

**CERTIFICATE ON WORKING CAPITAL REQUIREMENTS – TOLIN TYRES LIMITED**

To:

**The Board of Directors**

**Tolins Tyres Limited**

1/ 47, M.C. Road,  
Kalady P.O., Ernakulam– 683 574,  
Kerala, India.

**Saffron Capital Advisors Private Limited (“Saffron”)**

605, Center Point  
Andheri Kurla Road, JB Nagar  
Andheri East  
Mumbai – 400 059  
Maharashtra, India

(hereinafter, Saffron is referred to as, the “**Book Running Lead Manager**”)

Dear Sir/Madam,

**Sub: Proposed initial public offering of equity shares of face value of ₹ 5/- each (the “Equity Shares”) of Tolins Tyres Limited (the “Company” and such offering, the “Offer”)**

We, **Krishnan Retna & Associates, Chartered Accountants**, are the statutory auditors of the Company. We have reviewed the Restated financial statements of the Company on a standalone basis as at for the Fiscal years ended 2024, 2023 and 2022 (“**Restated Financial Statements**”). We have also verified the business estimations for the Company as on the date of this certificate for Fiscal year 2025 and 2026 as prepared by the Company and approved by the Board pursuant to its resolution dated August 12, 2024.

Based on our examination of the Restated Financial Statements and such other documents as mentioned above and deemed necessary by us, we hereby certify that the details with respect to the working capital requirements of the Company for the Fiscal year ended 2024, 2023 and 2022 as set out in **Annexure A**, and the estimated working capital requirements of the Company for Fiscal year 2025 and 2026 as set out in **Annexure B** is true, fair, not materially misleading and without omission of any matter that is likely to significantly mislead and enable investors to make a decision.

We confirm that the information in this certificate is true, fair and there is no material untrue statement or significant omission which would render the contents of this certificate materially misleading in its form or context.

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.

This certificate is issued for the purpose of the Offer, and can be used, in full or part, for inclusion in the Red Herring Prospectus (such Red Herring Prospectus or the “RHP”) and the Prospectus (the “Prospectus”) and any other document in relation to the Offer (such documents or materials collectively with the RHP and Prospectus, the “Offer Documents”) which may be filed by the Company with Securities and Exchange Board of India (“SEBI”), BSE Limited and National Stock Exchange of India Limited (collectively, the “Stock Exchanges”), Registrar of Companies, Ernakulam, Kerala (the “RoC”) and / or any other regulatory or statutory authority.

We hereby consent to our name and the aforementioned details 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 BRLM in connection with the Offer and in accordance with applicable law.

This certificate may be relied on by the BRLM, their affiliates and legal counsel 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 this certificate being disclosed by the BRLM, if required (i) by reason of any law, regulation, order or request of a court or by any governmental or competent regulatory authority, or (ii) in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

We undertake to update you of any changes in the abovementioned position 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 but not defined herein shall have the meaning assigned to them in the Offer Documents.

Yours Sincerely,

**For Krishnan Retna & Associates**  
**Chartered Accountants**  
**Firm's Registration No: 001536S**

  
**Nikhil R. Kumar**  
**Partner**

**Membership No. 231162**

**Place: Thiruvananthapuram**

**Date: August 28, 2024**

**UDIN: 24231162BKESYH8976**



CC:

**M/s. Crawford Bayley & Co.**  
State Bank Building, 4th Floor  
NGN Vaidya Marg,  
Fort, Mumbai – 400 023,  
Maharashtra, India.

*Encl: Annexure A & Annexure B*

**[ON THE LETTERHEAD OF THE STATUTORY AUDITOR]**

**ANNEXURE A**

**Details of the Company's working capital requirement**

*The details of working capital requirement of our Company for the Financial Year ended March 31, 2024, March 31, 2023 and March 31, 2022, and the source of funding, on the basis of restated standalone financial statements of our Company are provided in the table below:*

*(₹ in millions)*

Sr. No.	Particulars	As at March 31		
		2024	2023	2022
		(Standalone)		
<b>(A)</b>	<b>Current Assets</b>			
	Inventories	677.50	369.58	225.17
	Trade Receivables	339.03	238.29	368.54
	Cash and bank balances	6.56	8.08	11.71
	Other financial and current assets	70.33	24.60	175.89
	<b>Total Current assets (A)</b>	<b>1,093.42</b>	<b>640.55</b>	<b>781.31</b>
<b>(B)</b>	<b>Current Liabilities</b>			
	Trade Payables	199.16	132.25	387.08
	Other financial and current liabilities (includes provisions)	14.50	21.70	4.20
	Current Tax Liabilities (Net)	46.96	18.64	2.23
	<b>Total Current Liabilities (B)</b>	<b>260.62</b>	<b>172.59</b>	<b>393.51</b>
	<b>Net Working Capital Requirements (A-B)</b>	<b>832.80</b>	<b>467.96</b>	<b>387.80</b>
<b>(C)</b>	<b>Funding pattern</b>			
	Borrowings from banks	540.64	339.32	338.03
	Internal Accruals	292.16	128.64	49.77
	<b>Total Means of Finance</b>	<b>832.80</b>	<b>467.96</b>	<b>387.80</b>

**[ON THE LETTERHEAD OF THE STATUTORY AUDITOR]**

**Annexure B**

**Details of the Company's estimated working capital requirements on a standalone basis**

On the basis of existing and projected working capital requirement of our Company on a standalone basis, and assumptions for such working capital requirements, the incremental and proposed working capital requirements for Fiscal year 2025 and 2026 along with the proposed funding of such working capital requirements, as approved by our Board pursuant to resolution dated August 12, 2024 are as set forth below:

The details of our Company's projected working capital requirements on a standalone basis for the Financial Years 2025 and 2026, and the proposed funding of such working capital requirements are set forth in the table below:

<i>(₹ in millions)</i>			
<b>S. No.</b>	<b>Particulars</b>	<b>March 31, 2025 (Projected)</b>	<b>March 31, 2026 (Projected)</b>
<b>(A)</b>	<b>Current Assets</b>		
	Inventories	697.04	893.00
	Trade Receivables	473.95	592.44
	Other financial and current assets	38.41	47.68
	<b>Total Current assets (A)</b>	<b>1,209.40</b>	<b>1,533.12</b>
<b>(B)</b>	<b>Current Liabilities</b>		
	Trade Payables	157.87	196.96
	Other Current liabilities	113.08	159.09
	<b>Total Current Liabilities (B)</b>	<b>270.95</b>	<b>356.05</b>
	<b>Net working capital requirements (A-B)</b>	<b>938.45</b>	<b>1,177.07</b>
<b>(C)</b>	<b>Funding pattern</b>		
	Short term borrowings from Banks	--	--
	Internal accruals	188.45	1,177.07
	<b>Proceeds from the Offer</b>	<b>750.00</b>	<b>--</b>
	<b>Total Means of Finance</b>	<b>938.45</b>	<b>1,177.07</b>

***Assumptions for our estimated working capital requirements***

The following table sets forth the details of the holding levels (with days rounded to the nearest) considered and is derived from the Restated Standalone Financial Statements for the Financial Years 2022, 2023, and 2024. Further, we have also provided estimates holding levels (days) for Financial Years 2025 and 2026:

<b>Days</b>	<b>Fiscal 2022 (Actual)</b>	<b>Fiscal 2023 (Actual)</b>	<b>Fiscal 2024 (Actual)</b>	<b>Fiscal 2025 (Projected)</b>	<b>Fiscal 2026 (Projected)</b>
<b>(Basis of revenue from contract with customers)</b>					
Inventories	72	114	157	125	129
Trade receivables	119	74	79	85	85
Other financial and current assets	57	8	16	7	7
Trade Payables	125	41	46	28	28
Other financial and current liabilities	1	7	14	20	23
Net working capital days	125	144	193	168	170

### Justification for “Holding Period” levels

The justifications for the holding levels mentioned in the table above are provided below:

S. No.	Particulars	Assumptions
<b>Current Assets</b>		
1	Inventories	The inventory holding period is maintained in the range of 114 to 157 days for the Fiscal years 2023 to 2024 as against the range of 72 to 114 days experienced during the Fiscal years 2022 to 2023. The raw materials prices are witnessing a higher trend in the market and to meet higher capacity of production and to meets the requirements of business activities projected for the Fiscals 2025 and 2026 the levels of inventories have been considered in the assessment accordingly around 125 to 129 levels.
2	Trade Receivables	The trade receivables holding period was elevated in the fiscal year 2022 at 119 days, showed momentum decline to 74 days in FY 2023 and 79 days in FY 2024. The trade receivables are maintained at 85 days which is in line with the projected business activity for the Fiscals 2025 to 2026.
3	Other financial and current assets	The other financial and current assets levels vary according to business needs and in earlier years started with elevated levels of 57 days in fiscal 2022 and varied between 8 days and 16 days in Fiscal 2023 and 2024, respectively. The number of days projected/estimated are at a level of 7 days during fiscal 2025 to 2026.
<b>Current Liabilities</b>		
1	Trade Payables	Trade Payables sharply declined from 125 days in FY 2022 to maintained at around 41 days and 46 days in Fiscal 2023 and Fiscal 2024 respectively. The trade payables are maintained at 28 days which is in line with the business activity projected for the Fiscals 2025 to 2026.
2	Other financial and current liabilities	This primarily comprises of Statutory payments dues, Provision for income tax, Payable to employees, short term provisions etc. Other financial and current liabilities have been maintained at 20 to 23 days level which in line with the projected business activity for the Fiscals 2025 and 2026. In the earlier period between fiscal 2022 to 2024 the same level was hovering between the range of 1 to 14 days.