

KOEL AMERICAS CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2021, and 2020

KOEL AMERICAS CORPORATION
(a Corporation)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2021, and 2020

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Kaminski & Company, P.C.

Accountants and Consultants

10375 Richmond Avenue Suite 1150 • Houston, Texas 77042 • 713.783.7120 • Fax 713.783.7119 • kaminskico.com

INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Management
KOEL Americas Corporation
Houston, Texas

Management is responsible for the accompanying financial statements of KOEL Americas Corporation, which comprise the balance sheets as of March 31, 2021, and 2020, 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.

Kaminski & Company, P.C.
Houston, Texas
May 06, 2021

KOEL AMERICAS CORPORATION
(a Corporation)
BALANCE SHEET
AS OF MARCH 31, 2021, and 2020

ASSETS		March 31, 2021	March 31, 2020
CURRENT ASSETS			
Cash (Note 2)	\$	343,668	259,407
Accounts receivable (Note 4)		1,801,032	771,409
Less allowance for doubtful accounts (Note 4)		(2,554)	-
Inventory (Note 4)		530,119	533,160
Prepaid expenses		6,333	2,820
Prepaid inventory (Note 4)		201,871	-
Receivable - KOEL india		14,049	5,204
Prepaid federal income tax (Note 5)		10,925	-
Total current assets		<u>2,905,443</u>	<u>1,572,000</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		(31,154)	(26,282)
Total fixed assets		<u>616</u>	<u>5,488</u>
Federal income tax - deferred (Note 5)		635	27
Security deposits		3,150	3,150
Total noncurrent assets		<u>4,401</u>	<u>8,665</u>
TOTAL ASSETS	\$	<u>2,909,844</u>	<u>1,580,665</u>
LIABILITIES AND STOCKHOLDER'S EQUITY			
CURRENT LIABILITIES			
Accounts payable - trade	\$	2,052,751	790,845
Advances received from customers		3,005	159,920
Federal income tax payable - current (Note 5)		-	6,907
Provision for obsolete inventory		87,401	-
Other payables		22,827	25,239
Total current liabilities		<u>2,165,984</u>	<u>982,911</u>
NONCURRENT LIABILITIES			
Federal income tax - deferred (Note 5)		-	-
PPP Loan		47,337	-
TOTAL LIABILITIES		<u>2,213,321</u>	<u>982,911</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		446,523	347,754
Total stockholder's equity		<u>696,523</u>	<u>597,754</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>2,909,844</u>	<u>1,580,665</u>

For and on behalf of KOEL Americas Corporation

Sd/-
Sanjeev Nimkar
Director
Date: 7 May 2021

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
STATEMENT OF INCOME/(LOSS)
FOR THE YEARS ENDED MARCH 31, 2021, and 2020

	March 31, 2021	March 31, 2020
SALES REVENUE	\$ 3,812,010	2,549,443
COST OF GOODS SOLD	<u>3,194,862</u>	<u>1,928,474</u>
GROSS PROFIT	617,148	620,969
MARKETING REVENUE (Note 6)	14,049	154,885
GROSS PROFIT FROM OPERATIONS	<u>631,197</u>	<u>775,854</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising & sales promotions	13,347	147,132
Agency commissions	21,346	15,311
Provision for doubtful debts	2,554	-
Bank charges	3,420	2,030
Communication expense	6,001	5,948
Depreciation and amortization	4,872	5,821
Employee welfare expense	8,824	29,957
Insurance expense	4,165	5,988
Logistics expense	84,874	72,076
Meals and entertainment	51	5,178
Office expense	2,897	3,743
Professional fees	97,539	115,804
Rent expense	15,481	16,357
Repairs and maintenance	1,037	-
Salary	255,992	127,187
Taxes	20,327	36,285
Travel expense	7,274	57,544
Utilities	247	-
Warranty expense	-	5,564
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>550,248</u>	<u>651,925</u>
INCOME FROM OPERATIONS	<u>80,949</u>	<u>123,929</u>
OTHER INCOME/(EXPENSES)		
Gain on cancellation of Debt	34,852	-
Warranty reimbursement	-	5,564
Interest income	22	-
Interest expense	(67)	-
TOTAL OTHER INCOME/(EXPENSES)	<u>34,807</u>	<u>5,564</u>
NET INCOME BEFORE PROVISION FOR INCOME TAXES	<u>115,756</u>	<u>129,493</u>
Federal income tax - current	17,595	28,542
Federal income tax - deferred	<u>(608)</u>	<u>(805)</u>
Total provision for income tax	<u>16,987</u>	<u>27,737</u>
NET INCOME	<u>\$ 98,769</u>	<u>101,756</u>

See Accompanying Notes and Independent Accountants' Compilation Report

For and on behalf of KOEL Americas Corporation

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Sd/-
Sanjeev Nimkar

Director

Date: 7 May 2021

KOEL AMERICAS CORPORATION
(a Corporation)
STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED MARCH 31, 2021, and 2020

	March 31, 2021	March 31, 2020
BEGINNING BALANCE - APRIL 1	\$ 347,754	245,998
CURRENT YEAR DIVIDENDS	-	-
NET INCOME/(LOSS) FOR THE YEAR	98,769	101,756
ENDING BALANCE - MARCH 31	\$ <u>446,523</u>	<u>347,754</u>

For and on behalf of KOEL Americas Corporation

Sd/-

Sanjeev Nimkar

Director

Date: 7 May 2021

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2021, and 2020

	March 31, 2021	March 31, 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ 98,769	101,756
Adjustment to reconcile net income to net cash		
Provided by operating activities:		
Depreciation and amortization	4,872	5,821
(Increase) decrease in:		
Accounts receivable	(1,029,623)	97,149
Other receivables	(8,845)	16,063
Prepaid expenses	(3,513)	(1,615)
Inventory	3,041	(390,219)
Prepaid inventory	(201,871)	130,277
Prepaid federal income tax	(11,532)	21,609
Increase (decrease) in:		
Accounts payable	1,261,906	33,262
Other payables	(2,412)	(10,753)
Advances received from customers	(156,915)	159,920
Allowance for doubtful accounts	2,554	(829)
Federal income tax payable	(6,907)	6,129
Provision for obsolete inventory	87,400	
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>36,924</u>	<u>168,570</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	
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>47,337</u>	<u>-</u>
NET INCREASE/(DECREASE) IN CASH	84,261	168,570
CASH BEGINNING OF YEAR	259,407	90,837
CASH END OF YEAR	<u>\$ 343,668</u>	<u>259,407</u>

**SUPPLEMENTAL DISCLOSURE OF CASH
FLOW INFORMATION:**

Federal income tax paid	\$ 17,595	41,344
Interest expense paid	67	

For and on behalf of KOEL Americas Corporation

Sd/-

Sanjeev Nimkar
Director

Date: 7 May 2021

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021, and 2020

NOTE 1 – HISTORY AND NATURE OF BUSINESS OF THE COMPANY

KOEL Americas Corporation 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, 2021, the Company had a checking account valued at \$343,668, of which \$93,668 exceeded the FDIC insurance limits of \$250,000. On March 31, 2020, the Company had a checking account valued at \$259,407, of which \$9,407 exceeded the FDIC insurance limits of \$250,000.

NOTE 3 – SUBSEQUENT EVENTS

Subsequent events were evaluated through May 06, 2021. There were determined to be no reportable subsequent events.

NOTE 4 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The financial statements of KOEL 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

KOEL AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021, and 2020

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, 2021, or 2020. 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	\$ 17,595	\$ 28,542
Deferred tax expense	\$ (608)	\$ (805)
Income tax expense	\$ <u>16,987</u>	\$ <u>27,737</u>

KOEL AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021, and 2020

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, 2021:

	Deferred Tax (Liability)/Asset	Deferred Tax (Liability)/Asset (at applicable tax rate)
Book-tax differences in property basis – noncurrent	\$ 3022	\$ 635

NOTE 6 – RELATED PARTY TRANSACTIONS

Following are details of transactions during the years ended March 31, 2021, and 2020 with related parties:

Name of the Party	Relationship	Type of Transaction	FY 2021 Amount (\$)	FY 2020 Amount (\$)
Kirloskar Oil Engines Limited, India	Parent Company	Purchase of goods	3,306,289.46	2,188,417
Kirloskar Oil Engines Limited, India	Parent Company	Marketing revenue	14,049.47	154,885
Kirloskar Oil Engines Limited, India	Parent Company	Warranty reimbursement	-	5,564
Engineman Consultants LLC	Entity in which director is interested	Professional fees & travel expenses	48,000	55,360

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. Outlook for FY 2022 is unpromising with the current COVID-19 pandemic. Global trade and economic growth are adversely impacted by lockdowns and travel restrictions, which result in disruptions to business

KOEL AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2021, and 2020

operations. The total outlook of 2022 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 \$34,852 was fully forgiven on October 26th, 2020.
6. The Company received a 2nd PPP for \$47,270 on February 8th, 2021.

KOEL AMERICAS CORPORATION

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

2020-21

KOEL AMERICAS CORPORATION
Balance Sheet as at 31st March 2021

			In \$
Particulars	Notes	As at 31 Mar 2021	As at 31 Mar 2020
ASSETS			
I. Non-current assets		4,401.98	8,665.50
(a) Property, plant and equipment	1	616.98	5,488.50
(b) Financial assets			
(i) Other financial assets	2	3,150.00	3,150.00
(c) Deferred tax assets (net)	3	635.00	27.00
II. Current assets		28,18,042.81	15,71,999.54
(a) Inventories	4	6,44,588.53	5,33,160.21
(b) Financial assets			
(i) Trade receivables	5	17,98,478.46	7,76,613.19
(ii) Cash and cash equivalents	6	3,43,668.08	2,59,406.64
(iii) Other financial assets	7	14,049.47	-
(c) Current tax assets (net)	8	10,925.00	-
(d) Other current assets	9	6,333.27	2,819.50
Total Assets		28,22,444.79	15,80,665.04
EQUITY AND LIABILITIES			
Equity		6,96,523.55	5,97,753.86
(a) Equity share capital	10	2,50,000.00	2,50,000.00
(b) Other equity			
Retained earnings	11	4,46,523.55	3,47,753.86
LIABILITIES			
I. Current liabilities		21,25,921.24	9,82,911.18
(a) Financial liabilities			
(i) Trade payables	12		
(a) Total outstanding dues of creditors other than micro and small enterprises		20,52,751.68	8,13,791.11
(ii) Other financial liabilities	13	47,336.96	-
(b) Other current liabilities	14	25,832.60	1,62,213.07
(c) Current tax liabilities (net)	15	-	6,907.00
Total Equity and Liabilities		28,22,444.79	15,80,665.04
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 the board of directors.

Sd/-

Sanjeev Nimkar
Director
Date: 7 May 2021

KOEL AMERICAS CORPORATION
Statement of profit and loss for the year ended 31st March 2021

In \$

Particulars	Notes	2020-21	2019-20
Income			
Revenue from operations	16	38,26,059.77	27,04,327.67
Other income	17	34,874.40	-
Total Revenue (I)		38,60,934.17	27,04,327.67
Expenses			
Purchase of traded goods	18	33,06,289.46	21,88,416.81
Changes in inventories of finished goods, work-in-progress and traded goods		(1,11,427.37)	(2,59,942.35)
Employee benefits expense	19	2,84,572.61	1,93,428.80
Finance costs	20	3,487.33	2,029.92
Depreciation and amortisation expense	21	4,871.52	5,820.92
Other Expenses	22	2,57,383.93	4,45,080.57
Total expenses (II)		37,45,177.48	25,74,834.67
Profit before exceptional items and tax		1,15,756.69	1,29,493.00
Exceptional items		-	-
Profit before tax		1,15,756.69	1,29,493.00
Tax expense		16,987.00	27,737.00
Current tax	23	17,595.00	28,542.00
(Excess)/short provision related to earlier years		-	-
Deferred tax	23	(608.00)	(805.00)
Profit for the year		98,769.69	1,01,756.00
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans		-	-
Income tax effect on above		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Total other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year, net of tax		98,769.69	1,01,756.00
Profit for the year attributable to:			
Owners of the Company		98,769.69	1,01,756.00
Non-controlling interest		-	-
		98,769.69	1,01,756.00
Total comprehensive income attributable to:			
Owners of the Company		98,769.69	1,01,756.00
Non-controlling interest		-	-
		98,769.69	1,01,756.00

Earnings per equity share [nominal value per share \$ 0.001 each (31 March 2020 \$ 0.001 each)]

Basic	1,975.39	2,035.12
Diluted	1,975.39	2,035.12

As per our report of even date

For and on behalf of the board of directors.

Sd/-

Sanjeev Nimkar
Director
Date: 7 May 2021

KOEL AMERICAS CORPORATION
Statement of Cash Flows for the year ended 31st March 2021
In \$

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	1,15,756.69	1,29,493.00
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and amortisation expenses	4,871.52	5,820.92
Allowances for Trade and Other Receivables (net)	2,553.50	-
Inventories written down	87,401.27	-
Finance costs	3,420.37	2,029.92
<i>Working Capital Adjustments:</i>		
(Increase) / Decrease in trade receivables	(10,24,418.77)	1,12,383.58
(Increase) / Decrease in Inventories	(1,98,829.59)	(2,59,942.35)
(Increase) / Decrease in financial asset	(14,049.47)	-
(Increase) / Decrease in current assets	(3,513.77)	(1,614.50)
Increase / (Decrease) in Financial Liability	12,39,027.53	23,199.09
Increase / (Decrease) in other liabilities	(1,36,380.47)	1,59,230.09
Net Cash generated from operations	75,838.81	1,70,599.75
Income taxes paid	(35,427.00)	-
NET CASH FLOW FROM OPERATING ACTIVITIES	40,411.81	1,70,599.75
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	47,270.00	-
Finance cost	(3,420.37)	(2,029.92)
NET CASH USED IN FINANCING ACTIVITY	43,849.63	(2,029.92)
Net increase / (decrease) in cash and cash equivalents	84,261.44	1,68,569.83
Opening Cash and Cash equivalents	2,59,406.64	90,836.81
Closing Cash and Cash equivalents	3,43,668.08	2,59,406.64

As per our attached report of even date.

For and on behalf of the Board of Directors.

Sd/-

Sanjeev Nimkar
Director
Date: 7 May 2021

KOEL AMERICAS CORPORATION**Statement of Changes in Equity for the year ended 31st March 2021****In \$**

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Balance at the beginning of the year	3,47,753.86	2,45,997.86
Current year distributions	-	-
Net Income/(Loss) for the year	98,769.69	1,01,756.00
Balance at end of the year	4,46,523.55	3,47,753.86

As per our attached report of even date.

For and on behalf of the Board of Directors.

Sd/-

Sanjeev Nimkar
Director
Date: 7 May 2021

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 1 : Property, Plant and Equipment

	In \$			
Particulars	Furniture & Fixture	Vehicles	Office Equipment	Total
Cost				
As at 1 April 2019	162.36	28,482.15	3,126.42	31,770.93
Additions	-	-	-	-
Deductions	-	-	-	-
As at 31 March 2020	162.36	28,482.15	3,126.42	31,770.93
Additions	-	-	-	-
Deductions	-	-	-	-
As at 31 March 2021	162.36	28,482.15	3,126.42	31,770.93
Depreciation				
Upto 1 April 2019	54.13	18,038.70	2,368.68	20,461.51
Depreciation for the year	16.24	5,696.43	108.25	5,820.92
Deductions	-	-	-	-
As at 31 March 2020	70.37	23,735.13	2,476.93	26,282.43
Depreciation for the year	16.24	4,747.02	108.25	4,871.51
Deductions	-	-	-	-
As at 31 March 2021	86.61	28,482.15	2,585.18	31,153.94
Net Block				
As at 31 March 2021	75.75	-	541.24	616.98
As at 31 March 2020	91.99	4,747.02	649.49	5,488.50

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 2 : Other financial assets (Non current)

	In \$	
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Security deposits (Unsecured, considered good)	3,150.00	3,150.00
Total	3,150.00	3,150.00

Other Non current financial assets are at amortized cost. (Refer Note No. 24.4.7)

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 3 : Deferred tax Assets

	In \$	
	As at 31 Mar 2021	As at 31 Mar 2020
Particulars		
Deferred tax Assets		
Depreciation	635.00	27.00
Total	635.00	27.00

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 4 : Inventories

	In \$	
	As at 31 Mar 2021	As at 31 Mar 2020
Particulars		
Traded goods	6,44,588.53	5,33,160.21
Total	6,44,588.53	5,33,160.21

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 5 : Trade receivables

	In \$	
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Total Trade Receivables	17,98,478.46	7,76,613.19
Trade receivables	17,98,478.46	7,71,409.22
Receivables from other related parties	-	5,203.97
Break-up for security details:	17,98,478.46	7,76,613.19
Unsecured, considered good	17,98,478.46	7,76,613.19
Doubtful	2,553.50	828.53
Impairment Allowance for doubtful debts	(2,553.50)	(828.53)
Total	17,98,478.46	7,76,613.19

Trade Receivables are at amortized cost. (Refer Note No. 24.4.7)

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 6 : Cash and cash equivalents

		In \$	
Particulars	As at 31 Mar 2021	As at 31 Mar 2020	
Balance with Bank			
Checking account with HSBC Bank	3,43,668.08	2,59,406.64	
Total	3,43,668.08	2,59,406.64	

Cash & Cash equivalent are at amortized cost. (Refer Note No. 24.4.7)

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 7 : Other financial assets

	In \$	
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Financial assets		
Other financial assets		
Other Receivable	14,049.47	-
Total other financial assets	14,049.47	-
Current Financial assets		
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Trade receivables (Note 5)	17,98,478.46	7,76,613.19
Cash & Cash Equivalents (Note 6)	3,43,668.08	2,59,406.64
Other financial assets (Note 7)	14,049.47	-
Total financial assets	21,56,196.01	10,36,019.83

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 8 : Current tax assets (Net)

	In \$	
	As at 31 Mar 2021	As at 31 Mar 2020
Particulars		
Tax Paid in Advance (Net of Provision)	10,925.00	-
Total	10,925.00	-

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 9 : Other current assets

In \$

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Prepaid Expenses	6,333.27	2,819.50
Total	6,333.27	2,819.50

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 10 : Share capital

Particulars	As at 31 Mar 2021		As at 31 Mar 2020	
	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

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 11 : Other Equity

	In \$	
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Retained Earnings	4,46,523.55	3,47,753.86
Opening Balance	3,47,753.86	2,45,997.86
Add : Profit for the year	98,769.69	1,01,756.00
Add : Other Comprehensive income	-	-
Total	4,46,523.55	3,47,753.86

Other reserves

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Surplus/(deficit) in the statement of profit and loss	4,46,523.55	3,47,753.86
Total other reserves	4,46,523.55	3,47,753.86

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 12: Trade payables

In \$

Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Total outstanding dues of creditors other than micro and small enterprises	20,52,751.68	8,13,791.11
Total	20,52,751.68	8,13,791.11

Trade Payables are at amortized cost. (Refer Note No. 24.4.7)

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 13 : Other financial liabilities

		In \$
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Financial liabilities		
Other financial liabilities		
Current Maturities of Non-Current Borrowings	47,270.00	-
Interest Accrued but Not Due	66.96	-
Total other financial liabilities	47,336.96	-
Current Financial liabilities		
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Trade Payables (Note 12)	20,52,751.68	8,13,791.11
Other financial liabilities (Note 13)	47,336.96	-
Total financial liabilities	21,00,088.64	8,13,791.11

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 14 : Other Current liabilities

	In \$	
Particulars	As at 31 Mar 2021	As at 31 Mar 2020
Advance from customers	3,005.37	1,59,920.00
Other payables	22,827.23	2,293.07
Statutory dues including provident fund and tax deducted at source	6,803.45	2,293.07
Other Payables	16,023.78	-
Total	25,832.60	1,62,213.07

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 15 : Current tax liabilities

	In \$	
	As at 31 Mar 2021	As at 31 Mar 2020
Particulars		
Tax provision (Net of tax paid in advance)	-	6,907
Total	-	6,907

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 16 : Revenue from operations

	In \$	
Particulars	2020-21	2019-20
Sale of products	38,12,010.30	25,49,442.79
Sale of Services	14,049.47	1,54,884.88
Total	38,26,059.77	27,04,327.67

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 17 : Other Income

	In \$	
Particulars	2020-21	2019-20
Interest Income	22.40	-
Income from waiver of Loan	34,852.00	-
Total	34,874.40	-

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 18 : Purchases of stock-in-trade

		In \$
Particulars	2020-21	2019-20
Engines and Gensets	33,06,289.46	21,88,416.81
Total	33,06,289.46	21,88,416.81

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 19 : Employee benefits expense

	In \$	
Particulars	2020-21	2019-20
Salaries, wages, bonus, commission, etc.	2,75,696.84	1,63,472.25
Welfare and training expenses	8,875.77	29,956.55
Total	2,84,572.61	1,93,428.80

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 20 : Finance costs

	In \$	
Particulars	2020-21	2019-20
Finance cost	3487.33	2029.92
Total	3487.33	2029.92

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 21 : Depreciation and amortization expense

	In \$	
Particulars	2020-21	2019-20
Depreciation and amortization expense		
Depreciation on Tangible assets	4,871.52	5,820.92
Total	4,871.52	5,820.92

KOEL AMERICAS CORPORATION
Notes to the Financial Statements

Note 22 : Other expenses

	In \$	
Particulars	2020-21	2019-20
Selling expenses	1,22,120.23	2,39,697.09
Commission	21,345.68	15,311.33
Freight and forwarding	84,874.05	72,075.91
Advertisement and publicity	13,347.00	1,47,131.88
Others selling expenses	-	5,177.97
Provision for Doubtful Debts	2,553.50	-
Administration expenses	1,35,263.70	2,05,383.48
Rent	15,480.74	16,356.84
Rates and taxes	621.51	-
Insurance	4,165.17	5,987.81
Travelling and conveyance	7,274.47	57,543.50
Communication expenses	6,000.60	5,948.22
Printing and stationery	-	726.11
Professional charges	97,539.25	1,15,804.21
Office expenses	3,144.96	3,016.79
Repair & Maintenance	1,037.00	-
Total	2,57,383.93	4,45,080.57

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 23 : Income tax

The major component of income tax expense are :

In \$

Particulars	2020-21	2019-20
Statement of Profit and Loss		
Current tax	17,595.00	28,542.00
Current income tax	17,595.00	28,542.00
Deferred tax	(608.00)	(805.00)
Relating to reversal or temporary difference	(608.00)	(805.00)
Income tax expense reported in the statement of profit and loss	16,987.00	27,737.00

Note 24 : NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2021

1 History and Nature of Business of the Company

KOEL Americas Corporation was incorporated under State of Delaware on 18 March 2015. It is a 100% owned subsidiary of Kirloskar Oil Engines Limited, India, with effect from 23 June 2015. 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.

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 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.

4.2 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.

4.3 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.

4.4 Borrowing Cost

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.

4.5 Cash & 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.

4.6 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.

4.7 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.

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. 12 Trade Payables) approximate their carrying amounts.

4.8 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.

The Company does not have Contract assets. The Contract liabilities are presented in Note No. 14 as advance from customer.

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

4.9 Leases (Applicability of IND AS 116 w.e.f April,2019)

The company has applied provisions of Ind AS 116 effective 01st April, 2019. The said standard 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 judgment.

The Company has no significant effects of Ind AS 116.

4.10 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).

4.11 Foreign Exchange Derivatives

There are no Foreign Exchange Derivatives transaction for the fiscal year (Previous year NIL).

5 Additional Notes

5.1 Transactions with Related Parties

Name of the party	Relationship	Type of Transaction	2020-21	2019-20
Kirloskar Oil Engines Limited	Holding Company	Purchase of Goods	33,06,289.46	21,88,417.00
Kirloskar Oil Engines Limited	Holding Company	Marketing Revenue	14,049.47	1,54,885.00
Kirloskar Oil Engines Limited	Holding Company	Warranty Reimbursement	-	5,564.00

5.2 The US government has 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), has been announced. The Company has applied for this relief package and the details are as follows:

- a. Koel Americas has applied for loan USD 34,854 with an interest rate of 1% per annum on 12th April 2020
- b. The Company will use these funds for purposes of the payroll cost, rent, utilities etc.
- c. The 1st PPP Loan for \$ 34,852 was fully forgiven on 26th October 2020. This amount is recognised as other income based on Ind AS 20 "Accounting for Government Grants and Disclosure of Government Assistance"
- c. There is no collateral or personal guarantee submitted for this loan;
- d. Neither the lenders nor the government has charged any form of fee for the said loan.
- e. The Company received a 2nd PPP Loan for \$ 47,270 on 8 February 2021. This amount, company has shown as a borrowing.

For and on behalf of KOEL Americas Corporation

Sd/-

Sanjeev Nimkar

Director

Date: 7 May 2021