

27. CERTIFICATE CONFIRMING THE KEY PERFORMANCE INDICATORS FORMING PART OF BASIS FOR OFFER PRICE SECTION

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
605, 6th Floor, Center Point,
Andheri Kurla Road, J.B. Nagar,
Andheri (East), Mumbai – 400 059,
Maharashtra, India.

(Saffron Capital Advisors Private Limited referred to as the “Book Running Lead Manager”)

Dear Sir(s),

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**, statutory auditors of the Company proposes to file the Red Herring Prospectus (such Red Herring Prospectus or the “RHP”) and the Prospectus (the “Prospectus”) with the Securities and Exchange Board of India (“SEBI”), BSE Limited (“BSE”) and National Stock Exchange of India Limited (“NSE”) in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 as amended (“SEBI ICDR Regulations”) have received a request from the Company to provide certain confirmations, in relation to, correctness of certain quantitative and qualitative information, the operational key performance indicators, and other financial parameters (the “KPIs”) of the Company. This certificate is intended to assist the Company and the Book Running Lead Manager in their due diligence process relating to the Offer of the Company.

We have performed the procedures agreed with you and enumerated below with respect to the operational key performance indicators including business metrics and financial performance of the Company of Tolins Tyres Limited as on respective dates and for the respective period mentioned against each annexure (the “Periods”), set forth in the accompanying schedules. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, “Engagements to Perform Agreed-upon Procedures regarding Financial Information”, issued by the Institute of Chartered Accountants of India. SRS 4400 is generally adopted to perform agreed upon procedures regarding financial information; however, this standard can also be used as a guide to perform agreed upon procedures regarding non-financial information.

The procedures were performed solely to assist you in evaluating KPIs of the Company and the same have been enumerated in **Annexure A**.

The procedures performed to assist you in evaluating the accuracy, validity and completeness of KPIs and are summarized as follows:

At your request, we have also read the items identified by you on the attached copy of the Red Herring Prospectus (such Red Herring Prospectus or the “RHP”), received by us on **August 28, 2024**, and have compared the amounts to the corresponding amounts set out in the Annexure and found them to be in agreement.

On the basis of the procedures set forth in Schedule I nothing came to our attention that caused us to believe the KPIs were not accurate, valid and complete.

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 BRLMs 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 letter 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.

Terms capitalized and not defined herein shall have the same meaning as ascribed 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: 24231162BKESXO8457



CC:

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

Annexure A

Key financial and operational performance indicators (“KPIs”)

The table below sets forth the details of KPIs that our Company considers have a bearing for arriving at the basis for the Offer Price. The KPIs disclosed below have been used historically by our Company to understand and analyse the business performance, which in result, help in analysing the growth of various verticals in comparison to our Company’s listed peers, and other relevant and material KPIs of the business of our Company and have a bearing for arriving at the Basis for Offer Price.

(₹ in million unless otherwise stated)

Key Performance Indicators	Fiscal		
	2024	2023	2022
	Consolidated	Standalone	Standalone
Revenue from Operations ⁽¹⁾	2,272.18	1,182.46	1,133.65
Gross Profit ⁽²⁾	630.74	236.82	184.62
Gross Margin (%) ⁽³⁾	27.76%	20.03%	16.29%
EBITDA ⁽⁴⁾	463.74	122.61	60.90
EBITDA Margin (%) ⁽⁵⁾	20.41%	10.37%	5.37%
PAT ⁽⁶⁾	260.06	49.92	6.31
PAT Margin (%) ⁽⁷⁾	11.45%	4.22%	0.56%
Return on Equity (%) ⁽⁸⁾	25.87%	25.70%	5.83%
Return on Capital Employed (%) ⁽⁹⁾	36.08%	31.49%	14.80%
Debt-Equity Ratio ⁽¹⁰⁾	0.78	2.42	4.51

Notes:

- Revenue from operations is calculated as revenue from sale of products as per the Restated Financial Information.
- Gross Profit is calculated as Revenues from operations less cost of goods sold, whereas cost of goods sold is calculated as sum of cost of raw material consumed, Purchase stock in trade and changes in inventories of finished goods, stock-in-trade, and work-in-progress as per the Restated Financial Information.
- Gross margin is calculated as a percentage of gross profit divided by revenue from operations.
- EBITDA is calculated as restated profit before tax, extraordinary and exceptional items plus finance costs, depreciation and amortisation expense minus other income.
- EBITDA margin is calculated as a percentage of EBITDA divided by revenue from operations as per the Restated Financial Information.
- PAT represents total profit for the year as per the Restated Financial Information.
- PAT margin is calculated as a percentage of PAT divided by revenue from operations as per the Restated Financial Information.
- Return on Equity (ROE%) is calculated as a percentage of PAT divided by Total Equity at the end of the year /period as per the Restated Financial Information, whereas Total equity is calculated as sum of equity share capital, other equity, Instrument entirely in the nature of equity, net of non-controlling interest.
- Return on Capital Employed (ROCE%) is calculated as a percentage of Earnings before interest and Taxes / Total Assets minus Current Liabilities as per the Restated Financial Information. EBIT is calculated as restated profit before tax plus interest expense on borrowings minus other income.
- Debt-Equity Ratio is calculated as Total Borrowing is divided by Total Equity.

Explanation for the Key Performance Indicator metrics

Set out below are explanations for how the KPIs listed above have been used by the management historically to analyse, track, or monitor the operational and/or financial performance of our Company.

KPIs	Explanation
Revenue from Operations (in ₹ million)	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps assess the overall financial performance of our Company and size of our business.
Gross profit (in ₹ million)	Gross Profit provides information regarding the profits from the manufacturing of products.
Gross margin (%)	Gross Profit Margin is an indicator of the profitability on sales of products manufactured sold by our Company.
EBITDA (in ₹ million)	EBITDA provides information regarding the operational efficiency of the business.
EBITDA margin (%)	EBITDA Margin is an indicator of the operational profitability and financial performance of our business.

KPIs	Explanation
Profit for the year (PAT) (in ₹ million)	Profit for the year provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin is an indicator of the overall profitability and financial performance of our business.
Return on Equity (ROE %)	ROE provides how efficiently our Company generates profits from shareholders' funds.
Return on capital employed (ROCE %)	ROCE provides how efficiently our Company generates earnings from the capital employed in the business.
Debt to Equity Ratio	Debt to Equity Ratio is used to measure the financial leverage of our Company and provides comparison benchmark against peers.