

Independent auditor's report

The Board of Directors
Rane Precision Diecasting Inc.

We have audited the accompanying financial statements of Rane Precision Die Casting Inc. (“the Company”) which comprise the balance sheets as at March 31, 2018, March 31, 2017 and April 01, 2016, the statements of loss, the statements of cash flows and the statements of changes in equity for the years ended March 31, 2018 and March 31, 2017 and a summary of the significant accounting policies and other explanatory information.

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting principles in India, i.e. Indian Accounting Standards (‘IndAS’), as issued by the Institute of Chartered Accountants of India (‘ICAI’) and notified by Ministry of Corporate Affairs (‘MCA’), India, under the Companies Act, 2013; 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 audit. We conducted our audit of the financial statements 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 the disclosures in the IndAS 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 controls relevant to the Company’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 Company’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the significant accounting estimates made by the Company’s management, as well as evaluating the overall presentation of the IndAS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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, 2018, March 31, 2017 and April 01, 2016 and the results of its operations, its cash flows and changes in equity for the years ended March 31, 2018 and March 31, 2017, in accordance with the accounting principles generally accepted in India i.e. Indian Accounting Standards ('IndAS').

KNAV P.A.

Atlanta, Georgia
April 30, 2018

Rane Precision Die Casting Inc.
Balance sheets as on March 31, 2018, March 31, 2017 and April 01, 2016

(In Rs.)

S.No	Particulars	Note No.	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
A. ASSETS					
Non-Current Assets					
	(a) Property, plant and equipment	2	416,651,715	432,393,552	512,899,163
	(b) Capital Work in Progress	2	22,047,342	4,574,880	139,052
	(c) Financial Assets				
	(i) Other financial assets	3	19,795,388	34,020,000	-
	(d) Other Non Current Assets	4	44,769,836	57,982,003	15,621,641
	Total non-current assets		503,264,280	528,970,435	528,659,857
Current Assets					
	(a) Inventories	5	167,726,493	160,600,126	76,082,237
	(b) Financial Assets				
	(i) Trade Receivables	7	320,985,543	374,094,288	433,233,003
	(ii) Cash and Cash Equivalents	6	3,221,919	1,648,966	40,714
	(c) Current tax assets (Net)	8	1,976,969	(1,378,231)	(267,959)
	(d) Other Current Assets	4	2,034,271	717,012	1,284,889
	Total current assets		495,945,196	535,682,160	510,372,885
	TOTAL ASSETS		999,209,476	1,064,652,595	1,039,032,742
B. EQUITY AND LIABILITIES					
Equity					
	(a) Equity Share Capital	9	6,834	6,834	6,834
	(b) Other Equity	10	(38,544,118)	54,106,026	101,078,120
	Total equity		(38,537,284)	54,112,860	101,084,953
Liabilities					
Non-Current Liabilities					
	(a) Financial Liabilities				
	(i) Borrowings	11	97,755,000	129,600,000	-
	(b) Deferred Tax Liabilities (Net)	15	-	23,268,708	-
	(c) Other non-current liabilities		12,726,380	26,968,723	45,609,344
	Total non-current liabilities		110,481,380	179,837,431	45,609,344
Current Liabilities					
	(a) Financial Liabilities				
	(i) Borrowings	11	482,258,000	388,800,000	331,814,975
	(ii) Trade Payables	12	220,626,308	238,220,741	163,581,996
	(iii) Other financial Liabilities	13	63,128,105	14,981,436	155,625,591
	(b) Other Current Liabilities	14	161,252,967	188,700,127	241,315,882
	Total current liabilities		927,265,380	830,702,304	892,338,444
	Total Liabilities		1,037,746,760	1,010,539,735	937,947,789
	TOTAL EQUITY AND LIABILITIES		999,209,476	1,064,652,595	1,039,032,742

For KNAV P.A.
Certified Public Accountants

For and on behalf of the Board of Directors of Rane Precision Die Casting Inc.

Atul Deshmukh
 Partner

Harish Lakshman
 Director

S Parthasarathy
 Director

D Madhusudhan
 Director

Place: Atlanta
 Date: 30th April, 2018

Place:
 Date: 30th April, 2018

Place:
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Place:
 Date: 30th April, 2018

Brett Stevenson
 Director

Sagar Kota
 Financial controller & Secretary

Place:
 Date: 30th April, 2018

Place:
 Date: 30th April, 2018

Rane Precision Die Casting Inc.
Statements of loss for the years ended March 31, 2018, March 31, 2017 and March 31, 2016

(In Rs.)

S.No	Particulars	Note No.	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenues from Operations (Net)	16	1,858,741,890	2,057,655,534
II	Other Income	17	1,930,440	91,205,359
III	Total Income (I+II)		1,860,672,330	2,148,860,893
IV	Expenses:			
	Cost of materials consumed		587,744,152	650,178,543
	Changes in inventories of finished goods, work-in-progress and stock in trade	18	(4,193,086)	11,833,066
	Employee benefits expense	19	833,527,041	882,590,989
	Finance costs	20	28,429,379	21,885,310
	Depreciation and amortisation expense	21	115,396,149	118,755,814
	Other expenses	22	517,742,851	575,132,817
	Total Expenses (IV)		2,078,646,486	2,260,376,540
V	Profit before tax (III-IV)		(217,974,156)	(111,515,647)
VI	Tax Expense:			
	(1) Current Tax	23	(1,748,052)	2,029,935
	(2) Deferred Tax	23	(23,144,758)	(41,983,561)
	(3) Prior period deferred Tax		-	66,070,983
			(24,892,810)	26,117,357
VII	Profit for the year from continuing operations(V-VI)		(193,081,346)	(137,633,004)
VIII	Profit from discontinued operations before tax		-	-
IX	Tax expense of discontinued operations		-	-
X	Profit from discontinued operations after tax (VIII-IX)		-	-
XI	Profit for the year (VII + X)		(193,081,346)	(137,633,004)
	Other Comprehensive Income			
	A. Items that will not be reclassified to profit or loss		-	-
	a) Exchange differences on translation of foreign operations		283,023	47,989
	b) Remeasurements of the defined benefit plans		10,479,075	(25,434,518)
XII	Total other comprehensive income		10,762,098	(25,386,529)
XIII	Total Comprehensive Income for the period (XI+XII)		(203,843,444)	(112,246,474)
XIV	Earnings Per Equity Share			
	- For continuing operations			
	(a) Basic (In Rs.)	25	(29,830)	(16,426)
	(b) Diluted (In Rs.)	25	(29,830)	(16,426)

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Rane Precision Die Casting Inc.
Cash flow statements for the years ended March 31, 2018 and March 31, 2017

(In Rs.)

	For the Year ended March 31, 2018		For the Year ended March 31, 2017	
A. Cash flow from operating activities				
Profit for the year	-	(217,974,156)	-	(111,515,647)
Adjustments for :				
Finance costs recognised in profit or loss	28,429,379	-	21,885,310	-
(Gain) / Loss on disposal of property, plant and equipment	(15,490,682)	-	3,901,637	-
Depreciation and Amortisation of non-current assets (continuing and discontinued operations)	115,396,149	-	118,755,814	-
Provision (reversal) for bad debts	-	-	(9,006,493)	-
Provision for employee benefits (long term)	9,600,481	-	123,287	-
		(80,038,830)		24,143,909
Movements in working capital :				
(Increase) / decrease in trade and other receivables	54,638,515	-	60,010,707	-
(Increase) / decrease in inventories	(6,141,218)	-	(89,280,466)	-
(Increase) / decrease in other financial assets	14,260,628	-	(35,215,150)	-
(Increase) / decrease in other assets	12,095,859	-	(43,659,206)	-
Increase / (decrease) in trade payables	(36,229,699)	-	81,116,789	-
Increase / (decrease) in other financial liabilities	15,306,291	-	(123,704,247)	-
Increase / (decrease) in short term provisions	(1,578,112)	-	-	-
Increase / (decrease) in other liabilities	(34,544,568)	17,807,696	(67,119,606)	(217,851,178)
Cash generated from operations		(62,231,134)		(193,707,269)
Income Tax paid		-		(874,342)
Net cash generated by operating activities		(62,231,134)		(192,832,927)
B. Cash flow from investing activities				
Payments for property, plant and equipment	(81,666,720)	-	(56,008,522)	-
Net cash (used in) / generated by investing activities		(81,666,720)		(56,008,522)
C. Cash flow from financing activities				
Proceeds from borrowings	90,236,745		210,233,437	
Repayment of finance lease	(17,506,251)		(29,065,243)	
Proceeds from equity	101,143,149		91,392,234	
Interest paid	(28,429,379)		(20,304,586)	
Net cash used in financing activities		145,444,264		252,255,843
Net increase in cash and cash equivalents		1,546,411		3,414,394
Cash and cash equivalents at the beginning of the year		1,648,966		40,714
Effects of exchange rate changes on the balance of cash and cash equivalents held in foreign currencies		26,543		(1,806,142)
Cash and Cash equivalents at the end of the year		3,221,919		1,648,966

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Rane Precision Die Casting Inc.
Statements of Changes in Equity as on March 31, 2018, March 31, 2017 and April 01, 2016

(In Rs.)

Particulars	Reserves and Surplus				Items of other comprehensive income			Total
	Share Capital	Share premium	General reserve	Retained earnings	FCTR	Effective portion of cash flow hedges	Actuarial Gain / (Loss)	
Balance at April 1, 2016 (as previously reported)	6,834	136,665,166	-	(32,341,800)	(3,245,247)	-	-	101,084,953
Changes in accounting policy	-	-	-	-	-	-	-	-
Restated balance at April 1, 2016	6,834	136,665,166	-	(32,341,800)	(3,245,247)	-	-	101,084,953
2016-17								
Profit for the year	-	-	-	(137,633,004)	-	-	-	(137,633,004)
On issue of shares	-	65,274,381	-	-	-	-	-	65,274,381
Utilised/reversed during the year	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	25,434,518	25,434,518
Movement in foreign exchange translation reserve	-	-	-	-	(47,989)	-	-	(47,989)
Balance at March 31, 2017	6,834	201,939,547	-	(169,974,804)	(3,293,236)	-	25,434,518	54,112,860
2017-18								
Profit for the year	-	-	-	(193,081,346)	-	-	-	(193,081,346)
On issue of shares	-	111,193,300	-	-	-	-	-	111,193,300
Utilised during the year	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	(10,479,075)	(10,479,075)
Movement in foreign exchange translation reserve	-	-	-	-	(283,023)	-	-	(283,023)
Balance at March 31, 2018	6,834	313,132,847	-	(363,056,150)	(3,576,258)	-	14,955,443	(38,537,284)

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Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

Note 1: Summary of Significant Accounting Policies

1. General Information

Rane Precision Die Casting, was acquired by Rane (Madras) International Holdings B.V. on February 17, 2016. It is based in Russellville, Kentucky, 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. Summary of Significant accounting policies

2.1 Basis of Preparation

The financial statements are prepared under historical cost convention in accordance with the Generally Accepted Accounting Principles in India and comply in all material respects with the accounting standards specified under the section 133 of the Act read with rule 7 of the Companies (Accounts) Rules, 2014.

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of the products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

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

2.2 Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in India requires the management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the Balance Sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the Balance Sheet date.

Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about the assumptions and estimates may result in outcomes requiring a material adjustment to the carrying amount of assets or liabilities in future periods. Difference between actual results and estimates are recognised in the Profit and Loss Statement in the year in which the results are known / materialised.

2.3 Fixed Assets & Depreciation

(i) Tangible Assets

Fixed Assets are valued at cost, namely, cost of acquisition and other incidental expenses directly related to their installation / erection less accumulated depreciation and impairment, if any. Capital work-in-progress comprises of the cost of fixed assets that are not yet ready for their intended use at the reporting date. Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefit from the existing asset beyond its previously assessed standard of performance.

Depreciation on tangible assets is generally computed on a pro-rata basis on the basis of the estimated life specified in Schedule II of the Companies Act, 2013 under Straight Line Method. The useful life of assets prescribed in Schedule II of The Companies Act, 2013 are considered for the purpose of Computation of Depreciation. However, If the management's estimate of the useful life of a fixed asset at the time of acquisition of the asset or of the remaining useful life on a subsequent review is different from that envisaged in the aforesaid schedule, depreciation is provided at a such rate based on the useful life / remaining useful life as technically advised. Accordingly, depreciation is provided based on the useful life indicated below which is different from that stated in Schedule II to the Companies Act,2013.

Assets	Life
Leasehold improvements	10 years or life of lease
Machinery & equipment	3-10 years
Equipment under lease	5-6 years
Molds	3-4 years
Vehicles	4-5 years
Computers and data processing equipment	4-5 years
Maintenance tools	1 years

Depreciation charge on additions / deletions is restricted to the period of use.

Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or companies of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset / cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.4 Borrowing Cost

Borrowing costs that are attributable to the acquisition / construction / production of qualifying assets (assets which require substantial period of time to get ready for its intended use) are capitalised as part of the cost of that asset. All other borrowing costs are charged to revenue.

2.5 Inventories

Inventories are stated at lower of weighted average cost and net realisable value. Cost of inventories comprises of purchase cost, cost of conversion and other cost including manufacturing overheads incurred in bringing the inventory to present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.6 Revenue Recognition

The Company recognizes revenue, net of estimated discounts, rebates and allowances from sale of goods when significant risks and rewards in respect of ownership of the products are transferred to the customer and when the following criteria are met:

- Persuasive evidence of an arrangement exists;
- The price to the buyer is fixed and determinable;
- Delivery has occurred and/or goods are dispatched for delivery to the customers; and
- Collectability of the sales price is reasonably assured.

The Company's revenue represents sales of finished goods inventory and is recognized when delivered or picked up by customers.

2.7 Other Income

Interest : Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

2.8 Employee Benefits

1. Short - Term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits and recognised in the period in which the employee renders the related service.

2. Disability benefit

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

3. 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.

4. Defined Contribution Plans

410k plan

The company has a 401k plan set up for its employees. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

5. Defined Benefit Plan

Pension plan

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.

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 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. Remeasurement of defined benefit plans in respect of post employment are charged to the other comprehensive income.

2.9 Taxes on Income

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.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

2.10 Investments

Investments which are readily realisable and intended to be held for not more than one year from the date on which such investments are made are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and quoted/fair value, computed category wise. Long Term Investments are stated at cost. Decline in value, if any, which is not considered temporary in nature, is provided for.

2.11 Research & Development Expenditure

Revenue expenditure on Research and Development is charged off in the year in which it is incurred. Capital expenditure on Research and Development is included under Fixed Assets.

2.12 Provisions and Contingent Liabilities

Provisions : Provisions are recognised when there is a present obligation as result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities : Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.13 Leases

1. 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.

2. 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.

2.14 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting equity dividends and any attributable tax thereon for 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 profit or 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.

3 First-time adoption - mandatory exception, optional exemptions

3.1 Overall Principle

The company has prepared the opening balance sheet as per Ind AS as of 01 April 2016 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the company as detailed below:

3.2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2016 (the transition date).

3.3 Deemed cost for property, plant and equipment, investment property, and intangible assets

For transition to Ind AS, the Company has elected to adopt fair value of the buildings, plant and equipment recognised as of April 1, 2016 as the deemed cost as of the transition date. For the other assets, it has applied Ind AS 16 retrospectively. The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2016 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Accordingly, certain pre-operative costs and other ineligible items have been charged off upon transition.

3.4 Classification of debt instruments

The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

3.5 Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there has been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

3.6 Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

4. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

4.1. Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2. Useful lives of property, plant and equipment

As described at Note 2.3 above, the Company reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. During the current year, the directors determined that the useful lives of certain items of equipment should be shortened, due to the nature of assets.

4.3. Fair value measurements and valuation processes

In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Company engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

4.4. Employee Benefits

The cost of defined benefit plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

4.5. Inventories

An inventory provision is recognised for cases where the realisable value is estimated to be lower than the inventory carrying value. The inventory provision is estimated taking into account various factors, including prevailing sales prices of inventory item, changes in the related laws / norms and losses associated with obsolete / slow-moving / redundant inventory items. The Company has, based on these assessments, made adequate provision in the books.

4.6. Taxation

Tax expense is calculated using applicable tax rate and laws that have been enacted or substantially enacted. In arriving at taxable profit and all tax bases of assets and liabilities, the Company determines the taxability based on tax enactments, relevant judicial pronouncements and tax expert opinions, and makes appropriate provisions which includes an estimation of the likely outcome of any open tax assessments / litigations. Any difference is recognised on closure of assessment or in the period in which they are agreed. Deferred income tax assets are recognized to the extent that it is probable that future taxable income will be available.

Rane Precision Die Casting Inc.					
NOTES FORMING PART OF ACCOUNTS					
(In Rs.)					
Note 2: Property, Plant and Equipment and Capital Work-in-progress					
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016		
Carrying amounts of:					
Plant and equipment	355,294,918	354,245,724	402,913,154		
Computer and Accessories	14,088,352	3,986,237	5,990,711		
Vehicles	9,957	310,522	483,533		
Equipments under finance lease	47,258,488	73,851,070	103,511,767		
Sub-Total	416,651,715	432,393,552	512,899,163		
Capital Work-in-progress	22,047,342	4,574,880	139,052		
Total	438,699,057	436,968,432	513,038,215		
(In Rs.)					
Particulars	Plant and equipment	Computer and Accessories	Vehicles	Equipments under finance lease	Total
Balance at 01-Apr-2015	430,967,968	6,350,123	512,520	150,652,631	588,483,241
Additions					-
Disposals	(4,895,724)				(4,895,724)
Effect of foreign currency exchange differences	(12,690,655)	(188,266)	(15,166)	(4,466,492)	(12,894,087)
Balance as at April 1, 2016	413,381,580	6,161,857	497,325	146,186,164	566,226,925
Additions	49,388,729	148,167			49,536,897
Disposals	(3,037,491)				(3,037,491)
Effect of foreign currency exchange differences	(10,986,547)	(145,345)	(11,324)	(3,328,926)	(14,472,142)
Balance at 31-Mar-2017	448,746,286	6,164,683	486,000	142,857,238	598,254,206
Additions	85,194,711	12,403,683		-	97,598,395
Disposals	3		(451,184)		(451,181)
Effect of foreign currency exchange differences	3,507,595	172,829	(2,231)	815,697	4,493,890
Balance at 31-Mar-2018	537,448,580	18,741,191	32,585	143,672,909	699,895,266
(In Rs.)					
Accumulated depreciation and impairment	AD Plant and equipment	AD Computer and Accessories	AD Vehicles	AD Equipments under finance lease	Total
Balance at 01-Apr-2015	1,408,405	-	-	38,344,692	1,408,405
Eliminated on disposals	(92,384)				(92,384)
Depreciation expense	9,357,926	174,245	14,064	5,564,862	9,546,235
Effect of foreign currency exchange differences	(205,504)	(3,079)	(249)	(1,235,199)	(208,832)
Balance at 31-Mar-2016	10,468,426	171,146	13,792	42,674,397	53,327,762
Eliminated on disposals	1,012,496				1,012,496
Depreciation expense	88,243,465	2,081,811	167,691	28,262,770	90,492,968
Effect of foreign currency exchange differences	(5,223,859)	(74,551)	(6,006)	(1,930,916)	
Balance at 31-Mar-2017	94,500,562	2,178,446	175,478	69,006,168	165,860,654
Eliminated on disposals	3		(238,125)		(238,122)
Depreciation expense	86,157,500	2,434,961	85,940	26,717,749	115,396,149
Effect of foreign currency exchange differences	1,495,626	39,457	(687)	690,474	2,224,869
Balance at 31-Mar-2018	182,153,662	4,652,840	22,628	96,414,421	283,243,551
Carrying amount as on April 1, 2016	402,913,154	5,990,711	483,533	103,511,767	512,899,163
Carrying amount as on March 31, 2017	354,245,724	3,986,237	310,522	73,851,070	432,393,552
Carrying amount as on March 31, 2018	355,294,918	14,088,352	9,957	47,258,488	416,651,715
The loan from EXIM bank is secured against all moveable property, plant and equipment of the Company.					

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

(In Rs.)

Note 3 OTHER FINANCIALS ASSETS Particulars	Non-current			Current		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
(a) Other deposits	19,795,388	34,020,000	-	-	-	-
Total	19,795,388	34,020,000	-	-	-	-

Note 4 OTHER ASSETS Other Non Financial Assets	Non-current			Current		
	March 31, 2018	March 31, 2017	April 01, 2016	March 31, 2018	March 31, 2017	April 01, 2016
Unsecured and considered good unless otherwise stated :						
(a) Advances paid to suppliers	31,546,856	44,729,107	-	-	-	-
(b) Leasehold improvements	13,222,980	13,252,896	15,621,641	-	-	-
(c) Prepaid Expenses	-	-	-	2,034,271	717,012	1,284,889
Total	44,769,836	57,982,003	15,621,641	2,034,271	717,012	1,284,889

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

(In Rs.)

Note 5 INVENTORIES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(At lower of cost and net realisable value)			
(a) Raw materials	19,885,702	2,701,642	5,419,649
(b) Work-in-process	61,135,817	50,497,409	59,287,373
(c) Finished goods	1,886,791	8,332,114	11,375,215
(d) Stores and spares	84,818,183	99,068,962	-
	167,726,493	160,600,126	76,082,237

The mode of valuation of inventories has been stated in note 1.4.5

Note 6 CASH AND CASH EQUIVALENTS

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks, cheques and drafts on hand. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Balances with banks (including deposits with original maturity upto 3 months)			
(i) In Current account	3,214,493	1,526,818	26,458
(b) Cash on hand	7,427	122,148	14,257
	3,221,919	1,648,966	40,714

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

(In Rs.)

Note 7 TRADE RECEIVABLES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured, considered good	-	-	-
Unsecured, considered good	320,985,543	374,094,288	433,233,003
Doubtful	-	-	8,903,576
Sub -Total	320,985,543	374,094,288	442,136,579
Allowance for doubtful debts (expected credit loss allowance)	-	-	(8,903,576)
	320,985,543	374,094,288	433,233,003
Current	320,985,543	374,094,288	433,233,003
Non-current	-	-	-

7.1 Trade Receivables

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Company follows the specific identification method for recognizing provision for doubtful accounts. Management analyzes composition of the accounts receivable aging, historical bad debts, current economic trends and customer credit worthiness of each accounts receivable when evaluating the adequacy of the provision for doubtful accounts.

(In Rs.)

Age of receivables	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Less than 120 Days past due	316,817,400	341,706,794	438,344,576
More than 120 days past due	4,168,143	32,387,494	3,792,004
Total	320,985,543	374,094,288	442,136,579

Movement in expected credit loss allowance	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Balance at beginning of the year	-	8,903,576	-
Movement in expected credit loss allowance on trade receivables calculated at lifetime expected credit losses	-	(8,903,576)	(8,903,576)
Balance at end of the year	-	-	8,903,576

Rane Precision Die Casting Inc.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Note 8 CURRENT TAX ASSETS AND LIABILITIES

(In Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current Tax Liabilities			
Income Tax payable	1,976,969	(1,378,231)	(267,959)
Total	1,976,969	(1,378,231)	(267,959)

Rane Precision Die Casting Inc.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(In Rs.)

Note 9 EQUITY SHARE CAPITAL	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
AUTHORISED : Equity Shares: 100 Equity Shares of \$ 1 each	6,834	6,834	6,834
ISSUED, SUBSCRIBED AND FULLY PAID UP 100 Equity Shares of \$ 1 each fully paid-up (INR 68.34)	6,834	6,834	6,834
	6,834	6,834	6,834

Reconciliation of number of shares	2017-18		2016-17	
	No of Shares	Amount (Rs.)	No of Shares	Amount (Rs.)
Equity Shares of \$ 1 each fully paid up (INR 68.34)	100	6834	100	6834
At the beginning of the period	100	6,834	100	6,834
Allotment of shares on exercise of Employee Stock Option	-	-	-	-
At the end of the period	100	6,834	100	6,834

The Company has one class of equity share having a par value of \$ 1 per share. Each holder of equity share is entitled to one vote per share. The dividend when proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General meeting. Repayment of capital on liquidation will be in proportion to the number of equity shares held.

9.1 Details of shares held by each shareholder holding more than 5 percent of equity shares in the company:

Name of the Share holder	No of shares held as at					
	March 31, 2018		March 31, 2017		April 01, 2016	
	Nos.	%	Nos.	%	Nos.	%
Rane (Madras) International Holdings B.V.	100	100.00%	100	100.00%	100	100.00%

Rane Precision Die Casting Inc.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(In Rs.)

Note 10 OTHER EQUITY	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Other Comprehensive income	14,955,443	25,434,518	-
Securities Premium Reserve	313,132,847	201,939,547	136,665,166
Foreign Currency Translation Reserve	(3,576,258)	(3,293,236)	(3,245,247)
Retained Earnings	(363,056,150)	(169,974,804)	(32,341,800)
	(38,544,118)	54,106,026	101,078,120

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit or loss.

	Year ended March 31, 2018	Year ended March 31, 2017	As at April 1, 2016
(a) Other Comprehensive Income			
Opening balance	25,434,518	-	-
Add :Addition during the year	(10,479,075)	25,434,518	-
Closing balance	14,955,443	25,434,518	-
(b) Securities Premium Account			
Opening balance	201,939,547	136,665,166	136,665,166
Add :Addition during the period	111,193,300	65,274,381	-
Closing balance	313,132,847	201,939,547	136,665,166
(c) Retained Earnings			
Balance at the beginning of the year	(169,974,804)	(32,341,800)	(19,639,766)
Profit attributable to the owners of the company	(193,081,346)	(137,633,004)	(12,702,034)
Balance at the end of the year	(363,056,150)	(169,974,804)	(32,341,800)
(d) Foreign Currency Translation Reserve			
Opening Balance	(3,293,236)	(3,245,247)	-
Movement during the year	(283,023)	(47,989)	(3,245,247)
Closing	(3,576,258)	(3,293,236)	(3,245,247)
Total	(38,544,118)	54,106,026	101,078,120

Rane Precision Die Casting Inc.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (In Rs.)

Note 11 NON-CURRENT BORROWINGS	Non-Current Portion		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured - at amortised cost			
i) Term Loans			
- from banks	97,755,000	129,600,000	-
ii) Working capital loan	-	-	-
Total	97,755,000	129,600,000	-

Summary of borrowing arrangements

(i) During the year ended March 31, 2017, the Company obtained a term loan of INR 130,340,000 (\$ 2,000,000) from Export-Import Bank of India ("EXIM bank") bearing interest rate of 5.59% 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. The said loan is repayable in 12 equal quarterly instalments starting from September 2018

Note 11A CURRENT BORROWINGS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Secured - at amortised cost			
a. Loan repayable on demand			
- from banks	482,258,000	388,800,000	322,648,877
- cash credit and packing credit	-	-	9,166,098
	482,258,000	388,800,000	331,814,975

Summary of borrowing arrangements

During the current year, the Company obtained a working capital loan of INR 482,258,000 (\$ 7,4000,000) bearing interest rate of 5.09% p.a. (6 month LIBOR +375 basis points) quarterly payable. The loan is secured against all moveable property, plant and equipment, current assets of the Company and shares of the Company are held by Rane (Madras) International Holdings B.V.

Rane Precision Die Casting Inc.
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
(In Rs.)

Note 12 TRADE PAYABLES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Trade payables	220,626,308	238,220,741	163,581,996
TOTAL	220,626,308	238,220,741	163,581,996

There are no dues to enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 which is on the basis of such parties having been identified by the management and relied upon by the auditors.

(In Rs.)

Note 13 OTHER FINANCIAL LIABILITIES	Non-current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Interest accrued but not due on borrowings	-	-	-	3,917,755	2,886,257	1,378,916
(b) Employee related liabilities	-	-	-	26,625,350	12,095,179	45,205,980
(c) Current maturities of long term borrowings	-	-	-	32,585,000	-	109,040,694
TOTAL	-	-	-	63,128,105	14,981,436	155,625,591

(In Rs.)

Note 14 OTHER LIABILITIES	Non-current			Current		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(a) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.)	-	-	-	2,075,543	3,870,504	6,632,326
(b) Advances and Deposits from customers/others	-	-	-	10,142,277	32,530,313	39,641,577
(c) Defined benefit plan obligation	-	-	-	134,647,933	133,141,709	162,393,323
(d) Finance lease	12,726,380	26,968,723	45,609,344	14,387,255	17,600,004	28,731,062
(e) Social activity	-	-	-	-	121,500	124,331
(f) Audit fees	-	-	-	-	1,436,162	3,793,264
TOTAL	12,726,380	26,968,723	45,609,344	161,253,008	188,700,192	241,315,882

The provision for employee benefits includes annual leave and vested long service leave entitlements accrued and compensation claims made by employees. The decrease in the carrying amount of the provision for the current year results from the benefits being paid in the current year.

The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the Company's obligations for warranties under local sale of goods legislation. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting the product quality.

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

NOTE 15 DEFERRED TAX BALANCES

Deferred tax liability (net)	Balance Sheet	
	March 31, 2018	March 31, 2017
Deferred tax relates to the following:		
PPE	(77,273,582)	(101,622,701)
Accrued bonus	-	231,506
Inventory reserve	2,267,457	2,512,377
Inventory	1,279,595	1,849,455
Capital lease adjustments	6,548,660	14,915,377
Interest disallowance u/s 163(j)	10,124,019	-
Net operating losses	95,050,532	58,845,278
Deferred tax asset valuation allowance	(37,996,681)	-
Deferred tax liability	-	(23,268,708)

Major components of deferred tax for the year ended March 31, 2018 and March 31, 2017:

Deferred tax expense/(income)	Statement of Profit and Loss	
	March 31, 2018	March 31, 2017
Deferred tax relates to the following:		
PPE	24,655,795	(105,198,315)
Accrued bonus	(230,273)	239,652
Inventory reserve	(256,420)	2,600,776
Inventory	(574,067)	1,914,546
Capital lease adjustments	(8,359,114)	-
Interest disallowance u/s 163(j)	10,012,917	60,915,760
Net operating losses	35,475,622	15,440,160
Deferred tax asset valuation allowance	(37,579,701)	-
Deferred tax expense/(income)	23,144,758	(24,087,421)

Deferred tax in the balance sheet as follows	March 31, 2018	March 31, 2017
Deferred tax assets	115,270,263	78,353,977
Deferred tax liabilities:	(77,273,582)	(101,622,685)
Deferred tax liabilities, net	37,996,681	(23,268,708)
Valuation Allowance	(37,996,681)	-
Net Deferred tax	-	(23,268,708)

Reconciliation of deferred tax liabilities (net)	March 31, 2018	March 31, 2017
Opening balance	(23,268,708)	(63,825,278)
Tax income/(expense) during the period recognised in profit or loss	23,268,708	40,556,571
Tax income/(expense) during the period recognised in OCI	-	-
Adjustment to general reserve [Refer note 21(a)]	-	-
Foreign currency translation reserve	-	-
Closing balance	-	(23,268,708)

Rane Precision Die Casting Inc.			
NOTES FORMING PART OF ACCOUNTS			
(In Rs.)			
NOTE 16 REVENUE FROM OPERATIONS	Year ended March 31, 2018	Year ended March 31, 2017	Period ended March 31, 2016
(a) Sales of Products - aluminium castings	1,839,024,190	2,049,001,729	287,116,656
(b) Other operating revenues - Scrap sales	19,717,700	8,653,804	2,965,203
	1,858,741,890	2,057,655,534	290,081,859
Note 17 OTHER INCOME	Year ended March 31, 2018	Year ended March 31, 2017	Period ended March 31, 2016
Other non-operating income (net of expenses directly attributable to such income)			
- Others (aggregate of immaterial items)	1,930,440	91,205,359	1,569,782
	1,930,440	91,205,359	1,569,782
Note 18 CHANGES IN INVENTORIES OF WORK IN PROGRESS AND FINISHED GOODS	Year ended March 31, 2018	Year ended March 31, 2017	Period ended March 31, 2016
Opening Stock:			
Work-in-process	50,497,409	59,287,373	38,417,104
Finished goods	8,332,114	11,375,215	13,543,580
Stock-in-trade	-	-	-
Closing Stock:			
Work-in-process	61,135,817	50,497,409	59,287,373
Finished goods	1,886,791	8,332,114	11,375,215
Stock-in-trade	-	-	-
(Increase)/Decrease in Stocks	(4,193,086)	11,833,066	(18,701,904)
Note 19 EMPLOYEE BENEFIT EXPENSES	Year ended March 31, 2018	Year ended March 31, 2017	Period ended March 31, 2016
(a) Salaries, Wages and Bonus	681,416,079	720,783,481	95,849,491
(b) Contribution to Provident and Other Funds	151,554,223	160,790,629	21,132,817
(c) Staff Welfare Expenses	556,739	1,016,879	69,731
	833,527,041	882,590,989	117,052,038
Note 20 FINANCE COSTS	Year ended March 31, 2018	Year ended March 31, 2017	Period ended March 31, 2016
Continuing operations			
Interest costs:			
Interest on bank overdrafts and loans (other than those from related parties)	27,013,841	19,471,161	2,081,792
Other interest expense	1,415,538	2,414,149	387,872
	28,429,379	21,885,310	2,469,664
Finance costs relating to financial liabilities designated as at fair value through profit or loss are included in 'Other Income'			
Note 21 DEPRECIATION AND AMORTISATION EXPENSE	Year ended March 31, 2018	Year ended March 31, 2017	Period ended March 31, 2016
Depreciation on Property, Plant and Equipment pertaining to continuing operations	115,396,149	118,755,814	15,111,080
Total depreciation and amortisation expense	115,396,149	118,755,814	15,111,080

Note 22 OTHER EXPENSES	Year ended March 31, 2018	Year ended March 31, 2017	Period ended March 31, 2016
Auditors' Remuneration	1,546,916	1,609,835	-
Bad Debts/Advances written off	-	(9,006,493)	1,012,545
Bank charges	2,417,442	7,563,141	1,290,724
Commission to Selling Agents	3,264,502	3,787,674	496,147
Consumption of stores and spares	131,540,178	150,243,390	25,737,194
Loss on sale of assets	-	3,901,637	4,803,309
Insurance	15,780,935	19,957,934	1,474,670
Power and Fuel	109,283,284	121,491,931	12,528,079
Packing, Despatching and Freight	83,795,974	66,676,834	(3,428,003)
Professional Charges	25,416,954	46,276,463	6,610,431
Printing and Stationery	279,962	102,828	1,350
Rates and Taxes, excluding taxes on income	15,401,797	12,819,455	1,528,335
Rent expense	15,876,388	18,474,002	1,052,304
Repairs and Maintenance			
- Buildings	-	4,132,313	179,558
- Plant and Machinery	64,350,922	42,338,805	18,160,256
- Others	27,805,106	52,243,787	1,404,399
Telephone	2,311,817	4,336,762	881,926
Travelling and Conveyance	3,115,986	6,180,762	1,141,813
Miscellaneous Expenses	15,554,688	22,001,755	10,050,517
	517,742,851	575,132,817	84,925,553

NOTE 23 INCOME AND DEFERRED TAXES

The major components of income tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Statement of profit or loss	Year ended March 31, 2018	Year ended March 31, 2017
Current income tax :		
Current income tax charge (including taxes for earlier years)	(1,748,052)	2,029,935
Deferred tax		
Relating to origination and reversal of temporary differences	(23,144,758)	(41,983,561)
Prior period deferred tax adjustment		66,070,983
Tax expense reported in the statement of profit and loss	(24,892,810)	26,117,357
Other comprehensive income (OCI)	Year ended March 31, 2018	Year ended March 31, 2017
Deferred tax related to items recognised in OCI:		
Net loss/(gain) on revaluation of cash flow hedges	-	-
Net loss/(gain) on re-measurement of defined benefit plans	2,780,939	-
DTA - Not recognised	(2,780,939)	
Tax charged to OCI	-	-
Reconciliation of tax expenses and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017		
	Year ended March 31, 2018	Year ended March 31, 2017
Accounting profit before tax from operations	(219,115,716)	(113,548,634)
Accounting profit before income tax		
At US statutory income tax rate of 21% (31 March 2016: 34%)	(46,014,300)	(38,606,535)
Permanent Difference	457,748	1,793,138
Temporary Difference	(33,548,499)	(3,140,149)
NOL's	13,851,600	-
DTA - Not recognised	40,360,641	-
At the effective income tax rate	(24,892,810)	(39,953,546)
Tax expense reported in the statement of profit and loss	(24,892,810)	26,117,357

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

NOTE 24 EARNINGS PER SHARE

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Basic Earnings per share			
From continuing operations	(29,830)	(16,426)	(1,384)
From discontinued operations	-	-	-
Total basic earnings per share	(29,830)	(16,426)	(1,384)
Diluted Earnings per share			
From continuing operations	(29,830)	(16,426)	(1,384)
From discontinued operations	-	-	-
Total diluted earnings per share	(29,830)	(16,426)	(1,384)

Basic Earnings per share

The earnings and weighted average number of equity shares used in the calculation of basic earnings per share are as follows.

Earnings used in the calculation of basic earnings per share from continuing operations	(203,843,444)	(112,246,474)	(9,456,787)
--	---------------	---------------	-------------

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
(a) Number of equity Shares of \$ 1 each outstanding at the end of the year	6,834	6,834	6,834
(b) Weighted Average number of Equity Shares for the purpose of basic earnings per share	6,834	6,834	6,834

Diluted Earnings per share

The earnings used in the calculation of diluted earnings per share as follows.

	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Earnings used in the calculation of diluted earnings per share from continuing operations	(193,081,346.23)	(137,633,003.69)	(12,702,033.67)

The weighted average number of equity shares for the purposes of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

	Year ended March 31, 2017	Year ended March 31, 2017	Year ended March 31, 2016
Weighted average number of equity shares used in the calculation of basic earnings per share	6,833.60	6,833.60	6,833.60

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

Note 25 SEGMENT REPORTING

The Company is engaged in the activities related to manufacture and supply of auto components for transportation industry and the Chief Operating Decision Maker (Board of Directors) reviews the operating results as a whole for purposes of making decisions about resources to be allocated and assess its performance and the entire operations are to be classified as a single business segment, namely components for transportation industry. The geographical segments considered for disclosure are – India and Rest of the World. All the manufacturing facilities are located in United States of America:

Reportable Segment : One product segment - Auto components for transportation industry

25.1 Geographical Information

The Company's revenue from continuing operations from external customers by location of operations and information about its non-current assets** by location of operations are detailed below.

	Revenue from external customers			Non - current assets**		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
India	-	-	-	-	-	-
Rest of World	1,858,741,890	2,057,655,534	290,081,859	438,699,057	436,968,432	513,038,215
Total	1,858,741,890	2,057,655,534	290,081,859	438,699,057	436,968,432	513,038,215

** Non- current assets are used in the operations of the Company to generate revenues outside India.

25.2 Information about major customers

Included in revenues arising from direct sales of Rs.187.44 Cr (2016-17: Rs.487.44 Cr) are revenues of approximately Rs. 171.58 Cr (2016-17: Rs. 224.30 Cr) which arose from sales to the Company's largest customers. No other single customers contributed 10% or more to the Company's revenue for both 2017-18 and 2016-17.

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

NOTE 26 EMPLOYEE BENEFIT PLANS

A. Defined contribution plans

The company has a 401k plan set up for its employees. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

B. Defined benefit plans :

Pension -

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 Company is exposed to various risks in providing the above gratuity benefit which are as follows:

Interest Rate risk : The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of the liability (as shown in financial statements).

Investment Risk : The probability or likelihood of occurrence of losses relative to the expected return on any particular investment.

Salary Escalation Risk : The present value of the defined benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

Demographic Risk : The Company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.

Particulars	Pension (Funded)	
	2017-18	2016-17
Present Value of obligations at the beginning of the year	343,415,830	362,329,378
Current service cost	6,778,069	8,842,754
Interest Cost	13,834,260	14,111,687
Re-measurement (gains)/losses:		
- Actuarial gains and losses arising from experience adjustment	1,148,134	(14,197,683)
- Actuarial gains and losses arising from financial assumptions	5,429,029	(11,282,990)
Benefits paid	(9,263,640)	(8,511,580)
Foreign currency translation adjustment	2,159,765	(7,875,736)
Present Value of obligations at the end of the year	363,501,446	343,415,830
Changes in the fair value of planned assets		
Fair value of plan assets at beginning of year	210,274,121	199,936,055
Interest Income	8,470,717	7,786,915
Expected Return on plan assets	-	-
Contributions from the employer	21,767,874	15,290,819
Benefits Paid	(9,263,640)	(8,511,580)
Return on Plan Assets, Excluding Interest Income	(3,786,914)	848,763
Actuarial gain/ (loss) on plan assets	-	-
Foreign currency translation adjustment	1,391,355	(5,076,851)
Fair Value of plan assets at the end of the year	228,853,514	210,274,121
Amounts recognized in the Balance Sheet	(134,647,933)	(133,141,709)
Projected benefit obligation at the end of the year	(363,501,446)	(343,415,830)
Fair value of plan assets at end of the year	228,853,514	210,274,121
Funded status of the plans – Liability recognised in the balance sheet	(134,647,933)	(133,141,709)

Components of defined benefit cost recognised in profit or loss			
Current service cost		6,778,069	8,842,754
Net interest Expense		5,363,543	6,324,772
Past service cost		-	-
Net Cost in Profit or Loss		12,141,612	15,167,526
Components of defined benefit cost recognised in Other Comprehensive income			
Remeasurement on the net defined benefit liability:			
- Actuarial gains and losses arising from experience adjustment		6,577,163	(25,480,673)
Return on plan assets		3,786,914	(848,763)
Net Income / (Cost) in Other Comprehensive Income		10,364,077	(26,329,437)
Assumptions	March 31,2018	March 31,2017	April 01,2016
Expected Return on Plan Assets	3.91%	4.05%	3.85%
Discount rate	3.91%	4.05%	3.85%
<u>Expected rate of salary increases</u>			
Executives Managers & Below / Senior Manager & Above	0.00%	0.00%	0.00%
Operators	0.00%	0.00%	0.00%
<u>Expected rate of Attrition</u>			
Rate of Employee Turnover	90% of 2003 SoA SPAT Table	90% of 2003 SoA SPAT Table	90% of 2003 SoA SPAT Table
<p>The company has generally invested the plan assets with the insurer managed funds. The insurance company has invested the plan assets in Government Securities, Debt Funds, Equity shares, Mutual Funds, Money Market Instruments and Time Deposits. The expected rate of return on plan asset is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.</p> <p>Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:</p>			
Sensitivity Analysis	March 31,2018	March 31,2017	
Projected Benefit Obligation on Current Assumptions	363,501,446	343,415,830	
Delta Effect of +0.5% Change in Rate of Discounting	(27,341,487)	(24,099,703)	
Delta Effect of -0.5% Change in Rate of Discounting	27,812,014	24,919,488	
<p>Please note that the sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.</p> <p>Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.</p> <p>There was no change in the methods of assumptions used in preparing the sensitivity analysis from prior years.</p>			

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

NOTE 27 FINANCIALS INSTRUMENTS

27.1 Capital management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimization of the debt and equity balance. The company isn't subject to any externally imposed capital requirements.

The capital structure of the Company consists of net debt and total equity of the Company.

27.1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Particulars	(In Rs.)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Debt *	639,711,635	562,968,727	515,196,075
Cash and bank balances (including cash and bank balances in a disposal Company held for sale)	3,221,919	1,648,966	40,714
Net debt	636,489,716	561,319,762	515,155,361
Equity	(38,537,284)	54,112,860	101,084,953
Hedging reserve	-	-	-
Total Equity**	(38,537,284)	54,112,860	101,084,953
Net debt to equity ratio	-1651.62%	1037.31%	509.62%

*Debt is defined as long-term and short-term borrowings

** Equity includes all capital and reserves of the company that are managed as capital.

27.1.2 Categories of financial instruments	(In Rs.)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Financial assets			
Measured at amortised cost			
(a) Cash and bank balances (including cash and bank balances in a disposal Company held for sale)	3,221,919	1,648,966	40,714
(b) Other financial assets at amortised cost (including trade receivables in a disposal Company held for sale)	320,985,543	374,094,288	433,233,003
Financial liabilities			
Measured at amortised cost (including trade payables balance in a disposal Company held for sale)			
Trade payables	220,626,308	238,220,741	163,581,996

27.2 Interest rate risk management

The company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management.

27.3 Credit risk management

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable and, where appropriate, credit guarantee insurance cover is purchased. **(Refer Note 7)**

27.4 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note 39.10.2 below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

27.5 Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values.

Particulars	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets						
Financial assets at amortised cost:						
- Trade receivables	320,985,543	320,985,543	374,094,288	374,094,288	433,233,003	433,233,003
- others	19,795,388	19,795,388	34,020,000	34,020,000	-	-
Financial liabilities						
Financial liabilities held at amortised cost:						
Bank borrowings and cash credit	612,598,000	612,598,000	518,400,000	518,400,000	440,855,669	440,855,669
Trade payables	220,626,308	220,626,308	238,220,741	238,220,741	163,581,996	163,581,996
Interest accrued but not due on borrowings	3,917,755	3,917,755	2,886,257	2,886,257	1,378,916	1,378,916
Financial Lease payables	27,113,635	27,113,635	44,568,727	44,568,727	74,340,406	74,340,406

Fair value hierarchy as at March 31, 2018

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at amortised cost:				
- Trade receivables			320,985,543	320,985,543
- Others			19,795,388	19,795,388
Financial Lease receivables			-	-
Total	-	-	340,780,931	340,780,931
Financial liabilities				
Financial liabilities held at amortised cost:				
Bank loans			612,598,000	612,598,000
Trade payables			220,626,308	220,626,308
Interest accrued but not due on borrowings			3,917,755	3,917,755
Financial Lease payables			27,113,635	27,113,635
Total	-	-	864,255,697	864,255,697

Fair value hierarchy as at March 31, 2017

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at amortised cost:				
- Interest accrued but not due on deposits, loans and etc.			-	-
- Trade receivables			374,094,288	374,094,288
- others			34,020,000	34,020,000
Financial Lease receivables				
				-
Total	-	-	408,114,288	408,114,288
Financial liabilities				
Financial liabilities held at amortised cost:				
Bank loans			518,400,000	518,400,000
Trade payables			238,220,741	238,220,741
Interest accrued but not due on borrowings			2,886,257	2,886,257
Financial Lease payables			44,568,727	44,568,727
Total		-	804,075,725	804,075,725

Fair value hierarchy as at April 01, 2016

Particulars	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at amortised cost:				
- Interest accrued but not due on deposits, loans and etc.			-	-
- Trade receivables			433,233,003	433,233,003
- others			-	-
Financial Lease Receivables				
				-
Total		-	433,233,003	433,233,003
Financial liabilities				
Financial liabilities held at amortised cost:				
Bank loans			440,855,669	440,855,669
Trade payables			163,581,996	163,581,996
Interest accrued but not due on borrowings			1,378,916	1,378,916
Financial Lease payables			74,340,406	74,340,406
Total	-	-	680,156,988	680,156,988

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

NOTE 29 OPERATING LEASE ARRANGEMENTS

29.1 The Company as lessee

29.1.1 Leasing arrangement

Operating leases relate to leases of land with lease terms of between 5-10 yrs . All operating lease contracts over 5 years contain clauses for 5-yearly market rental review .The Group does not have an option to purchase the leased land at the expiry of the lease periods.

29.1.2 Non-cancellable operating lease commitments

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
Not later than 1 year	5,056,214	5,027,508	-
Later than 1 year and not later than 5 years	5,056,214	10,055,016	-
Later than 5 years	-	-	-
	10,112,429	15,082,524	-

NOTE 30 COMMITMENTS

(In Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
(a) Estimated amount of contracts remaining to be executed on capital account and not provided for	2,123,382	-	-

Rane Precision Die Casting Inc.
NOTES FORMING PART OF ACCOUNTS

Note 31 Contingent Liabilities and Contingent Assets

Contingent Liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
(a) Claims against the Company not acknowledged as debt	-	-
(b) Guarantees excluding financial guarantees	-	-
(c) Other money for which the company is contingently liable	-	-
		-

Note 32. Additional information to Financial statements

ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

(In Rs.)

	As at March 31, 2018	As at March 31, 2017
a) Raw materials consumed :		
i) Alluminium Alloy	587,744,152	650,178,543
	587,744,152	650,178,543

b) Value of indigenous raw materials, components and spares consumed and percentage of each to the total consumption:

	Year ended			
	March 31, 2018		March 31, 2017	
	Value	Percentage	Value	Percentage
i) Raw Materials Indigenous	587,744,152	82%	650,178,543	81%
ii) Stores and Spare Parts Indigenous	131,540,178	18%	150,243,390	19%
	719,284,330	100%	800,421,933	100%

For KNAV P.A.
Certified Public Accountants

**For and on behalf of the Board of Directors of Rane Precision
Die Casting Inc.**

Atul Deshmukh
Partner

Harish Lakshman
Director

S Parthasarathy
Director

D Madhusudhan
Director

Place: Atlanta
Date: 30th April, 2018

Place:
Date: 30th April, 2018

Place:
Date: 30th April, 2018

Place:
Date: 30th April, 2018

Brett Stevenson
Director

Sagar Kota
Financial controller & Secretary

Place:
Date: 30th April, 2018

Place:
Date: 30th April, 2018