

STARLITE COMPONENTS LIMITED

Regd. Office – 64-B, M.I.D.C., Satpur, Nasik - 422007.

NINETEENTH ANNUAL REPORT 2009-10

STARLITE COMPONENTS LIMITED

Regd. Office: 64-B, M.I.D.C., Satpur, Nasik 422 007.

NOTICE

NOTICE is hereby given that Nineteenth 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 Monday, December 27, 2010 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, 2010 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 Smt. Rochana Bharati, who retires by rotation and, being eligible, offers herself 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


(ARVIND BHARATI)
Managing Director


Place: Nasik
Date: 16.11.2010

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 25th December, 2010 to 27st December, 2010 (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


(ARVIND BHARATI)
Managing Director

Place: Nasik
Date: 16.11.2010

STARLITE COMPONENTS LIMITED

Regd. Office: 64-B, M.I.D.C., Satpur, Nasik 422 007.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the Nineteenth Annual Report together with the audited statements of accounts for the year ended 30th June 2010.

FINANCIAL RESULTS

The financial results for the year ended 30th June 2010 are briefly stated below:

	(Rs. In lacs)	
	2009-10	2008-09
Sales and Other Income	1953.36	1270.90
Operating Profit (Before Interest, Depreciation and Tax)	49.84	39.42
Less: Interest and other financial charges	183.60	106.27
Depreciation	15.95	15.70
Profit before Tax	(149.71)	(82.55)
Provision for Tax MAT/FBT	0.00	(0.17)
Provision for Deferred Tax Asset (Liability)	0.00	0.00
Provision for Diminution in Value of Investments	(17.32)	0.00
Profit after Tax/(Loss)	(167.03)	(82.72)

OPERATIONS

During the year, the company achieved a turnover of Rs. 1953.36 lacs including other income, which shows a improvement over the previous year. The Company turned the corner and earned an operating profit of Rs. 49.84 lacs before interest, depreciation and tax. However, due to heavy interest burden the Company incurred a loss of Rs. 149.71 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

Smt. Rochana Bharati, Director of the Company is retiring by rotation and, being eligible, has offered herself 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 had appointed IDBI as the Operating Agency. Rehabilitation Scheme was submitted earlier, however as considerable time has been passed, the Hon'ble BIFR asked to submit revised Rehabilitation Scheme which 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 have merged with another firm of Chartered Accountants during the year. Consequent to the reconstitution of the firm, the name has changed to M/s. HMA & Associates, Chartered Accountants. Accordingly, they have informed the company vide their letter dt. 30th June 2010 & the Board has filled up the casual vacancy by appointing M/s. HMA & Associates, Chartered Accountants vide Board resolution dt. 7th July 2010. M/s. HMA & Associates have informed their eligibility 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.


(ARVIND BHARATI)
Managing Director.

Place: Nasik.

Date: 16.11.2010

Registered Office:

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

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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 30th June 2010.

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
A. Power and Fuel Consumption		
Electricity		
Purchased Units	56091	50337
Total Amount (Rs.)	363470	291820
Average Rate/Unit (Rs.)	6.48	5.80
Own Generation	Nil	Nil
Others	Nil	Nil
B. Consumption per unit of production		
Electricity (Unit Per KPS.)	6.20	7.31

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, there was no foreign exchange earning. However, there was an outgo / expense of Rs. 12,85,98,337.51/- on account of import of material and expenses.

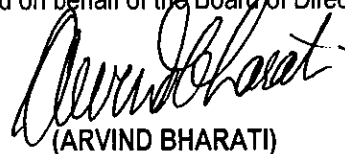
PARTICULARS OF EMPLOYEES

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



(ARVIND BHARATI)

Managing Director

Place: Nasik.

Date: 16.11.2010

STARLITE COMPONENTS LIMITED

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 significant increase 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 was 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. Due to sharp increase in turnover more funds will be required for smooth operations. There are more opportunities, many of them concrete in nature, based on which your company is hopeful to get some funding support from bankers & private investors 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 Discharge Lamps. 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 30th June 2010, the number of people employed by the company was 20.

STARLITE COMPONENTS LIMITED

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	2	-
Mr. Arvind Bharati	Managing Director	Executive	3	-
Mr. G.K. Srikantan	Director	Non-Executive	1	-

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

BOARD PROCEDURE

The Board of the Company met seven times during the last financial year on 2nd July, 2009; 27th July, 2009; 26th October, 2009; 3rd December, 2009; 27th January, 2010; 15th February, 2010; and 26th April, 2010.

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 2009 - 2010, 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 2009-2010 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 2009-10, the company received no complaints for non-receipt of Annual Reports etc. and there was no complaint pending as on 30th June, 2010.

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
2006 – 2007	24 th December, 2007	10.00 a.m.	64-B, M.I.D.C, Satpur, Nasik –422007.
2007 – 2008	29 th December, 2008	10.00 a.m.	64-B, M.I.D.C, Satpur, Nasik –422007.
2008 – 2009	31 st December, 2009	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 31st December, 2009.