Mundra & Co.
Chartered Accountants
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To,
The Board of Directors,
Unitec Fibres Limited
Bldg No 8, Flat No 3, Oshiwara Mahda Complex
Andheri (W)- 400053, Mumbai, Maharashtra, India.

And

Smart Horizon Capital Advisors Private Limited
B/908, Western Edge II, Kanakia Space, Behind metro mall,
Off Western Express Highway, Magthane, Borivali East,
Mumbai – 400066, Maharashtra, India

(**Smart Horizon Capital Advisors Private Limited** referred to as the "**Book Running Lead Manager**" or the "**BRLM**")

Sub: Proposed initial public offering of equity shares of face value of Rs. 10 each ("Equity Shares" and such initial public offer, an "IPO" or "Issue") of Unitec Fibres Limited (the "Company").

We, **M/s. Mundra & Co.**, Chartered Accountants, the peer review auditors, have received a request from the Company to provide clarification on how Key Audit Matters and Emphasis of Matter mentioned in the Statutory Audit Report for the F.Y. 2023-24, 2024-25 and 2025-26 are addressed in Restated Financial Statements.

In this regard, we have reviewed the restated financial information of the Company for the financial year ended March 31, 2026, March 31, 2025 and March 31, 2024 (the "**Review Period**") which was audited in accordance with the Companies Act, 2013, as amended and the rules framed thereunder, the Indian GAAP and other accounting principles generally accepted in India and restated in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**Restated Financial Information**") and the examination report in respect of the Restated Financial Statements ("**Examination Report**").

Accordingly, we submit that:

1. Emphasis of Matter mentioned in the Statutory Audit Report for FY 23-24:

The matters referred to by the Statutory Auditor in the audit reports for the FY 2023-24 were in the nature of audit observations relating to the availability of audit evidence and completion of reconciliation procedures as on the respective reporting dates. These observations did not identify any specific misstatement, omission or quantifiable error requiring adjustment to the audited financial statements.

Accordingly, while preparing the Restated Financial Statements in accordance with the requirements of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), the Restated Financial Statements have been prepared by restating the audited financial statements after giving effect only to those adjustments which were considered necessary in accordance with the applicable guidance.

In this regard:

a. Balances subject to confirmation and reconciliation (Note 45.03):
The observation represented a general qualification that confirmations from debtors, creditors, loans & advances and other advances, etc. were pending as on the respective balance sheet dates. The auditor had not identified any specific difference or quantified any adjustment arising from the absence of such confirmations. Subsequently, the Company undertook reconciliation of the significant balances to the extent practicable based on available books of account and supporting records. No material discrepancies requiring adjustment to the financial statements were identified. Accordingly, no restatement adjustment was warranted.

b. Reconciliation with statutory returns (Note 45.11):
The auditor had observed that certain balances appearing in the financial statements were subject to reconciliation with returns and submissions made to statutory authorities, including the GST authorities. This was a procedural observation pending reconciliation and did not result in identification of any quantified difference affecting the financial statements. The Company has since carried out the necessary reconciliation to the extent applicable, and no material adjustments impacting the Restated Financial Statements were identified.

2. Key Audit Matters mentioned in the Statutory Audit Report for FY 24-25:

The matters reported by the Statutory Auditor as Key Audit Matters ("KAMs") in the audit report for the financial year ended March 31, 2025 were not audit qualifications or adverse opinions paragraphs. Rather, these matters represented areas that, in the auditor's professional judgment, were of most significance during the audit and were addressed through specific audit procedures while forming an unmodified audit opinion on the financial statements.

The rationale for not making any adjustment in respect of the Key Audit Matters is as follows:

a. Classification of Short-Term Borrowings as Long-Term Borrowings

The Key Audit Matter related to the Company's classification of certain short-term borrowings obtained from Kotak Mahindra Bank as long-term borrowings, considering that such facilities were availed as interim financing pending disbursement of the sanctioned term loan and were utilized towards capital expenditure.

The Statutory Auditor performed detailed audit procedures, including review of the loan sanction letter, examination of loan agreements, verification of utilisation of funds, assessment of compliance with the applicable accounting standards and Schedule III to the Companies Act, 2013, evaluation of management's intention regarding refinancing, and review of the related financial statement disclosures.

Based on these procedures, the auditor concluded that:

- the borrowings had been utilised for capital expenditure;
- the substance of the transaction supported management's classification;
- the accounting treatment was consistent with the applicable accounting requirements; and
- adequate disclosures had been made in the financial statements.

Further, the auditor expressly concluded that the management's classification of these borrowings as long-term liabilities was reasonable.

Accordingly, since the auditor accepted the accounting treatment and did not identify any misstatement or require any adjustment, no restatement adjustment was warranted in the Restated Financial Statements.

b. Outstanding Dues to Micro and Small Enterprises (MSME)

The second Key Audit Matter related to outstanding dues payable to Micro and Small Enterprises beyond the prescribed period and the Company's accounting treatment relating to interest under the MSMED Act, 2006, considering that interest waiver letters had been obtained from the concerned MSME vendors.

The Statutory Auditor evaluated the ageing of MSME dues, reviewed the Company's policy for recognition of interest, examined the supporting documentation relating to interest waiver letters, assessed the adequacy of disclosures and verified the financial statement presentation.

Based on the audit procedures performed, the auditor concluded that the disclosures made by the Company were consistent with the underlying records and the applicable regulatory requirements.
Accordingly, as the auditor did not identify any quantified misstatement or recommend any adjustment to the financial statements, no corresponding adjustment was required in the Restated Financial Statements.

3. Key Audit Matters mentioned in the Statutory Audit Report for FY 2025-26:

The matter reported by the Statutory Auditor as a Key Audit Matter ("KAM") pertains to the assessment and disclosure of outstanding dues payable to Micro and Small Enterprises ("MSMEs") and the accounting treatment of interest on delayed payments under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED Act").

The auditor noted that the financial statements were prepared for a special purpose period and that interest on delayed payments had not been recognised for the relevant interim period, as the Company was in the process of obtaining interest waiver letters from the concerned MSME vendors. The auditor identified this matter as a Key Audit Matter due to its regulatory significance and the related disclosure requirements, and not because any material misstatement had been identified.

In addressing this Key Audit Matter, the Statutory Auditor performed detailed audit procedures, which included, inter alia:

- reviewing the ageing analysis of outstanding MSME payables;

- evaluating the Company's policy for recognition of interest on delayed payments and its compliance with applicable regulatory requirements;
- examining the supporting documentation relating to the process of obtaining interest waiver letters from MSME vendors;
- assessing the adequacy of disclosures made in the financial statements; and
- verifying whether the financial statements appropriately described the special purpose nature of the financial statements and the accounting treatment adopted for delayed payment interest.

Based on the above audit procedures, the Statutory Auditor concluded that the disclosures made in the financial statements were consistent with the underlying books and records and the applicable regulatory requirements, subject to the successful completion of obtaining interest waiver letters from the concerned MSME vendors.

Since the only quantifiable adjustment was related to interest on delayed payment to MSE's, irrespective of their waiver letters, the same has been incorporated in the Restated Financial Statements.

For M/s. Mundra & Co.
Chartered Accountants
Firm Registration Number: 013023C

NKhandelwal

MUNDRA & CO. CA INDIA FRN-013023C CHARTERED ACCOUNTANTS

CA Nitin Khandelwal
Partner
Membership No: 414387
Place: Jaipur
Date: September 11, 2026
UDIN: 26414387KSKRLN3166