

# JESWANI & RATHORE

## CHARTERED ACCOUNTANTS

408/C, NIRANJAN, 99, MARINE DRIVE, MUMBAI - 400 002

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### CERTIFICATE ON WORKING CAPITAL REQUIREMENTS

Date: October 27, 2023

To,

**The Board of Directors,**  
**Flair Writing Industries Limited**  
63 B/C, Government Industrial Estate, Charkop,  
Kandivali (West), Mumbai - 400 067  
Maharashtra, India

**Nuvama Wealth Management Limited**  
**(Formerly known as Edelweiss Securities Limited)**  
801 - 804, Wing A, Building No 3,  
Inspire BKC, G Block,  
Bandra Kurla Complex,  
Bandra East,  
Mumbai - 400 051

**Axis Capital Limited**  
1st Floor, Axis House  
C-2 Wadia International Center  
Pandurang Budhkar Marg,  
Worli, Mumbai 400 025  
Maharashtra, India

(Nuvama Wealth Management Limited and Axis Capital Limited 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 ₹5 each ("Equity Shares") by Flair Writing Industries Limited (the "Company") and such offering (the "Offer")**

Dear Sir(s)/Ma'am(s),

We, **Jeswani & Rathore**, statutory auditors of the Company have been requested to verify and confirm the existing and estimated working capital and funding requirements proposed to be funded by the Company through the proceeds of the Offer.

We have, accordingly, obtained and verified the following documents:

1. Reviewed the restated consolidated financial statements for the three months period ending June 30, 2023 and for the financial years ending March 31, 2023, March 31, 2022 and March 31, 2021 prepared in accordance with the Companies Act, 2013, as amended (the "**Companies Act**") and the Indian Accounting Standards ("**Ind AS**") and the reports issued thereon (collectively, "**the Restated Financial Statements**"), and such other documents and records as we deemed necessary for issuing this certificate.
2. Reviewed the audited standalone financial statements of the Company and its subsidiaries Flair Writing Equipment Private Limited ("**FWEPL**") for the three months period ending June 30, 2023 and for financial year ending March 31, 2023, March 31, 2022 and

March 31, 2021 and Flair Cyrosil Industries Private Limited (“**FCIPL**”)for the three months period ending June 30,2023 and for financial year ending March 31, 2023and the reports issued thereon, and such other documents and records as we deemed necessary for issuing this certificate.

3. Examined the evidence supporting the assumptions for the estimated working capital requirements;
4. Analysed the historical working capital utilisation and the peak utilisation of the Company and its subsidiaries namely, FWEPL and FCIPL and found the estimated working capital and assumptions linked thereto to be in line with historic trend;
5. Obtained a copy of the resolution of the board of directors of the Company dated July 10, 2023and of the board of directors of FWEPL and FCIPL dated July 10, 2023 approving the estimated working capital requirement as of the financial years ended March 31, 2024 and March 31, 2025; and
6. Other information and explanations presented to us by the management of the Company, FWEPL and FCIPL for assessment of the projections of the working capital requirements.

Based on the above-mentioned procedures performed by us and representations made by the management of the Company, as on the date of the certificate we certify that:

1. The working capital of the Companyfor the financial year ending March 31, 2023, March 31, 2022 and March 31, 2021 based on the audited standalone financial statements and the holding levels along with the assumption underlying the justification for periods of holding levels are set out in **Annexure A**. Based on the internal estimates and projections, the working capital estimates of the Company for financial years ended March 31, 2024 and March 31, 2025 and the holding levels are set out in in **Annexure A**. The preparation and presentation of such prospective financial information is based on the underlying assumptions as given in **Annexure A**.
2. The working capital of the FWEPL for the financial year ending March 31, 2023, March 31, 2022 and March 31, 2021 based on the audited standalone financial statements and the holding levels along with the assumption underlying the justification for periods of holding levels are set out in **Annexure B**. Based on the internal estimates and projections, the working capital estimates of the Company for financial years ended March 31, 2024 and March 31, 2025 and the holding levels are set out in in **Annexure B**. The preparation and presentation of such prospective financial information is based on the underlying assumptions as given in **Annexure B**.
3. The working capital of the FCIPL for the financial year ending March 31, 2023 based on the audited standalone financial statements and the holding levels along with the assumption underlying the justification for periods of holding levels are set out in **Annexure C**. Based on the internal estimates and projection, the working capital estimates of the FCIPL for financial years ended March 31, 2024 and March 31, 2025 and the holding levels are set out in **Annexure C**. The preparation and presentation of such prospective financial information is based on the underlying assumptions as given in **Annexure C**.

Further, in our opinion the prospective financial information in respect of the Company and its subsidiaries FWEPL and FCIPL, read with the notes thereon, is correctly prepared based on the assumptions as set out in Annexure A, B and C respectively and on consistent basis with the historical financial statements, using appropriate accounting principles and past working capital requirements as provided in Annexure A, B and C respectively.

Basis the internal estimates and the management estimates, as ratified by the Board of the Company, FWEPL and FCIPL and the projections set out at **Annexure A, B and C**, the Company,FWEPL and FCIPLwould require a total working capital to the extent of ₹440 million for the financial year ending 2024and ₹330 millionfor the financial year ending 2025respectively.

We hereby confirm that while providing this certificate we have complied with the Code of Ethics 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 Institute of Chartered Accountants of India. We have conducted our examination in accordance with the 'Guidance Note on Reports or Certificates for Special Purposes' issued by the Institute of Chartered Accountants of India ("ICAI") which requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI. We hereby confirm that while providing this certificate we have complied with the Code of Ethics issued by the ICAI.

Based on the, information and explanations provided to us by the Company and the, books of accounts with other records examined by us, we confirm that the information in this certificate is true and correct and there is no untrue statement or omission which would render the contents of this certificate misleading in its form or context.

We hereby consent to, and have no objection to, the inclusion of our name **Jeswani & Rathore**, Chartered Accountants and this certificate or any extract thereof in the red herring prospectus ("**RHP**") the and the prospectus ("Prospectus") to be filed with the Registrar of Companies, Maharashtra at Mumbai ("**RoC**") and the preliminary offering memorandum and final offering memorandum to be issued in connection with the Offer, SEBI and the Stock Exchanges or any other document to be issued or filed in relation to the Offer, including in any corporate or investor presentation made by or on behalf of the Company. We also consent to the inclusion of this letter as a part of "Material Contracts and Documents for Inspection" in connection with this Offer, which will be available for public for inspection from date of the filing of the RHP until the Bid/ OfferClosing Date on the website of the Company.

This certificate is issued for the sole purpose of the Offer, and can be used, for submission 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, and for the purpose of any defense the BRLMs may wish to advance in any claim or proceeding in connection with the contents of the Offer Documents.

This certificate may be relied on by the BRLMs, their affiliates and legal counsel in relation to the Offer and to assist the BRLMs in conducting and documenting their investigation of the affairs of the Company in connection with the Offer.

We undertake to update you in writing of any changes in the abovementioned position, immediately upon us becoming aware, until the date the Equity Shares issued pursuant to the Offer 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.

All capitalized terms used herein and not specifically defined shall have the same meaning as ascribed to them in the Offer Documents.

Yours faithfully,

**For Jeswani & Rathore**  
**Chartered Accountants**  
**Firm Reg. No.: 104202W**

**Khubilal G Rathore**  
**Partner**  
**(M. No. 012807)**  
**UDIN: 23012807BGXVJV3115**

Date: October 27, 2023  
Place: Mumbai

**Encl: As above**

CC:

**Domestic Legal Counsel to the BRLMs**

**IndusLaw**

#1502B, 15th Floor,  
Tower – 1C, "One Indiabulls Centre",  
Senapati Bapat Marg, Lower Parel,  
Mumbai – 400 013  
Maharashtra, India

**Domestic Legal Counsel to the Company**

**S&R Associates**

One World Center  
1403 Tower 2 B  
841 Senapati Bapat Marg, Lower Parel  
Mumbai 400013  
Maharashtra, India

**ANNEXURE A – Company**

**Working Capital Requirement:**

S. No.	Particulars	Projected		Actuals		
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
<b>I.</b>	<b>Current assets</b>					
	Investments	-	-	-	-	162.67
	Inventories	2,350.00	2,180.00	1,864.89	1,787.20	1,283.84
	Trade Receivables	2,093.50	1,859.20	1,617.35	1,416.57	1,101.16
	Cash/Bank Balance	745.60	161.40	6.31	3.18	5.91
	Other Current Assets	546.00	660.00	651.60	317.85	250.43
	<b>Total current assets (A)</b>	<b>5,735.10</b>	<b>4,860.60</b>	<b>4,140.15</b>	<b>3,524.80</b>	<b>2,804.01</b>
<b>II.</b>	<b>Current liabilities</b>					
	Trade Payables	713.80	671.70	529.11	474.25	380.91
	Other Current Liabilities	449.86	430.38	403.19	379.06	277.47
	<b>Total current liabilities (B)</b>	<b>1,163.66</b>	<b>1,102.08</b>	<b>932.30</b>	<b>853.31</b>	<b>658.38</b>
<b>III.</b>	<b>Total working capital requirement (A-B)</b>	<b>4,571.44</b>	<b>3,758.52</b>	<b>3,207.85</b>	<b>2,671.49</b>	<b>2,145.63</b>
<b>IV.</b>	<b>Funding pattern</b>					
	Internal Accruals/ Borrowings	4,376.44	3,483.52	3,207.85	2,671.49	2,145.63
	Part of the net proceeds	195.00	275.00	-	-	-
	<b>Total</b>	<b>4,571.44</b>	<b>3,758.52</b>	<b>3,207.85</b>	<b>2,671.49</b>	<b>2,145.63</b>

*Holding levels*

Provided below are details of the holding levels (days) considered:

S. No.	Particulars	Projected		Actuals		
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
1.	Inventory days	131	134	135	189	310
2.	Trade receivables days	61	62	61	83	173
3.	Other Current Assets	19	23	20	19	29
4.	Trade payables days	40	40	37	53	108
5.	Other Current Liabilities	17	18	19	26	32

1. *Inventory days: Average of inventory for the current and previous period / Total Direct Cost for the current period \* 365*
2. *Trade receivable days: Average of trade receivables for the current and previous period/ revenue from operations \* 365*
3. *Other Current Assets days: Average of other current assets for the current and previous period/ revenue from operations \* 365*
4. *Trade payable days: Average of trade payables for the current and previous period / Total Direct Cost for the current period \* 365*
5. *Other current assets days: Average of other current and financial assets for the current and previous period / revenue from operations \* 365.*
6. *Other current liabilities days: Average of other current liabilities for the current and previous period / Total Operating Cost for the current period \* 365.*

Key assumptions and justification for Holding Period Levels

Particulars	Assumptions and justifications
<b>Current assets</b>	
Inventory	<p>The Company inventory holding period for Financial Year 2024 and Financial Year 2025 is in line with the holding period for Financial Year 2023 and has been projected within the range of 131 to 134 days for the Financial Years 2024 and 2025.</p> <p>Total inventory levels are expected to increase in line with the business volumes and projected business activity in the Financial Year 2024 and Financial Year 2025.</p>
Trade Receivables	<p>The Company trade receivables days for Financial Year 2024 and Financial Year 2025 are in line with the Financial Year 2023 and has been projected as 61-62 days for the Financial Years 2024 and 2025.</p> <p>Total trade receivables are expected to increase with the anticipated growth in the writing instruments business in the Financial Year 2024 and Financial Year 2025.</p>
Other Current Assets	<p>The category of "Other current assets" primarily includes balances such as loan to subsidiary company, security deposit, Advance to suppliers, Balances with statutory authorities, and other similar items. To align with the projected business activity, the company has projected the level of other current assets within the range of 19 to 23 days for the Financial Years 2024 and 2025.</p>
<b>Current liabilities</b>	
Trade Payables	<p>Our trade payable days for Financial Year 2024 and Financial Year 2025 are in line with the Financial Year 2023 and has been projected at 40 days for the Financial Years 2024 and 2025.</p> <p>Overall increase in trade payable is in line with the projected business activity for the writing instruments business.</p>
Other Current Liabilities	<p>The category of "Other current liabilities" primarily includes items such as Wages Payable, Provision for Employee Benefits, statutory payments dues, advances from customers, Tax Expenses, and other similar obligations. To align with the projected business activity, the company has projected the level of other current liabilities within the range of 17 to 18 days for the Financial Years 2024 and 2025.</p>

Note: Working capital for FY 2022 and FY 2023 is not comparable with FY 2021 due to the impact of COVID on our operations in FY 2021. Further, company took certain measures to improve operating efficiency in FY 2022 resulting in reduction in working capital days in FY 2023.

## Annexure – B:FWEPL

Working Capital Requirement:

S. No.	Particulars	Projected		Actuals		
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
<b>I.</b>	<b>Current assets</b>					
	Inventories	325.00	200.00	232.76	52.88	28.96
	Trade Receivables	200.00	160.00	144.62	64.16	46.35
	Cash/ Bank Balance	5.33	6.18	1.54	0.14	0.05
	Other Current Assets	70.00	79.00	71.31	29.15	29.52
	<b>Total current assets (A)</b>	<b>600.33</b>	<b>445.18</b>	<b>450.23</b>	<b>146.34</b>	<b>104.88</b>
<b>II.</b>	<b>Current liabilities</b>					
	Trade Payables	150.00	75.00	159.99	45.17	20.69
	Other Current Liabilities	53.82	40.81	28.87	35.29	5.45
	<b>Total current liabilities (B)</b>	<b>203.82</b>	<b>115.81</b>	<b>188.86</b>	<b>80.46</b>	<b>26.14</b>
<b>III.</b>	<b>Total working capital requirement (A-B)</b>	<b>396.51</b>	<b>329.37</b>	<b>261.37</b>	<b>65.88</b>	<b>78.74</b>
<b>IV.</b>	<b>Funding pattern</b>					
	Internal Accruals/ Borrowings	361.51	264.37	261.37	65.88	78.74
	Part of the net proceeds	35.00	65.00	-	-	-
	<b>Total</b>	<b>396.51</b>	<b>329.37</b>	<b>261.37</b>	<b>65.88</b>	<b>78.74</b>

*Holding levels*

Provided below are details of the holding levels (days) considered:

S. No.	Particulars	Projected		Actuals		
		As of March 31, 2025	As of March 31, 2024	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
1.	Inventory days	194	211	204	104	110
2.	Trade receivables days	67	75	76	77	81
3.	Other Current Assets	28	37	37	41	63
4.	Trade payables days	83	114	146	84	98
5.	Other Current Liabilities	25	24	32	35	52

1. *Inventory days: Average of inventory for the current and previous period / Total Direct Cost for the current period \* 365*
2. *Trade receivable days: Average of trade receivables for the current and previous period/ revenue from operations \* 365*
3. *Other Current Assets days: Average of other current assets for the current and previous period/ revenue from operations \* 365*
4. *Trade payable days: Average of trade payables for the current and previous period / Total Direct Cost for the current period \* 365*
5. *Other current assets days: Average of other current and financial assets for the current and previous period / revenue from operations \* 365.*

6. *Other current liabilities days: Average of other current liabilities for the current and previous period / Total Operating Cost for the current period \* 365.*

*Key assumptions and justification for Holding Period Levels*

Particulars	Assumptions and justifications
<b>Current assets</b>	
Inventory	The Company's inventory holding period increased from 104 days in FY 2022 to 204 days in FY 2023, reflecting the introduction of a new segment (Houseware items) in FY 2023. For FY 2024 and FY 2025, the inventory holding period is projected in the range of 194 and 211 days in line with FY 2023. The expected increase in inventory levels in Financial Year 2025 is in line with anticipated increases in business volumes and activity.
Trade Receivables	The Company's trade receivables days for Financial Year 2024 and Financial Year 2025 are in line with the Financial Year 2023 and has been projected in the range of 67-75 days for the Financial Years 2024 and 2025 with slight reduction anticipated on account of effective management of the account receivables.  Total trade receivables are expected to increase with the anticipated growth in the increased business volumes in the Financial Year 2024 and Financial Year 2025.
Other Current Assets	In line with the projected business activity, the company has projected the level of "Other current assets," which primarily consists of balances with Advance to suppliers, loan to employees, Balances with statutory authorities, etc., within the range of 28 to 37 days for the Financial Years 2024 and 2025.
<b>Current liabilities</b>	
Trade Payables	The increase in the trade payables holding period, from 84 days in Financial Year 2022 to 146 days in Financial Year 2023 was primarily driven by the introduction of the houseware segment. However, to align with the projected business activity specifically for the Financial Years 2024 and 2025 in the business, the company has strategically reduced and projected the trade payables holding period within the range of 83 to 114 days.
Other Current Liabilities	The category of "Other current liabilities" primarily includes items such as Wages Payable, Payables on account of Purchase of Property, Plant and Equipment, Provision for Employee Benefits, statutory payments dues, advances from customers, Tax Expenses, and other similar obligations. To align with the projected business activity, the company has projected the level of other current liabilities within the range of 24 to 25 days for the Financial Years 2024 and 2025.

Note: FY 2022 and FY 2023 is not comparable with FY 2021 due to COVID. FY 2021 operations were impacted by COVID and in FY 2022 the Company's operations was still recovering from the COVID.



## Annexure C - FCPL

Working Capital Requirement:

S. No.	Particulars	Projected		Actual	
		As of March 31, 2025	As of March 31, 2024		As of March 31, 2023
<b>I.</b>	<b>Current assets</b>				
	Inventories	220.00	125.90		39.96
	Trade Receivables	300.00	140.00		-
	Cash and Cash Equivalent	4.30	3.70		0.09
	Other Current Assets	18.00	15.00		25.51
	<b>Total current assets (A)</b>	<b>542.30</b>	<b>284.60</b>		<b>65.56</b>
<b>II.</b>	<b>Current liabilities</b>				
	Trade Payables	110.00	60.00		1.81
	Other Current Liabilities	34.06	29.10		23.80
	<b>Total current liabilities (B)</b>	<b>144.06</b>	<b>89.10</b>		<b>25.61</b>
<b>III.</b>	<b>Total working capital requirement (A-B)</b>	<b>398.24</b>	<b>195.50</b>		<b>39.95</b>
<b>IV.</b>	<b>Funding pattern</b>				
	Internal Accruals/ Borrowings	298.24	95.50		39.95
	<b>Part of the net proceeds</b>	<b>100.00</b>	<b>100.00</b>		-
	<b>Total</b>	<b>398.24</b>	<b>195.50</b>		<b>39.95</b>

*Holding levels*

Provided below are details of the holding levels (days) considered:

S. No.	Particulars	Projected		Actuals	
		As of March 31, 2025	As of March 31, 2024		As of March 31, 2023
1.	Inventory days	94	116		-
2.	Trade receivables days	69	58		-
3.	Other Current Assets	5	17		-
4.	Trade payables days	46	43		-
5.	Other Current Liabilities	13	30		-

1. *Inventory days: Average of inventory for the current and previous period / Total Direct Cost for the current period \* 365*
2. *Trade receivable days: Average of trade receivables for the current and previous period/ revenue from operations \* 365*
3. *Other Current Assets days: Average of other current assets for the current and previous period/ revenue from operations \* 365*
4. *Trade payable days: Average of trade payables for the current and previous period / Total Direct Cost for the current period \* 365*
5. *Other current assets days: Average of other current and financial assets for the current and previous period / revenue from operations \* 365.*
6. *Other current liabilities days: Average of other current liabilities for the current and previous period / Total Operating Cost for the current period \* 365.*

Key assumptions and justification for Holding Period Levels

Particulars	Assumptions and justifications
<b>Current assets</b>	
Inventory	During FY2023, there was no business activity in FCIL. In FY 2024, FCIPL commenced its operations and dispatched its first order in June 2023. In line with the projected business requirements for the Financial Years 2024 and 2025, inventory levels of 94 to 116 days are projected.
Trade Receivables	There was no business activity in FCIL as on FY 2023. FCIPL has started the business in FY 2024 with first order dispatched in June 2023. Trade Receivable levels of 58 to 69 days are projected in line with projected business requirements for the Financial Years 2024 and 2025.
Other Current Assets	The category of "Other current assets" primarily includes items such as Security Deposit, balances with Government Authorities, Advance to Suppliers, and other similar assets. In line with the projected business activity, the company has projected other current assets to be within the range of 5 to 17 days for the Financial Years 2024 and 2025.
<b>Current liabilities</b>	
Trade Payables	During FY 2023, there was no business activity in FCIPL and its business activity commenced in FY 2024. Based on the projected business activity for the Financial Years 2024 and 2025, trade payable levels of 43 to 46 days are projected.
Other Current Liabilities	The category of "Other current liabilities" primarily includes items such as Payables on account of Purchase of Property, Plant and Equipment, Provision for Employee Benefits, advances from customers, and other similar obligations. To align with the projected business activity, the company has projected the level of other current liabilities within the range of 13 to 30 days for the Financial Years 2024 and 2025.