifications received from the relevant person.

In addition, we have received confirmation from the Company, the Directors, the Promoters, the Selling Shareholders, the members of the Promoter Group, Subsidiaries and the Group Companies, stating that they have not been debarred or prohibited from accessing or operating in the capital markets, restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI. The BRLMs have also received confirmations from the Company, the Promoters and the Directors that none of the Company, the Promoters or the Directors of the Company have been declared as “wilful defaulters” or “fraudulent borrowers” as defined under the SEBI ICDR Regulations and the Promoter and the Directors are not “fugitive economic offenders” as defined under the SEBI ICDR Regulations along with certificates to this effect from each of the relevant parties. Additionally, confirmations have also been obtained from the Company, Promoters and other members of the Promoter Group, in respect of their compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent in force and applicable to them, in relation to the Company and its securities, as on the date of the DRHP. Confirmations have also been taken from each of the Directors that: (a) they have not been on the board of directors of any listed company whose shares have been/ were suspended from being traded on any stock exchange during five preceding years prior to the date of the DRHP, during their tenure; (b) they have neither been, nor are a director on the board of directors of any listed company that has been delisted from any stock exchange, during their tenure and appropriate disclosures have been made in the DRHP, as applicable. Further, public domain searches including on the websites of CIBIL and watchout investors for Company, Promoters, Key Managerial Personnel, Senior Management, Directors, members of the Promoter Group, Group Companies and Subsidiaries were also carried out.

## **8. *Group Companies***

Pursuant to a resolution dated April 20, 2025, the Company’s Board has formulated a policy for identification of group companies and has noted that in accordance with Regulation 2(1)(t) of the SEBI ICDR Regulations and for the purpose of disclosure in the Draft Red Herring Prospectus, the ‘group companies’ of the Company shall include companies (other than the Subsidiaries and the Promoters): (a) with which there were related party transactions, during the period covered in the Restated Consolidated Financial Information included in the Draft Red Herring Prospectus; (b) if such company is a member of the Promoter Group and with which there were related party transactions in Fiscal 2025, covered in the Restated Consolidated Financial Information of the Company included in the Draft Red Herring Prospectus, which individually or in the aggregate, exceed 10% of the total revenue from operations of the Company for such period; and (c) companies other than disclosed in (a) and (b) above as may be considered ‘material’ by the Board.

As per the provisions of the SEBI ICDR Regulations, the Company is required to provide links of the website where certain financial information the Group Companies have been disclosed. In accordance with such requirement, information with respect to: (i) reserves (excluding revaluation reserve); (ii) sales; (iii) profit after tax; (iv) earnings per share; (v) diluted earnings per share; and (vi) net asset value, based on their respective audited financial statements is on the website of the Company at <https://www.capillarytech.com/investors/> (given that the said Group Companies do not have their own website).

## **9. *Statutory and/ or regulatory and other diligence***

In connection with diligence of statutory and regulatory matters, interactions were conducted with the officials of the Company and its Subsidiaries along with the Legal Counsels to understand the various approvals that are necessary for the Company to carry out its respective businesses, followed by a review of relevant statutory and regulatory records of the Company, including, among other things, relevant

corporate records, approvals, and filings made by the Company with various statutory and regulatory authorities.

For the purposes of diligence of approvals required by the Company for carrying out their businesses were placed on the list of licenses, approvals and registrations of the Company, as provided by the Company. Such material licenses, approvals and registrations, copies of which were provided by the Company, and such other documents as were deemed necessary and as were provided by the Company, from time to time, were reviewed including by the Legal Counsels. Interactions were also conducted, along with the Legal Counsels, with the officials of the Company to understand the material approvals that are required to be obtained by the Company to carry out its business.

Further, for the purposes of diligence of approvals required by the foreign Material Subsidiaries the Company has obtained opinion from Gunnercooke for Capillary Technologies Europe Limited, FSLAW LLC for Capillary Pte. Ltd., and Chavda Law Group, LLC for Capillary Technologies LLC and Capillary Brierley Inc.

The DRHP includes a summary of the material approvals of the Company and its Material Subsidiaries such as its tax related approvals, and labour and employment related approvals, and intellectual property as on the date of the DRHP. Such approvals have been disclosed in the section “*Government and Other Approvals*” in the DRHP.

**10. *Price information of past issues handled by the BRLMs***

In respect of price information of past issues handled by the BRLMs, reliance has been placed on the information available on the websites of National Stock Exchange of India Limited and/ or BSE Limited for preparing the statement of price information of the past issues handled by each of the BRLMs.

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*This signature page forms an integral part of the letter submitted to Securities and Exchange Board of India, in relation to the initial public offering of Capillary Technologies India Limited.*

**For JM Financial Limited**



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**For IIFL Capital Services Limited (formerly known as IIFL Securities Limited)**




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