

BIL:VRS/2017-2018

25<sup>th</sup> May, 2017

BSE Ltd  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

National Stock Exchange of India Ltd  
5<sup>th</sup> Floor, Exchange Plaza  
Bandra Kurla Complex  
Bandra (E), Mumbai 400 051

Scrip Name: BALKRISI  
Scrip Code : 502355

Scrip Name/Code: BALKRISIND

Dear Sirs,

**Sub: Outcome of Board Meeting held on Thursday, the 25<sup>th</sup> May, 2017.**

This is to inform you that in the meeting of the Board of Directors held on Thursday, the 25<sup>th</sup> May, 2017, the Board inter alia took following decisions :

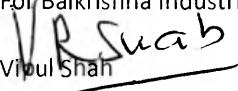
1. The Board has approved the Audited Financial Results (Standalone & Consolidated) of the Company for the quarter/ year ended 31<sup>st</sup> March, 2017 along with Statement of Assets and Liabilities as at 31<sup>st</sup> March, 2017, copy of the said result is enclosed herewith as Annexure A.
2. Copy of Auditors' Report on Audited Financial Results – (Standalone and Consolidated) of the Company the quarter/ year ended 31<sup>st</sup> March, 2017, issued by Statutory Auditor M/s. Jayantilal Thakkar & Co. is enclosed as Annexure B.
3. Declaration of Unmodified Audit Report pursuant to Regulation 33(3)(d) of the SEBI (LODR) Regulations, as amended by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016, as Annexure C.
4. The Board of Directors has recommend payment of Final Dividend of Rs. 2.50 per Equity Share (125%) on the Equity Shares of Rs. 2/- each (face value) for the year ended 31<sup>st</sup> March, 2017, subject to the approval of the Shareholders of the Company at the ensuing Annual General Meeting.
5. The Board has approved appointment of M/s. N G Thakkar & Co., Chartered Accountants (Firm Registration No. 110907W) as Statutory Auditors of the Company, to hold office for term of 5 years from conclusion of 55th Annual General Meeting till the conclusion of 60<sup>th</sup> Annual General Meeting of the Company, subject to approval of shareholders of the Company, as recommended by Audit Committee, in place of retiring Auditor M/s. Jayantilal Thakkar & Co. as Statutory Auditor of the Company, in accordance with requirement of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The meeting commenced at 4:30 p.m. and concluded at 7:20 p.m.

Kindly acknowledge the receipt.

Thanking you,

Yours faithfully,  
For Balkrishna Industries Limited

  
Vipul Shah

Director & Company Secretary  
DIN NO: 05199526

**Balkrishna Industries Ltd.**

CIN No.: L99999MH1961PLC012185

Corporate Office : BKT House, C / 15, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013, India.

Tel: +91 22 6666 3800 Fax: +91 22 6666 3898/99 www.bkt-tires.com

Registered Office : B-66, Waluj Industrial Area, Waluj, Aurangabad - 431 136, Maharashtra, India.



## Statement of Assets and Liabilities

PARTICULARS	STANDALONE		CONSOLIDATED	
	As at	As at	As at	As at
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	Audited	Audited	Audited	Audited
	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)	(Rs. in Lakhs)
<b>A ASSETS</b>				
<b>1. NON-CURRENT ASSETS</b>				
a) Property, plant and equipment	283694	285406	283707	285462
b) Capital work-in-progress	10967	23107	10967	23107
c) Investment property	767	858	767	858
d) Other Intangible assets	399	416	399	416
e) Financial assets				
i) Investments	88819	57783	88739	57703
ii) Other financial assets	4021	2788	4039	3552
f) Income tax assets (net)	7217	5633	7204	5555
g) Other non-current assets	8482	7353	8497	6601
<b>SUB-TOTAL-NON-CURRENT ASSETS</b>	<b>404366</b>	<b>383344</b>	<b>404319</b>	<b>383254</b>
<b>2. CURRENT ASSETS</b>				
a) Inventories	45969	38771	47612	39826
b) Financial assets				
i) Investments	45898	27966	46180	25026
ii) Trade receivables	41219	38034	41177	38495
iii) Cash and cash equivalents	1141	30118	2260	32830
iv) Bank balances other than (iii) above	221	166	221	166
v) Loans	2391	2650	2393	2652
vi) Other financial assets	17543	1631	17543	1634
c) Other current assets	16550	15470	17203	15957
<b>SUB-TOTAL-CURRENT ASSETS</b>	<b>170932</b>	<b>154806</b>	<b>174589</b>	<b>156586</b>
<b>TOTAL - ASSETS</b>	<b>575298</b>	<b>538150</b>	<b>578908</b>	<b>539840</b>
<b>B. EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
a) Equity share capital	1933	1933	1933	1933
b) Other equity	352923	276233	352353	275550
<b>SUB-TOTAL-EQUITY</b>	<b>354856</b>	<b>278166</b>	<b>354286</b>	<b>277483</b>
<b>LIABILITIES</b>				
<b>1. NON-CURRENT LIABILITIES</b>				
a) Financial liabilities				
i) Borrowings	21884	83076	21884	83076
ii) Other financial liabilities	1	1	1	3
b) Provisions	1260	590	1260	364
c) Deferred tax liabilities (net)	35288	24643	35285	24591
d) Other Non-Current Liabilities	1507	1736	1507	1736
<b>SUB-TOTAL-NON-CURRENT LIABILITIES</b>	<b>59940</b>	<b>110046</b>	<b>59937</b>	<b>109770</b>
<b>2. CURRENT LIABILITIES</b>				
a) Financial Liabilities				
i) Borrowings	54846	44134	57818	45948
ii) Trade payables	36334	33672	37441	34113
iii) Other financial liabilities	64107	65318	64107	65392
b) Other current liabilities	4653	6175	4757	6269
c) Provisions	562	639	562	865
<b>SUB-TOTAL CURRENT LIABILITIES</b>	<b>160502</b>	<b>149938</b>	<b>164685</b>	<b>152587</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>575298</b>	<b>538150</b>	<b>578908</b>	<b>539840</b>



**NOTES:**

- The above results as reviewed by the Audit Committee have been approved by the Board of Directors at its meeting held on 25th May, 2017.
- Operating segments disclosures as required by Ind AS-108 is not applicable as the company operates in one single primary business segment i.e Tyres.
- The Other Income includes net Foreign exchange gain as under:

Particulars	STAND ALONE				CONSOLIDATED		
	QUARTER ENDED		YEAR ENDED		YEAR ENDED		
	31/03/17	31/12/16	31/03/16	31/03/17	31/03/16	31/03/16	
	Audited	Unaudited	Audited	Audited		Audited	
Exchange Difference Gain	4287	3469	3154	12260	6485	12377	6525

Net Foreign exchange gain/(loss) includes gain/(loss) on derivative contracts and other foreign currency transactions.

- The details of number of investor complaints for the quarter; Beginning - Nil, Received - 1, Disposed - 1, Pending - Nil.
- The Board has recommended a final dividend of Rs.2.50 (125%) per equity share of Rs.2/-each. The cash outgo on account of final dividend and dividend tax will be Rs.2908 Lakhs.
- The figures of quarter ended 31.03.2017 and 31.03.2016 are the balancing figures between the audited figures of the full financial year and published year to date figures upto the third quarter of the respective financial year.
- Reconciliation between financial results as previously reported under Indian GAAP and Ind AS is given below.

Particulars	Standalone		Consolidated
	For the quarter ended 31/03/2016	For the Year ended 31/03/2016	For the Year ended 31/03/2016
Net profit as per Indian GAAP	15498	56767	57594
Add / (Less): Adjustments for GAAP Differences			
Accounting for Derivatives and foreign exchange differences	(3973)	(14690)	(14690)
Fair value measurement of Investments	1202	(1564)	(1564)
Other adjustments	(409)	(1890)	(2060)
Deferred tax on Ind AS adjustments	1187	5234	5292
Net Profit before OCI as per Ind AS	13505	43857	44572
Other comprehensive income (OCI) (Net of tax)	(55)	(397)	(397)
Total comprehensive income as per Ind AS	13450	43460	44175

Reconciliation between Equity as previously reported under Indian GAAP and Ind AS is given below.

Particulars	Standalone	Consolidated
	For the Year ended 31/03/2016	For the Year ended 31/03/2016
Networth as per Indian GAAP	279529	278788
Accounting for Derivatives and foreign exchange differences	3217	3217
Fair value measurement of Investments	2669	2669
Other Adjustments	(6423)	(6424)
Deferred tax on IndAS adjustment	(826)	(767)
Networth as per IndAS	278166	277483

- Previous period's figures have been regrouped/reclassified wherever necessary.
- The consolidation has been made in accordance with the principles and procedures as set out in the Ind AS 110 on consolidated financial statements.
- The above consolidated results represent results of:
  - Balkrishna Industries Limited,
  - Its wholly owned subsidiaries namely BKT Exim Limited, BKT Tyres Limited, Trishtha Synthetics Limited, and its wholly owned step down subsidiaries of BKT Exim Limited namely BKT Europe S.r.l., BKT USA INC., BKT Tires (Canada) Inc., BKT Tires Inc., BKT Exim US, Inc.

Dated : 25th May, 2017

Place: Mumbai



For Balkrishna Industries Limited

Arvind Poddar  
(Chairman & Managing Director)



## INDEPENDENT AUDITOR'S REPORT

### To the Members of BALKRISHNA INDUSTRIES LIMITED

#### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Balkrishna Industries Limited ('the Company'), which comprise the balance sheet as at 31<sup>st</sup> March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's



preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31<sup>st</sup> March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
  - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) the balance sheet, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
  - (d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:



- i. the Company has disclosed the impact, if any, of pending litigations on its financial position in its standalone Ind AS financial statements;
- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and
- iv. the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company.

**For JAYANTILAL THAKKAR & CO.**  
**Chartered Accountants**  
**(Firm Reg. No. 104133W)**



*V. A. Merchant*

**VIRAL A. MERCHANT**  
**Partner**  
**Membership No: 116279**

**Mumbai**  
**Dated: 25<sup>th</sup> May, 2017**

### Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31<sup>st</sup> March 2017, we report that:

- (i) (a) In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) As explained to us, physical verification of these fixed assets is being conducted in a phased programme by the management designed to cover all the assets over a period of three to four years, which in our opinion is reasonable having regard to the size of the Company and the nature of assets. According to the information and explanations given to us no material discrepancies were noticed on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) As explained to us physical verification of inventory has been conducted at reasonable intervals by the management and discrepancies noticed on such physical verification between physical stocks and book records were not material considering the operations of the Company and the same have been properly dealt with in the books of account.
- (iii) In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to any companies, firms, Limited Liability Partnerships or other parties as covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to loans, investments and guarantees made.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit within the meaning of Section 73 to 76 of the Act, and the rules framed thereunder.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the Rules made by the Central Government, the maintenance of cost records have been prescribed under Section 148 (1) of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate or complete.
- (vii)(a) According to the records of the Company and the information and explanations given to us, the Company has generally been regularly depositing with the appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income tax, Sales-Tax, Service tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues applicable to it. There are no undisputed statutory dues as referred to above as at 31<sup>st</sup> March, 2017 outstanding for a period of more than six months from the date they become payable.





- (b) According to the information and explanations given to us, the dues in respect of Income Tax, Sales Tax, Duty of Customs, Excise Duty and Service Tax that have not been deposited with the appropriate authorities on account of dispute and the forum where the disputes are pending are given below :-

Name of Statute	Nature of Dues	Amount (Rs.in lakhs)	Period to which the Amount Relates	Forum where dispute is pending
Income Tax Act	Income Tax	207	2004-05	Supreme Court
Sales Tax Act	Sales Tax (Including Interest and Penalty)	1621	1996-97,1998-99 2008-09	Commissioner (Appeals)
		3	2004-05	High Court
Customs Act	Custom Duty (Including Interest and Penalty)	4273	2012-2014	Supreme Court
		356	2012-2013, 2015-2016	CESTAT
Central Excise And Service Tax Act	Excise Duty/ Service tax (Including Interest and Penalty)	187	2003-2008	High Court
		3734	2005-2015	Tribunal
		204	2007-2017	Commissioner (Appeals)
		77	1994-1996	Assessing Authority
		124	2013-2016 2012-2014	Joint Secretary

- (viii) Based on our audit procedures and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans from bank.

Further as per the records of the Company, during the year there were no loans or borrowings from any financial institution, government or debenture holders.

- (ix) In our opinion and according to the information and the explanations given to us, the term loans have been applied for the purposes for which they were obtained. Further as per the records, the Company did not raise any money by way of initial public offer or further public offer (including debt instruments).
- (x) Based upon the audit procedures performed and to the best of our knowledge and belief and according to the information and explanations given to us no fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year.



(xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable Indian Accounting Standards.
- (xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For JAYANTILAL THAKKAR & CO.  
Chartered Accountants  
(Firm Reg. No. 104133W)



*V. A. Merchant*

**VIRAL A. MERCHANT**  
Partner  
Membership No: 116279

Mumbai  
Dated: 25<sup>th</sup> May, 2017

## **Annexure - B to the Auditors' Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Balkrishna Industries Limited ("the Company") as of 31<sup>st</sup> March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



## Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For JAYANTILAL THAKKAR & CO.  
Chartered Accountants  
(Firm Reg. No. 104133W)



*V. A. Merchant*

**VIRAL A. MERCHANT**  
Partner  
Membership No: 116279

Mumbai  
Dated: 25<sup>th</sup> May, 2017

## **Independent Auditors' Report**

To the Members of

### **BALKRISHNA INDUSTRIES LIMITED**

#### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of Balkrishna Industries Limited ("the Holding Company") and its subsidiaries (collectively referred to as "the Company" or "the Group"), which comprise the consolidated balance sheet as at 31<sup>st</sup> March, 2017, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and the consolidated statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

#### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated state of affairs of the Group, as at 31<sup>st</sup> March, 2017 and its consolidated financial performance including other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year then ended.

### Other Matters

- (a) We did not audit the financial statements of the foreign subsidiaries, whose financial statements reflect total assets of Rs.6837 lakhs as at 31st March, 2017, total revenues of Rs.5557 lakhs and net cash inflows amounting to Rs.252 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. These financial statements have been audited/ reviewed by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors.
- (b) Our opinion on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.



- (c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of cash flows and consolidated statement of changes in equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.
- (e) On the basis of the written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the Directors of the Group companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a Director of that company in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- the consolidated Ind AS financial statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group;
  - the Holding Company and its subsidiary companies incorporated in India did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - there has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India; and
  - the Holding Company and its subsidiary companies incorporated in India have provided requisite disclosures in its consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8<sup>th</sup> November, 2016 to 30<sup>th</sup> December, 2016 and these are in accordance with the books of accounts maintained by the Holding Company and its subsidiary companies incorporated in India.

**FOR JAYANTILAL THAKKAR & CO.**  
**Chartered Accountants**  
**(Firm Reg. No. 104133W)**



*V. A. Merchant*

**VIRAL A. MERCHANT**  
**Partner**  
**Membership No.116279**

**Mumbai**  
**Dated: 25<sup>th</sup> May, 2017**

**Annexure - A to the Auditors' Report  
Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of  
Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of Balkrishna Industries Limited ("the Holding Company") and its subsidiary companies which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The Respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

**FOR JAYANTILAL THAKKAR & CO.**

**Chartered Accountants  
(Firm Reg. No. 104133W)**



*V. A. Merchant*

**VIRAL A. MERCHANT**

**Partner**

**Membership No.116279**

**Mumbai  
Dated: 25<sup>th</sup> May, 2017**

ANNEXURE C

BIL:VRS/2017-2018

25<sup>th</sup> May, 2017

To,  
BSE Ltd  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai – 400 001

National Stock Exchange of India Ltd  
5<sup>th</sup> Floor, Exchange Plaza  
Bandra Kurla Complex  
Bandra (E), Mumbai 400 051

Scrip Name: BALKRISI  
Scrip Code : 502355

Scrip Name/Code: BALKRISIND

Sub: Declaration for unmodified opinion in respect of audited standalone and consolidated financial results of the Company for the financial year ended 31<sup>st</sup> March, 2017.


Dear Sirs,

Pursuant to Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, SEBI Notification No. SEBI/LAD-NRO/GN/2016-17/001 dated 25<sup>th</sup> May, 2016 and SEBI Circular No. CIR/CFD/CMD/56/2016 dated 27<sup>th</sup> May, 2016 the Company herein declares unmodified opinion in respect of audit reports for Standalone and Consolidated financial results for the financial year ended 31<sup>st</sup> March, 2017.

This is for your information and records.

Thanking you,

Yours faithfully,  
For Balkrishna Industries Limited

  
Basant Kumar Bansal  
Director (Finance)