

**BKT TIRES INC.**  
**FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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# **ANURAG PATEL & ASSOCIATES, LLC**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Stockholders of  
**BKT TIRES INC.**

We have audited the accompanying balance sheets of BKT Tires Inc. (the "Company") as of March 31, 2025 and 2024, and the related statements of operations and retained earnings and statements of cash flows for the years then ended and related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of BKT Tires, Inc., as of March 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

## Supplementary Information

The accompanying supplementary information included on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements.

The supplementary information for the years ended March 31, 2025 and 2024 have been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

anulag patel & associates, LLC  
Certified Public Accountants

Holmdel, New Jersey  
May 12, 2025

**BKT TIRES INC.**  
**BALANCE SHEETS**  
**MARCH 31,**

	<b>2025</b>	<b>2024</b>
<b><u>ASSETS</u></b>		
<b>Current Assets</b>		
Cash	\$ 652,819	\$ 672,689
Accounts receivable	2,915,673	3,005,856
Accounts receivable - related party	980,049	1,435,077
Inventory	7,109,790	6,745,027
Prepaid expenses	36,942	24,006
Prepaid taxes	8,173	8,640
Deferred taxes	152,000	129,000
<b>Total Current Assets</b>	<b>11,855,446</b>	<b>12,020,295</b>
<b>Total Assets</b>	<b>11,855,446</b>	<b>\$ 12,020,295</b>
<b><u>LIABILITIES AND STOCKHOLDER'S EQUITY</u></b>		
<b>Current Liabilities</b>		
Bank line of credit	\$ 3,006,144	\$ 4,300,000
Accounts payable & accrued expenses	131,767	153,220
Accounts payable, related party	7,249,386	6,153,762
Due to affiliate	700,000	585,869
<b>Total Current Liabilities</b>	<b>11,087,297</b>	<b>11,192,851</b>
Commitments and contingencies (Note 6)		
<b>Stockholder's Equity</b>		
Common stock, \$10 par value, 6,000 shares authorized, 6,000 shares issued and outstanding	60,000	60,000
Retained earnings	708,149	767,444
<b>Total Stockholder's Equity</b>	<b>768,149</b>	<b>827,444</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 11,855,446</b>	<b>\$ 12,020,295</b>

*The accompanying notes are an integral part of these financial statements*

**BKT TIRES INC.****STATEMENTS OF OPERATIONS & RETAINED EARNINGS  
FOR THE YEARS ENDED MARCH 31,**

	<b>2025</b>	<b>2024</b>
<b>Revenue, Tire sales</b>	\$ 16,111,347	\$ 17,637,367
<b>Cost of Tires Sold</b>	<u>14,124,928</u>	<u>15,989,003</u>
<b>Gross Profit</b>	1,986,419	1,648,364
<b>Operating Expenses</b>	<u>1,761,943</u>	<u>1,771,517</u>
<b>Net Profit/(Loss) from Operations</b>	<u>224,476</u>	<u>(123,153)</u>
<b>Other Income/(Expenses)</b>		
Interest income	30	25
Interest expenses	<u>(305,302)</u>	<u>(347,708)</u>
<b>Total Other Expenses, net</b>	<u>(305,272)</u>	<u>(347,683)</u>
<b>Net Loss Before Income Tax Benefit</b>	(80,796)	(470,836)
<b>Income Tax Benefit</b>	<u>21,500</u>	<u>129,000</u>
<b>Net Loss</b>	(59,296)	(341,836)
<b>Retained Earnings - Beginning of the Year</b>	<u>767,444</u>	<u>1,109,280</u>
<b>Retained Earnings - End of the Year</b>	<u><u>\$ 708,148</u></u>	<u><u>\$ 767,444</u></u>

*The accompanying notes are an integral part of these financial statements*

**BKT TIRES INC.****STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED MARCH 31,**

	<b>2025</b>	<b>2024</b>
<b>Cash Flows from Operating Activities</b>		
Net Loss	\$ (59,296)	\$ (341,836)
Adjustments to reconcile net loss to net		
Cash used in operating activities,		
Deferred income taxes	(23,000)	(129,000)
Changes in Current Assets and Liabilities:		
Accounts receivable	90,183	(3,996)
Accounts receivable, related party	455,028	(1,344,347)
Inventory	(364,763)	5,574,117
Prepaid expense	(12,936)	(2,460)
Prepaid taxes	467	15,330
Accounts payable and Accrued expenses	(21,453)	(33,919)
Accounts payable, related party	1,095,624	(3,401,172)
<b>Net Cash Provided by Operating Activities</b>	<b>1,159,854</b>	<b>332,717</b>
<b>Cash Flows From Financing Activities</b>		
Repayment of bank line of credit	(1,293,856)	(600,000)
Proceeds from due to affiliates	114,132	524,464
<b>Net Cash Used In Financing Activities</b>	<b>(1,179,724)</b>	<b>(75,536)</b>
<b>Net (Decrease)/ Increase in Cash</b>	<b>(19,870)</b>	<b>257,181</b>
<b>Cash - Beginning of the Year</b>	<b>672,689</b>	<b>415,508</b>
<b>Cash - End of Year</b>	<b>\$ 652,819</b>	<b>\$ 672,689</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Taxes paid	\$ 1,033	\$ 4,160
Interest Paid	\$ 305,302	\$ 347,708

*The accompanying notes are an integral part of these financial statements*

**BKT TIRES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of significant accounting policies of BKT Tires, Inc. (the “Company”) consistently applied is presented to assist in understanding the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America.

*1. Nature of Business and Principles of Consolidation*

BKT Tires, Inc. (f/k/a BKT Exim US Inc.) was incorporated in the State of Delaware on July 8, 2014. Pursuant to a merger agreement dated June 30, 2023, BKT Tires Inc, a company incorporated in Tennessee and wholly owned subsidiary of BKT Exim US Inc., merged with and into BKT Exim US. Simultaneously, the parent changed its name to BKT Tires Inc (“BKT Tires”).

BKT Tires is the North American Sales Office for Balkrishna Industries Ltd. (the “Parent”), one of the world’s leading manufacturers of “Off-The-Road tires” in India. It produces tires for the niche tire segments of agriculture, mining, construction, industrial, earthmover, all-terrain vehicles and turf care application markets. The Company also imports tires from its Parent and warehouses and sells to its customers and distributors.

The Company is a wholly owned subsidiary of Balkrishna Industries, Ltd., a corporation organized under the laws of India. As described in Note 5, the company has significant transactions with the Parent.

*2. Concentration of Credit Risk*

The Company maintains its cash balances at a financial institution, which, at times may exceed federally insured limits. The Company is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfil contractual obligations on its behalf.

*3. Accounts Receivable*

Accounts receivables are generally due within 30-45 days and are stated at amounts due from customers net of allowance for doubtful accounts. Receivables outstanding for longer than the contractual payment terms are considered as past due. The Company determines its allowance by considering a number of factors, including the length of time trade accounts receivable are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company and the condition of the general economy and the industry as a whole. The Company writes off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. Accordingly, no allowance for doubtful accounts was recorded as at March 31, 2025 and March 31, 2024.

*4. Inventory*

Inventory consists of tires, stated at the lower of cost or market, with cost determined by the weighted average cost method. The Company periodically assesses inventories for obsolescence and excess by reducing the inventories for the difference between the cost and the estimated net realizable value based on assumptions about future demand and historical sales patterns.



**BKT TIRES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*5. Revenue Recognition*

Revenue from sale of tires is measured based on consideration specified in a contract with a customer, and excludes any sales incentives and amounts collected on behalf of third parties. The Company recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Taxes assessed by a governmental authority that are both imposed on and concurrent with a specific revenue-producing transaction, that are collected by the Company from a customer, are excluded from revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as fulfillment costs and are included in cost of sales.

The majority of the Company's revenue originates from contracts with customers with a single performance obligation to provide the customer with a product at the time of pick up or shipment for industrial sales. The Company's standard payment terms do not exceed 60 days.

Revenue from marketing services is recognized in the month services are rendered and expenses are incurred, net of any adjustments for prior periods.

The Company records a contract asset when it has a right to payment from a customer that is conditional on events other than the passage of time. The Company also records a contract liability when a customer prepays but the Company has not yet fulfilled its performance obligation. The Company did not have any material unsatisfied performance obligations, contract assets or liabilities as of March 31, 2025. The Company's revenue is reported as the determinable transaction price, net of rights to return the product, sales incentives and allowances, and any sales tax collected from a customer.

*6. Income Taxes*

The Company accounts for income taxes pursuant to the asset and liability method which requires deferred income tax assets and liabilities to be computed annually for differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period.

**BKT TIRES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*6. Income Taxes (continued)*

The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change. Management has evaluated the Company's tax positions and has concluded that the Company has taken no uncertain tax positions that require any adjustment to the financial statements for the year ended March 31, 2025 and 2024.

With few exceptions, the Company is no longer subject to U.S. federal, state, and local income tax examinations by tax authorities for years before 2021.

*7. Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*8. Subsequent events*

The Company has evaluated subsequent events through May 12, 2025, the date on which these financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

**NOTE 2. LINE OF CREDIT**

The Company entered into a loan and security agreement (the "Agreement") with a financial institution which provides the Company with a \$6,000,000 revolving line of credit (the "Line"). Borrowings under the Line bear interest at the published LIBOR rate plus 1.0% per annum. The payment of all amounts outstanding under the Line is guaranteed by the Company's parent and borrowings are collateralized by substantially all of the assets of the Company. Balances outstanding on this Line of Credit at March 31, 2025 and 2024 were \$3,006,114 and \$4,300,000 and the interest rates were 5.48367% and 6.49389%, respectively.

**NOTE 3. LOAN PAYABLE – AFFILIATE**

The company from time-to-time borrows funds from an affiliate by common ownership for working capital shortfalls or to pay down its line of credit. This loan bears an interest rate of 3% per annum. The balance outstanding at March 31, 2025 and 2024 was \$700,000 and \$0 respectively.

Interest paid for the year ended March 31, 2025 and 2024 was \$8,425 and \$0 respectively.

**BKT TIRES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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**NOTE 4. INCOME TAXES**

The provision for income taxes for the year ended March 31, 2025 and 2024 are summarized as follow:

	2025	2024
Current		
Federal	\$ -	\$ -
State	(1,500)	-
Deferred		
Federal	\$ 16,000	91,000
State	7,000	38,000
Total benefit income taxes	<u>\$ 21,500</u>	<u>\$ 129,000</u>

The actual provision for income taxes reflected in the statements of income for the year ended March 31, 2025 and 2024 differs from the provision computed at the Federal statutory tax rates. The principal differences between the statutory income tax and the actual provision for income taxes is summarized as follows:

	2025	2024
Computed income taxes at the statutory rate of 21%	\$ 16,000	\$ 91,000
State and local income taxes, net of federal taxes	5,500	38,000
	<u>\$ 21,500</u>	<u>\$ 129,000</u>

The Company, for federal income tax purposes, files a consolidated federal income tax return with other entities commonly owned by the company's parent. The actual tax payment may differ from the provision for taxes due to any tax benefit from the other subsidiaries.

**NOTE 5. RELATED PARTY TRANSACTIONS**

The company imports all of its inventory of tires for resale to its customers from its parent company. Purchases for the years ended March 31, 2025 and 2024 amounted to \$14,489,691 and \$10,414,886 respectively.

The company invoices its parent for any quality claims and incentives it may have to give to its customers from time to time. Amount invoiced for the years ended March 31, 2025 and 2024 amounted to \$1,013,929 and \$1,622,146 respectively. Amount receivable at March 31, 2025 and 2024 was \$980,049 and 1,435,077 respectively and is included in accounts receivable, related party.

Amounts payable to the Parent as of March 31, 2025 and 2024 were \$7,249,386 and \$6,153,762, respectively and included in account payable, related party. This includes \$7,189,386 and \$6,107,401 for tires and \$60,000 and \$46,361 as reimbursement of guaranty charges paid by them to guarantee the company's line of credit and are included in interest expense for the years ended March 31, 2025 and 2024, respectively.

**BKT TIRES, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**MARCH 31, 2025 AND 2024**

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**NOTE 6. PENSION PLAN**

During the years ended March 31, 2025 and 2024, the Company maintained a contributory profit sharing plan as defined under Section 401(k) of the U.S. Internal Revenue Code covering substantially all U.S. employees. Employees employed on July 8, 2014, (date of inception of business) and who have attained the age of 21 are eligible to participate after completing one full month of service with the Company. The Company contributed at a rate of 100% of the employee's elective deferral

**NOTE 5. PENSION PLAN (continued)**

contribution up to a maximum of 3% of the employee's eligible compensation. The plan also provides for discretionary profit-sharing contributions to be made at the election of the Company. The Company made no discretionary profit-sharing contribution during the years. Total pension plan expense for the years ended March 31, 2025 and 2024 was \$563 and \$1,441 respectively.

**BKT TIRES INC.****SCHEDULE OF COST OF SALES AND OPERATING EXPENSES****FOR THE YEARS ENDED MARCH 31,**

	<b>2025</b>	<b>2024</b>
<b>Cost of Sales</b>		
Beginning inventory	6,745,027	\$ 12,319,144
Purchases, tires	14,489,691	10,414,886
	21,234,718	22,734,030
Less: Ending Inventory	(7,109,790)	(6,745,027)
<b>Total Cost of Sales</b>	<b>14,124,928</b>	<b>\$ 15,989,003</b>
<b>Operating Expenses</b>		
Gross payroll - office	72,900	\$ 113,782
Bank service charges	842	638
Computer and internet expenses	233	476
Dues and subscriptions	300	1,829
Health insurance	5,719	6,527
Insurance expense	26,422	37,530
Marketing expenses	800	1,437
Meals and entertainment	822	449
Office supplies and expenses	-	99
Payroll processing fees	1,189	1,341
Payroll taxes	5,780	9,037
Pension plan expenses	563	1,441
Professional fees	86,750	91,110
Shipping and delivery expenses	1,095,853	1,117,187
Telephone expense	191	-
Travel expense	2,993	2,720
Warehousing expenses	460,585	385,914
	1,761,943	\$ 1,771,517

*The accompanying notes are an integral part of these financial statements*