

**18<sup>TH</sup> ANNUAL REPORT**

**2008-09**



**STARLITE COMPONENTS LIMITED**



# STARLITE COMPONENTS LIMITED

**CHAIRPERSON**

Smt. Rochana Bharati

**MANAGING DIRECTOR**

Shri. Arvind Bharati

**DIRECTOR**

Shri G K Srikantan

**AUDITORS**

M/s Godse Joshi & Associates  
Chartered Accountant  
Pune

**REGISTERED OFFICE**

64-B, MIDC Area, Satpur, Nasik 422 07

**FACTORY**

64-B, MIDC Area, Satpur, Nasik 422 07

**REGISTRAR & SHARE TRANSFER AGENT**

Mondkar Computers Private Limited  
21, Shakil Niwas,  
Mahakali Caves Road, Andheri(East)  
Mumbai 400 093

**EQUITY SHARES LISTED AT**

The Stock Exchange Mumbai  
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001

Pune Stock Exchange Ltd.  
Shivleela Chambers, 752, Sadashiv Peth, R. B. Kumbhkar Marg, Pune – 411 030

The Stock Exchange – Ahmedabad  
Kamdhenu Complex, Sahjanand Collage, Panjarpole, Ahmedabad – 380 015

Coimbatore Stock Exchange Ltd  
CSX Towers, 683-686, Trichy Road, Singanallur, Coimbatore – 641 005



## STARLITE COMPONENTS LIMITED

### NOTICE

NOTICE is hereby given that Eighteenth Annual General Meeting of the Members of STARLITE COMPONENTS LIMITED will be held at 64-B, M.I.D.C., Satpur, Nasik - 422 007 on Thursday, December 31, 2009 at 10:00 a.m. to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at June 30, 2009 and the Profit & Loss Account for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint Director in place of Mr. G.K. Srikantan, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise Board of Directors to fix their remuneration.

By Order of the Board of Directors

Place: Nasik  
Date: 03.12.2009

(ARVIND BHARATI)  
Managing Director

**Registered Office:**  
64-B, M.I.D.C. Area, Satpur,  
Nasik-422 007.

#### NOTES TO NOTICE:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY OR PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY (S) NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME OF HOLDING THE AFORESAID MEETING.
2. The Register of Members and Share Transfer Book will remain closed from 30<sup>th</sup> December, 2009 to 31<sup>st</sup> December, 2009 (both days inclusive).
3. Members are requested to please bring their copies of the Annual Report to the meeting.
4. Members are requested to notify change in address, if any, to the Registrars and Share Transfer Agents quoting their folio numbers at an early date.
5. Mondkar Computers Pvt. Ltd. are Registrars and Share Transfer Agents of the Company. The Members are requested to address share transfers and other correspondence to them directly and not to the company.

By Order of the Board of Directors

Place: Nasik  
Date: 03.12.2009

(ARVIND BHARATI)  
Managing Director



## STARLITE COMPONENTS LIMITED

### DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Eighteenth Annual Report together with the audited statements of accounts for the year ended 30<sup>th</sup> June 2009.

#### FINANCIAL RESULTS

The financial results for the year ended 30<sup>th</sup> June 2009 are briefly stated below:

	(Rs. In lacs)	
	2008-09	2007-08
Sales and Other Income	1270.90	1189.97
Operating Profit (Before Interest, Depreciation and Tax)	39.42	27.39
Less: Interest and other financial charges	106.27	99.68
Depreciation	15.70	15.65
Profit before Tax	(82.55)	(87.94)
Provision for Tax MAT/FBT	(0.17)	(0.09)
Provision for Deferred Tax Asset (Liability)	0.00	0.00
Profit after Tax/(Loss)	(82.72)	(88.03)

#### OPERATIONS

During the year, the company achieved a turnover of Rs. 1270.90 lacs including other income, which shows a improvement over the previous year. The Company turned the corner and earned an operating profit of Rs. 39.42 lacs before interest, depreciation and tax. However, due to heavy interest burden the Company incurred a loss of Rs. 82.55 lacs during the year under consideration. Encouraged with the performance, your management feels even more confident and committed to repeat the performance and achieve still higher turnover during the current year. The Company could achieve these encouraging results due to its diversification plan into components of Compact Fluorescent Lamps, which are in great demand at present.

#### DIVIDEND

Your Directors do not recommend any dividend for the year under review.

#### FIXED DEPOSITS

The Company has not accepted any fixed deposit from the public during the year under review.

#### DIRECTORS

Mr. G.K. Srikantan, Director of the Company is retiring by rotation and, being eligible, has offered himself for reappointment. Members are requested to appoint the Director.

#### STATUTORY DISCLOSURES

Information as per Section 217(1) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the annexure to this report.

#### DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:

- ❖ In preparation of annual accounts, the applicable Accounting Standards have been followed and there was no material departure from the said standards.
- ❖ The accounting policies selected and applied are consistent and the judgements and estimates made are reasonable and prudent so as to give true and fair view of the state of affairs and of the profit/loss of the Company at the end of the year.
- ❖ Adequate accounting records as per the provisions of the Companies Act, 1956 have been maintained and proper and sufficient care has been taken for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- ❖ The annual accounts are prepared on Going Concern Basis.



#### **CORPORATE GOVERNANCE**

A detailed report on Corporate Governance along with certificate of Company's Statutory Auditors is annexed herewith.

#### **BIFR**

Hon'ble BIFR has declared the Company as sick and appointed IDBI as the Operating Agency. Rehabilitation Scheme is under preparation and will be submitted within a short time.

#### **LISTING FEES**

The company's shares are listed on the Stock Exchanges at Mumbai, Pune, Ahmedabad and Coimbatore. The Stock Exchange – Mumbai has suspended trading in the shares of the company for failure to pay the listing fees in time. However, now the company is taking steps to restore the trading on the Exchange by making necessary submissions and compliances with the terms and conditions of the Listing Agreement. Procedure for de-listing of shares from other Stock Exchanges is also underway.

#### **AUDITORS**

The Auditors of the Company, M/s. Godse Joshi and Associates, Chartered Accountants, Pune retire at the ensuing Annual General Meeting. They are eligible for reappointment. Members are requested to appoint the Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

#### **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation for the continued support of Company's Bankers, Financial Institution, its suppliers and customers and all the members of staff and workers for their continued support and cooperation at all levels.

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

Place: Nasik.

Date: 03.12.2009

**(ARVIND BHARATI)**

Managing Director.

#### **Registered Office:**

64-B, M.I.D.C. Area, Satpur, Nasik-422 007.

### **ANNEXURE TO DIRECTORS' REPORT**

Information as per Section 217(1) read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year ended 30<sup>th</sup> June 2009.

#### **PARTICULARS OF ENERGY CONSERVATION AND TECHNOLOGY ABSORPTION**

Particulars in respect of conservation of energy, technology absorption etc. as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are as given here below.

Particulars	Current Year	Previous Year
<b>A. Power and Fuel Consumption</b>		
Electricity		
Purchased Units	50337	48072
Total Amount (Rs.)	291820	320760
Average Rate/Unit (Rs.)	5.80	6.67
Own Generation	Nil	Nil
Others	Nil	Nil
<b>B. Consumption per unit of production</b>		
Electricity (Unit Per KPS.)	7.31	8.71

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

During the year under review, there was no foreign exchange earning. However, there was an outgo / expense of Rs. 9,16,04,270.67/- on account of import of material and expenses.



#### **PARTICULARS OF EMPLOYEES**

Information required pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not given, as there was no employee in receipt of remuneration exceeding Rs. 24,00,000/- per annum, if employed throughout the year or Rs. 2,00,000/- per month if employed for a part of the year.

#### **DUES OF SMALL SCALE INDUSTRIAL UNDERTAKINGS**

Particulars of amount owed to small scale industrial undertakings in terms of Notification GSR 129(E) dated 22.02.1999 issued by the Department of Company Affairs is not given since information about the category of suppliers is not available.

For and on behalf of the Board of Directors

Place: Nasik.  
Date: 03.12.2009

(ARVIND BHARATI)  
Managing Director

### **MANAGEMENT DISCUSSION AND ANALYSIS**

#### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

As the members are aware, the company is associated with the lighting industry for more than 15 years and manufactures Tungsten filaments from its own drawn wires, Lamp base caps. It has also recently diversified into manufacture of Electronic Ballasts used by manufacturers of Compact Fluorescent Lamps. This decision of the Management to diversify into manufacture of electronic ballasts has proved fruitful and the Company has been able to achieve a sustained level in its turnover as compared to previous year. The Management is confident of a growth trend and to perform better and better in the years to come with the support of BIFR and other financiers.

Your company has started regaining a strong foothold in the market because of its long presence and contacts with the major players in the industry. Since GLS bulbs are being fast replaced with the CFL and similarly the tube lights chokes are being fast replaced by the electronic ballasts your company has been able to secure good intents from prospective customers due to its ability to cater to the demands for diverse types of Ballasts. The forecast for the filaments and caps section may not seem to be very attractive. However the growth in the electronic ballast section is expected to help recover the past losses and earn good profits in future.

#### **OPPORTUNITIES AND THREATS / RISKS AND CONCERNS**

Fast replacement of GLS bulbs is a major risk and a concern but your management has already taken effective steps to overcome this and is now ready to take up the challenge of supplying these items to its customers. There are more opportunities, many of them concrete in nature, based on which your company is hopeful to get some funding support from bankers and regain its strength and position in the lighting industry. If the long - term debts of the company are restructured in consultation with the lenders, the company is hopeful for speedy recovery.

#### **SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

The segment wise and product wise performance is given in the schedule 20 containing Notes on Accounts to the annual accounts of the Company.

#### **INDUSTRY OUTLOOK**

The GLS industry in India with the new developments will remain stagnant or may reduce in size over a period of time. Therefore, the Management decided to diversify into manufacture of electronic ballasts which form integral component part of CFLs. As everyone is now aware, CFL is an energy saving product and is also helpful in reducing pollution. Due to these features, it is in great demand today and will remain so for a long time in future. So, the Company expects to do good business in this segment and to cater to the domestic and overseas market for these products.

#### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The adequacy of the internal control systems operating in the company is tested and monitored from time to time. These systems are also consistently re-engineered in line with the changing requirements.



#### DISCUSSION ON FINANCIAL PERFORMANCE W.R.T. OPERATIONAL PERFORMANCE

The company's financial performance has been relatively satisfactory in light of the changing scenario of the industry. Moreover, during the year under consideration the company has been able to cut down its operating costs and recover the same except heavy interest costs. Due to heavy funds remaining tied up in old debtors, the operations and the performance of the company was, though improved, not up to the expected level. The company is taking more corrective actions in terms of change in client base, backward integration to cut cost and diversification to beat the changing trend. The major area now is arranging finance for the launch of full-scale production. The company is working on this and is hopeful to receive financial support during the current year. Barring unforeseen circumstances, the management is confident that financial performance of the company will improve in the coming years.

#### MATERIAL DEVELOPMENT IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT, INCLUDING NUMBER OF PEOPLE EMPLOYED

During the year under review, the industrial relations remained cordial and stable. The company always paid special attention to the development of its people. The company inculcates the culture of personal growth and organizational excellence based on performance. This is one more reason why your management feels that nothing is impossible as the entire team is united and ready for the future.

As on 30<sup>th</sup> June 2009, the number of people employed by the company was 15.

### CORPORATE GOVERNANCE REPORT

STARLITE COMPONENTS LIMITED (SCL) has always followed a tradition of fair and transparent corporate policies and practices while dealing with the Shareholders, Employees, Customers, Suppliers, Financial Institutions and others. Given below is the report on the implementation of the Corporate Governance code by the Company in accordance with the provisions of clause 49 of the Listing Agreement.

#### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Company has maintained and it is always committed to its philosophy of resolving various issues by adhering to and complying with the prevalent laws and rules and regulations and in achieving complete satisfaction of all the ingredients of the organization. The Company's philosophy also includes maintaining harmonious relationship with all its Employees, Suppliers, Customers, etc and strengthening the same by continuous interaction leading to overall corporate growth.

#### BOARD OF DIRECTORS

The Board of Directors of the Company presently consists of the following Directors:

Name of Director	Designation	Category	No. of other Directorships *	Membership of other Board Committees (other than SCL)
Smt. Rochana Bharati	Chairperson	Non-Executive/ Non-Independent	1	-
Mr. Arvind Bharati	Managing Director	Executive	3	-
Mr. G.K. Srikantan	Director	Non-Executive	-	-

\* Excludes Directorships as contemplated under section 278 of the Companies Act, 1956.

#### BOARD PROCEDURE

The Board of the Company met eight times during the last financial year on 2<sup>nd</sup> July, 2008; 29<sup>th</sup> July, 2008; 12<sup>th</sup> September, 2008; 29<sup>th</sup> October, 2008; 27<sup>th</sup> November, 2008; 28<sup>th</sup> January, 2009; 4<sup>th</sup> March, 2009; 28<sup>th</sup> April, 2009

Details of attendance of Members at the Board Meeting and at the last Annual General Meeting are as under:

Name of Director	Attendance Board Meeting	Attendance Last A.G.M.
Smt. Rochana Bharati	7	Yes
Mr. Arvind Bharati	7	Yes
Mr. G.K. Srikantan	6	Yes



#### AUDIT COMMITTEE ETC.

The Company has been registered as a sick company with the Board of Industrial and Financial Reconstruction (BIFR). The Company is unable to appoint Independent / Non-executive directors on its Board. Hence, the company could not form various committees as required.

#### REMUNERATION OF DIRECTORS

##### a) Remuneration of Managing Director.

The terms of remuneration of Mr. Arvind Bharati – Managing Director were fixed by the Board of Directors and approved by the Shareholders. During the financial year 2008-2009, the particulars of remuneration paid to this Director is as under.

Particulars of Remuneration	Mr. Arvind Bharati (Amount Rs.)
Salary	1,50,000
Allowances	30,000
Others	NIL

##### b) Remuneration of Non-Executive Directors

During the Financial year 2008-2009 no sitting fees or commission were paid or payable to the Non-Executive Directors.

#### SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Shareholders' / Investors' Grievance committee consists of the following:

Name	Designation	Executive / Non-Executive / Independent
Smt. Rochana Bharati	Chairperson	Non-Executive
Mr. Arvind Bharati	Member	Executive

The committee headed by Smt. Rochana Bharati looks into the Shareholders' / Investors' complaints pertaining to non receipt of Share Certificates, annual reports, dividends etc. apart from improving the means of communication with the shareholders and better investor services and relations.

During the financial year 2008-09, the company received no complaints for non-receipt of Annual Reports etc. and there was no complaint pending as on 30<sup>th</sup> June, 2009.

#### GENERAL BODY MEETINGS

The location and time where the last three Annual General Meetings were held are as under:

Year	Date of Meeting	Time	Location
2005 – 2006	30 <sup>th</sup> December, 2006	10.00 a.m.	64-B, M.I.D.C, Satpur, Nasik –422007.
2006 – 2007	24 <sup>th</sup> December, 2007	10.00 a.m.	64-B, M.I.D.C, Satpur, Nasik –422007.
2007 – 2008	29 <sup>th</sup> December, 2008	10.00 a.m.	64-B, M.I.D.C, Satpur, Nasik –422007.

No Special Resolution was passed at the last Annual General Meeting held on 29<sup>th</sup> December, 2008.

#### DISCLOSURES

##### 1. Transactions with related parties during the year & outstanding balances as on 30<sup>th</sup> June 2009:

PARTICULARS	SUBSIDIARY	KEY MANAGEMENT	RELATIVES
Sales of goods/services	-	161511519	-
Purchase of goods	-	1843132	-
Sale of fixed assets	-	-	-
Services recd.	-	-	-
Financial - Payment	-	116420	-
Financial - Receipt	-	140893623	25000
Sale of Investments	-	-	-

Names, Description & transactions of related parties-





**Key Management –**

Starlite Lighting Ltd. – Sale/services Rs 1457044/- Payment Rs. Nil/- Receipts Rs. 288116/- and Debit Balance Rs. 6008905.82/-.  
Solarcopyer Pvt. Ltd. – Sales/services Rs. 160054474.75/- Payment Rs. 116020/- Receipts Rs. 140523126.6/- Purchase Rs. 1843131.64/- and Debit Balance Rs. 31910742.48/-.  
Reprolite Papers (I) P.Ltd. – Payment Rs. 400/- Receipt Rs. Nil/- Debit Balance Rs. 91000.11/-.  
Paragon Plastics Ltd. - Payment Rs. Nil/- Receipts – Rs. 78880/- and Debit Balance Rs. 1733325/-  
Lumalamp Ltd. - Payment Rs. 3500/-; Receipts Rs. 3500/- and Debit Balance Rs. Nil/-

**Relatives –**

Mrs. Rochana Bharati – Prop. Filaments & Filaments Payment Rs. Nil/- Receipt Rs. 25000/- and Credit Balance Rs. 42496/-  
Mr. Ravindra Bharati – Prop. Universal Traders Payment Rs. Nil/-; Receipt Rs. Nil/- and Credit Balance Rs. 661014/-.

**MEANS OF COMMUNICATION**

Annual Report of the Company for each Financial Year including Notice convening the Meeting, Directors' and Auditors' Report, Cash Flow Statements, etc. are sent to each household of Shareholders. The Information is also uploaded on the Electronic Data Information Filing and Retrieval (EDIFAR) website.

The Management discussion and analysis is a part of the Annual Report for the financial year.

**GENERAL SHAREHOLDER INFORMATION**

a) **Annual General Meeting**

Date: 31<sup>st</sup> December, 2009

Time: 10.00 a.m.

Venue: 64-B, MIDC, Satpur, Nasik – 422 007 Maharashtra.

b) **Financial Calendar**

Audited Annual Accounts for 2008 – 09: 3<sup>rd</sup> December, 2009

Annual General Meeting for the year ended 30<sup>th</sup> June, 2009

31<sup>st</sup> December, 2009

c) **Date of Book Closure**

30<sup>th</sup> December, 2009 to 31<sup>st</sup> December, 2009 (both days inclusive)

d) **Dividend Payment Date**

No Dividend has been declared for the year 2008-09.

e) **Listing on Stock Exchanges**

The Equity Shares of the Company are listed on the Stock Exchanges at Mumbai, Pune, Coimbatore and Ahmedabad.

STOCK EXCHANGE	STOCK CODE
- The Stock Exchange, Mumbai	517548
- Pune Stock Exchange Limited, Pune	-
- Coimbatore Stock Exchange Limited, Coimbatore	21097
- The Stock Exchange, Ahmedabad	56817

The ISIN No. of the Company's equity shares in the dematerialized form is INE035C01014.

(Company is in the process of de-listing the shares from the Stock Exchanges at Pune, Coimbatore and Ahmedabad.)

f) **Market Price Data**

Since the Stock Exchange – Mumbai has suspended trading in the Company's shares with effect from February 09, 2005, High / Low Market price (rupees per share) of the Company's equity shares on The Stock Exchange-Mumbai during each month in the last financial year is not available and hence not given.

g) **Registrar and Transfer Agents**

The Registrar and Share Transfer Agents of the Company are: -

M/s. Mondkar Computers Private Limited

21, Shakil Niwas, Mahakali Caves Road, Andheri (East), MUMBAI-400 093.

h) **Share Transfer System**

The Equity Shares of the Company are traded in the Stock Exchange both in physical and dematerialized form. To expedite the process of share transfer, the Board of Directors has formed a share transfer committee that meets at least once in a fortnight. Documents of transfer of shares in the physical form that is Transfer Deeds, Share Certificates etc., are received by the Company as well as by Transfer Agents. The Share Transfer Committee in its following fortnightly meeting approves such transfers and the same is informed to the Transfer Agents immediately after approval. The transfer agent then sends the shares to the transferee. The transfer requests in demat forms are also processed and confirmed within 21 days.



i) **Distribution of Equity Shareholding as on 30<sup>th</sup> June, 2009**

Since requisite data are not available from NSDL and CDSL information is not given.

j) **Pattern of Equity Shareholding as on 30<sup>th</sup> June, 2009**

Since requisite data are not available information is not given.

k) **Dematerialisation of Shares and Liquidity**

The Equity Shares of the Company are under compulsory demat segment and are listed on the Stock Exchanges at Mumbai, Pune, Coimbatore and Ahmedabad. The Company's shares are available for trading in the depository systems both NSDL and CDSL.

As on 30<sup>th</sup> June, 2009 data is not available for Equity Shares held in dematerialized form and Equity Shares held in physical form.

l) **Outstanding GDRs / ADRs / Warrants or Convertible Instruments**

The Company has not issued any GDRs / ADRs, Warrants or any Convertible Instruments.

m) **Plant Location**

64-B, M.I.D.C, Satpur, Nasik – 422 007 (Maharashtra)

n) **Address for Correspondence**

The Company's Registered Office is at 64-B, MIDC, Satpur, Nasik 422 007.

Correspondence from Shareholders should be addressed to:

M/s. Mondkar Computers Private Limited

21, Shakil Niwas, Mahakali Caves Road, Andheri (East), MUMBAI – 400 093.

o) **Information Pursuant to Clause 49VI (A) of the Listing Agreement**

Information pursuant to Clause 49VI (A) of the Listing Agreement pertaining to particulars of Directors to be appointed/ re-appointed at the ensuing Annual General Meeting is given hereunder:

At the ensuing Annual General Meeting Smt. Rochana Bharati is to be re-appointed.

Smt. Rochana Bharati is M. A. (Literature and English) having more than 30 years' experience in the field of manufacture of lamp components and accessories. She has good insight and knowledge in the areas of general business administration, marketing and finance. Her experience is very useful to the Company. She holds other directorship in only one limited company at present.

p) **Compliance Certificate of the Auditors**

The Company has obtained a Certificate from the auditors of the company regarding compliance with provisions relating to Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges. The Certificate is annexed with the Directors' report. The Certificate will also be sent to the Stock Exchange alongwith the Annual Reports to be filed by the Company.

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**CERTIFICATE**

To The Members of Starlite Components Limited

We have examined the compliance of the conditions of Corporate Governance by Starlite Components Limited for the year ended June 30, 2009 as stipulated in Clause 49 of the listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to the procedures and implementation thereof, adopted by the company for ensuring the compliance of conditions of Corporate Governance. It is neither an audit nor an expression of the opinion on the financial statements of the Company.

In our opinion and to the best of our information and explanations given to us, we certify that the company has **not complied** with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended June 30, 2009 no investor grievances are pending against the Company as per the records maintained by the Company and presented to the Investors/Shareholders Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For GODSE JOSHI & ASSOCIATES  
Chartered Accountants

Place: Pune  
Date: 03.12.2009

Anand D. Joshi  
Partner  
M. No. 113805



## AUDITOR'S REPORT

To  
The members of **Starlite Components Limited**

We have audited the attached Balance sheet of **Starlite Components Limited** as at 30<sup>th</sup> June, 2009 and also the Profit & Loss Account for the year ended on that date annexed thereto. These Financial Statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these Financial Statements based on our Audit.

We conducted our Audit in accordance with Auditing Standards generally accepted in India. These Standards require that we plan and perform the Audit to obtain reasonable assurance about whether the Financial Statements are free of material misstatements. An Audit includes examining on a test basis, evidence supporting the amounts and disclosures in the Financial Statements. An Audit also includes assessing the Accounting principles used and significant estimates made by the management, as well as evaluating the overall Financial Statements presentation. We believe that our Audit provides a reasonable basis for our opinion.

As required by the Companies (Auditors Report) (Amendment) Order 2004 dt. 25<sup>th</sup> November 2004 issued by the Central Govt. of India in terms of sub section (4A) of Sec.227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred above, we report that-

1. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
2. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.
3. The Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with books of Accounts
4. In our opinion, the Balance Sheet and Profit & Loss Account dealt with by this Report comply with the Accounting Standards referred to in Sec.211 (3C) of the Companies Act 1956.
5. On the basis of written representation received from the Directors, as on 30<sup>th</sup> June 2009, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 30<sup>th</sup> June 2009 from being appointed as a Director in terms of sec.274 (1)(g) of the Companies Act 1956.
6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act 1956, in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India-
  - a) In case of Balance Sheet, of the State of affairs of the Company as at 30<sup>th</sup> June 2009 and
  - b) In case of Profit & Loss Account, of the loss for the year ended on that date.

Place – Pune  
Date - 3<sup>rd</sup> December 2009

For **Godse Joshi & Associates**  
Chartered Accountants

**Anand D. Joshi**  
Partner  
M. No. 113805



## ANNEXURE TO AUDITORS' REPORT

As per Companies (Auditor's Report)(Amendment) Order, 2004 dt.25<sup>th</sup> Nov.04.

Re: - Starlite Components Ltd. As on 30<sup>th</sup> June 2009.

(Referred to in Paragraph 1 of Audit Report)

1. Fixed assets –
  - The Company has maintained proper record showing full particulars including quantitative details and situation of fixed assets.
  - The management, at the end of the year, has physically verified the fixed assets and we have been informed that no material discrepancies were noticed on such verification as compared to book records.
  - The Company has not disposed off substantial part of fixed assets during the year and hence the question of its effect on going concern basis does not arise.
2. Inventory –
  - The inventory has been physically verified during the year by the management. In our opinion the frequency of verification is reasonable.
  - The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to size of Company and nature of its business.
  - The Company is maintaining proper records of the inventory. The discrepancies noticed on verification between physical stock and book records were not material as reported by the management and the same have been properly dealt with in the books of accounts.
3. Loans –
  - A. Loans granted - No loans – secured or unsecured - have been granted to Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted –
    - Number of parties and amount involved in the transactions.
    - Whether the rate of interest and other terms and conditions are prima facie prejudicial to the interest of the Company.
    - Whether receipt of principal and interest is regular.
    - In case overdue amount is more than Rs. 1 lakh, whether reasonable steps have been taken by the Company for recovery of principal & interest.
  - B. Loans taken - No loans – secured or unsecured - have been taken from Companies, firms or other parties listed in the register maintained u/s 301 of Companies Act 1956. Hence our comments on following matters are not attracted –
    - Number of parties and amount involved in the transactions.
    - Whether the rate of interest and other terms and conditions are prima facie prejudicial to the interest of the Company.
    - Whether payment of principal and interest is regular.
4. Internal control system - In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and for sale of goods and services. In our opinion and according to the information and explanations given to us, there is no continuing failure to correct major weaknesses in the internal control system.
5. Contracts with interested parties –
  - There were contracts or arrangements that need to be entered into a register in pursuance of Section 301 of the Companies Act.
  - The prices of such contracts or arrangements were reasonable having regard to prevailing market prices at the relevant time.
6. Deposits - The Company has not accepted any deposits from the public. Hence our comments on compliance of the directives of Reserve Bank of India, provisions of Sec.58A and 58AA or any other relevant provisions of the Act and the rules framed there under are not required. The nature of contravention is not applicable. No order has been passed by Company Law Board, or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal requiring any compliance.
7. Internal audit system - *The Company is required to have internal audit system commensurate with its size and nature of its business since the Company is listed. But the same is not adequate considering the size of Company and nature of its business.*
8. Cost records - The Company is not required to maintain cost records as prescribed by Central Government u/s 209(1) (d) of Companies Act 1956.



9. Statutory dues –

- *The Company is not regular in depositing undisputed statutory dues within the prescribed period with appropriate authority. The amount of such dues outstanding on the last day of the financial year for a period more than six months from due date consists of Provident fund Rs.4,78,383/- ESI Rs.1,93,662/- Professional Tax Rs.60,665/-, Sales Tax Rs.2,85,67,124/-, Listing fees payable Rs.70,050/-.*
  - No such dues were outstanding on account of any dispute pending with any forum.
10. Net worth & losses - The Company was registered on 13<sup>th</sup> November 1991. Hence the Company is registered for a period more than five years. Its accumulated losses at the end of financial year are Rs.172858375/-, i.e. more than 100% of its net worth and have incurred cash loss of Rs.6684388/- during the financial year and cash loss of Rs. 7248490/- in the immediately preceding financial year.
11. Defaults in repayment - *The Company has defaulted in repayment of dues to a Bank or financial institution or debenture holders. The period and amount of such default is as under –*
- *Nasik Peoples Co-Op. Bank Ltd.- Principal Due from January 2004 – Rs.2,72,16,172/-.*
  - *M.S.F.C. 1,61,26,346/- Entire principal amount overdue @ Rs.20 Lakhs per half year commencing from October 2001.*
  - *Interest component is not considered in above referred figures.*
12. Loans against pledge of securities - The Company has not granted loans or advances against the security of pledge of shares, debentures or other securities. Hence our comments on the adequacy of documents and records, or the deficiencies therein are not required.
13. Nidhi/Chit fund - The Company is not a chit fund or nidhi/mutual benefit fund/society. Hence our comments on compliance of any special statute, ratio greater than 1:20 of net own funds to deposit liability, compliance of prudential norms on income recognition and provisioning, adequacy of procedures for appraisal of credit proposal & repayment schedule based on repayment capacity of the borrower are not required.
14. Share/Security trading - The Company is not dealing or trading in shares, securities, debentures and other investments. Hence our comments on maintenance of proper records of the transactions and contracts, and whether timely entries have been made therein; also whether the shares, securities, debentures and other securities have been held by the company, in its own name except to the extent of the exemption, if any, granted under section 49 of the Act are not required.
15. Third party guarantee - The Company has not given any guarantee for loans taken by others from bank or financial institutions. Hence our comments are not required on whether the terms and conditions are prejudicial to the interest of the Company.
16. Utilization of Term loans - The term loans taken by the Company were applied for the purpose for which the loans were obtained.
17. Utilization of short-term funds - The funds raised by the Company on short-term basis were not used for long-term investment.
18. Preferential allotment of shares - The Company has not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act. Hence our comments on whether the prices at which shares have been issued are prejudicial to the interest of the company or not are not attracted.
19. Debentures - The Company has not issued any debentures. Hence our comments on whether security or charge has been created in respect of debentures issued are not attracted.
20. Utilization of funds raised by public issue - The Company has not raised funds by way of public issue during the year. Hence our comments on disclosure by the management on the end use of money raised by public issues and its verification are not attracted.
21. Fraud - No fraud on or by the company has been noticed or reported during the year. Hence our comments on the nature of fraud and the amount involved are not required.
22. Reasons for qualification - The reasons for any of our unfavourable or qualified report/remark are mentioned in the relevant point itself.

Place – Pune  
Date - 3<sup>rd</sup> December 2009

For Godse Joshi & Associates  
Chartered Accountants

Anand D. Joshi  
Partner

M. No. 113805

**BALANCE SHEET AS ON 30TH JUNE 2009**

PARTICULARS	SCHEDULE NO.	AS ON 30/6/2009	AS ON 30/6/2008
		Rs.	Rs.
<b>A. SOURCES OF FUNDS</b>			
1. Shareholders' Funds :			
i. Share Capital	1	84,300,000	84,300,000
ii. Reserves & Surplus	2	(172,858,375)	(164,586,059)
Total Shareholders' Funds (A)		<u>(88,558,375)</u>	<u>(80,286,059)</u>
2. Loan Funds			
i. Secured Loans	3	138,473,930	127,474,912
ii. Unsecured Loans	4	1,641,802	1,683,861
Total Loan Funds (B)		<u>140,115,733</u>	<u>129,158,773</u>
<b>TOTAL ( A + B )</b>		<b><u>51,557,357</u></b>	<b><u>48,872,714</u></b>
<b>B. APPLICATION OF FUNDS</b>			
3. Fixed Assets :			
i. Gross Block		33,303,908	33,195,292
ii. Less : Depreciation		11,090,006	9,519,205
iii. Net Block		<u>22,213,902</u>	<u>23,676,087</u>
Total fixed Assets (A)		<u>22,213,902</u>	<u>23,676,087</u>
4. Investments (B) :	6	<u>2,707,350</u>	<u>2,707,350</u>
5. Deferred Tax Asset ( C )		-	-
6. Current Assets, Loans & Advances :			
i. Inventories	7	10,246,206	4,438,327
ii. Sundry Debtors	8	40,479,049	21,443,083
iii. Cash & Bank Balances	9	4,209,336	250,431
iv. Loans & Advances	10	26,893,608	21,962,031
Total		<u>81,828,199</u>	<u>48,093,872</u>
Less : Current Liabilities & Provisions :			
i. Current Liabilities	11	54,723,464	24,784,528
ii. Provisions	12	468,629	820,067
Total		<u>55,192,093</u>	<u>25,604,595</u>
Net Current Assets : (D)		<u>26,636,105</u>	<u>22,489,277</u>
<b>Total ( A + B + C + D )</b>		<b><u>51,557,357</u></b>	<b><u>48,872,714</u></b>

Notes on Accounts 20

As per our report of even date annexed herewith.

For GODSE JOSHI &amp; ASSOCIATES

CHARTERED ACCOUNTANTS

For and on behalf of the Board

1 Rochana S. Bharati -Chairperson  
2 Arvind S. Bharati - Managing Director

ANAND D. JOSHI

PARTNER

M. No. 113805

Place : Pune

Date : 03.12.2009

Place : Nasik

Date : 03.12.2009



**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 2009**

PARTICULARS	SCHEDULE NO.	YEAR ENDED	YEAR ENDED
		30/6/2009	30/6/2008
		Rs.	Rs.
<b>INCOME</b>			
Filaments/Coil,Caps & CFL Components		137,524,165	135,141,275
Less : Excise Duty paid		14,586,904	18,344,024
Net Sales		122,937,261	116,797,251
Other Income	13	1,180,866	1,540,372
Change in stocks	14	2,972,304	659,426
<b>TOTAL (A)</b>		<b>127,090,431</b>	<b>118,997,049</b>
<b>EXPENDITURE</b>			
Material Consumed	15	110,075,785	106,487,865
Manufacturing expenses	16	9,862,053	7,127,264
Payment to & Prov.for employees	17	1,389,383	1,810,668
Admn. Selling & Dist. expenses	18	1,820,830	832,433
Interest & Financial Charges	19	10,626,768	9,968,576
Depreciation	5	1,570,801	1,564,639
<b>TOTAL (B)</b>		<b>135,345,620</b>	<b>127,791,445</b>
Net Profit / (Loss) before Tax (A-B)		(8,255,189)	(8,794,396)
Provision for Taxation / FBT		(17,127)	(9,190)
Prior Period Adjustment		-	-
<b>Net Profit / (Loss) after Tax transferred to Balance Sheet</b>		<b>(8,272,316)</b>	<b>(8,803,586)</b>
<i>Earnings Per Share (Basic)</i>		-0.98	-1.04
<i>Earnings Per Share (Diluted)</i>		-0.98	-1.04
Notes on Accounts	20		
As per our report of even date annexed herewith.			
<b>For GODSE JOSHI &amp; ASSOCIATES</b>		<b>For and on behalf of the Board</b>	
<b>CHARTERED ACCOUNTANTS</b>		<b>1 Rochana S. Bharati</b>	<b>-Chairperson</b>
		<b>2 Arvind S. Bharati</b>	<b>- Managing Director</b>
<b>ANAND D. JOSHI</b>			
<b>PARTNER</b>			
<b>M. No. 113805</b>			
Place : Pune	Place : Nasik		
Date : 03.12.2009	Date : 03.12.2009		



**SCHEDULES FORMING PART OF BALANCE SHEET & P&L A/C FOR THE YEAR ENDED ON 30.6.2009**

PARTICULARS	AS ON 30/6/2009		AS ON 30/6/2008	
		Rs.		Rs.
<b>SCHEDULE-1.SHARE CAPITAL</b>				
<b>Authorised :</b>				
90,00,000 Equity Shares of Rs.10/- each (Previous year 90,00,000 Equity Shares of Rs. 10/- each)		90,000,000		90,000,000
<b>Issued, Subscribed &amp; Paid up :</b>				
84,30,000 Equity Shares of Rs.10/- each fully paid up (Previous year 84,30,000 Equity Shares of Rs.10/- each fully paid up)		84,300,000		84,300,000
<b>TOTAL</b>		<b>84,300,000</b>		<b>84,300,000</b>
<b>SCHEDULE-2.RESERVES &amp; SURPLUS</b>				
<b>A) Reserves &amp; Surplus</b>				
Surplus as per last Balance Sheet		(166,586,059)		(157,444,448)
Profit for the year		(8,272,316)		(8,803,586)
Capital subsidy		2,000,000		2,000,000
<b>Total (A)</b>		<b>(172,858,375)</b>		<b>(164,248,034)</b>
<b>B) Deferred Tax Asset / (Liability)</b>				
Brought Forward from Previous Year		-		(3,230,776)
Adjustment in Current Year		-		3,568,801
<b>Total (B)</b>		<b>-</b>		<b>338,025</b>
<b>TOTAL (A+B)</b>		<b>(172,858,375)</b>		<b>(164,586,059)</b>
<b>SCHEDULE-3.SECURED LOANS</b>				
<u>From Nashik Peoples' Co-op Bank Ltd.:</u>				
Term Loan(secured against Hyp.of Machinery) (including interest of Rs. 2,39,27,023/- )		51,143,195		51,143,195
<u>From Maharashtra State Financial Corporation</u>				
Term Loan (secured against Hyp. of Machinery) (including interest of Rs. 6,46,15,290/- )		80,741,636		69,742,617
<u>From UTI Bank Ltd.:</u>				
Cash Credit(secured against Hypothecation of Stocks and Book Debts) (After considering waiver and interest reversed by bank)		6,589,099		6,589,100
<b>TOTAL</b>		<b>138,473,930</b>		<b>127,474,912</b>
<b>SCHEDULE-4. UNSECURED LOANS</b>				
From Western Maharashtra Dev.Corp.		61,807		103,866
Deferred Sales Tax loan		1,579,995		1,579,995
<b>TOTAL</b>		<b>1,641,802</b>		<b>1,683,861</b>

Particulars	Gross Block (at cost)			Rate of Depreciation %	Depreciation			Net Block	
	Balance as on 1.7.2008	Additions during year	Balance as on 30.6.2009		Total up to 30.6.2008	Provided for the year	Total up to 30.6.2009	As on 30.6.2009	As on 30.6.2008
	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.	Rs.
Building	1,562,016	-	1,562,016	3.34%	616,202	52,171	668,373	893,643	945,814
Plant & Machinery	30,029,955	-	30,029,955	4.75%	7,924,461	1,426,423	9,350,884	20,679,071	22,105,494
Electrical Installation	510,249	30,575	540,824	4.75%	236,972	25,689	262,661	278,163	273,277
Furniture & Fixtures	625,790	63,474	689,264	6.33%	456,745	43,630	500,375	188,889	169,045
Office Equipments	279,794	14,567	294,361	4.75%	170,461	13,982	184,443	109,918	109,333
R & D Equipments	187,488	-	187,488	4.75%	114,364	8,906	123,270	64,218	73,124
<b>Total</b>	<b>33,195,292</b>	<b>108,616</b>	<b>33,303,908</b>		<b>9,519,205</b>	<b>1,570,801</b>	<b>11,090,006</b>	<b>22,213,902</b>	<b>23,676,087</b>
Previous year	33,195,292	-	33,195,292		7,954,566	1,564,639	9,519,205	23,676,087	





<b>PARTICULARS</b>	<b>AS ON 30/6/2009</b>	<b>AS ON 30/6/2008</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>SCHEDULE-6. INVESTMENTS (Long term, Unquoted valued at Cost)</b>		
2000 shares of Rs. 25/- each fully paid in The Nasik Peoples' Co-op Bank Ltd. (previous year 2000 shares of Rs. 25/- each fully paid)	50,000	50,000
National Saving Certificates	5,000	5,000
11549 Equity shares of Rs. 100/- each fully paid in Paragon Plastics Ltd. ( Previous year 11549 Equity Shares)	1,732,350	1,732,350
9,20,000 Equity Shares of Rs.10/- each fully paid-up of Starlite Lighting Ltd. valued at Re. 1/- per share (previous year 9,20,000 shares valued at Re. 1/- per share)	920,000	920,000
<b>TOTAL</b>	<b>2,707,350</b>	<b>2,707,350</b>
<b>SCHEDULE-7. INVENTORIES (Valued at Cost)</b>		
(As taken, valued and certified by Management)		
Finished Goods	3,901,134	989,537
Semi-Finished Goods	1,022,661	961,954
Raw - Material	5,322,411	2,486,836
<b>TOTAL</b>	<b>10,246,206</b>	<b>4,438,327</b>
<b>SCHEDULE-8. SUNDRY DEBTORS</b>		
Outstanding for more than 6 months (Considered Good & recoverable)	30,897,806	7,116,478
Others	9,581,243	14,326,605
<b>TOTAL</b>	<b>40,479,049</b>	<b>21,443,083</b>
<b>SCHEDULE-9. CASH &amp; BANK BALANCE</b>		
Cash on Hand (As certified by the Management)	489	2,429
In Current A/c with Scheduled Banks	4,170,428	76,583
In Fixed Deposit Account with Banks	38,419	171,419
Balance with Other Bank	-	-
<b>TOTAL</b>	<b>4,209,336</b>	<b>250,431</b>
<b>SCHEDULE-10. LOANS &amp; ADVANCES</b>		
(Unsecured but considered good)		
Advances recoverable in cash or in kind or for value to be received.	13,343,828	8,317,259
Advance to Group Companies	1,824,325	1,908,060
Advance for Capital Goods.	11,527,000	11,527,000
Advance FBT	-	11,257
Sundry Deposits	198,455	198,455
<b>TOTAL</b>	<b>26,893,608</b>	<b>21,962,031</b>
<b>SCHEDULE-11. CURRENT LIABILITIES</b>		
Sundry Creditors for goods & expenses	17,225,149	4,366,269
Other Liabilities	37,498,314	20,418,259
<b>TOTAL</b>	<b>54,723,464</b>	<b>24,784,528</b>
For Expenses	456,673	799,235
For Taxation/FBT	11,956	20,832
<b>TOTAL</b>	<b>468,629</b>	<b>820,067</b>
<b>SCHEDULE-13. OTHER INCOME</b>		
Misc. Income	12,199	137,825
Rent received	142,500	105,000
Labour charges received	1,017,854	-
Waiver received from Creditors	3,375	1,297,547
Interest received	4,938	-
<b>TOTAL</b>	<b>1,180,866</b>	<b>1,540,372</b>



<b>PARTICULARS</b>	<b>2008 - 09 RS.</b>	<b>2007 - 08 RS.</b>
<b>SCHEDULE-14. CHANGE IN STOCKS</b>		
Closing Stock :		
Finished Goods	3,901,134	989,537
Semi-Finished Goods	1,022,661	961,954
	<u>4,923,795</u>	<u>1,951,491</u>
Less: Opening Stocks :		
Finished Goods	989,537	245,004
Semi-Finished Goods	961,954	1,047,061
	<u>1,951,491</u>	<u>1,292,065</u>
<b>INCREASE (DECREASE) IN STOCK</b>	<b><u>2,972,304</u></b>	<b><u>659,426</u></b>
<b>SCHEDULE-15. MATERIAL CONSUMED</b>		
Opening Stock	2,486,836	5,178,392
Add: Purchases	112,911,360	103,796,309
	<u>115,398,196</u>	<u>108,974,701</u>
Less : Closing Stock	5,322,411	2,486,836
<b>T O T A L</b>	<b><u>110,075,785</u></b>	<b><u>106,487,865</u></b>
<b>SCHEDULE-16. MANUFACTURING EXPENSES</b>		
Consumable Stores	-	4,400
Freight Inward	3,633,043	4,598,989
Power, Fuel & Water	1,101,109	336,373
Other Manufacturing Expenses	5,109,901	2,163,002
Packing Material	-	-
Repairs to Plant & Machinery	18,000	24,500
<b>T O T A L</b>	<b><u>9,862,053</u></b>	<b><u>7,127,264</u></b>
<b>SCHEDULE-17. PAYMENT TO AND PROVISIONS FOR EMPLOYEES</b>		
Salary & Wages	1,228,584	954,973
Festival Bonus	53,371	148,601
Contribution to PF/ESIC	37,974	565,091
Labour Welfare	69,454	-
Leave encashment	-	142,003
<b>T O T A L</b>	<b><u>1,389,383</u></b>	<b><u>1,810,668</u></b>
<b>SCHEDULE-18. ADMI.,SELLING &amp; DIST.EXPENSES</b>		
Selling Expenses	183,235	-
Audit fees	25,000	40,000
Travelling & Conveyance expenses	335,282	167,951
Telephone & Postage	45,255	46,715
Diwali expenses	1,500	2,000
Other Repairs	234,671	46,039
Insurance Charges	151,708	17,786
Legal & Professional Charges	160,520	328,672
EDP expenses	-	19,231
Printing & Stationery	22,360	2,778
Rates & Taxes	70,574	45,780
Office & Misc.expenses	590,724	115,481
<b>T O T A L</b>	<b><u>1,820,830</u></b>	<b><u>832,433</u></b>
<b>SCHEDULE-19. INTEREST &amp; FINANCIAL CHARGES</b>		
Bank Charges & Commission	69,736	317,536
Interest on Term Loan	10,999,019	9,524,515
Interest to others	99,150	30,898
Exchange Rate Difference	(541,137)	95,627
<b>T O T A L</b>	<b><u>10,626,768</u></b>	<b><u>9,968,576</u></b>



## SCHEDULE 20: NOTES ON ACCOUNTS

### 2. SIGNIFICANT ACCOUNTING POLICIES:

- a) **Basis of Accounting:** The financial statements are prepared under historical cost convention on an accrual basis and are in accordance with the requirements of the Companies Act, 1956.
- b) **Capital Expenditure:**
- i) Cost of major civil works required for plant and machinery supports is considered as Plant and Machinery.
  - ii) Capital Assets under erection/installation, if any, are reflected in the balance sheet as "capital work in progress".
  - iii) All fixed assets are recorded at cost of acquisition or construction. They are stated at historical cost. Financial cost relating to borrowed funds attributable to construction or acquisition of fixed assets is included in the gross book value of fixed assets to which they relate.
- c) **Depreciation:** Depreciation on fixed assets is provided on "straight line method" at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956.
- d) **Investments:** Investments are long term in nature and valued at cost as per AS 13. However, the value of investment in M/s. Starlite Lighting Limited has been reduced by 90% of the original cost.
- e) **Inventories:** Inventories are as verified, valued and certified by management and are valued at cost or market price whichever is less in the case of finished and semi finished goods and at cost in case of raw material.
- f) **Contingent Liabilities:** These are disclosed by way of Notes on Accounts. Provision is made in the accounts in respect of those liabilities that are likely to materialize after the year end till the finalization of accounts and have material effect on the position stated in the balance sheet.
- g) **Taxes on Income:** Current tax is determined on the amount of tax payable in respect of taxable income, if any, for the year ended on 31<sup>st</sup> March 2009.
- The Deferred Tax Asset provision for the previous year is continued during the current year without making any provision for the current year since there is no virtual certainty of the realisation of such asset. Had the provision been made the amount of provision would have been Rs. 38,34,255/- for the current year and the Total Amount of Deferred Tax Asset would have been Rs. 97,68,607/-.
- h) **Transactions in foreign currency:** Sales/Purchases, if any, made in foreign currency are booked at the then prevailing exchange rates. Gain/loss, if any, arising out of fluctuations in exchange rate is accounted for on realization/payment.

3. Figures for the previous year have been regrouped and rearranged wherever necessary.

4. **The balances of debtors, creditors and loans and advances are subject to confirmation.**

5. In the opinion of the Board, Loans and Advances and Current Assets are approximately of the value stated, if realized in the ordinary course of business.

6. Employees' retirement benefits: Retirement gratuity payable to employees is accounted on cash basis as and when paid.

7. Sales include Excise Duty but exclude Sales Tax. The Sales Tax collected is shown as liability.

8. Estimated amount of contracts remaining to be executed on capital account and not provided for is Rs. NIL (previous year Rs. Nil).

9. Contingent liability not provided for in respect of:

- a) Suits filed against the company and its directors amounting to Rs. 146.11 lacs as a counter measure to suits filed by the company and its directors involving an amount of Rs. 164.53 lacs against Market Creators Limited, its directors and their group concerns.

10. Working Directors Remuneration: -	2008-09 (1 Director)	2007-2008 (1 Director)
Remuneration	Rs. 1,80,00/-	Rs. 1,80,000/-

11. No Employee of the Company was in receipt of remuneration exceeding Rs. 24,00,000/- per annum, if employed throughout the year or Rs. 2,00,000/- per month, if employed for a part of the year.



12. Transactions with related parties during the year & outstanding balances as on 30<sup>th</sup> June 2009:

PARTICULARS	SUBSIDIARY	KEY MANAGEMENT	RELATIVES
Sales of goods/services	-	161511519	-
Purchase of goods	-	1843132	-
Sale of fixed assets	-	-	-
Services recd.	-	-	-
Financial - Payment	-	116420	-
Financial - Receipt	-	140893623	25000
Sale of Investments	-	-	-

Names, Description and transactions of related parties-

Key Management –

Starlite Lighting Ltd. – Sale/services Rs. 1457044/- Payment Rs. Nil/- Receipts Rs. 288116/- and Debit Balance Rs. 6008905.82/-.

Solarcopyer Pvt. Ltd. – Sales/services Rs. 160054474.75/- Payment Rs. 116020/- Receipts Rs. 140523126.6/- Purchase Rs. 1843131.64/- and Debit Balance Rs. 31910742.48/-.

Reprolite Papers (I) P.Ltd. – Payment Rs. 400/- Receipt Rs. Nil/- Balance Dr. Rs.91000.11/-

Paragon Plastics Ltd. - Payment Rs. Nil/- Receipts – Rs. 78880/- Debit Balance Rs. 173332

Relatives –

Mrs. Rochana Bharati – Prop. Filaments & Filaments Payment Rs. Nil/- Receipt Rs. 25000/- and Credit Balance Rs. 42496/-

Mr. Ravindra Bharati – Prop. Universal Traders Payment Rs. Nil/- Receipt Rs. Nil/- and Credit balance Rs. 661014.32/-

13. Segment wise Revenue, Results & Capital employed:

• **Primary Segment – Business Segment**

<u>PARTICULARS</u>	<u>Filaments Caps / components</u>	<u>Others</u>	<u>TOTAL</u>
REVENUE FROM EXTERNAL CUSTOMERS	137524165	-	137524165
INTER SEGMENT TRANSACTIONS	-	-	-
SEGMENT RESULTS	(82,72,316)	-	(82,72,316)

Note: Since majority of the assets are located at single place and are of common nature, Management has decided not to bifurcate the same into segment wise assets and liabilities.

• **Secondary Segment – Geographic Segment.**

The Geographic Segments identified, as Secondary Segments are “Domestic Market” and “Export Market”. Since the Export Market Revenue is less than 10 % of the total, the same has not been disclosed. The entire capital employed is within India.

14. Auditors Remuneration:

	2008-2009 (Rs.)	2007-2008 (Rs.)
A As Auditor (inclusive of service tax)	25,000	25,000
B As Advisor in any other capacity in respect of		
I Taxation matter	44,120	44,944
ii Company Law Matter	Nil	Nil
iii Other Matters	Nil	Nil



15. Information required under Para 4D of Part II of Schedule VI of the Companies Act, 1956.
- Value of imports calculated on CIF basis of Raw Materials, Components, Spares and Capital Goods is Rs. 10,36,62,263/- (Previous year Rs. 9,69,95,180/-).
  - Expenditure in Foreign Currency during the year on account of Royalty, Know-how, Professional Fees, Consultation Fees, Interest, travelling and other matters is Rs. Nil/- (Previous year Rs. 39,750).
  - Value of all imported raw materials, spare parts, components, etc., consumed / sold during the year on CIF basis Rs. 9,94,563,043/- (Previous year Rs. 9,69,95,180/-).
  - Amount remitted during the year in foreign currency on account of dividend is Rs. Nil. (Previous year Rs. Nil).
  - Earning in foreign exchange is Rs. Nil/- (Previous year Rs. Nil/-).
16. Additional information required pursuant to Para 3 and 4C of part II, of Schedule VI of the Companies Act, is given below to the extent applicable.

Particulars.	2008-2009		2007-2008	
	Quantity	Value	Quantity	Value
<b>A Capacity Utilization.</b>				
Licensed & Installed Capacity Production	NA	NA	NA	NA
<b>Production</b>				
i. Tungsten Filaments (Kgs)	-	-	-	-
ii. B22 Caps / CFL Components (Kps)	6885.73	-	5518.360	-
<b>B Opening Stock of Finished Goods</b>				
i. Tungsten Filaments (Kgs)	18.300	2,45,004	18.300	2,45,004
ii. B22 Caps / CFL Components (Kps)	30.850	7,44,533	-	-
<b>C Closing Stock of Finished Goods</b>				
i. Tungsten Filaments (Kgs)	18.300	2,45,004	18.300	2,45,004
ii. B22 Caps / CFL Components (Kps)	210.22	36,56,130	30.850	7,44,533
<b>D Raw Material Consumed</b>				
i. Tungsten /Molybdenum Wire (Kgs)	-	-	-	-
ii. Electronic components/kits (Kps)	26514.13	11,00,75,785	29930.896	10,64,87,865
<b>E Sales.</b>				
i. Tungsten Filaments/scrap (Kgs)	-	Nil	-	28,851
ii. B22 Caps / CFL Components (Kps)	6706.36	13,75,24,165	5487.510	13,51,12,424



## 16 BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

### I. Registration Details

Registration No. : 63980 State Code : 11  
Balance Sheet Date : 30/06/2009 (Refer Code List 1)

### II. Capital Raised During the year (Amount in Rs. Thousand)

Public Issue	Right Issue
Nil	Nil
Bonus Issue	Private Placement
Nil	Nil

### III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousand)

Total Liabilities	Total Assets
106,749	106,749

#### Sources of Funds

Paid up Capital	Reserves & Surplus
84,300	(172,858)
Secured Loans	Unsecured Loans
138,474	1,642

#### Application of Funds

Net Fixed Assets	Investments
22,214	2,707
Net Current Assets	Deferred Tax Asset
26,637	0

### IV. Performance of Company (Amount in Rs. Thousand)

Turnover	Total Expenditure
127,090	135,346
Profit Before Tax	Profit After Tax
(8,255)	(8,272)
Earning Per Share in Rs.	Dividend rate %
(0.98)	Nil

### V. Generic Names of Three Pricipal Products/Services of Company (as per monetary terms)

Item Code No. (ITC)	Product Description
81019809	Tungsten Filaments
76069109	Lamp Bases

17 Figures have been rounded off to the nearest rupee.

18 Provision for taxation has been made on the basis of Minimum Alternate Tax imposed on the book profits, if any, of the Company upto March, 2009.

Signatures to Schedules 1 to 20

As per our report of even date annexed herewith,

For GODSE JOSHI & ASSOCIATES

CHARTERED ACCOUNTANTS

ANAND D. JOSHI

PARTNER

M. No. 113805

Place: Pune

Date: 03.12.2009

For & on behalf of Board of Directors

1

Chairperson

2

Managing Director

Place: Nasik

Date: 03.12.2009

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2009**

Particulars	YEAR ENDED	YEAR ENDED
	30/6/2009	30/6/2008
	Rs.	Rs.
<b>A. NET CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax and Extra Ordinary Items	(8,272,316)	(8,803,586)
Adjustments for:		
Deferred Tax Asset/(Liability)	-	-
Depreciation	1,570,801	1,564,639
Expenses Written off	-	-
Interest received	(4,938.00)	-
Operating Profit before Working Capital changes	(6,706,453)	(7,238,947)
Adjustments for:		
Trade and other receivables	(23,967,543)	(5,293,002)
Inventories	(5,807,879)	2,032,130
Trade and other payables	29,587,498	1,095,716
Cash generated from operations	(6,894,377)	(9,404,103)
Interest paid	11,098,169	9,555,413
Cash Flow before Extra-ordinary Items	4,203,792	151,310
Extra Ordinary Items	-	-
Net Cash from operating activities	4,203,792	151,310
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of F.A. (Including Capital WIP and Exps. Pending Capitalisation)	(108,616.00)	-
Sale of Fixed Assets	-	-
Capital Subsidy	-	-
Sale of Shares / Diminution in the value of Shares	-	-
Interest Received	4,938.00	-
Advance for Capital Goods	-	-
Sundry Deposits	0	(50,000)
Paid to Creditors for Capital Goods	-	-
Net cash used in Investing Activities	(103,678)	(50,000)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	10,999,018	9,524,515
Term Loan Instalments Paid	-	-
Interest Paid	(11,098,169)	(9,555,413)
Unsecured Loans	(42,059)	(21,134)
Net cash used in Financing Activities	(141,209)	(52,032)
Net increase/decrease in cash & cash equivalents	3,958,905	49,278
Cash and cash equivalent as at 1st July (OP.Bal)	250,431	201,153
Cash and cash equivalent as at 30th June (Cl.Bal)	4,209,336	250,431
	0.00	

Place : Nasik.

Date : 03.12.2009

Chairperson

Managing Director

**AUDITORS' CERTIFICATE**

We have verified above Cash Flow Statement of Starlite Components Ltd., Nasik derived from the Audited Financial Statement for the year ended 30th June, 2009 and year ended 30th June, 2008 and found the same to be drawn in accordance therewith and also with the requirements of Clause 32 of the Listing Agreements with Stock Exchanges.

For GODSE JOSHI & ASSOCIATES  
CHARTERED ACCOUNTANTS

Place : Pune

Date : 03.12.2009

ANAND D. JOSHI

PARTNER

M. No. 113805







**STARLITE COMPONENTS LIMITED**

Regd. Office : 64-B, MIDC, SATPUR, NASHIK -422 007

**PROXY**

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the  
District of \_\_\_\_\_ being a member/members of the above named  
Company hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
or failing him/ her \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
as my/our proxy to vote for me/us on my/ our behalf at the 18<sup>th</sup> Annual General Meeting of the Company to be held on  
Thursday, December 31<sup>st</sup>, 2009 at 10.00 a.m. at 64-B, MIDC, Satpur, Nashik – 422 007 and at any  
adjournment thereof.

Reg. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2009

Please affix  
1 Rupee

N.B. – Any member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote  
instead of himself on a poll only and the proxy need not to be a member. The form duly completed should be deposited at  
the Registered Office of the company at Nashik not later then 48 hours before the time for holding the meeting,

----- (HERE HERE) -----  
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**ATTENDANCE SLIP  
TO BE HANDED OVER AT THE ENTRANCE OF THE MEETING HALL**

Full Name of the Member attending \_\_\_\_\_

Full Name of the First Joint – holder \_\_\_\_\_

Full Name of Proxy \_\_\_\_\_

I hereby record my presence at the 18<sup>th</sup> Annual General Meeting of the Company on Thursday, December 31, 2009 at 10.00  
a.m. at 64-B, MIDC, Satpur, Nashik – 422 007.

Reg.Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Member's/Proxy's Signature  
(To be signed at the time of handing over this slip)

Note: The Copy of the Annual Report may please be brought to meeting.



If Undelivered please return to :

**STARLITE COMPONENTS LIMITED**

Regd. Off : 64-B, M.I.D.C. Area, Satpur,  
Nasik 422 007, Tel : 0253-2309016