

KOEL AMERICAS CORPORATION

FINANCIAL STATEMENTS

March 31, 2016

**KOEL AMERICAS CORPORATION
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2016**

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KAMINSKI & COMPANY, P.C.
Accountants and Consultants

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INDEPENDENT ACCOUNTANTS' COMPILATION REPORT

To Shareholders
KOEL Americas Corporation
Houston, Texas

Management is responsible for the accompanying financial statements of KOEL Americas Corporation (a corporation), which comprise the Balance Sheet as of March 31, 2016, and the related Statements of Income and Retained Earnings and Cash Flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with 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 to 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.

Kaminski & Company, P.C.
Houston, Texas
May 10, 2016

KOELS AMERICAS CORP.
(a Corporation)
BALANCE SHEET

AS OF MARCH 31, 2016

ASSETS

CURRENT ASSETS

Cash (Note 2)	\$ 425,559
Accounts receivable (Note 4)	62,260
Total current assets	<u>487,819</u>

FIXED ASSETS (Note 4)

Vehicles	\$ 28,482
Office Furniture	1,113
Office Equipment	2,044
Less accumulated depreciation and amortization	(1,071)
Total fixed assets	<u>30,568</u>

NON CURRENT ASSETS

Security Deposits	<u>2,750</u>
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TOTAL ASSETS **\$ 521,137**

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES

Accounts payable - trade	\$ 230,518
Federal income tax payable (Note 5)	2,990
Other payables	20,687
Total current liabilities	<u>254,195</u>

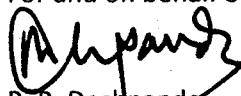
TOTAL LIABILITIES **\$ 254,195**

STOCKHOLDER'S EQUITY

Common stock (\$ 0.001 par value 50 shares issued, 1000 shares authorized)	\$ 1
Additional paid-in capital	249,999
Retained earnings	16,942
Total stockholder's equity	<u>266,942</u>

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY **\$ 521,137**

For and on behalf of Board of Directors



R. R. Deshpande
Director

Date: 9 May 2016

See Accompanying Notes and Independent Accountants' Compilation Report

KOELS AMERICAS CORP.
(a Corporation)
STATEMENT OF INCOME/(LOSS)

YEAR ENDED MARCH 31, 2016

SALES REVENUE	\$ 502,402
COST OF GOODS SOLD	<u>425,029</u>
GROSS PROFIT	\$ 77,373
SALES COMMISSION	2,475
GROSS PROFIT FROM SALES AND COMMISSION	<u>79,848</u>
GENERAL AND ADMINISTRATIVE EXPENSES:	
Agency commissions	\$ 13,269
Bank charges	1,050
Depreciation and amortization	1,071
Insurance expense	407
Meals and entertainment	132
Office supplies	146
Payroll expense	1,781
Communication expense	765
Professional fees	11,464
Relocation expense	5,703
Rent expense	14,800
Advertising & sales promotions	95
Salary	5,344
Employee welfare expense	3,251
Travel expense	638
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES:	<u>\$ 59,916</u>
INCOME FROM OPERATIONS	<u>\$ 19,932</u>
NET INCOME BEFORE PROVISION FOR INCOME TAXES	<u>\$ 19,932</u>
Federal income tax - current	2,990
Federal income tax - deferred	0
State franchise tax - current	<u>0</u>
Total provision for income tax	<u>2,990</u>
NET INCOME	<u><u>\$ 16,942</u></u>

For and on behalf of Board of Directors



R. R. Deshpande

Director

Date: 9 May 2016

See Accompanying Notes and Independent Accountants' Compilation Report

KOELS AMERICAS CORP.
(a Corporation)
STATEMENT OF RETAINED EARNINGS

YEAR ENDED MARCH 31, 2016

BALANCE AT BEGINNING OF YEAR	\$	0
CURRENT YEAR DISTRIBUTIONS		0
NET INCOME/(LOSS) FOR THE YEAR		16,942
BALANCE AT END OF YEAR	\$	<u>16,942</u>

For and on behalf of Board of Directors



R. R. Deshpande
Director

Date: 9 May 2016

See Accompanying Notes and Independent Accountants' Compilation Report

KOELS AMERICAS CORP.
(a Corporation)
STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2016

CASH FLOW FROM OPERATING ACTIVITIES	
Net income/(Loss)	\$ 16,942
Adjustment to reconcile net income to net cash	
Provided by operating activities:	
Depreciation and amortization	1,071
(Increase) decrease in:	
Accounts receivable	(62,260)
Security deposits	(2,750)
Increase (decrease) in:	
Accounts payable and accrued expenses	251,205
Income taxes payable	2,990
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>207,198</u>
CASH FLOW FROM INVESTING ACTIVITIES	
Purchase of fixed assets	(31,639)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>(31,639)</u>
CASH FLOW FROM FINANCING ACTIVITIES	
Issuance of common stock	250,000
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>250,000</u>
NET INCREASE/(DECREASE) IN CASH	425,559
CASH BEGINNING OF YEAR	0
CASH END OF YEAR	<u><u>\$ 425,559</u></u>

**SUPPLEMENTAL DISCLOSURE OF CASH
FLOW INFORMATION:**

For and on behalf of Board of Directors



R. R. Deshpande

Director

Date: 9 May 2016

See Accompanying Notes and Independent Accountants' Compilation Report

KOEL AMERICAS CORP.
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2016

NOTE 1 – HISTORY AND NATURE OF BUSINESS OF THE CORPORATION

KOEL Americas Corporation was incorporated under State of Delaware on 18 March 2015. It is 100% 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 region through a distributor network. The company's business is affected by general economic fluctuations. The company has commenced business since June 2015.

NOTE 2 – CASH BALANCES

The Company considers all cash deposits at financial institutions to be cash equivalents. On March 31, 2016 the Company had a checking account valued at \$425,559, of which \$175,559 exceeds FDIC insurance limits of \$250,000 and is subject to forfeiture.

NOTE 3 – SUBSEQUENT EVENTS

Subsequent events were evaluated through April 8, 2016. 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.

KOEL AMERICAS CORP.
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2016

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	Straight-Line	3
Office Furniture	Straight-Line	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 Organization considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Income Taxes:

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, 2016. 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.

KOEL AMERICAS CORP.
(a Corporation)
NOTES TO FINANCIAL STATEMENTS
31 MARCH 2016

NOTE 5 – INCOME TAXES

Income tax expense consists of the following:

Current tax expense	\$ 2,990
Deferred tax expense	0
State franchise expense	<u>0</u>
Income tax expense	\$ <u>2,990</u>

NOTE 6 – FINANCIAL STATEMENTS AS GENERALLY REPORTED IN INDIA

The following financial statements are formatted as generally reported in India. Notes that are referenced in these financial statements are specifically related to these statements and are not related to previous notes or financial statements.

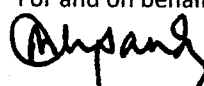
KOEL AMERICAS CORPORATION

Balance Sheet as of 31 March 2016

Particulars	Note No.	In \$	
		As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	1	266,941.44	-
Reserves and surplus	2	250,000.00	-
		16,941.44	-
Non-current liabilities			
Long-term borrowings		-	-
Deferred tax liabilities (net)		-	-
Other long-term liabilities		-	-
Long-term provisions		-	-
Current liabilities			
Short-term borrowings		254,194.84	-
Trade payables		-	-
Other current liabilities		230,518.07	-
Short-term provisions	3	20,686.77	-
		2,990.00	-
Total		521,136.28	-
ASSETS			
Non-current assets			
Fixed assets		33,317.38	-
Tangible assets		30,567.38	-
Intangible assets		-	-
Capital work-in-progress		-	-
Intangible assets under development		-	-
Non-current investments		-	-
Long-term loans and advances	4	2,750.00	-
Other non-current assets		-	-
Current assets			
Current investments		487,818.90	-
Inventories		-	-
Trade receivables	5	-	-
Cash and bank balances	6	62,259.84	-
Short term loans and advances		425,559.06	-
Other current assets		-	-
Total		521,136.28	-

As per our attached report of even date.

For and on behalf of the Board of Directors



R. R. Deshpande
Director

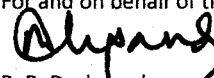
Date: 9 May 2016

KOEL AMERICAS CORPORATION
Statement of Income/(Loss) for the year ended 31 March 2016

			In \$
Particulars	Note No.	2015-16	2014-15
Revenue from operations			
Sale of products		502,401.81	-
Less : Excise duty		-	-
Net sale of products		502,401.81	-
Sale of services		-	-
Net sales and services		502,401.81	-
Operating income		2,475.11	-
Net revenue from operations	7	504,876.92	-
Other income		-	-
Total Revenue		504,876.92	-
Expenses :			
Cost of materials consumed		-	-
Purchases of stock-in-trade		425,029.32	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade		-	-
Employee benefits expense	8	13,589.58	-
Finance costs		-	-
Depreciation and amortization expense	9	1,071.45	-
Other expense	10	45,255.13	-
Expenses capitalised		-	-
Total Expenses		484,945.48	-
Profit before exceptional and extraordinary items and tax		19,931.44	-
Exceptional items [income / (expenses)]		-	-
Profit before tax		19,931.44	-
Tax expense :		2,990.00	-
Current tax		2,990.00	-
For the year		2,990.00	-
(Excess)/short provision related to earlier years		-	-
Deferred tax		-	-
Profit (loss) for the period		16,941.44	-

As per our attached report of even date.

For and on behalf of the Board of Directors



R. R. Deshpande
 Director

Date: 9 May 2016

See Independent Accountants' Compilation Report

Statement of Cash Flows for the year ended 31 March 2016

In \$

Particulars	2015-16
CASH FLOW FROM OPERATING ACTIVITIES	
Profit before Tax	19,931.44
Add :	
Depreciation	1,071.45
Leasehold land written off	
Loss on assets sold, demolished, discarded and scrapped	
Bad debts and irrecoverable balances written off, net	
Interest paid	
	1,071.45
Less :	
Profit on sale of mutual fund investment (net)	
Surplus on sale of assets	
Interest received	
Sundry Credit Balances Appropriated	
Provision for doubtful debts and advances	
Provision no longer required w.back	
Dividend received	
Operating Profit before working capital changes	21,002.89
Adjustments for :	
Trade and other receivables	(65,009.84)
Inventories	
Trade and other payables	251,204.84
	186,195.00
Cash generated from operations	207,197.89
Net Cash generated from operations	207,197.89
Direct taxes paid	-
NET CASH FLOW FROM OPERATING ACTIVITIES	207,197.89
CASH FLOW FROM INVESTING ACTIVITIES	
Add :	
Sale of fixed assets	
Interest received	
Dividend received	
Less :	
Purchase of investments (net)	
Purchase of fixed assets	31,638.83
	31,638.83
NET CASH GENERATED FROM INVESTING ACTIVITIES	(31,638.83)
Carried forward	175,559.06

See Independent Accountants' Compilation Report

Cash Flow Statement (Contd.)

Particulars	2014-15
Brought forward	175,559.06
CASH FLOW FROM FINANCING ACTIVITIES	
Interest paid	
Share subscription	250,000.00
Tax on Dividend	
NET CASH USED IN FINANCING ACTIVITY	250,000.00
Net increase / (decrease) in cash and cash equivalents	425,559.06
Opening Cash and Cash equivalents	
Closing Cash and Cash equivalents	425,559.06

As per our attached report of even date.

For and on behalf of the Board of Directors



R. R. Deshpande
Director

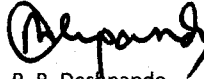
Date: 9 May 2016

KOEL AMERICAS CORPORATION
Statement of Retained Earnings for the year ended 31 March 2016

Particulars	Note No.	2015-16
Balance at beginning of year		-
Current year distributions		-
Net Income/(Loss) for the current year		16,941.44
Balance at end of year		16,941.44

As per our attached report of even date.

For and on behalf of the Board of Directors



R. R. Deshpande
 Director

Date: 9 May 2016

Notes to the Financial Statements

Note 1 : Share capital

Particulars	As at 31 March 2016		As at 31 March 2015	
	No. of Shares	In \$	No. of Shares	In \$
Authorised share capital				
Issued and subscribed share capital				
Subscribed and fully paid up		250,000	-	-
Total	-	250,000	-	-

See Independent Accountants' Compilation Report

Notes to the Financial Statements

Note 2 : Reserves and surplus

Particulars	In \$	
	As at 31 March 2016	As at 31 March 2015
Surplus/(deficit) in the statement of profit and loss		
Balance as per last financial statements	-	-
Add: Profit for the period	16,941.44	-
Balance available for appropriation	16,941.44	-
Less : Appropriations		
Transferred to general reserve	-	-
Proposed dividend	-	-
Tax on proposed dividend	-	-
	-	-
Total	16,941.44	-

See Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 3 : Short-term provisions

In \$

Particulars	As at 31 March 2016	As at 31 March 2015
Others	2,990.00	-
Tax provision (Net of tax paid in advance)	2,990.00	-
Total	2,990.00	-

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 31 March 2016. 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.

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 4 : Long-term loans and advances

Particulars	In \$	
	As at 31 March 2016	As at 31 March 2015
Security deposits (unsecured, considered good)	2,750.00	-
Total	2,750.00	-

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 5 : Trade receivables

In \$

Particulars	As at 31 March 2016	As at 31 March 2015
Outstanding for a period exceeding six months from the date they are due for payment	-	-
	-	-
Other receivables	62,259.84	-
Secured, considered good	-	-
Unsecured, considered good	62,259.84	-
Total	62,259.84	-

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 6 : Cash and bank balances

Particulars	In \$	
	As at 31 March 2016	As at 31 March 2015
Cash and cash equivalents	425,559.06	-
Cash on hand	-	-
Checking account with HSBC Bank	425,559.06	-
	425,559.06	-
Other bank balances	-	-
Total	425,559.06	-

The Company considers all cash deposits at financial institutions to be cash equivalents. On 31 March 2016 the Company had a checking account valued at \$425,559, of which \$175,559 exceeds the FDIC insurance limit of \$250,000 and is subject to forfeiture.

KOEL AMERICAS CORPORATION
Notes to the Financial Statements
Note 7 : Revenue from operations

Particulars	In \$	
	2015-16	2014-15
Sale of products (gross)	502,401.81	-
Less : Excise duty	-	-
Net sale of products	502,401.81	-
Sale of services	-	-
Net sales and services	502,401.81	-
Operating income	2,475.11	-
Commission received	2,475.11	-
Total	504,876.92	-

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 8 : Employee benefits expense

	In \$	
Particulars	2015-16	2014-15
Salaries & wages	12,827.72	-
	-	-
Welfare and training expenses	761.86	-
	-	-
Total	13,589.58	-

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 9 : Depreciation and amortization expense

Particulars	In \$	
	2015-16	2014-15
Depreciation and amortization expense	1,071.45	-
Depreciation on Tangible assets	1,071.45	-
Total	1,071.45	-

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 10 : Other expenses

Particulars	In \$	
	2015-16	2014-15
Selling expenses	13,363.42	-
Commission	13,268.70	-
Advertisement and publicity	94.72	-
Administration expenses	31,891.71	-
Rent	16,843.26	-
Rates and taxes	389.00	-
Insurance	464.18	-
Travelling and conveyance	637.86	-
Communication expenses	765.12	-
Printing and stationery	146.39	-
Professional charges	11,464.00	-
Bank charges, commission etc	1,049.97	-
Miscellaneous expenses	131.93	-
Total	45,255.13	-

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 11 : 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.

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 12 : Summary of Significant Accounting Policies**Basis of Accounting:**

The financial statements have been prepared under the historical cost convention on the accrual basis and comply in all material respect with accounting principles generally accepted in the United States of America.

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 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.

(In \$)

Sr no	Asset Description	Cost	Depreciation	Net Value
1	Vehicles	28,482.15	949.41	27,532.74
2	Office Equipment	2,043.93	97.20	1,946.73
3	Office Furniture	1,112.75	24.84	1,087.91
	Total	31,638.83	1,071.45	30,567.38

See Independent Accountants' Compilation Report

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 13 : Revenue Recognition

- a) Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed on to the buyer, which generally coincides with their delivery to the buyer.

 - b) Income from services is recognised on completion of services as per the terms of specific contracts.
-
-

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 14 : 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.

There are no contingent liabilities out of transactions for the fiscal year.

KOEL AMERICAS CORPORATION

Notes to the Financial Statements

Note 15 : Foreign Exchange Derivatives

NIL

KOEL AMERICAS CORPORATION

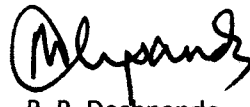
Notes to the Financial Statements

Note 16 : R&D Expenditure

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

As per our attached report of even date.

For and on behalf of the Board of Directors



R. R. Deshpande
Director

Date: 9 May 2016