

24. CERTIFICATE ON ELIGIBILITY CRITERIA

To,

The Board of Directors

TOLINS TYRES LIMITED

(Formerly known as Tolins tyres Private Limited)

1/ 47, M C Road

Mattoor, Kalady

684574 Kerala.

Saffron Capital Advisors Private Limited (“Saffron”)

605, Center Point

Andheri Kurla Road, JB Nagar

Andheri East, Mumbai – 400 059

Maharashtra, India

(Saffron Capital Advisors Private Limited hereinafter, the “**Book Running Lead Manager**” or the “**BRLM**”)

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 and Associates, Chartered Accountant**, are the statutory auditors of the Company. We have received a request from the Company to verify and certify eligibility criteria to undertake the Offer, under Regulation 6(1) or 6(2) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“**ICDR Regulations**”) in relation to the Offer.

We have performed the procedures agreed with you, as specified below, with respect to the following statements of the Company, in connection with the proposed Offer:

- (i) Statement showing calculation of restated monetary assets as a percentage of the restated net tangible assets, composition of restated net tangible assets and composition of restated monetary assets, as of the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 (annexed as **Annexure A**);
- (ii) Statement of restated average pre-tax operating profits for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 (annexed as **Annexure B**); and
- (iii) Statement showing restated net worth, as of the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 (annexed as **Annexure C**),

(collectively, the “**Statements**”)

The Statements have been prepared based on the restated financial statements of the Company as of and for the financial years ended March 31, 2024 (on a consolidated basis), March 31, 2023 and March 31, 2022 (on a standalone basis) (the “**Restated Financial Statements**”).

The procedures performed by us are as follows:

- (i) Agreed the amounts in the statement showing calculation restated net tangible assets and monetary assets of the Company in **Annexure A**, to the corresponding amounts in the Restated Financial Statements of the Company. Agreed that for monetary assets, only cash in hand and balance with bank in current and deposit account (excluding bank deposits not considered as cash and cash equivalent) have been considered.
- (ii) Agreed the amounts in the statement showing calculation of restated pre-tax average operating profits/loss of the Company in **Annexure B** to the corresponding amounts in the Restated Financial Statements of the Company.

- (iii) Agreed the amounts in the statement showing calculation of restated net worth of the Company in **Annexure C** to the corresponding amounts in the Restated Financial Statements of the Company.
- (iv) Tested the clerical and arithmetical accuracy of the amounts contained in the Statements.
- (v) Computed the average operating profit as of and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 on a restated basis.

Based on the aforementioned procedures, we hereby certify the following:

- a) The Company has net tangible assets of ₹294.92 million, ₹191.73 million and ₹122.14 million, calculated on a restated basis, in each of the preceding three financial years, i.e., Fiscals 2024, 2023 and 2022. The monetary assets are not more than 50% of net tangible assets in each of the preceding three financial years as indicated in **Annexure A**;
- b) The Company has an average operating profit of ₹192.59 million, calculated on a restated basis, during the preceding three financial years, i.e., Fiscals 2024, 2023 and 2022, with operating profit in each of these preceding three financial years as indicated in **Annexure B**; and
- c) The Company has net worth of ₹1,005.33 million, ₹194.23 million and ₹108.25 million, calculated on a restated basis, in each of the preceding three full (12 months) financial years, i.e., Fiscals 2024, 2023 and 2022, as indicated in **Annexure C**.
- d) We note that the Company has not changed its name (other than the deletion of word “Private” from the name of our Company pursuant to conversion to a public limited company) within the last one year and has earned at least 50 percent of its revenue, calculated on a restated basis, for the preceding one full year from activity indicated by its new name,
- e) With respect to procedures in para (iv) above, we have found that Statements are arithmetically accurate.

Below table sets forth the conditions stipulated in Regulation 6(1) of the SEBI ICDR Regulations and the extent to which our Company meets such conditions:

Regulation 6 (1) of the SEBI ICDR Regulations	Compliance	Reason
a) Issuer should have net tangible assets of at least three crore rupees in each of the preceding three full years (of twelve months each), of which not more than 50% are held in monetary assets.	Condition met	The Company has net tangible assets of ₹294.92 million, ₹191.73 million and ₹122.14 million, calculated on a restated basis, in each of the preceding three financial years, i.e., Fiscals 2024, 2023 and 2022. The monetary assets are not more than 50% of net tangible assets in each of the preceding three financial years.
b) Issuer should have average operating profit of at least fifteen crore rupees, during the preceding three years (of twelve months each)	Condition met	The Company has an average operating profit of ₹192.59 million, calculated on a restated basis, during the preceding three financial years, i.e., Fiscals 2024, 2023 and 2022, with operating profit in each of these preceding three financial years;
c) Issuer should have net worth of at least one crore rupees in each of the preceding three full years (of twelve months each)	Condition met	The Company has net worth of ₹1,005.33 million, ₹194.23 million and ₹108.25 million, calculated on a restated basis, in each of the preceding three full (12 months) financial years, i.e., Fiscals 2024, 2023 and 2022.
d) If Issue it has changed its name within the last one year, at least fifty per cent. of the revenue, calculated on a restated and consolidated basis, for the preceding one	Condition met	Our Company has not changed its name in the last one year, other than the deletion of word “Private” from the name of our Company pursuant to conversion to a public limited company. Our Company has

Regulation 6 (1) of the SEBI ICDR Regulations	Compliance	Reason
full year has been earned by it from the activity indicated by its new name		not undertaken any new activity pursuant to such change in name.

We certify that the Company is satisfying the conditions specified under Regulation 6(1) of the SEBI ICDR Regulations and accordingly, the Offer is eligible to be made under Regulation 6(1) of the SEBI ICDR Regulations.

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.

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

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

Date : August 28, 2024

Place : Ernakulam

UDIN: 24231162BKESXM2726



CC:

Legal counsel to the Issue
M/s. Crawford Bayley & Co.
State Bank Building, 4th Floor
N.G.N Vaidya Marg,
Fort, Mumbai – 400 023,
Maharashtra, India.

Annexure A

Statement showing the calculation of restated monetary assets as a percentage of the restated net tangible assets, composition of restated net tangible assets, and, the composition of restated monetary assets in each of the three preceding full years

Description	As at March 31		
	2024	2023	2022
Restated Net tangible assets (A) (Note 1) (₹ in million)	294.92	191.73	122.14
Restated Monetary assets (B) (Note 2) (₹ in million)	26.73	8.08	11.71
% of monetary assets to net tangible assets (B/A*100)	9.06%	4.21%	9.59%

Note 1: Composition of Restated Net Tangible Assets:

(₹ in million)

Description	As at March 31		
	2024	2023	2022
Property, Plant and Equipment (Refer Note 3 of the Restated Ind AS Summary Statements of Assets and Liabilities dated July 24, 2024)	294.92	191.73	122.14

Note 2: Composition of Restated Monetary Assets:

(₹ in million)

Description	As at March 31		
	2024	2023	2022
Current Assets			
Financial Assets			
Cash and Cash Equivalents (Refer Note 12 of the Restated Ind AS Summary Statements of Assets and Liabilities dated July 24, 2024)	8.81	3.76	4.68
Bank Balance other than above (Refer Note 13 of the Restated Ind AS Summary Statements of Assets and Liabilities)	17.92	4.32	7.03
Total Monetary Assets	26.73	8.08	11.71

Monetary Assets = Cash in hand + Balance with banks (excluding trade receivables)

The above figures are based on Restated Financial Statements as defined above.

ANNEXURE B

Statement of restated average pre-tax operating profits, as restated

(₹ in million)

Description	As at March 31		
	2024	2023	2022
Restated Profit before Tax and exceptional items & extraordinary item	328.98	70.27	8.54
Add: Finance cost	115.8	50.52	42.96
Less: Other Income	14.75	14.33	10.21
Restated pre-tax operating profit (Refer note 2)	430.03	106.46	41.29
Average Operating profit	192.59		

The average restated operating profit/loss of the Company for the preceding three Fiscals, i.e. Financial year 2024, Financial Year 2023 and Financial Year 2022 is ₹ 192.59 million.

Restated operating profit/loss means restated profit before exceptional items & extraordinary item and tax excluding other income and finance cost.

The above figures are based on Restated Financial Statements as defined above.

ANNEXURE C**Statement showing restated net worth for equity shareholders***(₹ in million)*

Description	As at March 31		
	2024	2023	2022
Equity share capital	153.30	50.00	14.00
Other Equity	852.03	144.23	94.25
Net worth	1,005.33	194.23	108.25

As per Regulation 2(1)(hh) of the SEBI ICDR Regulations, “net worth” means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation, each as applicable for the Company on a restated basis.

The above figures are based on Restated Financial Statements as defined above.