



CERTIFICATE ON WORKING CAPITAL

TO,
MR. NIKHIL SHAH
BEELINE CAPITAL ADVISORS PRIVATE LIMITED
B/1311-1314, SHILP CORPORATE PARK
NEAR RAJPATH CLUB, RAJPATH RANGOLI ROAD, SARKHEJ - GANDHINAGAR HWY,
AHMEDABAD, GUJARAT – 380054, INDIA.

(Beeline Capital Advisors Private Limited Referred to as the “Lead Manager”)

Dear Sir,

SUB: Proposed Initial Public Offering of Equity Shares of ₹ 10 Each (The “Equity Shares”) Of S D Retail Limited (The “Company” and Such Offering, The “Issue”)

Dear Sir

We the Peer Review Auditor of the Company M/s S D Retail Limited have examined the working capital calculations containing the Prospective Financial Information as prepared by the company. The same is in accordance with Standard on Assurance Engagement 3400 “The Examination of Prospective Financial Information”, issued by the Institute of Chartered Accountants of India. The calculation of working capital, is the responsibility of the management. Our responsibility is to examine the evidence supporting the assumptions (excluding the hypothetical assumption). Our responsibility does not include verification of projections. Therefore, we do not vouch for the accuracy of the same.

This projection has been prepared by M/s. S D Retail Limited. We have carried out our examination of the prospective financial information on a test basis. The projection has been prepared using a set of assumptions that include hypothetical assumptions about future events and management's actions that are not necessarily expected to occur. Consequently, users are cautioned that this projection may not be appropriate for purposes other than that described above.

This certificate has been given on the basis of the declaration given by the management and the project report issued by the M/s MAAK & Associates dt. 20/06/2024.

Further, the projections are prepared based on the assumptions as set out in Note-1 and on a consistent basis with the historical financial statements, using appropriate accounting principles. Since other anticipated events frequently do not occur as expected and variation may be considerable, actual results are likely to diverge from the projection even if the events predicted under the hypothetical assumptions occur.

As per the internal workings provided by the Company for future Projections and Restated Standalone Financial Statement of the Company for the last three years, the Working Capital calculations arrived is as follows:



Details of Estimation of Working Capital calculation are as follows:

Sr. No.	Particulars	Actual (Restated) 31-March-22	Actual (Restated) 31-March-23	Actual (Restated) 31-March-24	Provisional 31-March-25	Provisional 31-March-26
I	Current Assets					
	Inventories	2,316.56	2,585.37	2,586.09	4,000.19	5,693.46
	Trade receivables	4,764.85	5,221.85	8,145.58	9,439.49	10,927.41
	Cash and cash equivalents*	51.37	69.97	402.23	123.49	321.65
	Short term loan & Advances	217.75	467.58	223.53	502.37	502.37
	Other Current Assets	23.01	37.48	29.67	29.67	29.67
	Total(A)	7,373.53	8,382.25	11,387.10	14,095.21	17,474.56
II	Current Liabilities					
	Trade payables	1,936.03	2,060.75	1906.29	2,166.55	2,914.84
	Other Current Liabilities	937.45	1,100.99	1515.88	1,662.59	1,919.47
	Short Term Provisions	45.92	168.18	214.93	348.41	559.22
	Total (B)	2,919.40	3,329.92	3,671.10	4,177.55	5,393.53
III	Total Working Capital (A-B)	4,454.14	5,052.32	7,750.00	9,917.66	12,081.03
IV	Funding Pattern					
	Short term borrowing & Internal Accruals	4,454.14	5,052.32	7,750.00	7,417.66	11,081.03
	IPO Proceeds	-	-	-	2,500.00	1,000.00

*Doesn't include Other Bank Balances.

Key assumptions for working capital projections made by the Company:

Particulars	Actual March 31, 2022	Actual March 31, 2023	Provisional March 31, 2024	Provisional March 31, 2025	Provisional March 31, 2026
Debtors (in days)	122	135	160	160	136
Creditors (in days)	95	91	119	71	69
Inventories (in days)	102	112	129	114	132

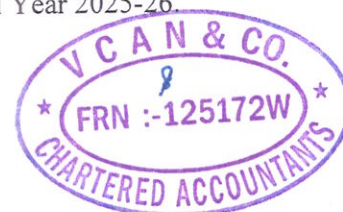


Cash and Cash Equivalents	Cash and cash equivalents include balances in current account with scheduled bank and cash in hand. Cash and Cash Equivalent balance is estimated based on previous years outstanding amount and for expected Business requirement of company.
Loans and Advances	Loans and advances mainly include Advance to creditors, security deposits, Unbilled revenue and other miscellaneous items. Loans and advances is estimated based on previous years outstanding amount and for expected Business requirement of company.
Other Assets	Other Current Assets mainly include Prepaid expenses and balance with government authorities. Other Current Assets is for expected Business requirement of company.
Other liabilities	Other Liabilities mainly include Advance from customers, statutory liabilities, Security deposits. Other current liabilities is estimated based on previous years outstanding amount and for expected Business requirement of company.
Short-term provisions	Short-term provisions mainly include Provision for income tax, provision of gratuity expenses and provision of other expenses. Short-term provisions is estimated based on previous years outstanding amount and for expected Business requirement of company.
Debtors (in days)	Has been calculated as taking into account the average of Closing balance of Trade Receivables divide by the Revenue from Operations multiplied by No. of Days during the period.
Creditors (in days)	Has been calculated as taking into account the average Closing balance of Trade Payables divide by the total direct cost for the period multiplied by No. of Days during the period.
Inventories (in days)	Has been calculated as taking into account the average Closing balance of Inventories divide by the total direct cost for the period multiplied by No. of Days during the period.

The above certificate has been given on the specific request of the Company management for IPO of the company

Note 1: Set of Assumptions

1. The assumption that the Initial public Offering of Equity Shares of ₹ 7,000 Lakhs is successfully completed and the amount is fully received to the Company M/s S D Retail Limited.
2. The Company plans to open 40 new stores in Financial Year 2024-25 and 50 new stores in Financial Year 2025-26. The company assumes that the carpet area of the stores size to be 500 square feet.
3. The company assumes that average rent per sq. feet at ₹ 337 per square feet in case of shops in Malls and ₹ 200 per square feet for High Street Shops.
4. The company assumes that per sq feet per month sales at ₹ 1,600/- (Annually ₹ 19,200/- per square fees).
5. That the average growth of revenue in the existing business model and stores is at 11%-12%.
6. It is assumed that the average amount of Inventory stored per square feet is ₹ 2,000.
7. Since the company is expecting to aggressively expand its store from August/September in Financial Year 2024-25, company we have assumed an average business of only 4 months for new stores opened in Financial Year 2024-25 and 6 months for the new stores opened in Financial Year 2025-26.



8. The company has assumed Investment in new stores on the basis of the quotation received for an ideal 500 sqr feet store from agencies.
9. The assumptions for cost likely to be incurred are based on management's best-estimates which are material to the projections and are based on hypothetical assumptions which are highly uncertain and leads to sensitivity of results.
10. The calculation of various components of the working capital is based on current market dynamics and prices. The degree of tolerance for changes and contingency built into the forecasts is limited and does not include radical or drastic changes due to external factors.

Limitations:

The Peer Auditor is not expected to, and cannot, reduce audit risk to zero and cannot therefore obtain absolute assurance that the financial statements and the Projections are free from material misstatement due to fraud or error. This is because there are inherent limitations of an audit, which result in most of the audit evidence on which the auditor draws conclusions. Therefore, the audit is conducted on the basis of information and data provided by the management.

While utmost care has been taken in carrying out the verification of the details, there are certain limitations of its use, due to the following facts:

- It is important to recognize that there are inherent limitations in any auditing process wherein material errors, frauds and other illegal acts having a direct and material financial impact, if they exist, may not be detected. Also, because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation (including forgery), an internal audit may not detect a material fraud.
- Clerical errors which were identified and rectified during the process of audit and others miscellaneous matters which in our opinions are not material have not been dealt with in this report.
- We have no obligation to update or revise this certificate because of events or transaction occurring subsequent to the date of this certificate.
- This certificate has been prepared solely for the purpose of providing selected information on a confidential basis to which it is issued and should not be used for any other purpose.

FOR V C A N & Co.
CHARTERED ACCOUNTANTS
FIRM REG. NO. 125172W

Saurabh Jain

CA SAURABH JAIN
PARTNER

MEMBERSHIP NO. 175015
UDIN: 24175015BKCIWD9594
PLACE: AHMEDABAD
DATE: 10/09/2024

