



JAIN V. & CO.

Chartered Accountants

Head Office :

25/31, Dr. A. M. Road,
Lalmani Bldg., 3rd Floor,
Bhuleshwar, Mumbai - 400 002.
Phone : 022 - 49774100
E-mail : office@jvco.co.in
Website : www.jvco.co.in

CERTIFICATE ON WORKING CAPITAL REQUIREMENT

Date: January 03, 2026

The Board of Directors

Hindustan Laboratories Limited

302, A Wing, Victory Park, Chandavarkar Road,
Borivali (West), Mumbai Maharashtra, India, 400092.

AND

Choice Capital Advisors Private Limited

Sunil Patodia Tower, Plot No. 156-158, J.B. Nagar,
Andheri (East), Mumbai Maharashtra, India, 400099.

(Choice Capital Advisors Private Limited is referred to as the “Book Running Lead Manager” or the “BRLM”)

Dear Sir/Madam,

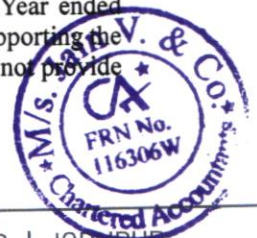
Sub: - Proposed initial public Offering of equity shares of face value of ₹ 10 each (the “Equity Shares” and such Offering, the “Offer”) of Hindustan Laboratories Limited (the “Company”) for verification and examination report on historical and estimated working capital requirements

We have received a request from the Company and the Book Running Lead Manager to verify and examine the historical working capital requirement of **Hindustan Laboratories Limited (“the company”)** for the six months period ended September 30, 2025, Financial Year ended March 31, 2025, 2024 and 2023 based on the Restated Financial Information and the projected position of current assets, current liabilities and resultant working capital requirement and the proposed funding pattern of the company for the Financial year ended March 31, 2026 and 2027, estimated and prepared by the company in terms of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended, for the purpose of inclusion of the same in the proposed Draft Red Herring Prospectus (“DRHP”), the Red Herring Prospectus (“RHP”) and the Prospectus. The detailed working of these requirements is annexed in “Annexure A” herewith.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) and the Guidance Note on Reports in Company Prospectuses (Revised 2019) (the “Guidance Notes”) in accordance with the generally accepted auditing standards in India and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those standards require that we plan and perform the examination to obtain reasonable assurance about the ‘Reporting Criteria’. The Guidance Notes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India. We have complied with the relevant applicable requirements of 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.

Based on the examination of the records and documents and information and explanation provided, we hereby certify the historical working capital requirement and funding pattern for the six months period September 30 2025, Financial year ended March 31, 2025, 2024 and 2023 as provided in **Annexure A** the Company would require total working capital to the extent of ₹ 701.29 million and ₹ 1,439.45 Million for the fiscals March 31, 2026 and March 31, 2027 respectively. In respect of the working capital requirements detailed hereinabove, the assumption underlying the justification for periods of holding levels are set forth in Annexure A.

We have carried out our examination of the projected position of current assets, current liabilities and resultant working capital requirements and the proposed funding pattern of the Company for the Financial Year ended March 31, 2026 and 2027 as provided in Annexure “A”. 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



BRANCHES : AHMEDABAD | BHOPAL | BORIVALI | DELHI | IMPHAL | INDORE | JAIPUR | JODHPUR

a reasonable basis for the projections. We hereby confirm that we have conducted our examination of the information following SAE 3400 "The Examination of Prospective Financial information".

Obtained a copy of the resolution of the board of directors of the Company ("**Board of Directors**") dated January 03, 2026 approving the estimated working capital requirement of the Company for the financial year ended March 31, 2027;

The Company proposes to utilize ₹ 725.00 million of the Net Proceeds in Fiscals 2027, towards its working capital requirements for meeting their future business requirements.

While issuing this certificate, we provide no assurance or service related to prospective financial information.

We hereby give consent to the extracts of this report to be used in the Draft Red Herring Prospects ("**DRHP**"), **RHP** and the Prospectus and submission of this certificate as may be necessary, to the Securities and Exchange Board of India ("**SEBI**") (hereinafter called as "**the Purpose**"), the Stock Exchanges where the Equity shares are proposed to be listed and the Registrar of Companies, Mumbai ("**ROC**") or any regulatory authority and/or for the records to be maintained by the Book Running Lead Manager in connection with the issue and in accordance with applicable law.

We undertake to immediately communicate, in writing, any changes to the above information/confirmations, as and when: (i) made available to us; or (ii) we become aware of any such changes, to the Book Running Lead Manager and the Company until the Equity Shares allotted/transferred in the Offer commence trading on the Stock Exchanges. In the absence of any such communication from us, the Company, the Book Running Lead Manager 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 accurate.

We confirm that the information in this certificate is true, accurate, not misleading and without omission of any matter that is likely to mislead and is adequate to enable investors to make a well-informed decision.

This certificate may be relied upon by the Company, the BRLM, and the legal counsel appointed by the Company and the BRLM in relation to the Offer and to assist the BRLM in conducting and documenting their investigation of the affairs of the Company in connection with the Offer. We hereby consent to extracts of, or reference to, this certificate being used in the Offer Documents or any other documents in connection with the Offer. We also consent to the submission of this certificate as may be necessary, to any regulatory authority and/or for the records to be maintained by the BRLM in connection with the Offer and in accordance with applicable law.



Further, we consent to this certificate being uploaded, as may be necessary, as part of the back-up documents to be retained in relation to the Offer on the online document repository platform established by each of the Stock Exchanges, in accordance with SEBI Circular No. SEBI/HO/CFD/CFD-TPD-1/P/CIR/2024/170 dated December 5, 2024, as amended.

Yours faithfully,

For and on behalf of
For JAIN V & CO
Chartered Accountants

ICAI Firm Registration No: 116306W

Jain
CA VIRENDRA JAIN
Partner
Membership No: 100216
Place: Mumbai
Date: 3rd January 2026
UDIN: 26100216EQHIWH2004



Encl: As above

CC:

Legal Counsel to the Offer
M/s. Crawford Bayley & Co.
State Bank Buildings N.G. N. Vaidya Marg
Fort, Mumbai Maharashtra, India 400023

Annexure A

On the basis of existing and estimated working capital requirement of the Company on audited basis, and key assumptions for such working capital requirements, which are mentioned below, the Board of the Directors of the Company pursuant to its resolution dated January 03, 2026 has approved the projected working capital requirements for Fiscal 2026 and 2027, and the proposed funding of such working capital requirements as set forth in the table below:

Previous and Existing working capital requirement of the Company

(₹ in million)				
Particulars	As on September 30, 2025 (Actual)	As on March 31, 2025 (Actual)	As on March 31, 2024 (Actual)	As on March 31, 2023 (Actual)
Current Assets				
Inventories	199.74	146.25	75.70	78.51
Trade Receivables	857.18	673.20	493.43	450.91
Other Financial Assets	8.49	9.56	8.94	3.74
Other Current Assets	93.86	105.71	52.63	68.06
Total Current Assets (A)	1159.27	934.72	630.70	601.22
Current Liabilities				
Trade Payables	209.90	111.43	132.37	203.91
Other Current Liabilities	105.44	121.13	90.48	144.48
Short Term Provision	23.99	10.34	7.47	7.38
Total Current Liabilities (B)	339.33	242.90	230.32	355.77
Total Working capital Requirement (A-B)	819.94	691.82	400.38	245.45
Funding Pattern				
Short term borrowings from banks and others	38.50	67.86	49.62	9.00
Internal Accruals and Equity	781.44	623.96	350.76	236.45

Estimated working capital requirements for Fiscal 2026 and 2027.

(₹ in millions)		
Particulars	Estimated Amount as on March 31, 2026	Estimated Amount as on March 31, 2027
Current Assets		
Inventories	133.27	231.65
Trade Receivables	666.38	1158.28
Other Financial Assets	11.48	13.77
Other Current Assets	133.77	232.52
Total Current Assets (A)	944.90	1636.22
Current Liabilities		
Trade Payables	133.27	173.74



Particulars	Estimated Amount as on March 31, 2026	Estimated Amount as on March 31, 2027
Other Current Liabilities	100.00	12.69
Short Term Provisions	10.34	10.34
Total Current Liabilities (B)	243.61	196.77
Total Working Capital Requirement (A-B)	701.29	1439.45
Funding Pattern		
Short term borrowings from banks and others	10.86	10.86
Internal Accruals	690.43	703.59
Net Proceeds from Fresh Issue		725.00

Assumptions for Holding Levels

Provided below are details of the holding levels (days) for Six-month period ended September 30, 2025, March 31, 2025, March 31, 2024 and March 31, 2023 as well as projections for Fiscal 2026 and Fiscal 2027:

Particulars	Holding Level for Financial Year ended March 31, 2023 (Actual)	Holding Level for Financial Year ended March 31, 2024 (Actual)	Holding Level for Financial Year ended March 31, 2025 (Actual)	Holding Level for period ended September 30, 2025 (Actual)	Holding Level for Financial Year ended March 31, 2026 (Estimated)	Holding Level for Financial Year ended March 31, 2027 (Estimated)
Current Assets						
Inventories	18	15	18	28	20	20
Trade Receivables	97	92	97	124	100	100
Other Current Assets (excluding cash)	22	13	15	18	20	17
Current Liabilities						
Trade Payables	54	33	20	26	20	15
Other Current Liabilities	23	24	19	21	18	6

Note:

- Holding period level (in days) of Inventories is calculated by dividing average inventories by revenue from operations multiplied by number of days in the year/period (365/183). Average inventory is calculated as the average of Inventory at the beginning of the year and end of the year. Cost of goods sold is calculated as cost of raw materials and components consumed plus changes in inventories of finished goods and work in progress.
- Holding period level (in days) of Trade Receivables is calculated by dividing average trade receivables by revenue from operations multiplied by number of days in the year/period (365/183). Average trade receivables are calculated as the average of trade receivables at the beginning of the



year and end of the year.

3. Holding period level (in days) of Other Current Assets (Total current asset less trade receivables, inventories and cash & bank balances) and is calculated by dividing average other current assets by revenue from operations multiplied by number of days in the year/period (365/183).
4. Holding period level (in days) of Trade Payables is calculated by dividing average trade payables by revenue from operations multiplied by number of days in the year/period (365/183). Average trade payables is calculated as the average of trade payables at the beginning of the year and end of the year.
5. Holding period level (in days) of Other Current Liabilities (Total current liabilities less trade payables and short-term borrowings) is calculated by dividing average other current liabilities by revenue from operations multiplied by number of days in the year/period (365/183).

Sr. No.	Particulars	Justifications for assumptions
Current Assets		
1.	Inventories	<p>The Company's inventory primarily comprises raw materials, packing materials, work-in-progress and finished goods. Inventory holding days ranged between 15 and 18 days during the last three fiscals. As of September 30, 2025, inventory holding days increased to 28 days, primarily due to mid-year accumulation of inventory to meet anticipated execution requirements.</p> <p>Based on the working capital assumptions, inventory holding days are expected to normalise to approximately 20 days in Fiscal 2026 and Fiscal 2027, which is expected to result in higher inventory levels commensurate with the scale of operations during these periods.</p>
2.	Trade receivables	<p>Trade receivables holding days ranged between 92 and 97 days during the last three fiscals. As of September 30, 2025, the receivables holding period increased to 124 days and is expected to moderate to approximately 100 days in Fiscal 2026 and Fiscal 2027.</p> <p>The increase in receivable holding days is primarily attributable to the Company's customer profile, with a significant portion of its orders being received from government customers, which typically operate under longer credit cycles due to inspection- and approval-based payment mechanisms. Further, certain government contracts involve milestone-based payment structures, resulting in the Company incurring execution costs prior to receipt of customer payments. Consequently, the Company's operations are working capital intensive and require fund-based working capital facilities to manage the timing difference between execution and realisation of receivables.</p>
3.	Other Current Assets	<p>Other current assets primarily comprise balances with statutory and governmental authorities, staff advances, advances for expenses, advances to suppliers, advances for capital assets, prepaid expenses and preliminary expenses written off. The holding period for other current assets declined from 22 days in Fiscal 2023 to 15 days in Fiscal 2025. As of September 30, 2025, the holding period increased to 18 days, primarily due to balances with governmental authorities not increasing proportionately with sales.</p> <p>Based on the working capital assumptions, the holding period for other current assets is expected to be approximately 20 days in Fiscal 2026 and 17 days in Fiscal 2027.</p>
Current Liabilities		
4.	Trade Payables	<p>The trade payables holding period was 54 days in Fiscal 2023 and decreased to 20 days in Fiscal 2025. As of September 30, 2025, the trade payables holding period was 26 days. Based on the working capital assumptions, the trade payables holding period is expected to reduce to approximately 20 days in Fiscal 2026 and further to 15 days in Fiscal 2027, which is expected to</p>



Sr. No.	Particulars	Justifications for assumptions
		enable the Company to negotiate more efficient commercial terms with its suppliers.
5.	Other current liabilities and provisions	<p>Other current liabilities and provisions primarily comprise provisions for income tax, security deposits received and other expenses payable. The holding period for other current liabilities was 23 days in Fiscal 2023 and declined to 19 days in Fiscal 2025. As of September 30, 2025, the holding period increased to 21 days, primarily due to payable for capital goods.</p> <p>Based on the working capital assumptions, the holding period for other current liabilities is expected to decrease to approximately 18 days in Fiscal 2026 and further to 6 days in Fiscal 2027.</p>

