INDEPENDENT AUDITOR'S REPORT

To the Members of Starlite Lighting Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Starlite Lighting Limited ("the Company"), which comprise the Balance Sheet as at March 31 2019, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

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

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

That Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2019 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

  i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer note 27 to the financial statements;

  ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

  iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vishal Bansal
Partner
Membership Number: 097546

Place of Signature: Mumbai
Date: May 21, 2019

Annexure 1 referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

Re: Starlite Lighting Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are pledged with the State Bank of India and Axis Trustee and are not available with the Company. The same has not been independently confirmed by the bank and hence we are unable to comment on the same.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act"). Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the manufacture of goods, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, duty of custom, goods and service tax, cess and other statutory dues have been regularly deposited with the appropriate authorities though there has been slight delays in few cases. The provisions relating to service tax, duty of excise and value added tax are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, duty of custom, goods and service tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to service tax, duty of excise and value added tax are not applicable to the Company.

(c) According to the records of the Company, the dues outstanding of income-tax and duty of excise on account of any dispute, are as follows. There are no dues on account of any dispute pertaining to sales-tax, service tax, duty of custom, value added tax and cess.

Name of the statute	**Nature of dues**	**Amount (Rs.)**	**Period to which the amount relates (Financial year)**	**Forum where the dispute is pending**
Income Tax Act, 1961	Income Tax	2,937,760	2005-2006	Commissioner of Income Tax (Appeals)
Income Tax Act, 1961	Income Tax	855,188	2008-2009	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Excise Duty	629,004	2005-2006	Commissioner (Appeals)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The Company did not have any outstanding dues to government during the year.

(ix) In our opinion and according to information and explanations given by the management, monies raised by the Company by way of term loans were applied for the purpose for which they were raised. The Company has not raised monies by way of initial public offer / further public offer (including debt instruments).

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of the Act, where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vishal Bansal
Partner
Membership Number: 097546

Place of Signature: Mumbai
Date: May 21, 2019

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Starlite Lighting Limited

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

We have audited the internal financial controls over financial reporting of Starlite Lighting Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting with reference to these financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Vishal Bansal
Partner
Membership Number: 097546

Place of Signature: Mumbai
Date: May 21, 2019

Starlite Lighting Limited
Balance Sheet as at 31 March 2019

	Notes	March 31, 2019 Rupees	March 31, 2018 Rupees
ASSETS			
Non-current assets			
Property, Plant and Equipment	3	1,219,571,296	1,255,910,533
Capital work in progress	3	9,556,381	86,033,913
Other intangible assets	4	-	12,527
Financial assets			
Other financial assets	5(d)	62,047,425	118,102,772
Deferred tax assets (net)	6	-	-
Advance income tax (net)	7	235,565	52,656
Other non-current assets	8	-	5,561,243
Total non-current assets		**1,291,410,666**	**1,465,673,644**
Current assets			
Inventories	9	382,146,503	556,574,829
Financial assets			
Trade receivables	5(a)	308,412,823	295,651,266
Cash and cash equivalents	5(b)	7,920,439	7,837,092
Other bank balances	5(c)	9,391,421	8,869,488
Other financial assets	5(d)	63,609,648	113,763,834
Other current assets	10	87,603,847	61,727,259
Total current assets		**859,084,681**	**1,044,423,768**
TOTAL ASSETS		**2,150,495,348**	**2,510,097,412**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	125,000,000	125,000,000
Other equity	12	(2,652,318,812)	(1,605,819,884)
Total equity		**(2,527,318,812)**	**(1,480,819,884)**
LIABILITIES			
Non-current liabilities			
Financial liabilities			
Borrowings	13(a)	880,985,621	1,731,302,059
Long term provisions	14	11,849,147	6,885,148
Total non-current liabilities		**892,834,768**	**1,738,187,207**
Current liabilities			
Financial liabilities			
Borrowings	13(b)	1,250,917,041	1,104,287,529
Trade payables	13(d)	622,277,599	548,640,105
Other financial liabilities	13(c)	1,868,884,430	581,160,555
Short term provisions	14	39,146,494	14,018,748
Other current liabilities	15	3,753,827	4,623,152
Total current liabilities		**3,784,979,392**	**2,252,730,089**
Total liabilities		**4,677,814,160**	**3,990,917,296**
TOTAL EQUITY AND LABILITIES		**2,150,495,348**	**2,510,097,412**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

For and on behalf of Board of Directors
of Starlite Lighting Limited

Vishal Bansal
Partner
Membership No. 097546

Place of signature : Mumbai
Date: May 21, 2019

Shekhar Bajaj
Chairman
DIN: 00089358

Ravindra Bharati
Managing Director
DIN: 00148936

Ravindra Uttekar
Company Secretary

Arvind Didwania
Chief Financial Officer

Place of signature : Mumbai
Date: May 21, 2019

Starlite Lighting Limited
Statement of Profit & Loss for the year ended 31 March 2019

Particulars	Notes	March 31, 2019Rupees	March 31, 2018Rupees
INCOME			
Revenue from operations	16	1,388,460,927	1,619,994,757
Other income	17	6,135,443	2,884,325
Total income		**1,394,596,370**	**1,622,879,083**
EXPENSES			
Cost of raw material consumed	18(a)	1,079,670,313	1,389,488,709
(Increase)/ decrease in inventories of finished goods and work-in-progress	18(b)	109,145,892	(22,303,396)
Excise duty on sale of goods		-	46,509,870
Employee benefits expense	19	91,395,646	73,280,370
Depreciation and amortization expense	20	161,028,269	161,823,060
Other expenses	21	201,818,066	186,264,067
Finance cost	22	385,004,780	390,892,438
Total expense		**2,028,062,966**	**2,225,955,118**
Loss before exceptional items and tax		**(633,466,596)**	**(603,076,036)**
Exceptional items	23	341,699,188	495,592,857
Loss before tax		**(975,165,784)**	**(1,098,668,893)**
Income tax expense		-	-
Loss for the year		**(975,165,784)**	**(1,098,668,893)**
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Re-measurements gains/ (losses) on defined benefit plans		(3,732,259)	73,946
Income tax effect		-	-
Other comprehensive income		**(3,732,259)**	**73,946**
Total comprehensive income/loss for the year, net of tax		**(978,898,043)**	**(1,098,594,947)**
Earnings per share - face value Rs. 10.00 per share			
Before exceptional items - Basic & Diluted		**(50.68)**	(48.25)
After exceptional items - Basic & Diluted		**(78.01)**	(87.89)

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

Vishal Bansal
Partner
Membership No. 097546

Place of signature : Mumbai
Date: May 21, 2019

For and on behalf of Board of Directors
of Starlite Lighting Limited

Shekhar Bajaj
Chairman
DIN: 00089358

Ravindra Bharati
Managing Director
DIN: 00148936

Ravindra Uttekar
Company Secretary

Arvind Didwania
Chief Financial Officer

Place of signature : Mumbai
Date: May 21, 2019

Starlite Lighting Limited
Statement of Changes in Equity for the year ended 31 March 2019

a. Equity share capital (refer note 11)

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
At the beginning of the year	**125,000,000**	**125,000,000**
At the end of the year	**125,000,000**	**125,000,000**

b. Other equity (refer note 12)

Particulars	Reserves and Surplus			Total
	Capital reserve	Securities premium	Retained earnings	
Balance as at 31 March 2017	**64,611,857**	**35,000,000**	**(650,080,685)**	**(550,468,828)**
Loss for the year	-	-	(1,098,668,893)	(1,098,668,893)
Other Comprehensive Income (net)	-	-	73,946	73,946
Total Comprehensive income	**-**	**-**	**(1,098,594,947)**	**(1,098,594,947)**
Adjustment for Corporate Guarantee	**-**	**-**	**43,243,891**	43,243,891
Balance as at 31 March 2018	**64,611,857**	**35,000,000**	**(1,705,431,741)**	**(1,605,819,884)**
Loss for the year	-	-	(975,165,784)	**(975,165,784)**
Other Comprehensive Income (net)	-	-	(3,732,259)	**(3,732,259)**
Total Comprehensive income	**-**	**-**	**(978,898,043)**	**(978,898,043)**
Adjustment for Corporate Guarantee	-	-	(67,600,885)	**(67,600,885)**
Balance as at 31 March 2019	**64,611,857**	**35,000,000**	**(2,751,930,669)**	**(2,652,318,812)**

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

Vishal Bansal
Partner
Membership No. 097546

Place of signature : Mumbai
Date: May 21, 2019

For and on behalf of Board of Directors
of Starlite Lighting Limited

Shekhar Bajaj
Chairman
DIN: 00089358

Ravindra Bharati
Managing Director
DIN: 00148936

Ravindra Utekar
Company Secretary

Arvind Didwania
Chief Financial Officer

Place of signature : Mumbai
Date: May 21, 2019

Starlite Lighting Limited
Statement of Cash Flow for the year ended 31 March 2019

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Operating activities		
Loss before tax	**(975,165,784)**	**(1,098,668,893)**
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation, amortisation and impairment of property, plant and equipment	189,403,667	479,379,645
Impairment of inventories	265,984,101	178,036,272
Reversal of Industrial Promotion Subsidy	47,339,689	-
Finance costs (including fair value change in financial instruments)	385,004,780	401,442,567
Finance income (including fair value change in financial instruments)	(4,986,908)	(2,884,325)
Impairment allowance for doubtful debts and others	19,549,050	32,234,999
Working capital adjustments:		
(Increase)/decrease in trade receivables	(32,310,607)	106,337,369
(Increase)/decrease in inventories	(91,555,775)	(177,389,439)
(Increase)/decrease in other financial assets: non-current	(14,499,702)	2,393,332
(Increase)/decrease in other financial assets: current	5,821,676	(26,707,785)
(Increase)/decrease in other non-current assets	5,561,243	(3,759,173)
(Increase)/decrease in other current assets	(25,876,588)	21,606,740
Increase/(decrease) in long term provisions	1,231,740	1,185,899
Increase/(decrease) in short term provisions	25,127,746	1,368,166
Increase/(decrease) in trade payables	361,209,886	141,996,942
Increase/(decrease) in other current liabilities	(869,325)	(59,288,313)
Increase/(decrease) in other financial liabilities: current	4,267,626	(31,666,193)
	165,236,515	**(34,382,189)**
Income tax paid (net of refunds)	(182,909)	(52,656)
Net cash flows from operating activities	**165,053,606**	**(34,434,845)**
Investing activities		
Purchase of property, plant and equipment including capital work-in-progress and capital advances	(76,574,371)	(153,013,634)
Proceeds from sale of investments	-	1,089,500
Redemption of deposits with remaining maturity of less than twelve months		6,343,768
Interest received	4,411,960	725,315
Dividend received	-	-
Net cash flows used in investing activities	**(72,162,411)**	**(144,855,050)**
Financing activities		
Interest paid	(338,145,902)	(332,881,559)
Proceeds from borrowings	565,533,705	1,257,850,843
Repayment of borrowings	(320,195,652)	(741,014,195)
Net cash flows from financing activities	**(92,807,848)**	**183,955,089**
Net increase in cash and cash equivalents	83,347	4,665,192
Cash and cash equivalents at the beginning of the year	7,837,092	3,171,899
Cash and cash equivalents at the end of the year	**7,920,439**	**7,837,092**

Components of cash and cash equivalents [(refer note 5(c)]

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Balances with banks - in current accounts	7,919,908	7,836,285
Cash on hand	531	807
Cash and cash equivalents at the end of the year	**7,920,439**	**7,837,092**

Changes in liabilities arising from financial activities

Particulars	April 01, 2018	Discount unwinding	March 31, 2019
Short term borrowings	1,452,398,640	-	1,599,028,152
Long term borrowings (including current maturities of long term debt)	2,271,497,499	63,474,443	2,721,252,874
Total	**3,723,896,138**	**63,474,443**	**4,320,281,027**

Particulars	April 01, 2017	Discount unwinding	March 31, 2018
Short term borrowings	809,688,097	-	1,452,398,640
Long term borrowings (including current maturities of long term debt)	1,991,249,404	58,010,879	2,271,497,499
Total	**2,800,937,501**	**58,010,879**	**3,723,896,138**

* Cash flow movement of current borrowings include non cash transaction of Rs. 287,572,392 (March 31, 2018: Rs 348,111,110) by way of settlement of trade payable through current borrowings.

Note:
The cash flow statement is prepared using the 'indirect method' set out in Ind AS 7 – Statement of Cash Flows.

Summary of significant accounting policies 2.1

The accompanying notes are an integral part of the Ind AS financial statements.

As per our report of even date

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

Vishal Bansal
Partner
Membership No. 097546

Place of signature : Mumbai
Date: May 21, 2019

For and on behalf of Board of Directors
of Starlite Lighting Limited

Shekhar Bajaj
Chairman
DIN: 00089358

Ravindra Bharati
Managing Director
DIN: 00148936

Ravindra Utekar
Company Secretary

Arvind Didwania
Chief Financial Officer

Place of signature : Mumbai
Date: May 21, 2019

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

1 Corporate information

Starlite Lighting Limited ('the Company') is a public Company domiciled in India. The Company has been incorporated under the provisions of Companies Act applicable in India. The Company's registered office is located at 6, MIDC Satpur, Trambakeshwar Road, Nashik. The Company is engaged in the business of manufacturing and distribution of Lighting products which includes CFL and LED lamps, its components and accessories and manufacturing of Water heaters, Air conditioners, Mixers and Blenders.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with the accounting principles generally accepted in India including Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements have been prepared on an accrual basis and under the historical cost measurement, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments)

These financial statements were authorized for issue by a resolution of the directors on May 21, 2019.

2.1 Summary of Significant accounting policies

The accounting policies followed in the preparation of Ind AS Financial Statements are consistent with the previous year, except for adoption of new/amended standards as explained in note no 36.

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is treated as current when :

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

b. Foreign currencies

The Ind AS financial statements are presented in INR, which is also the Company's functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on restatment / settlement of monetary items are recognised in the Statement of Profit and Loss immediately.

c. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

In determining the fair value of its financials instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value includes discounted cash flows analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result from general approximation of value and the same may differ from the actual value realised.

d. Revenue from contract with customer

I. Sale of goods

The Company's principal source of revenue from contracts with customers comprise sale of consumer products in the domestic and overseas markets. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has concluded that it is generally the principal in its revenue arrangements, because it typically controls the goods before transferring them to the customer. Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer.

Variable consideration

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Significant financing component

In few cases, the Company may receive short-term advances from its customers. Using the practical expedient in Ind AS 115, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (m) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities
A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made, or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

The Company does not have material contract assets or contract liabilities.

II. Interest income
Interest income is recognized on a time proportion basis taking into account the amount outstanding using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability.

III. Dividends
Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

e. Taxes
Current income tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss are recognised as a part of these items (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. The management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. However, no deferred tax asset is recognised for temporary differences arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. The said asset is created by way of credit to the statement of profit and loss and is shown as “Deferred Tax Asset”. The Company reviews the “Deferred Tax Asset” at each reporting date and writes down the asset to the extent it is not probable that the Company will pay normal tax during the specified period.

Goods and service tax

Expenses and assets are recognised net of the amount of Goods and Service Tax (GST), except:

• When the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

• When receivables and payables are stated with the amount of tax included

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

f. Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation on property, plant and equipment is provided on straight-line method as per useful life prescribed in Schedule II of the Companies Act, 2013.

Assets	**Useful life**
Buildings	
- Factory buildings	30 years
- Other buildings	60 years
Leasehold Land	95 years
Plant and machinery	15 years
Electrical installations	10 years
Furniture and Fixture	10 years
Office equipments	5 years
Vehicles	8 years
Computers	3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the previous GAAP financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

g. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 01, 2016, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i. Inventories

Inventories are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:
- Raw materials, packing material and consumables: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on Weighted Average Method.

- Work-in-progress and finished goods: Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on Weighted Average Method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses, including impairment on property, plant and equipment and inventories, are recognised as an exceptional item in the Statement of Profit and Loss.

For intangible assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss.

Intangible assets under development are tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

l. Retirement and other employee benefits

All employee benefits payable wholly within twelve months are classified as short term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contribution. Employee benefits in the form of contribution to Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the statement of profit and loss for the year when the employees render related services and the contributions to the respective funds are due.

The Company operates a defined benefit gratuity plan in India.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to the retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine
- Net interest expense or income

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation at the balance sheet date. The resultant acturial gains and losses are recognised in the Statement of Profit and Loss.

m. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Financial assets at amortised cost
- Financial assets including derivatives at fair value through profit or loss (FVTPL)
- Financial assets at fair value through other comprehensive income (FVTOCI)

Financial asset at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables, loans and other financial assets.

Financial Assets at FVTOCI

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Financial asset included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Financial asset at FVTPL

FVTPL is a residual category for financial asset. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial asset included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

The Company does not hold any equity investments.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's Balance Sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On derecognition of a financial asset in its entirety, the differences between the carrying amounts measured at the date of derecognition and the consideration received is recognised in the statement of profit and loss.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.
The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The twelve month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. net of all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognised during the year is recorded in the statement of profit and loss. The amount is reflected under the head 'Other expenses / income' in the statement of profit and loss.

The Company does not have any purchased or originated credit-impaired financial assets, i.e. financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. The Company does not have any financial liabilities which are held for trading. Nor it has designated any financial liability as FVTPL.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

n. Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

o. Cash and cash equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

p. Earnings per share

The Company's Earnings per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the Company. The Company discloses EPS before and after exceptional items.

Basic earnings per share is calculated by dividing total profit or loss for the period, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share is computed using the weighted average number of common and dilutive shares outstanding during the year including share based payments, except where the result would be anti-dilutive.

q. Exceptional items

Exceptional items are those items that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information allows a better understanding of the underlying performance of the business in the year and facilitates more appropriate comparison with prior periods. Exceptional items are adjusted in arriving at profit before tax.

r. Preference shares

Preference shares, which are mandatorily redeemable on a specific date, are classified as liabilities. The dividends on these preference shares are taken to the profit & loss statement as finance expense.

s. Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses it in the financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

2.2 Significant accounting judgments, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

a. Impairment allowance for trade receivables

The Company makes allowances for doubtful accounts receivable using a simplified approach which is a dual policy of an ageing based provision and historical / anticipated customer experience. Management believes that this simplified model closely represents the expected credit loss model to be applied on financial assets as per Ind AS 109. Refer note 5(a) for disclosure relating to impairment allowance on trade receivables.

b. Employee benefits

The cost of the defined benefit gratuity plan is determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates. Further details about gratuity obligations are given in note 14.

c. Taxes

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. In the absence of probable future taxable profit, the Company has restricted recognition of deferred tax asset to the extent of deferred tax liability (refer note 6).

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 3: Property, Plant and Equipment

Particulars	Freehold Land	Leasehold Land	Building	Plant & Machinery	Vehicle	Furniture & Fixtures	Computers	Office Equipments	Total
Cost									
As at 01 April 2017	39,893,558	9,398,137	509,107,653	1,407,922,362	1,184,792	7,701,936	3,687,856	46,981,879	**2,025,878,173**
Additions	-	-	-	64,490,871	-	2,048,550	192,687	247,613	**66,979,721**
As at 31 March 2018	**39,893,558**	**9,398,137**	**509,107,653**	**1,472,413,233**	**1,184,792**	**9,750,486**	**3,880,543**	**47,229,491**	**2,092,857,893**
Additions	-	-	84,681,374	45,161,993	-	20,253,385	328,549	2,626,603	**153,051,904**
As at 31 March 2019	**39,893,558**	**9,398,137**	**593,789,027**	**1,517,575,227**	**1,184,792**	**30,003,871**	**4,209,092**	**49,856,094**	**2,245,909,797**
Depreciation and impairment									
As at 01 April 2017	-	2,531,826	48,494,293	279,295,210	1,125,552	4,828,040	3,000,288	22,149,459	**361,424,669**
Charge for the year	-	142,823	13,170,000	140,357,862	-	476,603	428,602	3,390,216	**157,966,106**
Impairment (refer note 23)	-	-	-	317,556,585	-	-	-	-	**317,556,585**
As at 31 March 2018	**-**	**2,674,649**	**61,664,293**	**737,209,657**	**1,125,552**	**5,304,643**	**3,428,890**	**25,539,675**	**836,947,360**
Charge for the year	-	139,634	17,568,890	142,397,672	-	635,412	99,055	175,079	**161,015,742**
Impairment (refer note 23)	-	-	-	28,375,399	-	-	-	-	**28,375,399**
As at 31 March 2019	**-**	**2,814,283**	**79,233,183**	**907,982,728**	**1,125,552**	**5,940,056**	**3,527,945**	**25,714,754**	**1,026,338,501**
Net carrying amount									
As at 31 March 2018	39,893,558	6,723,488	447,443,359	735,203,576	59,240	4,445,843	451,653	21,689,816	**1,255,910,533**
As at 31 March 2019	**39,893,558**	**6,583,854**	**514,555,843**	**609,592,498**	**59,240**	**24,063,815**	**681,147**	**24,141,340**	**1,219,571,296**

Note 3.1 : The amount of borrowing costs capitalised during the year ended March 31, 2019 is Rs. 4,721,948 (March 31, 2018 : Rs. 750,906). The rate used to determine the borrowing costs eligible for capitalisation was 9 % p.a. (March 31, 2018 : 9% p.a.), which is the effective interest rate of the specified borrowings.

Note 3.2 : Details of assets taken on finance lease :

	Plant and machinery	
	March 31, 2019 Rupees	March 31, 2018 Rupees
Gross block	338,287,816	338,287,816
Accumulated depreciation and impairment	253,247,280	206,257,310
Net block	**85,040,536**	**132,030,506**

Note 3.3 : Certain property plant and equipment are pledged against borrowings, the details relating to which have been described in Note 13(a) and 13(b).

Note 3.4 : The closing Capital work in progress as on 31.03.2019 mainly consists of costs incurred for modifications to the building.

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
As at the beginning of the year	86,033,913	-
Addditions during the year	62,519,941	145,657,690
Capitalisation during the year	138,997,473	59,623,777
As at the end of the year	**9,556,381**	**86,033,913**

Note No 4: Intangible Assets

Particulars	Computer Software	Total
Cost		
As at 01 April 2017	**8,603,530**	**8,603,530**
As at 31 March 2018	**8,603,530**	**8,603,530**
As at 31 March 2019	**8,603,530**	**8,603,530**
Depreciation and amortisation		
As at 01 April 2017	**4,734,049**	**4,734,049**
Charge for the year	3,856,954	3,856,954
As at 31 March 2018	**8,591,003**	**8,591,003**
Charge for the year	12,527	12,527
As at 31 March 2019	**8,603,530**	**8,603,530**
Net carrying amount		
As at 31 March 2018	**12,527**	**12,527**
As at 31 March 2019	**-**	**-**

Note 4.1 : Though the Company has fully amortised computer software asset, the same is still under use for business purpose.

Note 5: Financial assets

5(a) Trade receivables (current)

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Trade receivables form unrelated parties (unsecured)		
- Considered good	210,296,636	235,406,512
- Receivables with significant increase in credit risk	507,846	20,914,942
- Receivables - credit impaired	19,083,025	30,365,159
Receivables from related parties (considered good)(refer note 28)	98,092,523	41,199,653
	327,980,030	**327,886,265**
Less: Allowances for doubtful debts	(19,567,207)	(32,234,999)
Total trade receivables	**308,412,823**	**295,651,266**

There are no trade receivables which are due from directors or other officers of the Company either severally or jointly with any person.

Trade receivables are non interest bearing and are generally on terms of 60 to 180 days.

5(b) Cash and cash equivalents

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Balances with banks - in current accounts	7,919,908	7,836,285
Cash on hand	531	807
Total cash and cash equivalents	**7,920,439**	**7,837,092**

5(c) Other bank balances

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Deposits with remaining maturity of less than twelve months	9,391,421	8,869,488
Total other bank balances	**9,391,421**	**8,869,488**

5(d) Other financial assets

Particulars	March 31, 2019Rupees		March 31, 2018 Rupees	
	Non-Current	Current	Non-Current	Current
Financial guarantee asset	-	-	36,607,424	30,993,462
Security deposits#	22,476,666	42,000	20,823,265	246,750
Interest receivable on deposits	-	346,648	-	293,633
Receivable towards Industrial Promotion Subsidy under PSI, 2007 (refer note 34)	39,570,759	63,221,000	60,672,083	82,229,989
Total other financial assets	**62,047,425**	**63,609,648**	**118,102,772**	**113,763,834**

Security deposit mainly consists of deposit paid to Tata Capital Financial Services Limited for the property, plant and equipment under finance lease.

Starlite Lighting Limited

Notes to the Financial Statements for the year ended 31 March 2019

Note 6: Deferred tax assets

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Deferred tax liability		
Fixed assets : Impact of difference between tax depreciation and depreciation / amortization charged for the financial reporting	78,786,359	94,905,644
Total deferred tax liability	78,786,359	94,905,644
Deferred tax asset		
Provision for doubtful debts	12,288,087	9,993,820
Provision for warranty		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes	6,725,115	4,351,168
Losses available for offsetting against future taxable income	59,773,157	80,560,656
Deferred tax asset to the extent of liability	**78,786,359**	**94,905,644**
Deferred tax assets (net) recognised in the balance sheet	**-**	**-**

The Company has the following carry forward of business loss, unabsorbed depreciation, total credit entitlement and other deductible differences. However, in the absence of probability of future taxable profit it has not recognised deferred tax asset.

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Business loss	1,079,529,102	743,692,916
Unabsorbed depreciation	984,983,215	852,471,424
Total	**2,064,512,316**	**1,596,164,340**

The details of expiry of business loss is as under:

Year of loss	Amount	Expiry
2014-2015	31,426,869	2022-2023
2015-2016	24,782,605	2023-2024
2017-2018	372,558,620	2025-2026
2018-2019	314,924,822	2026-2027
2019-2020	335,836,186	2027-2028
Total	**1,079,529,102**	

There is no expiry date for unabsorbed depreciation.

Since the Company has not recognised net deferred tax asset, tax reconciliation as required by Ind AS is not given.

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 7: Advance Income tax

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Income tax asset (net)	235,565	52,656
Total income tax asset	**235,565**	**52,656**

Note 8: Other non-current assets (considered good)

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Capital advances	-	5,561,243
Total other non-current assets	**-**	**5,561,243**

Note 9: Inventories

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Raw Materials (including goods in transit of Rs. 23,192,746 (31 March 2018 : Rs. 29,245,680))	266,036,261	318,160,878
Work-in-progress	54,135,083	190,235,741
Finished goods	41,156,319	14,201,553
Stores and Spares	5,269,640	21,656,659
Packing and other material	15,549,200	12,319,999
Total inventories at lower of cost and net realisable value	**382,146,503**	**556,574,829**

During the year ended March 31, 2019, an amount of Rs. 265,984,101 (March 31, 2018: Rs. 178,036,272) was recognized as an expense towards provision for slow moving inventories (refer note 23).

Inventories have been pledged as security against bank borrowings, the details relating to which have been described in Note 13(a) and 13(b).

Note 10: Other current assets (considered good)

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Advances to suppliers	15,142,179	19,180,376
Advance to others	787,314	1,021,587
Prepaid expenses	5,447,840	6,983,611
Balances with government authorities	66,226,514	34,541,685
Total other current assets	**87,603,847**	**61,727,259**

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 11 : Equity Share Capital

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Authorised		
12,500,000 (March 31, 2018: 12,500,000) equity shares of Rs.10 each	125,000,000	125,000,000
Issued, subscribed and fully paid-up		
12,500,000 (March 31, 2018: 12,500,000) equity shares of Rs.10 each	125,000,000	125,000,000
	125,000,000	**125,000,000**

a. **Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the year:**

Particulars	March 31, 2019		March 31, 2018	
	Nos of Shares	Amount	Nos of Shares	Amount
Outstanding at the beginning and end of the year	12,500,000	125,000,000	12,500,000	125,000,000

b. **Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. During the year ended March 31, 2019, the amount of per share dividend recognised as distributions to equity shareholders was Rs.Nil (March 31, 2018: Rs.Nil)
Any dividend proposed by the Board of Directors of the Company is subject to approval of the shareholders at the Annual General Meeting.
In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held

c. **Details of shareholders holding more than 5% of equity shares in the Company:**

Name of Shareholder	March 31, 2019 Rupees		March 31, 2018 Rupees	
	No.	% Holding	No.	% Holding
Arvind Bharati	702,500	5.62	702,500	5.62
Ravindra Bharati	2,560,000	20.48	1,080,000	8.64
M/s Bajaj Electricals Limited	5,875,000	47.00	5,875,000	47.00
M/s Jamnalal & Sons	1,625,000	13.00	1,625,000	13.00
M/s Starlite Components Limited	687,500	5.50	687,500	5.50

c. No shares were alloted as fully paid-up pursuant to contracts without payment being received in cash during the year of five years immediately preceding the date of the balance sheet

d. There are no shares reserved for issue under options.

Starlite Lighting Limited

Notes to the Financial Statements for the year ended 31 March 2019

Note 12 : Other equity

Reserves and surplus	March 31, 2019Rupees	March 31, 2018 Rupees
Capital reserve	64,611,857	64,611,857
Securities premium	35,000,000	35,000,000
Retained earning	(2,751,930,669)	(1,705,431,741)
Total other equity	**(2,652,318,812)**	**(1,605,819,884)**

(i)	Capital reserve	March 31, 2019Rupees	March 31, 2018 Rupees
	Opening and closing balance*	64,611,857	64,611,857

* Capital Reserve has been created on account loans waived off by the banks in the Year 2006-07. The distribution of the amount will be subject to the restrictions placed by the Companies Act, 2013

(ii)	Securities premium	March 31, 2019Rupees	March 31, 2018 Rupees
	Opening and closing balance*	35,000,000	35,000,000

* Securities premium account has been created on account of 4,00,000 shares issued to Bajaj Electricals Limited in the year 2007-08 at a premium of Rs. 8.75 per share.The amount can be used for the purpose stated in section 52 of the Companies Act, 2013 (as amended). It is not available for distribution to shareholders.

(iii)	Retained earnings	March 31, 2019Rupees	March 31, 2018 Rupees
	Opening Balance	(1,705,431,741)	(650,080,685)
	Adjustment for Corporate Guarantee	(67,600,885)	43,243,891
	Loss for the year	(975,165,784)	(1,098,668,893)
	Other comprehensive income	(3,732,259)	73,946
	Closing Balance	**(2,751,930,669)**	**(1,705,431,741)**

The above reserves will be utilised in accordance with the provisions of the Companies Act, 2013.

Note 13(a) : Long term borrowings

Particulars	March 31, 2019 Rupees		March 31, 2018 Rupees	
	Non-Current	Current	Non-Current	Current
Debentures (secured)				
Debentures	-	1,548,552,910	842,076,325	250,000,000
Non-convertible preference shares (unsecured)				
10,000,000 9% Redeemable Preference Shares	152,509,714	-	139,384,293	-
5,000,000 9% Redeemable Preference Shares	68,764,046	-	62,845,156	-
30,000,000 Redeemable Preference Shares	516,156,693	-	471,726,562	-
Finance lease obligations (secured)	142,370,621	70,721,820	213,092,652	68,840,981
Term loan from related party (unsecured) (Refer note 28)	-	220,000,000	-	220,000,000
Sales tax deferral loan (unsecured)	1,184,547	992,523	2,177,070	1,354,459
	880,985,621	**1,840,267,253**	**1,731,302,059**	**540,195,440**
Amount disclosed under the head "Other financial liabilities" (refer note 13(c))	-	(1,840,267,253)	-	(540,195,440)
Total long term borrowings	**880,985,621**	**-**	**1,731,302,059**	**-**

(a) Debentures
The Debentures are secured by pari passu charge over Property, Plant & Equipment and corporate guarantee of Bajaj Electricals Limited. The details of repayment of principal and interest are as follows :-

Month of Repayment	Principal Amount	Interest Rate p.a
September, 2020	200,000,000	9.33%
April, 2021	200,000,000	9.33%
September, 2021	400,000,000	9.33%
March, 2022	250,000,000	11.50%
April, 2022	350,000,000	11.50%

As at the year end, there is breach of covenants attached to certain debentures. The breach results in breach of covenants attached to the remaining debentures also. Due to the breach, the lender has a right to demand immediate repayment of debentures, including interest thereon. Consequently, as at March 31, 2019, debentures have been classified as current liability by the Company. However, till the date of approval of the financial statements for the issue, no repayment of debentures has been demanded by the lender as a consequence of such breach.

(b) Preference shares
10,000,000 - 9% cumulative redeemable preference shares redeemable on June 30, 2024
5,000,000 - 9% cumulative redeemable preference shares redeemable on June 30, 2025
30,000,000 - 0% redeemable preference shares redeemable in 3 equal tranches at an yield of 10% on June 30, 2026, June 30, 2027 and June 30, 2028 respectively.

(c) Finance lease obligations
The Company has taken 3 assets on non-cancellable finance lease for a period of 36 to 60 months. Finance lease is secured by way of hypothecation of assets taken on lease and comfort letter from Bajaj Electricals.

(d) Loans from related party
The unsecured loan is from Bajaj Electricals Limited and carries an interest rate of MCLR + 1.25%.

(e) Sales tax deferral loan
The Sales Tax deferral loan is payable in 5 yearly installments.

Note 13(b) : Short term borrowings

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
From banks (secured)		
Cash credit	463,884,598	530,852,150
Working capital loan (secured)	501,136,675	261,364,203
Bill discounting (with recourse)	86,229,102	112,404,509
Loans from related party (unsecured) (Refer note 28)	199,666,666	199,666,667
Total short term borrowings	**1,250,917,041**	**1,104,287,529**

(a) Secured loans from banks

The loans are secured against stock, book debts, other receivables, property, plant & equipment and collateral security given by Bajaj Electricals Limited. The rate of interest 8.85% to 9.80%

(b) Working capital loan

The borrowing is for working capital purpose against book debts, other receivables, property, plant & equipment and comfort letter of Bajaj Electricals Limited and with charge over stock and receivables for a period of 12 months (yearly renewal). The rate of interest on these loans range from 8.36% to 11.75%.

(c) Bill discounting (with recourse)

The discounting facility is availed from bank and financial institution with recourse. The discounting charges are in the range of 8.65% to 11.75% p.a.

(c) Unsecured loan from related party

The unsecured loan is from Bajaj Electricals Limited and is repayable on demand. The rate of interest is MCLR plus 1.25%

Note 13(c): Other financial liabilities (current)

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Current maturities of long term debt [refer note 13 (a)]	1,840,267,253	540,195,440
Interest accrued but not due on borrowings	1,542,939	12,914,121
Interest accrued and due on borrowings	10,554,735	15,799,117
Employee related liabilities	10,031,459	6,651,824
Outstanding liabilities		
- Labour charges	3,446,774	2,386,874
- Audit fees	900,000	900,000
- Others	2,141,270	2,313,179
Total other financial liabilities	**1,868,884,430**	**581,160,555**

Note 13(d) : Trade payables

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Total outstanding dues of creditors other than micro enterprises and small enterprises	307,401,229	172,041,871
Trade payables to related parties (refer note 28)	314,876,370	376,598,234
Total trade payables	**622,277,599**	**548,640,105**

Trade payables (except Bajaj Electricals Limited) are non-interest bearing and generally have a payment term of 60 to 180 days.

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Notes to the Financial Statements for the year ended 31 March 2019

Note 14: Provisions

Particulars	March 31, 2019Rupees		March 31, 2018 Rupees	
	Long-Term	Short-Term	Long-Term	Short-Term
Employee benefit obligations				
Leave obligation	-	10,890,278	-	7,520,914
Gratuity (refer note 29)	11,849,147	561,552	6,885,148	295,063
Others				
Provision for warranty	-	27,694,665	-	6,202,771
Total provisions	**11,849,147**	**39,146,494**	**6,885,148**	**14,018,748**

Provision for warranty

Warranty Costs are provided on a technical estimate of costs required to be incurred for repairs, replacements, material used as per past experience in respect of warranty costs. It is expected that this expenditure will be incurred over the contractual warranty period.

The movement in the above provision are summarised below :

Particulars	March 31, 2019	March 31, 2018
Opening balance	6,202,771	-
- Provision created	30,591,894	6,202,771
- Provision utilized	(9,100,001)	-
Closing balance	**27,694,664**	**6,202,771**

Note 15 : Other current liabilities

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Statutory dues		
- Employee related liabilities	1,185,947	1,243,125
- TDS payable	2,563,386	3,375,533
- Others	4,494	4,494
Total other current liabilities	**3,753,827**	**4,623,152**

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 16: Revenue from operations

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Revenue from contracts with customers	1,365,321,041	1,553,766,601
Other operating revenue	23,139,886	66,228,156
Total	**1,388,460,927**	**1,619,994,757**

Note 16.1: Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
India	1,326,003,479	1,480,485,460
Outside India	39,317,562	73,281,141
Total revenue from contracts with customers	**1,365,321,041**	**1,553,766,601**

Timing of revenue recognition

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Goods transferred at a point in time	1,365,321,041	1,553,766,601
Total revenue from contracts with customers	**1,365,321,041**	**1,553,766,601**

Note 16.2: Contract balances

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Trade receivables	308,412,823	295,651,266
Toal	**308,412,823**	**295,651,266**

Trade receivables are non interest bearing and are generally on terms of 60 to 180 days.

Note 16.3: Reconciling the amount of revenue recognised in the Statement of Profit and Loss with the contracted price

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Revenue as per contracted price	1,371,847,151	1,553,766,601
Adjustments		
Warranties	(6,526,110)	-
Total revenue from contracts with customers	**1,365,321,041**	**1,553,766,601**

Note 16.4: Performance obligation

The performance obligation is satisfied upon delivery of consumer products to the customer. The contract also contains warranties for fixing the defects that existed at the time to sale to the customers.

Note 16.5: Implementation of Goods and Serice Tax

Effective from July 1, 2017, revenue is recorded net of Goods and Service Tax ('GST') whereas prior to July 1, 2017, revenue is recorded gross of excise duty which formed part of expenses. Hence, revenue from operations for the year ended March 31, 2019 is not comparable with that of the corresponding previous year.

Note 17: Other income

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Interest income	4,986,908	2,884,325
Exchange differences (net)	1,148,535	-
Total	**6,135,443**	**2,884,325**

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 18(a): Cost of materials consumed

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Raw materials at the beginning of the year	318,160,878	337,541,942
Add: Purchases	1,096,923,526	1,463,663,344
Add: Freight Inward	15,828,799	11,369,143
Less: Provision for impairment loss (refer note 23)	85,206,629	93,555,699
Less: Raw material at the end of the year	266,036,261	318,160,878
Total cost of material consumed	**1,079,670,313**	**1,389,488,709**

Note 18(b): Changes in inventories of work-in-progress and finished goods

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Opening balance		
Work-in-progress	190,235,741	134,833,101
Finished goods	14,201,553	47,300,796
Total opening balance	**204,437,294**	**182,133,897**
Closing balance		
Work-in-progress	54,135,083	190,235,741
Finished goods	41,156,319	14,201,553
Total closing balance	**95,291,402**	**204,437,294**
Changes in inventories	**109,145,892**	**(22,303,396)**

Note 19: Employee benefit expense

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Salaries, wages and bonus	79,116,817	63,716,384
Contribution to provident and other funds	7,291,571	5,999,176
Gratuity(refer note 29)	1,039,612	1,014,404
Leave compensation	3,537,064	1,880,638
Staff welfare expenses	410,582	669,768
Total employee benefit expense	**91,395,646**	**73,280,370**

The Company has capitalized expenditure related to salaries, wages and bonus amounting to Rs. 3,345,878 (31 March 2018 : Rs. 3,309,238). Consequently, expenses disclosed under salaries, wages and bonus are net of amounts capitalised by the Company.

Note 20: Depreciation and amortisation expense

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Depreciation of Property, plant and equipment (refer note 3)	161,015,742	157,966,106
Amortisation of intangible assets (refer note 4)	12,527	3,856,954
Total Depreciation and amortisation	**161,028,269**	**161,823,060**

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 21: Other expenses

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Spares and stores	13,153,513	16,065,432
Sub-contracting expenses	62,477,794	47,891,152
Power and fuel expenses	25,981,995	14,067,062
Freight and forwarding charges	4,517,572	14,253,045
Security charges	3,683,500	1,723,678
Rent	2,846,450	3,110,300
Rates and taxes	1,463,322	634,090
Insurance	1,258,018	803,877
Repairs and maintenance		
Plant and machinery	5,705,830	3,402,629
Buildings	27,400	242,003
Others	3,452,621	1,191,712
Advertising and sales promotion	491,520	-
Warranty expense	30,591,894	6,202,771
Travelling and conveyance	9,387,714	5,439,867
Legal and professional fees	5,500,519	6,736,914
Office expenses	2,235,608	1,450,848
Payment to auditor (refer details below)	1,166,408	1,085,756
Exchange differences (net)	-	3,022,065
Provision for doubtful debts	19,549,050	32,234,999
Sundry balances written off	837,728	17,286,987
Miscellaneous expenses	7,489,610	9,418,878
Total other expenses	**201,818,066**	**186,264,067**

Note 21a: Details of payments to auditors

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Payment to auditors		
As auditor:		
Audit fee	1,000,000	1,000,000
Reimbursement of expenses	166,408	85,756
Total payments to auditors	**1,166,408**	**1,085,756**

Note 22: Finance cost

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Interest on debts and borrowings	250,030,649	248,005,857
Other borrowing cost	72,262,543	78,896,060
Interest on others	62,711,589	63,990,521
Total finance costs	**385,004,780**	**390,892,438**

Note 23: Exceptional items

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Impairment of inventories (refer note a)	265,984,101	178,036,272
Reversal of Industrial Promotion Subsidy (refer note b)	47,339,689	-
Impairment of Property, Plant and Equipment (refer note a)	28,375,399	317,556,585
Total exceptional items	**341,699,188**	**495,592,857**

Note a: Impairment of inventories and property, plant and equipment

CFL technology has been replaced by LED and other newer technologies in lighting industry. Considering significant reduction in CFL business and lower future demand the Company has determined recoverable value of CFL assets using scrap value of underlying assets and recognized impairment loss accordingly.

Note b: Reversal of Industrial Promotion Subsidy

The Company is eligible for incentives under Package Scheme of Incentives, 2007 ('PSI 2007' or 'the Scheme') on a net basis i.e. based on amount of taxes payable after adjustment of set off or other credit available. Pursuant to Government Resolution No. PSI 2018/CR-117/IND-8 dated December 20, 2018, eligible units are entitled for investment subsidy only if SGST liability is paid through cash ledger. The Company had not discharged the said SGST liability through cash ledger and had utilised the available IGST input tax credit. Consequently, the Company has reversed the Industrial Promotion Subsidy which was not discharged through cash ledger considering the uncertainty over recoverability of the incentive amount.

Note 24: Capital & other commitments

a) As at March 31, 2019, the Company has Nil capital commitments. (31 March, 2018 : Rs. 17,119,201).

b) For commitments related to lease arrangements, please refer note 26.

Note 25: Earning per share

The following table reflects profit and share data used in basic and diluted EPS computations

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Loss before exceptional items	(633,466,596)	(603,076,036)
Loss after exceptional items	(975,165,784)	(1,098,668,893)
Weighted average number of equity shares outstanding during the year	12,500,000	12,500,000
Earning per share (nominal value of Rs. 10 Per Share)		
Before exceptional items - Basic & Diluted	(50.68)	(48.25)
After exceptional items - Basic & Diluted	(78.01)	(87.89)

Note 26: Leases

a) Finance Leases :

Assets acquired on finance lease mainly comprises plant & machineries. The leases have a primary period, which is fixed and non- cancellable. There is no renewal clause and the Company does not have right to obtain ownership as at the end of the lease period. The minimum lease payments ('MLP') and the present value thereof as at March 31, 2019 in respect of assets acquired under finance lease are as follows:

Particulars	March 31, 2019Rupees		March 31, 2018 Rupees	
	Minimum lease payments	Present value of MLP	Minimum lease payments	Present value of MLP
Within one year	90,378,817	70,721,820	96,103,812	68,840,981
After one year but not more than five years	158,805,648	142,370,344	249,184,465	213,092,163
More than five years	-	-	-	-
Total minimum lease payments	**249,184,465**	**213,092,164**	**345,288,277**	**281,933,144**
Less amounts representing finance charges	36,092,301	-	63,355,133	-
Present value of minimum lease payments	**213,092,164**	**213,092,164**	**281,933,144**	**281,933,144**

b) Operating Leases :

a) Lease payments recognised in the statement of profit & loss account Rs. 3,018,990. (31 March, 2018: Rs. 3,130,300).

b) General Description of lease agreement :
Leased assets includes warehouses at Vilholi and Wadhiware. All the leases are cancellable.

Note 27: Contingent liabilities

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
Claims against the company not acknowledged as debts:		
Direct tax matters	3,792,948	3,792,948
Indirect tax matters	4,977,851	22,300,006
Other matters	10,103,265	-
Total	**18,874,064**	**26,092,954**

Direct and indirect tax matters

The Company is contesting the demands and the management, believes that its position will likely be upheld in the appellate process. No tax expense has been accrued in the financial statements for the tax demands raised. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of the operations. Accordingly, no provision for the contingent liability has been recognized in the financial statement.

Other matters

An overseas vendor has demanded payments for LEDs so supplied by the vendor. The said matter is in dispute with the arbitrator under the provisions of the The Arbitration and Conciliation Act, 1996. The Management has been advised by its legal counsel that it is only possible, but not probable, that action will succeed as the LEDs supplied by the vendor were of sub-standard quality. Accordingly, no provision has been made in the financial statements.

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 28: Related party disclosure
a. Parties having joint control
Bajaj Electricals Limited

b. Other related parties where transactions have taken place during the year

Entities in which directors are interested
Starlite Component Limited
Solarcopyer Limited
Virtuoso Optoelectronics Private Limited
Reprolite Papers (I) Private Limited
Filament & Filament

Associate of Bajaj Electricals Limited
Hind Lamps Limited

c. Key managerial personnel
Ravindra Bharati, Managing Director
Arvind Didwania, Chief Financial Officer
Ravindra Uttekar, Company Secretary

Sr No	Name of parties	Period	Sales to related Parties	Purchases from related parties	Lease / Rent / Hire Charges	Job work & Other charges	Amount receivable from related parties	Amount payable to related parties
1	**Bajaj Electrical Limited**	March 31, 2019	941,659,545	278,634,033	-	-	98,092,523	313,821,451
		March 31, 2018	717,817,588	324,944,595	-	-	41,199,653	372,330,256
2	**Starlite Component Limited**	March 31, 2019	-	6,640	-	-	-	-
		March 31, 2018	565,276	409,600	105,000	-	-	92,925
3	**Solarcopyer Limited**	March 31, 2019	802,179	-	-	4,219,359	-	-
		March 31, 2018	-	4,914,000	-	1,192,863	-	1,352,964
4	**Virtuoso Optoelectronics Private Limited**	March 31, 2019	2,421,138	53,769	-	1,642,268	-	-
		March 31, 2018	1,459,404	-	-	17,454,884	-	1,378,622
5	**Hind Lamps Limited**	March 31, 2019	-	3,745,440	-	-	-	1,054,920
		March 31, 2018	-	6,805,050	-	-	-	1,168,766
6	**Filament & Filament**	March 31, 2019	-	-	300,900	-	-	-
		March 31, 2018	-	-	328,750	-	-	274,700

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Amount in Rs

Sr No	Loans from related parties	Period	Loans taken	Repayment	Expense Incurred	Loan Payable	Interest Payable
1	**Bajaj Electrical Limited**	March 31, 2019	287,572,392	-	46,895,822	869,666,667	9,651,615
		March 31, 2018	65,000,000	103,000,000	86,874,216	869,666,667	15,799,117
2	**Arvind Bharati**	March 31, 2019	-	-	-	-	-
		March 31, 2018	-	3,565,961	-	-	-

Amount in Rs

Sr No	Key managerial personnel	Period	Remuneration
1	**Ravindra Bharati**	March 31, 2019	4,015,000
		March 31, 2018	3,715,000
2	**Arvind Didwania**	March 31, 2019	1,883,424
		March 31, 2018	1,642,438
3	**Ravindra Uttekar**	March 31, 2019	869,135
		March 31, 2018	505,325

Terms and conditions of outstanding balances with related parties

Outstanding balances at the year-end are unsecured and settlement occurs in cash. For guarantees provided by related parties refer note 13(a) and (b). There are no guarantees provided by the Company to related parties. The Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 29: Gratuity

The Company has a defined benefit gratuity plan which is unfunded. Every employee who has completed 5 Years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The following table summarizes the components of net benefit expense recognized in the profit & Loss account status and amounts recognised in the balance sheet for the gratuity plan.

a. Change in defined benefit obligation

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Liability at the beginning of the year	7,180,211	5,824,166
Expenses recognised in the statement of profit and loss		
- Interest cost	563,109	436,045
- Current service cost	1,039,612	1,014,404
Recognised in other comprehensive income		
Re-measurement gains / (losses)		
i. Change in demographic assumptions	(614)	-
ii. Change in financial assumptions	130,187	(348,791)
iii. Experience variance	3,602,686	274,845
Benefits paid	(104,492)	(20,458)
Liability at the end of the year	**12,410,699**	**7,180,211**

The Company estimates Rs 561,552 (31 March 2018 Rs 295,063) to be paid within next one year.

b. Expenses recognised in the statement of profit and loss

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Net interest expense	563,109	436,045
Current service cost	1,039,612	1,014,404
Expense recognised in statement of profit and loss	**1,602,721**	**1,450,449**

c. Included in other comprehensive income

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Net actuarial gain / (loss) recognised	(3,732,259)	73,946
Actuarial gain or (loss) recognised in OCI	**(3,732,259)**	**73,946**

d. Actuarial assumptions

Particulars	March 31, 2019	March 31, 2018
Discount rate	7.80%	7.90%
Salary escalation rate	7.00%	7.00%
Attrition rate	2.00%	2.00%

The estimates of future salary increases, considered in actuarial valuation, take in to account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

e. Sensitivity

Discount rate	March 31, 2019	March 31, 2018
Change in liability for 1% decrease in discount rate	13,834,954	
Change in liability for 1% increase in discount rate	11,196,266	
Change in liability for 1% decrease in salary escalation rate	11,281,517	
Change in liability for 1% increase in salary escalation rate	13,705,139	
Change in liability for 1% decrease in attrition rate	12,319,240	
Change in liability for 1% increase in attrition rate	12,491,373	

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting year and the method of assumption used in preparing sensitivity analysis did not change compared to previous year.

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 30: Fair value measurements
Fair value by category
The carrying value of financial assets / liabilities by categories are as follows :

Particulars	March 31, 2019Rupees	March 31, 2018 Rupees
A. Financial assets		
*Measured at amortised cost**		
Trade receivables	308,412,823	295,651,266
Cash and cash equivalents	7,920,439	7,837,092
Other bank balances	9,391,421	8,869,488
Other financial assets	125,657,073	231,866,606
B. Financial liabilities		
Measured at amortised cost		
Trade payables	622,277,599	548,640,105
Other financial liabilities	1,868,884,430	581,160,555
Short term borrowings	2,942,543,786	1,674,025,113
Long term Borrowings	880,985,621	1,731,302,059

Except long term borrowing all financial assets and liabilities are short term. Hence, their value is not expected to be materially different from carrying amount.

Regarding long-term borrowing, the Company has determined the fair value to be not materially different to the carrying amount. The fair value is Level 3 fair value determined using DCF approach and observable inputs.

Note 31: Financial risk management objectives and policies

The Company's principal financial liabilities comprise of borrowings, trade payables and other financial liabilities. The main purpose of these financial liabilities is to finance the entity's operations. The Company's principal financial assets include trade receivables, cash and cash equivalents and other bank balances that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management provides assurance that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below.

(A) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. Credit risk encompasses the direct risk of default, the risk of deterioration of creditworthiness as well as concentration risks. The Company is exposed to credit risk from its operating activities mainly in relation to trade receivables.

Trade receivables

Trade receivables of the Company are typically unsecured and credit risk is managed through credit approvals and periodical monitoring of the creditworthiness of customers to which the Company grants credit terms.

The Company assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the Company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from such trade receivables. In respect of trade receivables, the Company has a provisioning policy that is commensurate to the expected losses. The provisioning policy is based on past experience, customer creditability, and also on the nature and specifics of business.

The maximum exposure to credit risk as at 31 March 2019 and 31 March 2018 is the carrying value of such trade and other receivables as shown in note 5(a) of the financials.

Reconciliation of impairment allowance on trade receivables

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Opening allowance	**32,234,999**	-
Created during the year	19,567,207	32,234,999
Utilised during the year	(32,234,999)	-
Closing allowance	**19,567,207**	**32,234,999**

Cash and cash equivalents

The Company maintains its cash and bank balances with credit worthy banks and reviews it on an on-going basis. Moreover, the interest-bearing deposits are with banks of reputation, good past track record and high-quality credit rating. Hence, the credit risk is assessed to be low. The maximum exposure to credit risk as at 31 March 2019 and 31 March 2018 is the carrying value of such cash and cash equivalents and deposits with banks as shown in note 5(c) of the financials.

(B) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or encounters difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Company manages liquidity risk by maintaining sufficient cash and bank balance and availability of funding through adequate amount of committed credit facilities.

Bank overdraft facilities are sanctioned for a period of one year which are then enhanced / renewed from time to time. Though the Bank overdrafts are repayable on demand as per the terms of sanction, these are usually renewed by all banks in normal circumstances. Hence Bank overdraft facilities are available for use throughout the year. The Company receives a line of credit from its related parties.The Company also receives a line of credit from its related parties. Also, Bajaj Electricals Limited (joint investor) has agreed to provide necessary financial support so that the Company is able to meets its obligations on time.

Maturities of financial liabilities

The table below summarises the maturity profile of the Company’s financial liabilities based on contractual undiscounted payments:

Particulars	Carrying value as at March 31, 2019	upto 1 year	More than 1 Year	Total
Borrowings	2,131,902,663	1,250,917,041	880,985,621	2,131,902,663
Trade payables	622,277,599	622,277,599	-	622,277,599
Other financial liabilities	1,868,884,430	1,868,884,430	-	1,868,884,430
Total	**4,623,064,692**	**3,742,079,071**	**880,985,621**	**4,623,064,692**

Particulars	Carrying value as at March 31, 2018	upto 1 year	More than 1 Year	Total
Borrowings	2,835,589,587	1,104,287,529	1,731,302,059	2,835,589,587
Trade payables	548,640,105	548,640,105	-	548,640,105
Other financial liabilities	581,160,555	581,160,555	-	581,160,555
Total	**3,965,390,248**	**2,234,088,189**	**1,731,302,059**	**3,965,390,248**

(C) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk such as commodity risk.

(i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates.

The Company has certain export sales and therefore is exposed to foreign exchange risk arising from foreign currency transactions. The Company also has imports payables arising out of trade in the normal course of business. As these commercial transactions are recorded in currency other than the functional currency (INR), the Company is exposed to Foreign Exchange risk arising from future commercial transactions and recognised assets and liabilities.

(a) Foreign currency risk exposure:

The Company's exposure to foreign currency risk at the end of the reporting period is as under :

Particulars	March 31, 2019		March 31, 2018	
	USD	EUR	USD	EUR
Financial assets	87,043	121,671	106,303	562,577
Financial liabilities	-	-	41,365	-

b) Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments is given below:

Financial assets

Currency	Change in Rate	Effect on profit before tax in INR	
		March 31, 2019	March 31, 2018
USD	+5%	301,043	361,429
USD	-5%	-301,043	-361,429
Euro	+5%	472,705	2,109,662
Euro	-5%	-472,705	-2,109,662

Financial liabilities

Currency	Change in Rate	Effect on profit before tax in INR	
		March 31, 2019	March 31, 2018
USD	+5%	-	140,641
USD	-5%	-	-140,641

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not have any long term variable borrowings. In case of short term borrowings, the interest rate is fixed in a large number of cases and linked to the LIBOR in a few cases. Hence, interest rate risk is assessed to be low. Accordingly, the sensitivity / exposure to change in interest rate is insignificant.

Note 32: Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder's value. The Company's Capital Management objectives are to maintain equity including all reserves to protect economic viability and to finance any growth opportunities that may be available in future so as to maximize shareholders' value. The Company is monitoring capital using debt equity ratio as its base, which is debt to equity. The Company's policy is to keep debt equity ratio below three and infuse capital if and when required through issue of new shares and/or better operational results and efficient working capital management.

The Company monitors capital on the basis of the following gearing ratio:

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
Borrowings (refer note 13 a & b)	2,131,902,663	2,835,589,587
Current maturities of long term debt (refer note 13 c)	1,840,267,253	540,195,440
Net debt (A)	**3,972,169,916**	**3,375,785,027**
Total equity (B)	**(2,626,930,669)**	**(1,580,431,741)**
Debt / equity ratio (A/B)	**(1.51)**	**(2.14)**

At the reporting date as well as at the end of the comparative period, the Company has negative equity. Hence its debt equity ratio is not met. However, the Company has received commitment from Bajaj Electricals Limited to continue providing funds so that the Company is able to meet its business obligations. Also, its liabilities include Rs 1,157,239,059 (31 March 2018 Rs 1,217,777,777) payable to Bajaj Electricals Limited. Considering, Bajaj Electricals Limited committment to continue providing support, these obligations are not likely to be called in near future.

Note 33: Going Concern

During the year ended March 31, 2019 the Company incurred a net loss of Rs 975,165,784 (March 31, 2018 Rs 1,098,668,893). As at March 31, 2019, the Company has accumulated losses of Rs 2,751,930,669 (March 31, 2018 Rs 1,705,431,741), negative net worth of Rs 2,527,318,812 (March 31, 2018 Rs 1,480,819,884) and negative working capital of Rs. 2,925,894,711 (March 31, 2018: Rs. 1,208,306,321). Also, there is a breach of debt covenants attached to debentures and the debenture holders have not agreed to waive the breach. The management plans to take steps to reduce its cost, diversify product portfolio, identify new customers and make the operations profitable in the future. Further, Bajaj Electricals Limited, being a significant shareholder and customer of the Company, has committed to provide continuing financial and operational support to the Company for its continued operations in the foreseeable future. Accordingly these financial statements have been prepared under the going concern assumption.

Starlite Lighting Limited
Notes to the Financial Statements for the year ended 31 March 2019

Note 34: Segment information

Operating segments are defined as components of an entity for which discrete financial information is available that is evaluated regularly by the Chief Operating Decision Maker ("CODM"), in deciding how to allocate resources and assessing performance. The Company's CODM is the Managing Director and the Company has only one reportable segment i.e. Consumer Products.

Consumer Products includes lighting products which includes CFL and LED lamps, its components and accessories and Water heaters, Air conditioners, Mixers and Blenders.The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by operating segments, viz. single segment of consumer products. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements.

Geographical segment:

The business is organised in two geographical segments i.e. within India and outside India.

a) Revenue from external customers

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
India	1,326,003,479	1,480,485,460
Outside India	39,317,562	73,281,141
Total revenue per statement of profit or loss	**1,365,321,041**	**1,553,766,601**

b) Non-current assets:

Particulars	March 31, 2019 Rupees	March 31, 2018 Rupees
India	1,291,410,666	1,465,673,644
Outside India	-	-
Total	**1,291,410,666**	**1,465,673,644**

All non-current assets of the Company are located in India.

c) Customers contributing more than 10% of the revenue

In the consumer products segment, 2 customers contributed to Rs 1,286,593,794 revenue accounting for 93% of the total revenue. In the previous year, in the consumer products segment, 2 customers contributed to Rs 1,435,807,371 revenue accounting for 89% of the total revenue

Note 35: Ind AS 115 - Revenue from contracts with customers

The Company has adopted Ind AS 115 'Revenue from Contracts with Customers' with effect from 1 April 2018. All sales are made by the Company at a point in time and revenue is recognised upon satisfaction of performance obligations which is typically upon dispatch/delivery. The application of Ind AS 115 did not have any significant impact on the recognition and measurement of revenue.

Note 36: Standards issued but not yet effective

Ministry of Corporate Affairs ("MCA") has notified following amendments to Ind AS on March 30, 2019 which is effective for the annual period beginning on or after April 1, 2019

(i) Ind AS 116: Leases

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17.

(ii) Appendix C to Ind AS 12 uncertainty over income-tax treatment

The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Company have used in tax computation or plan to use in their income tax filings.

(iii) Amendments to Ind AS 12: Income taxes

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

(iv) Amendments to Ind AS 19: Plan amendment, curtailment or settlement

The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

(v) Amendments to Ind AS 23: Borrowing

The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

The Company is in the process of evaluating the impact of the aforesaid amendments and have not yet quantified the impact.

Note 37:

The Hon'ble Supreme Court of India by their order dated 28 February 2019, in the case of Surya Roshani Limited v/s EPFO, set out the principles based on which allowances paid to the employees should be identified for inclusion in basic wages for the purposes of computation of Provident Fund contribution. Subsequently, a review petition against this decision has been filed and is pending before the Supreme Court for disposal. The Company is awaiting the outcome of the review petition, and also directions from EPFO, if any, to assess any potential impact on the Company and consequently no adjustments have been made in the books of account.

For S R B C & CO LLP
ICAI Firm Registration No.: 324982E/E300003
Chartered Accountants

Vishal Bansal
Partner
Membership No. 097546

Place of signature : Mumbai
Date: May 21, 2019

For and on behalf of Board of Directors
of Starlite Lighting Limited

Shekhar Bajaj
Chairman
DIN: 00089358

Ravindra Bharati
Managing Director
DIN: 00148936

Ravindra Uttekar
Company Secretary

Arvind Didwania
Chief Financial Officer

Place of signature : Mumbai
Date: May 21, 2019