

KIRLOSKAR AMERICAS CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2023, and 2022

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2023, and 2022

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Kaminski & Company, P.C.

Accountants and Consultants

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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, 2023, and 2022, 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.



Kaminski & Company, P.C.

Houston, Texas

May 15, 2023

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
BALANCE SHEET
AS OF MARCH 31, 2023, and 2022

ASSETS		March 31, 2023	March 31, 2022
CURRENT ASSETS			
Cash (Note 2)	\$	146,494	110,327
Accounts receivable (Note 4)		931,480	1,636,719
Less allowance for doubtful accounts (Note 4)		(25,487)	(2,706)
Inventory (Note 4)		641,741	250,941
Prepaid expenses		9,163	18,392
Prepaid inventory (Note 4)		343,838	720,799
Receivable - KOEL india		25,305	-
Total current assets		<u>2,072,534</u>	<u>2,734,472</u>
NONCURRENT ASSETS (Note 4)			
Vehicles		55,204	28,482
Office furniture		162	162
Office equipment		3,126	3,126
Less accumulated depreciation and amortization		(10,281)	(31,278)
Total fixed assets		<u>48,211</u>	<u>492</u>
Operating lease right-of-use assets		38,850	-
Federal income tax - deferred (Note 5)		-	256
Security deposits		3,150	3,150
Total noncurrent assets		<u>90,211</u>	<u>3,898</u>
TOTAL ASSETS	\$	<u><u>2,162,745</u></u>	<u><u>2,738,370</u></u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
CURRENT LIABILITIES			
Accounts payable - trade	\$	1,039,276	1,721,936
Advances received from customers		-	19,997
Current portion of operating lease liability (Note 7)		16,630	-
Federal income tax payable - current (Note 5)		12,489	32,963
Provision for obsolete inventory		12,622	8,225
Other payables (Note 6)		24,589	18,486
Total current liabilities		<u>1,105,606</u>	<u>1,801,607</u>
NONCURRENT LIABILITIES			
Operating lease liability, net (Note 7)		<u>22,220</u>	<u>-</u>
TOTAL LIABILITIES		<u>1,127,826</u>	<u>1,801,607</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		784,919	686,763
Total stockholder's equity		<u>1,034,919</u>	<u>936,763</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u><u>2,162,745</u></u>	<u><u>2,738,370</u></u>

For and on behalf of Kirloskar Americas Corporation

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Gauri Kirloskar
Director
Date: 17 May 2023

See Accompanying Notes and Independent Accountants' Compilation Report

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
STATEMENT OF INCOME/(LOSS)
FOR THE YEARS ENDED MARCH 31, 2023, and 2022

	March 31, 2023	March 31, 2022
SALES REVENUE	\$ 3,496,059	4,069,266
COST OF GOODS SOLD	<u>2,743,373</u>	<u>3,332,198</u>
GROSS PROFIT	752,686	737,068
MARKETING REVENUE (Note 9)	58,451	-
GROSS PROFIT FROM OPERATIONS	<u>811,137</u>	<u>737,068</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising & sales promotions	66,037	14,616
Agency commissions	14,708	8,434
Provision for doubtful debts	22,781	168
Bank charges	4,032	3,459
Communication expense	5,500	4,930
Depreciation and amortization	7,485	124
Employee welfare expense	12,440	8,945
Employee benefit expense (Note 8)	2,153	-
Insurance expense	2,677	2,706
Logistics expense	76,784	26,163
Lease expense (Note 7)	19,220	16,368
Meals	14,326	4,738
Office expense	3,629	3,974
Professional fees	107,110	79,686
Repairs and maintenance	9	1,103
Salary	213,400	247,056
Taxes	16,884	17,325
Travel expense	101,243	45,559
Utilities	535	195
Warranty expense	8,683	6,598
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>699,636</u>	<u>492,147</u>
INCOME FROM OPERATIONS	<u>111,501</u>	<u>244,921</u>
OTHER INCOME/(EXPENSES)		
Gain on vehicle trade in	16,000	47,435
Interest expense	-	(99)
TOTAL OTHER INCOME/(EXPENSES)	<u>16,000</u>	<u>47,336</u>
NET INCOME BEFORE PROVISION FOR INCOME TAXES	<u>127,501</u>	<u>292,257</u>
Federal income tax - current (Note 5)	29,089	51,615
Federal income tax - deferred (Note 5)	256	379
Federal tax penalties	-	23
Total provision for income tax	<u>29,345</u>	<u>52,017</u>
NET INCOME	<u>\$ 98,156</u>	<u>240,240</u>

See Accompanying Notes and Independent Accountants' Compilation Report

For and on behalf of Kirloskar Americas Corporation

GAURI ATUL
KIRLOSKAR

Gauri Kirloskar

Director

Date: 17 May 2023

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED MARCH 31, 2023, and 2022

	March 31, 2023	March 31, 2022
BEGINNING BALANCE - APRIL 1	\$ 686,763	446,523
CURRENT YEAR DIVIDENDS	-	-
NET INCOME/(LOSS) FOR THE YEAR	98,156	240,240
ENDING BALANCE - MARCH 31	\$ <u>784,919</u>	<u>686,763</u>

For and on behalf of Kirloskar Americas Corporation

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Gauri Kirloskar

Director

Date: 17 May 2023

See Accompanying Notes and Independent Accountants' Compilation Report

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2023, and 2022

	March 31, 2023	March 31, 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ 98,156	240,240
Adjustment to reconcile net income to net cash		
Provided by operating activities:		
Depreciation and amortization	7,485	124
(Increase) decrease in:		
Accounts receivable	705,239	164,313
Other receivables	(25,305)	14,049
Prepaid expenses	9,229	(12,059)
Inventory	(390,800)	279,178
Prepaid inventory	376,961	(518,928)
Prepaid federal income tax	256	11,305
Gain (loss) on trade in of assets	(16,000)	
Increase (decrease) in:		
Accounts payable	(682,660)	(330,815)
Other payables	6,103	(4,341)
Advances received from customers	(19,997)	16,992
Allowance for doubtful accounts	22,781	152
Federal income tax payable	(20,474)	32,963
Provision for obsolete inventory	4,397	(79,177)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>75,371</u>	<u>(186,004)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(55,204)	-
Gain (loss) on trade in of assets	16,000	-
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(39,204)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
PPP Loan	-	(47,337)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>-</u>	<u>(47,337)</u>
NET INCREASE/(DECREASE) IN CASH	36,167	(233,341)
CASH BEGINNING OF YEAR	110,327	343,668
CASH END OF YEAR	<u>\$ 146,494</u>	<u>110,327</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Federal income tax paid	\$ 49,563	17,595
Interest expense paid	0	67

For and on behalf of Kirloskar Americas Corporation

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KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023, and 2023

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, 2023, the Company had a checking account valued at \$146,494. On March 31, 2022, the Company had a checking account valued at \$110,327. The FDIC insures accounts up to a maximum of \$250,000.

NOTE 3 – SUBSEQUENT EVENTS

In accordance with ASC 855, the subsequent events have been evaluated through May 15, 2023, the date of which the consolidated financial statements were available to be issued and determined that there were not any significant items affecting the accompanying financial statements or requiring disclosure.

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.

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023, and 2023

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

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, 2023, or 2022. 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.

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023, and 2023

NOTE 5 – INCOME TAXES

Income tax expense consists of the following:

	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Current tax expense	\$ 16,600	\$ 18,652
Current tax accrued	12,489	32,963
Deferred tax expense	256	379
Income tax penalties	<u>0</u>	<u>23</u>
Income tax expense	\$ 29,345	\$ 52,017

NOTE 6 – OTHER PAYABLES

Other payables consisted of the following:

	<u>March 31, 2023</u>
Accrued liabilities	\$ 12,831
Credit cards payables	5,489
Accrued payroll and related expenses	<u>6,269</u>
Total	<u>\$ 24,604</u>

NOTE 7 – LEASES

The Company had a building lease in Texas as of March 31, 2023. The Texas lease expires on July 31, 2025.

The Company recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Company classified these leases as operating leases. These leases generally contain renewal options for periods ranging to 3 years. The Company recognizes a lease liability and a right of use (ROU) at August 01, 2022. The lease liability is recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the incremental borrowing rate, which is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term and the amount of the measured lease liability. Lease cost for lease payments is recognize on a straight-line basis over the lease term.

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023, and 2023

The Company has elected, for all underlying classes of assts, to not to recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement.

The components of lease cost for the fiscal year ended March 31, 2023, are as follows:

Operating lease cost	\$ 8,085
Variable lease cost	<u>4,861</u>
Total lease cost	<u>\$ 12,946</u>

Amounts reported in the consolidated balance sheets as of March 31, 2023, are as follows:

Operating lease ROU assets	\$ 38,850
Operating lease liabilities, current portion	16,630
Operating lease liabilities, non-current	22,220

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Company started a 401(k) plan from January 1, 2023 whereby all employees may contribute up to the maximum amount allowed each year. The employees are fully vested in their contributions when made. The Company matches a 100% contribution of up to 5% of employee's basic monthly wages to all employees. The Company has reported expenses under the plan of \$ 2,153 for the fiscal year ended March 31, 2023.

NOTE 9 – RELATED PARTY TRANSACTIONS

Following are details of transactions during the fiscal years ended March 31, 2023, and 2022 with related parties:

Name of the Party	Relationship	Type of Transaction	FY 2023 Amount (\$)	FY 2022 Amount (\$)
Kirloskar Oil Engines Limited, India	Parent Company	Purchase of goods	2,533,832	3,507,687
Kirloskar Oil Engines Limited, India	Parent Company	Marketing revenue	58,451	-
Kirloskar Oil Engines Limited, India	Parent Company	Warranty reimbursement	-	6,598

KIRLOSKAR AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2023, and 2023

Engineman Consultants LLC	Entity in which directors have a significant controlling interest	Professional fees & travel expenses	45,453	44,000
Kirloskar Proprietary Ltd	Entity in which a director has a significant controlling interest	Professional fees (Royalty)	1,450	1,584

Kirloskar Americas Corporation

(Formerly known as KOEL Americas Corp.)

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

2022-23

Kirloskar Americas Corporation
Balance Sheet as at 31 March 2023

Particulars	Notes	As at 31 March 2023	In \$ As at 31 March 2022
ASSETS			
I. Non-current assets		51,361	3,898
(a) Property, plant and equipment	1	48,211	492
(b) Other Intangible assets		-	-
(c) Financial assets			
(i) Other financial assets	2	3,150	3,150
(d) Deferred tax assets (net)	3	-	256
II.Current assets		20,73,238	27,26,247
(a) Inventories	4	9,72,958	9,63,515
(b) Financial assets			
(i) Trade receivables	5	9,44,623	16,34,013
(ii) Cash and cash equivalents	6	1,46,494	1,10,327
(C) Other current assets	7	9,163	18,392
Total Assets		21,24,599	27,30,145
EQUITY AND LIABILITIES			
Equity		10,34,919	9,36,763
(a) Equity share capital	8	2,50,000	2,50,000
(b) Other equity			
Retained earnings	9	7,84,919	6,86,763
Liabilities			
I.Current liabilities		10,89,680	17,93,382
(a) Financial liabilities			
(i) Borrowings		-	-
(ii) Trade payables	10		
(a) total outstanding dues of micro enterprises and small enterprises		-	-
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		10,39,277	17,21,936
(b) Other current liabilities	11	37,914	38,483
(c) Current tax liabilities (net)	12	12,489	32,963
Total Equity and Liabilities		21,24,599	27,30,145
Significant accounting policies	21		
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

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Gauri Kirloskar
Director
Date: 17 May 2023

Kirloskar Americas Corporation
Statement of profit and loss for the year ended 31 March 2023

		In \$	
Particulars	Notes	2022-23	2021-22
Income			
Revenue from operations	13	35,54,510	40,69,266
Other income	14	16,000	47,435
Total Income		35,70,510	41,16,701
Expenses			
Purchase of traded goods	15	27,52,822	36,51,116
Changes in inventories of traded goods		(9,443)	(3,18,919)
Employee benefits expense	16	2,58,935	2,78,063
Finance costs	17	-	99
Depreciation and amortisation expense	18	7,485	124
Other Expenses	19	4,33,210	2,13,982
Total Expenses		34,43,009	38,24,467
Profit before exceptional items and tax		1,27,501	2,92,234
Exceptional items		-	-
Profit before tax		1,27,501	2,92,234
Tax expenses		29,345	51,994
Current tax	20	29,089	51,615
Deferred tax	20	256	379
Profit for the period		98,156	2,40,240
Other comprehensive income			
A. Items that will be reclassified to profit or loss in subsequent periods		-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		-	-
B. Items that will not to be reclassified to profit or loss in subsequent periods		-	-
Total other comprehensive income for the period, net of tax [A+B]		-	-
Total comprehensive income for the period, net of tax		98,156	2,40,240
Earnings per equity share [nominal value per share \$ 0.001 each (31 March 2023 \$ 0.001 each)]			
Basic		1,963	4,805
Diluted		1,963	4,805

As per our report of even date

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Date: 17 May 2023

Kirloskar Americas Corporation
Statement of Cash Flow for the year ended 31 March 2023

	In \$	
Particulars	2022-23	2021-22
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	1,27,501	2,92,234
Adjustments to reconcile profit before tax to net cash flows:		
Add:		
Depreciation and amortisation expenses	7,485	124
Allowances for Trade and Other Receivables (net)	25,487	2,706
Inventories written down	4,396	(76,750)
Income from waiver of loan	-	(47,435)
Finance costs	-	99
Less:		
Gain on disposal of Assets	(16,000)	-
<i>Working Capital Adjustments:</i>		
(Increase) / Decrease in Trade Receivables	6,63,903	1,61,759
(Increase) / Decrease in Inventories	(13,839)	(2,42,177)
(Increase) / Decrease in Financial Asset	-	14,049
(Increase) / Decrease in Other Current assets	9,229	(12,059)
Increase / (Decrease) in Trade Payables	(6,82,659)	(3,30,816)
Increase / (Decrease) in Other Liabilities	(569)	12,651
Net Cash generated from / (used in) operations	1,24,934	(2,25,614)
Income taxes paid	(49,563)	(7,727)
NET CASH FLOW FROM/ (USED IN) OPERATING ACTIVITIES	75,371	(2,33,341)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	(55,204)	-
Proceeds on Sale of Assets	16,000	-
NET CASH GENERATED USED IN INVESTING ACTIVITIES	(39,204)	-
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Borrowings	-	-
NET CASH FLOW FROM/ (USED IN) FINANCING ACTIVITIES	-	-
Net increase / (decrease) in Cash and Cash equivalents	36,167	(2,33,341)
Opening Cash and Cash equivalents	1,10,327	3,43,668
Closing Cash and Cash equivalents	1,46,494	1,10,327

As per our attached report of even date.

For and on behalf of Kirloskar Americas Corporation

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Gauri Kirloskar

Director

Date: 17 May 2023

Kirloskar Americas Corporation**Statement of Changes in Equity for the year ended 31 March 2023**

In \$

Particulars	As at 31 March 2023	As at 31 March 2022
Balance at the beginning of the year	6,86,763	4,46,523
Current year distributions	-	-
Net profit /(loss) for the year	98,156	2,40,240
Balance at end of the year	7,84,919	6,86,763

As per our attached report of even date.

For and on behalf of Kirloskar Americas Corporation

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Director

Date: 17 May 2023

Note 1 : Property, plant and equipment

	In \$			
Particulars	Furniture & Fixture	Vehicles	Office Equipment	Total
Gross Block				
As at 1 April 2021	162	28,482	3,126	31,770
Additions	-	-	-	-
Deductions	-	-	-	-
Exchange difference	-	-	-	-
As at 31 March 2022	162	28,482	3,126	31,770
Additions	-	55,204	-	55,204
Deductions	-	-28,482	-	-28,482
Exchange difference	-	-	-	-
As at 31 March 2023	162	55,204	3,126	58,492
Depreciation and Impairment				
As at 1 April 2021	87	28,482	2,585	31,154
Depreciation for the year	16	-	108	124
Deductions	-	-	-	-
As at 31 March 2022	103	28,482	2,693	31,278
Depreciation for the year	16	7,361	108	7,485
Exchange difference	-	-	-	-
Deductions	-	-28,482	-	-28,482
As at 31 March 2023	119	7,361	2,802	10,281
Net Block				
As at 31 March 2022	60	-	433	492
As at 31 March 2023	43	47,843	325	48,211

Note 2 : Other financial assets (Non current)

	In \$	
	As at 31 March 2023	As at 31 March 2022
Particulars		
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. 21.4.9)

Note 3 : Deferred tax assets (net)

In \$

Particulars	As at 31 March 2023	As at 31 March 2022
Deferred tax assets		
Depreciation	-	256
Total	-	256

Also Refer Note No 21.4.15

Note 4 : Inventories

	In \$	
Particulars	As at 31 March 2023	As at 31 March 2022
Traded goods	9,72,958	9,63,515
Total	9,72,958	9,63,515

Note 5 : Trade receivables

	In \$	
Particulars	As at 31 March 2023	As at 31 March 2022
Total Trade Receivables	9,44,623	16,34,013
Trade receivables	9,19,318	16,34,013
Receivables from related parties	25,305	-
Break-up for security details:		
Unsecured, considered good	9,44,623	16,34,013
Considered doubtful	25,487	2,706
Loss allowance (for expected credit loss under simplified approach)	(25,487)	(2,706)
Total	9,44,623	16,34,013

Trade Receivables are at amortized cost. (Refer Note No. 21.4.9)

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

As at 31 March 2023

[illegible]

As at 31 March 2022

In \$

[illegible]

Note 6 : Cash and cash equivalents

	In \$	
Particulars	As at 31 March 2023	As at 31 March 2022
Balance with Bank		
Checking account with HSBC Bank	1,46,494	1,10,327
Total	1,46,494	1,10,327

Current Financial assets

Particulars	As at 31 March 2023	As at 31 March 2022
Trade receivables (Note 5)	9,44,623	16,34,013
Cash and Cash Equivalents (Note 6)	1,46,494	1,10,327
Total financial assets	10,91,117	17,44,340

Note 7 : Other current assets

In \$

Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid Expenses	4,718	18,392
Advance to Employees	4,445	-
Total	9,163	18,392

Note 8 : Equity share capital

Particulars	As at 31 March 2023		As at 31 March 2022	
	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 9 : Other equity

In \$

Particulars	As at 31 March 2023	As at 31 March 2022
Retained Earnings	7,84,919	6,86,763
Opening Balance	6,86,763	4,46,523
Add : Profit for the year	98,156	2,40,240
Add : Other Comprehensive income	-	-
Total	7,84,919	6,86,763

Note 10: Trade payables

In \$

Particulars	As at 31 March 2023	As at 31 March 2022
Total outstanding		
Dues to micro enterprises and small enterprises	-	-
Dues to other than micro enterprises and small enterprises	10,39,277	17,21,936
Total	10,39,277	17,21,936

Trade Payables are at amortized cost. (Refer Note No. 21.4.9)

Current Financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Trade Payables (Note 10)	10,39,277	17,21,936
Total financial liabilities	10,39,277	17,21,936

Kirloskar Americas Corporation

Notes to the Financial Statements

Note 10: Trade payables (Continued)

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

As at 31 March 2023

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	-	10,17,812	21,464	-	-	-	10,39,276
Disputed dues – MSME	-	-	-	-	-	-	-
Disputed dues - Others	-	-	-	-	-	-	-
Total	-	10,17,812	21,464	-	-	-	10,39,276

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

Note 11 : Other Current liabilities

In \$

Particulars	As at 31 March 2023	As at 31 March 2022
Advance from customers	13,325	19,997
Other payables	24,589	18,486
Statutory dues including 401k plan and tax deducted at source	5,170	6,150
Other Payables	19,419	12,336
Total	37,914	38,483

Note 12 : Current tax liabilities (net)

	In \$	
	As at 31 March 2023	As at 31 March 2022
Particulars		
Tax provision (Net of tax paid in advance)	12,489	32,963
Total	12,489	32,963

Note 13 : Revenue from operations

	In \$	
Particulars	2022-23	2021-22
Sale of products	34,96,059	40,69,266
Sale of services	58,451	-
Total	35,54,510	40,69,266

Also Refer Note No 21.4.10

Note 14 : Other Income

	In \$	
Particulars	2022-23	2021-22
Net Gain on disposal of property, plant and equipment	16,000	-
Income from waiver of Loan	-	47,435
Total	16,000	47,435

Also Refer Note 21.4.11

Note 15 : Purchases of traded goods

	In \$	
Particulars	2022-23	2021-22
Engines and Gensets	27,52,822	36,51,116
Total	27,52,822	36,51,116

Note 16 : Employee benefits expense

In \$

Particulars	2022-23	2021-22
Salaries, wages, bonus, commission, etc.	2,32,170	2,64,380
Welfare and training expenses	26,765	13,683
Total	2,58,935	2,78,063

Note 17 : Finance costs

	In \$	
Particulars	2022-23	2021-22
Finance costs	-	99
Total	-	99

Note 18 : Depreciation and amortisation expense

	In \$	
Particulars	2022-23	2021-22
Depreciation and amortisation expense		
Depreciation on Property, plant and equipment	7,485	124
Total	7,485	124

Note 19 : Other expenses

In \$

Particulars	2022-23	2021-22
Selling expenses	1,80,311	49,365
Commission	14,708	8,434
Freight and forwarding	76,785	26,163
Advertisement and publicity	66,037	14,616
Provision for doubtful debts (Loss allowance for expected credit loss)	22,781	153
Administration expenses	2,52,899	1,64,617
Rent	19,221	16,368
Rates and taxes	267	23
Insurance	2,677	2,706
Travelling and conveyance	1,01,234	45,559
Communication expenses	5,500	4,930
Professional charges	1,07,110	79,686
Office expenses	4,164	4,168
Repairs and maintenance	9	1,103
Bad debts written off	-	15
Warranty Expenses	8,684	6,598
Bank charges	4,033	3,459
Total	4,33,210	2,13,982

Note 20 : Tax Expenses

The major component of tax expenses are :

In \$

Particulars	2022-23	2021-22
Current tax	29,089	51,615
Current income tax	29,089	51,615
Deferred tax	256	379
Relating to reversal or temporary difference	256	379
Total Tax expenses reported in the Statement of profit and loss	29,345	51,994

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. was 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 & as required under Regulation 10 (4) of Foreign Exchange Management (Overseas Investment) Regulations, 2022 (No. FEMA 400/2022-RB) and Para 5 of A.P. (DIR Series) Circular No.12 RBI/2022-2023/110 dated August 22, 2022 issued by the Reserve Bank of India in the context of submission of the Annual Performance Report and is not to be used for any other purposes.

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.

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:

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

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 .

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 and Note No. 6 Cash and cash equivalent) and current financial liabilities (Note No. 10 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.

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	2022-23	2021-22
Transactions:				
Kirloskar Oil Engines Limited	Parent Company	Purchase of Goods	25,33,832	35,07,687
Kirloskar Oil Engines Limited	Parent Company	Marketing Revenue	58,451	-
Kirloskar Oil Engines Limited	Parent Company	Warranty Reimbursement	-	6,598
Engineman Consultants LLC	Entity in which directors have a significant Controlling Interest	Professional fees and travel expenses	45,453	44,000
Kirloskar Proprietary Ltd	Entity in which directors have a significant Controlling Interest	Professional Fees (Royalty)	1,450	1,584
Outstanding Balances :				
Kirloskar Oil Engines Limited	Parent Company	Trade Payable	10,12,065	12,94,634

5.2 Employee Benefit Plan

The Company Started a 401 (K) plan from January 1, 2023 whereby all employees may contribute up to the maximum amount allowed each year. The Employees are fully vested in their contributions when made. The Company matches a 100 % contribution of up to 5% of employee's basic monthly wages to all employees. The Company has reported expenses under the plan of \$2,153 for the fiscal year ended 31st March, 2023.

5.3 Earnings per share (Basic and Diluted)

Particulars	In \$	
	2022-23	2021-22
Profit for the year after taxation (Amounts in \$)	98,156	2,40,240
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 \$)	1,963	4,805

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
ATUL
KIRLOSKAR

Digitally signed
by GAURI ATUL
KIRLOSKAR
Date: 2023.05.17
19:50:26 +05'30'

Gauri Kirloskar

Director

Date: 17 May 2023