

## BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased in presenting their 35<sup>th</sup> Annual Report on the working of your Company together with the Audited Statements of Accounts of **M/s. ARMSEL MHE PRIVATE LIMITED** for the year ended 31<sup>st</sup> March 2016.

### FINANCIAL HIGHLIGHTS/STATE OF COMPANY'S AFFAIRS:

(Rs. In Lakhs)

| Particulars                              | Current Year     | Previous Year   |
|--|------------------|-----------------|
| Turnover                                 | 3230.12          | 3050.54         |
| Other Income                             | 38.62            | 21.72           |
| Total Expenditure excluding Depreciation | 4734.37          | 3888.33         |
| Depreciation                             | 55.50            | 54.71           |
| <b>Profit /(Loss) Before Tax</b>         | <b>(1521.23)</b> | <b>(863.22)</b> |
| Tax Expense                              | -                | 120.61          |
| <b>Profit /(Loss) After Tax</b>          | <b>(1521.23)</b> | <b>(742.61)</b> |

### PERFORMANCE REVIEW:

During the year under review, Company has registered turnover of Rs. 3230.12 lakhs as compared to previous year revenue of Rs. 3050.54 lakhs, thereby turnover has increased by 5.88%. However, due to increased overhead, the Company has incurred a net loss of Rs. 1521.23 lakhs compared to Rs.742.61 lakhs in the previous year.

Your directors expect that the performance of the Company would improve during the current financial year.



**CHANGE IN THE NATURE OF BUSINESS, IF ANY:**

There is no change in the nature of Business carried out by the Company during the financial year 2015-16.

**MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION BETWEEN END OF FINANCIAL YEAR AND DATE OF REPORT:**

During the period between end of financial year and date of report, no material changes were took place.

**DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:**

There are no material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future.

**PERFORMANCE AND FINANCIAL POSITION EACH OF ITS SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:**

The Company does not have any Subsidiaries, Associates and Joint Venture Companies. Hence the disclosure is not required to be made.

**DIVIDEND:**

The Company has incurred loss, hence Your directors did not recommend any dividend for the year ending 31<sup>st</sup>March, 2016.

**TRANSFER TO RESERVES:**

During the year, The Company has not transferred any amount to Reserves.

**DEPOSITS:**

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

**NUMBER OF MEETINGS OF THE BOARD:**

During the Financial Year 2015-16, there were 7 Board Meetings held on the following dates:

14<sup>th</sup> April 2015, 17<sup>th</sup> April 2015, 12<sup>th</sup> May 2015, 22<sup>nd</sup> June 2015, 05<sup>th</sup> August 2015, 19<sup>th</sup> November 2015, and 11<sup>th</sup> January 2016.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- c) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the directors have prepared the annual accounts on a going concern basis;

e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**SHARE CAPITAL:**

For the purpose long term investment plan and pursuant to approval of shareholders at their Extra-Ordinary General Meeting held on 14<sup>th</sup> May, 2015 Company has increase the authorised share capital from Rs. 1,40,00,000/- to Rs. 2,00,00,000/- consisting of 2,00,000 Equity shares of Rs. 100/- each.

In order to meet the long term / working capital requirements, Board of Directors at their meeting held on 22<sup>nd</sup> June, 2015 have approved to increase its paid up share capital from Rs.1,35,00,000/- to Rs. 1,96,36,800/- by issue of 61,368 equity shares of Rs. 100/- each at a premium of Rs. 3159/- per share aggregating to Rs. 19,99,98,312/- on preferential basis.

**BOARD OF DIRECTORS:**

The Board comprises following Directors:

| Sl. No. | Name of the Director | Designation           |
|---------|----------------------|-----------------------|
| 01      | Preet Heston Heri    | Managing Director     |
| 02      | Hiroharu Nishimura   | Director              |
| 03      | Mamoru Horiuchi      | Director              |
| 04      | Mr. Hajimo Ito       | Ceased on 12.05.2015* |

\*Due to withdrawal of nomination by M/s. Kito Corporation, Mr. Hajimo Ito was ceased to be director of the Company w.e.f. 12.05.2015. Board place on record the appreciation of valuable advice and services rendered to the company during the tenure of his directorship.

**CORPORATE SOCIAL RESPONSIBILITY POLICY:**

The Company is not falling under the purview of provisions of Section 135 of the Companies Act, 2013 and hence the provisions of Corporate Social Responsibility are not applicable to the Company.

**REMUNERATION POLICY:**

The Company is not covered under the provisions of Section 178(1) of the Companies Act, 2013.

**PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186:**

The Company has not given any loans, guarantees or made investments under section 186 of the companies Act, 2013 during the year under review.

**RELATED PARTY TRANSACTIONS:**

The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 is disclosed in **form AOC-2** as '**Annexure-I**'.

**Conservation of Energy and Technology Absorption:**

| Sl. No.    | Particulars  | Disclosure  |
|------------|--|---|
| <b>(A)</b> | <b><u>Conservation of Energy:</u></b><br>1) <i>The steps taken or impact on conservation of energy</i><br>2) <i>The steps taken by the company for utilising alternate sources of energy</i><br>3) <i>The capital investment on energy conservation equipments</i> | Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and distribution systems and through improved operational techniques. |
| <b>(B)</b> | <b><u>Technology Absorption:</u></b><br>1. The efforts made towards  | Updation of Technology is a Continuous process, absorption  |

|  |  |   |
|--|--|---|
|  | <p>technology absorption;</p> <p>2. The benefits derived like product improvement, cost reduction, product development or import substitution.</p> <p>3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year).</p> <p>a. the details of technology imported</p> <p>b. the year of import</p> <p>c. whether the technology been fully absorbed</p> <p>d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and</p> <p>4. The expenditure incurred on Research and Development.</p> | <p>implemented and adapted by the Company for innovation. Efforts are continuously made to develop new products required in the Company's activities.</p> <p>The Company has not imported any Technology, hence disclosure not required to be made under this section.</p> <p>There is no expenditure incurred on Research and Development.</p> |
|--|--|---|

**FOREIGN EXCHANGE EARNINGS AND OUTGO:**

| Sl. No. | Particulars               | As on 31.03.2016<br>Amount (INR) | As on 31.03.2015<br>Amount (INR) |
|---------|---------------------------|----------------------------------|----------------------------------|
| 01      | Foreign Exchange Earnings | 1,89,285/-                       | 11,43,514/-                      |
| 02      | Foreign Exchange Outgo    | 7,35,42,597/-                    | 51,43,283/-                      |

**RISK MANAGEMENT:**

The Company has been addressing various risks impacting the Company. In today's challenging and competitive environment, strategies for mitigating inherent risks in accomplishing the growth plans of the Company are imperative.

The common risks inter alia are: Regulations, competition, Business risk, Technology obsolescence, Investments, retention of talent and expansion of facilities.

As per the risk management policy, these risks are assessed and steps as appropriate are taken to mitigate the same.

**HUMAN RESOURCES:**

The management has always carried out systematic appraisal of performance and imparted training at periodic intervals. The company has always recognized talent and has judiciously followed the principle of rewarding performance.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets.

All the transactions are properly authorized, recorded and reported to the Management. The Company is following all the applicable Accounting Standards for properly maintaining the books of accounts and reporting financial statements.

**EXTRACT OF ANNUAL RETURN:**

The details forming part of the extract of the Annual Return in **form MGT-9** is annexed herewith as "**Annexure-II**".

**PARTICULARS OF EMPLOYEES:**

The particulars of the employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are:

- a) Employed throughout the year: **01**
- b) Employed for part of the year: **Nil**

The remuneration paid to Managing Director/ Whole time Director was in accordance with remuneration policy adopted by the company. The detailed list is attached as 'Annexure III'.

**AUDITORS:**

**i. STATUTORY AUDITORS:**

M/s. S P Krishnamurthy & Co., Chartered Accountants, Bengaluru (Firm Registration No. 007099S) have been appointed as statutory auditors of the company at the 33<sup>rd</sup> Annual General Meeting held on 05.09.2014 to hold office up to the conclusion of 38<sup>th</sup> Annual General Meeting, subject to ratification of their appointment at the intervening Annual General Meeting. Your Board hereby propose for ratification at the ensuing Annual General Meeting.

**ii. SECRETARIAL AUDITORS:**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Secretarial Audit is not applicable to the Company. However, we are availing the services of M/s. Ganapathi & Mohan, Company Secretaries, for Compliance under the Companies Act, 2013.

**Reply To Auditor's Qualification:**

There are no reservations/ qualifications made by the Auditors in their report.



**ACKNOWLEDGEMENT:**

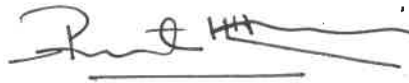
Your Directors take this opportunity to thank its Bankers for their support in the growth of the Company. Your Directors wish to acknowledge with gratitude the patronage extended to the Company by the large body of its customers and contribution made by the employees at all levels and look forward to their dedicated commitment in the years to come towards the Company reaching greater heights.

Finally, Directors would like to convey their deep sense of gratitude to the members and look forward to their continued support in the growth of the Company.

**For and on behalf of the board**

Place: Bengaluru

Date: 23.04.2016



**(Preet H Heri)**  
Managing Director  
DIN: 00215187



**(Hiroharu Nishimura)**  
Director  
DIN: 06977467



**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF M/S. ARMSEL MHE PRIVATE LIMITED

***Report on the Standalone Financial Statements***

We have audited the accompanying standalone financial statements of M/s. Armsel MHE Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

***Management's Responsibility for the standalone financial statements***

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether



due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give the Annexure - A, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us.
- (d) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account and with the returns received from the branches not visited by us.
- (e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (f) On the basis of the written representations received from the directors as on 31st March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



- (g) With respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure – B'.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigation on its financial position in its financial statements - Refer Note 18 to the financial statements.
  - ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Bangalore  
Date: 23/04/2016

For S.P. Krishnamurthy & Co.  
Chartered Accountants  
Firm Reg No. 007099S

S.P. Krishnamurthy  
Partner

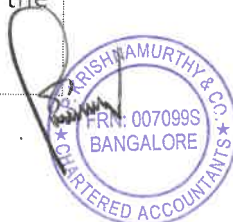
Membership No. 200963



## Annexure – A to the Auditors Report

The Annexure referred to in our report to the members of M/s. Armsel MHE Private Limited ('The Company') for the year ended 31<sup>st</sup> March 2016. We report that:

|       |  |
|-------|--|
| (i)   | <p>(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;</p> <p>(b) All the assets have not been physically verified by the management during the year, but there is a regular programme of verification which in our opinion is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.</p> <p>(c) The Title Deeds of all the immovable properties are held in the name of the Company</p>   |
| (ii)  | <p>As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification were not material.</p>   |
| (iii) | <p>The company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013.</p>  |
| (iv)  | <p>The company has not given loans, investments and guarantees to which the provisions of Section 185 &amp; 186 of the Companies Act, 2013 apply.</p>  |
| (v)   | <p>According to information given to us, the Company has not accepted any deposits to which the provisions of the Section 73 to 76 or any other relevant provisions of the companies Act and the Rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(5) of CARO is not applicable to the company.</p>  |
| (vi)  | <p>To the best of our knowledge and as explained, the Central Government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act, for the products of the company.</p>  |
| (vii) | <p>(a) The company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-Lax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.</p> <p>(b) No other dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, except a demand of Rs. 9,04,946/- from the Central Excise department which have not been deposited on account of appeal pending before the Appellate Authorities.</p> |



|        |  |
|--------|--|
| (viii) | In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank, Government or debenture holders.  |
| (ix)   | According to the explanation & information given to us, the company did not raised money by way of initial public offer or further public offer (including debt instrument) and term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.              |
| (x)    | Based on the audit procedure performed and information and explanations given by the management, we report that no fraud by the company or no fraud on the company by its officer or employees has been noticed or reported during the year.   |
| (xi)   | Since it is a Private Limited Company, the provisions relating to the payment of managerial remuneration not applicable to the company and therefore clause 3(ix) of the Order is not applicable to the company.   |
| (xii)  | The company is not a Nidhi co. and therefore clause 3(xii) of the Order is not applicable to the company.  |
| (xiii) | All transactions with the related parties are in compliance with Sec 188 & 177(where applicable) of the Companies Act, 2013, and the details thereof have been disclosed in the Financial Statements etc as required by the Accounting Standards & Companies Act, 2013.              |
| (xiv)  | The company has made preferential allotment / private placement of shares during the year under review, and the requirements of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. |
| (xv)   | The company has not entered into any non-cash transaction with directors / persons connected with him and therefore clause 3(15) of the Order is not applicable to the Company.  |
| (xiv)  | The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.   |

Place: Bangalore  
Date: 23/04/2016

For S.P.Krishnamurthy & Co.  
Chartered Accountants  
FRN No. 007099S

S.P.Krishnamurthy  
Partner

Membership No. 200963



## **Annexure – B to the Auditors Report**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Armsel MHE Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bangalore  
Date: 23/04/2016

For S.P.Krishnamurthy & Co.  
Chartered Accountants  
FRN No. 007099S

S.P.Krishnamurthy  
Partner

Membership No. 200963





**Armsel MHE Private Limited**  
**CIN : U74140KA1981PTC004248**  
**Balance Sheet as at 31st March, 2016**

(Amount In Rs)

| Particulars   | Note No | 31st March 2016    | 31st March 2015    |
|---|---------|--------------------|--------------------|
| <b>I. EQUITY AND LIABILITIES</b>                          |         |                    |                    |
| <b>(1) Shareholder's Funds</b>                            |         |                    |                    |
| (a) Share Capital   | 1       | 19,636,800         | 13,500,000         |
| (b) Reserves and Surplus                                  | 2       | 42,482,830         | 744,605            |
| <b>(2) Non-Current Liabilities</b>                        |         |                    |                    |
| (a) Long-term borrowings                                  | 3       | -                  | 3,550,000          |
| (b) Other Long term liabilities                           | 4       | 20,000             | 20,000             |
| (c) Long term Provisions                                  | 5       | 9,362,374          | 7,450,785          |
| <b>(3) Current Liabilities</b>                            |         |                    |                    |
| (a) Short-term borrowings                                 | 6       | 109,475,762        | 197,788,677        |
| (b) Trade payables  | 7       | 158,165,707        | 112,613,085        |
| (c) Other current liabilities                             | 8       | 46,059,570         | 44,684,799         |
| <b>Total</b>  |         | <b>385,203,044</b> | <b>380,351,950</b> |
| <b>II. Assets</b>   |         |                    |                    |
| <b>(1) Non-current assets</b>                             |         |                    |                    |
| <b>(a) Fixed assets</b>                                   |         |                    |                    |
| (i) Tangible assets                                       |         | 42,930,770         | 45,644,035         |
| (ii) Intangible assets                                    |         | 668,124            | 882,654            |
| (b) Non current investment                                | 10      | 6,000              | 6,000              |
| (c) Deferred tax assets (net)                             |         | 18,930,859         | 18,930,859         |
| (d) Other Non Current Assets                              | 11      | 8,972,308          | 12,351,098         |
| (e) Long term loans and advances                          | 12      | 3,462,414          | 5,290,213          |
| <b>(2) Current assets</b>                                 |         |                    |                    |
| (a) Inventories   | 13      | 140,198,309        | 89,642,382         |
| (b) Trade receivables                                     | 14      | 127,272,433        | 174,209,537        |
| (c) Cash and cash equivalents                             | 15      | 10,256,792         | 14,819,073         |
| (d) Short-term loans and advances                         | 16      | 5,622,208          | 6,241,061          |
| (e) Other current assets                                  | 17      | 26,882,828         | 12,335,038         |
| <b>Total</b>  |         | <b>385,203,044</b> | <b>380,351,950</b> |
| Contingent Liabilities & Commitments                      | 18      |                    |                    |
| Significant Accounting Policies & other notes to accounts | 27      |                    |                    |

Notes referred to above and attached there to form an integral part of Balance Sheet

As per our report of even date attached.  
for S.P Krishnamurthy & Co.  
Chartered Accountants

**S.P Krishnamurthy**  
Partner

Membership No. : 200963  
Firm Registration No : 007099S

Place: Bangalore  
Date : 23/04/2016

For and on behalf of the Board of Directors of  
**Armsel MHE Private Limited**



**Preet H Heri**  
Managing Director



**Hiroharu Nishimura**  
Director



**Armsel MHE Private Limited**  
**CIN : U74140KA1981PTC004248**  
**Statement of Profit and Loss for the period ended 31st March, 2016**

|  |         | (Amount In Rs)       |                     |
|--|---------|----------------------|---------------------|
| Particulars  | Note No | 31st March 2016      | 31st March 2015     |
| Revenue from operations                            | 19      | 323,011,799          | 305,054,518         |
| Other Income                                       | 20      | 3,862,132            | 2,172,135           |
| <b>Total Revenue</b>                               |         | <b>326,873,931</b>   | <b>307,226,653</b>  |
| <b>Expenses:</b>                                   |         |                      |                     |
| Cost of materials consumed                         | 21      | 228,422,257          | 172,552,306         |
| Changes in Finished goods, w-i-p                   |         | (26,707,717)         | 20,052,645          |
| Employee benefit expense                           | 22      | 72,646,869           | 92,772,798          |
| Finance costs                                      | 23      | 8,687,430            | 23,840,153          |
| Depreciation and amortization expense              | 24      | 5,550,383            | 5,470,899           |
| Other expenses                                     | 25      | 190,388,558          | 79,615,375          |
| <b>Total Expenses</b>                              |         | <b>478,987,779</b>   | <b>394,304,176</b>  |
| Profit/(Loss) before exceptional and extraordinary |         | (152,113,848)        | (87,077,523)        |
| Exceptional Items - Profit on sale of assets       |         | (9,438)              | 1,073,621           |
| Prior Period Expenses                              |         |                      | 318,501             |
| <b>Profit/(Loss) before tax</b>                    |         | <b>(152,123,286)</b> | <b>(86,322,403)</b> |
| <b>Tax expense:</b>                                |         |                      |                     |
| (1) Current tax                                    |         | -                    | 95,490              |
| (2) Deferred tax Liability /(asset)                |         | -                    | (12,156,940)        |
| <b>Profit(Loss) for the period</b>                 |         | <b>(152,123,286)</b> | <b>(74,260,953)</b> |
| <b>Earning per equity share:</b>                   |         |                      |                     |
| (1) Basic  |         | -                    | -                   |
| (2) Diluted  |         | -                    | -                   |

**Additional Information**

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Notes referred to above and attached there to form an integral part of Balance Sheet

As per our report of even date attached.

for S.P Krishnamurthy & Co

Chartered Accountants

Chartered Accountants.

S.P Krishnamurthy

Partner

Membership No. : 200963

Firm Registration No : 007099S

For and on behalf of the Board of Directors of  
**Armsel MHE Private Limited**



Preet H Heri  
Managing Director



Hirokazu Nishimura  
Director

Place: Bangalore

Date : 23/04/2016



**ARMSEL MHE PRIVATE LIMITED**  
**CIN : U74140KA1981PTC004248**  
**Cash Flow Statement for the Year ended 31st March, 2016**

(Amount In Rs)

| Particulars   | Current Year         |                      | Previous Year       |                     |
|---|----------------------|----------------------|---------------------|---------------------|
| <b>A Cash Flow from Operating Activities:</b>               |                      |                      |                     |                     |
| Net profit before taxation & extraordinary items            | (152,123,286)        |                      | (86,322,403)        |                     |
| Adjustment for:   |                      |                      |                     |                     |
| (Profit)/loss on sale of assets                             | 9,438                |                      | (1,073,621)         |                     |
| Interest on Long term Loan                                  | 614,330              |                      | 1,030,116           |                     |
| Depreciation & amortization expenses                        | 5,550,383            |                      | 5,470,899           |                     |
| <b>Operating profit before working capital changes</b>      | <b>(145,949,135)</b> |                      | <b>(80,895,009)</b> |                     |
| Adjustment for :  |                      |                      |                     |                     |
| Decrease / (Increase) in Trade Receivables                  | 46,937,104           |                      | 65,726,242          |                     |
| Decrease / (Increase) in Inventories                        | (50,555,927)         |                      | 25,354,719          |                     |
| Decrease / (Increase) in Short Term Loans & Advances        | 734,174              |                      | 4,474,372           |                     |
| Decrease / (Increase) in Other Current Assets               | (14,547,790)         |                      | (171,755)           |                     |
| Decrease / (Increase) in Other non Current Assets           | 3,378,790            |                      | 1,850,852           |                     |
| Decrease / (Increase) in Loans and advances (Long term)     | 1,827,799            |                      | 52,200              |                     |
| (Decrease) / Increase in Short Term borrowings              | (88,312,915)         |                      | 17,437,045          |                     |
| (Decrease) / Increase in Trade Payables                     | 45,552,622           |                      | (36,596,406)        |                     |
| (Decrease) / Increase in Other Current Liabilities          | 1,858,605            |                      | 13,803,738          |                     |
| (Decrease) / Increase in Long Term Provisions               | 1,911,589            |                      | 1,596,047           |                     |
| <b>Cash generated from operation</b>                        | <b>(197,165,084)</b> |                      | <b>12,632,044</b>   |                     |
| Income tax (paid net of refund) Refund                      | (115,321)            |                      | (1,329,208)         |                     |
| Cash flow before extraordinary items                        | (197,280,405)        |                      | 11,302,836          |                     |
| Adjustment for extraordinary items                          | -                    |                      | -                   |                     |
| <b>Net cash flow form operating activities</b>              |                      | <b>(197,280,405)</b> |                     | <b>11,302,836</b>   |
| <b>B Cash Flow from Investing Activities:</b>               |                      |                      |                     |                     |
| Purchase of fixed assets                                    | (3,175,544)          |                      | (16,464,533)        |                     |
| Sale of fixed assets  | 543,519              |                      | 2,496,880           |                     |
| <b>Net cash flow from Investing activities</b>              |                      | <b>(2,632,025)</b>   |                     | <b>(13,967,653)</b> |
| <b>C Cash Flow from Financing Activities:</b>               |                      |                      |                     |                     |
| Repayment of long term borrowings                           | (4,033,834)          |                      | 2,416,166           |                     |
| Issuance of share capital                                   | 199,998,312          |                      | -                   |                     |
| Interest on Long term loans                                 | (614,330)            |                      | 1,030,116           |                     |
| <b>Net cash flow from Financing activities</b>              |                      | <b>195,350,148</b>   |                     | <b>(3,446,282)</b>  |
| Net increase / (decrease) in cash and cash equivalents      |                      | <b>(4,562,282)</b>   |                     | <b>(6,111,099)</b>  |
| Cash & cash equivalents at the beginning of the period      |                      | 14,819,073           |                     | 20,930,172          |
| <b>Cash &amp; cash equivalents at the end of the period</b> |                      | <b>10,256,792</b>    |                     | <b>14,819,073</b>   |

As per our report of even date attached.

for S.P Krishnamurthy & Co.  
Chartered Accountants

S.P Krishnamurthy  
Partner

Membership No. : 200963  
Firm Registration No : 007099S



For and on behalf of the Board of Directors of  
Armssel MHE Private Limited

*Preet H Heri*

Preet H Heri  
Managing Director

*Hiroharu Nishimura*

Hiroharu Nishimura  
Director



Place: Bangalore  
Date : 23/04/2016

## Armsel MHE Private Limited

Notes forming part of Balance sheet as at 31st March 2016

### Note : 1 Share Capital

(Amount In Rs)

| Sr. No   | Particulars   | 31st March 2016 | 31st March 2015 |
|----------|---|-----------------|-----------------|
| <b>1</b> | <b>Equity Share Capital</b>                                 |                 |                 |
| <b>2</b> | <b>Authorised Equity Share Capital:</b>                     |                 |                 |
|          | 2,00,000 Equity Shares of Rs. 100/- each with voting rights | 20,000,000      |                 |
|          | 1,40,000 Equity Shares of Rs. 100/- each with voting rights |                 | 14,000,000      |
| <b>3</b> | <b>Issued, Subscribed and Fully Paid up</b>                 |                 |                 |
|          | 1,96,368 Equity Shares of Rs. 100/- each with voting rights | 19,636,800      |                 |
|          | 13,50,00 Equity Shares of Rs. 100/- each with voting rights |                 | 13,500,000      |

**4 Reconciliation of number of equity shares at the beginning and at the end of the financial year:**

| Particulars                         | No. of Shares | No. of Shares |
|-------------------------------------|---------------|---------------|
| Equity shares outstanding:          |               |               |
| At the beginning of the year        | 135,000       | 135,000       |
| Shares issued during the year       | 61,368        | -             |
| At the end of the year              | 196,368       | 135,000       |
| Changes in equity share outstanding | 61,368        | -             |

**5 Aggregate number of shares issued by way of bonus etc. during the last 5 financial years is NIL.**

**6 Particulars of Shareholders holding more than 5% share in the Company: Number of shares held**

| Name of Shareholder    | 31/03/2016 | 31/03/2015 |
|------------------------|------------|------------|
| Kito Corporation Japan | 1,96,367   | 1,34,999   |

The entire shares of the company is beneficially held by Kito Corporation Japan

**7 Terms and Rights attached to equity shares**

The company has only one class of shares referred to as equity shares having a par value of Rs.100 per share. Each Equity shareholder is entitled to one vote per share.

The share holders are entitled to the dividend as and when the Board declares dividend and approved by the members in the Annual General Meeting. The company has not proposed any dividend for the current financial year.

In the event of the liquidation of the Company the equity share holders will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the share holders, subject to the availability of such surplus for distribution.



**Note : 2 Reserves and Surplus**

(Amount In Rs)

| Sr. No   | Particulars   | 31st March 2016      | 31st March 2015 |
|----------|---|----------------------|-----------------|
| <b>1</b> | <b>Investment Allowance Reserve</b>                       | <b>360,136</b>       | <b>360,136</b>  |
| <b>2</b> | <b>General Reserve</b>                                    |                      |                 |
|          | Opening balance   | 156,625              | 156,625         |
|          | Add :Transfer from Profit and Loss Statement              | -                    | -               |
|          | <b>Closing Balance</b>                                    | <b>156,625</b>       | <b>156,625</b>  |
| <b>3</b> | <b>Security Premium</b>                                   |                      |                 |
|          | Opening Balance   | -                    | -               |
|          | Add: Addition during the year                             | 193,861,512          | -               |
|          | <b>Closing Balance</b>                                    | <b>193,861,512</b>   | <b>-</b>        |
| <b>3</b> | <b>Surplus in Profit and Loss Statement</b>               |                      |                 |
|          | Opening balance   | 227,844              | 76,818,001      |
|          | Less: Depreciation Useful Life Expired Asset              | -                    | 2,329,205       |
|          | Net Opening Balance                                       | 227,844              | 74,488,796      |
|          | Add: Profit for the year as per Profit and Loss Statement | (152,123,286)        | (74,260,953)    |
|          | <b>Closing Balance</b>                                    | <b>(151,895,443)</b> | <b>227,844</b>  |
|          | <b>Grand Total</b>  | <b>42,482,830</b>    | <b>744,605</b>  |



**Note : 3 Long-term borrowings** (Amount In Rs)

| Sr. No | Particulars            | 31st March 2016 | 31st March 2015  |
|--------|------------------------|-----------------|------------------|
| 1      | Term Loan - Un secured |                 |                  |
|        | - From Bank            | -               | 3,550,000        |
|        | <b>Total</b>           | <b>-</b>        | <b>3,550,000</b> |

Long term loan from Bank of Tokyo Mitsubishi UFJ Ltd, is secured by corporate guarantee of holding company M/s KITO Corporation for Rs.2.70 Crores.

**Note : 4 Other Long-term borrowings** (Amount In Rs)

| Sr. No | Particulars    | 31st March 2016 | 31st March 2015 |
|--------|----------------|-----------------|-----------------|
|        | Deposits Other | 20,000          | 20,000          |
|        | <b>Total</b>   | <b>20,000</b>   | <b>20,000</b>   |

**Note : 5 Long term provisions** (Amount In Rs)

| Sr. No | Particulars                     | 31st March 2016  | 31st March 2015  |
|--------|---------------------------------|------------------|------------------|
|        | Provision for employee benefits |                  |                  |
|        | Gratuity                        | 7,188,729        | 5,740,627        |
|        | Leave Encashment                | 2,173,645        | 1,710,158        |
|        | <b>Total</b>                    | <b>9,362,374</b> | <b>7,450,785</b> |

**Note : 6 Short-term borrowings** (Amount In Rs)

| Sr. No | Particulars                         | 31st March 2016    | 31st March 2015    |
|--------|-------------------------------------|--------------------|--------------------|
|        | Loan repayable on Demand - Secured  |                    |                    |
| 1      | Bank of Tokyo - Mitsubishi UFJ Ltd. | 109,475,762        | 197,788,677        |
|        | <b>Total</b>                        | <b>109,475,762</b> | <b>197,788,677</b> |

**Details Of Security :**

- Short term loan from Bank of Tokyo Mitsubishi UFJ Ltd, is secured by corporate guarantee of holding company M/s KITO Corporation for Rs.21.00 Crores.
- The company has working capital loan limit of Rs 1 crore from HDFC bank and the same is secured by hypothecation of company's entire stock of raw materials, consumable store and spares and other moovables including book debts and equitable mortgage on Factory Land & Building. However year end balance is Nil.

**Note : 7 Trade payables** (Amount In Rs)

| Sr. No | Particulars             | 31st March 2016    | 31st March 2015    |
|--------|-------------------------|--------------------|--------------------|
| 1      | Trade Payables          |                    |                    |
|        | Creditors For Suppliers | 84,724,342         | 97,216,199         |
|        | Creditors For Services  | 73,441,365         | 15,396,886         |
|        | <b>Total</b>            | <b>158,165,707</b> | <b>112,613,085</b> |

**Note : 8 Other current liabilities** (Amount In Rs)

| Sr. No | Particulars                           | 31st March 2016   | 31st March 2015   |
|--------|---------------------------------------|-------------------|-------------------|
| 1      | Current Maturities of Long Term Debts | 3,550,000         | 4,033,834         |
| 2      | Advance From Customers                | 12,334,297        | 26,059,120        |
| 3      | Other Payables                        | 30,175,273        | 14,591,845        |
|        | <b>Total</b>                          | <b>46,059,570</b> | <b>44,684,799</b> |



Note - 9

(Amount in Rs)

| Particulars                     | Tangible |            |                   |         |                         |                 |                   |                      |                |         |                | Intangible |            |           |
|---------------------------------|----------|------------|-------------------|---------|-------------------------|-----------------|-------------------|----------------------|----------------|---------|----------------|------------|------------|-----------|
|                                 | Land     | Building   | Plant & Machinery | Tools   | Electrical Installation | HT Installation | Office Equipments | Furniture & Fixtures | Motor Vehicles | Holsts  | R&D Equipments |            | Computers  | Total     |
| <b>Gross Block</b>              | 921,308  | 14,564,427 | 23,471,099        | 182,781 | 2,228,636               | 493,700         | 4,007,612         | 1,569,907            | 9,308,730      | 26,677  | 271,372        | 4,867,097  | 61,913,346 | 2,091,742 |
| As at 31st March, 2014          | -        | 4,884,619  | 5,885,463         | -       | 462,276                 | -               | 1,036,321         | 3,194,109            | -              | 728,528 | -              | 246,217    | 16,437,333 | 27,000    |
| Additions                       | -        | -          | 3,656,780         | -       | -                       | -               | 3,000             | 487,751              | 1,406,938      | -       | -              | 35,575     | 5,590,044  | -         |
| Disposals                       | -        | -          | -                 | -       | -                       | -               | -                 | -                    | -              | -       | -              | -          | -          | -         |
| <b>As at 31st March, 2015</b>   | 921,308  | 19,449,046 | 25,699,782        | 182,781 | 2,690,912               | 493,700         | 5,040,933         | 4,276,265            | 7,901,792      | 755,205 | 271,372        | 5,077,739  | 72,760,835 | 2,118,742 |
| Additions                       | -        | -          | 612,338           | 319,000 | 142,000                 | -               | 1,044,247         | 983,054              | -              | -       | -              | 74,905     | 3,175,544  | -         |
| Disposals                       | -        | -          | 515,150           | -       | -                       | -               | 154,010           | 429,020              | 912,100        | -       | -              | -          | 2,010,280  | -         |
| <b>As at 31st March, 2016</b>   | 921,308  | 19,449,046 | 25,796,970        | 501,781 | 2,832,912               | 493,700         | 5,931,170         | 4,830,299            | 6,989,692      | 755,205 | 271,372        | 5,152,644  | 73,926,098 | 2,118,742 |
| <b>Depreciation</b>             | -        | -          | -                 | -       | -                       | -               | -                 | -                    | -              | -       | -              | -          | -          | -         |
| As at 31st March, 2014          | -        | 5,632,997  | 8,351,422         | 139,604 | 153,788                 | 281,357         | 1,469,710         | 698,379              | 4,962,684      | 18,941  | 147,696        | 2,010,552  | 23,867,130 | 897,438   |
| Current Depreciation            | -        | 426,635    | 1,572,696         | 3,332   | 237,412                 | -               | 733,983           | 441,949              | 998,190        | 253     | 6,884          | 835,978    | 5,257,312  | 213,587   |
| Depreciation For Expired Assets | -        | -          | -                 | 3       | 1                       | 212,343         | 860,962           | 12,979               | 61,692         | 7,736   | 51,563         | 996,863    | 2,204,142  | 125,063   |
| Disposals                       | -        | -          | 2,577,394         | -       | -                       | -               | 404               | 487,750              | 1,146,236      | -       | -              | -          | 4,211,784  | -         |
| <b>As at 31st March, 2015</b>   | -        | 6,059,632  | 7,346,724         | 142,939 | 391,201                 | 493,700         | 3,064,251         | 665,557              | 4,876,330      | 26,930  | 206,143        | 3,843,393  | 27,116,800 | 1,236,088 |
| Current Depreciation            | -        | 571,270    | 1,418,672         | 10,969  | 268,258                 | -               | 834,206           | 470,867              | 906,234        | 46,233  | 6,904          | 802,240    | 5,335,853  | 214,530   |
| Depreciation For Expired Assets | -        | -          | -                 | -       | -                       | -               | -                 | -                    | -              | -       | -              | -          | -          | -         |
| Disposals/sales                 | -        | -          | 515,150           | -       | -                       | -               | 5,060             | 25,015               | 912,100        | -       | -              | -          | 1,457,325  | -         |
| <b>As at 31st March, 2016</b>   | -        | 6,630,902  | 8,250,246         | 153,908 | 659,459                 | 493,700         | 3,893,397         | 1,111,409            | 4,870,464      | 73,163  | 213,047        | 4,645,633  | 30,995,328 | 1,450,618 |
| <b>Net Block</b>                | -        | -          | -                 | -       | -                       | -               | -                 | -                    | -              | -       | -              | -          | -          | -         |
| As at 31st March, 2015          | 921,308  | 13,389,414 | 18,353,058        | 39,842  | 2,299,711               | -               | 1,976,682         | 3,610,708            | 3,025,462      | 728,275 | 65,229         | 1,234,346  | 45,644,035 | 882,654   |
| As at 31st March, 2016          | 921,308  | 12,818,144 | 17,546,724        | 347,873 | 2,173,453               | -               | 2,037,773         | 3,718,890            | 2,119,228      | 682,042 | 58,325         | 507,011    | 42,930,770 | 668,124   |



**Note 10 - Non Current Investment** (Amount In Rs)

| Sr. No | Particulars   | 31 March 2016 | 31 March 2015 |
|--------|---|---------------|---------------|
| 1      | Investment in Equity Investment<br>Shares in Vijaya Bank (Quoted)<br>(Market Value Rs. 18,810 @ Rs.31.35 per share) | 6,000         | 6,000         |
|        | <b>Total</b>  | <b>6,000</b>  | <b>6,000</b>  |

**Note : 11 Other Non- Current Assets** (Amount In Rs)

| Sr. No | Particulars                                   | 31 March 2016    | 31 March 2015     |
|--------|---|------------------|-------------------|
| a      | Trade Recievables - Unsecured Considered Good | 8,972,308        | 12,351,098        |
|        |   | <b>8,972,308</b> | <b>12,351,098</b> |

**Note : 12 Long term loans and advances** (Amount In Rs)

| Sr. No | Particulars                  | 31 March 2016    | 31 March 2015    |
|--------|------------------------------|------------------|------------------|
| a      | Unsecured, Considered Good : |                  |                  |
|        | Deposits                     |                  |                  |
| 1      | Sales Tax Deposits           | 1,300.00         | 1,300            |
| 2      | KEB Deposits                 | 554,113          | 554,113          |
| 3      | Rent Deposits                | 2,907,001        | 4,734,800        |
|        | <b>Total</b>                 | <b>3,462,414</b> | <b>5,290,213</b> |

**Note : 13 Inventories** (Amount In Rs)

| Sr. No | Particulars  | 31 March 2016      | 31 March 2015     |
|--------|--|--------------------|-------------------|
| a      | Raw material   | 93,164,474         | 70,110,679        |
| b      | Work in Progress   | 46,239,420         | 19,531,703        |
| c      | Finished goods (demo materials including excise duty)    | 794,415            | -                 |
|        |  | <b>140,198,309</b> | <b>89,642,382</b> |
|        | <b>Raw materials Break up</b>                            |                    |                   |
| a      | Steel  | 12,805,278         | 10,784,221        |
| b      | Electrical   | 19,599,293         | 20,555,113        |
| c      | CPB & CHT  | 46,219,588         | 28,574,418        |
| d      | Others   | 3,341,542          | 8,806,863         |
| e      | Mechanical   | 11,198,773         | 1,390,064         |
|        | <b>Total</b>   | <b>93,164,474</b>  | <b>70,110,679</b> |
| 2      | <b>Work in Progress- Break up</b>                        |                    |                   |
|        | <b>Manufacture of Cranes &amp; Hoists under process:</b> |                    |                   |
| a      | Material Cost  | 37,604,907         | 15,741,911        |
| b      | Overhead Expenses  | 8,634,513          | 3,789,792         |
|        | <b>Total</b>   | <b>46,239,420</b>  | <b>19,531,703</b> |
| 3      | <b>Finished Goods</b>                                    |                    |                   |
|        | Hoists   | 794,415            | -                 |
|        | <b>Total</b>   | <b>794,415</b>     | <b>-</b>          |





**Note : 14 Trade receivables**

(Amount In Rs)

| Sr. No | Particulars                          | 31 March 2016      | 31 March 2015      |
|--------|--------------------------------------|--------------------|--------------------|
| 1      | Outstanding for more than six months |                    |                    |
|        | a) Unsecured, Considered Good :      | 65,648,620         | 32,642,623         |
| 2      | Others                               |                    |                    |
|        | a) Unsecured, Considered Good :      | 61,623,813         | 141,566,914        |
|        | <b>Total</b>                         | <b>127,272,433</b> | <b>174,209,537</b> |

**Note : 15 Cash and cash equivalents**

(Amount In Rs)

| Sr. No | Particulars                                | 31 March 2016     | 31 March 2015     |
|--------|--|-------------------|-------------------|
| 1      | <b>Cash-in-Hand</b>                        |                   |                   |
|        | Cash Balance                               | 133,095           | 62,614            |
| 2      | <b>Bank Balance</b>                        |                   |                   |
|        | a. Held As Margin Money against Guarantees |                   |                   |
|        | Maturing Within 1 year                     |                   | 6,321,394         |
|        | Maturing After 1 year                      | 4,637,522         | 1,336,587         |
|        | Interest accrued on above                  | 228,321           | -                 |
|        | b. In current accounts                     | 5,257,853         | 7,098,479         |
|        | <b>Total</b>                               | <b>10,256,792</b> | <b>14,819,073</b> |

**Note : 16 Short-term loans and advances**

(Amount In Rs)

| Sr. No | Particulars  | 31 March 2016    | 31 March 2015    |
|--------|--|------------------|------------------|
| 1      | <b>Other Advances - Unsecured, Considered Good</b> |                  |                  |
| a      | Advance to suppliers                               | 1,352,489        | 1,499,463        |
| b      | Staff advances                                     | 156,210          | 751,580          |
| c      | Travel Advances                                    | 70,938           | 62,767           |
| d      | Advance Income Tax & TDS                           | 4,042,571        | 3,927,250        |
|        | <b>Total</b>                                       | <b>5,622,208</b> | <b>6,241,061</b> |



**Note : 17 Other current assets**

(Amount In Rs)

| Sr. No | Particulars                      | 31 March 2016     | 31 March 2015     |
|--------|----------------------------------|-------------------|-------------------|
| 1      | Balance with central excise      | 386,492           | 1,652,182         |
| 2      | CENVAT on input service          | 11,679,478        | 1,700,652         |
| 3      | Prepaid Expenses                 | 1,128,201         | 923,295           |
| 4      | Customs duty deposit             | 9,137,370         | 5,446,250         |
| 5      | Advance for Erection Contractors | 4,486,145         | 2,592,659         |
| 6      | Interest accrued but not due     | 45,141            | -                 |
| 7      | Short Term Advances              | 20,000            | 20,000            |
|        | <b>Total</b>                     | <b>26,882,828</b> | <b>12,335,038</b> |

**Note : 18 Contingent Liabilities & Notes to accounts****Contingent Liabilities :**

a) Claims against the Company not acknowledged as debt

|   |         |         |
|---|---------|---------|
| Demand from Central excise authorities  | 904,946 | 904,946 |
| Disputed Central excise demand : The company appealed before appellate tribunal and it is confident of getting relief |         |         |

b) Bank Guarantees given by ICICI Bank in favour of Customers for which the Company has given counter guarantee

|  |           |           |
|--|-----------|-----------|
|  | 6,741,689 | 9,482,646 |
|--|-----------|-----------|

c) Bank Guarantees given by HDFC Bank in favour of Customers for which the Company has given counter guarantee

|  |            |            |
|--|------------|------------|
|  | 35,258,675 | 44,748,845 |
|--|------------|------------|

d) Bank Guarantees given by HDFC Bank in favour of ICICI Bank for which the Company has given counter guarantee

|  |           |            |
|--|-----------|------------|
|  | 6,741,689 | 34,729,889 |
|--|-----------|------------|

e) Company has extra duty deposit with custom authorities for import of materials from related parties for which company is eligible for refund on completion of assessment.

|  |           |           |
|--|-----------|-----------|
|  | 91,37,370 | 54,46,350 |
|--|-----------|-----------|

The company is in the process of making refund application. The final outcome will be known only on completion of its assessment

If the companies claim is not approved, then, deposit is not refundable

**Commitments :**

a) Estimated contracts remaining to be executed

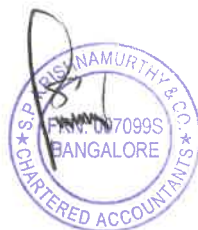
|  |            |            |
|--|------------|------------|
| Erection of Cranes & Hoists to be completed for which estimated cash outflow | 11,020,286 | 11,762,256 |
|--|------------|------------|

b) Uncalled liabilities on shares

-

c) Operating lease

|   |           |           |
|---|-----------|-----------|
| Payable with in one year                    | 3,548,802 | 4,489,890 |
| Payable with in two year but after one year | 35,91,422 | 4,108,440 |



**Armsel MHE Private Limited**

**Notes Forming Part of the Statement of Profit & Loss for the period ended 31st March 2016**

| <b>Note : 19 Revenue from operations</b> |                      | (Amount In Rs)         |                        |
|--|----------------------|------------------------|------------------------|
| <b>Sr. No</b>                            | <b>Particulars</b>   | <b>31st March 2016</b> | <b>31st March 2015</b> |
| 1  | Sales                |                        |                        |
|  | i) Sale Of Products  | 333,379,357            | 316,001,261            |
|  | ii) Sale Of Services | 26,506,839             | 17,820,024             |
|  |                      | <u>359,886,196</u>     | <u>333,821,285</u>     |
|  | Less: Excise Duty    | 36,874,397             | 28,766,767             |
|  | <b>Total</b>         | <u>323,011,799</u>     | <u>305,054,518</u>     |

**Details of Sale of Products & Services ( Net)**

|          |             |             |
|----------|-------------|-------------|
| Cranes   | 161,697,257 | 123,896,635 |
| Hoists   | 109,773,376 | 147,804,074 |
| Spares   | 25,034,327  | 15,533,785  |
| Services | 26,506,839  | 17,820,024  |

| <b>Note : 20 Other Income</b> |                              | (Amount In Rs)         |                        |
|-------------------------------|------------------------------|------------------------|------------------------|
| <b>Sr. No</b>                 | <b>Particulars</b>           | <b>31st March 2016</b> | <b>31st March 2015</b> |
| 1                             | Interest income              | 555,194                | 605,580                |
| 2                             | Net gain of foreign exchange | -                      | 105,114                |
| 3                             | Dividend Income              | 900                    | 1,200                  |
| 4                             | Commission received          | 189,285                | -                      |
| 5                             | Liquidated Damages Recovered | 3,095,313              | 1,412,055              |
| 6                             | Miscellaneous income         | 21,440                 | 48,186                 |
|                               | <b>Total</b>                 | <u>3,862,132</u>       | <u>2,172,135</u>       |

| <b>Note : 21 Cost of materials consumed</b> |   | (Amount In Rs)         |                        |
|---|---|------------------------|------------------------|
| <b>Sr. No</b>                               | <b>Particulars</b>                        | <b>31st March 2016</b> | <b>31st March 2015</b> |
|   | Raw material at the beginning of the year | 70,110,679             | 75,412,755             |
|   | Add: Purchases during the year            | 252,171,165            | 170,122,416            |
|   |   | <u>322,281,844</u>     | <u>245,535,171</u>     |
|   | Less: Raw Material at the end of the Year | 93,164,474             | 70,110,679             |
|   | Less: Material Used For Capital Goods     | -                      | 2,872,186              |
|   | Less: Material Used For dem o Goods       | 695,113                | -                      |
|   | <b>Cost of Material consumed</b>          | <u>228,422,257</u>     | <u>172,552,306</u>     |

**Details of Purchases**

|                                 |            |            |
|---------------------------------|------------|------------|
| Steel                           | 62,926,558 | 44,209,499 |
| Electrical                      | 71,643,511 | 50,557,603 |
| Mechanical                      | 22,668,021 | 17,386,895 |
| Consumables                     | 15,697,636 | 10,006,806 |
| Import Purchase                 | 71,018,176 | 43,516,275 |
| Custom duties paid              | 6,356,824  | 3,670,344  |
| Clearing and forwarding charges | 1,860,439  | 774,994    |

**Change in WIP**

**Cranes and hoists w-i-p**

|                         |                     |                   |
|-------------------------|---------------------|-------------------|
| Opening Balance         | 19,531,703          | 39,584,348        |
| Closing Balance         | 46,239,420          | 19,531,703        |
| Net (increase)/decrease | <u>(26,707,717)</u> | <u>20,052,645</u> |



**Armsel MHE Private Limited**

**Notes Forming Part of the Statement of Profit & Loss for the period ended 31st March 2016**

**Note : 22 Employee benefit expenses** (Amount In Rs)

| Sr. No | Particulars                                      | 31st March 2016   | 31st March 2015   |
|--------|--|-------------------|-------------------|
| 1      | Salaries & wages                                 | 53,591,351        | 58,549,867        |
| 2      | Provision for Gratuity Fund & Com pensated Leave | 2,958,086         | 2,060,362         |
| 3      | Bonus  | 1,409,260         | 1,716,063         |
| 4      | PF Contribution                                  | 2,848,342         | 3,283,356         |
| 5      | ESI Contribution                                 | 381,324           | 366,292           |
| 6      | Exgratia   | 538,065           | 521,472           |
| 7      | Director's Remuneration                          | 10,841,054        | 24,449,759        |
| 8      | Social Security Contribution - Directors         | 79,387            | 1,825,627         |
|        | <b>Total</b>                                     | <b>72,646,869</b> | <b>92,772,798</b> |

**Note : 23 Finance costs** (Amount In Rs)

| Sr. No | Particulars                       | 31st March 2016  | 31st March 2015   |
|--------|-----------------------------------|------------------|-------------------|
| 1      | Bank charges                      | 1,379,809        | 1,730,826         |
| 2      | Interest on working capital loans | 6,693,291        | 21,079,211        |
| 3      | Interest on Bank Term loans       | 614,330          | 1,030,116         |
|        | <b>Total</b>                      | <b>8,687,430</b> | <b>23,840,153</b> |

**Note : 24 Depreciation and amortization expense** (Amount In Rs)

| Sr. No | Particulars                  | 31st March 2016  | 31st March 2015  |
|--------|------------------------------|------------------|------------------|
| 1      | Depreciation on Fixed Assets | 5,550,383        | 5,470,899        |
|        | <b>Total</b>                 | <b>5,550,383</b> | <b>5,470,899</b> |



**Armsel MHE Private Limited**

**Notes Forming Part of the Statement of Profit & Loss for the period ended 31st March 2016**

**Note : 25 Other expenses**

(Amount In Rs)

| Sr. No                          | Particulars                        | 31st March 2016    | 31st March 2015   |
|---------------------------------|------------------------------------|--------------------|-------------------|
| <b>Manufacturing Expenses :</b> |                                    |                    |                   |
| 1                               | Electricity & Power Charges        | 1,903,805          | 1,692,583         |
| 2                               | Freight Inwards                    | 4,680,559          | 2,503,056         |
| 3                               | Crane hire charges                 | 369,352            | 331,716           |
| 4                               | Inspection & Testing Charges       | 611,304            | 411,734           |
| 5                               | Security charges                   | 1,666,884          | 1,769,298         |
| 6                               | Labour Charges                     | 17,388,413         | 13,432,960        |
| 7                               | Erection charges                   | 10,806,632         | 7,098,365         |
| 8                               | Repairs & Maintenance- Factory     | 845,632            | 849,775           |
| 9                               | Other Excise Duty Paid             | 1,045,712          | 587,692           |
| 10                              | Water charges                      | 42,200             | 32,826            |
|                                 |                                    | <b>39,360,493</b>  | <b>28,710,005</b> |
| <b>Selling Expenses</b>         |                                    |                    |                   |
| 1                               | Commission Paid                    | 4,205,716          | 1,089,499         |
| 2                               | Consultancy charges                | 363,350            | 1,227,036         |
| 3                               | Boarding and Travelling Expenses   | 7,310,386          | 10,443,040        |
| 4                               | Advertisement and sales promotions | 1,372,050          | 1,378,252         |
| 5                               | Freight outward                    | 4,277,468          | 6,513,255         |
| 6                               | Liquidated Damages                 | 4,278,259          | 5,766,073         |
| 7                               | Tender Expenses                    | -                  | 1,796             |
| 8                               | Transit Insurance Paid             | 248,875            | 466,828           |
| 9                               | Sales Tax Paid                     | 9,598              | 312,623           |
| 10                              | Bad Debts written off              | 1,190,151          | -                 |
| 11                              | Warranty period expenses           | 104,475,675        | -                 |
|                                 |                                    | <b>127,731,528</b> | <b>27,198,401</b> |



**Armsel MHE Private Limited**

**Notes Forming Part of the Statement of Profit & Loss for the period ended 31st March 2016**

| <b>Administrative Expenses</b> |  |                           |                          |
|--------------------------------|--|---------------------------|--------------------------|
| 1                              | Rent                                   | 4,288,742                 | 8,009,936                |
| 2                              | Audit Fee:                             |                           |                          |
| 3                              | - For Audit                            | 350,000                   | 250,000                  |
| 4                              | - For Certification                    | 143,000                   | 81,000                   |
| 5                              | - Out of pocket expenses               | 11,967                    | 18,590                   |
| 6                              | Vehicle maintenance & insurance        | 1,339,500                 | 1,803,220                |
| 7                              | Travelling and Conveyance              | 3,830,939                 | 1,219,365                |
| 8                              | Telephone Charges                      | 1,657,473                 | 1,642,429                |
| 9                              | Postage & Courier                      | 508,358                   | 420,159                  |
| 10                             | Insurance                              | 1,074,378                 | 881,246                  |
| 11                             | Legal, professional and technical fees | 1,721,258                 | 3,042,005                |
| 12                             | Printing & stationery                  | 1,061,572                 | 894,560                  |
| 13                             | Rates , taxes & Renewals               | 968,791                   | 376,780                  |
| 14                             | Staff welfare expenses                 | 2,364,942                 | 2,276,187                |
| 15                             | Office maintenance                     | 2,393,399                 | 1,579,032                |
| 16                             | Membership & subscription              | 250,446                   | 400,980                  |
| 17                             | Miscellaneous expenses                 | 94,143                    | 181,875                  |
| 18                             | Interest Others                        | 283,150                   | 98,356                   |
| 19                             | Service tax paid                       | 954,479                   | 531,249                  |
|                                | Sub-total                              | <u>23,296,537</u>         | <u>23,706,969</u>        |
|                                | <b>Total Other expenses</b>            | <u><b>190,388,558</b></u> | <u><b>79,615,375</b></u> |

| <b>Note - 26</b> | <b>Additional Information</b>          | <b>31st March 2016</b> | <b>31st March 2015</b> |
|------------------|--|------------------------|------------------------|
|                  | <b>Value of Imports on CIF Basis :</b> |                        |                        |
|                  | Components and spare parts             | 73,702,137             | 43,516,275             |
|                  | Capital Goods                          |                        | -                      |
|                  | <b>Expenditure in foreign currency</b> |                        |                        |
|                  | Other expenses                         | 7,35,42,597            | 5,143,283              |
|                  | <b>Deatails Of Consumption:</b>        |                        |                        |
|                  | Imported Raw Materials Etc             | 62,104,856             | 42,898,992             |
|                  | Indegineous Raw Materials Etc.         | 166,317,401            | 129,653,314            |
|                  | Percentage of Imported Consumption     | 27                     | 25                     |
|                  | Percentage of Indegeneous Consumption  | 73                     | 75                     |
|                  | <b>Earnings in foreign Currency :</b>  |                        |                        |
|                  | Export of goods on FOB basis           | -                      | 1,143,514              |
|                  | Export of services                     | 189,285                | -                      |



## Note – 27

### Significant Accounting Policies:

- 1. Basis of preparation of Financial Statements:** The Financial Statements are prepared under historical cost convention on accrual basis, in accordance with Generally Accepted Accounting Policies in India, Accounting standards issued by the Institute of Chartered Accountants of India and the provisions of the Companies Act, 2013. The company being a Small and Medium Enterprise, and has availed exemptions in complying with the accounting standard available to SME's.
- 2. Use of Estimates:** The preparation of financial statements in conformity with the Generally Accepted Accounting Principle requires the management to make certain estimates and assumption that affect the reported balances of assets and liabilities as of the date of the financial statements and reported amounts of income and expenses during the reporting period. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from the estimates.
- 3. Fixed Assets:** Fixed Assets are stated at cost less accumulated depreciation. Cost includes its acquisition cost including directly attributable cost of bringing the assets to its working condition for intended use.
- 4. Depreciation:** Depreciation for the year has been provided on Straight Line Method based on the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013. The estimated useful life and residual value of the assets is as under;

| Description of assets    | Useful life (in years) | Residual Value |
|--------------------------|------------------------|----------------|
| Factory Building         | 30                     | 5%             |
| Plant & Machinery        | 15                     | 5%             |
| Office Equipments        | 5                      | Nil            |
| Furniture & Fixtures     | 10                     | Nil            |
| Computers                | 3                      | Nil            |
| Electrical Installations | 10                     | Nil            |
| Vehicles                 | 8                      | 5%             |
| HT Installations         | 10                     | Nil            |
| R & D Equipments         | 15                     | Nil            |
| Intangibles              | 6                      | Nil            |
| Tools                    | 15                     | Nil            |
| Hoists                   | 15                     | 5%             |

### 5. Revenue Recognition:

- a) Revenue from sale of finished goods has been recognized on accrual basis, on shipment or dispatch to customer and sales are recorded at net of Value Added Tax/CST.
- b) Revenue from contract services rendered has been recognized on completion contract method.
- c) Dividend income from investment is recognized when the Company's right to receive payment is established.



d) Interest income is recognized on time proportion basis taking into account the amount outstanding and the rate applicable.

6. Preliminary Expenses: Nil

7. Foreign Exchange Transaction: Transactions in foreign currency were recorded at the rate prevailing on the date of transaction. The exchange difference arising on such conversion and settlement of the transactions is recognized in the Profit and Loss Account. Foreign currency assets & liabilities are stated at rates prevailing on the balance sheet date.

8. Investments: Long term investment in Equity shares of Vijaya Bank (Quoted) is stated at cost and the market value is estimated at Rs. 28,710 /- as on the balance sheet date.

Short term investment: Nil

9. Inventories:

a) Stock of raw materials have been valued at lower of cost or market value, and w-i-p valued at direct and indirect cost attributable to its present condition, The cost has been ascertained on weighted average basis.

b) Work in progress of erection contract is valued at actual cost.

10. Provision for Taxation: Tax expense comprises of current, deferred tax and wealth tax.

Current Tax: Provision for current tax has been made for the year on taking in to consideration of the provisions of Income Tax Act, 1961.

Deferred Tax: Deferred Income Tax resulting from "timing difference" between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date, which originate in one period and are capable of reversal in one or more subsequent period. Since there is a loss in the current year, deferred tax asset not recognized. Management is of the opinion that company will start earning profit from 2017-18 onwards. As such reversal of deferred tax of earlier is not required.

The components of deferred tax asset recognized in earlier year is as under:

| Particulars                       | 31 <sup>st</sup> March 2015 |             |
|-----------------------------------|-----------------------------|-------------|
|                                   | Timing Difference           | Tax amount  |
| Asset :                           |                             |             |
| Employee benefit provision        | 74,50,785                   | 22,35,235   |
| Carried forward Depreciation loss | 1,20,25,089                 | 36,07,526   |
| Carried Forward Business Loss     | 5,79,75,000                 | 1,73,92,473 |
| Liability :                       |                             |             |
| Difference in w.d.v. of Assets    | 1,43,47,917                 | 43,04,375   |
| Net Deferred tax asset            |                             | 1,89,30,859 |





11. Employees Benefits:

(a) Defined Contribution Plan: Contribution to Provident Fund is made on actual liability basis calculated as a percentage of salary, as per the provisions of Provident Fund and Miscellaneous Provisions (EPF) Act, 1952, and charged to the Profit & Loss account.

(b) Employee Benefits recognized in Profit and loss statement:

| Particulars of Employer contributions        | 31 Mar 2016 | 31 Mar 2015 |
|--|-------------|-------------|
| 1) Contribution to Employees Provident Fund  | 28,48,342   | 32,83,356   |
| 2) Provision for Gratuity                    | 21,48,102   | 19,45,949   |
| 3) Contribution to Employees State Insurance | 381,324     | 3,66,292    |
| 4) Bonus Paid / Payable                      | 14,09,260   | 17,16,063   |

(c) Defined Benefit Plan:

Gratuity: The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on termination at 15 days salary (last drawn salary) for each completed year of service subject to maximum of Rs. 10,00,000/-

The following tables summaries the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the gratuity plan.

Net employee benefit expense recognized in the employee cost

| Particulars                               | 31 Mar 2016 | 31 Mar 2015 |
|---|-------------|-------------|
| Current Service Cost                      | 10,87,592   | 8,93,930    |
| Interest cost on benefit obligation       | 6,82,515    | 6,37,840    |
| Expected return on plan asset             | (2,24,897)  | (2,54,888)  |
| Net actuarial loss recognized in the year | 6,02,892    | 6,69,067    |
| Net benefit expense                       | 21,48,102   | 19,45,949   |

Benefit Liability

| Particulars                                 | 31 Mar, 2016 | 31 Mar, 2015 |
|---|--------------|--------------|
| Present value of defined benefit obligation | 71,88,729    | 57,40,627    |

Changes in the present value of the defined benefit obligation

| Particulars                             | 31 Mar 2016 | 31 Mar 2015 |
|---|-------------|-------------|
| Opening defined benefit obligation      | 85,46,216   | 67,66,396   |
| Current service cost                    | 10,87,592   | 8,93,930    |
| Interest cost                           | 682,515     | 6,37,840    |
| Actuarial losses / (gain) on obligation | 449,820     | 8,79,865    |
| Benefits paid                           | (9,13,848)  | (6,31,815)  |
| Closing defined benefit obligation      | 98,52,295   | 85,46,216   |

Principal assumptions used

| Particulars   | 31 Mar, 2016 | 31 Mar, 2015 |
|---------------|--------------|--------------|
| Discount Rate | 7.6%         | 7.90%        |



The estimates of future salary increases, considered in actuarial valuation, inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current year and previous two year is as follows:

| Particulars                                | 31 Mar, 2016 | 31 Mar, 2015 | 31 Mar, 2014 |
|--|--------------|--------------|--------------|
| Defined benefit obligation                 | 98,52,295    | 85,46,216    | 67,66,396    |
| Plan Assets                                | 26,63,566    | 28,05,589    | 29,71,718    |
| Surplus / (deficit)                        | (71,88,729)  | (57,40,627)  | (37,94,678)  |
| Experience adjustments on plan Liabilities | (274,822)    | 3,06,256     | 32,391       |
| Experience adjustments on plan Assets      | (153,072)    | 2,10,798     | (1,13,708)   |

- (d) Compensated absence: The employees of the company are entitled to the compensated absence. The employees can carry forward portions of the unutilized accrued compensated absence and utilize in the future periods. The liability has been estimated and provided in the books of accounts.
- (e) Post Employment Scheme: The Company does not have scheme for post employment of the employees As such liability on such account neither ascertained nor recognized in the financial statement.
- (f) Other short term employee benefits: Short term employee benefits which are liable to be incurred within 12 months are accounted on accrual basis.

12. Provisions: Provisions are recognized in the accounts in respect of present probable obligations, as a result of past events, the amount of which can be reliably estimated.



13. Other Disclosures : Disclosure of Related Parties transactions:

Related Parties :

Holding / Subsidiary/ Fellow Subsidiary Company:

- Kito Corporation Japan – Holding Company
- SIAM Kito Company Ltd. Thailand – Fellow Subsidiary
- PT Kito Indonesia – Fellow Subsidiary
- Jiangyin Kito Crane Company Ltd. China – Fellow Subsidiary
- Kito Europe GmbH Germany – Fellow Subsidiary

Associate Companies :

- SWF Krantechnik GmbH Germany
- SWF Krantechnik Pte Ltd. Singapore

Key Managerial Persons :

- Mr. Preet H. Heri – Managing Director & CEO
- Mr. Hiroharu Nishimura - Director
- Mamoru Horiuchi - Director

Related Party Transactions during the year.

| Particulars   | 31 Mar 2016  | 31 Mar 2015  |
|---|--------------|--------------|
| <b>Purchase of Goods:</b>   |              |              |
| Kito Corporation  | 6,96,08,125  | 4,18,05,681  |
| SIAM Kito Company Ltd. Thailand   | 1,05,039     | -            |
| SWF Krantechnik GmbH Germany  | 10,06,642    | 3,39,835     |
| Jiangyin Kito Crane Co Ltd  | 4,79,561     | -            |
| <b>Services Rendered :</b>  |              |              |
| Kito Corporation  | -            | -            |
| SWF Krantechnik GmbH Germany  | -            | -            |
| <b>Sale of Goods</b>  |              |              |
| Kito Corporation  | -            | 8,92,144     |
| SIAM Kito Company Ltd. Thailand   | -            | -            |
| PT Kito Indonesia   | -            | 2,51,370     |
| <b>Expenses Reimbursed to :</b>   |              |              |
| Kito Corporation  | 3,59,06,392  | 29,18,663    |
| SIAM Kito Company Ltd. Thailand   | 2,08,080     | 5,44,847     |
| PT Kito Indonesia   | -            | 13,37,092    |
| <b>Expenses reimbursed by :</b>   |              |              |
| Kito Corporation  | 27,855       | 4,91,644     |
| SWF Krantechnik GmbH Germany  | 1,89,285     | -            |
| <b>Gurantees &amp; collaterals :</b>  | 21,00,00,000 | 21,00,00,000 |
| Corporate Gurantee by Kito Corporation Japan in favour of Bank of Tokyo Mitsubishi UFG Ltd. for working capital loan facilities |              |              |
| <b>Remuneration Paid:</b>   |              |              |
| Preet Heri  | 97,74,828    | 77,46,362    |
| Takayuki Fakunaga   | -            | 79,91,698    |
| Hiroharu Nishimura  | 8,62,144     | 87,11,699    |



|   |              |            |
|---|--------------|------------|
| <b>Services Received : Technical fee</b>                          |              |            |
| Kito Corporation Japan  | 3,43,37,029  | -          |
| SIAM Kito Company Limited Thailand                                | 30,91,096    | -          |
| Received share capital and security premium from Kito Corporation | 19,99,98,312 | -          |
| <b>Rent free Accommodation provided:</b>                          |              |            |
| Takayuki Fakunaga   | -            | 5,75,000   |
| Hiroharu Nishimura  | 60,000       | 5,01,290   |
| <b>Yearend balance Payable:</b>                                   |              |            |
| SWF Krantechnik GmbH Gemany                                       | 1,87,872     | -          |
| Kito Corporation- Purchase & expenses                             | 70,902,831   | 19,700,193 |
| Siam Kito Company Ltd. Thailand                                   | -            | 5,44,847   |
| PT Kito Indonesia   | -            | 13,37,092  |
| <b>Yearend balance Receivable:</b>                                |              |            |
| Kito Corporation  | 27,855       | 6,69,146   |

(g) Balance of Sundry Debtors / Creditors are subject to confirmation and reconciliation if necessary.

(h) Previous year figures have been rearranged /regrouped wherever necessary to confirm to current years classifications.






(Preet H Heri)  
Managing Director



(Hiroharu Nishimura)  
Director

For S.P. Krishnamurthy & Co.  
Chartered Accountants

S.P. Krishnamurthy  
Partner

Place: Bangalore  
Date : 23/04/2016