

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased in presenting their 36th 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 31st March 2017.

FINANCIAL HIGHLIGHTS/STATE OF COMPANY'S AFFAIRS:

(Rs. In Lakhs)

Particulars	Current Year	Previous Year
Turnover	3727.06	3230.12
Other Income	26.81	38.62
Total Expenditure excluding Depreciation	4352.83	4734.37
Depreciation	50.71	55.50
Exceptional Items:		
Retrenchment Compensation	126.32	-
Provision for non moving stock	86.59	-
Profit /(Loss) Before Tax	(862.59)	(1521.23)
Tax Expense	189.30	-
Profit /(Loss) After Tax	(1051.90)	(1521.23)

PERFORMANCE REVIEW:

During the year under review, Company has achieved turnover of Rs. 37,27,06,650/-, as compared to previous year revenue of Rs. 32,30,11,799/- and thereby turnover has increased by 15.38%. However, due to exceptional items, the Company has incurred net loss of Rs. 10,51,90,728/- compared to Rs. 15,21,23,286/- in the previous year.

The 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 2016-17.

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 the directors did not recommend any dividend for the year ending 31st March, 2017.

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 2016-17, there were 7 Board Meetings held on the following dates:

23.04.2016, 12.08.2016, 01.10.2016, 14.11.2016, 08.12.2016, 10.02.2017 and 27.03.2017.

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 had 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 and loss of the Company for the Company for that period.
- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the directors had prepared the annual accounts on a going concern basis.
- e) the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

SHARE CAPITAL:

The Board provides following disclosures pertaining to Companies (Share Capital and Debentures) Rules, 2014:



Sl.No.	Particulars	Disclosure
1.	Issue of Equity shares with differential rights	Nil
2.	Issue of Sweat Equity shares	Nil
3.	Issue of employee stock option	Nil
4.	Provision of money by company for purchase of its own shares by trustees for the benefit of employees	Nil

As on 31st March, 2017 the Authorised Share capital of the Company is Rs. 4,00,00,000/- consisting of Rs. 4,00,000 Equity Shares of Rs. 100/- each. The paid up Share Capital of the company is Rs. 3,11,36,800/- consisting of 3,11,368 Equity Shares of Rs. 100/- each.

During the F.Y. 2016-17, the following changes were took place in share capital of the Company:

a. INCREASE IN AUTHORISED SHARE CAPITAL:

The shareholders at their Extra-Ordinary General Meeting held on 21st October, 2016 had approved for increase in authorised share capital of the Company from Rs. 2,00,00,000/- consisting of 2,00,000 equity shares of Rs. 100/- each to Rs. 4,00,00,000/- consisting of 4,00,000 Equity Shares of Rs.100/- each by creation of additional 2,00,000 equity shares of Rs. 100/- each.

b. INCREASE IN PAID UP SHARE CAPITAL:

The paid up share capital of the Company was increased by issue and allotment of 1,15,000 Equity Shares of Rs. 100/- each for cash at an issue price of Rs.1000/- each (including premium of Rs. 900/- each) aggregating to Rs. 11,50,00,000/- by way of preferential offer to M/s. Kito Corporation Japan at the Board Meeting held on 14.11.2016 pursuant to approval shareholders at their Extra-Ordinary General Meeting held on 21st October, 2016.

BOARD OF DIRECTORS:

The Board comprises of following Directors during the F.Y. 2016-17 and as on date:



Sl. No.	Name of the Director	Designation
01	Mr. Preet Heston Heri	Director (Resigned as Managing Director and designated as Director w.e.f 08.05.2017)
02	Mr. Takayuki Fukunaga	Additional Director (appointed w.e.f. 08 th December, 2016)
03	Mr. Shin Kimura	Managing Director (Appointed as Additional Director and designated as Managing Director w.e.f. 08.05.2017)
04	Mr. Hiroharu Nishimura	Nominee Director (Nomination withdrawn w.e.f. 01.04.2017)
05	Mr. Mamoru Horiuchi	Nominee Director (Nomination withdrawn w.e.f. 01.04.2017)

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
(A)	<p><u>Conservation of Energy:</u></p> <ol style="list-style-type: none"> 1) The steps taken or impact on conservation of energy 2) The steps taken by the company for utilising alternate sources of energy 3) The capital investment on energy conservation equipments 	<p>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.</p>
(B)	<p><u>Technology Absorption:</u></p> <ol style="list-style-type: none"> 1. The efforts made towards technology absorption; 2. The benefits derived like product improvement, cost reduction, product development or import substitution. 3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year). <ol style="list-style-type: none"> a. the details of technology imported b. the year of import c. whether the technology been fully absorbed d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and 4. The expenditure incurred on Research and Development. 	<p>Updation of Technology is a Continuous process, absorption 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 31.03.2017 Amount (INR)	As on 31.03.2016 Amount (INR)
01	Foreign Exchange Earnings	-	1,89,285/-
02	Foreign Exchange Expenditure	95,61,781/-	7,35,42,597/-

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:

There are no employees who are covered by the provisions contained in Rule 5(2) and rule 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.

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 33rd Annual General Meeting held on 05.09.2014 to hold office up to the conclusion of 38th Annual General Meeting, subject to ratification of their appointment at the intervening Annual General Meeting. In view of the above, your Board of Directors hereby propose for their 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, the services of M/s. Ganapathi & Mohan, Company Secretaries, Bangalore is availed 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.

On behalf of the board

For **Armsel MHE Private Limited**

Date: 04.09.2017
Place: Bengaluru



(Preet H Heri)
Director
DIN: 00215187



(Shin Kimura)
Managing Director
DIN: 07810590

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

RELATED PARTY TRANSACTION

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis :

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts	Date(s) of approval by the Board	Transaction during the year (Amt in INR)	Amount paid as advances
Kito Corporation, Holding Company	Purchase of Goods	No formal contract executed. Only on need basis.	No formal contract executed.	23.04.2016	Rs.5,21,28,020/-	Nil
	Service Received				Rs. 38,48,544/-	Nil
Jiangyin kitocrane Co. Ltd, Fellow Susidiary	Purchase of Goods	---As above---	-As above-	23.04.2016	Rs. 4,121/-	Nil
Harrington Hoists Inc	Purchase of Goods	---As above---	-As above-	23.04.2016	Rs. 11,79,947/-	Nil
Kito Chain Italia S-R-L Socio Unico	Purchase of Goods	---As above---	-As above-	23.04.2016	Rs. 73,056/-	Nil

Date: 04.09.2017
Place: Bengaluru

FOR AND ON BEHALF OF THE BOARD

(Preet H Heri)
Director
DIN: 00215187



(Shin Kimura)
Managing Director
DIN: 07810590

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN**

as on financial year ended on 31.03.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U74140KA1981PTC004248
2.	Registration Date	03/06/1981
3.	Name of the Company	ARMSEL MHE PRIVATE LIMITED
4.	Category/Sub-category of the Company	Company Limited by shares/ Indian Non-Government Company
5.	Address of the Registered office & contact details	4th Floor, Block II, Prestige Towers, No.99 & 100, Residency Road, Bengaluru- 560025 Contact No.: 080-4901 0500 E-mail ID: armsel@vsnl.com
6.	Whether listed company	No
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the	% to total turnover of the company
1.	Manufacturing of material lifting and handling equipments and parts thereof	28162	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES-

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	Holding/ Subsidiary/ Associate	% of the shares held	Applicable Section
1	Kito Corporation Japan, 2000 Tsujijarai, Showa-Cho, Nakakoma-Gun, Yamanashi, Japan -409-3853	Foreign Company Registration No.: 2045	Holding Company	99.99%	2(46)

Hoists & Cranes Asia PTE. Ltd								
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(iii) Change in Promoters' Shareholding:

Name of Promoter	No. of shares @ the beginning of the year	% of shares of the Company	Date of change / mode of change	No. of shares of increase (+) or decrease (-)	Cumulative shares at the end of the year	% of shares of the Company
Kito Corporation Japan	196,367	99.99%	Allotment of Equity Shares on 14.11.2016	+1,15,000	3,11,367	99.99%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Not Applicable

Sl. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year			
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors and Key Managerial Personnel: Nil

Sl. No.	Shareholding at the beginning of the year	Cumulative Shareholding during the year			
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	Shareholding of each Directors and each Key Managerial Personnel				
	At the beginning of the year	-	-	-	-
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase	-	-	-	-

Capital Funds									
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-
2. Non- Institutions	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital up to Rs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Sub- Total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	1,96,368	1,96,368	100	-	3,11,368	3,11,368	100	-

(ii) Shareholding of Promoters:

Sl. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Kito Corporation Japan	1,96,367	99.99%	Nil	3,11,367	99.99%	Nil	-
3.	M/s. Kito	01	0.01%	Nil	01	0.01%	Nil	-

	/decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):-				
	At the end of the year	-	-	-	-

V. INDEBTEDNESS:

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	10,94,75,762	-	-	10,94,95,762
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	10,94,75,762	-	-	10,94,95,762
Change in Indebtedness during the financial year				
• Addition	42,16,845	-	-	42,16,845
• Reduction	-	-	-	-
Net Change	42,16,845	-	-	42,16,845
Indebtedness at the end of the financial year				
i) Principal Amount	11,36,92,607	-	-	11,36,92,607
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	11,36,92,607	-	-	11,36,92,607

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

A. Remuneration to Managing Director, Whole-time Directors, Manager and/or Director:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Preet H Heri (Managing Director)			
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of	79,27,502			79,27,502

	the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify...				
5	Others, please specify Rent Free Accommodation				
	Total (A)	79,27,502			79,27,502
	Ceiling as per the Act	---	---	---	---

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
		Takayuki Fukunaga	Hiroharu Nishimura	---	---	
1	Independent Directors					
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (1)					
2	Other Non-Executive Directors	53,28,225	19,52,547		72,80,772	
	Fee for attending board committee meetings					
	Commission					
	Others, please specify					
	Total (2)	53,28,225	19,52,547		72,80,772	
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD: NIL

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained				

	in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify...				
5	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

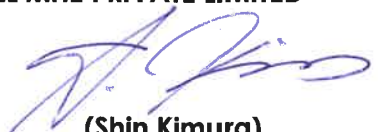
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS (please fill, if any)					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT (please fill, if any)					
Penalty					
Punishment					
Compounding					

Date: 04.09.2017
Place: Bengaluru

FOR ARMSEL MHE PRIVATE LIMITED



(Preet H Heri)
Director
DIN: 00215187



(Shin Kimura)
Managing Director
DIN: 07810590





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, 2017, the Statement of Profit and Loss, 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, 2017, 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company. The required disclosure - Refer Note 27-12(g) of the Notes forming part of the Financial statements.

Place: Bangalore
Date: 21-04-2017

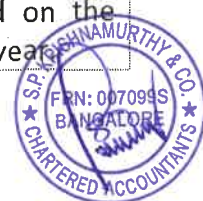
For S.P. Krishnamurthy & Co.
Chartered Accountants
Firm Reg No. 007099S
S.P. Krishnamurthy
Partner
Membership No. 200963



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 31st March 2017. We report that:

(i)	(a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets; (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. (c) The Title Deeds of all the immovable properties are held in the name of the Company
(ii)	As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, frequency of such verification is reasonable. The discrepancies noticed on verification were not material.
(iii)	The company has not granted any loans, secured or un secured to companies, firms, limited liability partnerships or other parties covered in the register maintained u/s 189 of the Companies Act.
(iv)	Based on the information made available to us, the company has not given loans, investments & guarantees to which the provisions of section 185 & 186 of the Companies Act, 2013 applies.
(v)	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.
(vi)	To the best of our knowledge and as explained, the Central Government has not prescribed for maintenance of cost records under section 148(1) of the Companies Act, 2013 for the products of the company.
(vii)	(a) The company regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. (b) No other dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute except 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.
(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 or bank or debenture holders.
(ix)	According to the explanation & information given to us, and on verification of the books of account the company did not raised money by way of initial public offer or further public offer (including debt instrument) and term loan.
(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)	Provisions of section 197 read with Schedule V to the Companies Act with respect to Managerial Remuneration not applicable to the Private Limited Companies. Hence paragraph 3(xi) of CARO 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.
(xvi)	The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place: Bangalore
Date: 21-04-2017

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 2017 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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 2017, 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: 21-04-2017

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, 2017

(Amount In Rs)

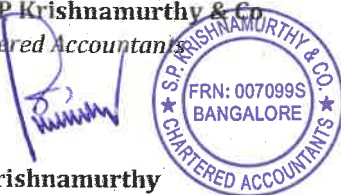
Particulars	Note No	31st March 2017	31st March 2016
		Rs.	Rs.
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	31,136,800	19,636,800
(b) Reserves and Surplus	2	40,792,103	42,482,830
(2) Non-Current Liabilities			
(a) Other Long term liabilities	3	-	20,000
(b) Long term Provisions	4	2,999,998	9,362,374
(3) Current Liabilities			
(a) Short-term borrowings	5	113,692,607	109,475,762
(b) Trade payables	6	129,852,596	158,165,707
(c) Other current liabilities	7	27,443,037	46,059,570
(d) Short term provisions	8	4,755,499	-
Total		350,672,640	385,203,044
II. Assets			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets		41,333,626	42,930,770
(ii) Intangible assets		1,130,613	668,124
(b) Non current investment	10	6,000	6,000
(c) Deferred tax assets (net)		-	18,930,859
(d) Other Non Current Assets	11	11,761,824	8,972,308
(e) Long term loans and advances	12	4,584,494	3,462,414
(2) Current assets			
(a) Inventories	13	80,226,805	140,198,309
(b) Trade receivables	14	163,501,796	127,272,433
(c) Cash and cash equivalents	15	14,485,754	10,256,792
(d) Short-term loans and advances	16	10,537,273	5,622,208
(e) Other current assets	17	23,104,457	26,882,828
Total		350,672,640	385,203,044
Contingent Liabilities & Commitments	18		

Significant Accounting Policies & other notes to accounts

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

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

Preet H Heri
Managing Director



Takayuki Fukunaga
Director

Place: Bangalore

Date : 21-04-2017

Armsel MHE Private Limited
CIN : U74140KA1981PTC004248

Statement of Profit and Loss for the period ended 31st March, 2017

(Amount In Rs)			
Particulars	Note No	31st March 2017	31st March 2016
		Rs.	Rs.
Revenue from operations	19	372,706,650	323,011,799
Other Income	20	2,681,025	3,862,132
Total Revenue		375,387,675	326,873,931
Expenses:			
Cost of materials consumed	21	201,679,326	228,422,257
Changes in Finished goods, w-i-p		35,777,287	(26707717)
Employee benefit expense	22	72,562,081	72,646,869
Finance costs	23	16,570,136	8,687,430
Depreciation and amortization expense	24	5,071,847	5,550,383
Other expenses	25	108,694,886	190,388,558
Total Expenses		440,355,564	478,987,779
Profit/(Loss) before exceptional and extraordinary items		(64,967,889)	(152,113,848)
Exceptional Items - Profit / (loss) on sale of assets			(9,438)
Exceptional Items - Retrenchment compensation		12,632,364	-
Exceptional Items - Provision for non moving stock		8,659,616	-
Prior Period Expenses		-	-
Profit/(Loss) before tax		(86,259,869)	(152,123,286)
Tax expense:			
(1) Current tax			-
(2) Deferred tax Liability /(asset)		18,930,859	-
Profit(Loss) for the period		(105,190,728)	(152,123,286)
Earning per equity share:			
(1) Basic		-	-
(2) Diluted		-	-

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



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

(Signature)

Preet H Heri
Managing Director



(Signature)

Takayuki Fukunaga
Director

Place: Bangalore
Date : 21-04-2017

ARMSEL MHE PRIVATE LIMITED
CIN : U74140KA1981PTC004248
Cash Flow Statement for the Year ended 31st March, 2017

(Amount In Rs)

Particulars	Current Year		Previous Year	
	Rs.	Rs.	Rs.	Rs.
A Cash Flow from Operating Activities:				
Net profit before taxation	(86,259,869)		(152,123,286)	
Adjustment for:				
(Profit)/loss on sale of assets	-		9,438	
Interest on Long term Loan	204,169		614,330	
Depreciation & amortization expenses	5,071,847		5,550,383	
Operating profit before working capital changes	(80,983,853)		(145,949,135)	
Adjustment for :				
Decrease / (Increase) in Trade Receivables	(36,229,363)		46,937,104	
Decrease / (Increase) in Inventories	59,971,504		(50,555,927)	
Decrease / (Increase) in Short Term Loans & Advances	(4,432,434)		734,174	
Decrease / (Increase) in Other Current Assets	3,778,371		(14,547,790)	
Decrease / (Increase) in Other non Current Assets	(2,789,516)		3,378,791	
Decrease / (Increase) in Loans and advances (Long term)	(1,122,080)		1,827,799	
(Decrease) / Increase in Short Term borrowings	4,216,845		(88,312,915)	
(Decrease) / Increase in Trade Payables	(28,313,111)		45,552,622	
(Decrease) / Increase in Other Current Liabilities	(15,066,533)		1,858,605	
(Decrease) / Increase in Long Term Provisions	(6,362,376)		1,911,589	
(Decrease) / Increase in short term Provisions	4,755,499		-	
Cash generated from operation	(102,577,046)		(197,165,083)	
Income tax (paid net of refund) Refund	(482,632)		(115,321)	
Cash flow before extraordinary items	(103,059,679)		(197,280,404)	
Adjustment for extraordinary items	-		-	
Net cash flow form operating activities		(103,059,679)		(197,280,404)
B Cash Flow from Investing Activities:				
Purchase of fixed assets	(3,937,191)		(3,175,544)	
Security Deposit				
Sale of fixed assets			543,519	
Net cash flow from Investing activities		(3,937,191)		(2,632,025)
C Cash Flow from Financing Activities:				
Repayment of long term borrowings	(3,570,000)		(4,033,834)	
Issuance of share capital	115,000,000		199,998,312	
Interest on Long term loans	(204,169)		(614,330)	
Net cash flow from Financing activities		111,225,831		195,350,148
Net increase / (decrease) in cash and cash equivalents		4,228,961		(4,562,281)
Cash & cash equivalents at the beginning of the period		10,256,792		14,819,073
Cash & cash equivalents at the end of the period		14,485,754		10,256,792

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 : 0070995



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

Preet H Heri
Managing Director



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Takayuki Fukunaga
Director

Place: Bangalore
Date : 21-04-2017

Armsel MHE Private Limited

Notes forming part of Balance sheet as at 31st March 2017

Note : 1 Share Capital

(Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Equity Share Capital		
2	Authorised Equity Share Capital:		
	4,00,000 Equity Shares of Rs. 100/- each with voting rights	40,000,000	
	2,00,000 Equity Shares of Rs. 100/- each with voting rights		20,000,000
3	Issued, Subscribed and Fully Paid up		
	3,11,368 Equity Shares of Rs. 100/- each with voting rights	31,136,800	
	1,96,368 Equity Shares of Rs. 100/- each with voting rights		19,636,800
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	196,368	135,000
Shares issued during the year	115,000	61,368
At the end of the year	311,368	196,368
Changes in equity share outstanding	115,000	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	31-03-17	31-03-16
Kito Corporation Japan	3,11,367	1,96,367

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.



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Note : 2 Reserves and Surplus

(Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Investment Allowance Reserve	360,136	360,136
2	General Reserve		
	Opening balance	156,625	156,625
	Add :Transfer from Profit and Loss Statement	-	-
	Closing Balance	156,625	156,625
3	Security Premium		
	Opening Balance	193,861,512	-
	Add: Addition during the year	103,500,000	193,861,512
	Closing Balance	297,361,512	193,861,512
3	Surplus in Profit and Loss Statement		
	Opening balance	(151,895,443)	227,844
	Less: Depreciation Useful Life Expired Asset		
	Net Opening Balance	(151,895,443)	227,844
	Add: Profit for the year as per Profit and Loss Statement	(105,190,728)	(152,123,286)
	Add: capital reserve added during the current year		
	Closing Balance	(257,086,170)	(151,895,443)
	Grand Total	40,792,103	42,482,830



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Note : 3 Other Long-term borrowings		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
	Deposits Other	-	20,000
	Total	-	20,000

Note : 4 Long term provisions		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
	Provision for employee benefits		
	Gratuity	1,338,174	7,188,729
	Leave Encashment	1,661,824	2,173,645
	Total	2,999,998	9,362,374

Note : 5 Short-term borrowings		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
	Loan repayable on Demand - Secured		
1	Bank of Tokyo - Mitsubishi UFJ Ltd.	113,692,607	109,475,762
	Total	113,692,607	109,475,762

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 is working capital loan 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 in loan account

Note : 6 Trade payables		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
1	Trade Payables		
	Creditors For Suppliers	62,279,459	84,724,342
	Creditors For Services	67,573,137	73,441,365
	Total	129,852,596	158,165,707

Note : 7 Other current liabilities		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
1	Current Maturities of Long Term Debts	-	3,550,000
2	Advance From Customers	5,390,632	12,334,297
3	Other Payables	21,804,343	30,175,273
4	Travel Advance	248,063	
	Total	27,443,037	46,059,570

Note 8 : Short term provisions		(Amount In Rs)	
Sr.No	Particulars	31st March 2017	31st March 2016
1	Provision for Gratuity	4,755,499	-
	Total	4,755,499	-



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(Amount in Rs)

Fixed Assets	Tangible											Intangible		
	Particulars	Land	Building	Plant & Machinery	Tools	Electrical Installation	HT Installation	Office Equipments	Furniture & Fixtures	Motor Vehicles	Hoists	R&D Equipments	Computers	Total
As at 31st March, 2015	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	-
As at 31st March, 2016	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	73,926,099	2,118,742
Additions	-	-	2,512,159	-	-	-	327,032	-	-	-	-	324,500	3,163,691	-
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2017	921,308	19,449,046	28,309,129	501,781	2,832,912	493,700	6,258,202	4,830,299	6,989,692	755,205	271,372	5,477,144	77,089,790	2,892,242
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2015	-	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	-
As at 31st March, 2016	-	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
Current Depreciation	-	569,710	1,447,165	24,583	269,503	-	692,492	452,585	798,162	46,106	6,884	453,646	4,760,836	311,011
Depreciation For Expired Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals/sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at 31st March, 2017	-	7,200,612	9,697,411	178,491	928,962	493,700	4,585,889	1,563,994	5,668,626	119,269	219,931	5,099,279	35,756,164	1,761,629
Net Block	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	42,930,771	668,124
As at 31st March, 2017	921,308	12,248,434	18,611,718	323,290	1,903,950	-	1,672,313	3,266,305	1,321,066	635,936	51,441	377,865	41,333,626	1,130,613



Note 10 - Non Current Investment (Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Investment in Equity Investment Shares in Vijaya Bank (Quoted) (Market Value Rs. 41,250 @ Rs.41.25 per share)	6,000	6,000
	Total	6,000	6,000

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

Sr. No	Particulars	31st March 2017	31st March 2016
a	Trade Recievables - Unsecured Considered Good	11,761,824	8,972,308
	Total	11,761,824	8,972,308

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

Sr. No	Particulars	31st March 2017	31st March 2016
a	Unsecured, Considered Good :		
	Deposits		
1	Sales Tax Deposits	1,300	1,300
2	KEB Deposits	554,113	554,113
3	Rent Deposits	4,029,081	2,907,001
	Total	4,584,494	3,462,414

Note : 13 Inventories (Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
a	Raw material	77,629,873	93,164,474
	Less: Provision for non moving stock	8,659,616	
		68,970,257	
b	Work in Progress	10,462,133	46,239,420
c	Finished goods (demo materials including excise duty)	794,415	794,415.00
	Total	80,226,805	140,198,309
	Raw materials Break up		
a	Steel	8,326,869	12,805,278
b	Electrical	9,265,742	19,599,293
c	CPB & CHT	44,676,834	46,219,588
d	Others	1,374,758	3,341,542
e	Mechanical	5,326,054	11,198,773
	Total	68,970,257	93,164,474
2	Work in Progress- Break up		
	Manufacture of Cranes and hoists under process:		
a	Material Cost	9,082,927	37,604,907
b	Overhead Expenses	1,379,206	8,634,513
	Total	10,462,133	46,239,420
3	Finished Goods		
	Hoists	794,415	794,415
	Total	794,415	794,415



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Note : 14 Trade receivables

(Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Outstanding for more than six months a) Unsecured, Considered Good :	33,985,572	65,648,620
2	Others a) Unsecured, Considered Good :	129,516,223	61,623,813
	Total	163,501,796	127,272,433

Note : 15 Cash and cash equivalents

(Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Cash-in-Hand Cash Balance	53,760	133,095
2	Bank Balance a. Held As Margin Money against Guarantees Maturing Within 1 year Maturing After 1 year b. In current accounts	5,515,014 8,916,979	4,865,843 5,257,853
	Total	14,485,754	10,256,792

Note : 16 Short-term loans and advances

(Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Other Advances - Unsecured, Considered Good		
a	Advance to suppliers	5,944,687	1,352,489
b	Staff advances	67,382	156,210
c	Travel Advances	-	70,938
d	Advance Income Tax & TDS	4,525,203	4,042,571
	Total	10,537,273	5,622,208

Note : 17 Other current assets

(Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Balance with central excise	2,277,496	386,492
2	CENVAT on input service	815,209	11,679,478
3	Prepaid Expenses	976,107	1,173,342
4	Customs duty deposit	11,604,794	9,137,370
5	Advance for Erection Contractors	7,156,197	4,486,145
6	Recivable From Nihsimura Tax Refund	254,654	-
7	Short Term Advances	20,000	20,000
	Total	23,104,457	26,882,828



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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	6,632,689	6,741,689
c) Bank Guarantees given by HDFC Bank in favour of Customers for which the Company has given counter guarantee	45,763,400	35,258,675
d) Bank Guarantees given by HDFC Bank in favour of ICICI Bank for which the Company has given counter guarantee	6,632,689	6,741,689
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.	11,604,794	91,37,370
However the company has applied for refund, the final outcome yet to known only on completion of its assessment. If the Company claim is not approved, deposit is required to be written off.		

Commitments :

a) Estimated contracts remaining to be executed Erection of Cranes & Hoists to be completed for which estimated cash outflow	7,364,972	11,020,286
b) Uncalled liabilities on shares		
c) Operating lease		
Payable with in one year	2,861,400	3,548,802
Payable with in two year but after one year	449,400.0	35,91,422



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Armsel MHE Private Limited

Notes Forming Part of the Statement of Profit & Loss for the period ended 31st March 2017

Note : 19 Revenue from operations		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
1	Sales		
	i) Sale Of Products	402,311,020	333,379,357
	ii) Sale Of Services	15,213,687	26,506,839
		417,524,707	359,886,196
	Less: Excise Duty	44,818,057	36,874,397
	Total	372,706,650	323,011,799

Details of Sale of Products & Services (Net)

Cranes	172,599,242	161,697,257
Hoists	165,027,233	109,773,376
Spares & others	19,866,488	25,034,327
Services	15,213,687	26,506,839

Note : 20 Other Income		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
1	Interest income	747,588	555,194
2	Net gain of foreign exchange	-	-
3	Dividend Income	-	900
4	Commission received	-	189,285
5	Liquidated Damages Recovered	1,917,449	3,095,313
6	Miscellaneous income	15,987	21,440
	Total	2,681,025	3,862,132

Note : 21 Cost of materials consumed		(Amount In Rs)	
Sr. No	Particulars	31st March 2017	31st March 2016
	Raw material at the beginning of the year	93,164,474	70,110,679
	Add: Purchases during the year	187,045,330	252,171,165
		280,209,804	322,281,844
	Less: Raw Material at the end of the Year	77,629,873	93,164,474
	Less: Material Used For Capital Goods	900,605	-
	Less: Material Used For dem o Goods	-	695,113
	Cost of Material consumed	201,679,326	228,422,257

Details of Purchases

Steel	37,723,568	62,926,558
Electrical	65,403,550	71,643,511
Mechanical	11,771,392	22,668,021
Consumables	12,350,960	15,697,636
Import Purchase	53,396,372	71,018,176
Custom duties paid	4,575,809	6,356,824
Clearing and forwarding charges	1,823,679	1,860,439
Total	187,045,330	252,171,165

Change in WIP

Cranes and hoists w-i-p

Opening Balance	46,239,420	19,531,703
Closing Balance	10,462,133	46,239,420
Net (increase)/decrease	35,777,287	(26,707,717)



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Armsel MHE Private Limited

Notes Forming Part of the Statement of Profit & Loss for the period ended 31st March 2017

Note : 22 Employee benefit expenses (Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Salaries & wages	50,952,811	53,591,351
2	Provision for Gratuity Fund & Compensated Leave	471,836	2,958,086
3	Bonus	1,284,400	1,409,260
4	PF Contribution	2,636,822	2,848,342
5	ESI Contribution	368,394	381,324
6	Exgratia	1,083,832	538,065
7	Director's Remuneration	15,208,274	10,841,054
8	Social Security Contribution - Directors	555,712	79,387
9	Retrenchment Compensation		
	Total	72,562,081	72,646,869

Note : 23 Finance costs (Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
1	Bank charges	1,008,259	1,379,809
2	Interest on working capital loans	15,357,708	6,693,291
3	Interest on Bank Term loans	204,169	614,330
	Total	16,570,136	8,687,430

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

Sr. No	Particulars	31st March 2017	31st March 2016
1	Depreciation on Fixed Assets	5,071,847	5,550,383
	Total	5,071,847	5,550,383

Note : 25 Other expenses (Amount In Rs)

Sr. No	Particulars	31st March 2017	31st March 2016
Manufacturing Expenses :			
1	Electricity & Power Charges	1,711,058	1,903,805
2	Freight Inwards	3,592,241	4,680,559
3	Crane hire charges	140,850	369,352
4	Inspection & Testing Charges	530,515	611,304
5	Security charges	1,744,542	1,666,884
6	Labour Charges	15,001,573	17,388,413
7	Erection charges	9,690,021	10,806,632
8	Repairs & Maintenance- Factory	680,019	845,632
9	Other Excise Duty Paid	648,944	1,045,712
10	Water charges	38,436	42,200
11	Travelling Expenses	1,123,428	
		34,901,627	39,360,493



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Armsel MHE Private Limited

Notes Forming Part of the Statement of Profit & Loss for the period ended 31st March 2017

Selling Expenses			
1	Commission Paid	5,129,363	4,205,716
2	Consultancy charges	263,400	363,350
3	Boarding and Travelling Expenses	4,525,742	7,310,386
4	Advertisement and sales promotions	2,088,299	1,372,050
5	Freight outward	9,413,365	4,277,468
6	Liquidated Damages	9,040,823	4,278,259
7	Tender Expenses	5,810	-
8	Transit Insurance Paid	131,978	248,875
9	Provision for bad debts	9,434,819	-
10	Sales Tax Paid	55,919	9,598
11	Bad Debts written off	-	1,190,151
12	Warranty period expenses	7,669,566	104,475,675
		47,759,084	127,731,528
Administrative Expenses			
1	Rent	4,076,469	4,288,742
2	Audit Fee:		
3	- For Audit	285,074	250,000
4	- For Certification	85,000	243,000
5	- Out of pocket expenses	-	11,967
6	Vehicle maintenance & insurance	2,764,590	1,339,500
7	Travelling and Conveyance	1,132,295	3,830,939
8	Telephone and Internet Charges	2,360,314	1,657,473
9	Postage & Courier	310,756	508,358
10	Insurance	1,154,424	1,074,378
11	Legal, professional and technical fees	2,160,688	1,721,258
12	Printing & stationery	365,310	1,061,572
13	Rates , taxes & Renewals	1,660,014	968,791
14	Staff welfare expenses	2,133,695	2,364,942
15	Office maintenance	1,974,879	2,393,399
16	Membership & subscription	35,453	250,446
17	Miscellaneous expenses	40,901	94,143
18	Interest Others	4,673,808	283,150
19	Service tax paid	820,506	954,479
	Sub-total	26,034,176	23,296,537
	Total Other expenses	108,694,886	190,388,558

Note - 26	31st March 2017	31st March 2016
Value of Imports on CIF Basis :		
Components and spare parts	55,220,051	73,702,137
Capital Goods	1,275,855	-
Expenditure in foreign currency		
Other expenses	9,561,781	7,35,42,597
Details Of Consumption:		
Imported Raw Materials Etc	53,751,373	62,104,856
Indegineous Raw Materials Etc.	147,927,953	166,317,401
Percentage of Imported Consumption	26.65	27.19
Percentage of Indegineous Consumption	73.35	72.81
Earnings in foreign Currency :		
Export of goods on FOB basis		-
Export of services		189,285



Note – 27

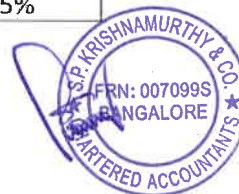
Significant Accounting Policies:

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. **Closure of crane business:** Due to consistent loss in the last three years in crane manufacturing division, The management has decided to close crane manufacturing division and intended to sale land, building, plant and machinery in respect of this division. However company is in the process of valuing all fixed assets and hopeful of earning gain on sale of assets. Hence no provision has been made for the impairment loss of fixed assets
4. **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.
5. **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%



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6. 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.

7. Preliminary Expenses: Nil

8. 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.

9. Investments: Long term investment in Equity shares of Vijaya Bank (Quoted) is stated at cost and the market value is estimated at Rs. 41,250 /- (Rs. 68.75 per share) as on the balance sheet date.

Short term investment: Nil

10. 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. Since the company will be closing crane manufacturing division in financial year 2017-18, a sum of rupees 86,59,616 has been written off as non moving and loss its value.

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

11. 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.

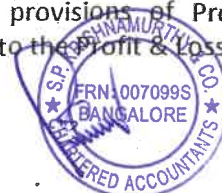
Deferred Tax: Deferred Income Tax resulting from "timing difference" between book profit and taxable profit is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date, which originate in one period and are capable of reversal in one or more subsequent period. Since there is a loss in the current year, deferred tax asset not recognized. Since company has taken a decision to close crane business, there is no further chance to recover the losses. So deferred tax asset has been reversed. Since the company has incurred loss from last four years and there is a remote possibility of earning profit in the near future, deferred tax asset has been written off in the books of accounts

12. 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.



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

Particulars of Employer contributions	31 Mar 2017	31 Mar 2016
1) Contribution to Employees Provident Fund	26,36,822	28,48,342
2) Provision for Gratuity	1,21,902	21,48,102
3) Contribution to Employees State Insurance	3,68,394	381,324
4) Bonus Paid / Payable	12,84,400	14,09,260

(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 2017	31 Mar 2016
Current Service Cost	12,29,528	10,87,592
Interest cost on benefit obligation	7,46,774	6,82,515
Expected return on plan asset	(1,92,617)	(2,24,897)
Net actuarial loss recognized in the year	(28,78,741)	6,02,892
Net benefit expense	(10,95,056)	21,48,102

Benefit Liability

Particulars	31 Mar, 2017	31 Mar, 2016
Present value of defined benefit obligation	60,93,673	71,88,729

Changes in the present value of the defined benefit obligation

Particulars	31 Mar 2017	31 Mar 2016
Opening defined benefit obligation	98,52,295	85,46,216
Current service cost	12,29,528	10,87,592
Interest cost	7,46,774	682,515
Actuarial losses / (gain) on obligation	(28,10,258)	449,820
Benefits paid	(21,95,115)	(9,13,848)
Closing defined benefit obligation	68,23,224	98,52,295

Principal assumptions used

Particulars	31 Mar, 2017	31 Mar, 2016
Discount Rate	7.40%	7.60%

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.



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

Particulars	31 Mar, 2017	31 Mar, 2016	31 Mar, 2015
Defined benefit obligation	68,23,224	98,52,295	85,46,216
Plan Assets	7,29,551	26,63,566	28,05,589
Surplus / (deficit)	(60,93,673)	(71,88,729)	(57,40,627)
Experience adjustments on plan Liabilities	(28,46,926)	(274,822)	3,06,256
Experience adjustments on plan Assets	68,483	(153,072)	2,10,798

- (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.
13. 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.

14. 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
- Harrington Hoists Inc – Fellow subsidiary
- Kito Chain Italia S-R-L Socio Unico – 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
- Takayuki Fukunaga - Director



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Related Party Transactions during the year.

(Amount in Rs.)

Particulars	31 Mar 2017	31 Mar 2016
Purchase of Goods:		
Kito Corporation	5,21,28,020	6,96,08,125
SIAM Kito Company Ltd. Thailand	-	1,05,039
SWF Krantechnik GmbH Germany	-	10,06,642
Jiangyin Kito Crane Co Ltd	4,121	4,79,561
Harrington Hoists Inc – Capital goods	11,79,947	-
Kito Chain Italia S-R-L Socio Unico	73,056	-
Expenses Reimbursed to :		
Kito Corporation	10,28,841	3,59,06,392
SIAM Kito Company Ltd. Thailand	70,652	2,08,080
Expenses reimbursed by :		
Kito Corporation	20,55,522	27,855
SWF Krantechnik GmbH Germany	-	1,89,285
Guarantees & collaterals :		
Corporate Guarantee by Kito Corporation Japan in favour of Bank of Tokyo Mitsubishi UFG Ltd. for working capital loan facilities	21,00,00,000	21,00,00,000
Remuneration Paid:		
Preet Heri	79,27,502	97,74,828
Takayuki Fukunaga	53,28,225	-
Hiroharu Nishimura	19,52,547	8,62,144
Rent free Accommodation :		
Takayuki Fukunaga	2,10,000	-
Hiroharu Nishimura	-	60,000
Services Received :		
Technical fee		
Kito Corporation Japan	38,48,544	3,43,37,029
SIAM Kito Company Limited Thailand	-	30,91,096
Interest on Outstanding dues :		
Kito Corporation Japan	46,13,744	-
Received share capital and security premium from Kito Corporation	11,50,00,000	19,99,98,312

Yearend balance Payable:		
SWF Krantechnik GmbH Gemany	-	1,87,872
Kito Corporation- Purchase & expenses	7,11,25,458	70,902,831
Jiangyin Kito Crane Co Ltd	4,121	-
Kito Chain Italia S-R-L Socio Unico	68,182	-
Yearend balance Receivable:		
Kito Corporation	2,85,722	27,855



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(g) Additional disclosure on Cash Balance :

	SBNs	Other denomination notes (Rs.)	Total (Rs.)
Closing cash in hand as on 08/11/2016	-	63,166	63,166
(+) Permitted receipts	-	80,500	80,500
(-) Permitted payments	-	80,599	80,599
(-) Amount Deposited in Banks	-	-	-
Closing cash in hand as on 31/12/2016	-	63,067	63,067

- (h) Balance of Sundry Debtors / Creditors are subject to confirmation and reconciliation if necessary.
- (i) Previous year figures have been rearranged /regrouped wherever necessary to confirm to current years classifications.



(Preet H Heri)
Managing Director



(Takayuki Fukunaga)
Director

For S.P. Krishnamurthy & Co.
Chartered Accountants



S.P. Krishnamurthy
Partner



Place: Bangalore
Date : 21-04-2017