

Rane Holdings America Inc.

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United States of America

Board of Directors

Harish Lakshman
Srinivasan Vaidya Raman

Auditor

KNAV P.A.
Certified Public Accountants
3883 Rogers Bridge Road,
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Financial Statements

March 31, 2014 and March 31, 2013

Table of Contents

INDEPENDENT AUDITOR'S REPORT	3
FINANCIAL STATEMENTS	4
Balance sheets	5
Statements of income	6
Statement of stockholder's equity.....	7
Statements of cash flow	8
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	9

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") which comprise the balance sheets as of March 31, 2014 and March 31, 2013 and the related statements of income, changes in 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 the Company as of March 31, 2014 and March 31, 2013 and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia
May 05, 2014

Rane Holdings America Inc.

Financial Statements

March 31, 2014 and March 31, 2013

Financial Statements

Balance sheets

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

ASSETS

Current assets

Cash & cash equivalents	61,422	61,023
Accounts receivable, due from related parties	29,004	-
Total current assets	90,426	61,023

Total assets

As at

March 31, 2014 **March 31, 2013**

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities

Other current liabilities	31,476	11,971
Provision for income tax	3,496	3,225
Total current liabilities	34,972	15,196

Stockholder's equity

Common stock, \$1 par, 20,000 shares authorized; 20,000 shares issued and outstanding	20,000	20,000
Accumulated surplus	35,454	25,827
Total stockholder's equity	55,454	45,827

Total liabilities and stockholder's equity

90,426 **61,023**

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

Statements of income

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

	For the year ended	
	March 31, 2014	March 31, 2013
Revenues		
Marketing service fees	274,073	253,925
Total revenues	274,073	253,925
Costs and expenses		
Personnel cost	174,511	164,327
Selling, general and administrative	81,632	68,210
Total costs and expenses	256,143	232,537
Operating profit	17,930	21,388
Other income	13	-
Profit before income tax	17,943	21,388
Income tax expense	8,316	3,819
Net income	9,627	17,569

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

Statement of stockholder's equity

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

Particulars	Common stock				Accumulated surplus	Total stockholder's equity
	Authorized		Issued & outstanding			
	Shares	Value	Shares	Value		
Balance as at April 1, 2012	20,000	20,000	20,000	20,000	8,258	28,258
Net income for the year					17,569	17,569
Balance as at March 31, 2013	20,000	20,000	20,000	20,000	25,827	45,827
Balance as at April 1, 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

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

Statements of cash flow

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

	For the year ended	
	March 31, 2014	March 31, 2013
Cash flow from operating activities		
Net income	9,627	17,569
Changes in assets and liabilities		
Accounts receivable	(29,004)	31,035
Current liabilities and provisions	19,776	(2,922)
Net cash provided by operating activities	399	45,682
Cash flow from investing activities	-	-
Net cash flow from investing activities	-	-
Cash flow from financing activities	-	-
Net cash provided by financing activities	-	-
Net increase in cash and cash equivalents	399	45,682
Cash and cash equivalents at the beginning of the year	61,023	15,341
Cash and cash equivalents at the end of the year	61,422	61,023
Supplemental cash flow information		
Interest paid	-	-
Income taxes paid	-	1,488

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

Notes to Consolidated Financial Statements

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. Business description

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 Limited (“RDL”) and associate company; Kar Mobiles Limited (“KML”) in North America and South America.

2. Basis of preparation

- a) The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States of America (“US GAAP”) to reflect the financial position, results of operation and cash flows of the Company. All amounts are stated in US dollars, except as otherwise specified
- b) The financial statements are for the year April 1, 2013 through March 31, 2014 and for the year April 1, 2012 through March 31, 2013.

3. Estimates and assumptions

In preparing the Company’s financial statements in conformity with accounting principles generally accepted in the United States, 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 year. The important estimates made by the Company in preparing these financial statements include those on the income taxes. Actual results could differ from those estimates.

4. 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 and cash equivalents comprise balance with bank.

5. 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, Rane Engine Valve Limited, Rane Brake Lining Limited, Rane Diecast Limited and associate company; Kar Mobiles Limited in North America and South America.. Marketing service fees are charged on a basis of cost plus a reasonable mark-up and recorded as revenues as services are rendered.

6. 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 year 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.

NOTE B – CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company comprise of:

	As at	
	March 31, 2014	March 31, 2013
Bank balance	61,422	61,023
Total	61,422	61,023

Cash balances in checking account with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of \$ 250,000.

NOTE C – ACCOUNTS RECEIVABLE

Accounts receivable amounting to \$ 29,004 as at March 31, 2014 (Previous year end - \$ Nil) represents amount receivable from related parties for marketing services provided.

NOTE D – CURRENT LIABILITIES

Current liabilities include:

	As at	
	March 31, 2014	March 31, 2013
Other current liabilities		
Advance from related party customers	9,842	-
Audit fees	13,000	7,000
Insurance payable	-	1,200
Other payable	8,634	3,771
Total	31,476	11,971
Provision for taxes	3,496	3,225
Total	34,972	15,196

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:

	Year ended	
	March 31, 2014	March 31, 2013
Current tax		
Federal	8,316	3,819
Provision for income taxes	8,316	3,819

FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - An interpretation of FASB Accounting Standard Codification (“ASC”) 740 (“FIN 48”), became applicable for all nonpublic companies for fiscal years beginning after December 15, 2008. The Company has adopted the provisions of 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. During the years ended March 31, 2014 and March 31, 2013 the Company recognized no uncertain tax positions.

NOTE F – RELATED PARTY TRANSACTIONS

- a) Details of related parties, their relationship and the respective transactions during the year are provided hereunder:

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

- b) Summary of the transactions with related parties are as follows:

	Year ended	
	March 31, 2014	March 31, 2013
<i>Transactions during the year</i>		
Service fee charged to:		
Rane (Madras) Limited	120,593	111,729
Rane Engine Valve Limited	38,370	35,549
Rane Brake Lining Limited	38,370	35,549
Rane Diecast Limited	38,370	35,549
Kar Mobiles Limited	38,370	35,549
	As at	
	March 31, 2014	March 31, 2013
<i>Receivable at year end from:</i>		
Rane Diecast Limited	10,004	-
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 – EMPLOYEE BENEFIT PLAN

The Company has set up a 401(k) retirement plan for its employee. No contributions were made by the Company during the years ended March 31, 2014 and March 31, 2013.

NOTE H – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 05, 2014 which is the date the financial statements were issued. There are no material affects of the same on the financial statements as on March 31, 2014.
