

Financial statements of the year 2019-2020

Kirsons B.V.

in Amsterdam

SEVENTY THIRD ANNUAL REPORT 2019-20

1 BALANCE SHEET AS PER MARCH 31, 2020

(after appropriation of the result)

		March 31,2020		March 31,2019	
		€	€	€	€
ASSETS					
Fixed assets					
Intangible fixed assets	(1)				
Intellectual property			381.000,00		508.000,00
Current assets					
Receivables	(3)				
Loans and advancements to subsidiaries		471.566,28		471.566,28	
Tax receivables		397,00		426,00	
Prepaid expenses		1.455,00		3.013,00	
			473.418,28		475.005,28
Cash	(4)		12.237,17		24.828,47
TOTAL			866.655,45		1.007.833,75

		March 31,2020		March 31,2019	
		€	€	€	€
EQUITY AND LIABILITIES					
Shareholders' equity					
Issued and paid up share capital	(5)	260.200,00		260.200,00	
Share premium		30.935.543,55		30.935.543,55	
Other reserves		-30.460.401,51		-30.315.031,64	
			735.342,04		880.711,91
Current liabilities					
	(6)				
Accounts payable		41.677,09		42.560,39	
Accruals		89.636,32		84.561,45	
			131.313,41		127.121,84
TOTAL			866.655,45		1.007.833,75

2 PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2019 TILL MARCH 31, 2020

		<u>2019/2020</u>	<u>2018/2019</u>
		€	€
Turnover	(7)	-	105.983,28
Cost price	(8)	-	85.000,00
Gross margin		<u>-</u>	<u>20.983,28</u>
Costs			
Depreciation costs	(9)	127.000,00	127.000,00
Operating costs		12.373,39	37.230,18
		<u>139.373,39</u>	<u>164.230,18</u>
Operating result		<u>-139.373,39</u>	<u>-143.246,90</u>
Financial result	(13)	-5.996,42	-17.710,17
Result ordinary activities before taxation		<u>-145.369,81</u>	<u>-160.957,07</u>
Taxation		-	-
Net result for the year		<u><u>-145.369,81</u></u>	<u><u>-160.957,07</u></u>

SEVENTY THIRD ANNUAL REPORT 2019-20

3 PRINCIPLES FOR VALUATION AND DETERMINATION OF THE RESULT

Place of business

Kirsons B.V. (registered at the Chamber of Commerce under number 34308680) is actually established at Evert van de Beekstraat 104 in Schiphol (Netherlands).

The statutory seat of the company is Amsterdam in the Netherlands.

Group companies

The company forms part of a group, of which Kirsons B.V. in Amsterdam is at the head. The group consists furthermore of Lloyd Dynamowerke GmbH & Co. KG in Bremen (Germany) and Lloyd Beteiligungs-GmbH in Bremen (Germany).

Consolidation

Based upon the exemption stated in article 408, Book 2 of the Dutch Civil Code the company does not prepare consolidated financial statements. The company's financial statements as well as those of its subsidiaries are included in the consolidated financial statements of Kirloskar Electric Company Limited in Bangalore, India.

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

The intangible fixed assets are valued at cost price and diminished with straight line depreciation.

Financial fixed assets

The participations in the subsidiaries are valued at cost price according to Dutch reporting guideline

RJ 214.325 since the exemption of article 408, Book 2 of the Dutch Civil Code is applied. If necessary a provision for reduction in value is taken into account.

Receivables

Upon initial recognition the receivables are accounted for at face value. Provisions deemed necessary for doubtful accounts are deducted. These provisions are determined by individual assessment of the receivables.

Cash

Cash in hand and at the bank are accounted for at face value.

Current liabilities

Current liabilities are stated at face value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Determination of the result

The result is determined as the difference between net turnover and operating costs and other expenditures taking into account the above mentioned principles of valuation.

Turnover

The net turnover represents amounts invoiced for goods supplied and services rendered during the financial year net of discounts and value added taxes.

Cost price

The cost price consist of the costs of goods and materials sold.

Costs

Operating costs are taken into account in the period to which they relate, if necessary by means of accruals.

Depreciation costs

Intangible fixed assets including goodwill and tangible fixed assets are being depreciated from the moment of putting into operation based upon the expected economical useful life of each net asset.

Financial result

The interest income and interest expenses relate to in this financial year received and paid interest of issued and received loans.

Taxation

Corporation tax is calculated at the applicable rate on the result for the financial year, taking into account differences between profit calculated according to the financial statements and profit calculated for taxation purposes.

4 NOTES TO THE BALANCE SHEET AS PER MARCH 31, 2020

ASSETS

FIXED ASSETS

1. Intangible fixed assets

	Intellectual property
	€
Bookvalue as per April 1, 2018	508.000,00
Depreciation	-127.000,00
Bookvalue as per March 31, 2019	<u>381.000,00</u>
Acquisition price	1.270.000,00
Accumulated depreciation	-889.000,00
Bookvalue as per March 31, 2019	<u>381.000,00</u>
Rate of depreciation	%
Intellectual property	10

2. Financial fixed assets

	03-31-2020	03-31-2019
	€	€
Subsidiaries		
Lloyd Dynamowerke GmbH & Co. KG te Bremen (Germany) (94,89%)	-	-
Lloyd Beteiligung GmbH te Bremen (Germany) (100,00%)	-	-
	-	-
	04-01-2019	04-01-2018
	till	till
	03-31-2020	03-31-2019
	€	€
Lloyd Dynamowerke GmbH & Co. KG		
Account balance as per April 1	30.081.211,75	30.081.211,75-
Movements	-	-
	<u>30.081.211,75</u>	<u>30.081.211,75</u>
Provision in connection with insolvency	-30.081.211,75	-30.081.211,75
Account balance as per March 31	-	-
<i>Lloyd Beteiligung GmbH</i>		
Account balance as per April 1	33.937,02	33.937,02
Movements	-	-
	<u>33.937,02</u>	<u>33.937,02</u>
Provision in connection with insolvency	-33.937,02	-33.937,02
Account balance as per March 31	-	-

In view of regular insolvency proceedings ongoing at Lloyd Dynamowerke GmbH & Co. KG in Bremen (Germany) and by way of precaution the investment is fully provided for. The managing board has initiated several legal steps for the recovery of the investment.

Because Lloyd Beteiligung GmbH in Bremen (Germany) is a partner of Lloyd Dynamowerke GmbH & Co. KG and also by way of precaution the investment is fully provided for.

SEVENTY THIRD ANNUAL REPORT 2019-20

CURRENT ASSETS

3. Receivables

	03-31-2020	03-31-2019
	€	€
Loans and advancements to subsidiaries		
Lloyd Dynamowerke GmbH & Co. KG, shareholders' loan	125.134,68	125.134,68
Lloyd Dynamowerke GmbH & Co. KG, accounts receivable	346.431,60	346.431,60
	471.566,28	471.566,28

Because of the insolvency proceedings ongoing at Lloyd Dynamowerke GmbH & Co. KG the company can not claim repayments on the shareholders' loan and the accounts receivable as agreed upon in previous years. Provisions are made in connection with this insolvency.

Lloyd Dynamowerke GmbH & Co. KG, shareholders' loan

	04-01-2019 till 03-31-2020	03-31-2018 till 03-31-2019
	€	€
Account balance as per April 1	625.673,41	625.673,41
Movements	-	-
	625.673,41	625.673,41
Provision in connection with insolvency	-500.538,73	-500.538,73
Account balance as per March 31	125.134,68	125.134,68

Lloyd Dynamowerke GmbH & Co. KG, accounts receivable

Account balance as per April 1	1.732.158,00	1.732.158,00
Movements	-	-
	1.732.158,00	1.732.158,00
Provision in connection with insolvency	-1.385.726,40	-1.385.726,40
Account balance as per March 31	346.431,60	346.431,60

	03-31-2020	03-31-2019
	€	€
Tax receivables		
Value Added Tax	397,00	426,00
Prepaid expenses		
Deposit rent	254,00	1.158,00
Miscellaneous	1.201,00	1.855,00
	1.455,00	3.013,00
4. Cash		
ING Bank N.V., current account	11.847,47	24.438,77
ING Bank N.V., savings account	389,70	389,70
	12.237,17	24.828,47

EQUITY AND LIABILITIES

5. Shareholders' equity

	03-31-2020	03-31-2019
	€	€
Issued and paid up share capital		
2.602 ordinary shares each of a nominal value of € 100	260.200,00	260.200,00

The authorised capital of the company amounts to € 390.000 consisting of 3.900 ordinary shares each of a nominal value of € 100.

	04-01-2019 till 03-31-2020	04-01-2018 till 03-31-2019
	€	€
Share premium		
Account balance as per April 1	30.935.543,55	30.935.543,55
Movements	-	-
Account balance as per March 31	30.935.543,55	30.935.543,55

Other reserves

Account balance as per April 1	-30.315.031,70	-30.154.074,57
Net result	-145.369,81	-160.957,07
Account balance as per March 31	-30.460.401,51	-30.315.031,64

6. Current liabilities

	03-31-2020	03-31-2019
	€	€
Accounts payable		
Accounts payable to creditors	1.677,09	2.560,39
Accounts payable Kirloskar Electric Company Limited	40.000,00	40.000,00
	41.677,09	42.560,39
Accruals and deferred liabilities		
Accruals		
Audit fee	4.000,00	4.250,00
Legal expenses, consultancy charges and tax matters	1.062,50	1.162,50
Loan Kirsons Trading Pte Ltd. (Singapore)	84.573,82	79.148,95
	89.636,32	84.561,45

OFF BALANCE COMMITMENTS

Financial commitments for more than one year

Rental commitments real estate

The company has committed itself to obligations for renting office space. The total obligations amounts to € 762 in total. The duration of this obligation is 3 months.

SEVENTY THIRD ANNUAL REPORT 2019-20

5 NOTES TO THE PROFIT AND LOSS ACCOUNT FOR THE PERIOD APRIL 1, 2019 TILL MARCH 31, 2020

	04-01-2019 till 03-31-2020 €	04-01-2018 till 03-31-2019 €
7. Turnover		
Sales	-	105.983,28
8. Cost price		
Inkopen categorie 1	-	85.000,00
Goods and materials sold	-	85.000,00
These goods sold were purchased from Kirloskar Electric Company Ltd.		
Number of employees		
During the year 2019-2020 the company did not engage any employees.		
9. Depreciation costs		
Intangible fixed assets	127.000,00	127.000,00
Operating costs		
10. Housing expenses		
Office rent	5.879,40	6.774,00
Kitchen amenities	360,00	357,00
Miscellaneous housing expenses	118,00	1.159,40
	6.357,40	8.290,40
11. Office costs		
Office supplies	6,38	738,14
	04-01-2019 till 03-31-2020 €	04-01-2018 till 03-31-2019 €
12. General expenses		
Tax advise, VAT and corporate tax	1.912,25	5.682,87
Audit fee	4.095,00	5.590,00
Professional charges	-	16.928,77
Rounding off	2,36	-
	6.009,61	28.201,64
13. Financial result		
Interest expenses and related expenses	-5.996,42	-17.710,17
<i>Interest expenses and related expenses</i>		
Interest loan from Kirsons Trading Pte Ltd. (Singapore)	-3.862,04	-3.787,00
Exchange loss loan from Kirsons Trading Pte Ltd. (Singapore)	-1.562,83	-6.755,95
Exchange loss debtors and creditors	-	-6.360,90
Bankcharges	-571,55	-806,32
	-5.996,42	-17.710,17

Other information
INDEPENDENT AUDITOR'S REPORT

To: the shareholders of Kirsons B. V.

A. Report on the audit of the financial statements 2019-2020 included in the annual report

Our opinion

We have audited the financial statements for the year ended March 31, 2020 of Kirsons B.V., based in Schiphol (Netherlands).

In our opinion the accompanying financial statements give a true and fair view of the financial position of Kirsons B. V. as at March 31, 2020 and of its result for the period April 1, 2019 till March 31, 2020 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the balance sheet as at March 31, 2020;
2. the profit and loss account for the period April 1, 2019 till March 31, 2020;
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report

We are independent of Kirsons B. V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains solely other information that consists of other information as required by Part 9 of Book 2 of the Dutch Civil Code. Based on the following procedures performed, we conclude that the other information contains a material misstatement. Notwithstanding Part 9 of Book 2 of the Dutch Civil Code the management report is missing. Therefore we do not express an opinion about the management report.

Except for the possible effects of the previous matter we conclude that the other information is consistent with the financial statements and does not contain material misstatements. The other information contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included among others:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the managing directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Uitgeest, June 24, 2020

De Groene Accountant B.V.

Drs. G.C. Groen R A

2 Statutory rules concerning the appropriation of the profit

According to article 28 of the Articles of Association the appropriation of the profit is as follows:

1. The profit shall be at the free disposal of the general meeting of shareholders.
2. The company may only make distributions to the shareholders and others entitled to the profit susceptible of distribution in so far as the equity is greater than the paid-up and called part of the capital increased by the reserves that must be maintained by virtue of the law.
3. Distribution of profit shall be made after adoption of the annual accounts showing that it is permitted.
4. On shares acquired by the company in its own capital or at their depositary receipts no distribution shall be made for the benefit of the company. When the appropriation of profit is calculated, the shares on which no distribution is made in pursuance of the preceding paragraph shall not be counted.
5. In the meantime the company may only make distributions if the requirement of paragraph 2 has been fulfilled.
6. The general meeting of shareholders may resolve that dividends will be paid out entirely or partly in another form than money.
7. Out of the reserves prescribed by the law a deficit may only be paid in so far as the law permits this.
8. Dividends must be made payable one month after declaration, unless the general meeting of shareholders sets another time.
9. Claims on dividend shall lapse on expiry of five years after the start of the day following the one on which they became claimable.

3 Processing of the loss for the financial year 2019-2020

According to Dutch legislation the loss of the current period amounting to 145.369,81 has to be deducted from the other reserves. This deduction has already been accounted for in these financial statements.