

KIRLOSKAR AMERICAS CORPORATION
FINANCIAL STATEMENTS
MARCH 31, 2022, and 2021

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2022, and 2021

TABLE OF CONTENTS

	<u>PAGE</u>
Independent accountants' compilation report	1
Financial statements	
Balance sheet	2
Statement of income/(loss)	3
Statement of retained earnings.....	4
Statement of cash flows	5
Notes to financial statements.....	6
Supplementary information	10

Kaminski & Company, P.C.

Accountants and Consultants

10375 Richmond Avenue Suite 1550 • Houston, Texas 77042 • 713.783.7120 • Fax 713.783.7119 • kaminskico.com

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management
Kirloskar Americas Corporation
Houston, Texas

Management is responsible for the accompanying financial statements of Kirloskar Americas Corporation, which comprise the balance sheets as of March 31, 2022, and 2021, and the related statements of income and retained earnings and cash flows for the years then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures that verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The supplementary information contained in Schedules I and II are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was not subject to our compilation engagement. We do not express an opinion, a conclusion, nor provide any assurance on such information.



Kaminski & Company, P.C.
Houston, Texas
May 10, 2022

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
BALANCE SHEET
AS OF MARCH 31, 2022, and 2021

ASSETS		
	March 31, 2022	March 31, 2021
CURRENT ASSETS		
Cash (Note 2)	\$ 110,327	343,668
Accounts receivable (Note 4)	1,636,719	1,801,032
Less allowance for doubtful accounts (Note 4)	(2,706)	(2,554)
Inventory (Note 4)	250,941	530,119
Prepaid expenses	18,392	6,333
Prepaid inventory (Note 4)	720,799	201,871
Receivable - KOEL india	-	14,049
Prepaid federal income tax (Note 5)	-	10,925
Total current assets	<u>2,734,472</u>	<u>2,905,443</u>
NONCURRENT ASSETS (Note 4)		
Vehicles	28,482	28,482
Office furniture	162	162
Office equipment	3,126	3,126
Less accumulated depreciation and amortization	(31,278)	(31,154)
Total fixed assets	<u>492</u>	<u>616</u>
Federal income tax - deferred (Note 5)	256	635
Security deposits	3,150	3,150
Total noncurrent assets	<u>3,898</u>	<u>4,401</u>
TOTAL ASSETS	<u>\$ 2,738,370</u>	<u>2,909,844</u>
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 1,721,936	2,052,751
Advances received from customers	19,997	3,005
Federal income tax payable - current (Note 5)	32,963	-
Provision for obsolete inventory	8,225	87,401
Other payables	18,486	22,827
Total current liabilities	<u>1,801,607</u>	<u>2,165,984</u>
NONCURRENT LIABILITIES		
PPP Loan (Note 8)	-	47,337
TOTAL LIABILITIES	<u>1,801,607</u>	<u>2,213,321</u>
STOCKHOLDER'S EQUITY		
Common stock (\$ 0.001 par value 50 shares issued, 1000 shares authorized)	1	1
Additional paid-in capital	249,999	249,999
Retained earnings	686,763	446,523
Total stockholder's equity	<u>936,763</u>	<u>696,523</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$ 2,738,370</u>	<u>2,909,844</u>

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director

Date: 16 May 2022

See Accompanying Notes and Independent Accountants' Compilation Report

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
STATEMENT OF INCOME/(LOSS)
FOR THE YEARS ENDED MARCH 31, 2022, and 2021

	March 31, 2022	March 31, 2021
SALES REVENUE	\$ 4,069,266	3,812,010
COST OF GOODS SOLD	<u>3,332,198</u>	<u>3,194,862</u>
GROSS PROFIT	737,068	617,148
MARKETING REVENUE (Note 6)	-	14,049
GROSS PROFIT FROM OPERATIONS	<u>737,068</u>	<u>631,197</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising & sales promotions	14,616	13,347
Agency commissions	8,434	21,346
Provision for doubtful debts	168	2,554
Bank charges	3,459	3,420
Communication expense	4,930	6,001
Depreciation and amortization	124	4,872
Employee welfare expense	8,945	8,824
Insurance expense	2,706	4,165
Logistics expense	26,163	84,874
Meals and entertainment	4,738	51
Office expense	3,974	2,897
Professional fees	79,686	97,539
Rent expense	16,368	15,481
Repairs and maintenance	1,103	1,037
Salary	247,056	255,992
Taxes	17,325	20,327
Travel expense	45,559	7,274
Utilities	195	247
Warranty expense	6,598	-
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>492,147</u>	<u>550,248</u>
INCOME FROM OPERATIONS	<u>244,921</u>	<u>80,949</u>
OTHER INCOME/(EXPENSES)		
Gain on cancellation of debt	47,435	34,852
Warranty reimbursement	-	-
Interest income	-	22
Interest expense	(99)	(67)
TOTAL OTHER INCOME/(EXPENSES)	<u>47,336</u>	<u>34,807</u>
NET INCOME BEFORE PROVISION FOR INCOME TAXES	<u>292,257</u>	<u>115,756</u>
Federal income tax - current	51,615	17,595
Federal income tax - deferred	379	(608)
Federal tax penalties	23	-
Total provision for income tax	<u>52,017</u>	<u>16,987</u>
NET INCOME	<u>\$ 240,240</u>	<u>98,769</u>

See Accompanying Notes and Independent Accountants' Compilation Report

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director
Date: 16 May 2022

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED MARCH 31, 2022, and 2021

	March 31, 2022	March 31, 2021
BEGINNING BALANCE - APRIL 1	\$ 446,523	347,754
CURRENT YEAR DIVIDENDS	-	-
NET INCOME/(LOSS) FOR THE YEAR	240,240	98,769
ENDING BALANCE - MARCH 31	\$ <u>686,763</u>	<u>446,523</u>

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director
Date: 16 May 2022

See Accompanying Notes and Independent Accountants' Compilation Report

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2022, and 2021

	March 31, 2022	March 31, 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ 240,240	98,769
Adjustment to reconcile net income to net cash		
Provided by operating activities:		
Depreciation and amortization	124	4,872
(Increase) decrease in:		
Accounts receivable	164,313	(1,029,623)
Other receivables	14,049	(8,845)
Prepaid expenses	(12,059)	(3,513)
Inventory	279,178	3,041
Prepaid inventory	(518,928)	(201,871)
Prepaid federal income tax	11,305	(11,532)
Increase (decrease) in:		
Accounts payable	(330,815)	1,261,906
Other payables	(4,341)	(2,412)
Advances received from customers	16,992	(156,915)
Allowance for doubtful accounts	152	2,554
Federal income tax payable	32,963	(6,907)
Provision for obsolete inventory	(79,177)	87,400
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(186,004)</u>	<u>36,924</u>
CASH FLOW FROM INVESTING ACTIVITIES		
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
PPP Loan	(47,337)	47,337
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>(47,337)</u>	<u>47,337</u>
NET INCREASE/(DECREASE) IN CASH	(233,341)	84,261
CASH BEGINNING OF YEAR	343,668	259,407
CASH END OF YEAR	<u>\$ 110,327</u>	<u>343,668</u>

**SUPPLEMENTAL DISCLOSURE OF CASH
FLOW INFORMATION:**

Federal income tax paid	\$ 51,615	17,595
Interest expense paid	99	67

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director

Date: 16 May 2022

See Accompanying Notes and Independent Accountants' Compilation Report

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022, and 2021

NOTE 1 – HISTORY AND NATURE OF BUSINESS OF THE COMPANY

Kirloskar Americas Corporation (formerly: KOEL Americas Corp.) was incorporated under the State of Delaware on March 18, 2015. It is a wholly owned subsidiary of Kirloskar Oil Engines Limited, India, effective since June 23, 2015. The Company focuses on sales of diesel engines, diesel pump sets and generators in the North and Latin American regions through a distributor network. The Company's business is affected by general economic fluctuations. The Company commenced business in June 2015.

NOTE 2 – CASH BALANCES

The Company considers all cash deposits at financial institutions to be cash equivalents. On March 31, 2022, the Company had a checking account valued at \$110,327. On March 31, 2021, the Company had a checking account valued at \$343,668, of which \$93,668 exceeded the FDIC insurance limits of \$250,000.

NOTE 3 – SUBSEQUENT EVENTS

Subsequent events were evaluated through April 28, 2022. There were determined to be no reportable subsequent events.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of Kirloskar Americas Corporation. have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment:

Property and equipment are recorded at cost. For financial reporting purposes, the costs of property and equipment are depreciated over the estimated useful lives as follows:

<u>Category</u>	<u>Method</u>	<u>Estimated Life Years</u>
Vehicles	Straight-Line	5
Office equipment & furniture	Straight-Line	3 to 10

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022, and 2021

Repairs and maintenance are charged to expense as incurred. Expenditures, which substantially increase the useful lives of the respective assets, are capitalized and depreciated over their useful lives. When an asset is sold, or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

Receivables:

The Company considers accounts receivable to be fully collectible except for specific instances; accordingly, an allowance for doubtful accounts is established for the estimate of accounts that may ultimately not be collected. The Company considers receivables 180 days past due to be potentially uncollectible.

Income Taxes:

The Company is taxed as a C-corporation for federal income tax purposes. Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily for the difference between the tax basis and the book basis of assets and expenses not currently includable in income, or deductible, for income tax purposes. The deferred taxes 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.

Management has evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will change within twelve months of March 31, 2022, or 2021. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Company's tax returns are subject to examination by the taxing authorities for a period of three years after filing the return.

Inventory:

The Company holds inventory consisting of diesel engines and generator sets for stock and sale. The inventory is valued at cost or net realizable value, whichever is lower, for financial statement purposes.

NOTE 5 – INCOME TAXES

Income tax expense consists of the following:

	<u>March 31, 2021</u>	<u>March 31, 2020</u>
Current tax expense	\$ 51,615	\$ 17,595
Deferred tax expense	\$ 379	\$ (608)
Income tax penalties	<u>\$ 23</u>	<u>\$ 0</u>
Income tax expense	\$ 52,017	\$ 16,987

See Independent Accountants' Compilation Report

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022, and 2021

The difference in the Company's actual tax rate in the accompanying financial statements and the federal tax rate primarily results from the effect of temporary differences between the book and tax basis of property and equipment and certain expenses that are permanently non-deductible for income taxes. The corporate federal income tax rate decreased to 21%, effective January 1, 2018. The deferred tax accounts have been adjusted to reflect this difference. Deferred tax assets and liabilities consists of the following components as of March 31, 2022:

	Deferred Tax (Liability)/Asset	Deferred Tax (Liability)/Asset (at applicable tax rate)
Book-tax differences in property basis – noncurrent	\$ 1,220	\$ 256

NOTE 6 – RELATED PARTY TRANSACTIONS

Following are details of transactions during the years ended March 31, 2022, and 2021 with related parties:

Name of the Party	Relationship	Type of Transaction	FY 2022 Amount (\$)	FY 2021 Amount (\$)
Kirloskar Oil Engines Limited, India	Parent Company	Purchase of goods	2,453,463	3,306,289
Kirloskar Oil Engines Limited, India	Parent Company	Marketing revenue	-	14,049
Kirloskar Oil Engines Limited, India	Parent Company	Warranty reimbursement	6,598	-
Engineman Consultants LLC	Entity in which director is interested	Professional fees & travel expenses	44,000	48,000

NOTE 7 – FINANCIAL OUTLOOK DUE TO THE COVID-19 OUTBREAK

Given the uncertainty of the COVID-19 outbreak, the spread of coronavirus may be prolonged and could potentially worsen. If this outbreak persists, commercial activities throughout the world could be curtailed with business operation disruptions, interrupted supply chains, difficulties in travel, and reduced workforces. The duration and intensity of interruptions resulting from this pandemic is uncertain. Global trade and economic growth are adversely impacted by lockdowns and travel restrictions, which result in disruptions to

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2022, and 2021

business operations. The total outlook of 2023 will depend much on the revival of world economy from the COVID-19 impact.

NOTE 8 – FINANCIAL RELIEF IN RESPONSE TO THE COVID-19 OUTBREAK

The United States government has launched a financial assistance program for small businesses affected by the COVID-19 outbreak called the “Coronavirus Relief Option”. Under this relief package, a program called the “Paycheck Protection Program” (PPP), has been announced. The Company has applied for this relief package and the details are as follows:

1. The Company applied for a \$34,854 loan with an interest rate of 1% per annum on April 12th, 2020;
2. The Company will use these funds for purposes of payroll costs, rent, and utilities;
3. There is no collateral or personal guarantee submitted for this loan;
4. Neither the lenders nor the government has charged any fees in connection with this loan.
5. The 1st PPP loan for \$34,854 was fully forgiven on October 26th, 2020.
6. The Company received a 2nd PPP for \$47,270 on February 8th, 2021.
7. The 2nd PPP loan for \$47,270 was fully forgiven on June 14th, 2021.

KIRLOSKAR AMERICAS CORPORATION

**SUPPLEMENTARY INFORMATION
SCHEDULES I & II
FINANCIALS AS GENERALLY REPORTED IN INDIA**

2021-2022

Kirloskar Americas Corporation
Balance Sheet as at 31 March 2022

Particulars	Notes	In \$	
		As at 31 March 2022	As at 31 March 2021
ASSETS			
I. Non-current assets		3,898	4,401
(a) Property, plant and equipment	1	492	616
(b) Financial assets			
(i) Other financial assets	2	3,150	3,150
(c) Deferred tax assets (net)	3	256	635
II.Current assets		27,26,247	28,18,043
(a) Inventories	4	9,63,515	6,44,589
(b) Financial assets			
(i) Trade receivables	5	16,34,013	17,98,478
(ii) Cash and cash equivalents	6	1,10,327	3,43,668
(iii) Other financial assets	7	-	14,049
(c) Current tax assets (net)	8	-	10,925
(d) Other current assets	9	18,392	6,333
Total Assets		27,30,145	28,22,444
EQUITY AND LIABILITIES			
Equity		9,36,763	6,96,523
(a) Equity share capital	10	2,50,000	2,50,000
(b) Other equity			
Retained earnings	11	6,86,763	4,46,523
LIABILITIES			
I.Current liabilities		17,93,382	21,25,921
(a) Financial liabilities			
(i) Borrowings	12	-	47,337
(ii) Trade payables	13		
(A) Total outstanding dues of micro enterprises and small enterprises		-	-
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		17,21,936	20,52,751
(b) Other current liabilities	14	38,483	25,833
(c) Current tax liabilities (net)	15	32,963	-
Total Equity and Liabilities		27,30,145	28,22,444
Significant accounting policies	24		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director
Date: 16 May 2022

Kirloskar Americas Corporation
Statement of profit and loss for the year ended 31 March 2022

			In \$
Particulars	Notes	2021-22	2020-21
Income			
Revenue from operations	16	40,69,266	38,26,059
Other income	17	47,435	34,874
Total Income		41,16,701	38,60,933
Expenses			
Purchase of traded goods	18	36,51,116	33,06,289
Changes in inventories of traded goods		(3,18,919)	(1,11,427)
Employee benefits expense	19	2,78,063	2,84,573
Finance costs	20	99	67
Depreciation and amortisation expense	21	124	4,872
Other Expenses	22	2,13,982	2,60,804
Total Expenses		38,24,467	37,45,177
Profit before tax		2,92,234	1,15,756
Tax expenses		51,994	16,987
Current tax	23	51,615	17,595
Deferred tax	23	379	(608)
Profit for the year		2,40,240	98,769
Other comprehensive income			
A. Items that will be reclassified to profit or loss in subsequent periods		-	-
B. Items that will not be reclassified to profit or loss in subsequent periods		-	-
Total other comprehensive income for the year, net of tax [A+B]		-	-
Total comprehensive income for the year, net of tax		2,40,240	98,769
Earnings per equity share [nominal value per share \$ 0.001 each (31 March 2021 \$ 0.001 each)]			
Basic		4,805	1,975
Diluted		4,805	1,975

As per our report of even date

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director
Date: 16 May 2022

Kirloskar Americas Corporation
Statement of Cash Flow for the year ended 31 March 2022

	In \$	
Particulars	As at 31 March 2022	As at 31 March 2021
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	2,92,234	1,15,756
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and amortisation expenses	124	4,872
Allowances for Trade and Other Receivables (net)	2,706	2,554
Inventories written down	(76,750)	87,401
Income from waiver of loan	(47,435)	-
Finance costs	99	-
<i>Working Capital Adjustments:</i>		
(Increase) / Decrease in Trade Receivables	1,61,759	(10,24,419)
(Increase) / Decrease in Inventories	(2,42,177)	(1,98,830)
(Increase) / Decrease in Financial Asset	14,049	(14,049)
(Increase) / Decrease in Other Current assets	(12,059)	(3,514)
Increase / (Decrease) in Trade Payables	(3,30,816)	12,39,029
Increase / (Decrease) in Other Liabilities	12,651	(1,36,380)
Net Cash generated from / (used in) operations	(2,25,614)	72,418
Income taxes paid	(7,727)	(35,427)
NET CASH FLOW FROM OPERATING ACTIVITIES	(2,33,341)	36,991
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	-	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	-	47,270
Finance costs	-	-
NET CASH USED IN FINANCING ACTIVITY	-	47,270
Net increase / (decrease) in cash and cash equivalents	(2,33,341)	84,261
Opening Cash and Cash equivalents	3,43,668	2,59,407
Closing Cash and Cash equivalents	1,10,327	3,43,668

As per our attached report of even date.

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director
Date: 16 May 2022

Kirloskar Americas Corporation**Statement of Changes in Equity for the year ended 31 March 2022**

In \$		
Particulars	As at 31 March 2022	As at 31 March 2021
Balance at the beginning of the year	4,46,523	3,47,754
Current year distributions	-	-
Net profit /(loss) for the year	2,40,240	98,769
Balance at end of the year	6,86,763	4,46,523

As per our attached report of even date.

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director
Date: 16 May 2022

Note 1 : Property, Plant and Equipment

	In \$			
Particulars	Furniture & Fixture	Vehicles	Office Equipment	Total
Gross Block				
As at 1 April 2020	162	28,482	3,126	31,770
Additions	-	-	-	-
Deductions	-	-	-	-
As at 31 March 2021	162	28,482	3,126	31,770
Additions	-	-	-	-
Deductions	-	-	-	-
As at 31 March 2022	162	28,482	3,126	31,770
Depreciation and Impairment				
As at 1 April 2020	70	23,735	2,477	26,282
Depreciation for the year	16	4,747	108	4,872
Deductions	-	-	-	-
As at 31 March 2021	87	28,482	2,585	31,154
Depreciation for the year	16	-	108	124
As at 31 March 2022	103	28,482	2,693	31,278
Net Block				
As at 31 March 2022	60	-	433	492
As at 31 March 2021	76	-	541	616

Note 2 : Other financial assets (Non current)

	In \$	
Particulars	As at 31 March 2022	As at 31 March 2021
Security deposits (Unsecured, considered good)	3,150	3,150
Total	3,150	3,150

Other Non current financial assets are at amortized cost. (Refer Note No. 24.4.9)

Note 3 : Deferred tax assets (net)

In \$

Particulars	As at 31 March 2022	As at 31 March 2021
Deferred tax assets		
Depreciation	256	635
Total	256	635

Also Refer Note No 24.4.15

Note 4 : Inventories

	In \$	
Particulars	As at 31 March 2022	As at 31 March 2021
Traded goods	9,63,515	6,44,589
Total	9,63,515	6,44,589

Note 5 : Trade receivables

	In \$	
Particulars	As at 31 March 2022	As at 31 March 2021
Total Trade Receivables	16,34,013	17,98,478
Trade receivables	16,34,013	17,98,478
Receivables from related parties	-	-
Break-up for security details:	16,34,013	17,98,478
Unsecured, considered good	16,34,013	17,98,478
Credit Impaired	2,706	2,554
Loss allowance for expected credit loss	(2,706)	(2,554)
Total	16,34,013	17,98,478

Trade Receivables are at amortized cost. (Refer Note No. 24.4.9)

Amounts in \$

As at 31 March 2022

[illegible]

As at 31 March 2021

Amounts in \$

[illegible]

Note 6 : Cash and cash equivalents

	In \$	
Particulars	As at 31 March 2022	As at 31 March 2021
Balance with Bank		
Checking account with HSBC Bank	1,10,327	3,43,668
Total	1,10,327	3,43,668

Note 7 : Other financial assets

In \$

Particulars	As at 31 March 2022	As at 31 March 2021
Financial assets		
Other financial assets		
Other Receivables	-	14,049
Total other financial assets	-	14,049

Current Financial assets		
Particulars	As at 31 March 2022	As at 31 March 2021
Trade receivables (Note 5)	16,34,013	17,98,478
Cash and Cash Equivalents (Note 6)	1,10,327	3,43,668
Other financial assets (Note 7)	-	14,049
Total financial assets	17,44,340	21,56,196

Note 8 : Current tax assets (net)

In \$

Particulars	As at 31 March 2022	As at 31 March 2021
Tax Paid in Advance (Net of Provision)	-	10,925
Total	-	10,925

Note 9 : Other current assets

In \$

Particulars	As at 31 March 2022	As at 31 Mar 2021
Prepaid Expenses	18,392	6,333
Total	18,392	6,333

Note 10 : Equity Share capital

Particulars	As at 31 March 2022		As at 31 March 2021	
	No. of shares	In \$	No. of shares	In \$
Authorised share capital				
1,000 Equity shares of \$ 0.001 each				
Issued and subscribed share capital				
50 Equity shares of \$ 0.001 each				
Subscribed and fully paid up				
Equity shares of \$ 0.001 each	50	2,50,000	50	2,50,000
Total	50	2,50,000	50	2,50,000

Note 11 : Other Equity

In \$

Particulars	As at 31 March 2022	As at 31 March 2021
Retained Earnings	6,86,763	4,46,523
Opening Balance	4,46,523	3,47,754
Add : Profit for the year	2,40,240	98,769
Add : Other Comprehensive income	-	-
Total	6,86,763	4,46,523

Kirloskar Americas Corporation
Notes to the Financial Statements

Note 12 : Borrowings (current)

In \$

Particulars	As at 31 March 2022	As at 31 March 2021
Current Maturities of Non-Current Borrowings	-	47,270
Interest Accrued but Not Due	-	67
Total Borrowings	-	47,337

Note 13: Trade payables

In \$

Particulars	As at 31 March 2022	As at 31 March 2021
Total outstanding		
Dues to micro enterprises and small enterprises	-	-
Dues to other than micro enterprises and small enterprises	17,21,936	20,52,751
Total	17,21,936	20,52,751

Trade Payables are at amortized cost. (Refer Note No. 24.4.9)

Current Financial liabilities

Particulars	As at 31 March 2022	As at 31 March 2021
Borrowings (current) (Note 12)	-	47,337
Trade Payables (Note 13)	17,21,936	20,52,751
Total financial liabilities	17,21,936	21,00,088

For trade payables outstanding, the ageing schedule is as given below:

As at 31 March 2022

In \$

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro Enterprises and Small Enterprises ("MSME")	-	-	-	-	-	-	-
Others	-	12,39,815	50,112	-	4,32,009	-	17,21,936
Disputed dues – MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-	-
Total	-	12,39,815	50,112	-	4,32,009	-	17,21,936

As at 31 March 2021

In \$

Particulars	Unbilled	Outstanding for following periods from due date of payment					Total
		Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Micro Enterprises and Small Enterprises ("MSME")	-	-	-	-	-	-	-
Others	-	17,39,171	-	3,13,580	-	-	20,52,751
Disputed dues – MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-	-
Total	-	17,39,171	-	3,13,580	-	-	20,52,751

Note 14 : Other Current liabilities

	In \$	
Particulars	As at 31 March 2022	As at 31 March 2021
Advance from customers	19,997	3,005
Other payables	18,486	22,827
Statutory dues including provident fund and tax deducted at source	6,150	6,803
Other Payables	12,336	16,024
Total	38,483	25,833

Note 15 : Current tax liabilities (net)

	In \$	
	As at 31 March 2022	As at 31 March 2021
Particulars		
Tax provision (Net of tax paid in advance)	32,963	-
Total	32,963	-

Note 16 : Revenue from operations

	In \$	
Particulars	2021-22	2020-21
Sale of products	40,69,266	38,12,009
Sale of services	-	14,049
Total	40,69,266	38,26,059

Also Refer Note No 24.4.10

Note 17 : Other Income

	In \$	
Particulars	2021-22	2020-21
Interest Income	-	22
Income from waiver of Loan (Refer Note No. 24.5.2)	47,435	34,852
Total	47,435	34,874

Also Refer Note 24.4.11

Note 18 : Purchases of traded goods

		In \$
Particulars	2021-22	2020-21
Engines and Gensets	36,51,116	33,06,289
Total	36,51,116	33,06,289

Note 19 : Employee benefits expense

	In \$	
Particulars	2021-22	2020-21
Salaries, wages, bonus, commission, etc.	2,64,380	2,75,697
Welfare and training expenses	13,683	8,876
Total	2,78,063	2,84,573

Note 20 : Finance costs

	In \$	
Particulars	2021-22	2020-21
Finance costs	99	67
Total	99	67

Note 21 : Depreciation and amortisation expense

	In \$	
Particulars	2021-22	2020-21
Depreciation and amortisation expense		
Depreciation on Property, plant and equipment	124	4,872
Total	124	4,872

Note 22 : Other expenses

In \$

Particulars	2021-22	2020-21
Selling expenses	49,365	1,22,120
Commission	8,434	21,346
Freight and forwarding	26,163	84,874
Advertisement and publicity	14,616	13,347
Provision for doubtful debts (Loss allowance for expected credit loss)	153	2,554
Administration expenses	1,64,617	1,38,684
Rent	16,368	15,481
Rates and taxes	23	622
Insurance	2,706	4,165
Travelling and conveyance	45,559	7,274
Communication expenses	4,930	6,001
Professional charges	79,686	97,539
Office expenses	4,168	3,145
Repairs and maintenance	1,103	1,037
Bad debts written off	15	-
Warranty Expenses	6,598	-
Bank charges	3,459	3,420
Total	2,13,982	2,60,804

Note 23 : Tax Expenses

The major component of tax expenses are :

In \$

Particulars	2021-22	2020-21
Current tax	51,615	17,595
Current income tax	51,615	17,595
Deferred tax	379	(608)
Relating to reversal or temporary difference	379	(608)
Total Tax expenses reported in the Statement of profit and loss	51,994	16,987

1 History and Nature of Business of the Company

Kirloskar Americas Corporation ("the Company") was incorporated under State of Delaware on 18 March 2015. With effect from 23 June 2015, it is a wholly owned subsidiary of Kirloskar Oil Engines Limited, India. The Company focuses on the sales of diesel engines, diesel pump sets and generators in North and Latin American regions through a distributor network. The Company's business is affected by general economic fluctuations. The Company has commenced business since June 2015.

KOEL Americas Corp. has been renamed as Kirloskar Americas Corporation w.e.f. 21 May 2021.

2 Basis of preparation of Financial Statements

These financial statements have been prepared in all material aspects in accordance with accounting standards specified under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) to the extent applicable. These financials are prepared for the limited purpose of preparation of holdings company's (Kirloskar Oil Engines Limited) consolidated financial statements.

The financial statements have been prepared on accrual basis under the historical cost convention except for certain items of financial instruments which are measured at fair value as per Ind AS.

The Company's financial statements are prepared in US Dollar which is its functional currency.

3 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Uncertainty relating to Global health pandemic on COVID-19

The Company's operation has and may continue to be impacted by the outbreak of COVID-19 virus. The effects of COVID-19 virus to the global economy include effects on the economic growth, increase in credit risk, and the fluctuation of foreign currency exchange rates and disruption of business operations. The future effects of the outbreak of COVID-19 virus to the Company are unclear at this time. Nevertheless, as at the date of this report, management of the Company is of the opinion that the outbreak of the COVID-19 has no significant impact to the operational activities of the Company.

4 Significant Accounting Policies

4.1 Current Vs. Non-current classification

The Company presents assets and liabilities in the Balance Sheet based on Current/Non-current classification.

An asset is treated as current when it is:

- a. Expected to be realised or intended to be sold or consumed in normal operating cycle
 - b. Held primarily for the purpose of trading
 - c. Expected to be realised within twelve months after the reporting period, or
 - d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as Non-current.

A liability is current when it is:

Expected to be settled in normal operating cycle

- a. Held primarily for the purpose of trading
- b. Due to be settled within twelve months after the reporting period, or
- c. There is no unconditional right to defer the settlement of the liability for at least twelve months after the

- reporting period
- d. Deferred tax assets and liabilities are classified as Non-current assets and liabilities. The Company classifies all other liabilities as Non-current. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

4.2 Property, Plant and Equipment:

Property, Plant and equipment are stated at cost of acquisition less accumulated depreciation. Cost includes the purchase price and all other attributable costs incurred for bringing the asset to its working condition for intended use.

Depreciation

Depreciation is charged on the basis of useful life of assets on straight line method which are follows:

Asset Category	Life (in years)
Vehicles	5
Office equipment and furnitures & fixtures	3 to 10

4.3 Inventory:

The Company holds inventory consisting of diesel engines and generator sets for stock and sale. The Inventory is valued at cost or net realizable value whichever is lower for financial statement purposes.

4.4 Government Grant

The Company had determined the grant as a grant related to income based on the evaluation of terms and conditions attached to the eligibility of grant and the Company accounts for the grant as Income in Statement of profit and loss.

Grants and subsidies from the government are recognized if the following conditions are satisfied,

- There is reasonable assurance that the Company will comply with the conditions attached to it.
- Such benefits are earned and reasonable certainty exists of the collection.

4.5 Borrowing Costs

Borrowing Costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized till the month in which the asset is ready to use, as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

4.6 Cash and Cash Equivalent:

Cash comprises cash on hand and demand deposits with bank. Cash equivalents are short term highly liquid investments that are readily convertible into known amounts of cash which are subject to an insignificant risk of changes in value.

4.7 Cash Flow Statement:

Cash flows are reported using the indirect method, where by net profit before tax is adjusted for the effects of transactions of a non cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular operating, investing and financing activities of the Company are segregated.

4.8 Financial Instruments:

A financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

4.9 Financial Assets and Financial Liabilities:

(i) Initial Recognition

All financial assets are recognized initially at fair value.

All financial liabilities are recognized initially at fair value.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. It is normally the transaction price.

(ii) Subsequently measurement

For Purposes of subsequent measurement , financial assets are classified in three categories-

- (a) At amortized cost
- (b) At fair value through other comprehensive income (FVOCI)
- (c) At fair value through profit or loss (FVTPL)

For Purposes of subsequent measurement , financial liabilities are classified in two categories.

- (a) At amortized cost
- (b) At fair value through profit or loss (FVTPL)

(ii) Derecognition

A financial assets is derecognized when the contractual rights to the cash flows from the financial asset expire.

OR

The Company has transferred its contractual right to receive cash flows from the asset.

A financial liability (or a part of financial liability) is derecognized from its balance sheet when it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

The management believes that the fair values of non current financial assets (Note No. 2 Security Deposits) and current financial assets (Note No.5 Trade Receivables, Note No. 6 Cash and cash equivalent and Note No.7 Other financial assets) and Other current financial liabilities (Note No. 13 Trade Payables) approximate their carrying amounts.

4.10 Revenue from Contracts with Customers

The Company recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i.e. when the customer is able to direct the use of transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness.

There is no financing component in the contract as the credit period does not exceed one year.

For Trade Receivables and its impairment Refer Note. 5 of Financial Statements.

4.11 Other Income

Other items of income are accounted as and when the right to receive such income arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

4.12 Leases

Ind AS 116 'Leases' provides for certain recognition exemptions for short term leases as well as provides for certain criteria when the lease contracts are non-enforceable. The determination of lease term for the purpose of availing such exemptions and evaluation of such criteria for non-enforceability of a contract involves significant judgement.

4.12 Provisions and Contingencies

Necessary provisions are made for the present obligations that arise out of past events entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

However a disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

There are no contingent liabilities out of transactions for the fiscal year (Previous year: NIL).

There are no capital and other material commitments for the fiscal year (Previous year: NIL).

4.13 Foreign Exchange Derivatives

There are no foreign exchange derivatives transactions for the fiscal year (Previous year: NIL).

4.14 Current income tax

Current income tax assets and liabilities are measured at the amounts expected to be recovered from or paid to the taxation authorities; on the basis of the taxable profits computed for the current accounting period.

The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

4.15 Deferred Tax

Deferred tax assets arises primarily from the difference between the tax base and the book base of assets and liabilities recognised not currently included as income or deductible for the tax purposes. The deferred tax represent the future tax return consequences of those differences, which will either be taxable or deductible when the assets and liabilities are recovered

5 Additional Notes

5.1 Transactions and outstanding balances with Related Parties

Name of the party	Relationship	Type of Transaction	2021-22	2020-21
Kirloskar Oil Engines Limited	Parent Company	Purchase of Goods	24,53,463	33,06,289
Kirloskar Oil Engines Limited	Parent Company	Marketing Revenue	-	14,049
Kirloskar Oil Engines Limited	Parent Company	Warranty Reimbursement	6,598	-
Engineman Consultants LLC	Entity in which director is interested	Professional fees and travel expenses	44,000	48,000
Kirloskar Oil Engines Limited	Parent Company	Trade Payable	17,94,381	20,54,770

5.2 Loan under Paycheck Protection Program

In the previous year, the US government had launched a financial assistance program for Small Businesses affected by COVID 19 pandemic called "Corona Virus Relief Option". Under this relief package a program called "Paycheck Protection Program" (PPP), was announced. The Company applied for this relief package and the details are as follows:

- a. Loan applied for USD 34,854 with an interest rate of 1% per annum on 12th April 2020 and then out of this USD 34,852 was availed by Company on 5th May 2020.
- b. These funds were used to meet the payroll expenditure, rent, utilities etc.
- c. On 26th October 2020, the Company had received the forgiveness of loan along with the interest. This amount of loan was recognised as Other Income in the previous year.
- d. There is no collateral or personal guarantee submitted for this loan;
- e. Neither the lenders nor the government has charged any form of fee for the said loan.
- g The Company received a 2nd PPP Loan for \$47,270 on 8th February, 2021.
- h On 14th June 2021, the Company has received the forgiveness of 2nd tranche of loan for \$47,270 along with the interest. This amount of loan has been recognised as Other Income in FY 21-22

5.3 Earnings per share (Basic and Diluted)

	In \$	
Particulars	2021-22	2020-21
Profit for the year after taxation (Amounts in \$)	2,40,240	98,769
Total number of equity shares at the end of the year (One equity share of face value of \$ 0.001 each fully paid -up)	50	50
Weighted average number of equity shares for the purpose of computing Basic earnings per share and Dilluted earnings per share	50	50
Basic earnings per share (in \$)	4,805	1,975

Earnings per share are calculated in accordance with Accounting Standard (Ind AS 33) "Earnings Per Share".

For and on behalf of Kirloskar Americas Corporation

Gauri Kirloskar
Director
Date: 16 May 2022