

KOEL AMERICAS CORPORATION

FINANCIAL STATEMENTS

MARCH 31, 2020, and 2019

KOEL AMERICAS CORPORATION
(a Corporation)
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2020, and 2019

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Kaminski & Company, P.C.

Accountants and Consultants

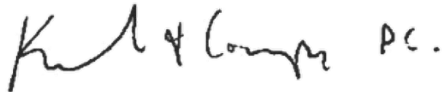
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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

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, 2020, and 2019, 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
June 8, 2020

KOEL AMERICAS CORPORATION
(a Corporation)
BALANCE SHEET
AS OF MARCH 31, 2020, and 2019

ASSETS	March 31, 2020	March 31, 2019
CURRENT ASSETS		
Cash (Note 2)	\$ 259,407	90,837
Accounts receivable (Note 4)	771,409	868,558
Less allowance for doubtful accounts (Note 4)	-	(829)
Prepaid expenses	2,820	1,205
Inventory (Note 4)	533,160	142,941
Prepaid inventory (Note 4)	-	130,277
Receivable - koel india	5,204	21,267
Prepaid federal income tax (Note 5)	-	21,635
Total current assets	\$ 1,572,000	1,275,891
NONCURRENT ASSETS (Note 4)		
Vehicles	\$ 28,482	28,482
Office furniture	162	162
Office equipment	3,126	3,126
Less accumulated depreciation and amortization	(26,282)	(20,461)
Total fixed assets	\$ 5,488	11,309
Federal income tax - deferred (Note 5)	\$ 27	-
Security deposits	3,150	3,150
Total noncurrent assets	\$ 8,665	14,459
TOTAL ASSETS	\$ 1,580,665	1,290,350
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Accounts payable - trade	\$ 790,845	757,583
Federal income tax payable - current (Note 5)	6,907	-
Other payables	25,239	35,991
Advances received from customers	159,920	-
Total current liabilities	\$ 982,911	793,574
NONCURRENT LIABILITIES		
Federal income tax - deferred (Note 5)	\$ -	778
TOTAL LIABILITIES	\$ 982,911	794,352
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	347,754	245,998
Total stockholder's equity	\$ 597,754	495,998
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 1,580,665	1,290,350

For and on behalf of KOEL Americas Corporation

Sd/-

R. R. Deshpande
Director
9 June 2020

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
STATEMENT OF INCOME/(LOSS)
FOR THE YEARS ENDED MARCH 31, 2020, and 2019

	March 31, 2020	March 31, 2019
SALES REVENUE	\$ 2,549,443	2,040,857
COST OF GOODS SOLD	\$ <u>1,928,474</u>	<u>1,448,761</u>
GROSS PROFIT	\$ 620,969	592,096
MARKETING REVENUE (Note 6)	\$ 154,885	127,059
GROSS PROFIT FROM OPERATIONS	\$ <u>775,854</u>	<u>719,155</u>
GENERAL AND ADMINISTRATIVE EXPENSES		
Advertising & sales promotions	\$ 147,132	122,355
Agency commissions	15,311	72,743
Bank charges	2,030	1,458
Communication expense	5,948	4,943
Depreciation and amortization	5,821	6,405
Employee welfare expense	29,957	37,857
Insurance expense	5,988	6,426
Irrevocable balance written off	-	8,446
Logistics expense	72,076	25,330
Meals and entertainment	5,178	9,370
Miscellaneous expense	-	162
Office expense	3,743	6,745
Professional fees	115,804	158,027
Provision for doubtful debts (Note 4)	-	829
Rent expense	16,357	16,463
Salary	127,187	105,613
Taxes	36,285	9,000
Travel expense	57,544	42,194
Warranty expense (Note 6)	5,564	5,225
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$ <u>651,925</u>	<u>639,591</u>
INCOME FROM OPERATIONS	\$ <u>123,929</u>	<u>79,564</u>
OTHER INCOME/EXPENSES		
Warranty reimbursement (Note 6)	\$ 5,564	5,225
NET INCOME BEFORE PROVISION FOR INCOME TAXES	\$ <u>129,493</u>	<u>84,789</u>
Federal income tax - current	\$ 28,542	19,709
Federal income tax - deferred	<u>(805)</u>	<u>(919)</u>
Total provision for income tax	\$ <u>27,737</u>	<u>18,790</u>
NET INCOME	\$ <u><u>101,756</u></u>	<u><u>65,999</u></u>

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
STATEMENT OF RETAINED EARNINGS
FOR THE YEARS ENDED MARCH 31, 2020, and 2019

	March 31, 2020	March 31, 2019
BEGINNING BALANCE - APRIL 1	\$ 245,998	179,999
CURRENT YEAR DIVIDENDS	-	-
NET INCOME/(LOSS) FOR THE YEAR	101,756	65,999
ENDING BALANCE - MARCH 31	<u>\$ 347,754</u>	<u>245,998</u>

For and on behalf of KOEL Americas Corporation

Sd/-

R. R. Deshpande
Director
9 June 2020

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2020, and 2019

	March 31, 2020	March 31, 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Net income/(loss)	\$ 101,756	65,999
Adjustment to reconcile net income to net cash		
Provided by operating activities:		
Depreciation and amortization	5,821	6,405
(Increase) decrease in:		
Accounts receivable	97,149	661,090
Other receivables	16,063	(1,959)
Prepaid expenses	(1,615)	4,713
Inventory	(390,219)	(127,968)
Prepaid inventory	130,277	(130,277)
Security deposits	-	(1,800)
Prepaid federal income tax	21,609	(21,635)
Increase (decrease) in:		
Accounts payable	33,262	(880,398)
Other payables	(10,753)	2,004
Advances received from customers	159,920	(16,031)
Allowance for doubtful accounts	(829)	829
Federal income tax payable	6,129	(30,663)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 168,570	(469,691)
CASH FLOW FROM INVESTING ACTIVITIES		
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	\$ -	-
CASH FLOW FROM FINANCING ACTIVITIES		
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	\$ -	-
NET INCREASE/(DECREASE) IN CASH	\$ 168,570	(469,691)
CASH BEGINNING OF YEAR	\$ 90,837	560,528
CASH END OF YEAR	\$ 259,407	90,837

**SUPPLEMENTAL DISCLOSURE OF CASH
FLOW INFORMATION:**

Federal income tax paid	\$ -	41,344
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For and on behalf of KOEL Americas Corporation

Sd/-

R. R. Deshpande
Director
9 June 2020

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020, and 2019

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, 2020, the Company had a checking account valued at \$259,407, of which \$9,407 exceeded the FDIC insurance limits of \$250,000. On March 31, 2019, the Company had a checking account valued at \$90,837, all of which was within the FDIC insurance limits of \$250,000.

NOTE 3 – SUBSEQUENT EVENTS

Subsequent events were evaluated through June 8, 2020. 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, 2020, and 2019

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, 2020, or 2019. 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, 2020</u>	<u>March 31, 2019</u>
Current tax expense	\$ 28,542	\$ 19,709
Deferred tax expense	\$ (805)	\$ (919)
Income tax expense	\$ <u>27,737</u>	\$ <u>18,790</u>

See Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020, and 2019

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, 2020:

	Deferred Tax (Liability)/Asset	Deferred Tax (Liability)/Asset (at applicable tax rate)
Book-tax differences in property basis – noncurrent	\$ 127	\$ 27

NOTE 6 – RELATED PARTY TRANSACTIONS

Following are details of transactions during the years ended March 31, 2020, and 2019 with related parties:

Name of the Party	Relationship	Type of Transaction	FY 2020 Amount (\$)	FY 2019 Amount (\$)
Kirloskar Oil Engines Limited, India	Parent Company	Purchase of goods	2,188,417	1,707,006
Kirloskar Oil Engines Limited, India	Parent Company	Marketing revenue	154,885	127,059
Kirloskar Oil Engines Limited, India	Parent Company	Warranty reimbursement	5,564	5,225
Engineman Consultants LLC	Entity in which director is interested	Professional fees & travel expenses	55,360	56,868

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

Shipments for orders booked in the range of \$250,000 pertaining to FY 2020, are deferred due to the closure of plant and port services in India on account of COVID-19. It has resulted in a reduction in the sales revenue to that extent. Management is constantly working in order to ensure a prompt response to the swiftly changing scenario, its' utmost priorities being the health and safety of our employees and collaborators, their families, and the community.

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

KOEL AMERICAS CORPORATION
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
MARCH 31, 2020, and 2019

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 2021 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 operations. The total outlook of 2021 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.

KOEL AMERICAS CORPORATION

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

2019-2020

KOEL AMERICAS CORPORATION
Balance Sheet as at 31 Mar 2020

SCHEDULE I
 SEE ACCOUNTANTS' REPORT
 In \$

Particulars	Notes	As at 31 Mar 2020	As at 31 Mar 2019
ASSETS			
I. Non-current assets		8,665.50	14,459.42
(a) Property, plant and equipment	1	5,488.50	11,309.42
(b) Capital work-in-progress		-	-
(c) Investment property		-	-
(d) Other Intangible assets		-	-
(e) Intangible assets under development		-	-
(f) Financial assets			
(i) Other financial assets	2	3,150.00	3,150.00
(g) Deferred tax assets (net)	3	27.00	-
(h) Other non-current assets		-	-
II. Current assets		1,571,999.54	1,275,891.44
(a) Inventories	4	533,160.21	273,217.86
(b) Financial assets			
(i) Trade receivables	5	776,613.19	888,996.77
(ii) Cash and cash equivalents	6	259,406.64	90,836.81
(c) Current tax assets (net)	7	-	21,635.00
(d) Other current assets	8	2,819.50	1,205.00
Total Assets		1,580,665.04	1,290,350.86
EQUITY AND LIABILITIES			
Equity		597,753.86	495,997.86
(a) Equity share capital	9	250,000.00	250,000.00
(b) Other equity			
Retained earnings	10	347,753.86	245,997.86
Reserves representing unrealised gains/losses	10	-	-
LIABILITIES			
I. Non-current liabilities		-	778.00
(a) Financial liabilities		-	-
(b) Long-term provisions		-	-
(c) Deferred Tax Liabilities	11	-	778.00
(d) Government grants		-	-
(e) Other non-current liabilities		-	-
II. Current liabilities		982,911.18	793,575.00
(a) Financial liabilities			
(i) Trade payables	12		
(A) Total outstanding dues of micro and small enterprises		-	-
(B) Total outstanding dues of creditors other than micro and small enterprises		813,791.11	790,592.02
(ii) Other financial liabilities	13	-	-
(b) Other current liabilities	14	162,213.07	2,982.98
(c) Short-term provisions		-	-
(d) Government grants		-	-
(e) Current tax liabilities (net)	15	6,907.00	-
Total Equity and Liabilities		1,580,665.04	1,290,350.86

As per our report of even date

For and on behalf of the board of directors.

Sd/-

R. R. Deshpande
 Director
 9 June 2020

KOEL AMERICAS CORPORATION
Statement of profit and loss for the Period ended 31 Mar 2020

SCHEDULE I
SEE ACCOUNTANTS' REPORT
In \$

Particulars	Notes	2019-20	2018-19
Income			
Revenue from operations	16	2,704,327.67	2,167,916.57
Total Revenue (I)		2,704,327.67	2,167,916.57
Expenses			
Purchase of traded goods	17	2,188,416.81	1,707,006.29
Changes in inventories of finished goods, work-in-progress and traded goods		-259,942.35	-258,244.86
Employee benefits expense	18	193,428.80	152,470.39
Finance costs	19	2,029.92	1,458.40
Depreciation and amortisation expense	20	5,820.92	6,405.03
Other Expenses	21	445,080.57	474,032.61
Total expenses (II)		2,574,834.67	2,083,127.86
Profit before exceptional items and tax		129,493.00	84,788.71
Exceptional items		-	-
Profit before tax		129,493.00	84,788.71
Tax expense		28,542.00	19,709.00
Current tax	22	28,542.00	19,709.00
(Excess)/short provision related to earlier years		-	-
Deferred tax	22	-805.00	-919.00
Profit for the year		101,756.00	65,998.71
Other comprehensive income			
A. Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Exchange differences in translating the financial statements of a foreign operation	9	-	-
Income tax effect		-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods (A)		-	-
B. 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 (B)		-	-
Total other comprehensive income for the year, net of tax [A+B]		-	-
Total comprehensive income for the year, net of tax		101,756.00	65,998.71
Profit for the year attributable to:			
Owners of the Company		101,756.00	65,998.71
Non-controlling interest		-	-
		101,756.00	65,998.71
Total comprehensive income attributable to:			
Owners of the Company		101,756.00	65,998.71
Non-controlling interest		-	-
		101,756.00	65,998.71
Earnings per equity share (nominal value per share \$ 0.001 each (31 March 2019 \$ 0.001 each))			
Basic		2,035.12	1,319.97
Diluted		2,035.12	1,319.97

As per our report of even date

For and on behalf of the board of directors.

Sd/-

R. R. Deshpande
Director
9 June 2020

	In \$	
Particulars	As at 31 Mar 2020	As at 31 Mar 2019
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	129,493.00	84,788.71
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation and amortisation expenses	5,820.92	6,405.03
Bad debts and irrecoverable balances written off, net	-	8,446.00
Provision for doubtful debts	-	-
Inventories written down	-	14,354.00
Unrealised gains/ losses on translation of foreign operation	-	-
Finance costs	2,029.92	1,458.40
<i>Working Capital Adjustments:</i>		
(Increase) / Decrease in trade receivables	112,383.58	646,098.69
(Increase) / Decrease in Inventories	(259,942.35)	(272,598.86)
(Increase) / Decrease in financial assets	-	(1,800.00)
(Increase) / Decrease in current assets	(1,614.50)	10,126.12
Increase / (Decrease) in other liabilities	159,230.09	(14,762.00)
Increase / (Decrease) in financial liabilities	23,199.09	(879,660.83)
Net Cash generated from operations	170,599.75	(397,144.74)
Income taxes paid	-	(71,088.00)
NET CASH FLOW FROM OPERATING ACTIVITIES	170,599.75	(468,232.74)
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Property, Plant and Equipment	-	-
NET CASH GENERATED FROM INVESTING ACTIVITIES	-	-
CASH FLOW FROM FINANCING ACTIVITIES		
Interest paid (finance cost)	(2,029.92)	(1,458.40)
NET CASH USED IN FINANCING ACTIVITY	(2,029.92)	(1,458.40)
Net increase / (decrease) in cash and cash equivalents	168,569.83	(469,691.14)
Opening Cash and Cash equivalents	90,836.81	560,527.95
Closing Cash and Cash equivalents	259,406.64	90,836.81

As per our attached report of even date.

For and on behalf of the Board of Directors.

Sd/-

R. R. Deshpande
Director
9 June 2020

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Balance at beginning of the year	245,997.86	179,999.15
Current year distributions	-	-
Net Income/(Loss) for the year	101,756.00	65,998.71
Balance at end of the year	347,753.86	245,997.86

As per our attached report of even date.

For and on behalf of the Board of Directors.

Sd/-

R. R. Deshpande
Director
9 June 2020

Note 1 : Property, Plant and Equipment

	In \$				
	Fixed Assets	Furniture & Fixture	Vehicles	Office Equipment	Total
Cost					
As at 1 April 2018		162.36	28,482.15	3,126.42	31,770.93
Additions	-	-	-	-	-
Deductions	-	-	-	-	-
Exchange difference	-	-	-	-	-
As at 31 March 2019		162.36	28,482.15	3,126.42	31,770.93
Additions	-	-	-	-	-
Deductions	-	-	-	-	-
Exchange difference	-	-	-	-	-
As at 31 March 2020		162.36	28,482.15	3,126.42	31,770.93
Depreciation and Impairment					
Upto 1 April 2018	37.89	12,342.27	1,676.32		14,056.48
Depreciation for the year	16.24	5,696.43	692.36		6,405.03
Deductions	-	-	-		-
As at 31 March 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
Net Block					
As at 31 March 2020	91.99	4,747.02	649.49		5,488.50
As at 31 March 2019	108.23	10,443.45	757.74		11,309.42

Note 2 : Other financial assets (Non current)

	In \$	
	As at 31 Mar 2020	As at 31 Mar 2019
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. 25)

Note 3 : Deferred tax Assets

In \$

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Deferred tax Assets		
Depreciation	27.00	-
Total	27.00	-

Note 4 : Inventories

	In \$
	As at 31 Mar 2020
	As at 31 Mar 2019
Traded goods	533,160.21
	273,217.86
Total	533,160.21
	273,217.86

Note 5 : Trade receivables

Particulars	In \$	
	As at 31 Mar 2020	As at 31 Mar 2019
Total Trade Receivables	776,613.19	888,996.77
Trade receivables	771,409.22	867,729.93
Receivables from other related parties	5,203.97	21,266.84
Break-up for security details:	776,613.19	888,996.77
Secured, considered good	-	-
Unsecured, considered good	776,613.19	888,996.77
Doubtful	828.53	828.53
Impairment Allowance for doubtful debts	-828.53	-828.53
Total	776,613.19	888,996.77

Trade Receivables are at amortized cost. (Refer Note No. 25)

Note 6 : Cash and cash equivalents

Particulars	in \$	
	As at 31 Mar 2020	As at 31 Mar 2019
Balance with Bank		
Checking account with HSBC Bank	259,406.64	90,836.81
Total	259,406.64	90,836.81

Cash & Cash equivalent are at amortized cost. (Refer Note No. 25)

Note 7 : Current tax assets (Net)

	In \$	
	As at 31 Mar 2020	As at 31 Mar 2019
Tax Paid in Advance (Net of Provision)	-	21,635.00
Total	-	21,635.00

Note 8 : Other current assets

	in \$	
Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Prepaid Expenses	2,819.50	1,205.00
Total	2,819.50	1,205.00

Note 9 : Share capital

Particulars	As at 31 Mar 2020		As at 31 Mar 2019	
	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	250,000	50	250,000
Total	50	250,000	50	250,000

Note 10 : Other Equity

Particulars	In \$	
	As at 31 Mar 2020	As at 31 Mar 2019
Retained Earnings	347,753.86	245,997.86
Opening Balance	245,997.86	179,999.15
Add : Profit for the year	101,756.00	65,998.71
Add : Other Comprehensive income	-	-
Reserves representing unrealised gains/ losses	-	-
Opening Balance	-	-
Add/(Less) : Foreign currency translation reserve	-	-
Total	347,753.86	245,997.86

Other reserves

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Foreign currency translation reserve	-	-
Surplus/(deficit) in the statement of profit and loss	347,753.86	245,997.86
Total other reserves	347,753.86	245,997.86

Note 11 : Deferred Tax Liability

In \$

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Deferred Tax Liability		
Depreciation	-	778.00
Total	-	778.00

Note 12 : Trade payables

	In \$	
Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Total outstanding dues of micro and small enterprises	-	-
Total outstanding dues of creditors other than micro and small enterprises	813,791.11	790,592.02
Total	813,791.11	790,592.02

Trade Payables are at amortized cost. (Refer Note No. 25)

Note 13 : Other financial liabilities

In \$

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Financial liabilities		
Other financial liabilities		
Employee benefits payable	-	-
Total other financial liabilities	-	-

Current Financial liabilities

Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Trade Payables (Note 12)	813,791.11	790,592.02
Other financial liabilities (Note 13)	-	-
Total financial liabilities	-	-

Note 14 : Other Current liabilities

	In \$	
Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Advance from customers	159,920.00	-
Other payables	2,293.07	2,982.98
Statutory dues including provident fund and tax deducted at source	2,293.07	2,982.98
Total	162,213.07	2,982.98

Note 15 : Current tax liabilities

	In \$	
Particulars	As at 31 Mar 2020	As at 31 Mar 2019
Tax provision (Net of tax paid in advance)	6,907	-
Total	6,907	-

Note 16 : Revenue from operations

Particulars	In \$	
	2019-20	2018-19
Sale of products	2,549,442.79	2,040,857.47
Sale of Services	154,884.88	127,059.10
Total	2,704,327.67	2,167,916.57

Note 17 : Purchases of stock-in-trade

Particulars	in \$	
	2019-20	2018-19
Engines and Gensets	2,188,416.81	1,707,006.29
Total	2,188,416.81	1,707,006.29

Note 18 : Employee benefits expense

Particulars	in \$	
	2019-20	2018-19
Salaries, wages, bonus, commission, etc.	163,472.25	114,613.49
Welfare and training expenses	29,956.55	37,856.90
Total	193,428.80	152,470.39

Note 19 : Finance costs

Particulars	in \$	
	2019-20	2018-19
Finance cost	2029.92	1458.40
Total	2029.92	1458.40

Note 20 : Depreciation and amortization expense

	in \$	
Particulars	2019-20	2018-19
Depreciation and amortization expense		
Depreciation on Tangible assets	5,820.92	6,405.03
Total	5,820.92	6,405.03

Note 21 : Other expenses

Particulars	in \$	
	2019-20	2018-19
Selling expenses	239,697.09	230,626.88
Commission	15,311.33	72,742.62
Freight and forwarding	72,075.91	25,330.40
Advertisement and publicity	147,131.88	122,355.31
Others selling expenses	5,177.97	9,370.02
Provision for Doubtful Debts	-	828.53
Administration expenses	205,383.48	243,405.73
Rent	16,356.84	16,462.92
Insurance	5,987.81	6,426.42
Travelling and conveyance	57,543.50	42,193.71
Communication expenses	5,948.22	4,943.03
Printing and stationery	726.11	1,771.64
Professional charges	115,804.21	158,026.23
Office expenses	3,016.79	4,973.51
Miscellaneous expenses	-	162.27
Irrecoverable balances written off	-	8,446.00
Total	445,080.57	474,032.61

Note 22 : Income tax

The major component of income tax expense are :

in \$

Particulars	2019-20	2018-19
Statement of Profit and Loss		
Current tax	28,542.00	19,709.00
Current income tax	28,542.00	19,709.00
Deferred tax	-805.00	-919.00
Relating to reversal or temporary difference	-805.00	-919.00
Income tax expense reported in the statement of profit and loss	27,737.00	18,790.00

Note 23 : 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.

Note 24 : Summary of Significant Accounting Policies

Basis for Preparation:

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.

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, 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.

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.

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.

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.

Note 25 : Summary of Significant Accounting Policies

Financial Instruments:

A financial Instrument is any contract that gives rise to a financial asset of one entity and 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) current financial assets (Note No.5 Trade Receivables and Note No. 6 Cash and cash equivalent) and Other current financial liabilities (Note No. 12 Trade Payables) approximate their carrying amounts.

Note 26 : Revenue from Contracts with Customers (Applicability of IND AS 115 w.e.f April,2018)

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.

Note 27 : Leases (Applicability of IND AS 116 w.e.f April,2019)

'The Company applied Ind AS 116 "Leases" notified by the Ministry of Corporate Affairs ('MCA') on 30 March 2019, for the first time from 1 April 2019. In compliance with the transition regulations specified in the standard, the Company adopted the modified retrospective method and did not adjust the prior-year figures.

The Company has no significant transitional effects on adoption of Ind AS 116.'

Note 28 : 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).

Note 29 : Foreign Exchange Derivatives

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

Note 30 : R&D Expenditure

Capital or revenue expenditure for research and development activities are NIL for the fiscal year (Previous year NIL).

Note 31 : Additional Notes

- 1** Shipments for order book in the range of \$ 250,000 pertaining to this Fiscal Year 2019-20, were deferred due to closure of plant and port services in India on account of COVID-19. It has resulted into reduction in the sales revenue to that extent. The management is constantly working in order to ensure a prompt response to the swiftly changing scenario, its utmost priorities being the health and safety of our employees and collaborators, their families and the community.

Given the uncertainty of the COVID-19 outbreak, the spread of coronavirus may be prolonged and worsened. If this outbreak persists, commercial activities throughout the world could be curtailed with business operation disruptions, interrupted supply chain, difficulties in travel, and reduced workforces. The duration and intensity of interruptions resulting from this pandemic is uncertain. Outlook for FY 2020-21 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 operations. The total outlook of 2020-21 will depend much on the revival of world economy from the COVID-19 impact.

- 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 USD 34,854 loan with an interest rate of 1% per annum on 12 April 2020.
 - b.** These funds will be used to meet the payroll expenditure, rent, utilities etc.
 - 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.

For and on behalf of KOEL Americas Corporation

Sd/-

R. R. Deshpande
Director
9 June 2020