

GIANLUIGI BERRUTI MANZONE

DOTTORE COMMERCIALISTA
REVISORE LEGALE
20122 MILANO - VIALE BIANCA MARIA 25

To the attention of Sole Shareholder
BALKRISHNA INDUSTRIES LIMITED
B-66, Waluj MIDC, Waluj Industrial Area,
Aurangabad 431 136, Maharashtra (India)

Milan, 30 april 2018

AUDITOR' S REPORT

I, the undersigned Gianluigi Berruti Manzone, chartered accountant (Dottore Commercialista), enrolled in the Registry of Italian Certified Public Accountants (Revisori Legali dei Conti) under the number 130275, with reference to the fiscal year closed as of march 31th, 2018, of the company BKT EUROPE SRL, with registered office in Viale Bianca Maria 25, 20122 Milano, VAT and Business Registry no. 05404270968, Economic and Administrative Index no. 1819352, hereby certify that:

1. the financial statements give a true and fair view of the financial position and of the results of operations of the company;
2. the accounts correctly reflect the values and the description of the documents and the company records held on behalf of the company at Riccardi Salom Tedeschi accounting firm.

Gianluigi Berruti Manzone


BKT EUROPE S.R.L.

Head office, address MILANO - VIALE BIANCA MARIA , 25

Capital Stock paid Euro 10.000,00

Registered to the Chamber of Commerce of MILANO

The identification N. - N. of enterprises registry 05404270968

Value-added tax identification number: 05404270968 - No. Of the economic
administrative registry (Rea): 1819352

Financial Statements at 31/03/2018

Balance sheet (mandatory scheme)

Assets	31/03/2018	31/03/2017
A) RECEIVABLES DUE FROM SHAREHOLDERS		
Total receivables due from shareholders (A)	0	0
B) FIXED ASSETS		
<i>I - Intangible fixed assets</i>		
Total intangible fixed assets	0	0
<i>II - Tangible fixed assets</i>		
2) Plant and machinery	1.050	2.441
3) Industrial and commercial equipment	48.116	94
4) Other assets	4.029	6.806
Total tangible fixed assets	53.195	9.341
<i>III) Financial fixed assets</i>		
Total financial fixed assets (III)	0	0
Total fixed assets (B)	53.195	9.341
C) CURRENT ASSETS		
<i>I - Inventories</i>		
4) Finished products and goods for resale	2.356.882	1.695.442
Total inventories	2.356.882	1.695.442
<i>II Receivables</i>		
1) Trade accounts		

Due within the following year	2.009.536	2.815.781
Total trade accounts	2.009.536	2.815.781
5-b) Tax receivables		
Due within the following year	1.559.847	915.121
Total receivables due from tax authorities	1.559.847	915.121
5-c) Prepaid tax	467	467
5-d) Other receivables		
Due within the following year	541.539	14.736
Due beyond the following year	9.429	18.315
Total receivables due from third parties	550.968	33.051
Total receivables	4.120.818	3.764.420
<i>III - Current financial assets</i>		
Total financial current assets	0	0
<i>IV - Liquid funds</i>		
1) Bank and post office deposits	505.947	823.521
3) Cash and equivalents on hand	554	622
Total liquid funds	506.501	824.143
Total current assets (C)	6.984.201	6.284.005
D) ACCRUED INCOME AND PREPAYMENTS	516.400	34.899
TOTAL ASSETS	7.553.796	6.328.245

Balance sheet (mandatory scheme)

Liabilities and shareholders' equity	31/03/2018	31/03/2017
A) SHAREHOLDERS' EQUITY		
I - Share capital	10.000	10.000
II - Share premium reserve	0	0
III - Revaluation reserves	0	0
IV - Legal reserve	5.540	5.540
V - Statutory reserves	0	0
VI - Other reserves, indicated separately		

Contributions to capital account or to cover previous losses	10.000	10.000
Miscellaneous other reserves	0	1
Total other reserves	10.000	10.001
VII - Reserve for hedging expected cash flow operations	0	0
VIII - Retained earnings (accumulated losses)	150.526	131.109
IX - Net profit (loss) for the year	-1.579	19.417
Minimised loss for the year	0	0
X - Negative reserve for own portfolio shares	0	0
Total shareholders' equity	174.487	176.067
B) RESERVES FOR CONTINGENCIES AND OTHER CHARGES		
Total reserves for contingencies and other charges (B)	0	0
C) TOTAL RESERVE FOR SEVERANCE INDEMNITIES (TFR)	187.598	165.753
D) PAYABLES		
4) Due to banks		
Due within the following year	1.950.000	1.950.000
Total payables due to banks (4)	1.950.000	1.950.000
7) Trade accounts		
Due within the following year	4.292.355	3.311.482
Total trade accounts (7)	4.292.355	3.311.482
12) Due to tax authorities		
Due within the following year	24.236	56.669
Total payables due to tax authorities (12)	24.236	56.669
13) Due to social security and welfare institutions		
Due within the following year	139.187	102.604
Total payables due to social security and welfare institutions (13)	139.187	102.604
14) Other payables		
Due within the following year	297.259	263.865
Total other payables (14)	297.259	263.865
Total payables (D)	6.703.037	5.684.620
E) ACCRUED LIABILITIES AND DEFERRED INCOME	488.674	301.805

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	7.553.796	6.328.245
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Income statement (value and cost of production)

	31/03/2018	31/03/2017
A) VALUE OF PRODUCTION		
1) Revenues from sales and services	11.389.133	9.146.503
2) Change in work in progress, semi-finished and finished products	661.440	283.325
5) Other income and revenues		
Other	3.478	21.934
Total other income and revenues	3.478	21.934
Total value of production	12.054.051	9.451.762
B) COSTS OF PRODUCTION		
6) Raw, ancillary and consumable materials and goods for resale	5.799.456	3.620.197
7) Services	4.313.833	3.961.592
8) Use of third party assets	215.907	151.158
9) Personnel		
a) Wages and salaries	1.144.764	1.147.820
b) Related salaries	329.062	325.042
c) Severance	81.314	80.791
Total payroll and related costs	1.555.140	1.553.653
10) Depreciation, amortisation and writedowns		
b) Depreciation of tangible fixed assets	4.248	4.913
Total Amortisation, depreciation and write-downs	4.248	4.913
14) Other operating expenses	55.179	30.800
Total cost of production	11.943.763	9.322.313
Difference between value and cost of production (A - B)	110.288	129.449
C) FINANCIAL INCOME AND CHARGES		
16) Other financial income		
d) Income other than the above		
Other	30	41
Total income other than the above	30	41
Total other financial income	30	41

17) Interest and other financial expense		
Other	67.026	61.871
Total interest and other financial expense	67.026	61.871
17-bis) Currency gains and losses	-1.981	2.082
Total financial income and expense (15 + 16 - 17 + - 17-bis)	-68.977	-59.748
D) VALUE ADJUSTEMENTS TO FINANCIAL ASSETS AND LIABILITIES		
Total value adjustments to financial assets and liabilities (18 - 19)	0	0
PRE-TAX RESULT(A - B + - C + - D)	41.311	69.701
20) Income tax for the year, current, deferred and prepaid		
Current taxes	42.890	50.284
Total taxes on the income for the year	42.890	50.284
21) PROFIT (LOSS) FOR THE YEAR	-1.579	19.417

THE ADMINISTRATIVE BODY:

