

Rane Precision Die Casting, Inc.

Financial Statements

March 31, 2017 and March 31, 2016

KNAV P.A.

Certified Public Accountants
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America Counts on CPAs

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Independent Auditor's Report

To the Board of Directors of
Rane Precision Die Casting Inc.

We have audited the accompanying financial statements of Rane Precision Die Casting, Inc. ("the Company") which comprise the balance sheet as at March 31, 2017, the statement of profit and loss and the statement of cash flow for the year then ended, and a summary of the significant accounting policies.

Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in the India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Indian Companies Act, 2013, for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on our audit.

We have taken into account the accounting and auditing standards and matters which are required to be included in the audit report.

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America as established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and 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 auditors' judgement, 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 financial control relevant to the Company's preparation of the 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 Board of Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017 and March 31, 2016, its statement of profit and loss, and cash flows for the years then ended.

Restriction of use

This report is intended solely for the information and use of Board of Directors of Rane Precision Die Casting Inc. and is not intended to be and should not be used by anyone other than these specified parties.

KNAV P.A.

Atlanta, Georgia

5th May, 2017

Rane Precision Die Casting Inc.

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Balance sheets

(All amounts are stated in Indian Rupees unless otherwise stated)

		As at	
		March 31, 2017	March 31, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4	6,834	6,834
Reserves and surplus	5	50,134,693	101,078,120
		50,141,527	101,084,954
Non-current liabilities			
Long-term borrowings	6	156,568,723	45,609,344
Deferred tax liability	7	23,268,708	-
Long-term provisions	8	137,112,977	162,393,323
		316,950,408	208,002,667
Current liabilities			
Short-term borrowings	6	388,800,000	440,855,669
Trade payables	9	237,571,703	163,239,703
Other current liabilities	10	65,604,298	121,350,417
Short-term provisions	11	6,962,890	4,767,291
		698,938,891	730,213,080
TOTAL		1,066,030,826	1,039,300,701
ASSETS			
Non-current assets			
Property, plant and equipment	12		
Tangible assets		490,375,555	528,520,805
Capital work-in-progress		4,574,880	139,052
		494,950,435	528,659,857
Current assets			
Inventories, net	13	160,600,126	76,082,238
Trade receivables	14	374,094,228	433,233,003
Cash and bank balances	15	35,668,966	40,714
Short-term loans and advances	16	616,378	1,280,048
Other current assets	17	100,693	4,841
		571,080,391	510,640,844
TOTAL		1,066,030,826	1,039,300,701

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

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Statements of profit & loss*(All amounts in Indian Rupees, unless otherwise stated)*

		For the year ended March 31, 2017	For the period ended March 31, 2016
Income			
Revenue from operations (net)	18	2,049,001,729	287,116,656
Other income	19	99,859,164	4,534,984
Total revenue		2,148,860,893	291,651,640
Expenses			
Cost of materials and components consumed	20	884,077,422	140,912,972
Decrease (increase) in finished goods and work in progress	21	66,109,683	(15,517,297)
Employee benefit expenses	22	860,273,103	112,271,208
Finance cost	23	21,885,310	2,469,664
Depreciation	12	120,839,545	15,285,845
Other expenses	24	284,974,473	48,658,502
Total expenses		2,238,159,536	304,080,894
Loss before tax and exceptional items		(89,298,643)	(12,429,254)
Tax (benefit) expense			
Current tax	25	2,029,936	272,780
Deferred tax benefit		(41,983,561)	-
Prior period deferred tax adjustment		66,070,983	-
Total tax expense		26,117,358	272,780
Loss for the year/period		(115,416,001)	(12,702,034)
Earnings per share			
Equity share			
- Basic	30	(1,154,160)	(127,020)
- Diluted	30	(1,154,160)	(127,020)
- Number of equity shares			
- Basic		100	100
- Diluted		100	100

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

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Statements of cash flows*(All amounts in Indian Rupees, unless otherwise stated)***Cash flow from operating activities****Net loss before tax****(89,298,643)****(12,429,254)***Adjustments to reconcile net cash provided by (used in) operating activities:*

Loss on disposal of property, plant and equipment

3,901,637

4,803,309

Depreciation expense

120,839,545

15,285,845

Interest expense

21,885,310

2,469,664

Provision (reversal) for bad debts

(9,006,461)

1,012,545

Provision for employee benefits (long term)

(22,340,558)

791,769

Reversal of provision of inventories

-

(1,569,763)

Changes in assets and liabilities

Trade receivables

60,010,675

(100,979,655)

Short term loans and advances

656,813

299,145

Other current assets

(99,273)

(34,512,512)

Inventories

(89,280,466)

(9,959,857)

Trade payables

80,791,200

(48,027,530)

Short term provisions

3,259,447

2,008,441

Other current liabilities

(29,389,491)

3,975,961

Cash generated from (used in) operations**51,929,735****(176,831,892)**

Less: Direct taxes paid

(874,342)

-

Net cash provided by (used in) operating activities (A)**51,055,393****(176,831,892)****Cash flows from investing activities**

Purchase of property, plant and equipment

(94,397,789)

-

Investment in capital work in progress

(4,438,994)

(139,052)

Net cash used in investing activities (B)**(98,836,783)****(139,052)****Cash flows from financing activities**

Proceeds from short term borrowings

69,981,602

45,626,223

Interest paid during the period

(20,304,586)

(1,834,258)

Repayment of finance lease

(29,065,243)

(2,842,618)

Proceeds from equity

65,064,181

-

Net cash provided by financing activities (C)**85,675,954****40,949,347****Net increase (decrease) in cash and cash equivalents****(A+B+C)****38,880,996****(136,021,597)**

Cash and cash equivalents at the beginning of the year/period

40,714

136,913,727

Effect of exchange rate on translation of foreign currency

(3,252,744)

(851,416)

Cash and cash equivalents at the end of the year/period**35,668,966****40,714***(The accompanying notes are an integral part of these financial statements)*

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Notes to financial statements

(All amounts in Indian Rupees, unless otherwise stated)

1. BACKGROUND AND PRINCIPAL ACTIVITIES

Rane Precision Die Casting, Inc. (“the Company”) was acquired by Rane (Madras) International Holdings B.V. on March 31, 2016. Located in Russellville, Kentucky, the Company is a leading supplier of high-quality, lightweight aluminum die castings to the North American automotive market. The Company, originally founded in 1956, produces complex, thin-walled, low porosity, high-pressure aluminum die castings. The Company provides a comprehensive portfolio of aluminum die cast solutions for steering and compressor components, pumps and valve housings.

2. BASIS OF PREPARATION

The financial statements are drawn up in accordance with the historical cost convention on accrual basis and comply with the accounting standards issued under the Indian Companies (Accounting Standards) Rules, 2006 which continue to apply under section 133 of the Indian Companies Act, 2013, and the accounting principles generally accepted in India.

The functional currency of the company is USD. However, the financials are presented in INR for consolidation with the parent company.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Use of estimates

The preparation of financial statements in conformity with Indian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates.

3.2 Revenue recognition

Revenue is recognized from product sales when goods are shipped and title passes to the customer. At the time of sale, estimates for a variety of sales deductions, such as rebates, discounts and incentives are recorded.

3.3 Cash and cash equivalents

The Company considers all highly liquid investments and deposits, which are readily convertible into cash and have original maturity of 3 months or less to be cash equivalents. As of the balance sheet dates the Company had no such investments. Cash and bank balances comprise of balance in current accounts with Banks.

3.4 Property, plant and equipment

All property, plant and equipment are stated at cost of acquisition less accumulated depreciation. In the case of property, plant and equipment acquired for new projects / expansions, interest cost on borrowings and other related expenses up to the date of commercial production incurred towards acquiring property, plant and equipment are capitalized.

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3.5 Depreciation

Depreciation on property, plant and equipment is provided on straight line method on the basis of useful life as estimated by management. Depreciation on additions / deletions is provided on pro-rata basis from the months of additions / deletions.

3.6 Valuation of inventories

Inventories are valued at the lower of cost on moving weighted average basis and the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, taxes.

3.7 Foreign currency transaction and translation

The transactions in foreign exchange are accounted at the exchange rate prevailing on the date of transactions. Any exchange gains or losses arising out of the subsequent fluctuations are accounted for in the statement of profit and loss, except those relating to acquisition of property, plant and equipment which are adjusted to the cost of the respective assets.

All the assets and liabilities, both monetary and non-monetary items, are translated into the reporting currency at the exchange rates in effect at the balance sheet date and income and expense items are translated at the average rate applicable for the period. Functional currency of the Company is the United States Dollar ("USD") and the reporting currency, the Indian Rupee (INR).

3.8 Retirement benefits

A participant is eligible for his normal retirement pension after the participant has attained age of 62 and terminates employment. A participant shall receive a monthly benefit payable at normal retirement age equal to:

- \$23:00 multiplied by years of benefit service from December 2003 to October 10, 2005; plus
- \$24:00 multiplied by years of benefit service from October 2005 to October 9, 2006; plus
- \$25:00 multiplied by years of benefit service from October 9, 2006, to October 8, 2007; plus
- \$26:00 multiplied by years of benefit service from October 5, 2007 to December 16, 2010; plus
- \$16:00 multiplied by benefit service after December 16, 2010.

Disability benefit:

The benefit will be payable in the form of a lifetime pension until the earliest of: recovery, death or normal retirement date.

Death benefit:

If a participant dies after he/she has become vested under the Plan but before he/she begins to receive a retirement pension benefit, his/her spouse will receive a 50% survivor benefit if he/she has been married at least one year.

The liability with regards to the Plan are determined by the actuarial valuation, performed by an independent actuary, at each balance sheet date using projected unit cost method. The Company contributes all ascertained liabilities to the registered investment companies which are held under a separate trust through custodian, Charles Schwab, as permitted by the Department of Labor. The

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Company recognizes the net obligation of the Plan in the balance sheet as an asset or liability, respectively, in accordance with Accounting Standard 15, "Employee benefits". The Company's overall long term rate of return on assets has been determined based on the available market information and the historical and expected future investment trends of present and expected assets in the Plan. The discount rate is based on the Government securities yield or equivalent corporate bond. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions are recognized in the statement of profit and loss in the period in which they arise.

3.9 *Income taxes*

a) *Current tax*

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the tax liability computed, after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowances or other matters is probable.

b) *Deferred tax*

As per Accounting Standard 22, "Accounting for taxes on income", the differences that result between the profit considered for income taxes and the profit as per the financial statements are identified, and there after a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount of timing difference. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on enacted or substantively enacted regulations. Deferred tax assets in situation where unabsorbed depreciation and carry forward business loss exists, are recognized only if there is virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized. Deferred tax assets, other than in situation of unabsorbed depreciation and carry forward business loss, are recognized only if there is reasonable certainty that they will be realized. Deferred tax assets are reviewed for the appropriateness of their respective carrying values at each reporting date.

3.10 *Impairment of assets*

An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged for when the asset is identified as impaired. The impairment loss recognized in prior accounting year is reversed if there has been a change in the estimate.

3.11 *Leases*

Capital leases:

Capital leases, which effectively transfer substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return.

Operating leases:

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are recognized in the statement of profit and loss on a straight-line basis over the term of the lease.

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3.12 Provisions, contingent liabilities and contingent assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is possible that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the notes. Contingent assets are neither recognized nor disclosed in the financial statements.

3.13 Earnings per share

Basic earnings per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

4. SHARE CAPITAL

	As at	
	March 31, 2017	March 31, 2016
Authorized capital		
Equity share capital		
100 Equity share of \$ 1 each	6,834	6,834
Total		
Issued, subscribed and paid up		
100 Equity share of \$ 1 each (INR 68.34)	6,834	6,834
Total	6,834	6,834

4.1. Reconciliation of the number of shares

Particulars	March 31, 2017		March 31, 2016	
	Number	Amount	Number	Amount
Common shares of \$ 1 (INR 68.34)				
Shares outstanding at the beginning	100	6,834	100	6,834
Shares issued	-	-	-	-
Shares outstanding at the end	100	6,834	100	6,834

4.2. Terms/rights attached to equity shares

The Company has only one class of common shares having a par value of INR. 68.34 per share. Each holder of common shares is entitled to one vote per share. The shareholders are entitled to dividends based on the number of shares they hold. In the event of liquidation of the Company, the holders of common shares will be

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entitled to receive the remaining assets of the Company, post distribution of all preferential amounts. The distribution will be in proportion to the number of the common shares held by shareholders.

4.3. Shares held by the Holding Company

Particulars	March 31, 2017	
	Number	Amount
Rane (Madras) International Holdings B.V.		
Common shares of \$ 1 each	100	6,834

4.4. Disclosure of shareholders holding more than 5% of the equity share capital

	March 31, 2017		March 31, 2016	
	No of shares held	% of holding	No of shares held	% of holding
Equity share capital				
Rane (Madras) International Holdings B.V.				
Common shares of \$ 1 each	100	100%	100	100%

5. RESERVES AND SURPLUS

	As at	
	March 31, 2017	March 31, 2016
<i>Securities premium reserve</i>		
Balance at the beginning of the year/period	136,665,166	136,665,166
Add: Premium (USD 970,000)	65,274,381	-
Balance at the end of the year/period	201,939,547	136,665,166
<i>Surplus in statement of profit and loss</i>		
Balance at the beginning of the year/ period	(32,341,800)	(19,639,766)
Loss for the year/period	(115,414,735)	(12,702,034)
Balance at the end of the year/period	(147,756,535)	(32,341,800)
<i>Foreign currency translation reserve</i>	(4,048,319)	(3,245,246)
Total reserves & surplus	50,134,693	101,078,120

6. LONG TERM AND SHORT TERM BORROWINGS

	As at	
	March 31, 2017	March 31, 2016
Long term borrowings		
Secured		
Term loan from banks	129,600,000	-

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Long-term capital lease obligations, less current installments	26,968,723	45,609,344
Total	156,568,723	45,609,344

Short term borrowings

Secured

Bank overdraft	-	9,166,098
Term loan from bank	-	109,040,694
Loans repayable on demand from bank	-	322,648,877
Working capital loan	388,800,000	-
Total	388,800,000	440,855,669

Long-term borrowings

Term loan from bank

During the year, the Company obtained a working capital loan of INR 129,600,000 (\$ 2,000,000) from Export-Import Bank of India (“EXIM bank”) bearing interest rate of 5.07% p.a. (6 month LIBOR +375 basis points) quarterly payable. The loan is secured against all moveable property, plant and equipment, current assets of Rane Precision Die Casting, Inc. and shares of the Company held by Rane (Madras) International Holdings B.V.

Short term borrowings

Term loan

The Company had a term loan of INR 109,040,654 (\$ 1,644,408) borrowed from The Private Bank and Trust Company. This loan was secured against all assets of the Company. The said loan was paid off during the current year on August 08, 2016 and all the payments related to it were duly made.

Loans repayable on demand

The Company, at March 31, 2016 had a loan repayable on demand of INR 322,648,877 (\$ 4,865,765) borrowed from The Private Bank and Trust Company. This loan is secured against accounts receivable of the Company. The loan outstanding as on March 31, 2016 has been repaid in the current year.

Working capital loan

During the current year, the Company obtained a working capital loan of INR 388,800,000 (\$ 6,000,000) from EXIM bank bearing interest rate of 5.07% p.a. (6 month LIBOR +375 basis points) quarterly payable. The loan is secured against all moveable property, plant and equipment, current assets of Rane Precision Die Casting, Inc. and shares of the Company held by Rane (Madras) International Holdings B.V..

7. DEFERRED TAX LIABILITIES, NET

	As at	
	March 31, 2017	March 31, 2016
<i>Deferred tax asset</i>		
Accrued payroll	231,506	-
Inventory reserve	2,512,377	-
Inventories	1,849,455	-
Capital leases	14,915,361	-

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	As at	
	March 31, 2017	March 31, 2016
Net operating losses	58,845,294	-
Total deferred tax assets recognized	78,353,993	
<i>Deferred tax liabilities</i>		
Property, plant and equipment	(101,622,701)	-
Deferred tax liabilities, net	23,268,708	-

8. LONG-TERM PROVISIONS

	As at	
	March 31, 2017	March 31, 2016
Provision towards employee benefits		
Provision for pension fund (Refer note 28)	137,112,977	162,393,323
Total	137,112,977	162,393,323

9. TRADE PAYABLES

	As at	
	March 31, 2017	March 31, 2016
Payable for goods and services	237,571,703	163,239,703
Total	237,571,703	163,239,703

10. OTHER CURRENT LIABILITIES

	As at	
	March 31, 2017	March 31, 2016
Advance from customers	32,530,313	39,460,381
Interest accrued but not due	2,886,257	1,378,916
Others		
- Employee related accruals	10,501,812	47,112,032
- Current portion of capital lease	17,600,004	28,731,062
- Unpaid expenses	1,557,662	3,917,596
- City tax withheld	528,250	750,430
Total	65,604,298	121,350,417

11. SHORT-TERM PROVISIONS

	As at	
	March 31, 2017	March 31, 2016
Provision for income tax (net of advance tax)	1,378,231	267,959
Provision for use tax	626,357	887,095
Provision for real estate taxes	4,958,302	3,612,237
Total	6,962,890	4,767,291

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12. TANGIBLE ASSETS

	Gross block					As at March 31, 2017
	As at April 01, 2016	Additions during the year	Deletions during the year	Translation gain/loss	As at March 31, 2017	
Maintenance tools	24,282,589	-	-	(552,959)	23,729,630	
Leasehold improvements	15,793,305	-	-	(359,642)	15,433,663	
Machinery & equipment	382,494,314	49,388,729	(3,037,491)	(10,283,187)	418,562,365	
M&E capital leases	146,186,138	-	-	(3,328,926)	142,857,212	
Molds & tools	6,604,679	-	-	(150,401)	6,454,278	
Autos & trucks	497,354	-	-	(11,324)	486,030	
Data process equipment	6,161,857	148,167	-	(145,345)	6,164,679	
Total	582,020,236	49,536,896	(3,037,491)	(14,831,784)	613,687,857	
Construction in progress	139,039	53,834,348	(49,239,365)	-	4,574,909	
Capital advances	-	46,300,471	-	-	44,729,102	
Total	582,159,276	149,671,715	(52,276,856)	(14,831,784)	662,991,868	

	Accumulated depreciation				As at March 31, 2017	Net block As at March 31, 2017
	As at March 31, 2016	Current year depreciation	Deletions during the year	Translation gain/loss		
Maintenance tools	4,907,272	19,599,277	-	(776,918)	23,729,630	-
Leasehold improvements	171,660	2,083,730	-	(74,628)	2,180,762	13,252,901
Machinery & equipment	5,377,707	66,417,181	1,012,496	(4,367,189)	68,440,194	350,122,171
M&E capital leases	42,674,355	28,262,770	-	(1,930,916)	69,006,209	73,851,003
Molds & tools	183,463	2,227,008	-	(79,759)	2,330,712	4,123,566
Autos & trucks	13,815	167,691	-	(6,006)	175,500	310,529
Data process equipment	171,165	2,081,811	-	(74,551)	2,178,425	3,986,254
Total	53,499,436	120,839,468	1,012,496	(7,309,967)	168,041,433	445,646,424
Construction in progress	-	-	-	-	-	4,574,909
Capital advances	-	-	-	-	-	44,729,102
Total	53,499,436	120,839,468	1,012,496	(7,309,967)	168,041,433	494,950,435

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The loan from EXIM bank is secured against all moveable property, plant and equipment of the Company.

13. INVENTORIES, NET

	As at	
	March 31, 2017	March 31, 2016
Raw materials	2,701,642	5,419,649
Work in progress	50,497,409	59,287,373
Maintenance inventory*	99,068,962	37,937,410
Finished goods	15,188,602	42,198,424
Less: Provision for inventory obsolescence	(6,856,489)	(68,760,618)
Total	160,600,126	76,082,238

As on March 31, 2016 the Company was in process of reviewing the usability of its maintenance inventory with the help of outside consultants. After completion of the review, the Company has identified /tagged maintenance inventory and recognized maintenance inventory amounting to INR 99,068,962.

The loan from EXIM bank is secured against all current assets of the Company including inventories.

14. TRADE RECEIVABLES

	As at	
	March 31, 2017	March 31, 2016
Outstanding for a period less than six months		
Unsecured, considered good	374,094,228	433,233,003
Doubtful	-	8,903,576
Less: Provision for bad and doubtful receivables	-	(8,903,576)
Total	374,094,228	433,233,003

The loan from EXIM bank is secured against all current assets of the Company including trade receivables.

15. CASH AND BANK BALANCES

	As at	
	March 31, 2017	March 31, 2016
Cash on hand	122,148	14,257
Balances with bank	35,546,818	26,457
Total	35,668,966	40,714

The loan from EXIM bank is secured against all current assets of the Company including cash and bank balances.

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16. SHORT TERM LOANS AND ADVANCES

	As at	
	March 31, 2017	March 31, 2016
Prepaid expenses	616,378	1,280,048
Total	616,378	1,280,048

The loan from EXIM bank is secured against all current assets of the Company including short term loans and advances.

17. OTHER CURRENT ASSETS

	As at	
	March 31, 2017	March 31, 2016
Employee and other receivables	100,693	4,841
Total	100,693	4,841

The loan from EXIM bank is secured against all current assets of the Company including other current assets.

18. REVENUE FROM OPERATIONS

	For the year ended March 31, 2017	For the period ended March 31, 2016
Revenue from operations		
Sale of products (net of discount)	2,049,001,729	287,116,656
Revenue from operations, net	2,049,001,729	287,116,656

19. OTHER INCOME

	For the year ended March 31, 2017	For the period ended March 31, 2016
Gain on recognition of maintenance inventories	99,859,164	4,534,984
Total	99,859,164	4,534,984

20. COST OF MATERIALS CONSUMED

	For the year ended March 31, 2017	For the period ended March 31, 2016
Inventory at the beginning of the period	5,482,294	14,336,215
Add: Purchases	881,391,680	131,996,406
	886,873,974	146,332,621
Less: Inventory at the end of the period	(2,796,552)	(5,419,649)
Cost of raw materials and components consumed	884,077,422	140,912,972

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21. (INCREASE) DECREASE IN WORK-IN-PROGRESS / FINISHED GOODS

	For the year ended March 31, 2017	For the period ended March 31, 2016
Inventory at the beginning of the period	102,658,801	76,369,831
Less: Inventory at the end of the period	(36,549,118)	(91,887,128)
Decrease (increase) in finished goods	66,109,683	(15,517,297)

22. EMPLOYEE BENEFIT EXPENSES

	For the year ended March 31, 2017	For the period ended March 31, 2016
Salaries, wages and bonus	841,828,749	104,339,879
Contribution to pension and other funds	3,550,224	3,697,745
Staff welfare	14,894,130	4,233,584
Total	860,273,103	112,271,208

23. FINANCE COST

	For the year ended March 31, 2017	For the period ended March 31, 2016
Interest expense	21,885,310	2,469,664
Total	21,885,310	2,469,664

24. OTHER EXPENSES

	For the year ended March 31, 2017	For the period ended March 31, 2016
Power and fuel	121,491,931	12,424,056
Legal & professional fees	34,064,922	11,287,239
Insurance	19,957,934	1,474,670
Rent	18,849,630	1,097,598
Repairs and maintenance	13,576,949	6,489,398
Rates and taxes	13,624,708	1,483,310
Commission	3,787,674	496,147
Freight	6,141,589	900,355
Miscellaneous expenses	34,739,712	3,074,692
Loss on disposal of property, plant and equipment	3,901,637	4,803,309
Office supplies	4,118,093	364,449
Payroll processing charges	2,887,711	332,521
Bad debts	(9,006,493)	1,012,545
Telephone	4,345,684	881,926

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Travelling and conveyance	4,929,651	1,245,563
Bank charges	7,563,141	1,290,724
Total	284,974,473	48,658,502

25. INCOME TAX EXPENSE

	For the year ended March 31, 2017	For the period ended March 31, 2016
Current tax	2,029,936	272,780
Deferred tax benefit	(41,983,561)	-
Prior period deferred tax adjustment*	66,070,983	-
Total	26,117,358	272,780

*There was a change in the ownership and management of the Company on February 17, 2016. The erstwhile owners and management filed federal and state tax returns on consolidated basis along with other affiliates. The new management of the Company did not have sufficient information to estimate the impact of deferred tax assets and liabilities and consequently, no deferred taxes were recognized as on and for the period ended March 31, 2016.

26. RELATED PARTY DISCLOSURE

The related parties of the Company include –

1. Rane (Madras) International Holdings B.V. (Holding Company)
2. Rane (Madras) Limited (Ultimate Holding Company)
3. Rane Holdings America Inc.
4. Rane Holdings Limited

Transactions with related parties during the year/period were-

Particulars	For the year ended March 31, 2017	For the period ended March 31, 2016
Transactions during the year		
Rane Holdings America Inc.		
Sales/Marketing services	6,036,883	-
Reimbursement of expenses	3,073,310	-
Rane Holdings Limited		
Service fees	2,873,171	-
	As at	
Balance at year end	March 31, 2017	March 31, 2016
Rane Holdings America Inc.		
Payable	5,180,890	-
Rane Holdings Limited		
Payable	2,775,514	-

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27. LEASES

Capital leases

There were no assets purchased on capital lease during the period April 01, 2016 to March 31, 2017.

Minimum future lease payment under capital lease as at March 31, 2017 is as follows:

Year ending	Amount
Less than 1 year	19,023,109
More than 1 year but less than 5 years.	28,025,486
Net minimum lease payments	47,048,595
Less: Amount representing interest	(2,488,906)
Total	44,559,689

Operating leases

The Company has taken 12 forklifts on an operating lease for use within its premises. These are taken for a period of 48 months. The total expense for the year was INR 5,203,828 (\$ 77,576).

Minimum future lease payment under capital lease as at March 31, 2017 is as follows:

Year ending	Amount
Less than 1 year	5,027,508
More than 1 year but less than 5 years.	10,055,016
Total	15,082,524

28. DEFINED BENEFIT PLANS

The following table sets out the status of the pension plan as required under Accounting Standard 15 on “Employee benefits” and a reconciliation of opening and closing balances of the present value of the defined benefit obligation and plan assets.

A. Change in the present value of obligation (funded scheme)

	Year ended March 31, 2017	Period ended March 31, 2016
Present value of obligation as at the beginning of the period	362,331,367	384,104,565
Interest cost	13,782,606	1,591,578
Current service cost	8,842,289	1,270,317
Benefits paid	(8,511,133)	(928,952)
Changes due to change in assumption	(17,867,697)	(12,505,195)
Experience gain	(3,174,528)	-
Translation gain	(8,015,806)	(11,200,946)
Present value of obligation as at the end of the period	347,387,098	362,331,367

B. Changes in the fair value of plan assets (for funded scheme)

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	Year ended March 31, 2017	Period ended March 31, 2016
Present value of plan assets as at the beginning of the period	199,936,055	205,733,608
Actual return on plan assets	8,635,224	(387,020)
Contributions	15,290,016	1,623,364
Benefits paid	(8,511,133)	(928,952)
Translation gain	(5,076,041)	(6,104,945)
Fair value of plan assets as at the end of the period	210,274,121	199,936,055

C. Reconciliation of present value of defined benefit obligation and the fair value of assets

	Year ended March 31, 2017	Period ended March 31, 2016
Present value of funded obligation as at the end of the period	(347,387,098)	(362,329,378)
Fair value of plan assets as at the end of the period	210,274,121	199,936,055
Funded status	(137,112,977)	(162,393,323)

D. Amount recognized in the balance sheet

	Year ended March 31, 2017	Period ended March 31, 2016
Present value of funded obligation as at the end of the period	(347,387,098)	(362,329,378)
Fair value of plan assets as at the end of the period	210,274,121	199,936,055
Liability recognized in balance sheet at the end of the period	(137,112,977)	(162,393,323)

E. Expenses recognized in statement of profit and loss

	Year ended March 31, 2017	Period ended March 31, 2016
Current service cost	8,842,289	1,270,317
Interest cost	13,782,605	1,591,578
Expected return on plan assets	(8,722,490)	(1,618,322)
Net actuarial loss recognized in the period	-	985,979
Total expense recognized in the statement of profit and loss	13,902,404	2,229,552

F. Actual return on plan assets

	Year ended March 31, 2017	Period ended March 31, 2016
Expected return on plan assets	8,722,490	1,618,322
Actuarial gain on plan assets	(87,266)	387,020
Actual return on plan assets	8,635,224	2,005,342

G. Principal actuarial assumptions used

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	Year ended March 31, 2017	Period ended March 31, 2016
Closing discount rate (per annum)	4.05%	3.85%
Expected rate of return on plan assets (per annum)	7%	7%
Consumer price index	3%	3%

29. SEGMENT REPORTING

The Company's operations relate to container sale of die castings in the North American market and accordingly, primary segment reporting disclosures for business segments, as envisaged in Accounting Standard 17 on 'Segment Reporting' (AS 17) issued by The Institute of Chartered Accounts of India, is not applicable.

The Company's operations relating to secondary segment reporting have been confined to sales in the North American market, which is also considered to be a single segment.

30. EARNINGS PER SHARE

Particulars	For the year ended March 31, 2017	For the period ended March 31, 2016
Net loss after tax	(115,416,001)	(12,702,034)
Weighted average number of equity shares	100	100
Basic and diluted earnings per share	(1,154,160)	(127,020)

31. SUBSEQUENT EVENTS

Subsequent events have been evaluated through 5th May, 2017, which is the date the financial statements were available to be issued.