

Rane Holdings America Inc.

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West Bloomfield,
MI 48322-4460
United States of America

Board of Directors

Harish Lakshman
Ronald A Kozlowski

Auditor

KNAV P.A.
Certified Public Accountants
3883 Rogers Bridge Road,
Suite 601, Duluth,
GA 30097

Financial Statements
March 31, 2015 and March 31, 2014

Rane Holdings America Inc.

Financial Statements

March 31, 2015 and March 31, 2014

KNAV P.A.

Certified Public Accountants
3883 Rogers Bridge Rd, Ste 601,
Duluth, GA 30097, USA



America Counts on CPAs

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Independent Auditor's Report

Board of Directors
Rane Holdings America, Inc.

We have audited the accompanying financial statements of Rane Holdings America, Inc. ('the Company'), a Delaware corporation, which comprise of the balance sheets as of March 31, 2015 and March 31, 2014 and the related statements of comprehensive income, stockholder's equity and cash flows for the years then ended and the related notes to financial statements.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these 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 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 audits. We conducted our audits 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 from 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization'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 present fairly in all material respects, the financial position of Rane Holdings America, Inc. as at March 31, 2015 and March 31, 2014 and the results of its operations and cash flows for the years then ended, in conformity with the accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia
May 11, 2015

Rane Holdings America, Inc.
Financial Statements
March 31, 2015 and March 31, 2014

Financial statements

Balance sheets

(All amounts are stated in United States Dollars unless otherwise stated)

ASSETS

Current assets

Cash and cash equivalents	53,947	61,422
Accounts receivable, due from related parties	83,357	29,004
Total current assets	137,304	90,426

Total assets

137,304	90,426
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LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities

Other current liabilities	58,932	34,972
Total current liabilities	58,932	34,972

Stockholder's equity

Common stock (20,000 shares authorized, 20,000 shares issued and outstanding; par value \$ 1 per share)	20,000	20,000
Accumulated surplus	58,372	35,454
Total stockholder's equity	78,372	55,454
Total liabilities and stockholder's equity	137,304	90,426

(The accompanying notes are an integral part of these financial statements)

Statements of comprehensive income

(All amounts are stated in United States Dollars unless otherwise stated)

	For the years ended	
	March 31, 2015	March 31, 2014
Revenues		
Marketing service revenues	392,189	274,073
Total revenues	392,189	274,073
Costs and expenses		
Personnel cost	239,305	174,511
Selling, general and administrative	127,228	81,632
Total cost and expenses	366,533	256,143
Operating profit	25,656	17,930
Other income	2,460	13
Profit before income tax	28,116	17,943
Current tax expense	5,198	8,316
Net income	22,918	9,627

(The accompanying notes are an integral part of these financial statements)

Rane Holdings America, Inc.

Financial Statements

March 31, 2015 and March 31, 2014

Statement of changes in stockholder's equity*(All amounts in United States Dollars, unless otherwise stated)***For the years ended March 31, 2015 and March 31, 2014**

Particulars	Common stock				Accumulated surplus	Total stockholder's equity
	Authorized Shares	Value US\$	Issued and outstanding Shares	Value US\$		
Balance as at March 31, 2013	20,000	20,000	20,000	20,000	25,827	45,827
Net income for the year	-	-	-	-	9,627	9,627
Balance as at March 31, 2014	20,000	20,000	20,000	20,000	35,454	55,454
Net income for the year	-	-	-	-	22,918	22,918
Balance as at March 31, 2015	20,000	20,000	20,000	20,000	58,372	78,372

(The accompanying notes are an integral part of these financial statements)

Statements of cash flows

(All amounts in United States Dollars, unless otherwise stated)

Cash flow from operating activities

Net income

22,918

9,627

Changes in assets and liabilities

Accounts receivable, net

(54,353)

(29,004)

Other current liabilities

23,960

19,776

Net cash provided by (used in) operating activities

(7,475)

399

Cash flow from investing activities

Net cash used in investing activities

-

-

-

-

Cash flow from financing activities

Net cash used in financing activities

-

-

-

-

Net increase (decrease) in cash and cash equivalents

(7,475)

399

Cash and cash equivalents at the beginning of the year

61,422

61,023

Cash and cash equivalents at the end of the year

53,947

61,422

Supplemental cash flow information

Income taxes paid

2,600

-

(The accompanying notes are an integral part of these financial statements)

Notes to Financial Statements

(All amounts in United States Dollars, unless otherwise stated)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements is as follows:

1. *Organization and nature of operations*

Rane Holdings America Inc. (the “Company” or “RHAI”), was incorporated in the State of Delaware on August 25, 2011. The Company is a wholly owned subsidiary of Rane Holdings Limited (“RHL”). The Company provides marketing, customer relationship management and related support services to its fellow subsidiaries; Rane (Madras) Limited (“RML”), Rane Engine Valve Limited (“REVL”), Rane Brake Lining Limited (“RBL”), Rane Diecast Division (“RDD”) and associate company; Kar Mobiles Limited (KML) in North America and South America.

2. *Financial statements*

a) *Basis of preparation*

- i. The accompanying financial statements are prepared under the historical cost convention on accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States (“US GAAP”) to reflect the financial position, results of operations and cash flows.
- ii. The current year financial statements are for the fiscal year April 1, 2014 to March 31, 2015. The previous year financial statements are for fiscal year April 1, 2013 to March 31, 2014. The amounts in the notes to the financial statements for the previous year ending March 31, 2014 are given in brackets. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net income or stockholder’s equity.

iii. All amounts are stated in US dollars, except as otherwise specified.

b) *Estimates and assumptions*

In preparing the Company’s financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The important estimates made by the Company in preparing these financial statements include those on income taxes and expense accruals. Actual results could differ from those estimates.

3. *Cash and cash equivalents*

The Company considers all highly liquid investments and deposits with an original maturity of ninety days or less to be cash equivalents. Cash comprises balance with banks.

4. *Revenue recognition*

Revenue of the Company comprises of marketing, customer relationship management and related support service fees for services rendered to its fellow subsidiaries; Rane (Madras) Limited (“RML”), Rane Engine Valve Limited (“REVL”), Rane Brake Lining Limited (“RBL”), Rane Diecast Division (“RDD”) and associate company; Kar Mobiles Limited (KML) in North America and South America.. Marketing service fees are charged on a basis of costs plus a reasonable mark-up and recorded as revenues as services are rendered.

5. *Income taxes*

The Company accounts for deferred taxes under the liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributed to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the statement of income in the period of change. Based on management’s judgment, the measurement of deferred tax assets is reduced, if necessary, by a valuation allowance for any tax benefits for which it is more likely than not that some portion or all of such benefits will not be realized.

6. *Commitments and contingencies*

Liabilities for loss contingencies arising from claims, assessments, litigations, fines, penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of the following:

	As at	
	March 31, 2015	March 31, 2014
Bank balance	53,947	61,422
Total	53,947	61,422

Cash balances in checking account with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$ 250,000 per depositor at each financial institution, and the Company’s non-interest bearing cash balances may exceed federal insured limits.

NOTE C – ACCOUNTS RECEIVABLE, NET

Accounts receivable amounting to \$ 83,357 (Previous year end - \$ 29,004) as at March 31, 2015 represent amount receivable from related parties for marketing services provided.

NOTE D – CURRENT LIABILITIES

Other current liabilities comprise of:

	As at	
	March 31, 2015	March 31, 2014
Audit fees	10,000	13,000
Advance from related parties	-	9,842
Recruitment fees	35,095	-
Other payable	3,876	1,834
Bonus payable	2,667	5,600
Insurance payable	1,200	1,200
Provision for taxes	6,094	3,496
	58,932	34,972

NOTE E – INCOME TAXES

The Company files federal and state tax returns as a Chapter C corporation. The provision for income tax expense is as follows:

	As at	
	March 31, 2015	March 31, 2014
Current tax		
- Federal	3,290	8,316
- State	1908	-
Provision for income taxes	5,198	8,316

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - The Company applies the provisions of FASB Accounting Standard Codification (“ASC”) 740 (“FIN 48”). FIN 48 provides detailed guidance for the financial statement recognition measurement and disclosure of uncertain tax positions recognized in the financial statements in accordance with ASC 740. Tax positions must meet a “more-likely-than-not” recognition threshold at the effective date to be recognized upon the adoption of FIN 48 and in subsequent years. During the year ended March 31, 2015 the Company recognized no uncertain tax positions.

NOTE F – RELATED PARTY TRANSACTIONS

A. The following are the related parties with whom transactions have taken place during the year with the Company having closing balances:

Name of the related party	Relationship
Rane Holdings Limited	Parent Company
Rane Engine Valve Limited	Fellow Subsidiary
Rane Brake Lining Limited	Fellow Subsidiary
Kar Mobiles Limited	Associate Company
Rane (Madras) Limited	Fellow Subsidiary

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B. Summary of transactions with related parties are as follows:

	March 31, 2015	March 31, 2014
<i>Transactions during the year</i>		
Marketing, customer relationship management and related support service fees charged to:		
• Rane (Madras) Limited	254,923	158,963
• Rane Engine Valve Limited	98,047	38,370
• Rane Brake Lining Limited	39,219	38,370
• Kar Mobiles Limited	-	38,370
<i>Receivable at year end from:</i>		
• Rane (Madras) Limited	61,341	10,004
• Rane Engine Valve Limited	15,929	-
• Rane Brake Lining Limited	6,087	-
• Kar Mobiles Limited	-	19,000
<i>Advance received from:</i>		
• Rane (Madras) Limited	-	6,012
• Rane Engine Valve Limited	-	1,915
• Rane Brake Lining Limited	-	1,915

NOTE G - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2015 through May 11, 2015, the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.