UNIPARTS USA LTD AND SUBSIDIARY
Translated Report on the annual accounts 2018/2019

RAKESH BANWARI & CO.
NEW DELHI
CHARTERED ACCOUNTANTS

Uniparts USA Ltd. and Subsidiary

Translated Consolidated Balance Sheets as at March 31, 2019 and 2018

(Amount in INR)

Particulars	As at March 31, 2019	As at March 31, 2018
ASSETS		
Current Assets		
Cash	97,84,089	4,22,46,038
Accounts recievable, net	56,39,99,516	33,70,29,023
Inventories, net	1,95,28,10,049	1,55,48,39,627
Prepaid taxes	26,11,161	2,69,61,986
Prepaid expenses	1,20,28,682	79,54,489
Other current assets	50,84,911	45,67,271
Total current assets	**2,54,63,18,408**	**1,97,35,98,434**
Property and equipments,net	23,44,40,974	19,71,57,963
Capitalized software cost	1,24,75,995	-
Other reecivables, net of current portion	24,83,506	81,54,246
Goodwill	79,09,05,978	74,42,67,787
Total assets	**3,58,66,24,861**	**2,92,31,78,430**
LIABILITY AND STOCKHOLDER'S EQUITY		
Current liabilities		
Lines of credit	89,12,04,009	72,31,78,072
Account payable	33,79,96,749	23,64,87,854
Due to related parties	19,93,02,487	19,18,09,893
Accrued expenses	7,86,72,628	5,68,72,869
Current portion of long term debt	3,51,74,466	2,46,05,069
Total current liabilities	**1,54,23,50,339**	**1,23,29,53,757**
Long term liabilities		
Long term debt, net of current portion	9,99,60,800	7,78,02,609
Deferred rent	-	1,22,17,045
Deferred gain- leaseback	19,49,082	62,35,129
Deferred income tax	12,78,55,301	11,00,32,579
Total long term liabilities	**22,97,65,183**	**20,62,87,362**
Stockholder's equity		
Convertible, callable preferred stock, $ 10 @ Rs. 437.20 par value, 800,000 shares authorized, issued and outstanding.	34,97,60,000	34,97,60,000
Common stock, $10 @ INR 437.20 par value, 300,000 shares authorized; 2,000 shares issued and outstanding.	8,74,400	8,74,400
Retained earnings	1,25,96,05,541	96,17,55,111
Foreign curreny translation reserve	20,42,69,398	17,15,47,800
Total stockholder's equity	**1,81,45,09,339**	**1,48,39,37,311**
Total liabilitiy and stockholder's equity	**3,58,66,24,861**	**2,92,31,78,430**

The Notes to Consolidated Financial Statements are an integral part of these statements.

Uniparts USA Ltd. and Subsidiary

Translated Consolidated Statements of income for the years ended March 31, 2019 and 2018

(Amount in INR)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Revenue, net	5,55,08,79,160	4,20,10,58,155
Cost of goods sold	4,69,35,39,628	3,58,69,99,920
Gross profit	**85,73,39,532**	**61,40,58,235**
Selling, general and administrative expenses	39,24,20,204	31,25,42,766
Income from operations	**46,49,19,328**	**30,15,15,469**
Other income/(expense)		
Amortization of gain on dispositions of property and equipment	47,26,103	43,57,045
Interest expense	(4,35,55,196)	(2,51,28,313)
Total other expenses	**(3,88,29,093)**	**(2,07,71,268)**
Income before income tax expense	42,60,90,235	28,07,44,201
Income tax expense (benefit)		
Current	8,71,14,377	7,10,86,295
Deferred	1,10,43,025	(3,60,20,570)
Total income tax expense	**9,81,57,402**	**3,50,65,725**
Net income	**32,79,32,833**	**24,56,78,476**

The Notes to Consolidated Financial Statements are an integral part of these statements.

RAKESH BANWARI & CO.
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Uniparts USA Ltd. and Subsidiary

Translated Consolidated Statements of Stockholder's Equity for the years ended March 31, 2019 and 2018

(Amount in INR)

Particulars	Convertible, Callable Preferred Stock	Common Stock	Retained Earnings	Foreign curreny translation reserve	Total Stockholder's Equity
Balance, March 31, 2017	**34,97,60,000**	**8,74,400**	**71,87,23,194**	-	**1,06,93,57,594**
Net income	-	-	24,56,78,476	-	24,56,78,476
Exchange difference	-	-	(26,46,559)	17,15,47,800	16,89,01,241
Balance, March 31, 2018	**34,97,60,000**	**8,74,400**	**96,17,55,111**	**17,15,47,800**	**1,48,39,37,311**
Net income	-	-	32,79,32,833	-	32,79,32,833
Exchange difference	-	-	(3,00,82,403)	3,27,21,598	26,39,195
Balance, March 31, 2019	**34,97,60,000**	**8,74,400**	**1,25,96,05,541**	**20,42,69,398**	**1,81,45,09,339**

The Notes to Consolidated Financial Statements are an integral part of these statements.

RAKESH BANWARI & CO. NEW DELHI CHARTERED ACCOUNTANTS

Uniparts USA Ltd. and Subsidiary
Translated Consolidated Statements of Cash Flows for the years ended March 31, 2019 and 2018

(Amount in INR)

Particulars	For the year Ended March 31, 2019	For the year Ended March 31, 2018
Cash flow from operating activities		
Net income	32,79,32,833	24,56,78,476
Adjustments to reconcile net income to net cash used by operating activities:		
Depreciation and amortization	3,27,23,756	3,38,41,899
Amortization of debt issue costs	-	12,75,212
Provision for doubtful accounts	-	16,11,500
Provision for obsolete inventory	-	32,23,000
Deferred income tax expense (benefit)	1,10,43,025	(3,60,20,570)
Amortization of gain on dispositions of property and equipment	(47,26,103)	(43,57,045)
Changes in operating assets and liabilities:		
Accounts receivable	(20,80,23,047)	(5,48,02,990)
Inventories	(30,37,10,106)	(41,74,66,681)
Prepaid taxes	2,63,15,091	(1,57,13,994)
Prepaid expenses	(36,13,466)	(7,40,710)
Other current assets	60,13,050	4,03,51,186
Accounts payable	8,76,04,446	2,04,27,052
Accrued expenses	92,40,487	(4,19,04,350)
Due to related parties	(45,74,586)	9,98,78,772
Deferred rent	(1,31,19,579)	(69,29,450)
Net cash used by operating activities	**(3,68,94,196)**	**(13,16,48,693)**
Cash flow from investing activities		
Purchase of property and equipment	(2,33,73,557)	(2,13,47,218)
Acquisition of capitalized software	(34,19,787)	-
Net cash used by investing activities	**(2,67,93,344)**	**(2,13,47,218)**
Cash flow from financing activities		
Proceeds frombank borrowings on line of credit, net	14,21,27,782	23,63,35,370
Proceeds from debt	90,267	1,10,227
Repayments of debt	(2,65,13,035)	(4,52,97,589)
Net cash provided by financing activities	**11,57,05,014**	**19,11,48,008**
Net change in cash	**5,20,17,474**	**3,81,52,097**
Cash		
Beginning of year	4,22,46,038	1,18,98,826
Foreign currency translation reserve	(8,44,79,423)	(78,04,886)
End of year	**97,84,089**	**4,22,46,038**
Supplemental disclosure of cash flow information		
Cash paid for interest	**4,35,55,196**	**2,38,68,764**
Cash paid for income taxes	**6,10,60,996**	**5,55,97,330**
Supplemental disclosure of non-cash investing and financing activities		
Equipment acquired through capital expenditures debt facility	**3,48,86,934**	**1,67,08,548**
Conversion of capital expenditures debt facility to note payable	**5,30,10,757**	-
Acquisition of capitalized software	**91,87,838**	-

The Notes to Consolidated Financial Statements are an integral part of these statements.

RAKESH BANWARI & CO. NEW DELHI CHARTERED ACCOUNTANTS

Uniparts USA Ltd. and Subsidiary
Translated Notes to the Consolidated Financial Statements
March 31, 2019 and 2018

1. NATURE OF BUSINESS

The operations of Uniparts USA Ltd. and Subsidiary (collectively the "Company") consist of the machining of metal parts and components as well as the purchasing of machine parts from related party and third party vendors for resale. The Company sells its products primarily to agricultural and construction equipment manufacturers in the United States on credit terms the Company establishes with each customer. Uniparts India Limited (the "Ultimate Parent") owns 100% of Uniparts USA Ltd.

2. SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of Uniparts USA Ltd. (the "Parent") and its wholly owned subsidiary, Uniparts Olsen Inc. (the "Subsidiary"). All significant intercompany accounts and transactions have been eliminated.

Cash and Cash Equivalents

The Company considers all highly liquid investments purchased with maturities of three months or less at the time of acquisition to be cash equivalents for financial statement purposes.

Accounts Receivable

Accounts receivable are uncollateralized, non-interest bearing customer obligations due under normal trade terms, usually within 30 days of services provided. Customer account balances with invoices dated over 90 days are considered delinquent. The Company applies collections of accounts receivable to specific invoices in accordance with customer specifications, or if unspecified, to the oldest outstanding invoices.

The Company carries its accounts receivable at cost less an allowance for doubtful accounts. On a periodic basis, the Company evaluates its accounts receivable and establishes an allowance for doubtful accounts based on a history of past write-offs and collections, and current credit conditions. The Company will turn an account over for collection or write balances off as uncollectible based on the facts and circumstances of each situation. As of March 31, 2019 and 2018, the allowance for doubtful accounts totaled Rs. 51,89,250/- and Rs. 48,83,250/- respectively.

Inventories

Inventories, which consist primarily of construction, agricultural and forestry equipment parts and supplies, are stated at the lower of cost or net realizable value and are net of an estimated allowance for obsolescence. Cost is determined using the average cost method and items are relieved from inventory on a first-in first-out basis. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Property and Equipment

Property and equipment is carried at cost less accumulated depreciation. Leasehold improvements are amortized over the shorter of the term of the lease or the life of the assets. Depreciation is provided using the straight-line method over the estimated useful lives of the respective assets as follows:

	Estimated Life (Years)
Shop Equipment	3-25
Office Equipment	3-7
Computer Equipment	5
Furniture and Fixtures	7
Vehicle	5
Building	39
Software	5

Expenditures for maintenance and repairs are charged to expense as incurred.

Capitalized Software Costs

The Subsidiary is in the process of developing an integrated software system and associated costs have been capitalized in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 350 "Intangibles – Goodwill and Other." Upon implementation of the system, the costs will be amortized over a period of five years.

Goodwill

The Company adopted the accounting pronouncement which permits management to evaluate goodwill when internal and external factors exist which indicate that the book value of goodwill could be impaired. Prior to the adoption of the accounting pronouncement relating to goodwill, the Company recorded accumulated amortization of goodwill of Rs. 10,84,52,834/-. Management has determined that no impairment analysis was required and believes goodwill is not impaired as of March 31, 2019 and 2018.

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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates are used in determining, among other items, accounts receivable allowance, inventory valuation (which includes allowance for obsolescence and standard labor and overhead rates capitalized in inventory), goodwill impairment, medical insurance accruals, useful lives of tangible assets, provision for warranty costs and deferred income taxes. Actual results could differ from those estimates.

Debt Issuance Costs

Debt issue costs included in other current assets in the consolidated balance sheet, represent costs associated with the renewal of the Subsidiary's line of credit and are amortized to interest expense using a method which approximates the effective interest method over the terms of the related borrowings. All debt issuance costs were fully amortized as of March 31, 2018.

Valuation of Long-Lived Assets

The Company reviews long-lived assets, including property and equipment, for impairment whenever events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Management has determined that no assessment was required for the periods presented in these consolidated financial statements.

Fair Value of Financial Instruments

The carrying value of financial instruments including cash, accounts receivable and accounts payable approximates fair value due to the short maturity of these instruments. The carrying amounts of long-term debt approximate fair value as the interest rates used approximate current interest rates available.

Revenue Recognition

The Company recognizes revenue, net of sales discounts, at the time the price is fixed or determinable, collectability is reasonably assured and title passes to the customer which is based on the terms of the customer's specific agreement and is generally when products are received.

Warranties

Provisions for warranty costs are recognized at the date of sale of the relevant products, at management's best estimate of the expenditure required to settle the Company's obligation, net of warranties provided by suppliers.

Shipping and Handling Costs

The Company classifies freight billed to customers as sales revenue, which is generally included in the list price to the customer, and classifies the related freight costs as cost of goods sold.

Income Taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the consolidated financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes result primarily from temporary differences related to accounts receivable, inventory, net property and equipment, net goodwill, accrued expenses and deferred rent for financial and income tax reporting. The deferred tax assets and liabilities represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered or settled. Deferred tax expense or benefit is recognized as a result of the change in the deferred tax assets or liabilities during the year. Income taxes are allocated between the members of the consolidated group based on their individual taxable income. Current and deferred taxes are allocated to the Company using the separate return method. This method allocates income taxes to each member of the consolidated group as if it were a separate tax payer. Other non-consolidated state income taxes are also computed on a separate company basis.

The Company files consolidated tax returns in the U.S. federal jurisdiction as well as various states. Furthermore, the Company has no income tax related penalties or interest for the periods reported in these consolidated financial statements.

The Company has not recognized any uncertain tax positions in the consolidated financial statements at March 31, 2019 and 2018.

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Effects of Recently Issued Accounting Pronouncements

In January 2017, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update 2017-04 Simplifying the Test for Goodwill Impairment (Topic 350) ("ASU 2017-04") to simplify how an entity is required to test goodwill for impairment by eliminating the second step in the two step goodwill impairment test. ASU 2017-04 is effective for fiscal years beginning after December 15, 2021. Early adoption is permitted for annual or interim goodwill impairment tests performed on testing dates after January 1, 2017. The Company is currently evaluating the impact on the financial statements of the possible adoption of the guidance in ASU 2017-04 and does not believe adoption will have a significant impact on the financial statements.

In February 2016, the FASB issued Accounting Standards Update 2016-02 Leases (Topic 842) ("ASU 2016- 02") to provide guidance on recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Early application of the amendments in ASU 2016-02 is permitted for all entities. The Company is currently evaluating the impact on the financial statements of the adoption of ASU 2016-02.

In May 2014, the FASB issued Accounting Standards Update No. 2014-09 "Revenue from Contracts with Customers (Topic 606)", which supersedes all existing revenue recognition requirements, including most industry-specific guidance. Together with subsequent amendments, this created Accounting Standards Codification Topic 606 ("ASC 606"). ASC 606 requires an entity to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the entity expects to receive for those goods or services. ASC 606 also expands disclosure requirements and will be effective for the Company's beginning fiscal year April 1, 2019. ASC 606 allows for either "full retrospective" adoption, meaning the standard is applied to all of the periods presented, or "modified retrospective" adoption, meaning the standard is applied only to the most current period presented in the financial statements. The Company is currently evaluating the impact of adoption of ASC 606. At this time, management believes that the adoption of ASC 606 will have a minimal impact on its financial statements because existing contractual performance obligations, which determine when and how revenue is recognized, are not materially changed under ASC 606.

Reclassifications

Certain amounts previously reported in the March 31, 2018 financial statements have been reclassified to conform to the March 31, 2019 presentation.

RAKESH BANWARI & CO. NEW DELHI CHARTERED ACCOUNTANTS

3. INVENTORIES

The composition of inventories as of March 31, 2019 is as follows:

(Amount in INR)

Particulars	**Total**	**Obsolescence Allowance**	**Net Amount**
Raw materials	36,12,40,228	-	36,12,40,228
Work-in-process	11,09,84,150	(69,19,000)	10,40,65,150
Finished goods	1,38,79,83,366	(2,07,57,000)	1,36,72,26,366
Supplies	12,02,78,305	-	12,02,78,305
	1,98,04,86,049	**(2,76,76,000)**	**1,95,28,10,049**

The composition of inventories as of March 31, 2018 is as follows:

(Amount in INR)

Particulars	**Total**	**Obsolescence Allowance**	**Net Amount**
Raw materials	28,90,19,579	-	28,90,19,579
Work-in-process	17,37,64,070	(65,11,000)	16,72,53,070
Finished goods	1,00,93,72,854	(1,95,33,000)	98,98,39,854
Supplies	10,87,27,124	-	10,87,27,124
	1,58,08,83,627	**(2,60,44,000)**	**1,55,48,39,627**

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

(Amount in INR)

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Leasehold improvements	1,46,86,754	1,32,93,313
Shop equipment	85,29,20,283	75,11,68,991
Office equipment	5,64,39,252	5,12,65,400
Computer equipment	94,69,828	89,11,410
Software	5,43,833	5,11,765
Furniture & fixtures	23,20,494	21,83,659
Building	5,39,33,536	5,03,29,965
Land	2,26,67,267	2,13,30,622
Vehicles	2,35,28,750	2,21,41,307
	1,03,65,09,997	**92,11,36,432**
Less: accumulated depreciation	(80,20,69,023)	(72,39,78,469)
Property and equipment, net	**23,44,40,974**	**19,71,57,963**

Total Depreciation & amortization expense for the year ended March 31,2019 and 2018 was Rs 3,27,23,756/- and Rs. 3,38,41,899/- respectively.

5. CAPITALIZED SOFTWARE COSTS

During the year ended March 31, 2019, the Company incurred Rs. 1,26,07,625/- of expenses related to software and implementation of a new ERP system. The ERP system was still in process as of the balance sheet date and therefore, amortization of the capitalized cost has not begun as of March 31, 2019. A portion of the costs related to the software was incurred by the Company's Ultimate Parent, Uniparts India Limited, and is included in accrued expenses on the balance sheet as of March 31, 2019.

RAKESH BANWARI & CO. NEW DELHI CHARTERED ACCOUNTANTS

6. RISK CONCENTRATIONS

Credit Risk

The Company's financial instruments that are exposed to concentration of credit risk consist primarily of trade accounts receivable.

For the year ended March 31, 2019, the Company's two largest customers accounted for approximately 73% of revenues. For the year ended March 31, 2018, the Company's two largest customers accounted for approximately 67% of revenues. Three customers accounted for approximately 76% of net accounts receivable as of March 31, 2019. Two customers accounted for approximately 60% of net accounts receivable as of March 31, 2018. Generally, the Company does not obtain security from its customers in support of accounts receivable. Potential losses from concentrations of credit risk with respect to trade accounts receivable are considered to be limited due to the Company's ongoing credit evaluation of its customers.

Foreign Risk

The Company purchases a significant amount of materials from affiliates located in India. This source of materials may be subject to unpredictable changes and delays due to legal, political, and climate conditions. See Note – 13 Related Party Transactions for further information.

Economic/Political Risk

The United States government has called for substantial changes to its trade policy and, in certain instances, has enacted and assessed tariffs on specific products imported from certain foreign countries; conversely, certain foreign countries have enacted tariffs on specific products exported by U.S. based companies.

The results of discussions and negotiations among these affected countries is subject to a number of factors and the magnitude of the impact on the Company cannot be predicted with any degree of certainty. Changes in international trade agreements, regulations, restrictions, and tariffs may increase the Company's operating costs and make it more difficult to compete in the U.S. markets; as a result, its business, demand for products, financial condition and results of operations could be adversely impacted. The Company is actively monitoring the status of these discussions and market reactions.

7. DEBT

Lines of Credit

On October 15, 2018, the Subsidiary modified the revolving line of credit agreement to increase the total proceeds available from Rs. 51,89,25,000/- to Rs. 65,73,05,000/- . In March 2019, the Subsidiary renewed its revolving line of credit to extend the term of the line to March 31, 2020. Additionally, the Subsidiary must pay a non-usage fee on the average daily unused portion of the facility at a rate of 0.25% per annum, payable in arrears within thirty days of the end of each calendar month for which the fee is due. The line of credit has a variable interest rate calculated as a "floating rate" which is a "base rate" determined by LIBOR plus a variable "margin rate" based on the utilization of the line. The rate at March 31, 2019 and 2018 was approximately 4.49% and 3.78%, respectively. The line is collateralized by substantially all assets of the Subsidiary and cross-collateralized with a term loan at the Subsidiary's bank. This line of credit is secured by a corporate guaranty by the Parent. The Subsidiary has drawn down Rs.47,95,23,509 and Rs.37,42,40,039 on the line of credit as of March 31, 2019 and 2018, respectively. Interest expense relating to this line was Rs.2,04,76,072 and Rs.1,08,67,311 for the years ended March 31, 2019 and 2018, respectively.

In March 2018, the Parent modified its revolving line of credit agreement to increase the total proceeds available from Rs. 26,04,40,000/- to Rs. 48,83,25,000/-. In March 2019, the Parent renewed its revolving line of credit to extend the term of the line to March 31, 2020. Additionally, the Parent must pay a non-usage fee on the average daily unused portion of the facility at a rate of 0.25% per annum, payable in arrears within thirty days of the end of each calendar month for which the fee is due. The line of credit has a variable interest rate calculated as a "floating rate" which is a "base rate" determined by LIBOR plus a variable "margin rate" based on the utilization of the line. During 2019 and 2018, the interest rate on this line was approximately 4.48% and 3.78%, respectively. The line is collateralized by substantially all assets of the Parent, cross-collateralized with a term loan at the bank. The Subsidiary has guaranteed the financial performance of the Parent's liabilities at this institution. This line of credit had balances of Rs. 41,16,80,500 and Rs.33,20,61,000 as of the years ended March 31, 2019 and 2018. Interest expense relating to this line was Rs.1,81,55,777 and Rs. 78,38,336 for the years ended March 31, 2019 and 2018, respectively.

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Notes Payable

The Subsidiary had an installment loan payable to a bank, due in monthly principal installments of Rs. 20,75,700/- through May 1, 2018. Interest was charged at a rate of 2.25% plus an adjusted LIBOR. The debt was collateralized by substantially all assets of the Subsidiary. The loan was also secured by a corporate guaranty by the Parent. The Company repaid the installment loan in full during fiscal 2019 and the loan had a balance of Rs. 19,53,300/- as of March 31, 2018.

The Subsidiary has a Rs. 6,91,90,000/- capital expenditures non-revolving note facility draw down availability ("capex line of credit") that expires March 24, 2024. The interest rate that is due monthly is 2.0% plus an adjusted LIBOR. The balance as of each March 24 (unless modified with the bank) will be amortized over a 60 month period. All interest and principal is payable in full at the end of the 60 month term. In March 2019, the agreement was modified to extend the expiration date to March 31, 2025. The capex line of credit has Rs. Nil and Rs. 1,68,77,033/- drawn down under the availability amount as of March 31, 2019 and March 31, 2018, resulting in Rs. 6,91,90,000/- and Rs. 4,82,32,967/- of availability under the current facility, respectively. The debt is collateralized by substantially all assets of the Company. The loan is also secured by a corporate guaranty by the Parent. There are four notes that were converted to term loans under the agreement that have varying monthly installments and maturity dates included within the consolidated notes payable table below.

(Amount in INR)

Particulars	For the Year ended March 31, 2019	For the Year ended March 31, 2018
Bank loan payable, due in monthly principal installments of Rs. 4,15,140/- through March 24, 2021. Interest is charged at a rate of 2.25% plus an adjusted LIBOR. The debt is collateralized by substantially all assets of the Company and a corporate guaranty by the Subsidiary.	4,52,50,260	4,72,69,860
Note payable to bank, interest at 5.29%, with fixed monthly payments of Rs.54,383, including interest, through June of 2021, collateralized	13,81,517	18,30,112
Subsidiary installment loan	-	19,53,300
Capital Expenditure Non-Revolving Notes Payable:	-	-
Note payable of Rs. 3,58,05,825/- due in monthly installments of Rs. 5,96,764/- bearing interest at 4.85% through March 2020	77,57,929	1,40,39,344
Note payable of Rs. 3,08,53,758/- due in monthly installments of Rs. 5,14,220/- bearing interest at 4.85% through March 2021	1,22,72,299	1,73,55,526
Note payable of Rs.2,59,57,044 due in monthly installments of Rs. 4,32,853/- bearing interest at 4.85% through April 2022	1,60,15,894	1,99,59,536
Note payable of Rs.5,24,57,298 due in monthly installments of Rs. 8,74,285/- bearing interest at 4.49% through March 2024	5,24,57,367	-
Less: current portion	(3,51,74,466)	(2,46,05,069)
	9,99,60,800	**7,78,02,609**

In connection with the line of credit and notes payable, the Company is subject to certain restrictive and financial covenants, including limitations on additional borrowing, minimum fixed charge coverage ratio requirements, and maximum funded debt to EBITDA ratio requirements. Additionally, the Company may not redeem any of its equity interests or return any contribution to an owner other than stock dividends.

Future annual maturities of the long-term debt:	(Amount in INR)
Year ending March 31:	
2020	3,51,74,466
2021	2,74,21,658
2022	2,08,18,095
2023	4,12,29,560
2024	1,04,91,487
	13,51,35,266

RAKESH BANWARI & CO. NEW DELHI CHARTERED ACCOUNTANTS

8. STOCKHOLDER'S EQUITY

Convertible, Callable Preferred Stock

All 800,000 shares of preferred stock are convertible, at the option of the holder, into shares of common stock. Each share of preferred stock may be converted into Rs. 437.20 ($10) worth of common stock. The number of common shares received will be based on the fair market value of common stock on the date of the conversion. The Company, at its discretion, may call preferred stock at the rate of Rs. 437.20 ($10) per share. There are 800,000 shares of preferred stock, Rs. 437.20 ($10) par value, authorized, issued and outstanding as of March 31, 2019 and 2018.

Dividend rights for holders of convertible preferred stock are identical to the dividend rights of common stockholders.

Common Stock

There are 300,000 shares of common stock, Rs. 437.20 par value, authorized, and 2,000 shares issued and outstanding as of March 31, 2019 and 2018. Shares of common and preferred stock have identical ownership interests in the Company.

9. SALE-LEASEBACK

In March 2002, Olsen Engineering, LP (predecessor to the Subsidiary) sold its operating facilities to Pin House, LLC resulting in a loss of Rs. 3,15,32,992/- to be recognized over the life of the lease in accordance with generally accepted accounting principles. The owners of Pin House, LLC owned approximately 87% of Olsen Holding, LP, the former 99% limited partner of Olsen Engineering, LP. These facilities were then leased back to Olsen. The accumulated loss recognized through March 2007 was Rs. 1,04,15,075/- for Olsen. The remaining deferred loss of Rs. 1,75,62,345/- will be recognized over the remaining lease period.

In August 2004, Pin House, LLC sold the operating facilities to a third party resulting in a gain of Rs. 6,82,63807/-. In accordance with generally accepted accounting principles, the gain on the sale-leaseback is recognized over the fifteen-year lease period. The accumulated gain recognized through March 2007 was Rs. 1,11,83,344/- for Pin House, LLC. The remaining deferred gain of Rs. 5,37,52,357/- will be recognized over the remaining lease period.

The March 31, 2007 combined financial statements reported the deferred gain of Rs. 5,37,52,357/- from the leaseback under Pin House. The current year financial statements for the Company reflect the reporting of the Pin House deferred gain. In addition, the deferred loss of Rs. 1,75,62,345/- as of March 31, 2007 has been recorded as a reduction of the deferred gain. The net deferred gain of Rs. 3,61,90,012/- is being amortized by the Company over the remaining twelve year lease term. The gain recognized for each of the years ended March 31, 2019 and 2018 is Rs. 47,26,103/- and Rs. 43,57,045/- respectively. The unrecognized deferred gain with respect to this transaction was Rs. 19,49,082/- and Rs. 62,35,129/- as of March 31, 2019 and 2018, respectively.

10. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has various operating equipment leases and three building leases as of March 31, 2019. Total lease expense was approximately Rs. 5,36,28,640/- and Rs. 4,96,34,200/- for the years ended March 31, 2019 and 2018, respectively. Under the terms of the building lease, the Subsidiary is responsible for all repairs, maintenance, insurance, real estate taxes and utilities on its respective lease. The following is a schedule by year of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of March 31, 2019, which includes the renewal of the office lease disclosed in Note 14:

(Amount in INR)

Year ending March 31:	Equipment	Buildings	Total
2020	72,89,651	5,40,28,049	6,13,17,700
2021	48,68,208	4,32,45,203	4,81,13,411
2022	53,761	3,59,51,816	3,60,05,577
2023	-	2,59,06,397	2,59,06,397
2024	-	2,59,06,397	2,59,06,397
Thereafter	-	15,89,23,826	15,89,23,826
	1,22,11,620	**34,39,61,688**	**35,61,73,308**

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The Subsidiary has a standby letter of credit for Rs. 88,21,725/- with a bank at March 31, 2019 to secure the lease for the building. The letter of credit is secured by all assets of the Subsidiary and through guarantees by both the Parent and Subsidiary.

The Subsidiary utilized a third party warehouse to manage and store all of its finished goods. The warehouse agreement expired on October 31, 2017. The Subsidiary's monthly fee varied as it was determined by space usage and hourly rates for manual laborers and warehouse managers. There was no minimum monthly storage fee. Subsequent to the expiration of the warehouse agreement, the Subsidiary utilizes internal personnel to manage and store the finished goods.

The Company utilizes a third party warehouse to manage and store a portion of its finished goods. The warehouse agreement was signed on May 31, 2018 and expires on June 30, 2023. The Company pays a fixed monthly fee of Rs. 8,97,948/- for the full five year term.

Contingencies

During the year ended March 31, 2015, a major customer (the "Customer") of the Subsidiary informed the Subsidiary of a warranty claim issue relating to a specific part supplied by the Subsidiary that was not properly heat treated and thus allegedly caused defects in the assembly ultimately sold by the Customer to its end users. Although the Customer had been aware of claims arising from this product for nearly one year, the Subsidiary was first notified of a potential claim in August of 2014, the amount of which was then unknown. Based upon the data provided to the Subsidiary by the Customer in 2015, the Customer experienced the majority of claims relating to this item in 2012 and 2013. In 2016, the Subsidiary settled this claim for Rs. 11,13,16,800/- and recorded a liability for the full amount in accrued expenses. The Subsidiary outsourced this specific part for heat treating and the Subsidiary expects to be reimbursed Rs. 2,81,60,500/- by its vendor. As of March 31, 2019 and March 31, 2018, the receivable from the vendor was approximately Rs.74,72,520/- and Rs.1,26,31,340/-, respectively.

During the year ended March 31, 2018, the Company made warranty payments of Rs. 44,27,480/- which settled the outstanding liability from the above mentioned warranty claims in full.

11. EMPLOYEE BENEFITS

The Company maintains a defined contribution plan (the "Plan") under Section 401(k) of the Internal Revenue Code which covers substantially all regular full-time employees who have attained the defined age and service requirements.

The Plan provides for employee and discretionary employer matching contributions. Employer contributions to the Plan for the years ended March 31, 2019 and 2018 were approximately Rs 72,01,760/- and Rs. 62,52,620/- respectively.

The Subsidiary is self-insured for its group health and dental plan which covers all employees of Uniparts Olsen Inc. and their immediate families up to a maximum annual claim of Rs. 55,35,200/- per individual with an aggregate annual ceiling of approximately Rs.8,30,28,000/- . Insurance coverage has been obtained for claims in excess of these levels. The amount of expenses relating to the Plan totaled approximately Rs.5,85,23,040/- and Rs. 3,55,17,460/- for the years ended March 31, 2019 and 2018, respectively. Claims incurred but not reported for which the Subsidiary is liable are approximately Rs. 1,05,16,880 and Rs. 70,96,990 as of March 31, 2019 and 2018, respectively. Incurred but not reported claims are included in accrued expenses in the accompanying balance sheets.

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12. INCOME TAXES

The components of the provision (benefit) for income taxes consisted of the following:

(Amount in INR)

Particulars		**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Current			
Federal		5,45,83,258	5,91,44,049
State		3,25,31,119	1,19,42,246
	(A)	**8,71,14,377**	**7,10,86,295**
Deferred			
Federal		23,70,008	(3,70,23,568)
State		86,73,017	10,02,998
	(B)	**1,10,43,025**	**(3,60,20,570)**
Provision (benefit) for income **(A+B)**		**9,81,57,402**	**3,50,65,725**

The Tax Cuts and Jobs Act was enacted on December 22, 2017. The Act reduces the US federal corporate tax rate from 35% to 21%. The Company remeasured deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future, which is generally 21%. As a result of the federal corporate tax rate reduction to 21%, certain deferred tax assets and liabilities have been remeasured, which resulted in a reduction in the deferred tax liability of approximately Rs. 55,017,950 as of March 31, 2018. Income tax expense differs from the amounts that would be obtained by applying Federal statutory rates to income before income tax expense because no tax benefit has been provided for non-deductible expenses, research and development credits have been used to reduce taxable income, the benefit of prior year accrual to actual deductions and state income taxes.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Components of the deferred tax assets and deferred tax liabilities consist of the following amounts as of March 31 2019 & 2018:

(Amount in INR)

Particulars	**For the Year ended March 31, 2019**	**For the Year ended March 31, 2018**
Accrued Expenses	1,09,02,614	76,90,403
Bad Debts	13,41,456	12,00,824
Inventory	1,96,43,595	1,74,03,838
Deferred Rent	-	30,04,175
Deferred Gain	5,03,911	15,33,210
Goodwill	(12,35,86,279)	(11,06,27,294)
Prepaid Expenses	(13,27,410)	(4,36,042)
Property, Plant, and Equipment	(3,53,33,188)	(2,98,01,693)
Net Deferred Tax Liability	**(12,78,55,301)**	**(11,00,32,579)**

13. RELATED PARTY TRANSACTIONS

The Company purchases materials from entities located in India that share common ownership with the Company. Purchases from these related companies approximated Rs. 2,74,70,86,880/- and Rs.2,23,76,49,760/- for the years ended March 31, 2019 and 2018, respectively. Additionally there is approximately Rs. 37,36,26,000/- and Rs. 25,39,29,000/- due to these related companies which is included in accounts payable and due to related parties as of March 31, 2019 and 2018, respectively. These amounts will be paid under normal trade terms with these affiliated companies. The Company provides minimal services to the aforementioned related companies. As of March 31, 2019 and 2018, receivables due from these companies are immaterial to the consolidated financial statements.

During 2019, the Subsidiary's Ultimate Parent, Uniparts India Limited, incurred costs related to the Subsidiary's purchase of software and the implementation of a new ERP system (see Note 5). There is Rs. 90,91,912/- due to the Ultimate Parent for reimbursement of these costs as of March 31, 2019.

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14. SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 9, 2019, which is the date these consolidated financial statements were available to be issued. Based upon this evaluation the Company has determined that the following events require disclosure in these financial statements:

On April 1, 2019, the Company renewed the lease agreement for office space located in Iowa that extended the lease term through 2030.

15. TRANSLATION OF FINANCIAL STATEMENT INTO PRESENTATION CURRENCY

The Company's Financial Statements are prepared using its Functional Currency which is US Dollar. The same is translated into Indian Rupee in line with the requirement of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, issued by the Securities and Exchange Board of India ('SEBI') as amended in pursuance of the Securities and Exchange Board of India Act, 1992; The following Foreign Currency Exchange rates were used while translating the Financial Statements.

i. All assets and liabilities are translated using closing foreign currency exchange rate as on the last day of relevant financial year.
ii. All incomes and expenditures are translated using average foreign currency exchange rate of the relevant financial year.
iii. Equity instruments i.e. paid up capital and common stock are translated using foreign currency exchange rate at the date of transaction.

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Uniparts USA Ltd. and Subsidiary
Translated Notes to the Consolidated Financial Statements
March 31, 2019 and 2018

Supplementary Information

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Uniparts USA Ltd. and Subsidiary
Translated Consolidating Schedule - Balance Sheets as at March 31, 2019

(Amount in INR)

Particulars	Uniparts USA Ltd.	Uniparts Olsen Inc.	Combined	Eliminating Adjustments	Consolidated
Assets					
Current Assets					
Cash	97,56,136	27,953	97,84,089	-	97,84,089
Accounts Recievable, net	15,80,59,712	40,59,39,804	56,39,99,516	-	56,39,99,516
Inventories, net	69,74,06,555	1,25,54,03,494	1,95,28,10,049	-	1,95,28,10,049
Prepaid Taxes	26,11,161	-	26,11,161	-	26,11,161
Prepaid Expenses	52,92,205	67,36,477	1,20,28,682	-	1,20,28,682
Deferred Income taxes	11,81,627	-	11,81,627	(11,81,627)	-
Other Current Assets	1,03,231	49,81,680	50,84,911	-	50,84,911
Due from Related Party	-	3,54,30,677	3,54,30,677	(3,54,30,677)	-
Total current assets	**87,44,10,627**	**1,70,85,20,085**	**2,58,29,30,712**	**(3,66,12,304)**	**2,54,63,18,408**
Property and Equipments,net	7,38,47,732	16,05,93,242	23,44,40,974	-	23,44,40,974
Capitalized Software Cost	-	1,24,75,995	1,24,75,995	-	1,24,75,995
Other Reecivables, net of Current portion	-	24,83,506	24,83,506	-	24,83,506
Other assets	-	-		-	
Investment in Subsidiary	57,89,58,741	-	57,89,58,741	(57,89,58,741)	-
Goodwill	-	47,80,78,684	47,80,78,684	31,28,27,294	79,09,05,978
Total Other assets	**65,28,06,473**	**65,36,31,427**	**1,30,64,37,900**	**(26,61,31,447)**	**1,04,03,06,453**
TOTAL	**1,52,72,17,100**	**2,36,21,51,512**	**3,88,93,68,612**	**(30,27,43,751)**	**3,58,66,24,861**
Liability and Stockholder's Equity					
Current Liabilities					
Lines of Credit	41,16,80,500	47,95,23,509	89,12,04,009	-	89,12,04,009
Account Payable	1,08,64,352	32,71,32,397	33,79,96,749	-	33,79,96,749
Due to Related Parties	23,47,33,164	-	23,47,33,164	(3,54,30,677)	19,93,02,487
Accrued Expenses	1,39,06,083	6,47,66,545	7,86,72,628	-	7,86,72,628
Current Portion of Long term Debt	55,59,970	2,96,14,496	3,51,74,466	-	3,51,74,466
Total current liabilities	**67,67,44,069**	**90,10,36,947**	**1,57,77,81,016**	**(3,54,30,677)**	**1,54,23,50,339**
Long-term liabilities					
Long Term Debt, net of Current Portion	4,10,71,807	5,88,88,993	9,99,60,800	-	9,99,60,800
Deferred Gain- Leaseback	-	19,49,082	19,49,082	-	19,49,082
Deferred Income Tax	-	12,90,36,928	12,90,36,928	(11,81,627)	12,78,55,301
Total long-term liabilities	**4,10,71,807**	**18,98,75,003**	**23,09,46,810**	**(11,81,627)**	**22,97,65,183**
Stockholder's Equity					
Convertible, callable preferred stock, $ 10 @ Rs. 437.20 par value, 800,000 shares authorized, issued and outstanding.	34,97,60,000	-	34,97,60,000	-	34,97,60,000
Common stock, $10 @ INR 437.20 par value, 300,000 shares authorized; 2,000 shares	8,74,400	-	8,74,400	-	8,74,400
Common stock, $1 @ Rs. 45.55 par value, 612,151 shares and $1 @ Rs. 40.29 par value 612,150 shares authorized, issued and outstanding	-	5,25,47,002	5,25,47,002	(5,25,47,002)	-
Additional Paid-in Capital	-	11,50,32,296	11,50,32,296	(11,50,32,296)	-
Retained Earnings	25,44,97,426	1,00,10,90,183	1,25,55,87,609	40,17,932	1,25,96,05,541
Foreign currency translation reserve	20,42,69,398	10,25,70,081	30,68,39,479	(10,25,70,081)	20,42,69,398
	80,94,01,224	**1,27,12,39,562**	**2,08,06,40,786**	**(26,61,31,447)**	**1,81,45,09,339**
TOTAL	**1,52,72,17,100**	**2,36,21,51,512**	**3,88,93,68,612**	**(30,27,43,751)**	**3,58,66,24,861**

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Uniparts USA Ltd. and Subsidiary
Translated Consolidating Schedule - Statements of income for the year ended March 31, 2019

(Amount in INR)

Particulars	Uniparts USA Ltd.	Uniparts Olsen Inc.	Combined	Eliminating Adjustments	Consolidated
Revenue, net	1,51,57,66,593	4,03,51,12,566	5,55,08,79,160	-	5,55,08,79,160
Cost of Goods sold	1,13,83,91,278	3,55,51,48,350	4,69,35,39,628	-	4,69,35,39,628
Gross profit	**37,73,75,315**	**47,99,64,217**	**85,73,39,532**	-	**85,73,39,532**
Selling, general and administrative expenses	18,99,93,840	20,24,26,364	39,24,20,204	-	39,24,20,204
Income from operations	**18,73,81,476**	**27,75,37,853**	**46,49,19,328**	-	**46,49,19,328**
Other income/(expense)					
Amortization of deferred gain on dispositions of property and equipment	-	47,26,103	47,26,103	-	47,26,103
Interest expense	(1,92,17,512)	(2,43,37,684)	(4,35,55,196)	-	(4,35,55,196)
Total other expense	**(1,92,17,512)**	**(1,96,11,581)**	**(3,88,29,093)**	-	**(3,88,29,093)**
Income before income tax expense	**16,81,63,964**	**25,79,26,272**	**42,60,90,235**	-	**42,60,90,235**
Income tax expense (benefit)					
Current	4,14,07,044	4,57,07,333	8,71,14,377	-	8,71,14,377
Deferred	(11,75,705)	1,22,18,730	1,10,43,025	-	1,10,43,025
Total income tax expense	**4,02,31,339**	**5,79,26,063**	**9,81,57,402**	-	**9,81,57,402**
Net income	12,79,32,625	20,00,00,208	32,79,32,833	-	32,79,32,833

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Uniparts USA Ltd. and Subsidiary

Translated Computation of Earnings Before Interest Expense, Income Taxes, Depreciation and Amortization (EBITDA) for the Year ended March 31, 2019

(Amount in INR)

Particulars	**Uniparts USA Ltd.**	**Uniparts Olsen Inc.**	**Consolidated**
Net income	12,79,32,625	20,00,00,208	32,79,32,833
Adjustments:			
Interest expense	1,92,17,512	2,43,37,684	4,35,55,196
Income tax expense (benefit)	4,02,31,339	5,79,26,063	9,81,57,402
Depreciation and amortization expense	49,62,376	2,77,61,380	3,27,23,756
Total adjustments	**6,44,11,227**	**11,00,25,127**	**17,44,36,354**
EBITDA	**19,23,43,852**	**31,00,25,336**	**50,23,69,187**

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