

BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present the 40th Annual Report on the working of your Company together with the Audited financial statements of **KITO INDIA PRIVATE LIMITED** (Formerly Known as **ARMSSEL MHE PRIVATE LIMITED**) for the year ended 31st March 2021.

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

Particulars	Current Year	Previous Year
Turnover	1272.36	1558.64
Other Income	34.90	52.99
Total Expenditure excluding Depreciation	1260.15	1678.01
Depreciation	13.62	17.07
Profit /(Loss) Before Tax	33.49	(83.45)
Tax Expense	2.62	0
Profit /(Loss) After Tax	30.87	(219.42)
Earning Per Shares (EPS)	8.22	Nil

PERFORMANCE REVIEW:

During the year under review, Company has achieved turnover of Rs.1272.36Lakhs, as compared to previous year Turnover of Rs.1558.64Lakhsthus the Company has achieved higher revenue when compare to previous year revenue.

However, during the current period the Company has earned Net profit after Tax of Rs.30.87Lakhswhen compare to previous year Loss of Rs.219.42 Lakhs.

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 since March 2020. 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, 2021.

Management has assessed the liability position as at March 31, 2021 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 projection future cash inflows and outflows.

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 2020-21.

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.

CHANGE IN THE NAME OF THE COMPANY:

During the financial year, The Promoters of the Company have decided to operate the Company with the same name globally. Accordingly the shareholders at their Annual General Meeting held on 11th September, 2020 have approved to change the name of the Company from **M/s. ARMSEL MHE PRIVATE LIMITED to M/s. KITO INDIA PRIVATE LIMITED.**

Consequent to approval of shareholders, the Registrar of Companies have approved to change the name and issued fresh certificate of Incorporation on 14th October, 2020.

DIVIDEND:

The Company has not recommended any dividend for the financial year 2020-21.

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
03	*Mr. Hiroshi Kobata	Director

*After the closing of Financial year, Mr. Hiroshi Kobata was appointed as an Additional Director of the Company w. e.f 01st April, 2021.

NUMBER OF MEETINGS OF THE BOARD:

During the Financial Year 2020-21, Board met 05 times.

DIRECTORS' RESPONSIBILITY STATEMENT:

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

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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.
- 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,2021 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 2020-21.

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 2020-21, 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)	<u>Conservation of Energy:</u>	
	1) The steps taken or impact on conservation of energy	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.
	2) The steps taken by the company for utilising alternate sources of energy	
	3) The capital investment on energy conservation equipments	
	<u>Technology Absorption:</u>	
	1. The efforts made towards technology absorption;	<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>
	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).	
	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.	There is no expenditure incurred on Research and Development.
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FOREIGN EXCHANGE EARNINGS AND OUTGO:

Sl. No.	Particulars	As on 31.03.2021 Amount (INR)	As on 31.03.2020 Amount (INR)
01	Foreign Exchange Earnings	1,77,196	52,21,973
02	Foreign Exchange Expenditure	7,70,46,850	10,50,56,233

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:

As per Section 92 (3) of the Companies Act, 2013 the Company shall place a copy of the annual return on the website of the company, **if any** and the web-link of such annual return shall be disclosed in the Board's report. The link of Company's Website is <https://www.kito.co.in>

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.

Compliance WITH SECRETARIAL STANDARDS:

The Company has complied with the applicable Secretarial Standards (SS) viz. SS-1 & SS-2 on Meetings of the Board of Directors and General Meetings respectively.

THE DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONGWITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR

There is no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2013 as on 31st March, 2021.

THE DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

The Company didn't enter any one time settlement and the valuation report was not taken.

DISCLOSURE FOR MAINTENANCE OF COST RECORDS AS PER SECTION 148(1) OF COMPANIES ACT, 2013:

The Company is not required to maintain the books of accounts and other related records as per rules prescribed by the Central Government under section 148(1) of the Companies Act, 2013.

AUDITOR'S QUALIFICATIONS/RESERVATIONS/ADVERSE REMARKS/FRAUD REPORTED:

There are no qualifications, reservations or adverse remarks made by Statutory Auditors of the Company in the Audit Report for the financial year ended March 31, 2021.

AUDITORS:

i. STATUTORY AUDITORS:

M/s. Price Waterhouse Chartered Accountants LLP (FRN 012754N/N500016), Chartered Accountants, have been appointed as statutory auditors of the

Company at the 39th Annual General Meeting held on 11th September, 2020 upto the conclusion of 44th Annual General Meeting. The Board is authorized to fix remuneration of the Statutory Auditors in consultation with the said auditors for the period of their appointment.

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:

Place: Bangalore

On behalf of the board

For **KITO INDIA PRIVATE LIMITED**





Preet H Heri

Managing Director
DIN: 00215187

Hiroshi Kobata

Director

DIN: 09126920

Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of KITO India Private Limited (formerly, Armsel MHE Private Limited)

Report on the audit of the financial statements

Opinion

1. We have audited the accompanying financial statements of KITO India Private Limited (formerly, Armsel MHE Private Limited) ("the Company"), which comprise the balance sheet as at March 31, 2021, 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, 2021, and profit 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
 - a. Note 10 in financial statements on the disclosure of deferred tax asset ('DTA') of Rs.109,694,814 on unabsorbed depreciation and business losses. The unabsorbed depreciation and business losses considered for computation of DTA is based on books and records of the Company and does not consider any transfer pricing adjustments made by the Income Tax authorities which is being contested by the Company.
 - b. Note 40 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, 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 the above matters.



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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 KITO India Private Limited (formerly, Armsel MHE Private Limited)
Report on the audit of the Financial Statements

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.

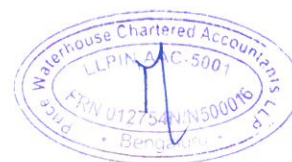
We have nothing to report in this regard.

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.



Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of KITO India Private Limited (formerly, Armsel MHE Private Limited)
Report on the audit of the 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.
 - 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.

Report on other legal and regulatory requirements

11. 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.
12. 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.



Price Waterhouse Chartered Accountants LLP

Independent auditor's report

To the Members of KITO India Private Limited (formerly, Armsel MHE Private Limited)
Report on the audit of the Financial Statements

- (e) On the basis of the written representations received from the directors as on March 31, 2021 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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 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, 2021, 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, 2021;
 - 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, 2021; and
 - iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended March 31, 2021.
13. 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: 21213550AAAACC1176

Place: Bengaluru
Date: July 06, 2021

Price Waterhouse Chartered Accountants LLP

Annexure A to Independent auditor's report

Referred to in paragraph 11 of the Independent auditor's report of even date to the members of KITO India Private Limited (formerly, Armsel MHE Private Limited) on the financial statements as of and for the year ended March 31, 2021

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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 specified maintenance of cost records under sub-section (1) of Section 148 of the Act, for certain products of the Company. However, the aggregate turnover of the Company during the preceding financial year is below the threshold limit for the applicability of the provisions of Section 148(1) of the Act. Therefore, the provisions of Clause 3(vi) of the Order are not applicable to 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 regular in depositing undisputed statutory dues, including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and services tax and other material statutory dues, as applicable, with the appropriate authorities.

Further, for the period May 1, 2020 to May 30, 2020, the Company has paid Goods and Service Tax and filed GSTR- 3B after the due date but within the timelines allowed by Central Board of Indirect Taxes and Customs under the Notification number 36/2020-Central Tax dated April 3, 2020 on fulfilment of conditions specified therein.

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 auditor's report

Referred to in paragraph 11 of the Independent auditor's report of even date to the members of KITO India Private Limited (formerly, Armsel MHE Private Limited) on the financial statements as of and for the year ended March 31, 2021

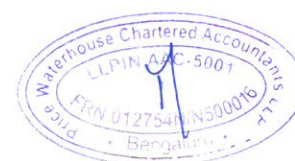
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- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, service-tax, duty of customs, duty of excise, value added tax and goods and service tax, which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2021 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

* 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 13 of our report on the audit of the financial statements.
- 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.
- 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.



Price Waterhouse Chartered Accountants LLP

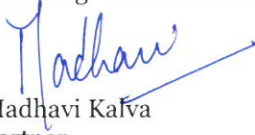
Annexure A to Independent auditor's report

Referred to in paragraph 11 of the Independent auditor's report of even date to the members of KITO India Private Limited (formerly, Armsel MHE Private Limited) on the financial statements as of and for the year ended March 31, 2021

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- 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: 21213550AAAACC1176

Place: Bengaluru
Date: July 06, 2021

KITO India Private Limited
(formerly, Armself MHE Private Limited)

CIN: U74140KA1981PTC004248


Balance Sheet

(All amount in Rs., unless otherwise stated)

	Note	As at March 31, 2021	As at March 31, 2020
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2	37,555,000	37,555,000
(b) Reserves and surplus	3	106,766,044	103,679,053
		144,321,044	141,234,053
Non-current liabilities			
(a) Long-term provisions	4	2,776,303	2,888,594
		2,776,303	2,888,594
Current liabilities			
(a) Trade payables	5		
Total outstanding dues of micro enterprises and small enterprises		435,323	156,876
Total outstanding dues of creditors other than micro enterprises		21,293,971	25,672,275
(b) Other current liabilities	6	9,619,447	6,143,859
(c) Short-term provisions	7	811,412	517,632
		32,160,153	32,490,642
Total		179,257,500	176,613,289
ASSETS			
Non-current assets			
(a) Property, plant and equipment (Tangible assets)	8A	9,914,075	9,135,507
(b) Intangible assets	8B	-	-
(c) Non-current investment	9	6,000	6,000
(d) Deferred tax assets (net)	10	-	-
(e) Long-term loans and advances	11	4,526,539	7,411,585
(f) Other non-current assets	12	818,545	2,396,670
		15,265,159	18,949,762
Current assets			
(a) Inventories	13	55,814,893	51,296,133
(b) Trade receivables	14	20,028,197	18,218,533
(c) Cash and bank balances	15	86,726,106	74,407,260
(d) Short-term loans and advances	16	1,294,887	13,504,748
(e) Other current assets	17	128,258	236,853
		163,992,341	157,663,527
Total		179,257,500	176,613,289

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 06, 2021

For and on behalf of the Board of Directors


Preet H Heri
Managing Director
DIN: 00215187
Place: Bengaluru
Date: July 06, 2021


Hiroshi Kobata
Director
DIN: 09126920
Place: Bengaluru
Date: July 06, 2021



KITO India Private Limited
(formerly, Armsel MHE Private Limited)

CIN: U74140KA1981PTC004248

Statement of Profit and Loss

(All amount in Rs., unless otherwise stated)

	Note	Year ended March 31, 2021	Year ended March 31, 2020
INCOME			
Revenue from operations	18	125,116,909	153,594,199
Other income	19	2,756,728	3,929,800
Total revenue		127,873,637	157,523,999
EXPENSES			
Cost of material consumed (Net)	20	75,935,492	97,041,363
Purchase of stock in trade	21	1,188,917	9,281,462
Changes in inventories of finished goods, work in progress and stock in trade	22	1,881,338	(8,897,258)
Employee benefits expense	23	28,726,175	33,374,761
Finance costs	24	50,000	101,992
Depreciation and amortisation expense	8	1,361,977	1,706,504
Other expenses	25	15,527,407	20,269,557
Total expenses		124,671,306	152,878,381
Profit/ (Loss) before exceptional items, prior period expense and tax from continuing operations		3,202,331	4,645,618
Prior period expenses		-	-
Profit / (Loss) before tax from continuing operations		3,202,331	4,645,618
Tax expense			
Current tax (MAT)		261,738	-
Deferred tax		-	-
Profit / (Loss) for the year from continuing operations		2,940,593	4,645,618
Profit / (Loss) before tax from discontinued operations	33	146,398	(12,989,295)
Tax expense			
Current tax		-	-
Deferred tax		-	-
MAT credit reversal		-	13,598,123
Profit / (Loss) from discontinued operations		146,398	(26,587,418)
Profit / (Loss) for the year		3,086,991	(21,941,800)
Earnings per equity share [Nominal value per share: Rs. 100 (March 31, 2020: Rs 100)]			
Earnings / (loss) per share - Basic and Diluted	35	8	(58)

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 06, 2021

For and on behalf of the Board of Directors




Preet H Heri

Managing Director

DIN: 00215187

Place: Bengaluru

Date: July 06, 2021

Hiroshi Kobata

Director

DIN: 09126920

Place: Bengaluru

Date: July 06, 2021

KITO India Private Limited
(formerly, Armcel MHE Private Limited)

CIN: U74140KA1981PTC004248

Cash Flow Statement

(All amount in Rs., unless otherwise stated)

Particulars	Year ended	Year ended
	March 31, 2021	March 31, 2020
A. Cash flow from operating activities		
Net profit / (loss) before taxation including discontinued operations	3,348,729	(8,343,677)
Adjustments for -		
Depreciation and Amortisation	1,361,977	1,706,504
Provision for doubtful debts	-	5,808,175
Bad debts written off	86,421	1,744,835
Provision no longer required written back	(682,062)	(614,943)
Interest expense	-	14,184
Interest income from bank	(2,376,887)	(3,677,580)
Profit on sale of Property, plant and equipment (Tangible assets)	-	(154,083)
Operating profit / (loss) before working capital changes	1,738,178	(3,516,585)
Changes in Working Capital -		
Increase / (decrease) in trade payables	(4,099,858)	3,542,563
Increase in provisions	601,814	1,468,473
Increase in other current liabilities	3,475,588	19,450
Decrease in loans and advances	12,209,862	1,864,240
Decrease/ (increase) in other assets	1,686,719	2,782,419
(Increase) in inventories	(4,518,760)	(12,670,212)
(Increase) / Decrease in trade receivables	(1,896,085)	6,907,387
Cash generated from operations	9,197,458	397,736
Income tax refund (net)	2,885,046	(15,815)
Net Cash flow from / (used in) operating activities	12,082,504	381,921
B. Cash flow from investing activities		
Purchase of property, plant and equipment (Tangible assets) and Intangible assets	(2,140,545)	(1,862,071)
Proceeds from sale of property, plant and equipment (Tangible assets)	-	475,171
Interest received	2,376,887	3,677,580
Net cash flow from / (used in) investing activities (B)	236,342	2,290,680
C. Cash flow from financing activities		
Interest paid	-	(14,184)
Deposit with bank with maturity more than 3 months but less than 12 months (Net)	3,322,133	(9,590,473)
Net cash flow from / (used in) financing activities	3,322,133	(9,604,657)
Net increase / (decrease) in cash & cash equivalents	15,640,979	(6,932,056)
Cash and cash equivalents at the beginning of the year	64,816,787	71,748,843
Cash and Cash equivalents at the end of the year	80,457,766	64,816,787

Notes:

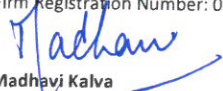
- The above Cash Flow Statement has been compiled from and is based on Balance Sheet as at year end and the relative statement of Profit and Loss for the year ended on that date.
- Prior year's figures have been regrouped / reclassified wherever necessary to confirm current year's classification.

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 06, 2021

For and on behalf of the Board of Directors

Preet H Her

Managing Director

DIN: 00215187

Place: Bengaluru

Date: July 06, 2021

Hirbshi Kobata

Director

DIN: 09126920

Place: Bengaluru

Date: July 06, 2021

KITO India Private Limited
(formerly, 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

KITO India Private Limited (formerly, 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. The name of the Company has been changed from Armsel MHE Private Limited to KITO India Private Limited on October 14, 2020.

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 realization 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 recognized prospectively in current and future periods.

1.04 Inventories

Inventories are stated at lower of cost and net realizable 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.



Note No. 1 Basis of Significant Accounting Policies

1.05 Property, plant and equipment (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:

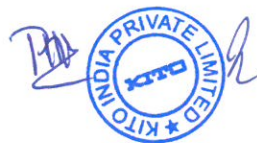
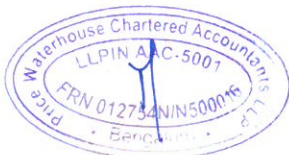
Property, Plant and Equipment	Management estimate of useful life (in Years)	Useful life as per Sch. II of the Act (in Years)
Plant and machinery	15	15
Office equipment	5	5
Furniture and fixtures	10	10
Computers	3	3
Vehicles	8	8

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



KITO India Private Limited
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Notes to Financial statements
(All amount in Rs., unless otherwise stated)

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.

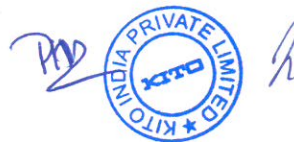
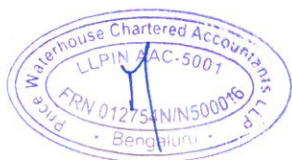
1.09 Revenue recognition

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 goods and services tax (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.



KITO India Private Limited
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Notes to Financial statements
(All amount in Rs., unless otherwise stated)

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 and amendments thereto. 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.



KITO India Private Limited
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Notes to Financial statements
(All amount in Rs., unless otherwise stated)

Note
No. 1 Basis of Significant Accounting Policies

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.

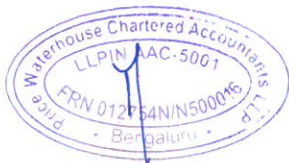
Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available 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.



KITO India Private Limited
(formerly, Armseil 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.

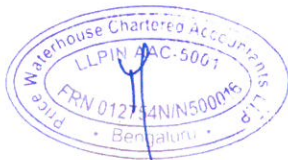
1.17 Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Further, inter-segment revenue have been accounted for based on the transaction price agreed to between segments which is primarily market based. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated corporate expenses / income".

1.18 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.



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

	As at March 31, 2021	As at March 31, 2020
2 Share Capital		
A. Authorised		
400,000 (March 31, 2020: 400,000) equity shares of 100 each	40,000,000	40,000,000
B. Issued, subscribed and fully paid up		
375,550 (March 31, 2020: 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, 2021	As at March 31, 2020
Balance at the beginning of the year	375,550	375,550
Movement during the year	-	-
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, 2021		As at March 31, 2020	
	No. of Shares	% of holding	No. of Shares	% of holding
Kito Corporation Japan (Holding Company)	375,549	99.99%	375,549	99.99%

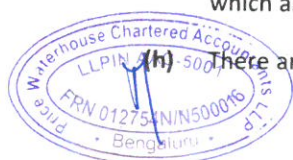
(d) Shares held by holding or ultimate holding Company, including shares held by subsidiaries or associates of the holding Company or the ultimate holding Company in aggregate:

Name of the shareholder	As at March 31, 2021		As at March 31, 2020	
	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.

(f) There are no shares which are reserved to be issued under options and there are no securities issued/outstanding which are convertible into equity shares.

(g) There are no shares which have been forfeited as at March 31, 2021.



KITO India Private Limited
(formerly, Armself MHE Private Limited)
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Notes to Financial Statements
(All amount in Rs., unless otherwise stated)

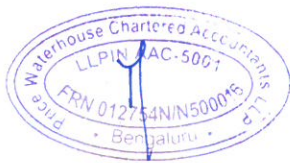
	As at March 31, 2021	As at March 31, 2020
3 Reserves and surplus		
Deficit in statement of profit and loss		
Balance at the beginning of the year	(251,963,020)	(230,021,220)
Add: Net profit/(loss) for the year	3,086,991	(21,941,800)
Balance at the end of the year	(248,876,029)	(251,963,020)
Investment 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	355,125,312
Add: Securities premium added during the year	-	-
Balance at the end of the year	355,125,312	355,125,312
	106,766,044	103,679,053
4 Long-term provisions		
Provision for employee benefits:		
Provision for gratuity (refer Note 34)	2,140,738	2,068,652
Provision for compensated absences	635,565	819,942
	2,776,303	2,888,594
5 Trade payables		
Total outstanding dues of micro, medium and small enterprises (refer Note 26)	435,323	156,876
Total outstanding dues to other than micro, medium and small enterprises (refer Note 31 for dues to related parties)	21,293,971	25,672,275
	21,729,294	25,829,151
6 Other current liabilities		
Outstanding liabilities payable to employees	2,111,784	1,499,367
Statutory dues including provident fund and tax deducted at source	3,682,462	1,494,131
Advances from customers	1,109,705	730,225
Provision for expenses and other payables	2,715,496	2,420,136
	9,619,447	6,143,859
7 Short-term provisions		
Provisions for employee benefits:		
Provision for compensated absences	83,532	99,987
Provision for gratuity (refer Note 34)	466,142	417,645
Provision for income tax [net of advance tax of Rs. Nil (March 31, 2020: Rs. 16,916,549)]	261,738	-
	811,412	517,632



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

Particulars	Gross block			Accumulated depreciation / amortisation				Net block		
	Balance as at April 1, 2020	Additions during the year	Deletions during the year	Balance as at March 31, 2021	Balance as at April 1, 2020	Depreciation / amortisation for the year	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2021	Balance as at March 31, 2020
A. Tangible Assets										
Owened										
Continuing operations										
Plant and machinery	4,048,805	1,634,016	-	5,682,821	843,336	309,488	-	1,152,824	4,529,997	3,205,469
Office equipment	2,109,034	249,249	-	2,358,283	1,503,811	279,841	-	1,783,652	574,631	605,223
Furniture and fixtures	6,906,166	148,062	-	7,054,228	1,867,193	658,585	-	2,525,778	4,528,450	5,038,973
Vehicles	1,684,651	-	-	1,684,651	1,567,025	33,394	-	1,600,419	84,232	117,626
Computer	633,418	109,218	-	742,636	465,202	80,669	-	545,871	196,765	168,216
Discontinued operations										
Office equipment	36,925	-	-	36,925	36,925	-	-	36,925	-	-
Total	15,418,999	2,140,545	-	17,559,544	6,283,492	1,361,977	-	7,645,469	9,914,075	9,135,507
8B. Intangible Assets										
Owened										
Continuing operations										
Computer Software	266,468	-	-	266,468	266,468	-	-	266,468	-	-
Discontinued operations										
Computer Software	33,368	-	-	33,368	-	-	-	-	-	-
Total	299,836	-	-	299,836	266,468	-	-	266,468	-	-



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

Particulars	Gross block				Accumulated depreciation / 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 / amortisation for the year	Deletions	Balance as at March 31, 2020	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	3,205,469	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	605,223	1,256,777
Furniture and fixtures	6,244,688	661,478	-	6,906,166	1,249,096	618,097	-	1,867,193	5,038,973	4,995,592
Vehicles	3,674,651	-	1,990,000	1,684,651	3,250,159	207,366	1,890,500	1,567,025	117,626	424,492
Computer	430,572	202,846	-	633,418	379,409	85,793	-	465,202	168,216	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	9,135,507	9,265,141
8B. 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

* Includes prior period expense of Rs NIL (March 31, 2020: Rs. 187,080)



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(All amount in Rs., unless otherwise stated)

	As at March 31, 2021	As at March 31, 2020
9 Non-current investments		
Other investments:		
Quoted		
Investment in equity instruments		
241 shares (March 31, 2020: 241 shares) of Rs. 2 each full paid up in Bank of Baroda	6,000	6,000
	6,000	6,000
Market value of quoted investments	17,870	12,906
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)	639,346	748,871
Expenses allowable for tax purposes when payment is made:		
Provision for gratuity	677,789	646,437
Provision for compensated absence	186,965	239,182
Dis-allowance u/s 40(a)(ia)	81,510	-
Provision for doubtful debts	2,507,169	2,684,505
Unabsorbed depreciation and business losses	109,694,814	111,027,881
	113,787,593	115,346,876
Deferred tax asset (net)	-	-

Note: Deferred tax asset (net) aggregating to Rs. 113,787,593 considering applicable effective tax rate of 26% (March 31, 2020: Rs. 115,346,876) comprising of Rs. 4,092,779 (March 31, 2020: Rs. 4,318,995) on account of timing differences and Rs. 109,694,814 (March 31, 2020: Rs. 111,027,881) 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.

The unabsorbed depreciation and business losses considered for computation of DTA above are based on books and records of the Company. As per the books and records of the Company, the aggregate of unabsorbed depreciation and business loss is Rs. 421,903,131 which has been erroneously stated as Rs. 266,633,477 in the return of income for the assessment year 2020-2021. The Company proposes to initiate necessary action for rectification of return of income / details filed with the tax authorities in the due course.

Current tax:

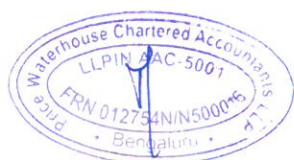
Minimum alternate tax (MAT) of Rs. 261,738 has been levied against current year book profit and no provision for normal income tax has been made in these financial statements as the Company has no taxable profit after adjusting its carried forward losses.

11 Long-term loans and advances

Unsecured, considered good:		
Security deposits	3,822,000	3,822,000
Advance income tax [net of provision for tax of Rs. 261,738 (March 31, 2020: Rs. 13,365,165)]	704,539	3,589,585
	4,526,539	7,411,585

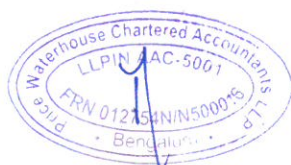
MAT Credit:

Reversal of Minimum Alternate Tax (MAT) credit of Rs. Nil (March 31, 2020: Rs. 13,598,123), 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.



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	As at March 31, 2021	As at March 31, 2020
12 Other non-current assets		
Unsecured, considered good		
Retention money	818,545	2,396,670
	818,545	2,396,670
13 Inventories		
Raw materials	47,865,433	41,465,335
Work in Progress	1,784,299	2,759,319
Traded goods (includes in transit of Rs. Nil (March 31, 2020: Rs. 1,041,776)	5,923,675	6,917,550
Finished goods	241,486	153,929
	55,814,893	51,296,133
14 Trade receivables		
Unsecured, considered good		
Out standing for a period exceeding six months from the date they were due for payment	1,106,430	1,018,436
Others	18,921,767	17,200,097
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they were due for payment	9,642,957	10,325,019
Less: Provision for doubtful debts	(9,642,957)	(10,325,019)
	20,028,197	18,218,533
Note: Refer Note 31 for related party balances		
15 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	65,558	66,350
Bank balances:		
(a) in current accounts	5,392,208	4,698,847
(b) in deposit accounts	75,000,000	60,051,590
Other bank balances:		
(a) Deposits held as margin money against guarantee (more than 3months but less than 12 months maturity)	6,268,340	9,590,473
	86,726,106	74,407,260
16 Short-term loans and advances		
Unsecured, considered good		
Advances to employees	66,808	208,827
Balance with government authorities	257,768	12,511,870
Advances to suppliers	490,633	51,010
Prepaid expenses	479,678	733,041
	1,294,887	13,504,748
17 Other current assets		
Unsecured, considered good		
Interest accrued on deposits with banks	19,158	127,753
Other current assets	109,100	109,100
	128,258	236,853



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	Year ended March 31, 2021	Year ended March 31, 2020
18 Revenue from operations		
Sale of products	121,828,732	149,199,913
Sale of services	3,288,177	4,394,286
	125,116,909	153,594,199
(a) Details of sale of products		
Sales - Manual chain hoist	22,154,112	28,068,731
Sales - Electric chain hoist	93,228,003	99,708,919
Sales - Others	6,446,617	21,422,263
	121,828,732	149,199,913
(b) Details Sale of Services		
Operation and maintenance service	3,288,177	4,394,286
	3,288,177	4,394,286
19 Other income		
Interest Income	2,376,887	3,677,580
Net gain on foreign currency transaction and translation	43,521	78,475
Profit on sale of property, plant and equipment	-	154,083
Miscellaneous income	336,320	19,662
	2,756,728	3,929,800
20 Cost of material consumed (Net)		
Raw materials consumed		
Opening stock	41,465,335	30,611,325
Add: Purchase during the year	82,335,590	111,575,480
Less: Adjustment made on opening inventory balance	-	3,680,107 *
Less: Closing stock	47,865,433	41,465,335
	75,935,492	97,041,363
* Understatement of opening inventory balance for the financial year ended March 31, 2020 to the extent of INR. 3,680,107 relating to custom duty not capitalised in prior year, adjusted during the previous year.		
21 Purchase of Stock in Trade		
Chains and lifting accessories	1,188,917	9,281,462
	1,188,917	9,281,462
22 Changes in inventories of work-in-progress, finished goods and traded goods		
Opening stock		
Work-in-progress	2,759,319	287,324
Finished goods	153,929	646,216
Traded goods	6,917,550	-
	9,830,798	933,540
Closing stock		
Work in progress	1,784,299	2,759,319
Finished goods	241,486	153,929
Traded goods	5,923,675	6,917,550
	7,949,460	9,830,798
(Increase)/ Decrease	1,881,338	(8,897,258)

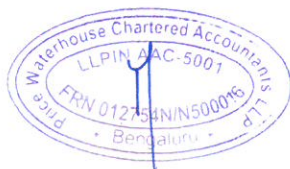


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(All amount in Rs., unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
23 Employee benefits expense		
Salaries, wages and bonus	27,611,369	30,876,055
Contribution to provident and other funds (refer Note 34)	469,662	523,002
Gratuity (refer Note 34)	137,165	858,208
Staff welfare expenses	507,979	1,117,496
	28,726,175	33,374,761
24 Finance cost		
Interest expense		
Bank guarantee charges	50,000	87,808
Interest on others	-	14,184
	50,000	101,992
25 Other expenses		
Bank charges	111,963	137,274
Power and fuel*	271,830	305,769
Freight Charges	184,470	496,019
Labour Charges	11,100	133,497
Erection charges	307,700	730,179
Advertisement and publicity expenses	881,040	932,846
Bad debts written off	57,498	126,511
Warranty expenses	17,089	153,000
Legal, professional and technical fees	3,902,564	4,290,979
Payment to auditors (refer Note 38)	957,500	1,007,500
Insurance	814,593	58,091
Communication expenses	339,194	453,677
Postage and courier	132,054	168,808
Printing and stationery	102,040	125,133
Rates and taxes	489,020	37,150
Rent (refer Note 37)	4,543,698	4,820,331
Repairs and maintenance:		
- Plant and machinery	405,539	242,821
- Other maintenance	365,126	926,514
Travelling and conveyance expenses	1,430,829	5,052,139
Miscellaneous expenses	202,560	71,319
	15,527,407	20,269,557

Note:

* Includes prior period expense of Rs. Nil (March 31, 2020: Rs. 104,800)



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(All amount in Rs., unless otherwise stated)

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, 2021	March 31, 2020
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	435,323	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	156,876	-
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, 2021 amounted to Rs. Nil (March 31, 2020: Rs. Nil). Details of foreign currency exposure as at March 31, 2021, which was not hedged are as follows:

Currency	Foreign Currency		Reporting Currency (Rs.)	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Payable in EUR	-	12,941	-	1,075,634

28 Expenditure in foreign currency :

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Purchase of stock in trade	73,388,357	100,647,711
Purchase of capital goods	-	236,307
Reimbursement of expenses (refer Note 31)	3,534,690	4,041,514
Travelling and conveyance expenses	123,803	130,701
	77,046,850	105,056,233

29 Earnings in foreign currency :

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Export Sales	177,196	5,221,973

30 CIF value of imports

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Purchase of Stock in trade	73,388,357	100,647,711
Purchase of Capital Goods	-	236,307
	73,388,357	100,884,018



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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 S-R-L Socio Unico
• Errikkila OY
• Harrington Hoists Inc
• Jiangyin Kito Crane Co Ltd
• PWB Anchor Pty Ltd

Key Management Personnel

• Mr. Preet H. Heri, Managing Director
• Shin Kimura, Director
• Hiroshi Kobata, Director (w.e.f April 1, 2021)

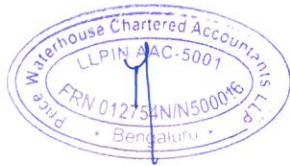
(iii) Details of related party transactions during the year ended March 31, 2021 and balances outstanding as at March 31, 2021:

Nature of transaction	Holding Company		Fellow Subsidiaries		Key Managerial Personnel		Total	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
Transactions during the year								
Purchase of Goods:								
Kito Corporation	55,281,144	91,166,132	-	-	-	-	55,281,144	91,166,132
Jiangyin Kito Crane Co Ltd	-	-	-	156,541	-	-	-	156,541
Kito Chain Italia S-R-L Socio Unico	-	-	1,188,917	8,248,704	-	-	1,188,917	8,248,704
Harrington Hoists Inc	-	-	-	792,938	-	-	-	792,938
PWB Anchor Pty Ltd	-	-	-	85,682	-	-	-	85,682
Kito Europe GmbH, Germany	-	-	-	197,715	-	-	-	197,715
Errikkila OY	-	-	16,708,271	207,483	-	-	16,708,271	207,483
Capital Purchase:								
Errikkila OY	-	-	-	236,307	-	-	-	236,307
Expenses Reimbursed to :								
Kito Corporation	3,658,493	4,172,215	-	-	-	-	3,658,493	4,172,215
Managerial Remuneration *								
Preet Heri	-	-	-	-	6,929,000	8,050,000	6,929,000	8,050,000
Shin Kimura	-	-	-	-	-	2,065,691	-	2,065,691
Sale of Goods:								
Harrington Hoists Inc	-	-	52,360	-	-	-	52,360	-
Balances as at year end								
Trade Payables:								
Kito Corporation	20,116,232	22,318,460	-	-	-	-	20,116,232	22,318,460
Kito Chain Italia S-R-L Socio Unico	-	-	-	1,075,634	-	-	-	1,075,634
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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32 **Contingent liabilities and commitments**

Particulars	As at	
	March 31, 2021	March 31, 2020
A. Contingent liabilities and commitments		
Bank Guarantee	5,594,250	9,194,250
Direct tax litigation	4,076,850	4,076,850
Total	9,671,100	13,271,100

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, 2020: Rs. Nil)

(b) Other Commitments Rs. Nil (March 31, 2020: Rs. Nil).

Note:

(i) The Company has evaluated 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- I/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 judgment is to be applied prospectively and accordingly, no provision has been made in these Financial Statements for impact on the financial statements if the judgment has to be applied retrospectively.



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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, 2021 are as follows:

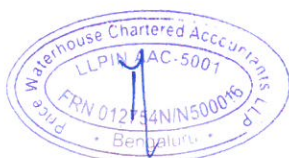
Particulars	As at March 31, 2021	As at March 31, 2020
Long-term loans and advances	41,600	3,173,979
Current assets:		
Trade receivables	2,421,711	3,687,350
Cash and cash equivalents	6,268,340	9,590,473
Other current assets	82,500	-
Total assets	8,814,151	16,451,802
Long-term provisions	202,523	128,885
Trade payables	58,488	50,033
Other current liabilities	84,786	45,750
Total liabilities	345,797	224,668
Net Assets	8,468,354	16,227,134

II Profit / (Loss) before tax from discontinued operations

Particulars	Note	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from operations	i	2,119,279	2,270,093
Other income	ii	733,431	1,369,470
		2,852,710	3,639,563
Cost of materials consumed	iii	237,094	765,277
Employee benefits expense	iv	1,221,978	617,185
Finance costs	v	-	-
Depreciation	8	-	-
Other expenses	vi	1,247,240	15,246,396
	1.25E+08	2,706,312	16,628,858
Profit / (Loss) before tax		146,398	(12,989,295)

III Cash flows attributable to the discontinued operations

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Operating activities	3,900,983	22,398,217
Investing activities	-	-
Financing activities	-	-



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Notes to Financial statements

(All amount in Rs., unless otherwise stated)

	Year ended March 31, 2021	Year ended March 31, 2020
i Revenue from operations		
Sale of products	277,134	138,600
Sale of services	1,842,145	2,131,493
	<u>2,119,279</u>	<u>2,270,093</u>
(a) Details of sale of products		
Operation products		
Spares	277,134	138,600
	<u>277,134</u>	<u>138,600</u>
(b) Details sale of services		
Maintenance service	1,842,145	2,131,493
	<u>1,842,145</u>	<u>2,131,493</u>
ii Other income		
Provision no longer required written back	682,062	614,943
Liquidated damages recovered from customers	-	408,272
Miscellaneous income	51,369	346,255
	<u>733,431</u>	<u>1,369,470</u>
iii Cost of materials consumed		
(a) Opening Stock	-	341,995
(b) Purchase	237,094	423,282
(c) Closing stock	-	-
	<u>237,094</u>	<u>765,277</u>
iv Employee benefits expense		
Salaries, wages and bonus	1,089,840	430,000
Contribution to provident and other funds	58,500	58,300
Gratuity (refer Note 34)	73,638	128,885
	<u>1,221,978</u>	<u>617,185</u>
v Finance costs		
Interest expense	-	-
	<u>-</u>	<u>-</u>
vi Other expenses		
Bank charges	-	96,932
Bad debts	28,923	1,618,324
Erection charges	416,231	4,253,384
Freight charges	29,978	-
Legal, professional and technical fees	-	2,409,420
Liquidated damages	-	165,813
Provision for doubtful debts	-	5,808,175
Advertisement and publicity expenses	-	96,000
Printing and stationery	12,718	-
Rates and taxes	238,772	147,776
Telephone charges	12,000	-
Travelling and conveyance	508,618	650,572
	<u>1,247,240</u>	<u>15,246,396</u>



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

34 Employee benefits expense	For the year ended March 31, 2021	For the year ended March 31, 2020
(a) Defined Contribution Plans		
Amount recognised in the Statement of Profit and Loss		
Provident fund paid to authorities	515,071	560,012
Employee State Insurance paid to authorities	13,091	21,290
	528,162	581,302

(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 and amendments thereto. 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.

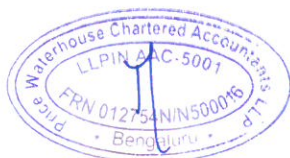
Present value of defined benefit obligation	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	3,342,127	2,455,139
Current service cost	317,068	339,177
Interest cost	226,835	185,522
Benefits paid	(90,219)	(122,608)
Actuarial (gain) / loss	(201,147)	484,897
Balance at the end of the year	3,594,664	3,342,127

Fair value of plan assets	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance at the beginning of the year	855,831	833,328
Employer direct benefit payments	90,219	122,608
Expected return on plan assets	58,881	64,583
Benefits paid	(90,219)	(122,608)
Actuarial gain / (loss)	73,072	(42,080)
Balance at the end of the year	987,784	855,831

Asset and Liability recognised in the Balance Sheet	As At March 31, 2021	As At March 31, 2020
Fair value of plan assets	3,594,664	3,342,127
Present value of the defined benefit obligations	(987,784)	(855,831)
Amounts recognised as liability (refer Note 4 & 7)	2,606,880	2,486,296

Expense recognised in the statement of Profit and Loss	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	317,068	339,177
Interest on defined benefit obligation	226,835	185,522
Expected Return on Asset	(58,881)	(64,583)
Net actuarial (gain)/loss recognized in the year	(274,219)	526,977
Total (included in Employee benefit expenses)	210,803	987,093

Principal assumptions used in determining gratuity obligation	For the year ended March 31, 2021	For the year ended March 31, 2020
Discount rate	6.99%	6.88%
Expected return on assets	6.88%	7.75%
Salary escalation rate	8.00%	8.00%
Attrition rate	5.00%	5.00%
Mortality	Indian Assured Lives Mortality (2012-14) Ultimate	Indian Assured Lives Mortality (2012-14) Ultimate



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Notes to Financial statements
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Amount recognised in current year and previous four years	For the year ended March 31, 2021	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
Defined Benefit Obligation	3,594,664	3,342,127	2,455,139	1,892,139	6,823,224
Plan Assets	987,784	855,831	833,328	775,069	729,551
Surplus/ (Deficit)	(2,606,880)	(2,486,296)	(1,621,811)	(1,117,070)	(6,093,673)
Experience gain/ (loss) Adjustments on plan liabilities	(159,106)	197,532	72,548	428,775	(2,846,926)
Experience gain/ (loss) Adjustments on plan assets	73,072	42,080	(66,246)	45,518	68,483
Expected contribution to the funds in the next year				For the year ended March 31, 2021	For the year ended March 31, 2020
Gratuity				476,796	417,645

Notes:

- a) 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.
b) 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 / (Loss) Per Share

	Year ended March 31, 2021	Year ended March 31, 2020
Net profit/ (loss) after tax	3,086,991	(21,941,800)
Number of shares	375,550	375,550
Basic Earnings / (loss) per share	8	(58)

Note : There is no dilution to the Basic Earnings / (Loss) 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, 2020 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, 2021. In the opinion of management, the transactions with associated enterprises during the year ended March 31, 2021 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:

	Year ended March 31, 2021	Year ended March 31, 2020
Lease payments recognised in the Statement of Profit and Loss during the year	4,543,698	4,820,331

38 Payment to auditors

	Year ended March 31, 2021	Year ended March 31, 2020
Statutory audit fee	957,500	1,007,500
Others	-	-
	957,500	1,007,500



39 Segment reporting

The Company has considered the business segment as the primary reporting segment on the basis that the risk and returns of the Company is primarily determined by the nature of Hoist Business and Crane Business. Consequently, the geographical segment has been considered as a secondary segment.

The business segment have been identified on the basis of the nature of products and services, the risks and returns, internal organisation and management structure and the internal performance reporting systems.

The business segment comprises of the following:

- i. Hoist business
- ii. Crane business (Also refer note 33)

Geographical segment is considered based on sales within India and rest of the world.

A. Primary Segment Particulars	March 31, 2021		March 31, 2020	
	Hoist	Crane	Hoist	Crane
Revenue	125,116,909	2,119,279	153,594,199	2,270,093
Other income	2,756,728	733,431	3,929,800	1,369,470
Total	127,873,637	2,852,710	157,523,999	3,639,563
Segment result - segment in profit (before tax)	3,202,331	146,398	4,645,618	-
Segment result - segment in loss (before tax)	-	-	-	(12,989,295)
Current tax charge	261,738	-	-	-
Deffered tax reversal	-	-	-	13,598,123
Profit after tax	2,940,593	146,398	4,645,618	(26,587,418)
Other information:				
Segment assets	170,443,349	8,814,151	160,161,487	16,451,802
Segment liabilities	34,590,659	345,797	35,154,568	224,668
Depreciation and amoritsation included in segment assets	1,361,977	-	1,706,504	-

B. Secondary Segment	March 31, 2021		March 31, 2020	
	Within India	Rest of the world	Within India	Rest of the world
Segment revenue by location of customers	127,058,992	177,196	150,642,319	5,221,973
Segement assets	179,257,500	-	176,367,982	245,307
Capital expenditure	2,140,545	-	1,862,071	-


- 40 The COVID-19 outbreak has spread rapidly since March 2020 . 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. 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, 2021.

Management has assessed the liability position as at March 31, 2021 and do not foresee any adjustments thereon.

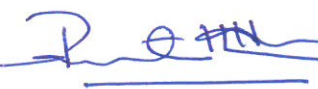

Management has also assessed the liquidity position of the Company for next 12 months and basis that assessment management believes that the Company will be able to meet all its financial obligations comfortably with the existing cash and bank balances and the projections of future cash inflows and outflows.

- 41 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 06, 2021

For and on behalf of the Board of Directors

 
Preet H Heri **Hiroshi Kobata**
Managing Director Director
DIN: 00215187 DIN: 09126920
Place: Bengaluru Place: Bengaluru
Date: July 06, 2021 Date: July 06, 2021

