PAWAN SHUBHAM & CO.
CHARTERED ACCOUNTANTS

601, Roots Tower
7, District Center
Laxmi Nagar, Delhi-110092
Pawan@pawanshubham.com
Tel 011-45108755

Certificate on Objects – Funding of incremental working capital requirement

Date: September 02, 2026

To:

The Board of Directors
Kanohar Electricals Limited
Rithani Delhi Road
Meerut 250 103
Uttar Pradesh, India

Nuvama Wealth Management Limited
801 - 804, Wing A
Building No 3, Inspire BKC
G Block, Bandra Kurla Complex
Bandra East
Mumbai 400 051
Maharashtra, India

IIFL Capital Services Limited
(formerly known as IIFL Securities Limited)
24th Floor, One Lodha Place
Senapati Bapat Marg, Lower Parel (West)
Mumbai 400 013
Maharashtra, India

(Nuvama Wealth Management Limited and IIFL Capital Services Limited (*formerly known as IIFL Securities Limited*), the book running lead managers appointed in relation to the Offer 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 Kanohar Electricals Limited (the "Company") and such offering, comprising of a fresh issue of the Equity Shares of the Company ("Fresh Issue") and an offer for sale of Equity Shares by certain existing shareholders of the Company (the "Offer for Sale", and together with the Fresh Issue, the "Offer")

Re: Certificate on Objects – Funding of incremental working capital requirement

Dear Sirs/Madams,

1. We, Pawan Shubham & Co., Chartered Accountants ("**Independent Chartered Accountant**" / "**ICA**"), have been informed that the Company has filed the draft red herring prospectus dated January 23, 2026 ("**DRHP**") with the Securities and Exchange Board of India ("**SEBI**"), BSE Limited and National Stock Exchange of India Limited (collectively, the "**Stock Exchanges**"), and proposes to file the red herring prospectus ("**RHP**") and the prospectus ("**Prospectus**") with the Registrar of Companies, Uttar Pradesh - II at Noida ("**RoC**") and subsequently with SEBI and 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 ("**ICDR Regulations**").

2. In terms of our engagement letter dated July 29, 2025 in relation to the Offer, we have received a request from the Company to review the working capital requirements of the Company and confirm details required for disclosures for the proposed Offer.

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Management Responsibility

3. The preparation of the details of the Company's composition of net current assets or working capital, for the financial years ended March 31, 2026, March 31, 2025, and March 31, 2024, respectively, (as set out in **Annexure A**) and the source of funding of the same (the "**Statement**") is the responsibility of the management of the Company ("**Management**"). The Management is also 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 the preparation of such details.

4. The Management is also responsible for choosing appropriate basis and assumptions for estimating the Company's expected working capital requirements for the financial year ended March 31, 2027 (as set out in **Annexure B** and approved vide board resolution dated August 21, 2026 and providing reasons and basis for the additional working capital requirements (mentioned in **Annexure C**).

5. The Management shall be responsible for providing us the required information/documents as may be required by us for certifying the requirement as per paragraph 2 above.

Independent Chartered Accountant's Responsibility

6. We are responsible to certify the matters as stated in paragraph 2 above.

7. We conducted our examination of the Statement in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India ("**ICAI**").

8. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI and 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, issued by the ICAI.

9. We have performed the following procedures in relation to the Statement:

   (a) Obtained and examined details of existing sources of working capital availed by the Company from the management;
   (b) Obtained and examined the prospective estimated financial information given in the business plan duly approved by the Board of Directors of the Company for the financial year ended March 31, 2027;
   (c) Obtained and examined the working capital projections approved by the board of directors of the Company pursuant to resolution dated August 21, 2026;
   (d) Obtained and examined relevant documentation in connection with the working capital requirements of the Company for the year ended March 31, 2027;
   (e) Examined the minutes of meetings of the board of directors (including any committees thereof), minutes of the meetings of the shareholders, and any other documents and records and obtained necessary representation; and
   (f) Reviewed the audited standalone financial statements for the financial years 2026, 2025 and 2024 and restated standalone financial statements of the Company and for the financial years ended March 31, 2026, March 31, 2025, and March 31, 2024.

Conclusion

10. Basis the procedures followed as mentioned above, we have examined the working capital requirements of the Company for the financial years 2026, 2025 and 2024 (as detailed in **Annexure A)** and certify that such information in **Annexure A** are true, fair and correct.

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11. The estimates of working capital requirements as stated in **Annexure B and C**, respectively, have been prepared by the management of the Company. The same is based on the estimates of future financial performance as projected by the management of the Company and as approved by the Board. Basis the procedures followed as mentioned above, we have examined the working capital requirements of the Company for the financial year 2027 (as detailed in **Annexure B**) along with the assumptions used to arrive at the estimates and the computation of the holding period (as detailed in **Annexure C**) and certify that such information in **Annexure B** and **Annexure C** are in agreement with the working capital projections approved by the board of directors of the Company pursuant to resolution dated August 21, 2026.

Restriction on use and other clauses

12. This certificate is issued for the purpose of the Offer, and can be used, in full or part, for inclusion in the RHP, Prospectus and any other material used in connection with the Offer (together, the "**Offer Documents**") which may be filed by the Company with SEBI, the Stock Exchanges, RoC and / or any other regulatory or statutory authority.

13. We hereby consent to (i) inclusion of our name; and (ii) the extracts of this certificate being included in the Offer Documents and/or consent to 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 BRLMs in connection with the Offer and in accordance with applicable law.

14. This letter may be relied upon by the Company, the BRLMs, their affiliates and the legal counsels appointed by the Company and the BRLMs in relation to the Offer. We hereby consent to extracts of, or reference to, this letter being used in Offer Documents or to evidence due diligence process. We also consent to the disclosure of this letter by the BRLMs while seeking to establish a defence in connection with or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

15. 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 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.

16. All capitalized terms used but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours sincerely,

For Pawan Shubham & Co.
Chartered Accountants
Firm Registration No.: 011573C

PAWAN SHUBHAM & CO. FRN : 011573C DELHI Chartered Accountants

CA Prateek Jain
Partner
Membership No.: **556482**
Peer Review Certificate No.: **019880**
UDIN: **26556482JBUZUA6146**

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Encl: As above

CC:

Legal Counsel to the Book Running Lead Managers

Talwar Thakore & Associates
3rd Floor, Kalpataru Heritage
127, Mahatma Gandhi Road
Kala Ghoda, Fort Mumbai
Mumbai 400 001
Maharashtra, India

Legal Counsel to the Company

Trilegal
One World Center
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Annexure A: Existing working capital requirements

(Amount in ₹ million)

S. No	Particulars	As at March 31, 2026	As at March 31, 2025	As at March 31, 2024
A	Trade Receivables	2,107.85	1,947.83	869.92
B	Inventory	1,141.51	434.29	836.95
C	Non-Current Financial Assets [1]	246.61	191.82	669.10
D	Bank Balances other than Cash and Cash Equivalents [2]	468.77	340.15	296.22
E	Loans	0.85	0.43	1.18
F	Other Current Financial Assets [3]	958.85	380.95	141.43
G	Other Current Assets	206.47	131.46	144.57
1	**TOTAL CURRENT ASSETS (A)**	**5,130.91**	**3,426.93**	**2,959.37**
H	Trade Payables	1000.42	725.18	591.23
I	Other Current Financial Liabilities	259.79	125.66	129.16
J	Other Current Liabilities [4]	512.2	473.36	157.23
K	Short Term Provisions	11.16	7.91	5.76
L	Current Tax Liabilities	116.19	110.10	16.19
2	**TOTAL CURRENT LIABILITIES (B)**	**1899.76**	**1,442.21**	**899.57**
3	**WORKING CAPITAL REQUIREMENTS (A) – (B)**	**3231 .15**	**1,984.72**	**2,059.80**
4	**FUNDING**			
M	**Working Capital Facilities [5]**	**228.61**	**248.11**	**409.66**
N	**Internal Accruals**	**3,002.54**	**1,736.61**	**1,650.14**

[1] Non-Current Financial Assets consist of retention money with customers and deposits which are held as security with bank against borrowings, guarantees given and issuance of letters of credit and other commitments. These balances are integral to the Company's normal course of business operations. Amounts that are expected to be realised beyond 12 months from the reporting date are classified under Non-Current Financial Assets in line with their underlying contractual terms and historical realisation patterns.

[2] Bank Balances other than Cash and Cash Equivalents consist of deposit held as security with bank against borrowings, guarantees given and issuance of letters of credit and other commitments with original maturity of more than 12 months but remaining maturity of less than 12 months.

[3] Other Current Financial Assets consist of retention money with customers, unbilled revenue, other receivables, plan asset – gratuity and security deposits from others

[4] Other Current Liabilities consist advance from customers, provision for liquidated damages, unsettled CSR expenditure and statutory dues.

[5] Working Capital Facilities consist working capital demand loans and cash credit facilities from banks and NBFCs, and loans from related parties.

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Annexure B: Projected working capital requirements

(Amount in ₹ million)

S. No	Particulars	As at March 31, 2027
		Projected
A	Trade Receivables	4,327.06
B	Inventory	1,729.21
C	Non-Current Financial Assets (1)	1,139.20
D	Bank Balances other than Cash and cash equivalents (2)	337.47
E	Loans	0.85
F	Other Current Financial Assets (3)	29.29
G	Other Current Assets	206.47
1	**CURRENT ASSETS**	**7,769.55**
H	Trade Payables	1,037.90
I	Other Current Financial Liabilities	316.74
J	Other Current Liabilities	925.58
K	Short Term Provisions	11.16
L	Current Tax Liabilities	173.01
2	**CURRENT LIABILITIES**	**2,464.39**
3	**WORKING CAPITAL REQUIREMENT**	**5,305.16**
4	**FUNDING**	
M	**Working Capital facilities (4) and Internal Accruals**	3,755.16
N	**Net Proceeds**	1,550.00

(1) Non-Current Financial Assets consist of retention money with customers and deposits which are held as security with bank against borrowings, guarantees given and issuance of letters of credit and other commitments. These balances are integral to the Company's normal course of business operations. Amounts that are expected to be realised beyond 12 months from the reporting date are classified under non-current financial assets in line with their underlying contractual terms and historical realisation patterns.

(2) Bank Balances other than Cash and Cash Equivalents consists of deposit held as security with bank against borrowings, guarantees given and issuance of letters of credit and other commitments with maturity of less than 12 months

(3) Other Current Financial Assets consists of other receivables, plan asset – gratuity and security deposits from others

(4) Working Capital Facilities consists of cash credit facilities from banks

The Company proposes to utilize ₹ 1,550 million from Net Proceeds towards funding working capital requirements.

Note:

*The estimated working capital requirements and related projections presented in **Annexure B** and **Annexure C** have been prepared by the management of the Company and are based on management's assumptions and future financial estimates as approved by the Board of Directors vide their resolution dated August 21, 2026. We have merely reproduced these figures in this certificate and do not provide any assurance, opinion, or guarantee on the achievability or reasonableness of such management estimates or projections.*

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Annexure C: Assumptions and justifications for working capital requirements

Particulars	Assumptions and justifications
Trade receivables	The Company had trade receivable days of 115 days, 115 days and 114 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. In the transformer manufacturing industry, receivable cycles are relatively longer due to milestone-based billing structures, extensive inspection and approval processes, and the predominance of Government and PSU customers. Further, with the business mix progressively shifting towards transformer manufacturing as compared to EPC execution, the Company's receivable cycle is expected to remain relatively elevated. Accordingly, the Company has assumed trade receivable days of 121 days as of Fiscal 2027, which is consistent with historical trends and prevailing industry practices.
Inventories	The Company had inventory holding days of 128 days, 77 days and 72 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. Inventory days in Fiscal 2025 were comparatively lower due to the completion of two large projects towards the end of the year, which resulted in a temporary reduction in inventory levels. With an increasing focus on higher MVA capacity projects and tightening raw material supply conditions driven by elevated industry capital expenditure, the Company has adopted a proactive stocking strategy to mitigate procurement risks and ensure timely project execution. Accordingly, inventory days are assumed at 85 days for Fiscal 2027, in line with operational requirements and historical trends.
Non-current financial assets	Non-current financial assets consist of retention money with customers and deposits held as security with banks against borrowings, bank guarantees, letters of credit and other commitments. These stood at 75 days, 35 days and 13 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. The decline in Fiscal 2025 and Fiscal 2026 was on account of retention money being classified under current assets as it was expected to be realized within twelve months. The Company has assumed non-current financial assets of 26 days as of Fiscal 2027, considering the expected execution cycle of large projects. Retention money represents amounts contractually withheld by customers to secure performance and defect-liability obligations and is an inherent feature of the Company's project execution business, forming an integral part of its normal operating cycle.
Bank balances other than cash and cash equivalents	Bank balances other than cash and cash equivalents consist of margin money. These were 35 days, 26 days and 23 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. While the absolute balances are expected to increase marginally in the projection period, due to higher growth in revenues, the holding period is assumed to decline to 16 days as of Fiscal 2027. Such margin money is maintained in the ordinary course of business as security for borrowings, bank guarantees, letters of credit and other banking facilities, and is integral to supporting the Company's operating and contracting activities.
Loans	Loans represented 1 day of revenue in Fiscal 2024, Fiscal 2025, Fiscal 2026. The Company does not envisage any significant incremental deployment of funds towards loans and accordingly has assumed loans at 1 day of revenue as of Fiscal 2027**,** in line with the historical trend.
Other current financial assets	Other current financial assets primarily include retention money receivable within twelve months. These stood at 18 days, 22 days and 38 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. The increase in Fiscal 2026 was primarily due to higher volumes and the commissioning of certain large transformer and EPC projects, resulting in retention amounts becoming due, which will be released upon completion of the ongoing contract closure formalities. With a higher proportion of retention money expected to be classified under non-current financial assets due to larger order sizes and longer execution timelines, the holding period is assumed to reduce to 19 days as of Fiscal 2027.
Other current assets	Other current assets primarily comprise advances to suppliers, balances with Government authorities, prepaid expenses, sales tax recoverable and other receivables. These stood at 22 days, 12 days and 10 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. Due to relatively stable absolute balances and growth in revenue, the holding period is assumed to decrease to 8 days as of Fiscal 2027.
Trade payables	The Company had trade payable days of 119 days, 79 days and 79 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. The heightened competition to secure raw materials is leading to differentiated payment terms imposed by raw material suppliers on equipment manufacturers. As a

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Particulars	Assumptions and justifications
	result, the industry is already witnessing a trend where manufacturers with stronger liquidity positions, who are able to offer advance payments or shorter credit periods, are increasingly preferred over equipment manufacturers that continue to seek extended payment terms from their suppliers. This trend is likely to exacerbate over the medium term, until the raw material supply chain develops further to handle the increased transmission and distribution (T&D) targets. Given increasing pressure on raw material availability in the transmission and distribution sector and suppliers' preference for counterparties with stronger liquidity profiles, the Company has assumed trade payable days of 60 days as of Fiscal 2027, in line with industry norms.
Other current financial liabilities	Other current financial liabilities primarily include retention money payable to suppliers, amounts due to capital goods vendors, employee-related payables and other payables. These stood at 21 days, 16 days and 18 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. The Company has assumed other current financial liabilities of 17 days as of Fiscal 2027.
Other current liabilities	Other current liabilities primarily include advances from customers, provision for liquidated damages and statutory dues. These stood at 25 days, 26 days and 28 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. The Company has assumed other current liabilities of 27 days as of Fiscal 2027.
Short term provisions	Short-term provisions stood at 1 day in Fiscal 2024, Fiscal 2025, Fiscal 2026. The Company has assumed short-term provisions of 1 day for Fiscal 2027, in line with the historical trend.
Current tax liabilities	Current tax liabilities stood at 2 days, 6 days and 7 days in Fiscal 2024, Fiscal 2025 and Fiscal 2026, respectively. These have been assumed at 6 days for Fiscal 2027, in line with the historical trend.

The below table sets forth the details of the holding period:

S. No	Particulars	Basis	As at March 31, 2024	As at March 31, 2025	As at March 31, 2026	As at March 31, 2027
			Actual	**Actual**	**Actual**	**Projected**
	Current Assets					
A	Trade Receivables	Days	115	115	114	121
B	Inventory	Days	128	77	72	85
C	Non-Current Financial Assets	Days	75	35	13	26
D	Bank Balances other than Cash and Cash Equivalents	Days	35	26	23	16
E	Loans	Days	1	1	1	1
F	Other Current Financial Assets	Days	18	22	38	19
G	Other Current Assets	Days	22	12	10	8
	Current Asset Days	**Days**	**394**	**288**	**271**	**276**
	Current Liabilities					
H	Trade Payables	Days	119	79	79	60
I	Other Current Financial Liabilities	Days	21	16	18	17
J	Other Current Liabilities	Days	25	26	28	27
K	Short Term Provisions	Days	1	1	1	1
L	Current Tax Liabilities	Days	2	6	7	6
	Current Liability Days	**Days**	**168**	**128**	**133**	**111**
	Working Capital Days		**226**	**160**	**138**	**165**

Notes:

A. Trade Receivable Days = Average of opening and closing Trade Receivable for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

B. Inventory Days = Average of opening and closing Inventories for the year divided by cost of goods sold during the year multiplied by 365 days (366 days for FY24)

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C. Non-Current Financial Assets = Average of opening and closing Non-Current Financial Assets for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

D. Bank Balances other than Cash and Cash Equivalents = Average of opening and closing Other Bank Balances for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

E. Loans = Average of opening and closing Loans for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

F. Other Current Financial Assets = Average of opening and closing Other Current Financial Assets for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

G. Other Current Assets = Average of opening and closing Other Current Assets for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

H. Trade Payables = Average of opening and closing Trade Payables for the year divided by cost of goods sold during the year multiplied by 365 days (366 days for FY24)

I. Other Current Financial Liabilities = Average of opening and closing Other Current Financial Liabilities for the year divided by cost of goods sold during the year multiplied by 365 days (366 days for FY24)

J. Other Current Liabilities = Average of opening and closing Other Current Liabilities for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

K. Short Term Provisions = Average of opening and closing Short Term Provisions for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

L. Current Tax Liabilities = Average of opening and closing Current Tax Liabilities for the year divided by revenue from operations for the year multiplied by 365 days (366 days for FY24)

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