



**Annual Report 2012-13**



## TWENTY-SECOND ANNUAL REPORT 2012-13

### ● BOARD OF DIRECTORS:

- Dr. Smt. Rochana Bharati, Chairperson
- Mr. Arvind Bharati, Managing Director
- Mr. G. K. Srikantan, Director
- Mr. Kannan Ranganathan, Director

### ● AUDITORS:

- M/s. HMA & Associates, Chartered Accountants, Pune

### ● BANKERS:

- CITI Bank N. A.
- State Bank of India
- HDFC Bank Ltd.

### ● REGISTERED OFFICE:

- 64 – B–1, M.I.D.C. Area, Satpur, Nashik – 422007. (Maharashtra)  
Tel: +91 253 – 2309016 / 2309019 Fax: +91 253 2309017

### ● FACTORIES:

- 64 – B–1, M.I.D.C. Area, Satpur, Nashik – 422007. (Maharashtra)
- Survey No. 9/2/2, Besides Tiger Hill Hotel, Village - Vilholi,  
Nashik – 422010. (Maharashtra)

### ● Contents:

Sr.No	Particular	Page No
1	NOTICE	01
2	DIRECTORS REPORT & ANNEXURES	02
3	CERTIFICATE OF AUDITORS ON CORPORATE GOVERNANCE	04
4	MANAGEMENT DISCUSSION AND ANALYSIS	05
5	CORPORATE GOVERNANCE REPORT	06
6	DECLARATION OF MANAGING DIRECTOR FOR CODE OF CONDUCT	13
7	CERTIFICATE BY CHIEF EXECUTIVE OFFICER OF THE COMPANY	13
8	INDEPENDENT AUDITORS REPORT & ANNEXURES	14
9	BALANCE SHEET	18
10	STATEMENT OF PROFIT AND LOSS	19
11	CASH FLOW STATEMENT	20
12	SIGNIFICANT ACCOUNTING POLICIES	21
13	NOTES TO THE FINANCIAL STATEMENTS	23
14	ATTENDANCE AND PROXY SLIP	36

**Notice**

NOTICE is hereby given that the Twenty-Second Annual General Meeting of STARLITE COMPONENTS LIMITED will be held at 7, M.I.D.C., Satpur, Nasik - 422007 on Tuesday, December 31, 2013 at 10 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, 2013 and the audited Statement of Profit & Loss for the year ended on that date and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. G. K. Srikantan, who retires by rotation and, being eligible, has offered 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.

Place: Nasik  
Date: 5<sup>TH</sup> December, 2013

**Registered Office:**

64-B-1, M.I.D.C. Area, Satpur,  
Nashik - 422007. Maharashtra

By Order of the Board of  
Directors

sd/-

**(ARVIND BHARATI)**  
Managing Director

**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. Corporate members intending to send their Authorised Representatives to attend the meeting are requested to send to the company a certified copy of the Board Resolution authorising their representatives to attend & vote on their behalf at the meeting.
3. The Register of Members and Share Transfer Book will remain closed from 24th December 2013 to 31st December 2013 (both days inclusive).
4. Members are requested to please bring their copies of the Annual Report to the meeting.
5. 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.
6. M/s. Universal Capital Securities Pvt. Ltd. (formerly known as 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.
7. All documents mentioned in the resolutions shall be available for inspection by members at the registered office on working days between 10 a.m. to 5 p.m.
8. Pursuant to the provisions of Clause 47 (f) of the Listing Agreement, the company has designated a dedicated email id investor@starlitecomponents.com exclusively for registering grievances & complaints of the shareholders. All the shareholders are requested to lodge their complaints & grievances, if any at the said email id.
9. The relevant details as required under Clause 49 of the Listing Agreement entered with Stock Exchanges are also annexed.

By Order of the Board of Directors

sd/-

**(ARVIND BHARATI)**  
Managing Director

Place: Nasik  
Date: 5<sup>th</sup> December, 2013

## DIRECTORS' REPORT

To,  
The Members,

Your Directors have pleasure in presenting the Twenty-Second Annual Report together with the audited statements of accounts for the year ended 30th June 2013.

### FINANCIAL RESULTS

The financial results for the year ended 30th June 2013 are briefly stated below:

Particular	2012-13	2011-12
Sales and Other Income	3778.77	3071.82
Operating Profit (Before Interest, Depreciation and Tax)	(288.57)	(185.41)
Less: Interest and other financial charges	202.05	273.63
Depreciation	13.89	11.17
Profit before Tax	(487.19)	(470.21)
Less: Provision for Tax	(24.93)	30.54
Provision for Deferred Tax		
Profit after Tax/(Loss)	(512.12)	(439.65)

### OPERATIONS

During the year, your company achieved a turnover of ₹. 3778.77 lacs including other income, which shows a very remarkable improvement over the previous year. This is as anticipated by your management & as per the hope expressed in the previous report. Your Company has incurred a Loss after tax of ₹. 512.12 lacs during the year under consideration. Your Company is trying to achieve encouraging results by implementing its diversification plan into components of Compact Fluorescent Lamps, LED products & their fixtures, which are presently in great demand. After consolidation of the electronics business, seeing the scope & potential, your Company has now diversified into the manufacture & trading of LED, Halogen & Induction Lighting Products. Encouraged with the performance, the management feels even more confident & committed to achieve better profitability during the current year.

### DIVIDEND

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

### FIXED DEPOSITS

Your 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.

None of the Directors are disqualified from being appointed as Directors as specified in terms of Section 274(1) (g) of the Companies Act, 1956.

### 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 loss incurred by 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 approved the Sanctioned Scheme for rehabilitation of the Company vide their letter dated 10th October 2013 & received by us on 25th November 2013. Following are the salient features of the Scheme –

1. Operating Agency – IDBI
2. Cut off date – 30th June 2013.
3. Induction of funds in Capital of the Company –

- |   |                 |
|---|-----------------|
| • Strategic Investor – M/s. Solarcopyer Ltd.        | Rs.420.00 lakhs |
| • Public Investor on Preferential allotment basis – | Rs.300.00 lakhs |
| • Promoters -                                       | Rs.652.80 lakhs |

4. Capital restructuring – Existing paid up capital of Rs.843.00 lakhs to be reduced by 60%. Post reduction, the paid up capital will be Rs. 337.20 lakhs. No. of shares will be reduced from 84.30 lakhs shares of Rs. 10/- each to 33.72 lakhs shares of Rs. 10/- each.
5. BIFR has also asked various Government departments to consider the reliefs demanded by the Company in the restructuring scheme.

## COMMENTS ON THE OBSERVATIONS OF THE AUDITORS

1. The Board of Directors is in process of taking the necessary steps in order to appoint an internal auditor commensurate to the size & business of the company.
2. The Board of Directors is taking necessary steps to maintain the requisite cost records.
3. The company is in the process of taking the necessary steps to pay the pending statutory dues.

## AUDITORS

The Auditors of the Company, M/s. HMA & Associates, Chartered Accountants, Pune retire at the ensuing Annual General Meeting. They are eligible and willing 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.

sd/-

**(ARVIND BHARATI)**  
Managing Director

Place: Nasik  
Date: 5<sup>th</sup> December, 2013

## Registered Office:

64-B-1, 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 30th June 2013.

**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	107687	107486
Total Amount ( )	1159250	972940
Average Rate/Unit ( )	10.76	9.05
Own Generation	Nil	Nil
Others	Nil	Nil
B. Consumption per unit of production		
Electricity (Unit Per KPS.)	8.71	10.50

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

During the year under review, there was no foreign exchange earning. However, there was an outgo/expense of ₹ 27,11,65,985/- on account of import of material & expenses.

**PARTICULARS OF EMPLOYEES**

None of the employees are in receipt of remuneration exceeding the limits prescribed u/s.217 (2A) of the companies Act, 1956 and rules made there under, during 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  
sd/-

Place: Nasik  
Date: 5th December, 2013

**(ARVIND BHARATI)**  
Managing Director

**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, 2013 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 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, 2013 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 HMA & Associates**  
**Chartered Accountants**

sd/-

**Harshad Joshi**  
Partner  
M. No. 131625  
FRN – 100537W

Place: Nasik  
Date: 01/09/2013

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Company was established in the year 1991. It began operations with the production of tungsten filaments used in GLS lamps. It produced superior quality filaments and gained reputation in the market. Over the next years, Starlite has added to its range of products to Metal Caps for GLS Bulb and Filaments for CFLs.

The management and promoters of the Company realized that the lighting industry was moving towards greener sources of energy and the future of lighting was in the field of Fluorescent Lighting and Light Emitting Diodes. So the Board of the Company took the strategic decision to move into manufacture and production of electronic drivers and ballasts for Energy Efficient Lighting Products. The Company has been successful in this venture and has created manufacturing capacity of over 40 million units of ballasts annually.

After the consolidation of the electronics business, seeing the scope and potential, your Company has now diversified for manufacture of LED, Halogen, Induction and Long Life Lighting Products.

Your Company's experience in manufacturing and its knowledge about the Indian market renders the future prospects to be very promising. "Starlite" has become a very popular name in the Industry in the last 20 years. The management and promoters of your Company are veterans of the Indian Lighting Industry, with collective experience of over 40 years. In accordance with their vision, your Company has set its target towards becoming a leader in the Lighting Industry over the next decade.

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

The growing awareness of energy efficient lighting on one hand and the shortage of power supply on the other hand give rise to the question of demand side management. Unless the demand side of power consumption is brought under control the power supply situation cannot be improved. By using electronic ballasts coupled with energy efficient lamps, it is possible to reduce over 50% of the lighting load. Due to this fact it is imperative to use electronic ballasts in all new installations with a planned phase out of the old inefficient lighting system. Energy-saving light-bulbs are actually miniature fluorescent tube lights—the sort of thing found in most offices. There they stay on all day and last for years, and thus give energy savings over incandescent bulbs.

Due to 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.

### **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 Directors had 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. Hence, your Company expects to do good business in this segment and garner substantial orders in the domestic and overseas markets for its products. Moreover, your Company has focused on manufacture and sale of LED, Eco Halogen, Induction and other Long Life and better efficacy Lighting Products in addition to the products that are running products with market friendly prices to move towards greener sources of energy.

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

The adequacy of the internal control systems operating in your 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 in the industry. Moreover, during the year under consideration, your Company has been trying to cut down its operating costs and recover the same except for the heavy interest costs. Due to substantial funds remaining locked up in old debtors, the operations and the performance of your Company was, though improved, not up to the expected level. Your 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 concern now is the arrangement of finances for the launch of full-scale production. Your company is working on this and is hopeful to receive financial support during the current year. Barring unforeseen circumstances, the directors are confident that financial performance of your 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. Your Company has always had special concern for development of human resources. Your Company inculcates the culture of personal growth and organizational excellence, which is based on performance. As on 30th June 2013, the number of people directly employed by the company was 60.

As on 30th June 2013, the number of people directly employed by the company was 60.



## **STARLITE COMPONENTS LIMITED**

### **CORPORATE GOVERNANCE REPORT**

Corporate Governance essentially is the system by which companies are directed and controlled by the management in the best interest of the stakeholders and others. Corporate Governance ensures fairness, transparency and integrity of the management. It further inspires and strengthens investor's confidence and commitment to the Company.

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. The Corporate Governance Structure in the Company assigns responsibility and authority to Board of Directors, its committees and the executive management, senior management employees etc.

This chapter, along with the chapter on additional shareholders information is not only the Company's disclosure on compliance with the mandatory requirements on Corporate Governance stipulated in Clause 49 of the Listing Agreement with BSE, but also reflects the true spirit in which these practices are followed at SCL.

The Company is also in compliance with the requirements of the guidelines on Corporate Governance. A code of conduct is framed and adopted in the pursuit of excellence in Corporate Governance.

#### **• BOARD OF DIRECTORS**

The Board of Directors of SCL comprises of Executive and Non Executive Directors. Since the Chairperson is from the Promoters Group but Non Executive, the strength of independent Directors is mandated at 1/2 of the strength of the Board. The Board has 2 independent members in a total strength of 4 at present. The independent Directors are professionals in their respective fields and possess knowledge of financial, legal and technical matters.

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

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

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

#### **• BOARD PROCEDURE**

The Board of the Company met 8 (Eight) times on the following dates during the last financial year

2<sup>nd</sup> July 2012;  
15<sup>th</sup> November, 2012;  
15<sup>th</sup> May 2013; and

14<sup>th</sup> August 2012;  
04<sup>th</sup> December 2012;  
04<sup>th</sup> June 2013;

30<sup>th</sup> August 2012;  
14<sup>th</sup> February 2013;

The names of Directors, their attendance at the Board Meetings held during the year and at the last Annual General Meeting are given below:

Name of Director	Attendance Board Meeting	Attendance Last A.G.M.
Smt. Rochana Bharati	8	Yes
Mr. Arvind Bharati	8	Yes
Mr. G.K. Srikantan	7	Yes
Mr. Kannan Ranganathan	4	Yes

• **AUDIT COMMITTEE ETC.**

The Audit committee met 4 (four) times during the financial year 2012-2013 on the following dates.  
Meetings held:

14th August, 2012

15th November, 2012

14th February 2013

15th May 2013

Composition and Attendance:

Name of Director	Composition as on 30 <sup>th</sup> June, 2013	No of meetings attended
Mr. Kannan Ranganathan	Chairman	4
Mr. Arvind Bharati	Member	3
Mr. G.K. Srikantan	Member	2

Mr. Kannan Ranganathan has a rich experience of 23 years in Credit Rating, Banking and Financial Services. All members of the Committee have accounting and financial management knowledge.

The Audit Committee meetings are generally organized just before the Board Meeting. The agenda for Audit Committee meeting includes following items:

- Detailed presentation on matters within the purview of the Committee.
- Matters regarding appointment of Statutory Auditors, Internal Auditors etc.
- Company's compliance with the legal and regulatory requirements and the Code of Conduct
- Management discussion and analysis of financial condition and results of operations.
- Statement of significant related party transactions.

The composition of the Committee is in conformity with Clause 49 (II) (A) of the Listing Agreement.

• **REMUNERATION OF DIRECTORS**

- Remuneration of Managing Director.

The Company pays remuneration to its Managing Director by way of Salary and other allowances. The Company did not pay any commission to the Managing Director during the financial year 2012-13. Salary is paid within the overall limits approved by the members of the Company. Details of remuneration paid to the Managing Director during the financial year 2012-13 are mentioned below.

Details of Remuneration of Mr. Arvind Bharati (Managing Director):-

Particulars of Remuneration	(Amount)
Salary	6,00,000
Allowances	1,20,000
Others	NIL