

To,  
The Board of Directors  
Shining Tools Limited  
Survey No.63/2, Plot No.2,  
On Rajkot-Gondal Highway,  
At. Pipaliya, Tal.: Gondal, Dist.: Rajkot  
Gujarat-360311, India

To,  
Sobhagya Capital Options Private Limited  
C-7 and 7A, Hosiery Complex,  
Phase-II Extension  
NOIDA - 201 305, Uttar Pradesh, India

(Sobhagya Capital Options Private Limited is hereinafter referred to as the “Lead Manager” or “LM”)

Dear Sir / Madam,

**Subject: CERTIFICATE ON WORKING CAPITAL**

Ref: Proposed Initial Public Offering of 15,00,000 Equity Shares of face value of Rs. 10 each (“Equity Shares”) of Shining Tools Limited for cash at a price of Rs. [●] per Equity Share (including a Share Premium of Rs. [●] per Equity Share) aggregating upto Rs. [●] lakhs in accordance with the provisions of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (“SEBI ICDR Regulations”), and other applicable laws, as amended

We, V S S B & Associates, Statutory Auditors of Issuer Company, that is, M/s Shining Tools Limited, a Company incorporated under the provisions of the Companies Act, 1956 and presently having its registered office at Survey No.63/2, Plot No. On Rajkot-Gondal Highway, At. Pipaliya, Tal: Gondal, Dist.: Rajkot Gujarat-360311, India and bearing CIN U29220GJ2013PLC074803 (“Company”), have been requested by the Issuer Company to certify the proposed net working capital requirement to the extent of Rs.1,990.00 Lakhs, Rs.2,815.00 Lakhs and Rs.3,651.00 Lakhs for the Fiscal Years 2026, 2027 and 2028.

We have examined and verified the

- Audited financial statements for Fiscal Years March 31, 2025, 2024, and 2023 of the Issuer Company;
- Restated Financial Statements as of period ending July 31, 2025 and years ending March 31, 2025, 2024 and 2023 of the Issuer Company;
- The business estimations for the Fiscal Years 2026, 2027 and 2028 and
- Other relevant records of the Issuer Company as submitted to us. Based on our examination, as we considered necessary and according to the documents, information and explanations given to us, we hereby certify that as on the date of this certificate the existing working capital requirements and the holding levels has been determined as under:

*Amount in Rs. Lakhs*

S. No.	Particulars	As per Restated Financial Statements			
		As at 31.07.2025	As at 31.03.2025	As at 31.03.2024	As at 31.03.2023
<b>I</b>	<b>Current Assets</b>				
1.	Inventory	543.00	380.00	299.00	353.00
2.	Debtors	543.00	511.00	238.00	379.00
3.	Other Current Assets	446.00	319.00	368.00	386.00
	<b>Total Current Assets</b>	<b>1532.00</b>	<b>1210.00</b>	<b>905.00</b>	<b>1118.00</b>





<b>II</b>	<b>Current Liabilities</b>				
1.	Trade Payable	160.00	133.00	202.00	367.00
2.	Short term provisions	143.00	96.00	48.00	-
3.	Other Current Liabilities	66.00	70.00	134.00	168.00
	<b>Total Current Liabilities</b>	<b>369.00</b>	<b>299.00</b>	<b>384.00</b>	<b>535.00</b>
<b>III</b>	<b>Total Working Capital</b>	<b>1163.00</b>	<b>911.00</b>	<b>521.00</b>	<b>583.00</b>
<b>IV</b>	<b>Funding Pattern</b>				
	<b>Internal Accruals/ Borrowings</b>	<b>1163.00</b>	<b>911.00</b>	<b>521.00</b>	<b>583.00</b>

Particulars	As at 31.07.2025	As at 31.03.2025	As at 31.03.2024	As at 31.03.2023
<b>Inventory Days</b>	122	94	103	123
<b>Debtors Days</b>	122	126	82	132
<b>Other Current Assets Days</b>	101	79	127	135
<b>Trade Payables-Days</b>	89	142	365	492
<b>Other Current Liabilities Days</b>	47	41	63	59
<b>Net Working Capital Days</b>	262	225	179	204

On the basis of the internal estimates, existing working capital requirements and the projected working capital requirements and key assumptions with respect to the determination of the same; the Issuer Company would require total working capital to the extent of Rs.1,990.00 Lakhs, Rs.2,815.00 and Rs.3,651.00 Lakhs for the Fiscal Years 2026, 2027 and 2028 respectively.

The Board of Directors of the Issuer Company pursuant to their resolution dated September 5, 2025, has certified and approved by the estimated working capital requirements and the assumption underlying the justification for periods of holding levels for Fiscal Years 2026, 2027 and 2028.

#### ***Future Working Capital***

On the basis of the existing working capital requirements, management estimates and estimated working capital requirements, the proposed funding of such working capital requirements is set forth below:

*Amount in Rs. Lakhs*

S. No.	Particulars	As at 31.03.2026	As at 31.03.2027	As at 31.03.2028
1.	Inventory	517.00	874.00	1155.00
2.	Debtors	958.00	1721.00	2055.00
3.	Other Current Assets	960.00	1073.00	1463.00
	<b>Total Current Assets</b>	<b>2435.00</b>	<b>3668.00</b>	<b>4673.00</b>
1.	Trade Payable	242.00	435.00	524.00
2.	Short term provisions	150.00	306.00	377.00
3.	Other Current Liabilities	53.00	112.00	121.00
	<b>Total Current Liabilities</b>	<b>445.00</b>	<b>853.00</b>	<b>1022.00</b>
	<b>Net Working Capital (NWC)</b>	<b>1990.00</b>	<b>2815.00</b>	<b>3651.00</b>
	<b>Additional Requirement of NWC</b>	<b>1078.00</b>	<b>825.00</b>	<b>836.00</b>
	<b>Loan / Own Fund /Internal accrual</b>	<b>693.00</b>	<b>825.00</b>	<b>836.00</b>
	<b>IPO Fund</b>	<b>385.00</b>	<b>0.00</b>	<b>0.00</b>





Particulars	For the Financial Year ended March 31 (Projected)		
	2026	2027	2028
Inventory Days	88	83	92
Debtors Days	163	164	164
Other Current Assets Days	164	102	116
Trade Payables-Days	198	203	197
Other Current Liabilities Days	35	40	40
Working capital-Days	340	268	291

The working capital projections made by the company are based on certain key assumptions, as set out below:

S No.	Particulars	Assumptions
<b>Current Assets</b>		
1	<b>Inventories</b>	<p>Inventories include raw materials and finished goods. The historical holding days of inventories has been 123 days, 103 days and 94 days for the financial year ended March 31, 2023, March 31, 2024 and March 31, 2025 respectively and further the same was 122 days for the stub period ended July 31, 2025. We have considered the turnover value in calculation of holding period of Inventories based on the fact that our Company is into providing customized tools which are being manufactured in batches and after approval of drawing which vary for nearly every product size and characteristic which often carries out the need for sent the material for Job work and a major chunk of that cost is included in "Other expenses" head of Financials and thus not form part of COGS. Thus, in order to have a realistic and logical presentation of holding levels of Inventories, we have considered the Turnover in place of Cost of material Consumed.</p> <p>Our Company estimates inventories holding days to be 88 days for FY 2025-26, 83 days for FY 2026-27 and 92 days for FY 2027-28 to ensure adequate availability and support expected growth.</p>
2	<b>Debtors</b>	<p>The debtor holding period was 132 days in FY 2022-23 which improved to 82 days in FY 2023-24, showing our Company's effective credit management and timely payments from the customers. For the Financial year ended March 31, 2025, debtor days increased to 126 days and further the same was 122 days for the stub period ended July 31, 2025., mainly due to some delays in collections around the period end. To grow our business, revenue, and profits, we need to stay competitive in the market. Since we supply products to customers across India, our funds remain blocked from the time we start manufacturing until the goods are delivered, and also during the credit period given after delivery. As per normal industry practice, we provide reasonable credit to our customers. Looking at current business trends, our debtor holding period is expected to be around 163 days in FY 2025-26 and 164 days in FY 2026-27 and FY 2027-28.</p>
3	<b>Other Current Assets</b>	<p>The key items under this head are advance to suppliers and Balance with Revenue Authorities. Based on restated financials for Financial Year 2022-23, 2023-24 and 2024-25, their holding levels were 135 days and 127 days and 79 days for the financial year ended March 31, 2023, March 31, 2024 and March 31, 2025 respectively and further the same was 101 days for the stub period ended July 31, 2025. Company estimates holding days of them to be 164 days for FY 2025-26, 102 days for FY 2026-27 and 116 days for FY 2027-28.</p>





4	<b>Trade Payables</b>	Past trend of Trade payables holding days has been 492 days, 365 days and 142 days for the financial year ended March 31, 2023, March 31, 2024 and March 31, 2025 respectively and further the same was 89 days for the stub period ended July 31, 2025. Our Company intends to improve our relations and ensure timely supply which will require us to have ready inventory and paying the Creditors in short period of time will enable us to avail various trade discounts and better margins. Accordingly, we estimate that the Trade Payables be paid within a cycle of approximately 198 days for FY 2025-26, 203 days for FY 2026-27 and 197 days for FY 2027-28.
5	<b>Other Current Liabilities including Short Term Provisions</b>	Statutory tax dues payable, advance from debtors, provision for tax and employee benefit expenses payables and other provisions are included under this head. Based on restated financial for Financial Year 2022-23, 2023-24 and 2024-25 their holding levels were 59 days, 63 days and 41 days respectively and further the same was 47 days for the stub period ended July 31, 2025. Company estimates holding days of them to be 35 days for FY 2025-26 and 40 days for FY 2026-27 and FY 2027-28.

#### A. Inventory Holding Days

**Justification:** – The number of inventory days has reduced from 123 days in FY 2022-23 to 94 days in FY 2024-25. This improvement is because the company has taken steps to manage its inventory more efficiently.

Inventory levels are projected to grow from ₹380 lakhs in FY 2024-25 to ₹517 lakhs in FY 2025-26 which is in line with the expected increase in order volumes and sales. Although inventory days are expected to reduce from 94 days in FY 2024-25 to 88 days in FY 2025-26, the absolute value has increased due to overall growth in turnover and then to 83 days in FY 2026-27 and 92 days in FY 2027-28.

The inventory level will be higher in FY 2025-26 and subsequent periods to feed the increasing demand of the market as resulting to higher sales in the future periods. The higher inventory level is on the temporary phase for increase demand and going forward the company proposes to maintain the inventory level as per the normal course of business and the same is reflected in the projected working capital requirements.

#### B. Debtors Holding Days

**Justification:** – The Company's debtor days are projected to increase in the coming years in line with the overall growth in business operations. Debtor days, which were 126 days in FY 2024-25, are expected to rise to 163 days in FY 2025-26 and then to 164 days afterwards.

In previous years, debtor days stood at 132 days in FY 2022-23, 82 days in FY 2023-24 and 122 days during the stub period from April 2025 to July 2025. This shows that the Company's receivable cycle generally ranges between 110 to 150 days. The lower figure in FY 2023-24 was due to higher recoveries made during that year. Therefore, the projected debtor days are in line with the Company's past trend, excluding the exceptional collection performance in FY 2023-24.

The increase is also due to the extension of longer credit periods to both existing and new customers. This approach is part of the Company's ongoing efforts to maintain strong customer relationships, improve retention, and remain competitive. Offering extended credit is a common business practice, especially when dealing with long-term customers.





### C. Other Current Assets Days

**Justification:** – The Company's Other Current Assets and related days have increased over the years and are projected to rise further in the upcoming financial years. The key items under this head are advance to suppliers and Balance with Revenue Authorities and preliminary expenses to the extent not written off.

Company expecting to enhance footprints in other parts of India and due to which company will do overhaul expenditure in promotion and marketing of its product and will pay advances to supplier to get attractive pricing for its Raw Material hence level of other current asset is increased significantly. Overall, the increase in other current assets is mainly due to normal business activities and day-to-day operations. These are amounts that the company is expected to recover or adjust in the near future and are in the past trend and improving trend going forward.

### D. Trade Payables Holding Days

**Justification:** – As the Company's business is expected to grow in the coming years, trade payables are also projected to increase accordingly. Trade payables are estimated to rise from ₹133 lakhs in FY 2024–25 to ₹524 lakhs in FY 2027–28. Trade payable days are expected to be 198, 203, and 197 days for FY 2025–26, FY 2026–27, and FY 2027–28 respectively.

This increase is consistent with the scale of operations and procurement requirements. In the past, trade payable days were 492 days in FY 2022–23, 365 days in FY 2023–24, 142 days in FY 2024–25, and 89 days during the period from April 2025 to July 2025. This shows that the current and projected payable days are well within the Company's historical trend and reflect an improving pattern.

The Company has built strong vendor relationships over the years, and the credit period availed is in line with industry practices. Hence, the increase in trade payables is directly linked with the business growth and is considered reasonable and justified based on past performance.

### E. Other Current Liabilities including Short Term Provisions

**Justification:** – Statutory tax dues payable, advance from debtors, provision for tax and employee benefit expenses payables and other provisions are included under this head. Based on restated financial for Financial Year 2022-23, 2023-24 and 2024-25, their holding levels were 59 days, 63 days and 41 days respectively and further the same was 47 days for the stub period ended July 31, 2025.

The company has projected a further reduction in Other Current Liabilities Days to 35 days in FY 2025-26 and 40 days for FY 2026-27 and FY 2027-28. This is in line with the company's efforts to streamline its liability management and strengthen its compliance and financial discipline.

The expected reduction is mainly because the company is paying its statutory dues on time, managing its cash flow better, and setting aside funds in advance for employee benefits and other liabilities.

Although the total amount of liabilities may increase as the business grows, the time they remain unpaid is expected to stay low. This shows that the company is managing its working capital more efficiently and handling its financial responsibilities carefully.

The Issuer Company proposes to utilize Rs. 385 Lakhs of the Net Proceeds in FY 2025-26 towards its working capital requirements for meeting their future business requirements.

We confirm that the computation of the working capital of the Company for the past three financial years and stub period is in compliance with the applicable provisions of the Accounting Standards and such other laws.

We also confirm that the information above is true, fair, correct, accurate, not misleading and without omission of any matter that is likely to mislead, and adequate to enable investors to make a well-informed decision. All capitalized terms not defined in this certificate shall have the same meaning as defined in the Offer Documents.

This certificate is issued for the sole purpose of the Offer and this certificate or any extracts or annexures thereof, can be used, in full or part, for inclusion in the Offer Document (Red Herring Prospectus and/or Prospectus) and any other material used in connection with the Offer (IPO), and for the submission of this certificate as may be





necessary, to any regulatory / statutory authority, stock exchanges, any other authority as may be required and/or for the records to be maintained by the LM in connection with the Offer (IPO) and in accordance with applicable law, and for the purpose of any defense the LM may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents. Any change in the information made available to us by the Issuer Company which forms substantial basis of our verification, subsequent to the issuance of this certificate has not been considered.

We hereby consent to the aforementioned details being included in the Offer Documents and submission of this certificate as may be necessary to any regulatory authority and/ or for the records to be maintained by the LM in connection with the IPO and in accordance with the applicable law. However, any change in the information made available to us by the Issuer Company which forms substantial basis of our verification, subsequent to the issuance of this certificate has not been considered.

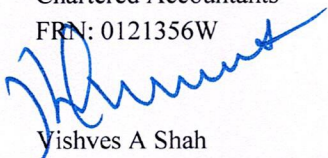
This certificate may be relied on by the Issuer Company, and the Lead Manager.

We undertake to update you in writing of any changes in the abovementioned position, until the date the Equity Shares issued pursuant to the Offer (IPO) commence trading on the stock exchanges. In the absence of any communication from us till the Equity Shares commence trading on the stock exchanges, you may assume that there is no change in respect of the matters covered in this certificate.

**For V S S B & Associates,**

Chartered Accountants

FRN: 0121356W



Vishves A Shah

**Partner**

M. No.: 109944

UDIN: 25109944BMGPUD3990

Place: Ahmedabad

Date: 29/09/2025

