II SHREE II

**Satyanarayan Goyal & Co LLP**
Chartered Accountants
LLPIN : ABB-8676

INDIA

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# CERTIFICATE IN RELATION TO OBJECTS OF THE ISSUE – WORKING CAPITAL

**To,**
**National Stock Exchange of India Ltd,**
**Exchange Plaza,**
**Bandra Kurla Complex, Bandra (East),**
**Mumbai– 400051**

**And**

**BSE Limited**
**Phiroze Jeejeebhoy Towers**
**Dalal Street**
**Mumbai- 400001**

**Re: Proposed initial public offering of equity shares of face value of ₹ 10 each (the "Equity Shares") of Sunshine Pictures Limited (the "Company") comprising a fresh issue of the Equity Shares by the Company (the "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")**

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We, *M/s Satyanarayan Goyal & Co. LLP*, Chartered Accountants, are the present statutory auditors of the Company. We have been requested by the Company to verify and certify the existing working capital and funding requirements on the basis of the restated standalone statements of assets and liabilities as at March 31, 2026 and March 31, 2025 and March 31, 2024, the restated standalone statements of profits and losses (including other comprehensive income) and the restated standalone statements of cash flows and changes in equity for the financial years ended March 31, 2026 and March 31, 2025 and March 31, 2024 of the Company (together, the "**Working Capital Financial Statements**"), which forms a part of the restated standalone financial statements of the Company as of March 31, 2026 and March 31, 2025 and March 31, 2024 (together, the "**Restated Standalone Financial Statements**").

Accordingly, we have obtained and verified the following documents:

(a) Working Capital Financial Statements;

(b) Obtained the working for the existing working capital requirements prepared by the Company for March 31, 2026 and March 31, 2025 and March 31, 2024, based on the Working Capital Financial Statements.

(c) Obtained the Board Resolutions approving the business plan and financial projections of the Company for the financial years March 31, 2027.

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1. Based on the above procedures, information and explanations provided by the management of the Company, we confirm that as of March 31, 2026 the Company's existing working capital and funding requirements compiled on the basis of Working Capital Financial Statements for the financial years ended March 31, 2026 March 31, 2025 and March 31, 2024 are as follows:

*(₹ in lakhs)*

| Particulars | Fiscal 2024 | Fiscal 2025 | Fiscal 2026 |
|---|---|---|---|
| | (Restated) | (Restated) | (Restated) |
| **Current Assets** | | | |
| Inventories | 2,431.68 | 2,407.56 | 7,506.02 |
| Trade Receivables | 796.61 | 2839.15 | 6,650.54 |
| Loans | 452.82 | 366.73 | 382.64 |
| Other financial assets (including investments) | 2,068.04 | 2,916.76 | 299.80 |
| Other Current Assets | 330.26 | 206.81 | 269.58 |
| Current tax Assets (Net) | 11.58 | 11.58 | 11.58 |
| | | | |
| **Total Current Assets (A)** | **6,090.99** | **8,748.59** | **15,120.16** |
| | | | |
| **Current Liabilities** | | | |
| Lease Liabilities | 14.79 | 9.64 | 15.99 |
| Trade payables | 730.14 | 483.01 | 738.14 |
| Other financial liabilities | - | 1.90 | 4.44 |
| Other current liabilities | 198.05 | 590.86 | 729.62 |
| Provisions | 2.70 | 5.63 | 29.92 |
| Current tax liabilities (net) | 42.07 | 359.36 | 955.80 |
| | | | |
| **Total Current Liabilities (B)** | **987.75** | **1,450.40** | **2,473.91** |
| | | | |
| **Total Working Capital Requirement (A-B)** | **5,103.24** | **7,298.19** | **12,646.25** |
| | | | |
| **Sources of Finance** | | | |
| Borrowings for working capital requirements | 1,666.82 | 849.73 | 691.16 |
| Total Equity/ Internal Accruals | 3,436.42 | 6,448.46 | 11,955.09 |
| Proceeds from the Offer | - | - | |
| **Total Sources of Finance** | **5,103.24** | **7,298.19** | **12,646.25** |

2. On the basis of Company's existing working capital requirements and the projected working capital requirements, the Board of Directors of the Company pursuant to their resolution dated July 27, 2026 have approved the business plan and financial projections for the financial years ending March 31, 2027 and the projected working capital requirements for the respective periods and the proposed funding patterns for mentioned year.

The following data has been extracted from the minutes of the board meeting dated July 27, 2026:

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(₹ in lakhs)

| Particulars | Fiscal 2027 (Estimated) |
|---|---|
| **Current Assets** | |
| Inventories | 18,304.31 |
| Trade Receivables | 7,450.00 |
| Loans | 35.00 |
| Other financial assets (including investments) | 600.00 |
| Other Current Assets | 7,351.39 |
| Current tax Assets (Net) | 11.58 |
| | |
| **Total Current Assets (A)** | **33,752.28** |
| | |
| **Current Liabilities** | |
| Lease Liabilities | 17.59 |
| Trade payables | 811.95 |
| Other financial liabilities | 2.22 |
| Other current liabilities | 747.58 |
| Provisions | 32.91 |
| Current tax liabilities (net) | 90.65 |
| | |
| **Total Current Liabilities (B)** | **1,702.91** |
| | |
| **Total Working Capital Requirement (A-B)** | **32,049.37** |
| | |
| **Sources of Finance** | |
| Borrowings for working capital requirements | - |
| Total Equity/ Internal Accruals | 20,799.37 |
| Proceeds from the Offer | 11,250.00 |
| **Total Sources of Finance** | **32,049.37** |

**Rationale for Increase in working capital**:

Sunshine Pictures Limited requires working capital to manage its day-to-day operations and support its dynamic production cycle. The film production industry involves substantial upfront costs, including payments to cast and crew, location rentals, production equipment, and other pre-release expenses, which are often incurred well in advance of revenue realization. Furthermore, the company offers extended credit periods to distributors and OTT platforms, resulting in higher trade receivables. The increasing scale of operations, coupled with multiple ongoing projects, necessitates additional working capital to ensure smooth production schedules and timely releases. Additionally, strategic investments in inventory, such as completed but unreleased films and in-progress projects, further increase the need for working capital. Efficient management of working capital is critical for Sunshine Pictures to maintain operational liquidity, capitalize on growth opportunities, and meet its financial obligations seamlessly.

3. The table below contains the details of the holding levels (in number of days or relevant matrix as applicable) considered and is derived from the Working Capital Financial Statements for the financial years ended March 31, 2026, March 31, 2025 and March 31, 2024 and assumptions based on which the working plan projections has been made and approved by the Board of Directors:

| **Particulars** | **Fiscal 2024** | **Fiscal 2025** | **Fiscal 2026** | **Fiscal 2027** |
|---|---|---|---|---|
| | **(Restated)** | **(Restated)** | **(Restated)** | **(Estimated)** |
| Trade receivables | 11 | 64 | 233 | 117 |
| Inventory | 119 | 173 | 1,328 | 314 |
| Trade payables | 29 | 42 | 34 | 11 |

4. The working capital projections made by the Company on the basis of the Working Capital Financial Statements pursuant to the resolutions mentioned above are based on the following key assumptions:

| **Sr. No.** | **Particulars** | **Assumptions** |
|---|---|---|
| 1. | Trade Receivables | Trade receivables increased from 11 days in Fiscal 2024 to 64 days in Fiscal 2025, influenced by increased sales volumes, delayed collections, and receivable from ongoing OTT serial productions.<br><br>During Fiscal 2026, a substantial portion of the Company's billing related to movie and web series projects was raised towards the end of Q4 resulting in number of days increasing to 233 days. As a result, the corresponding collections were pending as of the balance sheet date, leading to a significant increase in trade receivable days. In the entertainment industry, collections are generally realized over an extended period based on contractual milestones, release schedules, content delivery approvals, and post-release settlement arrangements with OTT platforms, distributors, broadcasters, and other customers.<br><br>However, in Fiscal 2027 (Provisional), the days will decrease to 117 days as the Company is projecting the release of major contents of movies and one web series, resulting in a substantial increase in billing volumes and the expected normalisation of collections. Further, the Company's increasing focus on independently controlled productions and owned content models has resulted in relatively longer industry-standard credit periods as compared to earlier co-production and service-based assignments. The higher receivable cycle is therefore reflective of the Company's business expansion |

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| Sr. No. | Particulars | Assumptions |
|---|---|---|
| | | and the staggered realization pattern inherent in the media and entertainment sector. |
| 2. | Inventory | Inventory days increased from 119 days in Fiscal 2024 to 173 days in Fiscal 2025, primarily due to higher investment in film and OTT projects under production driven by their non-cyclical nature, where timelines vary depending on project complexity, location, and talent availability.<br><br>During Fiscal 2026, inventory days increased to 1,328 days as the Company released only one major movie/web series during the year, resulting in accumulation of unreleased and partially monetized content costs. Accordingly, production expenses relating to ongoing films, web series, music content, and YouTube content continued to remain classified as inventory at the year-end, leading to a significant increase in inventory holding days. In the media and entertainment industry, content production involves long gestation periods, and costs incurred on projects are generally carried as inventory until commercial exploitation or release of the content. Inventory days of March 31, 2026 appear exceptionally high at 1,328 days, which is purely a mathematical outcome of the inventory days formula (average Inventory divided by Cost of goods sold multiplied by number of days in a period). This does not represent slow-moving, obsolete or unsaleable inventory, but is a formula impact inherent to the film production business during under production phases.<br><br>Further, The days decreased to 314 in FY 2027 as a substantial portion of the Fiscal 2026 inventory relates to significant projects including Governor: The Silent Saviour, scheduled for release on June 12, 2026, and Hisaab, expected to release during Q2 of Fiscal 2027, which were substantially ready for release as at March 31, 2026 and are expected to be commercially monetised in subsequent periods. Additionally, The Kerala Story 2 Goes Beyond, released on February 27, 2026, involved a relatively lower production and distribution cost structure compared to certain large-scale projects under development, which also had a consequential impact on the inventory days ratio for Fiscal 2026. Accordingly, the elevated inventory days in Fiscal 2026 primarily reflect the timing, scale, and stage of the Company's content portfolio and ongoing productions.<br><br>Inventory days for Fiscal 2027 are estimated at 314 days, reflecting the expected release and monetisation of projects forming part of the Fiscal 2026 inventory. |
| 3. | Trade Payables | Trade payables days have reflected shifts in the company's production cycle, content release strategy, and working capital management. In Fiscal 2025, payables days increased significantly from 29 days to 42 days, largely in line with the extended production timelines and higher inventory levels associated with large-scale film |

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| Sr. No. | Particulars | Assumptions |
|---|---|---|
| | | and OTT projects in progress. These projects, involve bigger budgets and complex coordination, necessitated longer vendor engagement periods and correspondingly extended payment terms, aligning with industry norms.<br><br>Trade payable days were 42 days in Fiscal 2025, mainly on account of higher engagement with vendors and service providers relating to ongoing film and OTT projects. Trade payable days reduced to 34 days in Fiscal 2026, despite significantly higher production activity during the period, primarily reflecting timely settlement of vendor obligations and efficient working capital management.<br><br>Trade payable days for Fiscal 2027 are estimated at 11 days, reflecting the expected completion and settlement cycle of ongoing projects and lower outstanding balances as at the relevant reporting date.<br><br>The Company's payables primarily comprise amounts payable to production houses, artists, technicians, location vendors, post-production agencies, and other service providers engaged in film and content production activities. In the media and entertainment industry, payment cycles may vary depending on production schedules, contractual arrangements, and project timelines. Accordingly, trade payable days may fluctuate from period to period based on the scale and timing of projects under execution and settlement schedules with vendors and counterparties. |
| 4. | Other Current Assets | Other current assets mainly comprise advances to vendors and excess GST credit. The projected increase in Fiscal 2026 reflects higher advances to vendors and significant GST credit accumulation, driven by intensified production activity toward the year-end. In Fiscal 2027, these balances are expected to rise further, with continued buildup of GST credit and larger vendor advances in line with the scale of ongoing and planned projects. This trend aligns with the company's strategy of securing key production resources and maintaining steady progress on high-value content in the pipeline. |

We conducted our examination of the information given in this certificate (including the annexures thereto) in accordance with the '*Guidance Note on Reports or Certificates for Special Purposes*' issued by the Institute of Chartered Accountants of India ("**ICAI**"), as revised from time to time, to obtain a reasonable assurance that such details are in agreement with the books of accounts and other relevant records provided to us, in all material respects; the aforesaid Guidance Note requires that we comply with the ethical requirements of the '*Code of Ethics*' issued by the ICAI, as revised from time to time. Further, 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*', as revised from time to time.

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This certificate may be relied upon by the Company, BRLM and Legal Counsel appointed in relation to the Offer. This certificate is for information and for inclusion in the Red Herring Prospectus, Prospectus, the Preliminary International Wrap/Issuing Memorandum, the Abridged Prospectus and any other addendum thereto of the Company to be submitted/filed with the Securities and Exchange Board of India ("**SEBI**"), the Registrar of Companies, Mumbai at Maharashtra ("**ROC**") and the stock exchanges, or any other material (including in any corporate advertisement or investor presentation made by or on behalf of the Company) to be issued in relation to the Offer (together referred as "**Offer Documents**") prepared in connection with the Offer or any other document to be issued or filed in relation to the Offer, 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 BRLM in connection with the Offer, and in accordance with applicable law, and for the purpose of any defense the BRLM may wish to advance in any claim or proceeding in connection with the contents of this certificate.

We confirm that any changes to the above that come to our attention will immediately be intimated to the BRLM and the Legal Counsel to the Offer in writing till the date the Equity Shares of the Company commences trading on the stock exchanges. In the absence of any communication from us, you may assume that there is no change in respect of the matters covered in this certificate.

We hereby indemnify and keep indemnified, saved, defended and harmless the BRLM and Legal Counsel to the proposed Offer of the Company and all persons claiming under them ("Indemnified Persons"), from and against all losses and/or damages arising as a result of the aforementioned representations made by us in order to disclose details of the same in the Offer Documents including the Red Herring Prospectus, the Prospectus, the Preliminary International Wrap/Issuing Memorandum, the Abridged Prospectus, etc., for the Offer or arising as a result of any notices, proceedings, litigations, claims, penalties, demands and costs that may be made and/or raised on the Indemnified Persons by any third parties and/or with regard to any matter arising in connection thereto or otherwise by reason of the matter contemplated herein and/or sustained by the BRLM and/or Legal Counsel to the Offer as a result of any statements, representations, assurances, confirmations hereinunder given being untrue.

All capitalized terms not defined hereinabove shall have the same meaning as defined in the Offer Documents.

Yours Sincerely,

For ***Satyanarayan Goyal & Co LLP***
Chartered Accountants
(Registration No. **006636C/C400333**)

Satyanarayan Goyal & Co. LLP * Chartered Accountants *

**CA Shubham Jain**
Partner
Membership No. ***441604***
Place: ***Mumbai***
Date: ***July 27, 2026***
UDIN: **26441604BXNKZR9608**

**CC:**
**Legal Counsel to the Offer**

**Vidhigya Associates**
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Andheri East, Mumbai 400 059, Maharashtra, India
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