

37. CERTIFICATE ON WORKING CAPITAL REQUIREMENTS – TOLIN RUBBERS PRIVATE LIMITED (WHOLLY OWNED INDIAN SUBSIDIARY)

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 audited financial statements of the wholly owned subsidiary company as at Fiscal years ended 2024, 2023 and 2022 (**“Restated Financial Statements”**). We have also verified, based on the representation, the business estimations for the Company as on the date of this certificate for Fiscal year 2025 and 2026, as prepared by the Subsidiary Company and approved by the Subsidiary’s Board pursuant to its resolution dated August 12, 2024.

Based on the representation 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 Subsidiary 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 not misleading and without omission of any matter that is likely to mislead and adequate to enable investors to make a well-informed decision.

We confirm that the information based on representation to us, this certificate is true, fair, correct, accurate and there is no untrue statement or omission which would render the contents of this certificate 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, Ernakulum (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.

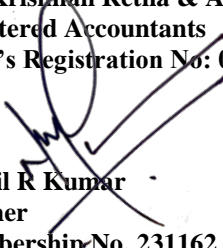
This certificate may be relied on by the BRLM, their affiliates and legal counsel in relation to the Offer and to assist the BRLM in conducting and documenting their investigation of the affairs of the Company in connection with the Offer. We hereby consent to this certificate being disclosed by the 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: Ernakulam
Date: August 28, 2024
UDIN: 24231162BKESXV3978



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

ANNEXURE A

Details of the working capital requirement

The details of our subsidiary company existing working capital requirements on a standalone basis for the Financial Years 2024, 2023 and 2022 is set forth in the table below:

(₹ in millions)

S. Particulars No.	March 31, 2024	March 31, 2023	March 31, 2022
(A) Current Assets			
Inventories	118.76	83.37	65.01
Trade Receivables	283.52	212.53	407.18
Cash and bank balances	12.00	11.96	8.87
Other financial and current assets	6.23	1.16	9.82
Total Current assets (A)	420.51	309.02	490.88
(B) Current Liabilities			
Trade Payables	157.08	33.08	278.58
Other financial and current liabilities (including provisions and current tax liabilities)	27.81	47.55	28.10
Total Current Liabilities (B)	184.89	80.63	306.68
Net Working Capital Requirements (A-B)	235.62	228.39	184.20
(C) Funding pattern			
Borrowings from banks	157.89	149.51	133.63
Internal Accruals	77.73	78.88	50.57
Total Means of Finance	235.62	228.39	184.20

Annexure B

Details of the subsidiary of our company's projected 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 TRPL'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:

(₹ in millions)

Sr. No.	Particulars	March 31, 2025 (Projected)	March 31, 2026 (Projected)
(A)	Current Assets		
	Inventories	158.52	160.76
	Trade Receivables	292.02	320.23
	Other Financial and current assets	25.11	27.62
	Total Current assets (A)	475.65	508.61
(B)	Current Liabilities		
	Trade Payables	184.60	214.86
	Other financial and current liabilities (includes tax provisions)	53.77	68.33
	Total Current Liabilities (B)	238.37	283.19
	Net working capital requirements (A-B)	237.28	225.42
(C)	Funding pattern		
	Short term borrowings from banks	-	-
	Internal accruals	157.28	225.42
	Proceeds from the Offer	80.00	--
	Total Means of Finance	237.28	225.42

Assumptions for our estimated working capital requirements

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Provided below are details of the holding levels (days) considered and is derived from the audited financial information for the Financial Years 2022, 2023 and 2024. Further, we have also provided estimates holding levels (days) for Financial Years 2025 and 2026:

Days	Fiscal 2022	Fiscal 2023	Fiscal 2024	Fiscal 2025	Fiscal 2026
(Basis of revenue from contract with customers)	(Actual)	(Actual)	(Actual)	(Projected)	(Projected)
Inventories	29	34	48	51	47
Trade receivables	184	88	115	95	94
Other Financial and current assets	4	-	3	8	8
Trade Payables	126	14	64	60	63
Other financial and current liabilities	13	20	11	17	20
Net working capital days	78	88	95	77	66

Justification for “Holding Period” levels

Sr. No.	Particulars	Assumptions
Current Assets		
1	Inventories	The inventory holding period has gone up from 29 days in FY 2022 to 34 days in FY 2023 and further increased to 48 days in Fiscal 2024. The levels of inventory have been maintained in the range of 47 to 51 days to meet the requirements of business activities projected for the Fiscals 2025 to 2026.
2	Trade Receivables	The receivables’ holding period was exceptionally high at around 184 days in FY 2022 and declined sharply to 88 days in FY 2023. In FY 2024, the trade receivable days move upwards level of 115 days. Further the levels have been moderated to be maintained in the range of 94 to 95 days in line with the projected business activity for the FY 2025 to 2026.
3	Other financial and current assets	The other financial and current assets had levels of 4 days in FY 2022 which reduced to nil days in FY 2023 and further moves to level of 3 days in FY 2024. The Other financial and current assets have been maintained in line with the projected business activity at a level of 8 days for the Fiscals 2025 and 2026.
Current Liabilities		
1	Trade Payables	Trade Payables holding period hovering around 126 days in FY 2022 which declined sharply at around 14 days in FY 2023 and further increase to level of 64 days in FY 2024. The trade payables are maintained at around 60 to 63 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. The levels were between 11 to 20 days between the fiscal period 2022 to 2024. Other financial and current liabilities have been maintained in line with the projected business activity for the Fiscals 2025 to 2026 in the range of 17 to 20 days.