



**PERFECT ENGINE COMPONENTS  
PVT. LTD.**

(FORMERLY - SAROD ENGINEERING PRIVATE LIMITED)



**DIRECTORS' REPORT**

**To  
The Members,  
Perfect Engine Components Private Limited**

Your Directors are pleased to present the 14<sup>th</sup> Annual Report of your Company together with the Audited Statement of Accounts and the Auditors' Report for the financial year ended, 31<sup>st</sup> March, 2019.

**1. FINANCIAL RESULTS:-**

Particulars	Financial Year ending 31.03.2019 (Rs)	Financial Year ending 31.03.2018 (Rs)
Gross Income	41,30,03,601	32,93,37,099
Profit Before Interest, financial cost & Depreciation	69,04,765	2,99,61,639
Finance Charges	41,993	79,665
Interest	1,48,54,134	1,31,91,370
Provision for Depreciation	1,70,04,159	2,61,63,632
Net Profit / (Loss) Before Tax	(2,49,95,521)	(94,73,027)
Extraordinary Income/ (Loss)	0	0
Provision for Tax	(2,19,001)	(23,57,463)
Net Profit/ (Loss) After Tax	(2,47,76,520)	(71,15,564)
Balance of Profit brought forward	(2,47,76,520)	(71,15,564)
Proposed Dividend on Equity Shares	00	00
Tax on proposed Dividend	00	00
Transfer to General Reserve	00	00
Surplus carried to Balance Sheet	(2,47,76,520)	(71,15,564)

**2. DIVIDEND**

Your Directors do not recommend any dividend for the Financial Year 2018-19.

**3. STATE OF COMPANY'S AFFAIRS AND BUSINESS PERFORMANCE**

The Company has been able to generate income of Rs. 41,30,03,601/- for the year 2018-19 as compared to previous year of Rs. 32,93,37,099/- The Company has not

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**Regd. Off.:** 1101, Viraj Tower, Junction of Andheri Kurla Road, W. E. Highway, Andheri (East), Mumbai – 400 069

**CIN No:** U29120MH2005PTC150632 Email: [finance@perfectenginecomponents.com](mailto:finance@perfectenginecomponents.com)



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able to generate profit as expenses was more than that of income earned. The Company is in search of new projects in the foreseeable future.

The Board of Directors of the Company had evolved and adopted a Code of Conduct based on the principles of Good Corporate Governance and best management practices being followed globally.

#### **4. INFORMATION ABOUT SUBSIDIARY/ JV/ ASSOCIATE COMPANY**

Company does not have any Subsidiary, Joint venture or Associate Company.

#### **5. DIRECTORS**

The Board of Directors of the Company has duly constituted having 2 numbers of Directors namely Chetna Ambrish Shah and Mr. Ramakumar Nair.

#### **Declaration by Independent Directors**

No independent director has been appointed on board of directors of the Company as Section 149(4) of Companies Act, 2013 is not applicable to the Company, hence no declaration received under section 149(7) of Companies Act, 2013.

#### **Details of remuneration to Directors:**

There is no Policy formed on Directors' appointment & remuneration, as the Company is not covered in any class as mentioned in Section 178(1) of Companies Act, 2013.

#### **6. MEETINGS OF THE BOARD OF DIRECTORS**

During the year, 6 (six) Board Meetings were held and convened. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013.

#### **7. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information & explanations obtained by them your Directors make the following statements in terms of Section 134(5) of the Companies Act, 2013.

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- a. In preparation of the Annual Accounts for the financial year ended 31<sup>st</sup> March 2019, the applicable Accounting Standards have been followed along with proper explanation to material departures, if any;
- b. The Directors have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit/ loss of the Company, for that period;
- c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- d. The Directors have prepared the Annual Accounts on a going concern basis.
- e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **8. RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on arm's length basis and were in the ordinary course of business.

## **9. LOAN TO DIRECTOR**

The Company has not given any loans to any director or to any other person in whom the directors are interested or advanced any loan represented by Book Debt, or given guarantee or provided any security in connection with any loan taken by director or such other person during the financial year ended on 31<sup>st</sup> March 2019.

## **10. LOAN FROM DIRECTORS**

During the year the Company has not borrowed the fund from Director of the Company.

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## **11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

The Company has not granted any loans, guarantees or made investments during the financial year ended 31<sup>st</sup> March 2019.

## **12. DEPOSITS FROM PUBLIC**

The Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of Balance Sheet.

## **13. TRANSFER TO RESERVES**

The Company did not transfer any amounts to General Reserve during the year.

## **14. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

The provisions of Section 125(2) of the Companies Act, 2013 do not apply as there was no dividend declared and paid.

## **15. AUDITORS**

At the Annual General Meeting held on 28<sup>th</sup> September, 2017, Gaurav Ajsaonkar & Associates [FRN: 135638W], were appointed as Statutory Auditors of the Company to hold the office for the period of 5 years i.e. from Financial Year 2017-18 to 2021-22. The Company has received the eligibility letter from them pursuant to section 139 (1) of the Companies Act, 2013 for the financial year 2019-20.

## **16. AUDIT REPORT**

The observation made in Auditors report read together with the relevant notes thereon, are self explanatory and hence do not call for any comments except matter relating to Inventory.

Further the Chairman states that the Company will take necessary steps to maintain proper records of stocks.

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## **17. SECRETARIAL AUDIT**

Section 204 of the Companies Act, 2013 is not applicable to the Company hence Secretarial Audit need not be conducted.

## **18. INTERNAL CONTROL SYSTEMS, THEIR ADEQUACY AND COMPLIANCE**

The Company has taken adequate measures in respect to internal control systems, their adequacy and compliance by continuously monitoring the adequacy and effectiveness of internal controls on the adequacy and effectiveness of the Company's risk management, control and governance process.

## **19. MATERIAL CHANGES AND COMMITMENTS, IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There are no Material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year on 31<sup>st</sup> March, 2019 to which the financial statements relate and the date of this report.

## **20. RISK MANAGEMENT POLICY**

The Company does take the necessary measures to reduce the Business risk.

## **21. CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility (CSR) Policy is not applicable to the Company.

## **22. SHARES**

During the financial year 2018-19 the Company has not bought back any of its securities, not issued any Sweat Equity Shares, Bonus Shares and not provided any Stock Option Scheme to its employees.

## **23. OTHER INFORMATION**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the

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Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is as follows.

**A. Conservation of Energy**

The Company's operations are not energy-intensive and as such involve low energy consumption. However, adequate measures have been taken to conserve the consumption of energy.

**B. Technology Absorption**

Operations of the company do not involve any kind of special technology and there was no expenditure on research & development during this financial year. However, your company continues to upgrade its technology in ensuring it is connected with its clients across the market.

**C. Foreign Exchange Earnings and outgo**

The Foreign Exchange earnings and outgo during the financial year ended on 31<sup>st</sup> March, 2018 is as follows:

Particulars	31 <sup>st</sup> March, 2019	31 <sup>st</sup> March, 2018
Foreign Exchange Earnings	36,83,287	25,64,564
Foreign Exchange Outgo	----	

**D. Human Resource Development and Industrial Relations**

Your Company continues to take new initiatives for furtherance of its Human Resource policies to meet the growing needs of its business. It has excellent relationship with its employees.

**24. EXTRACT OF ANNUAL RETURN**

The Extract of Annual Return as required under section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014, in Form MGT-9 is annexed herewith for your kind perusal and information. (Annexure 1)

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## **25. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS**

There are no significant and material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and company's operations in future.

## **26. WHISTLE BLOWER/ VIGIL MECHANISM**

The Company ensures to Directors, Employees and its Stakeholders the safeguard against unethical behaviors, actual and suspected fraud, violation of ethics, victimization etc by providing direct access to the higher levels of supervisors. Also they may report their genuine concern to the Company by emailing to [acount@peclindia.com](mailto:acount@peclindia.com).

## **27. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013**

Pursuant to Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 read with Rule 14 of the Rules issued there under, the Internal Committee constituted under the said Act has confirmed that no complaint / case has been filed / pending with the Company during the year.

## **28. SECRETARIAL STANDARDS**

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October 2017. The Company is in compliance with the revised secretarial standards.

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## 29. ACKNOWLEDGEMENTS

Your Directors wish to express their grateful appreciation to the continued co-operation received from the Banks, Government Authorities, Customers, Vendors and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed service of the Executives, staff and Workers of the Company.

**For Perfect Engine Components Private Limited**

Mrs. Chetana Shah  
Director  
DIN-01338996  
Place: - Mumbai  
Date: 08.06.2019

Mr. Ramkumar Nair  
Director  
DIN: 07179781

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Form No. MGT-9  
EXTRACT OF ANNUAL RETURN  
As on the financial year ended on 31.03.2019 of  
**PERFECT ENGINE COMPONENTS PRIVATE LIMITED**  
[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies  
(Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:-		U29120MH2005PTC150632
ii)	Registration Date		13.01.2005
iii)	Name of the Company		Perfect Engine Components Private Limited
iv)	Category / Sub-Category of the Company		Company limited by shares and Indian non-government company
v)	Address of the Registered office and contact details		1101, Viraj Tower, Junction of Andheri Kurla Road, W. E. Highway, Andheri (East), Mumbai – 400 069
vi)	Whether listed company Yes / No		No
vii)	Name, Address and Contact details of		NA

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

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

Sr No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Internal Combustion Engine Spares	2811	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

Sr No	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% of shares held	Applicable Section
1	Perfect Nivesh Infra Private Limited	U45202MH2014PTC254809	Holding	86.50001	2(46)

For Perfect Engine Components Private Limited

  
Mrs. Chetana Shah  
Director  
DIN-01338996  
Date: 08.06.2019

  
Ramkumar Nair  
Director  
DIN-07179781

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	260000	260000	86.50001	0	260000	260000	86.50001	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1):-</b>	<b>0</b>	<b>260000</b>	<b>260000</b>	<b>86.50001</b>	<b>0</b>	<b>260000</b>	<b>260000</b>	<b>86.50001</b>	<b>0</b>
<b>(2) Foreign</b>									
a) NRIs - Individuals	0	0	0	0	0	0	0	0	0
b) Other – Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other....	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) = (A)(1)+(A)(2)</b>	<b>0</b>	<b>260000</b>	<b>260000</b>	<b>86.50001</b>	<b>0</b>	<b>260000</b>	<b>260000</b>	<b>86.50001</b>	<b>0</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / FI	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt(s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non-Institutions</b>									
<b>a) Bodies Corp.</b>									
i) Indian	0	40578	40578	13.49999	0	40578	40578	13.49999	0
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	<b>0</b>	<b>40578</b>	<b>40578</b>	<b>13.49999</b>	<b>0</b>	<b>40578</b>	<b>40578</b>	<b>13.49999</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	<b>0</b>	<b>40578</b>	<b>40578</b>	<b>13.49999</b>	<b>0</b>	<b>40578</b>	<b>40578</b>	<b>13.49999</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>300578</b>	<b>300578</b>	<b>100</b>	<b>0</b>	<b>300578</b>	<b>300578</b>	<b>100</b>	<b>0</b>

## (ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total	
1	Perfect Nivesh Infra Private Limited	259990	86.496683	0	259990	86.49668306	0	0
2	Nitan Chhatwal (Held as Nominee of PNIPL)	10	0.0033269	0	10	0.003326923	0	0
		260000	86.50001		260000	86.50000998	0	0

(iii) Change in Promoters' Shareholding ( please specify, if there is no change) : No Change

Sr No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease				
	At the End of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	0	0	0	0
	At the End of the year ( or on the date of separation, if separated during the year)	0	0	0	0

(v) Shareholding of Directors and Key Managerial Personnel:

Not Applicable

Sr No		Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	0	0	0	0
	At the End of the year	0	0	0	0

#### V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>			-	
i) Principal Amount	650,856,152	7,876,497	-	658,732,649
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>650,856,152</b>	<b>7,876,497</b>	<b>-</b>	<b>658,732,649</b>
<b>Change in Indebtedness during the financial year</b>				
Addition	-	-	-	-
Reduction	-14,243,272	-	-	-14,243,272
<b>Net Change</b>	<b>14,243,272</b>	<b>-</b>	<b>-</b>	<b>14,243,272</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	665,099,424	7,876,497	-	672,975,921
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>665,099,424</b>	<b>7,876,497</b>	<b>-</b>	<b>672,975,921</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit			
	others, specify...	0	0	0
5	Others, please specify	0	0	0
	Total (A)	-	-	-
	Ceiling as per the Act			

B. Remuneration to other directors:

Sr No	Particulars of Remuneration	Name of Director			Total Amount
1	Independent Directors	----	-----	----	
	Fee for attending board / committee meetings	0	0	0	0
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (1)	0	0	0	0
2	Other Non-Executive Directors				
	Fee for attending board / committee meetings	0	0	0	0
	Commission	0	0	0	0
	Others, please specify	0	0	0	0
	Total (2)	0	0	0	0
	Total (B)=(1+2)	0	0	0	0
	Total Managerial Remuneration	0	0	0	0
	Overall Ceiling as per the Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD-N.A

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	others, specify...				
5	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

For Perfect Engine Components Private Limited



Mrs. Chetana Shah  
Director  
DIN-01338996  
Date: 08.06.2019



Ramkumar Nair  
Director  
DIN-07179781



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CHARTERED ACCOUNTANTS

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### **Independent Auditor's Report**

**To the Members of PERFECT ENGINE COMPONENTS PRIVATE LTD.**

#### **Report on the Audit of the Standalone Financial Statements**

##### **Opinion :-**

We have audited the accompanying standalone financial statements of **PERFECT ENGINE COMPONENTS PRIVATE LTD** ("the Company"), which comprise the Balance Sheet as at 31st March, 2019, the Statement of Profit and Loss, and Statement of Cash Flow for the year then ended, and Note to the Financial Statement including a summary of the significant accounting policies.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 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 31<sup>st</sup> March, 2019, and its Loss and its cash flows for the year ended on that date.

##### **Basis for Opinion :-**

We conducted our audit in accordance with the standards on Auditing (SAs) specified under Section 143 (10) of the Companies Act, 2013 ("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 Companies Act, 2013 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.



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

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 & using the going concern basis of accounting unless management either intends to liquidate the company or to cease operation or has no realistic alternative but to do so.

Those Board of Directors is also responsible to for overseeing the company's financial reporting process.

**Auditors' Responsibility for the Audit of Financial Statements**

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.





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## CHARTERED ACCOUNTANTS

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As a part of an audit in accordance with SAs, we exercise professional judgement and maintain professional skepticism 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. Under section 143 (3) (i) of the Companies Act, 2012, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



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**CHARTERED ACCOUNTANTS**

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Report on Other Legal and Regulatory Requirements**

- 1) As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
- 2) As required by Section 143 (3) of the Act, based on our audit 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 purpose 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 accounts.
  - d) in our opinion, the aforesaid standalone financial statements comply with Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) on the basis of the written representations received from the directors as on 31<sup>st</sup> March, 2019 & taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,  
in our opinion and to the best of our information and according to the explanations given to



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**CHARTERED ACCOUNTANTS**

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- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the investor Education and Protection Fund by the Company.

**For GAURAV AJGAONKAR & ASSOCIATES**



  
**Mr Gaurav A Ajgaonkar**  
**Chartered Accountant**  
**(Proprietor)**

**M.No : 152528**

**FRN : 135638W**

**Date : 08<sup>TH</sup> June,2019**

**Place : Mumbai**



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CHARTERED ACCOUNTANTS

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### **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

Referred to in Paragraph 1 under "Report on Other Legal and Regulatory Requirements" section of our report of even date of **PERFECT ENGINE COMPONENTS PRIVATE LTD.** ("the Company"), for the year ended on 31st March, 2019, we report that:

- i. (a) the company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) these fixed assets have been physically verified by the management at reasonable intervals; and as far as we are able to ascertain, no discrepancies have been noticed on such verification as compared with the book records.
- (c) According to the information and explanations given to us and on the basis of the records of the Company, the title deeds of immoveable properties are held in the name of the Company.
- ii. The inventory has been physically verified during the year by the management, at reasonable intervals. Since the Company is not maintaining proper Stock Records the discrepancies if any could not be ascertained.
- iii. The company has not granted any loans, secured or unsecured to companies, a firms or covered in the register maintained under section 189 of the Companies Act.
- iv. According to information and explanations given by the management, no loan or guarantee or security under 185 and no guarantee and security under section 186 of the Companies Act,2013 have been given during the year.
- v. The Company has not accepted any deposits, under the provisions of Sections 73 to 76 or any other relevant provisions of the Act, and the rules framed there under during the year under report.
- vi. The Central Government has not prescribed the maintenance of cost records under prescribed the maintenance of cost records under section 148 (1) of the



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**CHARTERED ACCOUNTANTS**

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Act, for any of the services rendered by the company.

- vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, sales tax, Employees State Insurance, income-tax, service tax, duty of custom, duty of excise, VAT, cess and other material statutory dues have been generally regularly deposited during the year by the Company with the appropriate authorities.

The Undisputed Dues in respect of Income Tax , Sales Tax are as follows:

PARTICULARS	AMT.(RS.)
Works Contract Tax ( FY 2011-12 )	82,505
Works Contract Tax ( FY 2011-12 )	5,706
Profession Tax ( FY 2011-12 )	3,77,050
Profession Tax ( FY 2012-13 )	5,27,900
Profession Tax ( FY 2013-14 )	4,91,600
Profession Tax ( FY 2014-15 )	4,13,925
Profession Tax ( FY 2015-16 )	3,51,900
Profession Tax ( FY 2016-17 )	3,13,700
TDS on Interest (FY 2016-17)	9,86,002
TDS on Interest (FY 2017-18)	12,06,110
TDS on Interest (FY 2018-19)	14,16,229
Income Tax AY 2010-11	90,90,660
Excise Duty	7,15,715



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**CHARTERED ACCOUNTANTS**

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- b) According to the information and explanations given to us and based on the records of the Company examined by us, there are no disputed dues of Income Tax or Service Tax or Sales Tax or Customs Duty or VAT or Excise Duty or Cess which have not been deposited on account of any disputes and other material statutory dues.
- viii. Based on the audit procedure and according to the information and explanation given to us, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to banks & Financial Institutions. Further Company, does not have any loans or borrowings from government or debentures holders during the year.
- ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the order is not applicable.
- x. During the course of our examination of the books and records of the company, 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 fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.
- xi. Not Applicable.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.



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**CHARTERED ACCOUNTANTS**

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- xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For GAURAV AJGAONKAR & ASSOCIATES**



  
**Mr Gaurav A Ajgaonkar**  
**Chartered Accountant**  
**(Proprietor)**  
**M.No : 152528**  
**FRN : 135638W**

**Date : 08<sup>TH</sup> June,2019**

**Place : Mumbai**



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CHARTERED ACCOUNTANTS

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## **ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT**

**( referred to in our Independent Auditor's Report of even date on the financial statements of PERFECT ENGINE COMPONENTS PRIVATE LTD. for the year ended 31<sup>st</sup> March 2019 )**

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

We have audited the internal financial controls over financial reporting of **PERFECT ENGINE COMPONENTS PRIVATE LTD.** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

### **Auditors' Responsibility**

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





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## **CHARTERED ACCOUNTANTS**

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

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

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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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



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**CHARTERED ACCOUNTANTS**

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**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For GAURAV AJGAONKAR & ASSOCIATES**



**Mr Gaurav A Ajgaonkar**  
**Chartered Accountant**  
**(Proprietor)**

**M.No : 152528**

**FRN : 135638W**

**Date : 08<sup>TH</sup> June,2019**

**Place : Mumbai**

**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**BALANCE SHEET AS AT 31ST MARCH, 2019**


	Particulars	Note No	Figures as at the end of (current Reporting Peiod) (Is Rs.) 31/03/2019	Figures as at the end of (current Reporting Peiod) (Is Rs.) 31/03/2018	
1		2	3	4	
<b>I</b>	<b>EQUITY &amp; LIABILITIES</b>				
<b>1</b>	<b>Shareholders' Funds</b>				
	(a) Share Capital	2	3,005,780	3,005,780	
	(b) Reserves & Surplus	3	<u>(220,252,989)</u>	<u>(195,476,392)</u>	
			(217,247,209)		(192,470,612)
<b>2</b>	<b>Non-Current Liabilities</b>				
	(a) Deferred Tax Liability (Net)	4	2,792,783	3,011,784	
	(b) Long-term borrowings	5	672,975,921	658,732,649	
	(c) Other long term liabilities	6	5,164,646	5,164,646	
	(d) Long Term Provisions	7	<u>10,473,253</u>	<u>11,835,813</u>	678,744,891
<b>3</b>	<b>Current Liabilities</b>				
	(a) Trade payables	8	84,946,882	89,576,523	
	(b) Other current Laibilities	9	18,959,280	26,429,204	
	(c) Short Term Provisions	10	<u>12,308,349</u>	<u>10,903,573</u>	126,909,300
	<b>TOTAL</b>		<u><u>590,373,905</u></u>	<u><u>613,183,580</u></u>	
<b>II</b>	<b>ASSETS</b>				
<b>1</b>	<b>Non-Current Assets</b>				
	(a) Fixed Assets				
	(i) Tangible Assets	11	84,075,715	94,628,934	
	(ii) Capital Work in Progress		668,103	668,103	
	(ii) Intangible Assets	11	<u>142,247,860</u>	<u>145,385,430</u>	
			226,991,679		240,682,466
	(b) Long-term Loans and Advances	12	64,235,446	62,900,060	
	(c) Other non current assets	13	192,333,525	192,333,525	
<b>2</b>	<b>Current Assets</b>				
	(a) Inventories	14	72,329,854	70,054,253	
	(b) Trade Recevables	15	17,107,779	27,735,314	
	(c) Cash and Bank Balances	16	6,734,752	7,651,468	
	(d) Short-term Loans and Advances	17	<u>10,640,871</u>	<u>11,826,494</u>	117,267,529
	<b>TOTAL</b>		<u><u>590,373,905</u></u>	<u><u>613,183,580</u></u>	
	<b>Notes on Financial Statements</b>	27 -42			


As per our attached report of even date  
For & On behalf of  
GAURAV AJGAONKAR & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN No. : 135638W

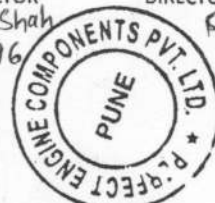
( G. A. AJGAONKAR )  
PROPRIETOR  
Membership No. 152528

Place : Mumbai  
Date : 8th June 2019

On behalf of the Board of Directors  
PERFECT ENGINE COMPONENTS PVT LTD

  
 DIRECTOR  
 Chetana Shah  
 DIN: 01338996

  
 DIRECTOR  
 Ramakumar Nair  
 DIN: 07179781



**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

INCOME :	Note	Figures for the current reporting period (in Rs.) From 01/04/2018 to 31/03/2019	Figures for the current reporting period (in Rs.) From 01/04/2017 to 31/03/2018
I Revenue from Operations	18	407,065,619	325,430,189
II Other Income	19	5,937,982	3,906,910
III Total Revenue		413,003,601	329,337,099
IV <b>EXPENDITURE :</b>			
(a) Cost of Material Consumed	20	75,228,344	51,793,128
(b) Purchase of Stock in Trade		177,346,490	130,552,599
(c) Changes in inventories of finished goods, in progress and stock in trade	21	(2,544,791)	(6,172,214)
(d) Employee Benefits Expenses	22	76,336,714	61,978,841
(e) Other Expenses	25	79,732,080	61,223,106
V Total Expenses		406,098,836	299,375,460
Profit Before Interest, Depreciation Tax and Amortisation		6,904,765	29,961,639
(f) Finance Costs	23	14,896,127	13,271,035
(g) Depreciation & Amortisation Expenses	24	17,004,159	26,163,632
VI V. Profit before exceptional and extraordinary items and tax		(24,995,521)	(9,473,027)
VII Extraordinary Income (Loss)	26	-	-
VIII Tax Expenses			
(a) Current Tax			
(b) Excess/Short Provision of Tax Written Back Income Tax for Prior Period		-	-
(c) Deferred Tax Expenditure / (Income)		(219,001)	(2,357,463)
IX Profit/(Loss) for the year		(24,776,520)	(7,115,564)
X Add: Prior Period (Expenses) / Income			
XI Balance Carried to Balance Sheet		(24,776,520)	(7,115,564)

Notes on Financial Statements

27-42


As per our attached report of even date  
For & On behalf of  
GAURAV AJGAONKAR & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN No. : 135638W

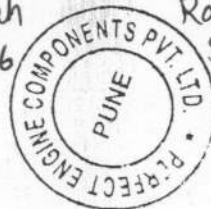
(G. A. AJGAONKAR)  
PROPRIETOR  
Membership No. 152528

Place : Mumbai  
Date : 8th June 2019

On behalf of the Board of Directors  
PERFECT ENGINE COMPONENTS PVT LTD

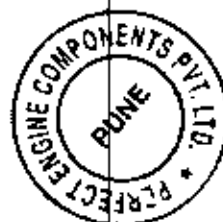
  
DIRECTOR  
Chetana Shah  
DIN: 01338996

  
DIRECTOR  
Rama Kumar Nair  
DIN: 07179781



**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**CASH FLOW STATEMENT FOR THE YEAR 1st April 2018 to 31st March 2019**

Particulars	Rs.	
<b><u>Cash flows from operating activities</u></b>		
Net profit before taxation	(24,995,521)	
<b><u>Adjustments for:</u></b>		
Depreciation	17,004,159	
Interest income	(226,633)	
Interest expense	14,854,134	
Operating profit before working capital changes	6,636,139	
Decrease in sundry debtors	10,627,535	
Increase in inventories	(2,275,601)	
Decrease in other current assets	1,185,623	
Increase in other long term loans and advances	(1,335,386)	
Decrease in other liabilities	(7,469,924)	
Decrease in other long term provisions	(1,362,560)	
Increase in other short term provisions	1,404,776	
Decrease in sundry creditors	(4,629,641)	
Cash generated from operations	2,780,962	
Net cash from operating activities		2,780,962
<b><u>Cash flows from investing activities</u></b>		
Purchase of fixed assets	(3,313,448)	
Interest received	226,633	
		(3,086,815)
<b><u>Cash flows from financing activities</u></b>		
Repayment of Sicom loan	-	
Term Loan from Shrem Investments Pvt Ltd	14,243,272	
Interest paid	(14,854,134)	
		(610,862)
Net Increase in cash and cash equivalent		(916,716)
Cash and cash equivalents at beginning of the period		7,651,468
		6,734,752
Cash and cash equivalents at close of the period		6,734,752



Reconciliation of Cash and CashEquivalent with the Balance Sheet :-		
Cash and Cash equivalents as per Balance Sheet (Refer Note 15)		6,734,752
Cash and Cash equivalents at the end of the year *		
Cash in Hand	4,133	
<u>Bank Balances</u>		
-in Current Account	5,698,401	
-in Deposit Account	1,032,218	6,734,752

As per our attached report of even date  
 For & On behalf of  
 GAURAV AJGAONKAR & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 FRN No. : 135638W

On behalf of the Board of Directors

*G. A. Gaonkar*  
 (G. A. GAONKAR)  
 PROPRIETOR  
 Membership No. 152528

*Chetana Shah*  
 DIRECTOR  
 Chetana Shah  
 DIN: 01338996



*Ramakumar Nair*  
 DIRECTOR  
 Ramakumar Nair  
 DIN: 07179781

Place : Mumbai  
 Date : 8th June 2019

## PERFECT ENGINE COMPONENTS PVT LTD.

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019:

#### 1. SIGNIFICANT ACCOUNTING POLICIES

**a. Cost Convention**

The financial statements are prepared;

- i. On the historical cost convention
- ii. On a going concern basis
- iii. In accordance with the Accounting Standard issued by the Institute of Chartered Accountants of India
- iv. On accrual system of accounting
- v. In accordance with the relevant presentation requirements of the Companies Act, 2013.

**b. Revenue Recognition**

Revenue from sale of products is accounted for on dispatch of goods from the factory based on orders from customers. Sale of products includes excise duty and other taxes.

**c. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the period in which the results are known/materialized.

**d. Fixed Assets**

- i. Fixed assets are stated at historical cost less accumulated depreciation. Historical cost comprises of the acquisition price and all direct and indirect costs that are attributable in bringing the assets to their working condition for intended use.
- ii. All expenses during construction are allocated to the respective asset proportionately.
- iii. Adjustments arising from exchange rate variations relating to borrowings/ liabilities for the fixed assets are capitalised.

**e. Impairment**

The carrying amounts of assets are reviewed at each balance sheet date on value in use basis to assess whether they are recorded in excess of their estimated recoverable amount. If the carrying value exceeds the estimated recoverable amount, assets are written down to their estimated recoverable amount.

**f. Depreciation**

Pursuant to the Provision of Companies Act, 2013 (the Act) becoming effective from 1<sup>st</sup> April 2014, the Company has adopted to specified useful life of its fixed assets as per Schedule II to the Act and consequently any adjustment for depreciation charged in respect of earlier years will be debited to the reserves of the company.

**g. Investments:**

Long Term Investments are stated at cost. Permanent diminution in value thereof is provided for



## PERFECT ENGINE COMPONENTS PVT LTD.

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019:

#### h. Employee Retirement Benefits

- i. Provisions have been made for gratuity liability in accordance with the Provision of the Payment of Gratuity Act, 1972.
- ii. Provision for encashable leave salary is made on the assumption that such benefits are payable to all employees at the end of the accounting year.

#### i. Inventories

- i. Raw Materials, Stores, Spares and Consumables are valued at cost or net realisable value whichever is lower.
- ii. Stock-in-process is valued at cost including related production overheads or net realisable value whichever is lower
- iii. Finished goods are valued at cost or net realisable value whichever is lower

Cost includes cost of production and expenses incurred, as allocated by the Management, in putting the inventories in their present condition.

#### j. Accounting of Cenvat Benefits: -

Cenvat Credit availed under the relevant scheme in respect of Raw material, Packing Material, Fuel, Stores and spares etc. is reduced from the cost of purchase.

Cenvat Credit availed under the relevant scheme in respect of capital goods is reduced from the cost of Fixed Assets.

#### k. Borrowing Costs:

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets till such time as the assets are ready for its intended use or sale.

A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

#### l. Taxation:

- i. Provision for current tax is made on the basis of estimated taxable income computed in accordance with the provisions of Income Tax Act 1961.
- ii. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date.
- iii. Deferred tax assets are recognised and carried forward 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.





**PERFECT ENGINE COMPONENTS PVT LTD.**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019:**

**m. Contingencies and Events occurring after the date of Balance Sheet:**

Accounting for contingencies (gains and losses) arising out of contractual obligations are made only on the basis of mutual acceptance. Events occurring after the date of balance sheet are accounted for up to the date of approval of the accounts by the board of directors where material.

**n. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- i. The company has a present obligation as a result of a past event
- ii. A probable outflow of resources is expected to settle the obligation and
- iii. The amount of obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle the provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of

- i. Present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation
- ii. A possible obligation, unless the probability of outflow of resources is removed.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

All contingent liabilities are adequately disclosed in the Notes on Accounts.

**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

	As at 31st March 2019	As at 31st March 2018
<b>2 SHARE CAPITAL</b>		
<b>AUTHORISED CAPITAL</b>		
310000 (260000) Equity Shares of Rs. 10/- each	3,100,000	3,100,000
<b>TOTAL</b>	<b>3,100,000</b>	<b>3,100,000</b>
<b>ISSUED, SUBSCRIBED, AND PAIDUP</b>		
300578 (260000) Equity Shares of Rs.10/- each fully paid up	3,005,780	3,005,780
<b>TOTAL</b>	<b>3,005,780</b>	<b>3,005,780</b>

**1.1 Reconciliation of shares outstanding at beginning and at end**

	No. of Shares	
Shares Outstanding at the beginning of the year	300,578	300,578
Add: Shares Issued during the year	-	-
Less: Shares bought back during the year	-	-
Shares Outstanding at the end of the year	<b>300,578</b>	<b>300,578</b>

**1.2 The details of Shareholders holding more than 5% Shares:**

Name of Shareholder	2018-19		2017-18	
	No. of Shares	% held	No. of Shares	% held
Perfect Nivesh Infra Pvt Ltd	260,000	86.50%	260,000	86.50%
Edelweiss	40,578	13.50%	40578	13.50%
Total	300,578	100.00%	300,578	100.00%

**1.3 Shares reserved for issue under option/contracts/commitment:**

There have been no such shares reserved by the company

**1.4 Terms of securities convertible into equity/preference:- NA**

**1.5 Call unpaid:-N.A**

**1.6 Last five year details:**

for shares allotted pursuant to contract:- N.A

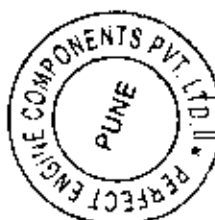
for share issued by way of bonus shares :- N.A

There were no securities bought back by the company during the last five years.



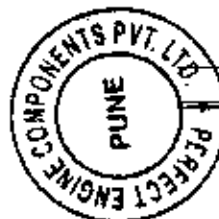
**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2019**

	As at 31st March 2019	As at 31st March 2018
<b>3 RESERVES &amp; SURPLUS</b>		
<b>General Reserve</b>		
Opening Balance	2,841,667	2,841,667
Share Premium Account	65,844,220	65,844,297
	<u>68,685,887</u>	<u>68,685,964</u>
<b>Profit &amp; Loss Account</b>		
Opening Balance	(264,162,356)	(257,046,792)
Add: Profit for the year	(24,776,520)	(7,115,564)
	<u>(288,938,876)</u>	<u>(264,162,356)</u>
<b>TOTAL</b>	<u><b>(220,252,989)</b></u>	<u><b>(195,476,392)</b></u>
<b>4 DEFERRED TAX LIABILITY</b>		
Opening Balance	3,011,784	5,369,247
For the year	(219,001)	(2,357,463)
	<u>2,792,783</u>	<u>3,011,784</u>
<b>5 LONG TERM BORROWINGS</b>		
<b>SECURED</b>		
Term Loan I - Edelweiss (0% Secured Term Loan repayable in quarterly installments. Secured by first charge on all the land and building, plant and machinery, other fixed assets, inventory and debtors of the company)	533,697,298	533,697,298
Term Loan II - Edelweiss (The Loan is compulsorily convertible into general equity any time on or before 30th Sept 2017 and such conversion shall result in a stake of 13.50% on a fully diluted basis to Edelweiss.) Shrem Investments Pvt Ltd	131,402,126	117,158,854
	<u>665,099,424</u>	<u>650,856,152</u>
<b>UNSECURED</b>		
Deferred payment liabilities	7,876,497	7,876,497
	<u>7,876,497</u>	<u>7,876,497</u>
<b>TOTAL</b>	<u><b>672,975,921</b></u>	<u><b>658,732,649</b></u>
<b>6 OTHER LONG TERM LIABILITIES</b>		
Amount Payable to AEPL A.V. TRANSPORT	5,164,646	5,164,646
<b>TOTAL</b>	<u><b>5,164,646</b></u>	<u><b>5,164,646</b></u>
<b>7 LONG TERM PROVISIONS</b>		
Gratuity	5,850,867	6,920,021
Leave Encashment	2,051,380	2,144,786
Provision for Taxation	2,571,006	2,771,006
<b>TOTAL</b>	<u><b>10,473,253</b></u>	<u><b>11,835,813</b></u>



**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2019**

	As at 31st March 2019	As at 31st March 2018
<b>8 TRADE PAYABLES</b>		
Sundry Creditors for Goods & Expenses	84,946,882	89,576,523
<b>TOTAL</b>	<b>84,946,882</b>	<b>89,576,523</b>
<b>9 OTHER CURRENT LIABILITIES</b>		
Creditors for Capital goods	2,686,303	3,275,147
Other Current Liabilities	16,272,977	23,154,057
<b>TOTAL</b>	<b>18,959,280</b>	<b>26,429,204</b>
Other Liabilities includes statutory dues, employee related liabilities, security deposit etc.		
<b>10 SHORT TERM PROVISIONS</b>		
Employee Related	12,098,349	10,693,573
Other Provisions	210,000	210,000
<b>TOTAL</b>	<b>12,308,349</b>	<b>10,903,573</b>
<b>12 LONG TERM LOANS &amp; ADVANCES</b>		
(Unsecured, considered good, unless otherwise stated)		
Karla Engineering Company Ltd	55,088,484	54,253,984
Advance to Employees	73,954	128,119
Deposits	1,690,500	1,162,500
Tax Deducted at Source	395,830	368,780
Advance Income Tax	1,500,000	1,500,000
Self asst Tax (08-09)	341,477	341,477
Loan to Shareholder	5,050,000	5,050,000
VAT Refund	95,200	95,200
<b>TOTAL</b>	<b>64,235,446</b>	<b>62,900,060</b>
<b>13 NON CURRENT ASSETS</b>		
Work in Process (Old)	192,333,525	192,333,525
	<b>192,333,525</b>	<b>192,333,525</b>
<b>14 INVENTORIES</b>		
Raw Material	12,635,933	9,603,241
Work in Process	14,688,808	24,375,088
Finished Goods	38,437,443	26,098,806
Finished Goods (Trading)	3,840,000	3,947,566
Stores & Consumables	2,727,670	6,029,552
<b>TOTAL</b>	<b>72,329,854</b>	<b>70,054,253</b>
<b>15 TRADE RECEIVABLES</b>		
(Unsecured, Considered Good)		
Over six months	5,385,779	4,797,568
Others	11,721,999	22,937,745
<b>TOTAL</b>	<b>17,107,779</b>	<b>27,735,314</b>



**PERFECT ENGINEERING COMPONENTS PVT LTD**

Notes forming part of the financial statements for the year ended 31st March, 2019

**Note 1D Fixed assets**

Tangible assets	Gross block					Accumulated depreciation and impairment			Net block	
	Balance as at 1 April, 2018	Additions	Disposals	Balance as at 31 March, 2019	Balance as at 1 April, 2018	Depreciation / amortisation expenses for the year	Balance as at 31 March, 2019	Balance as at 31 March, 2019	Balance as at 31 March, 2018	
	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	Amount (Rs.)	
(a) Land & Development	43,320,120	-	-	43,320,120	-	-	-	43,320,120	43,320,120	
(b) Building	20,366,583	57,179	-	20,423,762	6,390,811	573,480	6,964,291	13,459,471	13,975,772	
(c) Plant & Machinery	180,349,216	3,122,041	-	183,471,257	145,025,451	12,656,009	157,681,460	26,789,797	35,323,765	
(d) Furniture & Fixtures	4,381,472	6,000	-	4,387,472	2,789,514	485,119	3,254,633	1,132,839	1,591,958	
(e) Office Equipment	1,041,424	-	-	1,041,424	990,313	-	990,313	51,112	51,112	
(f) Computers and data processing units	3,103,246	128,150	-	3,231,396	2,764,738	171,981	2,936,719	294,677	338,508	
(g) Motor Vehicles	554,014	-	-	554,014	526,314	-	526,314	27,700	27,700	
<b>Total</b>	<b>253,116,075</b>	<b>3,313,370</b>	<b>-</b>	<b>256,429,445</b>	<b>158,487,141</b>	<b>13,866,589</b>	<b>172,353,730</b>	<b>84,075,715</b>	<b>94,628,934</b>	
Previous year										



**PERFECT ENGINE COMPONENTS PVT. LTD.**

NOTE 10 . . ATTACHED TO & FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2019

**II) INTANGIBLE ASSETS**

PARTICULARS	COST			AMORTISATION			BOOK VALUE		
	As at 1st April 2018	Additions during the year	Deletions during the year	As at 31st March 2019	Up to 31st March 2018	For the Year	Written Back	Up to 31st March 2019	As at 31st March 2018
R & D Expenditure	185,566,926	-	-	185,566,926	83,202,577	3,137,570	-	86,340,147	102,364,349
Goodwill	43,021,081	-	-	43,021,081	-	-	-	43,021,081	43,021,081
<b>Sub-Total</b> (Previous Year)	<b>228,588,007</b>	-	-	<b>228,588,007</b>	<b>83,202,577</b>	<b>3,137,570</b>	-	<b>142,247,860</b>	<b>145,385,430</b>



**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2019**

	As at 31st March 2019	As at 31st March 2018
<b>16 CASH AND BANK BALANCES</b>		
Balances with Banks	5,698,401	5,740,283
Cash in hand	4,133	828,966
Fixed Deposit with Bank	1,032,218	1,082,218
<b>TOTAL</b>	<b>6,734,752</b>	<b>7,651,468</b>
<b>17 SHORT TERM LOANS &amp; ADVANCES</b>		
Balance with Central Excise Authorities	-	23,188
Interest Receivable	346,403	153,985
Advance Paid to Suppliers	10,294,469	11,649,321
<b>TOTAL</b>	<b>10,640,871</b>	<b>11,826,494</b>



**PERFECT ENGINE COMPONENTS PVT. LTD.**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st March, 2019**

	As At 31st March 2019	As At 31st March 2018
<b>18 REVENUE FROM OPERATIONS</b>		
Sale of Products	224,451,793	188,593,293
Sale of Traded Goods	182,613,826	139,868,212
	<u>407,065,619</u>	<u>328,461,505</u>
Less: Excise Duty	-	3,031,316
<b>TOTAL</b>	<u><b>407,065,619</b></u>	<u><b>325,430,189</b></u>
<b>19 OTHER INCOME</b>		
Discount Received	4,431,478	3,259,947
Sale of Scrap	638,426	604,585
<b>Sundry Balances writeback</b>	641,445	(135,605)
Interest	226,633	177,983
Octroi Refund	-	-
<b>TOTAL</b>	<u><b>5,937,982</b></u>	<u><b>3,906,910</b></u>
<b>20 COST OF MATERIAL CONSUMED</b>		
Opening Stock	9,603,241	7,940,030
Raw Material Purchased	78,261,037	53,456,339
Less : Closing Stock	12,635,933	9,603,241
<b>TOTAL</b>	<u><b>75,228,344</b></u>	<u><b>51,793,128</b></u>
<b>21 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE</b>		
Finished Goods/Stock in Trade	-12,231,071	3,375,590
Stock in Process	9,686,280	(9,547,804)
<b>TOTAL</b>	<u><b>(2,544,791)</b></u>	<u><b>(6,172,214)</b></u>
<b>22 EMPLOYEE BENEFIT EXPENSES</b>		
Salaries & Wages	66,951,695	54,200,772
Contribution to Provident and Other Funds	2,663,484	2,577,540
Staff Welfare Expenses	6,721,535	5,200,529
<b>TOTAL</b>	<u><b>76,336,714</b></u>	<u><b>61,978,841</b></u>
<b>23 FINANCE COST</b>		
Interest Expenses	14,854,134	13,191,370
Other Borrowing Costs	41,993	79,665
<b>TOTAL</b>	<u><b>14,896,127</b></u>	<u><b>13,271,035</b></u>
<b>24 DEPRECIATION AND AMORTISATION</b>		
On Tangible Assets	17,004,159	240,712,994
<b>TOTAL</b>	<u><b>17,004,159</b></u>	<u><b>240,712,994</b></u>
<b>25 OTHER EXPENSES</b>		
Manufacturing Expenses		





Opening Stock	60,29,552	54,36,061
Stores & Consumables Purchased	2,79,31,652	2,37,46,025
Less : Closing Stock	27,27,670	60,29,552
	<u>3,12,33,534</u>	<u>2,31,52,534</u>
Power & Fuel & Water charges	2,48,92,535	1,94,75,739
Sub Contractors Charges	30,62,178	14,20,698
Job Work Expenses	-	-
Factory & Machinery Maintainance Charges	42,91,204	36,67,039
	<u>6,34,79,450</u>	<u>4,77,16,009</u>
<b>Administrative, Selling &amp; Distribution Expenses</b>		
Rates & Taxes	3,05,677	3,52,677
Insurance	-	-
Discounts	64,18,509	55,21,274
Misc. Expenses	33,75,459	39,19,940
Legal & Professional Charges	27,38,576	16,54,033
Travelling Expenses	7,04,945	4,55,053
Other Repairs & Maintainance	96,895	1,08,139
Selling & Distribution Expenses	26,12,568	14,95,981
Payment to Auditors	-	-
	<u>1,62,52,629</u>	<u>1,35,07,097</u>
<b>TOTAL</b>	<u><b>7,97,32,080</b></u>	<u><b>6,12,23,106</b></u>

**NOTE 26**

**EXTRAORDINARY ITEMS**

	-	-
	<u>-</u>	<u>-</u>

**PERFECT ENGINE COMPONENTS PVT LTD.**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019:**

	As at 31.3.2019	As at 31.03.2018
27. Estimated amounts of contracts remaining to be executed		
Capital Goods still to be acquired	NIL.	NIL.
28. Contingent Liabilities	NIL.	NIL.
29. Balances of Debtors, Creditors and Loans & Advances are subject to confirmation, reconciliation and adjustments if any.		
30. In the opinion of the Board, the value on realisation of loans and advances and Current Assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance Sheet.		
	Year ended 31.03.2019	Year ended 31.03.2018
31. <b>Payments to Auditors</b>		
(i) As Auditors	1,50,000	1,50,000
(ii) In Other Capacity		
(a) For Tax Audit	60,000	60,000
(b) For Income Tax Assessment	Nil	Nil
(iii) For Expenses	Nil	1,910
	<u>2,10,000</u>	<u>2,11,910</u>
32. <b>CIF Value of Import</b>		
a) Capital Goods	NIL.	NIL.
b) Raw Materials	NIL.	NIL.
33. <b>Expenditure in Foreign Exchange</b>		
a) Travelling	NIL.	NIL.
b) Warehousing	NIL.	NIL.
c) Commission	NIL.	NIL.
	<u>NIL.</u>	<u>NIL.</u>
34. <b>Earnings in Foreign Exchange</b>	36,83,287	25,64,564
35. <b>Directors Remuneration</b>		
a) Salary	NIL.	NIL.
36. In the opinion of the Board, provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.		
37. Employee Benefits:		
Gratuity:		
The company has an unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service is eligible for a gratuity on separation at 15 days basic salary (last drawn salary) for each completed year of service.		

**PERFECT ENGINE COMPONENTS PVT LTD.**

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019:**

38. Segment information is as required by Accounting Standard (AS17) "Segment Reporting" prescribed by companies Accounting Standard Rules, 2006. The Company's primary business is manufacturing critical machined engine parts.

The operations of the Company are in India and all assets and liabilities are located in India. An analysis of the gross revenue by products sale is given below:

Name of Product	2018-19 (Rs in lacs)	2017-18 (Rs in lacs)
Valves	2244.52	1859.59
Valve Seat Inserts	1668.17	1310.57
Valve Guides	157.97	88.11

39. **Earnings per Share:**

Earning per share is calculated in accordance with Accounting Standard (AS 20) "Earnings Per share" prescribed by Companies Accounting Standards Rules 2006

	As at 31.03.2019	As at 31.03.2018
Outstanding shares (Nos.)	2,60,000	2,60,000
Net Profit/(Loss) after tax	(2,49,97,192)	(94,73,027)
Earnings per Share	---	---

40. The company has reviewed the future cash flows on the basis of value in use of its assets and has satisfied that the estimated recoverable amount is more than the amount carried in the books. Accordingly no provision for impairment loss is required to be made in these accounts.

41. Related parties, as defined under Clause 3 of Accounting Standard (AS18) "Related Party Disclosures" prescribed by Companies (Accounting Standard) Amendment Rules 2006 as identified by the Management :-

- I) Transactions have been entered into with the following Enterprise/firms over which Key Management Personnel and their relatives have significant influence:

1. Perfect Engineering Products Limited - Associate Company
2. Perfect Nivesh Infra Pvt Ltd - Holding Company
3. Karla Engine Components Ltd. - Associate Company
4. A. V. Transport - Associate Concern

- II) Following are the Individuals having significant influence or are key management personnel:

Mr. Ramkumar Nair  
Mrs. Chetana Shah



PERFECT ENGINE COMPONENTS PVT LTD.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2019:

III) The following transactions were carried out during the year with related parties in the ordinary course of business:

Sr. No.	Transactions	Amt. (Rs in lakhs)	
		Current year	Previous Year
1	Managerial Remuneration (including allowances and sitting fees)	NIL	NIL
2	Purchase of goods	2282.59	1664.81
3	Sale of Goods	11.49	19.30
4	Discount Received	44.31	31.50
5	Transportation & Vehicle Hire Charges	0	0
8	Outstanding as at 31 March 2019		
	a) Payable	469.98	419.74
	a) Unsecured Loan	51.64	51.64
	b) Loans & Advances	50.5	50.5

42. Figures in brackets relate to the previous year.

For Gaurav Aijaonkar & Associates  
Chartered Accountants  
FRN No. : 135638W

Perfect Engine Components Pvt Ltd.  
For and Behalf of the Board

(G.A.AJGAONKAR)  
Proprietor  
Chartered Accountant  
Membership No. : 152528



*Chetana Shah*

Director

Chetana Shah  
DIN: 01338996

Director

Director

*Ramakumar Nair*  
DIN: 07179781



PLACE: Mumbai  
DATE: 08<sup>TH</sup> Jun, 2019