

## BOARD'S REPORT

Dear Shareholders,

Your Directors are pleased to present the 41<sup>st</sup> 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 31<sup>st</sup> March 2022.

### **FINANCIAL HIGHLIGHTS/STATE OF COMPANY'S AFFAIRS:(Rs. In Thousands)**

Particulars	Current Year	Previous Year
Turnover	2,22,708	1,27,236
Other Income	2,367	3,491
Total Expenditure excluding Depreciation	1,97,363	1,26,017
Depreciation	1,296	1,362
<b>Profit /(Loss) Before Tax</b>	<b>26,416</b>	<b>3,348</b>
Tax Expense	-	262
<b>Profit /(Loss) After Tax</b>	<b>26,416</b>	<b>3,086</b>
<b>Earning Per Shares (EPS)</b>	<b>70</b>	<b>8</b>

### **PERFORMANCE REVIEW:**

During the year under review, Company has achieved turnover of Rs. 2,22,708 Thousands, as compared to previous year Turnover of Rs. 1,27,236 Thousands, thus the Company has achieved higher revenue as compared to previous year revenue.

However, during the current period the Company has earned Net profit after Tax of Rs. 26,416Thousands compared to previous year profit of Rs. 3,086 thousands.

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. 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, 2022.

Management has assessed the liability position as at March 31, 2022 and do not foresee any adjustment thereon.

Management has 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.

## **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 2021-22.

## **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.

Whereas, the Company has received the Income Tax notice with respect to transfer pricing adjustments on transactions with overseas group Companies. The Company has preferred against such demands with various Income Tax authorities and however this matter shall not affect the going concern status and Company's operations in future.

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

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

**DIVIDEND:**

The Company has not recommended any dividend for the financial year 2021-22.

**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.Kazuishi Kaneko	Director

During the financial year 2021-22:

(a) Mr. Hiroshi Kobata and Mr.Kazuishi Kaneko were appointed as an Additional Director on Board w.e.f 01<sup>st</sup> April, 2021 and 06<sup>th</sup> July, 2021 respectively and were regularised at the Annual General Meeting held on 24<sup>th</sup> September,2021.

(b) Mr.Shin Kimura, Director was resigned from Directorship w.e.f12<sup>th</sup> July 2021.

However, after the closure of the financial year 31.03.2022, Mr.Hiroshi Kobata has resigned from the Directorship w.e.f 25.05.2022.

**NUMBER OF MEETINGS OF THE BOARD:**

During the Financial Year 2021-22, 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.

- c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d) the directors had prepared the annual accounts on a going concern basis.
- e) the directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such system were adequate and operating effectively.

### **SHARE CAPITAL:**

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

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

As on 31<sup>st</sup> March,2022 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(1) 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, in case of the Company having net profit more than 5 crores during the previous financial year. Since the net profit of the Company for FY 2018-19 was more than Rs.5 Crore, the Provisions of CSR was applicable to the Company

Whereas since the Company's net profit for the year 2019-20, 2020-21 and 2021-22 is less than the prescribed limit of Rs. 5 crores, as per Rule 3(2) of the Companies (Corporate Social Responsibility Rules) 2014 Company shall cease to be covered under the provisions of Section 135(1) of the Companies Act, 2013 and hence the Company shall not require to spend CSR for the financial year 2021-22 and thereafter, till the Company meets the criteria under Section 135(1) of the Companies Act, 2013.

Further, due to resignation of Mr.Shin Kimura as Director of the Company, the CSR Committee was reconstituted at the Board Meeting held on 17<sup>th</sup> March 2022.

**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 2021-22, no complaints were received by the Company.

**RELATED PARTY TRANSACTIONS:**

The Company has entered into related party transactions with holding Company and its fellow subsidiaries 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:**

SI. No.	Particulars	Disclosure
<b>(A)</b>	<b><u>Conservation of Energy:</u></b> 1) <i>The steps taken or impact on conservation of energy</i> 2) <i>The steps taken by the company for utilising alternate sources of energy</i>	Energy conservation continues to receive priority attention at all levels. All efforts are made to conserve and optimize use of energy with continuous monitoring, improvement in maintenance and



	3) <i>The capital investment on energy conservation equipment</i>	distribution systems and through improved operational techniques.
<b>(B)</b>	<p><b><u>Technology Absorption:</u></b></p> <ol style="list-style-type: none"> <li>1. The efforts made towards technology absorption;</li> <li>2. The benefits derived like product improvement, cost reduction, product development or import substitution.</li> <li>3. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year).             <ol style="list-style-type: none"> <li>a. the details of technology imported</li> <li>b. the year of import</li> <li>c. whether the technology been fully absorbed</li> <li>d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and</li> </ol> </li> <li>4. The expenditure incurred on Research and Development.</li> </ol>	<p>Updating of Technology is a Continuous process, absorption implemented and adapted by the Company for innovation. Efforts are continuously made to develop new products required in the Company's activities.</p> <p>The Company has not imported any Technology, hence disclosure not required to be made under this section.</p> <p>There is no expenditure incurred on Research and Development.</p>





### **FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Sl. No.	Particulars	As on 31.03.2022 Amount (INR in Thousands)	As on 31.03.2021 Amount (INR in Thousands)
01	Foreign Exchange Earnings	767	177
2	Foreign Exchange Expenditure	1,34,388	77,047

### **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 ALONG WITH 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 31<sup>st</sup> March 2022.



**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, 2022.

**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 39<sup>th</sup> Annual General Meeting held on 11<sup>th</sup> September, 2020 upto the conclusion of 44<sup>th</sup> 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.

**iii. INTERNAL AUDITORS:**

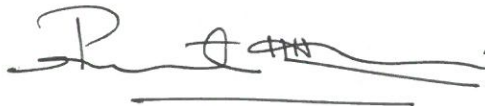
Pursuant to the provisions of Section 138 of the Companies Act, 2013 and Rule 13 of Companies (Accounts) Rules, 2014, Internal Audit is not applicable to the Company.

**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: 07.09.2022  
Place: Bangalore



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

On behalf of the board  
For **KITO INDIA PRIVATE LIMITED**



**Kazuishi Kaneko**  
Director  
DIN: 06389931

# 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, 2022, and the Statement of Profit and Loss, the 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, 2022, 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.

### Other Information

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

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

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

We have nothing to report in this regard.



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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 audit of the Financial Statements

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

5. 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.
6. 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

7. 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.
8. 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.





# Price Waterhouse Chartered Accountants LLP

## Independent Auditor's Report

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

Report on audit of the Financial Statements

- 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.
9. 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

10. As required by the Companies (Auditor's Report) Order, 2020 ("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.
11. 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 the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act.
  - (e) On the basis of the written representations received from the directors as on March 31, 2022 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) Clause (i) of Section 143(3) on internal financial controls with reference to financial statements 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 (as amended), 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 was not required to recognise a provision as at March 31, 2022 under the applicable law or accounting standards, as it does not have any material foreseeable losses on long-term contract. The Company did not have any derivative contracts as at March 31, 2022.
    - 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, 2022.



# Price Waterhouse Chartered Accountants LLP

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

- iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 44(d) to the financial statements);
- (b) The management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries (Refer Note 44(e) to the financial statements); and
- (c) Based on such audit procedures that we considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.
- v. The Company has not declared or paid any dividend during the year.
12. 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: 22213550AJNQBT9469  
Place: Bengaluru  
Date: May 24, 2022

# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' 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, 2022

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- i. (a) (A) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of Property, Plant and Equipment.  
  
(B) The Company is maintaining proper records showing full particulars of Intangible Assets.
  - (b) The Property, Plant and Equipment 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) According to the information and explanations given to us and the records of the Company examined by us, the Company does not own any immovable properties (Refer Note 8A to the financial statements). Therefore, the provisions of clause 3(i)(c) of the Order are not applicable to the Company.
  - (d) The Company has chosen cost model for its Property, Plant and Equipment and intangible assets. Consequently, the question of our commenting on whether the revaluation is based on the valuation by a Registered Valuer, or specifying the amount of change, if the change is 10% or more in the aggregate of the net carrying value of each class of Property, Plant and Equipment (including Right of Use assets) or intangible assets does not arise.
  - (e) Based on the information and explanations furnished to us, no proceedings have been initiated on the Company (or) are pending against for holding benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended in 2016) (formerly the Benami Transactions (Prohibition) Act, 1988 (45 of 1988)) and Rules made thereunder, and therefore the question of our commenting on whether the Company has appropriately disclosed the details in its financial statements does not arise.
- ii. (a) The physical verification of inventory has been conducted at reasonable intervals by the Management during the year and, in our opinion, the coverage and procedure of such verification by Management is appropriate. The discrepancies noticed on physical verification of inventory as compared to book records were not 10% or more in aggregate for each class of inventory
  - (b) During the year, the Company has not been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate from banks and financial institutions on the basis of security of current assets and accordingly, the question of our commenting on whether the quarterly returns or statements are in agreement with the unaudited books of account of the Company does not arise.
- iii. The Company has not made any investments, granted secured/ unsecured loans/advances in nature of loans, or stood guarantee, or provided security to any parties during the year. Therefore, the reporting under clauses 3(iii), (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e) and (iii)(f) of the Order are not applicable to the Company.
  - iv. The Company has not granted any loans to directors or parties covered under Section 185. In our opinion, and according to the information and explanations given to us, Company has complied with Section 186 in respect of investments made or guarantees provided or security to the parties.





# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' 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, 2022

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- v. The Company has not accepted any deposits or amounts which are deemed to be deposits 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 the 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 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 generally regular in depositing the undisputed statutory dues in respect of income tax (tax deducted at source), though there have been slight delays in a few cases and is regular in depositing undisputed statutory dues including goods and services tax, provident fund, employees' state insurance, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, and other material statutory dues, as applicable, with the appropriate authorities.

Also, refer note 32 to the financial statements regarding management's assessment on certain matters relating to provident fund.

- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no statutory dues of goods and services tax, provident fund, employees state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited on account of any dispute. The particulars of other statutory dues referred to in sub-clause (a) as at balance sheet date which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs. in thousands)*	Period to which the amount relates	Forum where the dispute is pending	Remarks, if any
Income Tax Act, 1961	Income tax	4,077	2015-2016	Commissioner of Income Tax (Appeals)	None
	Income tax	22,014	2016-2017	Commissioner of Income Tax (Appeals)	None
	Income tax	4,635	2017-2018	Commissioner of Income Tax (Appeals)	None

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



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' 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, 2022

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- viii. According to the information and explanations given to us and the records of the Company examined by us, there are no transactions in the books of account that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.
- ix. (a) As the Company did not have any loans or other borrowings from any lender during the year, the reporting under clause 3(ix)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared Wilful Defaulter by any bank or financial institution or government or any government authority.
- (c) According to the records of the Company examined by us and the information and explanations given to us, the Company has not obtained any term loans.
- (d) According to the information and explanations given to us, and the procedures performed by us, and on an overall examination of the financial statements of the Company, the Company has not raised funds on short term basis.
- (e) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company did not have any subsidiaries, joint ventures or associate companies during the year. Therefore, reporting under clause 3(ix)(f) of the Order is not applicable to the Company.
- x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, the reporting under clause 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partially or optionally convertible debentures during the year. Accordingly, the reporting under clause 3(x)(b) of the Order is not applicable to the Company.
- xi. (a) 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, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (b) 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, a report under Section 143(12) of the Act, in Form ADT-4, as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under clause 3(xi)(b) of the Order is not applicable to the Company.



# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10 of the Independent Auditors' Report of even date to the members of KITO India Private Limited (formerly, Armself MHE Private Limited) on the financial statements as of and for the year ended March 31, 2022

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- (c) 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, and as represented to us by the management, no whistle-blower complaints have been received during the year by the Company. Accordingly, the reporting under clause 3(xi)(c) of the Order is not applicable to the Company.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the reporting under clause 3(xii) of the Order is 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 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 reporting under clause 3(xiii) of the Order is not applicable to the Company.
- xiv (a) In our opinion and based on our examination, the Company did not have an internal audit system during the year. The Company is not mandated to have an internal audit system as per provisions of the Companies Act, 2013.
- (b) The Company is not mandated to have an internal audit system during the year.
- xv. The Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, the reporting on compliance with the provisions of Section 192 of the Act under clause 3(xv) of the Order is not applicable to the Company.
- xvi. (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the reporting under clause 3(xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted non-banking financial / housing finance activities during the year. Accordingly, the reporting under clause 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, the reporting under clause 3(xvi)(c) of the Order is not applicable to the Company.
- (d) Based on the information and explanations provided by the management of the Company, the Group does not have any CICs, which are part of the Group. We have not, however, separately evaluated whether the information provided by the management is accurate and complete. Accordingly, the reporting under clause 3(xvi)(d) of the Order is not applicable to the Company.
- xvii. The Company has not incurred any cash losses in the financial year or in the immediately preceding financial year.
- xviii. There has been no resignation of the statutory auditors during the year and accordingly reporting under clause (xviii) is not applicable.





# Price Waterhouse Chartered Accountants LLP

## Annexure A to Independent Auditors' Report


Referred to in paragraph 10 of the Independent Auditors' 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, 2022

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- xix. According to the information and explanations given to us and on the basis of the financial ratios (Also refer Note 49 to the financial statements), ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date will get discharged by the Company as and when they fall due.
- xx. The provisions relating to Corporate Social Responsibility under Section 135 of the Act are not applicable to the Company. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.
- xxi. The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of Standalone Financial Statements. Accordingly, no comment in respect of the said clause has been included in this report.

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

  
Madhavi Kalva  
Partner  
Membership Number 213550  
UDIN : 22213550AJNQBT9469  
Place: Bengaluru  
Date: May 24, 2022

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

CIN: U74140KA1981PTC004248

**Balance Sheet**

(All amounts in Rs. Thousands, unless otherwise stated)


	Note	As at March 31, 2022	As at March 31, 2021
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' funds</b>			
(a) Share capital	2	37,555	37,555
(b) Reserves and surplus	3	1,33,181	1,06,765
		<b>1,70,736</b>	<b>1,44,320</b>
<b>Non-current liabilities</b>			
(a) Long-term provisions	4	2,826	2,777
		<b>2,826</b>	<b>2,777</b>
<b>Current liabilities</b>			
(a) Trade payables	5		
Total outstanding dues of micro enterprises and small enterprises		366	435
Total outstanding dues of creditors other than micro and small enterprises		35,866	21,294
(b) Other current liabilities	6	10,590	9,621
(c) Short-term provisions	7	564	811
		<b>47,386</b>	<b>32,161</b>
<b>Total</b>		<b>2,20,948</b>	<b>1,79,258</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
(a) Property, plant and equipment and Intangible assets			
(i) Property, plant and equipment	8A	9,251	9,914
(ii) Intangible assets	8B	-	-
(b) Non-current investment	9	6	6
(c) Deferred tax assets (net)	10	-	-
(d) Long-term loans and advances	11	348	705
(e) Other non-current assets	12	3,683	4,419
		<b>13,288</b>	<b>15,044</b>
<b>Current assets</b>			
(a) Inventories	13	69,864	55,814
(b) Trade receivables	14	27,127	20,028
(c) Cash and bank balances	15	1,07,774	86,726
(d) Short-term loans and advances	16	2,484	1,296
(e) Other current assets	17	411	350
		<b>2,07,660</b>	<b>1,64,214</b>
<b>Total</b>		<b>2,20,948</b>	<b>1,79,258</b>

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: May 24, 2022

**For and on behalf of the Board of Directors**



**Preet H Heri**

Managing Director

DIN: 00215187

Place: Bengaluru

Date: May 24, 2022

**Hiroshi Kobata**

Director

DIN: 0009126920

Place: Bengaluru

Date: May 24, 2022



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

CIN: U74140KA1981PTC004248

**Statement of Profit and Loss**

(All amounts in Rs. Thousands, unless otherwise stated)

	Note	Year ended March 31, 2022	Year ended March 31, 2021
<b>INCOME</b>			
Revenue from operations	18	2,22,357	1,25,117
Other income	19	2,367	2,757
<b>Total Income</b>		<b>2,24,724</b>	<b>1,27,874</b>
<b>EXPENSES</b>			
Cost of material consumed (Net)	20	1,39,987	75,936
Purchase of stock in trade	21	4,902	1,189
Changes in inventories of finished goods, work in progress and stock in trade	22	(7,376)	1,882
Employee benefits expense	23	37,491	28,726
Finance costs	24	50	50
Depreciation and amortisation expense	8	1,296	1,362
Other expenses	25	20,516	15,527
<b>Total expenses</b>		<b>1,96,866</b>	<b>1,24,672</b>
<b>Profit before exceptional items and tax from continuing operations</b>		<b>27,858</b>	<b>3,202</b>
<b>Profit before tax from continuing operations</b>		<b>27,858</b>	<b>3,202</b>
<b>Tax expense</b>			
Current tax		-	262
Deferred tax		-	-
<b>Profit for the year from continuing operations</b>		<b>27,858</b>	<b>2,940</b>
<b>Profit / (Loss) before tax from discontinued operations</b>	33	<b>(1,442)</b>	<b>146</b>
<b>Tax expense</b>			
Current tax		-	-
Deferred tax		-	-
<b>Profit / (Loss) from discontinued operations</b>		<b>(1,442)</b>	<b>146</b>
<b>Profit for the year</b>		<b>26,416</b>	<b>3,086</b>
<b>Earnings per equity share [Nominal value per share: Rs. 100 (March 31, 2021: Rs 100)]</b>			
Earnings per share -Basic and Diluted (Rs.)	35	70	8

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: May 24, 2022

**For and on behalf of the Board of Directors**



**Preet H Heri**

Managing Director

DIN: 00215187

Place: Bengaluru

Date: May 24, 2022



**Hiroshi Kobata**

Director

DIN: 0009126920

Place: Bengaluru

Date: May 24, 2022

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

CIN: U74140KA1981PTC004248

**Cash Flow Statement**

(All amounts in Rs. Thousands, unless otherwise stated)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
<b>A. Cash flow from operating activities</b>		
Net profit before taxation including discontinued operations	26,416	3,348
Adjustments for -		
Depreciation & amortisation	1,296	1,362
Bad debts written off	1,273	86
Provision no longer required written back	-	(682)
Interest income from bank	(2,314)	(2,377)
<b>Operating profit before working capital changes</b>	<b>26,671</b>	<b>1,737</b>
<b>Changes in Working Capital -</b>		
Increase / (decrease) in trade payables	14,502	(4,100)
Increase / (decrease) in provisions	63	601
Increase / (decrease) in other current liabilities	970	3,477
(Increase)/ decrease in loans and advances	(1,185)	12,209
(Increase)/ decrease in other assets	675	1,687
(Increase)/ decrease in inventories	(14,050)	(4,518)
(Increase)/ decrease in trade receivables	(8,372)	(1,896)
<b>Cash generated from operations</b>	<b>19,274</b>	<b>9,197</b>
Income tax refund (net)	94	2,885
<b>Net Cash flow from / (used in) operating activities</b>	<b>19,368</b>	<b>12,082</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(641)	(2,140)
Proceeds from sale of property, plant and equipment	7	-
Interest received	2,314	2,377
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>1,680</b>	<b>237</b>
<b>C. Cash flow from financing activities</b>		
Interest paid	-	-
Deposit with bank with maturity more than 3 months but less than 12 months (Net)	6,268	3,322
<b>Net cash flow from / (used in) financing activities</b>	<b>6,268</b>	<b>3,322</b>
<b>Net increase / (decrease) in cash &amp; cash equivalents</b>	<b>27,316</b>	<b>15,641</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>80,458</b>	<b>64,817</b>
<b>Cash and Cash equivalents at the end of the year (*)</b>	<b>1,07,774</b>	<b>80,458</b>
<b>* Cash and Cash equivalents comprise of-</b>		
Cash on Hand	64	66
Balances with Banks	1,07,710	80,392

The above cash flow statement has been prepared under indirect method in accordance with the Accounting Standard 3 on "Cash Flow Statements"

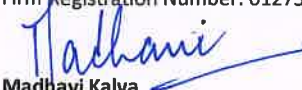
**Notes:**

1. 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.
2. 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: May 24, 2022

**For and on behalf of the Board of Directors**

  
**Preet H Heri**  
 Managing Director  
 DIN: 00215187  
 Place: Bengaluru  
 Date: May 24, 2022

  
**Hiroshi Kobata**  
 Director  
 DIN: 0009126920  
 Place: Bengaluru  
 Date: May 24, 2022



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

**1.01 Background**

KITO India 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.

**Summary of significant accounting policies**

**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, 2021, 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 realisable value. Cost is determined using the first-in, first-out (FIFO) method. The cost of finished goods and work in progress comprises 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**

Property, Plant and Equipment are stated at their 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 costs 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 property, plant and equipment are as follows:

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

**1.06 Intangible assets**

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

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

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



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

**1.07 Impairment of assets**

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

**1.08 Foreign exchange translation**  
**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 dispatch of goods from premises/delivery of goods to customers depending on the terms with the respective customers. Sales are recognised net of trade discounts and 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 on completed service contract method and when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the services and are recognised net of GST.

**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.





**Notes to Financial statements**

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

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**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.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

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.



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

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**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.



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	As at March 31, 2022	As at March 31, 2021
<b>2 Share Capital</b>		
<b>A. Authorised</b>		
400,000 (March 31, 2021: 400,000) equity shares of 100 each	40,000	40,000
<b>B. Issued, subscribed and fully paid up</b>		
375,550 (March 31, 2021: 375,550) equity shares of 100 each fully paid up	37,555	37,555
	<b>37,555</b>	<b>37,555</b>

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

	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	3,75,550	3,75,550
Movement during the year	-	-
Balance at the end of the year	3,75,550	3,75,550

**(b) Rights, preferences and restrictions attached to equity shares**

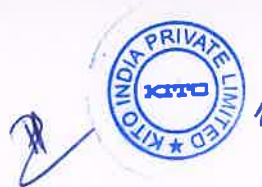
The Company has one class of equity shares having face value of Rs. 100 each. Each share holder of equity shares is entitled to one vote per share held. The dividend proposed by the Board of Directors (BOD) is subject to the approval of the shareholders in the ensuing annual general meeting except in 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, 2022		As at March 31, 2021	
	Number of Shares	% of holding	Number of Shares	% of holding
Kito Corporation, Japan (Holding Company)	3,75,549	99.99%	3,75,549	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, 2022		As at March 31, 2021	
	Number of Shares	Amount	Number of Shares	Amount
<b>Holding Company</b>				
Kito Corporation, Japan (Holding Company)	3,75,549	37,555	3,75,549	37,555



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**(e) Details of Promoters Shareholding**

Shares held by Promoters at the end of the year	% of Changes during the year			
	Number of Shares	% of total shares	Number of Shares	% of total shares
Kito Corporation, Japan (Holding Company)	3,75,549	99.99%	-	-
	(3,75,549)	(99.99%)		
<b>Total</b>	3,75,549	99.99%	-	-
	(3,75,549)	(99.99%)		

(Figures in brackets denote prior year figures)

- (f) 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.
- (g) 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.
- (h) There are no shares which have been forfeited as at March 31, 2022.





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	As at March 31, 2022	As at March 31, 2021
<b>3 Reserves and surplus</b>		
<b>Deficit in statement of profit and loss</b>		
Balance at the beginning of the year	(2,48,877)	(2,51,963)
Add: Net profit for the year	26,416	3,086
<b>Balance at the end of the year</b>	<b>(2,22,461)</b>	<b>(2,48,877)</b>
<b>Investment allowance reserve</b>		
Balance at the beginning of the year	360	360
Add: Investment allowance reserve added during the year	-	-
<b>Balance at the end of the year</b>	<b>360</b>	<b>360</b>
<b>General Reserve</b>		
Balance at the beginning of the year	157	157
Add: General Reserve added during the year	-	-
<b>Balance at the end of the year</b>	<b>157</b>	<b>157</b>
<b>Securities premium</b>		
Balance at the beginning of the year	3,55,125	3,55,125
Add: Securities premium added during the year	-	-
<b>Balance at the end of the year</b>	<b>3,55,125</b>	<b>3,55,125</b>
	<b>1,33,181</b>	<b>1,06,765</b>
<b>4 Long-term provisions</b>		
Provision for employee benefits:		
Provision for gratuity (refer Note 34)	2,244	2,141
Provision for compensated absences	582	636
	<b>2,826</b>	<b>2,777</b>
<b>5 Trade payables</b>		
Total outstanding dues of micro enterprises and small enterprises (refer Note 26)	366	435
Total outstanding dues of creditors other than micro and small enterprises (refer Note 31 for dues to related parties)	35,866	21,294
	<b>36,232</b>	<b>21,729</b>
NOTE: Refer Note 39 for Trade payables ageing schedule		
<b>6 Other current liabilities</b>		
Employees benefits payable	3,014	2,746
Statutory dues including provident fund and tax deducted at source	3,314	3,684
Advances from customers	833	1,110
Provision for expenses and other payables	3,429	2,081
	<b>10,590</b>	<b>9,621</b>
<b>7 Short-term provisions</b>		
Provisions for employee benefits:		
Provision for gratuity (refer Note 34)	482	466
Provision for compensated absences	82	83
Provision for income tax [net of advance tax of Rs. Nil (March 31, 2021 :Rs. Nil) ]	-	262
	<b>564</b>	<b>811</b>



8A. Property, plant and equipment

Particulars	Gross block				Accumulated depreciation			Net block	
	Balance as at April 1, 2021	Additions during the year	Deletions during the year	Balance as at March 31, 2022	Balance as at April 1, 2021	Depreciation for the year	Deletions	Balance as at March 31, 2022	Balance as at March 31, 2021
<b>Owned</b>									
<b>Continuing operations</b>									
Plant and machinery	5,683	198	-	5,881	1,153	368	-	1,521	4,530
Office equipment	2,358	131	-	2,489	1,784	146	-	1,930	574
Furniture and fixtures	7,054	108	7	7,155	2,526	671	1	3,196	4,528
Vehicles	1,685	-	-	1,685	1,600	-	-	1,600	84
Computer	742	204	-	946	546	112	-	658	197
<b>Discontinued operations</b>									
Office equipment	37	-	-	37	37	-	-	37	-
<b>Total</b>	<b>17,559</b>	<b>641</b>	<b>7</b>	<b>18,193</b>	<b>7,646</b>	<b>1,297</b>	<b>1</b>	<b>8,942</b>	<b>9,914</b>

Particulars	Gross block				Accumulated depreciation			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 for the year	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2020
<b>Owned</b>									
<b>Continuing operations</b>									
Plant and machinery	4,049	1,634	-	5,683	844	309	-	1,153	3,205
Office equipment	2,109	249	-	2,358	1,504	280	-	1,784	605
Furniture and fixtures	6,906	148	-	7,054	1,867	659	-	2,526	5,039
Vehicles	1,685	-	-	1,685	1,567	33	-	1,600	118
Computer	633	109	-	742	465	81	-	546	168
<b>Discontinued operations</b>									
Office equipment	37	-	-	37	37	-	-	37	-
<b>Total</b>	<b>15,419</b>	<b>2,140</b>	<b>-</b>	<b>17,559</b>	<b>6,284</b>	<b>1,362</b>	<b>-</b>	<b>7,646</b>	<b>9,914</b>



8B. Intangible Assets

Particulars	Gross block			Accumulated amortisation			Net block	
	Balance as at April 1, 2021	Additions during the year	Deletions during the year	Balance as at March 31, 2022	Balance as at April 1, 2021	Deletions	Balance as at March 31, 2022	Balance as at March 31, 2021
<b>Owned</b>								
Continuing operations Computer software	266	-	-	266	266	-	-	266
Discontinued operations Computer software	33	-	-	33	-	-	-	-
<b>Total</b>	<b>299</b>	-	-	<b>299</b>	<b>266</b>	-	-	<b>266</b>

8B. Intangible Assets

Particulars	Gross block			Accumulated 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	Deletions	Balance as at March 31, 2021	Balance as at March 31, 2020
<b>Owned</b>								
Continuing operations Computer software	266	-	-	266	266	-	-	266
Discontinued operations Computer software	33	-	-	33	-	-	-	-
<b>Total</b>	<b>299</b>	-	-	<b>299</b>	<b>266</b>	-	-	<b>266</b>



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	As at March 31, 2022	As at March 31, 2021
<b>9 Non-current investments</b>		
Other investments:		
Quoted		
Investment in equity instruments		
241 shares (March 31, 2021: 241 shares) of Rs. 2 each full paid up in Bank of Baroda	6	6
	<b>6</b>	<b>6</b>
<b>Market value of quoted investments</b>	<b>27</b>	<b>18</b>
<b>10 Deferred tax asset (net)</b>		
Deferred tax asset arising from:		
Difference between carrying value of Property, plant and equipment in the financial statement and the income tax return (net)	529	639
Expenses allowable for tax purposes when payment is made:		
Provision for gratuity	686	678
Provision for compensated absence	167	187
Dis-allowance u/s 40(a)(ia)	103	82
Provision for doubtful debts	2,427	2,507
Unabsorbed depreciation and business losses	99,347	1,09,695
	<b>1,03,259</b>	<b>1,13,788</b>
<b>Deferred tax asset (net)</b>	<b>-</b>	<b>-</b>
Note: Deferred tax asset (net) aggregating to Rs.103,259 considering applicable effective tax rate of 25.17% (March 31, 2021: Rs.113,788 effective tax rate @ 26%) comprising of Rs.3,912 (March 31, 2021: Rs.4,093) on account of timing differences and Rs.99,347 (March 31, 2021: Rs.109,695) 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.		
<b>Current tax:</b>		
No provision for normal income tax has been made in the financial statements as the Company has no taxable profit after adjusting its carried forward losses.		
<b>11 Long-term loans and advances</b>		
Unsecured, considered good:		
Advance Income Tax [net of provision of tax Rs. Nil (March 31, 2021 Rs. 262)]	348	705
	<b>348</b>	<b>705</b>
<b>12 Other non-current assets</b>		
Unsecured, considered good:		
Security deposits	3,600	3,600
Retention money	83	819
	<b>3,683</b>	<b>4,419</b>





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	As at March 31, 2022	As at March 31, 2021
<b>13 Inventories</b>		
Raw materials [Net of provision Rs. 1,595 (March 2021-Rs. Nil)] and [Includes Goods in Transit Rs. 949 (March 2021- Rs. Nil)]	54,539	47,865
Work in Progress	4,645	1,784
Traded goods [Includes Goods in Transit for March 2022 Rs. 2,991 (March 2021-Rs. Nil)]	10,360	5,924
Finished goods	320	241
	<b>69,864</b>	<b>55,814</b>
<b>14 Trade receivables</b>		
Unsecured		
-Considered Good	27,127	20,028
-Considered Doubtful	9,643	9,643
Less: Provision for doubtful debts	(9,643)	(9,643)
	<b>27,127</b>	<b>20,028</b>
Note: Refer Note 40 for Trade receivables ageing schedule		
<b>15 Cash and bank balances</b>		
Cash and cash equivalents		
Cash on hand	64	66
Bank balances:		
(a) in current accounts	7,710	5,392
(b) in deposit accounts	1,00,000	75,000
Other bank balances:		
(a) Deposits held as margin money against guarantee (more than 3months but less than 12 months maturity)	-	6,268
	<b>1,07,774</b>	<b>86,726</b>
<b>16 Short-term loans and advances</b>		
Unsecured, considered good		
Advances to employees	64	67
Balance with government authorities	478	258
Advances to suppliers	375	491
Prepaid expenses	1,567	480
	<b>2,484</b>	<b>1,296</b>
<b>17 Other current assets</b>		
Unsecured, considered good		
Security Deposit	222	222
Interest accrued on deposits with banks	107	19
Other current assets	82	109
	<b>411</b>	<b>350</b>



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(All amounts in Rs.Thousands, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>18 Revenue from operations</b>		
Sale of products	2,19,577	1,21,829
Sale of services	2,780	3,288
	<b>2,22,357</b>	<b>1,25,117</b>
<b>(a) Details of sale of products</b>		
Sales - Manual chain hoist	45,762	22,154
Sales - Electric chain hoist	1,26,676	93,228
Sales - Others	47,139	6,447
	<b>2,19,577</b>	<b>1,21,829</b>
<b>(b) Details Sale of Services</b>		
Operation and maintenance service	2,780	3,288
	<b>2,780</b>	<b>3,288</b>
<b>19 Other income</b>		
Interest Income	2,314	2,377
Net gain on foreign currency transaction and translation	-	44
Miscellaneous income	53	336
	<b>2,367</b>	<b>2,757</b>
<b>20 Cost of material consumed (Net)</b>		
<b>Raw materials consumed</b>		
Opening stock	47,865	41,465
Add: Purchase during the year	1,46,661	82,336
Less: Closing stock	54,539	47,865
	<b>1,39,987</b>	<b>75,936</b>
<b>21 Purchase of Stock in Trade</b>		
Chains and lifting accessories	4,902	1,189
	<b>4,902</b>	<b>1,189</b>
<b>22 Changes in inventories of work-in-progress, finished goods and stock in trade</b>		
Opening stock		
Work-in-progress	1,784	2,759
Finished goods	241	154
Traded goods	5,924	6,918
	<b>7,949</b>	<b>9,831</b>
Closing stock		
Work in progress	4,645	1,784
Finished goods	320	241
Traded goods	10,360	5,924
	<b>15,325</b>	<b>7,949</b>
<b>(Increase)/ Decrease</b>	<b>(7,376)</b>	<b>1,882</b>



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	Year ended March 31, 2022	Year ended March 31, 2021
<b>23 Employee benefits expense</b>		
Salaries, wages and bonus	35,412	27,611
Contribution to provident and other funds (refer Note 34(a))	511	470
Gratuity (refer Note 34(b))	561	137
Staff welfare expenses	1,007	508
	<b>37,491</b>	<b>28,726</b>
<b>24 Finance cost</b>		
Bank guarantee charges	50	50
	<b>50</b>	<b>50</b>
<b>25 Other expenses</b>		
Bank charges	49	112
Power and fuel	638	272
Freight Charges	864	184
Labour Charges	132	11
Erection charges	255	308
Advertisement and publicity expenses	1,251	881
Liquidated Damages	7	-
Bad debts written off	-	57
Legal, professional and technical fees	4,890	3,902
Loss on Property, plant and equipment disposal	7	-
Payment to auditors (refer Note 38)	1,045	957
Insurance	812	815
Communication expenses	354	339
Postage and courier	125	132
Printing and stationery	46	102
Rates and taxes	328	489
Net loss on foreign currency transaction and translation	133	-
Rent (refer Note 37)	5,169	4,544
Repairs and maintenance:		
- Plant and machinery	528	406
- Other maintenance	836	365
Travelling and conveyance expenses	2,817	1,431
Miscellaneous expenses	230	220
	<b>20,516</b>	<b>15,527</b>



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**26 Dues to Micro and Small Enterprises (MSME)**

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, 2022	March 31, 2021
Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	366	435
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	-	157
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	-	-

**27 Derivative instruments and unhedged foreign currency exposure**

Forward contracts entered for the hedging purpose, which were outstanding as on March 31, 2022 amounted to Rs. Nil (March 31, 2021: Rs. Nil). Details of foreign currency exposure as at March 31, 2022, which was not hedged are as follows:

Currency	Foreign Currency		Reporting Currency (Rs.)	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Payable in EUR	€ 55	-	4,621	-

**28 Expenditure in foreign currency :**

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Purchase of Raw material and Stock in trade	1,30,523	73,388
Reimbursement of expenses (refer Note 31)	3,769	3,535
Travelling and conveyance expenses	96	124
	<b>1,34,388</b>	<b>77,047</b>

**29 Earnings in foreign currency :**

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Export Sales	767	177

**30 CIF value of imports**

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Purchase of Raw material and Stock in trade	1,30,523	73,388
	<b>1,30,523</b>	<b>73,388</b>





**31 Related party disclosures**

(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

• Kito Europe GmbH, Germany  
• Kito Chain Italia S-R-L Socio Unico  
• Errikilla OY  
• Harrington Hoists Inc  
• PWB Anchor Pty Ltd

Key Management Personnel

• Mr. Preet H. Heri, Managing Director  
• Mr. Hiroshi Kobata, Director (w.e.f April 1, 2021)  
• Mr. Kazuishi Kaneko, Director (w.e.f July 6, 2021)\*  
• Mr. Shin Kimura, Director (resigned w.e.f July 12, 2021)\*

\* No transactions during the year

(iii) **Details of related party transactions during the year ended March 31, 2022 and balances outstanding as at March 31, 2022:**

Nature of transaction	Holding Company		Fellow Subsidiaries		Key Managerial Personnel		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Transactions during the year</b>								
<b>Purchase of Goods:</b>								
Kito Corporation	1,19,495	55,281	-	-	-	-	1,19,495	55,281
Kito Chain Italia S-R-L Socio Unico	-	-	4,902	1,189	-	-	4,902	1,189
PWB Anchor Pty Ltd	-	-	68	-	-	-	68	-
Kito Europe GmbH, Germany	-	-	19	-	-	-	19	-
Errikilla OY	-	-	4,409	16,708	-	-	4,409	16,708
<b>Expenses Reimbursed to :</b>								
Kito Corporation	3,866	3,658	-	-	-	-	3,866	3,658
<b>Managerial Remuneration *</b>								
Mr. Preet Heri	-	-	-	-	10,227	6,929	10,227	6,929
Mr. Hiroshi Kobata	-	-	-	-	7,910	-	7,910	-
<b>Sale of Goods:</b>								
Harrington Hoists Inc	-	-	-	-	52	-	-	52
<b>Rent free Accommodation :</b>								
Hiroshi Kobata	-	-	-	-	395	-	395	-
Nature of balance	Holding Company		Fellow Subsidiaries		Key Managerial Personnel		Total	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
<b>Balances as at year end</b>								
<b>Trade Payables:</b>								
Kito Corporation	29,633	20,116	-	-	-	-	29,633	20,116
Kito Chain Italia S-R-L Socio Unico	2,991	-	-	-	-	-	2,991	-

**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.



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**32 Contingent liabilities and commitments**

Particulars	As at March 31, 2022	As at March 31, 2021
<b>A. Contingent liabilities and commitments</b>		
Bank Guarantee	-	5,594
Income tax matters* [Refer Note (a)]	30,726	4,077
<b>Total</b>	<b>30,726</b>	<b>9,671</b>

Note (a): These matters are related to demands (excluding interest and penalty, if any) raised by Income Tax authorities in respect of transfer pricing adjustments on transactions with overseas group companies. The Company has preferred appeal against such demands with various Income tax authorities.

It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings. The Company does not expect any reimbursements in respect of the above contingent liabilities.

**\* excluding adjustment for any credits available to the Company**

**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, 2021: Rs. Nil)

(b) Other Commitments Rs. Nil (March 31, 2021: 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-1/1(33)2019/Vivekananda Vidya Mandir/284) dated March 20, 2019 issued by the Employees' Provident Fund Organisation in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purposes of determining contribution to provident fund under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952. In the assessment of the management which is supported by legal advice, the aforesaid matter is not likely to have a significant impact as the Company believes 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.



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

CIN: U74140KA1981PTC004248

**Notes to Financial statements**

(All amounts in Rs.Thousands, unless otherwise stated)

**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, 2022 are as follows:**

Particulars	As at March 31, 2022	As at March 31, 2021
Long-term loans and advances	-	42
Current assets:		
Trade receivables	703	2,422
Cash and cash equivalents	-	6,268
Other current assets	83	83
<b>Total assets</b>	<b>786</b>	<b>8,815</b>
Long-term provisions	-	203
Trade payables	23	58
Other current liabilities	-	85
<b>Total liabilities</b>	<b>23</b>	<b>346</b>
<b>Net Assets</b>	<b>763</b>	<b>8,469</b>

**II Profit / (Loss) before tax from discontinued operations**

Particulars	Note	As at March 31, 2022	Year ended March 31, 2021
Revenue from operations	i	351	2,119
Other income	ii	-	734
		<b>351</b>	<b>2,853</b>
Cost of materials consumed	iii	6	237
Employee benefits expense	iv	254	1,223
Finance costs	v	-	-
Depreciation	8	-	-
Other expenses	vi	1,533	1,247
		<b>1,793</b>	<b>2,707</b>
<b>Profit / (Loss) before tax</b>		<b>(1,442)</b>	<b>146</b>

**III Cash flows attributable to the discontinued operations**

Particulars	As at March 31, 2022	Year ended March 31, 2021
Operating activities	(5)	3,901
Investing activities	-	-
Financing activities	-	-



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**Notes to Financial statements**

(All amounts in Rs.Thousands, unless otherwise stated)

	Year ended March 31, 2022	Year ended March 31, 2021
<b>i Revenue from operations</b>		
Sale of products	-	277
Sale of services	351	1,842
	<b>351</b>	<b>2,119</b>
<b>(a) Details of sale of products</b>		
<b>Operation products</b>		
Spares	-	277
	-	<b>277</b>
<b>(b) Details sale of services</b>		
Maintenance service	351	1,842
	<b>351</b>	<b>1,842</b>
<b>ii Other income</b>		
Provision no longer required written back	-	682
Liquidated damages recovered from customers	-	-
Miscellaneous income	-	51
	-	<b>733</b>
<b>iii Cost of materials consumed</b>		
(a) Opening Stock	-	-
(b) Purchase	6	237
(c) Closing stock	-	-
	<b>6</b>	<b>237</b>
<b>iv Employee benefits expense</b>		
Salaries, wages and bonus	242	1,090
Contribution to provident and other funds	13	59
Gratuity (refer Note 33)	-	74
	<b>254</b>	<b>1,223</b>
<b>v Finance costs</b>		
Interest expense	-	-
	-	-
<b>vi Other expenses</b>		
Liquidated damages	1,273	29
Erection charges	116	416
Freight charges	-	30
Printing and stationery	1	13
Postage and courier	1	-
Staff Welfare	1	-
Rates and taxes	-	239
Telephone charges	3	12
Travelling and conveyance	138	509
	<b>1,533</b>	<b>1,248</b>





**Notes to Financial statements**

(All amounts in Rs.Thousands, unless otherwise stated)

34 Employee benefits expense	For the year ended March 31, 2022	For the year ended March 31, 2021
(a) Defined Contribution Plans		
Amount recognised in the Statement of Profit and Loss		
Provident fund paid to authorities	517	515
Employee State Insurance paid to authorities	7	13
	<b>524</b>	<b>528</b>

**(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**

	March 31, 2022	March 31, 2021
Balance at the beginning of the year	3,595	3,342
Current service cost	327	317
Interest cost	236	227
Benefits paid	(441)	(90)
Actuarial (gain) / loss	64	(201)
<b>Balance at the end of the year</b>	<b>3,780</b>	<b>3,595</b>

**Fair value of plan assets**

	March 31, 2022	March 31, 2021
Balance at the beginning of the year	988	856
Employer direct benefit payments	441	90
Expected return on plan assets	69	59
Benefits paid	(441)	(90)
Actuarial gain / (loss)	(3)	73
<b>Balance at the end of the year</b>	<b>1,054</b>	<b>988</b>

**Asset and Liability recognised in the Balance Sheet**

	As at March 31, 2022	As at March 31, 2021
Present value of the defined benefit obligations	3,780	3,595
Fair value of plan assets	(1,054)	(988)
<b>Amounts recognised as liability (refer Note 4 and 7)</b>	<b>2,726</b>	<b>2,607</b>

**Expense recognised in the Statement of Profit and Loss**

	For the year ended March 31, 2022	For the year ended March 31, 2021
Current service cost	327	317
Interest on defined benefit obligation	236	227
Expected Return on Asset	(69)	(59)
Net actuarial (gain)/loss recognized in the year	67	(274)
<b>Total (included in Employee benefit expenses)</b>	<b>561</b>	<b>211</b>

**Principal assumptions used in determining gratuity obligation**

	For the year ended March 31, 2022	For the year ended March 31, 2021
Discount rate	7.47%	6.99%
Expected return on assets	6.99%	6.88%
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

Amount recognised in current year and previous four years	For the year ended March 31, 2022	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
Defined Benefit Obligation	3,780	3,595	3,342	2,455	1,892
Plan Assets	1,054	988	856	833	775
Surplus/ (Deficit)	(2,726)	(2,607)	(2,486)	(1,622)	(1,117)
Experience gain/ (loss) Adjustments on plan liabilities	236	(159)	198	73	429
Experience gain/ (loss) Adjustments on plan assets	(3)	73	42	(66)	46



**Notes to Financial statements**

(All amounts in Rs.Thousands, unless otherwise stated)

Expected contribution to the funds in the next year	For the year ended March 31, 2022	For the year ended March 31, 2021
Gratuity	482	477

Category of Plan Assets	For the year ended March 31, 2022	For the year ended March 31, 2021
Insurer Managed fund	100%	100%

**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 Per Share**

	Year ended March 31, 2022	Year ended March 31, 2021
Net profit after tax	26,416	3,086
Number of shares	3,75,550	3,75,550
Basic Earnings per share (Rs.)	70	8

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

- 36 The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001) detailed transfer pricing regulations (the regulations) for computing the income and expenditure from international transactions between 'associated enterprises' on an arm's length basis. The regulations, inter alia, also require the maintenance of prescribed documents and information including furnishing a report from an Accountant within due date of filing of return of income. For fiscal year ended March 31, 2021 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, 2022. In the opinion of management, the transactions with associated enterprises during the year ended March 31, 2022 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, 2022	Year ended March 31, 2021
Lease payments recognised in the Statement of Profit and Loss during the year	5,169	4,544

**38 Payment to auditors (excluding Goods and services tax)**

	Year ended March 31, 2022	Year ended March 31, 2021
Statutory audit fee	1,045	958
Others	-	-
	<b>1,045</b>	<b>958</b>

**39 Trade Payables ageing schedule**

**As at March 31, 2022**

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	239	-	-	127	-	366
(ii) Undisputed dues - Others	35,693	114	-	59	-	35,866
(iii) Disputed dues - MSME	-	-	-	-	-	0
(iv) Disputed dues - Others	-	-	-	-	-	0
	<b>35,932</b>	<b>114</b>	<b>-</b>	<b>186</b>	<b>-</b>	<b>36,232</b>

**As at March 31, 2021**

Particulars	Not Due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed dues - MSME	309	126	-	-	-	435
(ii) Undisputed dues - Others	21,007	244	-	43	-	21,294
(iii) Disputed dues - MSME	-	-	-	-	-	0
(iv) Disputed dues - Others	-	-	-	-	-	0
	<b>21,316</b>	<b>370</b>	<b>0</b>	<b>43</b>	<b>-</b>	<b>21,729</b>



40 Trade receivables ageing schedule

As at March 31, 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	26,369	140	275	-	343	27,127
Undisputed Trade Receivables – considered doubtful (refer Note)	-	-	-	-	9,643	9,643
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
	<b>26,369</b>	<b>140</b>	<b>275</b>	<b>-</b>	<b>9,986</b>	<b>36,770</b>

Note: Undisputed Trade receivable considered doubtful have been completely provided for.

As at March 31, 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	18,922	333	323	60	390	20,028
Undisputed Trade Receivables – considered doubtful (refer Note)	-	-	-	-	9,643	9,643
Disputed Trade Receivables – considered good	-	-	-	-	-	-
Disputed Trade Receivables – considered doubtful	-	-	-	-	-	-
	<b>18,922</b>	<b>333</b>	<b>323</b>	<b>60</b>	<b>10,033</b>	<b>29,671</b>

Note: Undisputed Trade receivable considered doubtful as been completely provided for.



**41 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	March 31, 2022		March 31, 2021	
	Hoist	Crane	Hoist	Crane
Revenue	2,22,357	351	1,25,117	2,119
Other income	2,367	-	2,757	734
<b>Total</b>	<b>2,24,724</b>	<b>351</b>	<b>1,27,874</b>	<b>2,853</b>
Segment result - segment in profit (before tax)	27,858	(1,442)	3,202	146
Segment result - segment in loss (before tax)	-	-	-	-
Current tax charge	-	-	262	-
<b>Profit after tax</b>	<b>27,858</b>	<b>(1,442)</b>	<b>2,940</b>	<b>146</b>
<b>Other information:</b>				
Segment assets	2,20,162	786	1,70,443	8,815
Segment liabilities	50,189	23	34,592	346
Depreciation and amortisation included in segment assets	1,296	-	1,362	-

B. Secondary Segment	March 31, 2022		March 31, 2021	
	Within India	Rest of the world	Within India	Rest of the world
Segment revenue by location of customers	2,21,941	767	1,27,059	177
Segment assets	2,20,948	-	1,79,258	-
Capital expenditure	641	-	2,140	-

**42** There are no charges or satisfaction of charges, which are yet to be registered with Registrar of Companies beyond the statutory period.

**43** 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, 2022.

Management has assessed the liability position as at March 31, 2022 and do not foresee any adjustment thereon.

Management has 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.

**44 Others:**

a) There are no proceedings that have been initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 (as amended from time to time) (earlier Benami Transactions (Prohibition) Act, 1988) and the rules made thereunder.

b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

c) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017, and there are no companies beyond the specified layers.

d) The Company has not advanced or loaned or invested funds (either borrowed funds or share premium or any other sources or kind of funds) to any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding (whether recorded in writing or otherwise) that the Intermediary shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries"); or

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

e) The Company has not received any fund from any person(s) or entity(ies), including foreign entities ("Funding Party") with the understanding (whether recorded in writing or otherwise) that the company shall

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries"); or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.





**KITO India Private Limited**  
(formerly, ArmseI MHE Private Limited)

CIN: U74140KA1981PTC004248

**Notes to Financial statements**

(All amounts in Rs.Thousands, unless otherwise stated)

- 45 Company does not have any direct customer/supplier from Russia/Ukraine and management has performed assessment considering the customer base, supply chain operations and considers no significant Impact on account of Russia Ukraine conflict on the financial statements.
- 46 The Company has does not have any transactions or balances with struck off companies.
- 47 The Company does not have any transaction not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income-tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income-tax Act, 1961). Further, there was no previously unrecorded income and no additional assets were required to be recorded in the books of account during the year.
- 48 The Company has neither traded nor invested in Crypto currency or Virtual Currency during the financial year ended March 31, 2022 and March 31, 2021 respectively. Further, the Company has also not received any deposits or advances from any person for the purpose of trading or investing in Crypto Currency or Virtual Currency
- 49 Analytical Ratio please refer Annexure I
- 50 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: May 24, 2022

**For and on behalf of the Board of Directors**



Preet H Heri  
Managing Director

DIN: 00215187

Place: Bengaluru

Date: May 24, 2022

Hiroshi Kobata  
Director

DIN: 0009126920

Place: Bengaluru

Date: May 24, 2022

ANNEXURE I: Analytical Ratio:

KITO India Private Limited  
(formerly, Armsel MHE Private Limited)  
CIN: U74140KA1981PTC004248

Notes to financial statements  
Statement of Analytical Ratios

Particulars	Numerator/Denominator	Current period - March 31, 2022	Previous period - March 31, 2021	% Variance	Reasons for Variance (more than 25% Variance)
(a) Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	4.98	5.11	-72.36%	Outstanding dues to creditors has increased due to increase in purchasing to invest in higher inventory level, in order to keep up with increase in sales
(b) Debt-Equity Ratio	$\frac{\text{Total Debt}}{\text{Shareholders Funds}}$	-	-	-	Not Applicable as company does not have debt as at March 31, 2022 and March 31, 2021 respectively
(c) Debt Service Coverage Ratio	$\frac{\text{Earning available for Debt Service}}{\text{Debt Service Interest + Principal repayments}}$	-	-	-	Not Applicable as company does not have debt as at March 31, 2022 and March 31, 2021 respectively
(d) Return on Equity Ratio	$\frac{\text{Net Profit after Tax (Including discontinued operations)}}{\text{Shareholders Funds}}$	0.15	0.02	13.33%	
(e) Inventory turnover ratio	$\frac{\text{Revenue from sale of products}}{\text{Average Inventories}}$	3.49	2.27	121.94%	Turnover increased by 76%, but average inventory has increased by only 17% (i.e. more effective utilisation of inventory)
(f) Trade Receivables turnover ratio	$\frac{\text{Revenue from operations}}{\text{Average Accounts Receivable}}$	9.43	6.54	288.82%	Sales during March 2022 is more hence there is increase in the Account Receivable in the year ended March 2022
(g) Trade payables turnover ratio	$\frac{\text{Purchases}}{\text{Average Accounts Payable}}$	5.23	3.51	171.74%	Purchases during March 2022 is more hence there is increase in the Account Payable in the year ended March 2022
(h) Net capital turnover ratio	$\frac{\text{Total Income}}{\text{Net Working Capital}}$	1.40	0.97	43.38%	Turnover for the year 2021-22 is increased drastically
(i) Net profit ratio	$\frac{\text{Net Profit after taxes (Including discontinued operations)}}{\text{Revenue from operations}}$	0.12	0.02	9.41%	
(j) Return on Capital employed	$\frac{\text{Net Profit}}{\text{Capital Employed}}$	0.15	0.02	11.33%	
(k) Return on investment	$\frac{\text{Net Profit}}{\text{Total Investment}}$	0.15	0.02	13.33%	

