

**Rating: Subscribe**

**Issue Offer**

An Offer for Sale of 1,327,434 shares equity shares amounting to INR 300 Mn, and a Fresh Issue of 8,849,558 equity shares amounting to INR 2000 Mn.

**Issue Summary**

Price Band INR	215-226
Face Value INR	5
Implied Market Cap INR Mn.	8,929.0
Market Lot	66
Issue Opens on	Sep 9, 2024
Issue Close on	Sep 11, 2024
No. of share pre-issue	30,659,272
No. of share post issue	39,508,830
Listing	NSE, BSE

**Issue Break-up %**

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

**Registrar**

Cameo Corporate Services Limited

**Book Running Lead Managers**

Saffron Capital Advisors Private Limited

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	92.63%	68.53%
Public & Others	7.37%	31.47%

**Objects of the issue**

- Repayment and/or prepayment, in full, of certain outstanding loans (including foreclosure charges, if any) availed by the Company
- Augmentation of long-term working capital requirements of the company
- Investment in the wholly owned subsidiary, Tolin Rubbers Private Limited, to repay and/or prepay, in full, certain of its short-term and long-term borrowings and augmentation of its working capital requirements
- General corporate purposes.

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**Kunjal Agarwal**

Tolins Tyres Limited, founded in 2003 in Kerala, India, is a key player in the tyre industry. It manufactures a range of tires for trucks, buses, two- and three-wheelers, and off-road vehicles in addition to tyre retreading supplies such as pre-cured tread rubber. Tolins operates three manufacturing facilities—two in Kalady, Kerala, India, and one in the Ras Al Khaimah, UAE that can produce 12,486 tons of tread rubber and 1.51 Mn tyres annually. Its revenue increased from INR 1,134 Mn in FY22 to INR 2,272 Mn in FY24, with EBITDA margins improving from 5% to 20%. It exports to more than 40 countries. Tolins aims to expand its product range, increase market penetration, and enhance operational efficiencies to drive further growth.

**Investment Rationale**

**Diverse Product Portfolio with Customization Capabilities:** The company operates in two main business areas: manufacturing tyres and tread rubber. With a strong focus on market research and understanding customer needs, the company has developed a diverse range of products. It offers 163 stock-keeping units (SKUs) for tyres and 1,003 SKUs for tread rubber. This wide product range has been developed over many years to meet changing market demands and provide customized solutions to customers, enhancing satisfaction and expanding the customer base. The company's emphasis on value-added products has enabled it to grow its business operations steadily. For the fiscal year ending March 31, 2024, the total revenue from operations reached INR 2,272.18 Mn, with tyres contributing 24.26% and tread rubber making up 75.74%. Both product segments have shown steady growth over recent years.

**Integrated Manufacturing and R&D Focus::** The company operates three facilities two in India and one in UAE, integrating raw materials, design, process engineering, and in-house mould production for greater control over manufacturing, quality, and delivery. This integration reduces reliance on third parties and boosts efficiency. Emphasizing quality, the company maintains low recall rates (0.20% in 2024) and conducts rigorous in-house testing. R&D efforts, with consistent investments of INR 2.29 Mn in 2024, enhance product performance in fuel efficiency and road adaptability. Certified with ISO 9001:2015 and IATF 16949:2016, the company demonstrates a strong commitment to innovation and high-quality standards.

**Expansion Strategies in Domestic and International Markets:** The company aims to expand in existing markets, the company will collaborate with Original Equipment Manufacturers (OEMs) in India and tap into untapped domestic potential. It plans to enhance marketing for its pre-cured tread manufacturing and bonding gum solutions to better serve Indian customers. To increase global visibility, the company will participate in international exhibitions and aims to leverage favorable changes in export policies, positioning itself to capture growth in tyre exports. Additionally, the company seeks to enter new markets, including Europe and the United States, to offer cost and operational advantages. These strategies are designed to expand the company's global presence and capitalize on emerging opportunities in both domestic and international markets.

**Strategic Growth Through Technology and Selective Acquisitions:** For strategic growth, the company is exploring opportunities for inorganic growth through selective acquisitions in the rubber and tyre manufacturing sectors. These acquisitions are expected to enhance its scale of operations and recent growth. The company is in discussions to explore options that would provide access to new markets, product categories, and an expanded product range. Such collaborations could help expand the customer base, improve service offerings, enable technology transfer, and speed up product commercialization. A dedicated team is in place to evaluate potential acquisition opportunities and assess how target companies could integrate with the existing product portfolio for mutual benefits.

**Valuation and View :** The company is a prominent firm in the tyre and tread rubber manufacturing industry, recognized for its extensive product range and rigorous quality standards. The company's strengths include its strategic operations across three manufacturing facilities in India and the UAE, allowing for efficient, integrated processes. It has demonstrated impressive financial performance with substantial revenue growth, rising to INR 2,272 Mn in FY24 from INR 1,182 Mn in FY23, a 92% increase. At the upper price band of INR 226 per share, the IPO is valued at a P/E of 34.33x based on an FY24 EPS of INR 6.6. **We have a "Subscribe" rating for the issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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