

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present the 39th Annual Report on the working of your Company together with the Audited financial statements of **ARMSEL MHE PRIVATE LIMITED** for the year ended 31st March 2020.

FINANCIAL HIGHLIGHTS/STATE OF COMPANY'S AFFAIRS:(Rs. In Lakhs)

Particulars	Current Year	Previous Year
Turnover	1558.64	1496.60
Other Income	52.99	1354.52
Total Expenditure excluding Depreciation	1678.00	1945.73
Depreciation	17.07	26.90
Profit /(Loss) Before Tax	(83.44)	878.49
Tax Expense	135.98	15.38
Profit /(Loss) After Tax	(219.42)	863.11

PERFORMANCE REVIEW:

During the year under review, Company has achieved turnover of Rs. 15,58,64,292/-, as compared to previous year revenue of Rs.14,96,59,759/- thus the Company has achieved higher revenue when compared to previous year revenue.

However, due to prior period tax adjustment, the Company has incurred net loss of Rs. 2,19,41,800/- when compared to previous year net profit of Rs. 8,63,11,423/-.

Your directors appreciate the performance of the Company and making all efforts to ensure optimal operational results in coming years and achieving higher margins.



IMPACT OF COVID-19 PANDEMIC ON BUSINESS OF THE COMPANY:

The COVID-19 outbreak has spread rapidly in last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of the virus including restrictions on travel, social distancing and other emergency measures. The Company has resumed operations subsequent to the year end.

Management has carried out the impact assessment of the pandemic on the operations of the Company and believes that there is minimum disruption to the operations of the Company. As at the year end, management has assessed the recoverability of the carrying values of property, trade receivables and other assets and believes that no adjustments are required to be made in respect of such assets as at March 31, 2020.

Further, based on the Management assessment of the liability position as at March 31, 2020 and they do not for see any adjustments thereon. Management has also assessed the liquidity position of the Company for next 12 months and basis that assessment management believes that the Company will be able to meet all its financial obligations comfortably with the existing cash and bank balances and the projections of future cash inflows and outflows.

Your Directors have reviewed the financial statements and confirmed that the cash flow of the Company is good. The Company is doing good and active even in the current pandemic of COVID-19, the Company shall continue as a going concern without any major hurdles in the situation of COVID-19 pandemic.

CHANGE IN THE NATURE OF BUSINESS, IF ANY:

There was no change in the nature of Business carried out by the Company during the financial year 2019-20.

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

There are no material changes and commitments affecting the financial position between end of financial year and date of report.



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 were 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 not recommended any dividend for the financial year 2019-20.

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.

BOARD OF DIRECTORS:

The Board comprises of following Directors:

Sl. No.	Name of the Director	Designation
01	Mr. Preet Heston Heri	Managing Director
02	Mr. Shin Kimura	Director

During the year under review, Mr. Shin Kimura was designated as Director and Mr. Preet Heston Heri as Managing Director of the Company with effect from 20th May, 2019.

NUMBER OF MEETINGS OF THE BOARD:

During the Financial Year 2019-20, there were 04 Board Meetings held on the following dates:



Date of Board Meeting	Preet Heston Heri	Shin Kimura	Total No. of Director Presents
19.04.2019	✓	✓	02
10.07.2019	✓	✓	02
25.10.2019	✓	✓	02
20.02.2020	✓	✓	02
Total Board Meeting Attended	04/04	04/04	-

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 the Companies Act, 2013 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,2020 the Authorised Share capital of the Company was Rs. 4,00,00,000/- consisting of 4,00,000 Equity Shares of Rs. 100/- each and the paid up Share Capital of the company was Rs. 3,75,55,000/- consisting of 3,75,550 Equity Shares of Rs. 100/- each.

During the year under review, company has not issued any shares or any convertible instruments.

CORPORATE SOCIAL RESPONSIBILITY POLICY:

As per the provision of Section 135 of the Companies Act, 2013 the Company is required to spend 2 % of average net profit of the Company made during three immediately preceding financial years, since the net profit of the Company for FY 2018-19 is more than Rs.5 Crore, the Provisions of CSR is applicable to the Company.

Accordingly, the Company has formed the CSR Committee in the Board Meeting held on 25.10.2019. However, average net profit of last 3 financial years is negative, as per the Section 198 the Company has not spent the amount towards CSR for the FY 2019-20.

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.

DISCLOSURE AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013:

The Company has in place a prevention of Sexual Harassment policy (POSH) in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.



During the year 2019-20, no complaints were received by the Company.

RELATED PARTY TRANSACTIONS:

The Company has entered into related party transactions with holding Company and fellow subsidiary of ultimate Holding Company. The transactions were at Arm's length and at the ordinary course of business. Hence the approval is not required pursuant to Section 188 of Companies Act, 2013.

Conservation of Energy and Technology Absorption:

Sl. No.	Particulars	Disclosure
(A)	<p><u>Conservation of Energy:</u></p> <p>1) The steps taken or impact on conservation of energy</p> <p>2) The steps taken by the company for utilising alternate sources of energy</p> <p>3) The capital investment on energy conservation equipments</p>	<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> <p>1. The efforts made towards 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</p>	<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>



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	<p>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>There is no expenditure incurred on Research and Development.</p>
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FOREIGN EXCHANGE EARNINGS AND OUTGO:

Sl. No.	Particulars	As on 31.03.2020 Amount (INR)	As on 31.03.2019 Amount (INR)
01	Foreign Exchange Earnings	52,21,973	1,42,85,739
02	Foreign Exchange Expenditure	10,50,56,233	7,35,98,766

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-I**".

PARTICULARS OF EMPLOYEES:

There were no employees who 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:

The shareholders at their Extra- Ordinary General Meeting held on 25th November, 2019 have appointed M/s. Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016), Chartered Accountants, as Statutory Auditors of the Company in place of retired auditors M/s. S P Krishnamurthy & Co, Chartered Accountants, Bangalore (Firm Registration No. 007099S. Accordingly, Board proposed to appoint them as Statutory Auditors of the company at the ensuing Annual General meeting for the period of Five years, to hold the office from the conclusion of this Annual General until the conclusion of the 44th 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.



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.

Date:04.09.2020

Place: Bangalore

On behalf of the board
For **Armsel MHE Private Limited**



Preet H Heri
Managing Director
DIN: 00215187



Shin Kimura
Director
DIN: 07810590

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of Armsel MHE Private Limited

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of Armsel MHE Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss, Cash Flow Statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 March 31, 2020, and loss and its cash flows for the year then ended.

Basis for opinion

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

4. We draw your attention to Note 39 to the financial statements, which describes the management's assessment of the impact of the outbreak of Coronavirus (Covid-19) on the business operations of the Company. The management believes that no adjustments are required in the financial statements as it does not impact the current financial year, however, in view of the various preventive measures taken (such as complete lock-down restrictions by the Government of India, travel restrictions etc.) and highly uncertain economic environment, a definitive assessment of the impact on the subsequent periods is highly dependent upon circumstances as they evolve. Our opinion is not modified in respect of this matter.

Other Information

5. The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Armsel MHE Private Limited
Report on audit of the Financial Statements

Responsibilities of management and those charged with governance for the financial statements

6. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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, 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.
7. In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

8. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
9. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances; but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Armsel MHE Private Limited
Report on audit of the Financial Statements

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
 - Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
10. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

11. The financial statements of the Company for the year ended March 31, 2019, were audited by another firm of chartered accountants under the Act who, vide their report dated April 19, 2020, expressed an unmodified opinion on those financial statements.

Our opinion is not modified in respect of above matter.

Report on other legal and regulatory requirements

12. 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 in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
13. 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.
 - (c). The Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d). In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
 - (e). On the basis of the written representations received from the directors as on March 31, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f). With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, Clause (i) of Section 143(3) is not applicable pursuant to notification G.S.R 583(E) dated 13 June 2017.
 - (g). With respect to the other matters to be included in the Auditor's Report in accordance with



Price Waterhouse Chartered Accountants LLP

INDEPENDENT AUDITOR'S REPORT

To the Members of Armsel MHE Private Limited
Report on audit of the Financial Statements

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 litigations on its financial position in its financial statements – Refer Note 32 to the financial statements;
 - ii. The Company has made provision as at March 31, 2020, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts as at March 31, 2020;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2020; and
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2020.
14. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, reporting under Section 197(16) of the Act is not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/N500016



Madhavi Kalva
Partner
Membership Number: 213550
UDIN: 20213550AAAABH5578

Place: Bengaluru
Date: July 7, 2020

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Armsel MHE Private Limited on the financial statements as of and for the year ended March 31, 2020

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- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
 - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
 - (c) The Company does not own any immovable properties as disclosed in Note 8A on Property, plant and equipment (Tangible assets) to the financial statements. Therefore, the provisions of Clause 3(i)(c) of the said Order are not applicable to the Company.
- ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Sections 185 and 186 of the Act. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of Income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employee's state insurance, sales tax, service tax, duty of customs, goods and service tax and other material statutory dues, as applicable, with the appropriate authorities. Also refer Note 32 to the financial statements regarding management's assessment on certain matters relating to provident fund.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Armsel MHE Private Limited on the financial statements as of and for the year ended March 31, 2020

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- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2020 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.) *	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	4,076,850	2015-2016	Commissioner of Income Tax (Appeals)

* excluding adjustment against unabsorbed carry forward losses available with the Company.

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The provisions of Section 197 read with Schedule V to the Act are applicable only to public companies. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company. Also refer paragraph 14 of our main audit report.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.



Price Waterhouse Chartered Accountants LLP

Annexure A to Independent Auditors' Report

Referred to in paragraph 12 of the Independent Auditors' Report of even date to the members of Armsel MHE Private Limited on the financial statements as of and for the year ended March 31, 2020

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- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are 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. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/N500016



Madhavi Kalva
Partner

Membership Number: 213550

UDIN: 20213550AAAABH5578

Place: Bengaluru

Date: July 7, 2020

Armsel MHE Private Limited

CIN: U74140KA1981PTC004248

Balance Sheet

(All amount in Rs., unless otherwise stated)

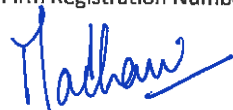
	Note	As at March 31, 2020	As at March 31, 2019
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	37,555,000	37,555,000
(b) Reserves and surplus	3	103,679,053	125,620,852
		141,234,053	163,175,852
Non-current liabilities			
(a) Long-term provisions	4	2,888,594	2,414,047
		2,888,594	2,414,047
Current liabilities			
(a) Trade payables	5		
Total outstanding dues of micro enterprises and small enterprises		156,876	-
Total outstanding dues of creditors other than micro enterprises		25,672,275	22,286,588
(b) Other current liabilities	6	6,143,859	6,124,409
(c) Short-term provisions	7	517,632	1,676,191
		32,490,642	30,087,188
Total		176,613,289	195,677,087
ASSETS			
Non-current assets			
(a) Property, plant and equipment (Tangible assets)	8A	9,135,507	9,265,141
(b) Intangible assets	8B	-	35,886
(c) Non-current investment	9	6,000	6,000
(d) Deferred tax assets (net)	10	-	-
(e) Long-term loans and advances	11	7,411,585	22,926,516
(f) Other non-current assets	12	2,396,670	4,945,773
		18,949,762	37,179,316
Current assets			
(a) Inventories	13	51,296,133	38,625,923
(b) Trade receivables	14	18,218,533	32,678,930
(c) Cash and bank balances	15	74,407,260	71,748,843
(d) Short-term loans and advances	16	13,504,748	14,973,908
(e) Other current assets	17	236,853	470,167
		157,663,527	158,497,771
Total		176,613,289	195,677,087

The accompanying notes form an integral part of these financial statements

This is the Balance Sheet referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/ N500016



Madhavi Kalva
Partner
Membership Number: 213550
Place: Bengaluru
Date: July 7, 2020

For and on behalf of the Board of Directors


Preet H Her
Managing Director
DIN: 00215187
Place: Bengaluru
Date: July 7, 2020




Shin Kimura
Director
DIN: 07810590
Place: Japan
Date: July 7, 2020

Armsel MHE Private Limited

CIN: U74140KA1981PTC004248

Statement of Profit and Loss

(All amount in Rs., unless otherwise stated)

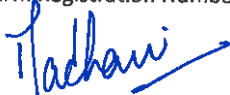
	Note	Year ended March 31, 2020	Year ended March 31, 2019
INCOME			
Revenue from operations	18	153,594,199	138,951,881
Other income	19	3,929,800	2,303,956
Total revenue		157,523,999	141,255,837
EXPENSES			
Cost of material consumed (Net)	20	97,041,363	87,549,881
Purchase of stock in trade	21	9,281,462	9,754,166
Changes in inventories of finished goods, work in progress and stock in trade	22	(8,897,258)	(5,532,781)
Employee benefits expense	23	33,374,761	27,771,157
Finance costs	24	101,992	26,674
Depreciation and amortisation expense	8	1,706,504	1,313,668
Other expenses	25	20,269,557	30,443,912
Total expenses		152,878,381	151,326,677
Profit / (Loss) before tax from continuing operations		4,645,618	(10,070,840)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit / (Loss for the year from continuing operations)		4,645,618	(10,070,840)
Profit / (Loss) before tax from discontinued operations	33	(12,989,295)	97,919,805
Tax expense			
Current tax		-	1,537,542
Deferred tax		-	-
MAT credit reversal		13,598,123	-
Profit / (Loss) from discontinued operations		(26,587,418)	96,382,263
Profit / (Loss) for the year		(21,941,800)	86,311,423
Earnings per equity share [Nominal value per share: Rs. 100 (March 31, 2019: Rs 100)]			
Basic (loss) / earnings per share	35	(58)	230

The accompanying notes form an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP

Firm Registration Number: 012754N/ N500016



Madhavi Kalva

Partner

Membership Number: 213550

Place: Bengaluru

Date: July 7, 2020

For and on behalf of the Board of Directors



Preet H Heri

Managing Director

DIN: 00215187

Place: Bengaluru

Date: July 7, 2020



Shin Kimura

Director

DIN: 07810590

Place: Japan

Date: July 7, 2020

Armsel MHE Private Limited

CIN: U74140KA1981PTC004248

Cash Flow Statement for the year ended March 31, 2020

(All amount in Rs., unless otherwise stated)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Net profit / (loss) before taxation including discontinued operations	(8,343,677)	87,848,964
Adjustments for -		
Depreciation & amortisation	1,706,504	2,690,049
Provision for doubtful debts	5,808,175	4,516,844
Bad debts written off	1,744,835	9,764,918
Provision no longer required written back	(614,943)	-
Interest expense	14,184	5,192,182
Interest income from bank	(3,677,580)	(2,292,805)
Profit on sale of property, plant and equipment	(154,083)	(136,787,008)
Operating profit / (loss) before working capital changes	(3,516,585)	(29,066,856)
Changes in Working Capital -		
Increase / (decrease) in trade payables	3,542,563	(29,812,003)
Increase / (decrease) in provisions	1,468,473	661,921
Increase / (decrease) in other current liabilities	19,450	(4,360,071)
Decrease in loans and advances	1,864,240	3,419,120
Decrease in other assets	2,782,419	42,514,627
(Increase) / decrease in inventories	(12,670,211)	20,034,024
Decrease in trade receivables	6,907,387	7,880,168
Cash generated from operations	397,736	11,270,930
Income tax refund (net)	(15,815)	(15,926,430)
Net Cash flow from / (used in) operating activities	381,921	(4,655,500)
B. Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,862,071)	(5,820,434)
Proceeds from sale of property, plant and equipment	475,171	167,044,988
Interest received	3,677,580	2,292,805
Net cash flow from / (used in) investing activities (B)	2,290,680	163,517,359
C. Cash flow from financing activities		
Proceeds from issue of shares	-	827,500
Interest paid	(14,184)	(5,192,182)
Repayment of loans	-	(100,241,836)
Share premium received on allotment	-	7,447,500
Net cash flow from / (used in) financing activities	(14,184)	(97,159,018)
Net increase / (decrease) in cash & cash equivalents	2,658,417	61,702,841
Cash and cash equivalents at the beginning of the year	71,748,843	10,046,002
Cash and Cash equivalents at the end of the year (*)	74,407,260	71,748,843


(*) Includes margin money of Rs 9,590,473 (March 31, 2019: Rs 86,049) on which lien is created against bank guarantee.

Notes:

- The above Cash Flow Statement has been compiled from and is based on Balance Sheet as on March 31, 2020 and the relative statement of Profit and Loss for the year ended on that date.
- Prior year's figures have been regrouped / reclassified wherever necessary to confirm current year's classification.

The accompanying notes are an integral part of these Financial Statements.

This is the Cash Flow Statement referred to in our report of even date.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N500016


Madhavi Kalva
Partner
Membership Number: 213550
Place: Bengaluru
Date: July 7, 2020

For and on behalf of the Board of Directors




Preet H Heri
Managing Director
DIN: 00215182
Place: Bengaluru
Date: July 7, 2020

Min Kimura
Director
DIN: 07810590
Place: Japan
Date: July 7, 2020

Armsel MHE Private Limited
CIN: U74140KA1981PTC004248

Notes to Financial statements

(All amount in Rs., unless otherwise stated)

Note
No. 1 **Basis of Significant Accounting Policies**

1.01 Background

Armsel MHE Private Limited ('the Company') is a subsidiary of KITO Corporation, Japan ('Holding Company'). The Company is in the business of providing lifting solutions. The Company was incorporated in 1981 under the Companies Act, 1956 ('the Act'). The registered office of the Company is located at Sy No.118/2, 80 Feet Road, Jakkur Post, Yelahanka Hobli, Bengaluru, Karnataka, India.

1.02 Basis of preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on the accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended), specified under Section 133 and other relevant provisions of the Companies Act, 2013 ("the Act").

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III (Division I) to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non-current classification of assets and liabilities.

1.03 Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.04 Inventories

Inventories are stated at lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

During the year, the Company has changed its method of valuation of inventories from weighted average cost method to first-in-first-out (FIFO) method. Due to change in accounting policy the closing inventory value has been increased by INR. 3,329,128 and corresponding increase in profit and reserves by INR. 3,329,128.



Note
No. 1 Basis of Significant Accounting Policies

1.05 Tangible assets

Tangible assets are stated at their original cost of acquisition, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises of the purchase price including import duties non-refundable taxes, and directly attributable expenses incurred to bring the asset to the location and condition necessary for it to be capable of being operated in the manner intended by management.

Subsequent expenditures related to an item of Property, Plant and Equipment are recognised in the carrying amount of the item if the recognition criteria are met.

An item of Property, Plant and Equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The gain or loss arising on derecognition is recognised in the Statement of Profit and Loss.

Depreciation is provided on a pro-rata basis on the straight-line method over the estimated useful lives of the assets, based on technical evaluation done by management's expert taking into account the nature of the assets, their estimated period of use and the operating conditions. The depreciation charge for each period is recognised in the Statement of Profit and Loss, unless it is included in the carrying amount of any other asset. The useful life, residual value and the depreciation method are reviewed at least at each financial year end. If the expectations differ from previous estimates, the changes are accounted for prospectively as a change in accounting estimate.

The estimates of useful lives of tangible assets are as follows:

Property, Plant and Equipment	Management estimate of useful life (in Years)	Useful life as per Sch. II of the Act (in Years)
Plant and machinery	15	15
Office equipment	5	5
Furniture and fixtures	10	10
Computers	3	3
Vehicles	8	8

1.06 Intangible assets

Acquired Intangible assets (i.e. Computer Software) are stated at acquisition cost, net of accumulated amortisation and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives. The amortisation period and the amortisation method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortisation period is changed accordingly.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The estimated useful life is as follows:

Asset	Management estimate of useful life (in Years)
Computer Software	6



Note
No. 1 **Basis of Significant Accounting Policies**

1.07 Impairment of assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. For the purpose of assessing impairment, the recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. The smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit (CGU). An asset or CGU whose carrying value exceeds its recoverable amount is considered impaired and is written down to its recoverable amount. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased. An impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

1.08 Foreign exchange transactions

Initial recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Subsequent recognition

Monetary assets and liabilities denominated in foreign currency as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss for the year. Non-monetary assets and liabilities which are carried in terms of historical cost denominated in a foreign currency are translated using the exchange rate at the date of the transaction.

1.09 Revenue recognition

a. Sale of products

Revenue from Sales is recognised, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales are recognised net of GST.

b. Sale of services

Revenue from operation and maintenance services are recognised as a service income as and when the services are rendered based on the service agreement and when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services net of GST.



Note
No. 1 Basis of Significant Accounting Policies

1.10 Other income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when the right to receive dividend is established.

1.11 Employee benefits

Provident Fund : Contribution towards provident fund for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

Gratuity : The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

Compensated absence : Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses / gains are recognised in the Statement of Profit and Loss in the year in which they arise.

1.12 Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.



1.13 Current tax and deferred tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. In situations, where the Company has unabsorbed depreciation or carry forward losses under tax laws, all deferred tax assets are recognised only to the extent that there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits. At each Balance Sheet date, the Company re-assesses unrecognised deferred tax assets, if any.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

1.14 Provisions and contingent liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.



Armsel MHE Private Limited
CIN: U74140KA1981PTC004248

Notes to Financial statements

(All amount in Rs., unless otherwise stated)

Note
No. 1 **Basis of Significant Accounting Policies**

1.15 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long term investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. However, provision for diminution is made to recognise a decline, other than temporary, in the value of long-term investments, such reduction being determined and made for each investment individually.

1.16 Cash and cash equivalents

In the cash flow statement, cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

1.17 Leases

As a lessee:

Operating leases: Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.



Armsel MHE Private Limited
CIN: U74140KA1981PTC004248
Notes to Financial Statements
(All amount in Rs., unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
2 Share Capital		
A. Authorised		
400,000 (March 31, 2019: 400,000) equity shares of 100 each	40,000,000	40,000,000
B. Issued, subscribed and fully paid up		
375,550 (March 31, 2019: 375,550) equity shares of 100 each fully paid up	37,555,000	37,555,000
	37,555,000	37,555,000

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2020	As at March 31, 2019
Balance at the beginning of the year	375,550	367,275
Movement during the year	-	8,275
Balance at the end of the year	375,550	375,550

(b) Terms and Rights attached to equity shares

The Company has one class of equity shares having face value of Rs. 100 each. Each share holder of equity shares is entitled to one vote per share held. The dividend proposed by the Board of Directors (BOD) is subject to the approval of the shareholders in the ensuing annual general meetings except in case of interim dividend. In the event of liquidation, the equity share holders are eligible to receive the remaining assets of the Company, after distribution of all preferential amounts, if any, in proportion of their shareholding.

(c) Particulars of shares held by shareholders, holding more than 5% of aggregate shares in the Company:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	% of holding	No. of Shares	% of holding
Kito Corporation Japan (Holding Company)	375,549	99.99%	375,549	99.99%

(d) Shares held by holding or ultimate holding Company, including shares held by subsidiaries or associates of the holding Company or the ultimate holding Company in aggregate:

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	Amount	No. of Shares	Amount
Holding Company				
Kito Corporation Japan (Holding Company)	375,549	37,554,900	375,549	37,554,900

(e) There have been no buy back of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the balance sheet date.



	As at March 31, 2020	As at March 31, 2019
3 Reserves and surplus		
Deficit in statement of profit and loss		
Balance at the beginning of the year	(230,021,220)	(316,332,644)
Add: Net profit /(loss) for the year	(21,941,800)	86,311,423
Balance at the end of the year	(251,963,020)	(230,021,221)
Investment allowance reserve		
Balance at the beginning of the year	360,136	360,136
Add: Investment allowance reserve added during the year	-	-
Balance at the end of the year	360,136	360,136
General Reserve		
Balance at the beginning of the year	156,625	156,625
Add: General Reserve added during the year	-	-
Balance at the end of the year	156,625	156,625
Securities premium		
Balance at the beginning of the year	355,125,312	347,677,812
Add: Securities premium added during the year	-	7,447,500
Balance at the end of the year	355,125,312	355,125,312
	103,679,053	125,620,852
4 Long-term provisions		
Provision for employee benefits:		
Provision for gratuity (refer Note 34)	2,068,652	1,621,811
Provision for compensated absences	819,942	792,236
	2,888,594	2,414,047
5 Trade payables		
Total outstanding dues of micro, medium and small enterprises (refer Note 26)	156,876	-
Total outstanding dues to other than micro, medium and small enterprises (refer Note 31 for dues to related parties)	25,672,275	22,286,588
	25,829,151	22,286,588
6 Other current liabilities		
Outstanding liabilities payable to employees	1,499,367	1,293,442
Statutory dues including provident fund and tax deducted at source	1,494,131	2,428,009
Advances from customers	730,225	207,481
Provision for expenses and other payables	2,420,136	2,195,477
	6,143,859	6,124,409
7 Short-term provisions		
Provisions for employee benefits:		
Provision for compensated absences	99,987	138,649
Provision for gratuity (refer Note 34)	417,645	-
Provision for Income Tax [net of advance tax Rs. 16,916,549 (March 31, 2019: Rs. 16,494,056)]	-	1,537,542
	517,632	1,676,191



8A. Property, plant and equipment (Tangible assets)

Particulars	Gross block			Accumulated depreciation and amortisation			Net block		
	Balance as at April 1, 2019	Additions during the year	Deletions during the year	Balance as at March 31, 2020	Balance as at April 1, 2019	Depreciation for the year	Deletions	Balance as at March 31, 2020	Balance as at March 31, 2019
Owned									
Continuing operations									
Plant and machinery	3,170,560	878,245	-	4,048,805	633,443	209,893	-	843,336	2,537,117
Office equipment*	2,304,204	119,502	314,672	2,109,034	1,047,427	549,469	93,085	1,503,811	1,256,777
Furniture & Fixtures	6,244,688	661,478	-	6,906,166	1,249,096	618,097	-	1,867,193	4,995,592
Vehicles	3,674,651	-	1,990,000	1,684,651	3,250,159	207,366	1,890,500	1,567,025	424,492
Computer	430,572	202,846	-	633,418	379,409	85,793	-	465,202	51,163
Discontinued operations									
Office equipment	36,925	-	-	36,925	36,925	-	-	36,925	-
Total	15,861,600	1,862,071	2,304,672	15,418,999	6,596,459	1,670,618	1,983,585	6,283,492	9,265,141
Intangible Assets									
Owned									
Continuing operations									
Computer Software	266,468	-	-	266,468	230,582	35,886	-	266,468	35,886
Discontinued operations									
Computer Software	33,368	-	-	33,368	33,368	-	-	-	-
Total	299,836	-	-	299,836	263,950	35,886	-	266,468	35,886

Note:

* Includes prior period expense of Rs.187,080 (March 31, 2019: Rs. Nil)



8A. Property, plant and equipment (Tangible assets)

Particulars	Gross Block			Accumulated depreciation and amortisation			Net block		
	Balance as at April 1, 2018	Additions during the year	Deletions during the year	Balance as at March 31, 2019	Balance as at April 1, 2018	Depreciation for the year	Deletions	Balance as at March 31, 2019	Balance as at March 31, 2018
Owned									
Continuing operations									
Plant and machinery	2,515,360	655,200	-	3,170,560	447,798	185,645	-	2,537,117	2,067,562
Office equipment	4,481,576	406,445	2,583,817	2,304,204	3,303,344	322,512	2,578,429	1,256,777	1,178,232
Furniture & Fixtures	2,340,923	4,058,789	155,024	6,244,688	952,491	420,841	124,236	4,995,592	1,388,432
Vehicles	3,719,635	-	44,984	3,674,651	3,088,339	206,804	44,984	3,250,159	631,296
Computer	710,759	-	280,187	430,572	533,814	125,782	280,187	379,409	176,945
Discontinued operations									
Plant and machinery	21,500,102	-	21,500,102	-	7,257,081	514,188	7,771,269	-	14,243,021
Office equipment	4,729,232	-	4,692,307	36,925	2,180,162	263,556	2,406,793	36,925	2,549,070
Furniture and fixtures	1,591,926	-	1,591,926	-	761,115	78,958	840,073	-	830,811
Lease hold improvements	20,370,354	-	20,370,354	-	7,770,321	280,806	8,051,127	-	12,600,033
Total	61,959,867	5,120,434	51,218,701	15,861,600	26,294,465	2,399,092	22,097,098	9,265,141	35,665,402

8B.

Intangible Assets

Owned									
Continuing operations									
Computer Software	1,575,677	700,000	2,009,209	266,468	1,487,707	52,084	1,309,209	230,582	87,970
Discontinued operations									
Computer Software	1,316,565	-	1,283,197	33,368	641,316	238,873	846,821	33,368	675,249
Total	2,892,242	700,000	3,292,406	299,836	2,129,023	290,957	2,156,030	263,950	763,219



Armssel MHE Private Limited
CIN: U74140KA1981PTC004248
Notes to Financial Statements
(All amount in Rs., unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
9 Non-current investments		
Other investments:		
Quoted		
Investment in equity instruments		
241 shares (March 31, 2019: 241 shares) of Rs. 2 each full paid up in Bank of Baroda	6,000	6,000
	<u>6,000</u>	<u>6,000</u>
Market value of quoted investments	<u>12,906</u>	<u>27,660</u>
10 Deferred tax asset (net)		
Deferred tax asset arising from:		
Difference between carrying value of Property, plant and equipment in the financial statement and the income tax return (net)	748,871	794,544
Expenses allowable for tax purposes when payment is made:		
Provision for gratuity	646,437	421,671
Provision for compensated absence	239,182	242,030
Provision for doubtful debts	2,684,505	1,174,379
Unabsorbed depreciation and business losses	111,027,881	110,637,466
	<u>115,346,876</u>	<u>113,270,090</u>
Deferred tax asset (net)	<u>-</u>	<u>-</u>

Note: Deferred tax asset (net) aggregating to Rs.115,346,876 considering applicable effective tax rate of 26% (March 31, 2019: Rs.113,270,090) comprising of Rs.4,318,995 (March 31, 2019: Rs.2,632,624) on account of timing differences and Rs.111,027,881 (March 31, 2019: Rs.110,637,466) on account of unabsorbed depreciation and business loss proposed to be carried forward as per Income Tax Act, 1961, have not been recognised in these accounts in the absence of 'virtual certainty supported by convincing evidence' that sufficient future taxable income will be available for set-off. This position will be reassessed at every year end and the deferred tax asset will be accounted for, if appropriate.

Current tax:

No provision for taxation has been made in these financial statements as the Company has no taxable profit.

11 Long-term loans and advances

Unsecured, considered good:

Security deposits	3,822,000	4,217,080
Advance income tax [net of provision for tax of Rs. 13,365,165 (March 31, 2019: Rs 13,365,165)]	3,589,585	5,111,313
MAT credit entitlement	-	13,598,123
	<u>7,411,585</u>	<u>22,926,516</u>

MAT credit:

Reversal of Minimum Alternate Tax (MAT) credit of Rs. 13,598,123 (March 31, 2019: Rs. Nil), and such MAT Credit asset balance is not recognised in the absence of convincing evidence that the company will pay normal income tax during the specified period.

12 Other non-current assets

Unsecured, considered good

Retention money

	2,396,670	4,945,773
	<u>2,396,670</u>	<u>4,945,773</u>



Armsel MHE Private Limited

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Notes to Financial Statements

(All amount in Rs., unless otherwise stated)

	As at March 31, 2020	As at March 31, 2019
13 Inventories		
Raw materials	41,465,335	30,953,320
Work in Progress	2,759,319	287,324
Traded goods [includes in transit: Rs. 1,041,776 (March 31, 2019: Rs. 6,739,063)]	6,917,550	6,739,063
Finished goods	153,929	646,216
	51,296,133	38,625,923
14 Trade receivables		
Unsecured, considered good		
Out standing for a period exceeding six months from the date they were due for payment	1,018,436	10,946,138
Others	17,200,097	21,732,792
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they were due for payment	10,325,019	4,516,844
Less: Provision for doubtful debts	(10,325,019)	(4,516,844)
	18,218,533	32,678,930
Note: Refer Note 31 for related party balances		
15 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	66,350	27,769
Bank balances:		
(a) in current accounts	4,698,847	4,462,365
(b) in deposit accounts	60,051,590	60,018,790
(c) Margin money deposit (less than 3 months maturity)	-	7,153,870
Other bank balances:		
(a) Deposits held as margin money against guarantee (more than 3months but less than 12 months maturity)	9,590,473	-
(b) Deposits held as margin money against guarantee (more than 12 months maturity)	-	86,049
	74,407,260	71,748,843
16 Short-term loans and advances		
Unsecured, considered good		
Advances to employees	208,827	56,523
Balance with government authorities	12,511,870	12,151,033
Advances to suppliers	51,010	2,766,352
Prepaid expenses	733,041	-
	13,504,748	14,973,908
17 Other current assets		
Unsecured, considered good		
Interest accrued on deposits with banks	127,753	470,167
Other current assets	109,100	-
	236,853	470,167



Armstrong MHE Private Limited

CIN: U74140KA1981PTC004248

Notes to financial statements

(All amount in Rs., unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
18 Revenue from operations		
Sale of products	149,199,913	130,225,485
Sale of services	4,394,286	8,726,396
	153,594,199	138,951,881
(a) Details of sale of products		
Sales - Manual chain hoist	28,068,731	41,183,127
Sales - Electric chain hoist	99,708,919	77,365,805
Sales - Others	21,422,263	11,676,553
	149,199,913	130,225,485
(b) Details Sale of Services		
Operation and maintenance service	4,394,286	2,703,287
Restoration and other services	-	6,023,109
	4,394,286	8,726,396
19 Other income		
Interest Income	3,677,580	2,292,805
Net gain on foreign currency transaction and translation	78,475	-
Profit on sale of property, plant and equipment	154,083	-
Miscellaneous income	19,662	11,151
	3,929,800	2,303,956
20 Cost of material consumed (Net)		
Raw materials consumed		
Opening stock	30,611,325	38,998,143
Add: Purchase during the year	111,575,480	79,163,063
Less: Adjustment made on opening inventory balance *	3,680,107	-
Less: Closing stock	41,465,335	30,611,325
	97,041,363	87,549,881
Note:		
* Understatement of opening inventory balance to the extent of INR 3,680,107 relating to Custom duty not capitalised in prior year, adjusted during the year.		
21 Purchase of Stock in Trade		
Chains and lifting accessories	9,281,462	9,754,166
	9,281,462	9,754,166



Armsel MHE Private Limited

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Notes to financial statements

(All amount in Rs., unless otherwise stated)

	<u>Year ended</u> <u>March 31, 2020</u>	<u>Year ended</u> <u>March 31, 2019</u>
22 Changes in inventories of work-in-progress, finished goods and traded goods		
Opening stock		
Work-in-progress	287,324	1,345,407
Finished goods	646,216	794,415
Traded goods	-	-
	<u>933,540</u>	<u>2,139,822</u>
Closing stock		
Work in progress	2,759,319	287,324
Finished goods	153,929	646,216
Traded goods	6,917,550	6,739,063
	<u>9,830,798</u>	<u>7,672,603</u>
(Increase)/ Decrease	<u>(8,897,258)</u>	<u>(5,532,781)</u>



Armsel MHE Private Limited

CIN: U74140KA1981PTC004248

Notes to Financial Statements

(All amount in Rs., unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
23 Employee benefits expense		
Salaries, wages and bonus	30,876,055	26,148,196
Contribution to provident and other funds (refer Note 34)	523,002	482,281
Gratuity (refer Note 34)	858,208	312,571
Staff welfare expenses	1,117,496	828,109
	33,374,761	27,771,157
24 Finance cost		
Bank guarantee charges	87,808	-
Interest on others	14,184	26,674
	101,992	26,674
25 Other expenses		
Bank charges	137,274	289,952
Power and fuel*	305,769	137,660
Freight Charges	496,019	868,743
Labour Charges	133,497	350,471
Erection charges	730,179	548,061
Advertisement and publicity expenses	932,846	971,408
Provision for doubtful debt	-	1,988,387
Bad debts written off	126,511	1,285,299
Warranty expenses	153,000	-
Legal, professional and technical fees	4,290,979	5,273,552
Payment to auditors (refer Note 38)	1,007,500	251,882
Insurance	58,091	511,526
Communication expenses	453,677	679,396
Postage and courier	168,808	129,989
Printing and stationery	125,133	133,007
Rates and taxes	37,150	5,443,085
Net loss on foreign currency transaction and translation	-	310,553
Rent (refer Note 37)	4,820,331	4,530,456
Repairs and maintenance:		
- Plant and machinery	242,821	539,254
- Other maintenance	926,514	2,115,315
Travelling and conveyance expenses	5,052,139	3,937,684
Miscellaneous expenses	71,319	148,232
	20,269,557	30,443,912

Note:

* Includes prior period expense of Rs. 104,800 (March 31, 2019: Rs. Nil)



26 Dues to Micro, Small and Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	March 31, 2020	March 31, 2019
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	156,876	-
Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year	-	-
Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest paid, under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
Further interest remaining due and payable for earlier years	-	-

Note: The above information has been determined by the Company based on the MSME confirmations sent by the company to the vendors and responses received thereby

27 Derivative instruments and unhedged foreign currency exposure

Forward contracts entered for the hedging purpose, which were outstanding as on March 31, 2020 amounted to Rs. Nil (March 31, 2019: Rs. Nil). Details of foreign currency exposure as at March 31, 2020, which was not hedged are as follows:

Currency	Foreign Currency		Reporting Currency (Rs.)	
	As at March 31, 2020	As at March 31, 2019	As at March 31, 2020	As at March 31, 2019
Payable in EUR	12,941	9,184	1,075,634	713,962

28 Expenditure in foreign currency :

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of stock in trade	100,647,711	73,017,842
Purchase of Capital Goods	236,307	-
Legal, professional and technical fees	-	502,500
Reimbursement of expenses (refer Note 31)	4,041,514	78,424
Travelling and conveyance expenses	130,701	-
	105,056,233	73,598,766

29 Earnings in foreign currency :

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Export Sales	5,221,973	14,285,739

30 CIF value of imports

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Purchase of Stock in trade	100,647,711	73,017,842
Purchase of Capital Goods	236,307	-
	100,884,018	73,017,842



31 Related party transactions

(i) Related parties where control exists
 Holding Company

* Kito Corporation, Japan

(ii) Other related parties with whom transactions have taken place during the year
 Fellow Subsidiaries

* Jiangyin Kito Crane Company Ltd., China
 * Kito Europe GmbH, Germany
 * Kito Chain Italia SRL, Italy
 * Errikkila OY, Finland
 * Harrington Hoists Inc, United States
 * PWB Anchor Pty Ltd, Australia

Key Management Personnel

* Mr. Preet H. Herl, Managing Director
 * Shin Kimura, Director

(iii) Details of related party transactions during the year ended March 31, 2020 and balances outstanding as at March 31, 2020:

Nature of transaction	Holding Company		Fellow Subsidiaries		Key Managerial Personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Transactions during the year								
Purchase of Goods:								
Kito Corporation	91,166,132	69,250,949	-	-	-	-	91,166,132	69,250,949
Jiangyin Kito Crane Co Ltd	-	-	156,541	714,550	-	-	156,541	714,550
Kito Chain Italia S-R-L Socio Unico	-	-	8,248,704	3,052,343	-	-	8,248,704	3,052,343
Harrington Hoists Inc	-	-	792,938	-	-	-	792,938	-
PWB Anchor Pty Ltd	-	-	85,682	-	-	-	85,682	-
Kito Europe GmbH	-	-	197,715	-	-	-	197,715	-
Capital Purchase:								
Errikkila OY	-	-	236,307	-	-	-	236,307	-
Expenses Reimbursed to :								
Kito Corporation	4,172,215	78,424	-	-	-	-	4,172,215	78,424
Services Received- Technical fee :								
Kito Corporation	-	502,500	-	-	-	-	-	502,500
Managerial Remuneration *								
Preet Herl	-	-	-	-	8,050,000	7,350,000	8,050,000	7,350,000
Shin Kimura	-	-	-	-	2,065,691	7,974,005	2,065,691	7,974,005
Nature of transaction	Holding Company		Fellow Subsidiaries		Key Managerial Personnel		Total	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Balances as at year end								
Trade Payables:								
Kito Corporation	22,318,460	19,832,886	-	-	-	-	22,318,460	19,832,886
Kito Chain Italia S-R-L Socio Unico	-	-	1,075,634	713,962	-	-	1,075,634	713,962
Trade Receivables:								
Kito Corporation	245,307	-	-	-	-	-	245,307	-

Note:

As gratuity and compensated absences are computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.

* Managerial remuneration paid to Shin Kimura does not include remuneration paid by Kito Corporation and such remuneration paid by Kito Corporation is not cross charged to the Company.



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Notes to Financial Statements

(All amount in INR., unless otherwise stated)

32 Contingent liabilities and commitments

Particulars	As at	As at
	March 31, 2020	March 31, 2019
A. Contingent liabilities and commitments		
Bank Guarantee	9,194,250	9,194,250
Direct tax litigation	4,076,850	-
Total	13,271,100	9,194,250

B. Capital and other commitments

(a) Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. Nil (March 31, 2019: Rs. Nil)

(b) Other Commitments Rs. Nil (March 31, 2019: Rs. Nil).

Note:

(i) The Company is in the process of evaluating the impact of the recent Supreme Court Judgment in case of "Vivekananda Vidyamandir And Others Vs The Regional Provident Fund Commissioner (II) West Bengal" and the related circular (Circular No. C-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact as they believe the clarification given in the judgement is to be applied prospectively and accordingly, no provision has been made in these Financial Statements for impact on the financial statements if the judgement has to be applied retrospectively.



1

33 Discontinued operations

On March 27, 2017, the Board of Directors of the Company has approved the plan of terminating the operations of crane manufacturing division through abandonment due to consistent losses incurred in crane manufacturing business.

I Carrying value of assets and liabilities to be disposed / settled of as at March 31, 2020 are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Long-term loans and advances	3,173,979	18,712,045
Current assets:		
Trade receivables	3,687,350	23,925,261
Inventories	-	341,995
Cash and cash equivalents	9,590,473	7,687,451
Other current assets	-	2,507,398
Total assets	16,451,802	53,174,150
Long-term provisions	128,885	192,170
Trade payables	50,033	509,840
Other current liabilities	45,750	1,222,973
Short-term provisions	-	1,537,542
Total liabilities	224,668	3,462,525
Net Assets	16,227,134	49,711,625

II Profit / (Loss) before tax from discontinued operations

Particulars	Note	Year ended March 31, 2020	Year ended March 31, 2019
Revenue from operations	i	2,270,093	10,707,877
Other income	ii	1,369,470	133,148,318
		3,639,563	143,856,195
Cost of materials consumed	iii	765,277	18,209,173
Employee benefits expense	iv	617,185	2,359,795
Finance costs	v	-	5,165,508
Depreciation	8	-	1,376,381
Other expenses	vi	15,246,396	18,825,533
		16,628,858	45,936,390
Profit / (Loss) before tax		(12,989,295)	97,919,805

III Cash flows attributable to the discontinued operations

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Operating activities	22,398,217	10,953,169
Investing activities	-	161,776,015
Financing activities	-	(105,407,344)



Armsel MHE Private Limited
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Notes to Financial statements
(All amount in INR., unless otherwise stated)

	Year ended March 31, 2020	Year ended March 31, 2019
i Revenue from operations		
Sale of products	138,600	8,883,530
Sale of services	2,131,493	1,824,348
	<u>2,270,093</u>	<u>10,707,878</u>
(a) Details of Sale of Products		
Operation Products		
Spares	138,600	8,883,530
	<u>138,600</u>	<u>8,883,530</u>
(b) Details Sale of Services		
Maintenance service	2,131,493	1,824,348
	<u>2,131,493</u>	<u>1,824,348</u>
ii Other income		
Provision no longer required written back	614,943	-
Liquidated damages recovered from customers	408,272	894,106
Profit on sale of asset	-	132,254,212
Miscellaneous income	346,255	-
	<u>1,369,470</u>	<u>133,148,318</u>
iii Cost of materials consumed		
(a) Opening Stock	341,995	15,956,242
(b) Purchase	423,282	2,594,926
(c) Closing stock	-	341,995
	<u>765,277</u>	<u>18,209,173</u>
iv Employee benefits expense		
Salaries, wages and bonus	430,000	2,045,135
Contribution to provident and other funds	58,300	122,490
Gratuity (refer Note 34)	128,885	192,170
	<u>617,185</u>	<u>2,359,795</u>
v Finance Costs		
Interest expense	-	5,165,508
	<u>-</u>	<u>5,165,508</u>
vi Other expenses		
Bank Charges	96,932	224,983
Bad debts	1,618,324	8,479,619
Erection Charges	4,253,384	1,353,197
Legal, professional and technical fees	2,409,420	2,442,097
Liquidated damages	165,813	178,817
Communication expenses	-	98,751
Provision for doubtful debts	5,808,175	2,528,457
Advertisement and publicity expenses	96,000	-
Power and fuel	-	321,206
Rates and taxes	147,776	285,576
Security charges	-	743,722
Travelling and conveyance	650,572	1,376,461
Warranty expenses	-	792,647
	<u>15,246,396</u>	<u>18,825,533</u>



34 Employee benefits expense	For the year ended March 31, 2020	For the year ended March 31, 2019
(a) Defined Contribution Plans		
Amount recognised in the Statement of Profit and Loss		
Provident fund paid to authorities	560,012	565,226
Employee State Insurance paid to authorities	21,290	39,545
	<u>581,302</u>	<u>604,771</u>

(b) Defined Benefit Plan

Gratuity: The company operates a gratuity plan through the "Armsel (Bangalore) Employees' Group Gratuity Scheme". Every employee is entitled to a benefit equivalent to fifteen days salary last drawn for each completed year of service in line with the Payment of Gratuity Act, 1972. The same is payable at the time of separation from the Company or retirement, whichever is earlier. The benefits vest after five years of continuous service.

Present value of defined benefit obligation	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	2,455,139	1,892,139
Current service cost	339,177	285,827
Interest cost	185,522	162,974
Benefits paid	(122,608)	-
Actuarial (gain) / loss	484,897	114,199
Balance at the end of the year	<u>3,342,127</u>	<u>2,455,139</u>

Fair value of plan assets	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	833,328	775,069
Employer direct benefit payments	122,608	-
Expected return on plan assets	64,583	124,505
Benefits paid	(122,608)	-
Actuarial gain / (loss)	(42,080)	(66,246)
Balance at the end of the year	<u>855,831</u>	<u>833,328</u>

Asset and Liability recognised in the Balance Sheet	As At March 31, 2020	As At March 31, 2019
Fair value of plan assets	3,342,127	2,455,139
Present value of the defined benefit obligations	(855,831)	(833,328)
Amounts recognised as liability (refer Note 4 & 7)	<u>2,486,296</u>	<u>1,621,811</u>

Expense recognised in the statement of Profit and Loss	For the year ended March 31, 2020	For the year ended March 31, 2019
Current service cost	339,177	285,827
Interest on defined benefit obligation	185,522	162,974
Expected Return on Asset	(64,583)	(124,505)
Net actuarial (gain)/loss recognized in the year	526,977	180,445
Total (included in Employee benefit expenses)	<u>987,093</u>	<u>504,741</u>

Principal assumptions used in determining gratuity obligation	For the year ended March 31, 2020	For the year ended March 31, 2019
Discount rate	6.88%	7.75%
Expected return on assets	7.75%	7.50%
Salary escalation rate	8.00%	8.00%
Attrition rate	5.00%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate

Amount recognised in current year and previous four years	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016
Defined Benefit Obligation	3,342,127	2,455,139	1,892,139	6,823,224	9,852,295
Plan Assets	855,831	833,328	775,069	729,551	2,663,566
Surplus/ (Deficit)	(2,486,296)	(1,621,811)	(1,117,070)	(6,093,673)	(7,188,729)
Experience gain/ (loss) Adjustments on plan liabilities	197,532	72,548	428,775	(2,846,926)	(274,822)
Experience gain/ (loss) Adjustments on plan assets	42,080	(66,246)	45,518	68,483	(153,072)

Expected contribution to the funds in the next year	For the year ended March 31, 2020	For the year ended March 31, 2019
Gratuity	417,645	2,000,000

Notes:

- The estimate of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.
- The discount rate is based on the prevailing market yield on Government bonds as at balance sheet date for the estimated term of obligations.



35 Earnings Per Share

Net profit/ (loss) after tax
 Number of shares
 Basic (loss) /earnings per share

Year ended March 31, 2020	Year ended March 31, 2019
(2,19,41,800)	8,63,11,423
3,75,550	3,75,550
(58)	230

Note : There is no dilution to the Basic Earnings per Share as there are no dilutive potential equity shares

36 The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001) detailed transfer pricing regulations (the regulations) for computing the income and expenditure from International transactions between 'associated enterprises' on an arm's length basis. The regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing of return of income. For fiscal year ended March 31, 2019 the company had undertaken a study to comply with the regulations for which the prescribed certificate of the Accountant has been obtained and this did not envisage any tax liability. The company has appointed a consultant to conduct a detailed study for the fiscal year ended March 31, 2020. In the opinion of management, the transactions with associated enterprises during the year ended March 31, 2020 are on arm's length basis.

37 Leases

The Company has entered into operating lease arrangements for office premises as well as staff accommodation range for a period between 11 months to 9 years. These leases are cancellable leases with an option of giving a notice of 3 months by either lessor or lessee. Further these leases are renewable for further period on mutually agreeable terms. The particulars of leases are as follows:

Lease payments recognised in the Statement of Profit and Loss during the year

Year ended March 31, 2020	Year ended March 31, 2019
48,20,331	45,30,456

38 Payment to auditors


Statutory audit fee
 Tax audit fee
 Others

Year ended March 31, 2020	Year ended March 31, 2019
10,07,500	2,00,000
-	50,000
-	1,882
10,07,500	2,51,882

39 The COVID-19 outbreak has spread rapidly in last quarter of the financial year. Governments across the globe, including in India, have undertaken various measures to contain the spread of the virus including restrictions on travel, social distancing and other emergency measures. The Company has resumed operations subsequent to the year end. Management has carried out the impact assessment of the pandemic on the operations of the Company and believes that there is minimum disruption to the operations of the Company. As at the year end, management has assessed the recoverability of the carrying values of property, trade receivables and other assets and believes that no adjustments are required to be made in respect of such assets as at March 31, 2020. Management has assessed the liability position as at March 31, 2020 and do not foresee any adjustments thereon. Management has also assessed the liquidity position of the Company for next 12 months and basis that assessment management believes that the Company will be able to meet all its financial obligations comfortably with the existing cash and bank balances and the projections of future cash inflows and outflows.

40 Previous year figures have been regrouped / reclassified to confirm to current year's classification.

For Price Waterhouse Chartered Accountants LLP
 Firm Registration Number: 012754N/ N500016


Madhavi Kalva
 Partner
 Membership Number: 213550
 Place: Bengaluru
 Date: July 7, 2020

For and on behalf of the Board of Directors


Preet H Heri
 Managing Director
 DIN: 00215187
 Place: Bengaluru
 Date: July 7, 2020


Shik Kimura
 Director
 DIN: 07810590
 Place: Japan
 Date: July 7, 2020

