

**Starlite Global Enterprises (FZE)
Sharjah Airport International Free Zone**

**Post Box 120692
Sharjah (U.A.E.)**

**Financial Statements &
Independent Auditor's Report
for the year ended March 31, 2020**

Starlite Global Enterprises (FZE)
SAIF Zone, Sharjah (U.A.E.)

Financial Statements for the year ended March 31, 2020
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**Manager's Report**

The manager of the Company has pleasure in submitting this report along with the financial statements of Starlite Global Enterprises (FZE) for the year ended March 31, 2020.

Legal status and shareholder:

Starlite Global Enterprises (FZE) is registered as a free zone establishment with limited liability at Sharjah Airport International Free Zone (SAIF Zone) in the emirate of Sharjah (U.A.E.) under commercial license no. 08326 & Certificate of Incorporation/Registration no. 4268.

M/s. Starlite Global Enterprises (India) Ltd. (formerly Telangana Spinning & Weaving Mills Ltd.), a company with limited liability registered under certificate of incorporation no. 915 & Company Identification No. L17110AP1962PLC000915 with Registrar of Companies, Telangana state, India is the sole shareholder of the Company holding 1 share of AED 150,000/-. The registered address of Starlite Global Enterprises (India) Ltd. (formerly Telangana Spinning & Weaving Mills Ltd.), is Suite No. 603, Shangrila Plaza, Plot No. 14, Road No. 2, Banjara Hills, Hyderabad, Telangana state, India - 500034.

Operations of the Company:

The Company is licensed to carry on the activity of general trading & during the year under review it was principally engaged in trading in textiles & construction materials.

The financial highlights of the Company are as below:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Revenue	8,545,190	11,846,103
Gross profit	755,072	738,646
Net profit	535,491	473,655
Total liabilities	1,345,224	1,548,730
Equity & shareholder's funds	4,829,508	4,294,017

The COVID-19 outbreak & resultant disruptions to economic activities may have impact on the Company's operations & financial performance. Management is in the process of carrying out detailed assessment that this event would have and pending this assessment, it would not be able to quantify the impact, this event may have on the Company's operations, financial performance, liquidity, solvency as well as going concern assumption. Management of the Company, based on its preliminary assessment & review, assures that it would be able to continue its operations in the foreseeable future and shareholder would provide necessary financial support, as and when required. Hence these financial statements are prepared on a going concern assumption.

Results & dividend:

Net profit for the year amounted to AED 535,491/- (previous year earned net profit of AED 473,655/-).

Current year net profit including opening balance of retained earnings is proposed to be carried forward.

Management's responsibilities & acknowledgements:

We confirm that management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards for Small & Medium-sized Entities (IFRS for SMEs), regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree no. 2 of 1995 and provisions of the Memorandum and Articles of Association of the Company.

Regd. Office : Executive Desk, Q 1-08, 045/A, P.O.Box No.120692, SAIF ZONE, Sharjah, U.A.E., LICENCE No.01-01-08326

Corporate Office : 202, CBI Building, Bank Street, Rolla, Sharjah, U.A.E., E-mail : info@starliteglobal.in

INDIA OFFICE : Suite 603, Shangrila Plaza, Plot # 14, Road # 2, Banjara Hills, Hyderabad - 500 034. T.S. INDIA.

Ph : +91 40 40909988, Fax : +91 40 40909900, Website : www.starlitegroup.co.in



STARLITE

GLOBAL ENTERPRISES (FZE)
Sharjah Airport International Free Zone

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This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The Company's management further states that there are no material uncertainties which would make the going concern assumption inappropriate.

Events occurring after the reporting date:

There were no important events occurring after the reporting date that would materially affect the working or the financial statements of the Company.

Auditors:

The Company's auditors, M/s. Kothari Auditors & Accountants, Sharjah (U.A.E.) are retiring at the end of the annual general meeting of the shareholder and being eligible have expressed their willingness to be re-appointed. A resolution to re-appoint them for the year 2020-21 and to fix their remuneration would be put up before the shareholder at the annual general meeting.

For Starlite Global Enterprises (FZE)

Ram Gopal Patwari
Manager



August 25, 2020
Sharjah, United Arab Emirates

Regd. Office : Executive Desk, Q 1-08, 045/A, P.O.Box No.120692, SAIF ZONE, Sharjah, U.A.E., LICENCE No.01-01-08326
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TRADING AROUND THE WORLD

Independent Auditor's Report

To the shareholder of
Starlite Global Enterprises (FZE)
SAIF Zone, Sharjah (U.A.E.)

Qualified opinion:

We have audited the financial statements of Starlite Global Enterprises (FZE) (the Company), which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity & shareholder's funds and statement of cash flows for the year then ended, and notes & schedule to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Starlite Global Enterprises (FZE) (the Company) as at March 31, 2020, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs) applied on a consistent basis.

Basis for Qualified Opinion:

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Sharjah (U.A.E.) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Our basis of qualified opinion is mentioned below:

- Amounts due from related parties of AED 3,491,968/- have not been tested for impairment.
- Advance for property purchase of AED 2,353,568/- has been stated at cost and has not been tested for impairment.
- Investments in subsidiaries of AED 85,536/- have been stated at cost & have not been tested for impairment.

Due to effect of above matters, net profit as well as equity & shareholder's funds could be overstated to the extent of impairment arising out of the above.

Emphasis of matters:

Without further qualifying our opinion we draw your attention to the following:

- The financial statements of subsidiaries (i.e. M/s. Starlite Global Enterprises, Maroc SARL, Morocco & M/s. Taxyarn Starlite SARL, Morocco) have not been consolidated in the enclosed financial statements and enclosed financial statements have been presented on stand alone basis. As represented by the management same will be consolidated at the ultimate parent company level.
- The management of the Company has represented that all its supplies are out of scope for U.A.E. VAT purposes and hence they have not registered for VAT. Further we have not carried out review of VAT compliances as per the Federal Decree-Law No. (08) of 2017 and hence do not express any opinion on same.
- The COVID-19 outbreak has caused disruptions throughout the world impacting the economic activities with forecast of economic downturns in several parts of the world. Management of the Company has, based on its preliminary assessment & review, assured that the Company would be able to continue its operations in the foreseeable future and financial support, if any would be provided as and when required. Due to uncertainty surrounding the length & extent of impact as well pending detailed assessment by the management, we are unable to review the impact of this event on the Company's liquidity, solvency, as well as going concern, if any, and hence unable to express an opinion on the impact that COVID-19 crisis may have on the Company.

كوتاري لتدقيق الحسابات

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Email: info@kaa.ae, Website: www.kothariauditors.com



Independent Auditor's Report (continued)

To the shareholder of

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Responsibilities of management and those charged with governance for the financial statements:

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree no. 2 of 1995 and provisions of the Memorandum and Articles of Association of the Company and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud and error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements:

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

A further description of the auditor's responsibilities for the audit of the financial statements can be found at Kothari Auditors & Accountants website page link at <http://www.kothariauditors.com/standards-commercial-company-laws-dubai.html>. This description forms part of our independent auditor's report.

Report on other legal and regulatory requirements:

Further, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit.
- The financial statements have been prepared and comply, in all material respects, with the regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree law no. 2 of 1995 and provisions of the Memorandum & Articles of Association of the Company.
- The Company has maintained proper books of accounts and the financial statements are in agreement therewith.
- The financial information included in the Manager's Report is consistent with the books of accounts and records of the Company.
- Note no. 5 & 7 to the financial statements discloses investments made by the Company in mutual funds & subsidiaries respectively.
- Note no. 4.1 to the financial statements discloses material related party transactions, and the terms under which they were conducted.
- Schedule no. 1 to the financial statements discloses loan from the shareholder.



Independent Auditor's Report (continued)

To the shareholder of

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

- Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Company has contravened, during the financial year ended March 31, 2020, any of the regulations of Sharjah Airport International Free Zone Authority issued pursuant to Emiri decree law no. 2 of 1995 and the provisions of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at March 31, 2020.

VRCotmanu

Kothari Vipul R.

Ministry of Economy Registration No. 159

Kothari Auditors & Accountants

August 25, 2020

Sharjah, United Arab Emirates



Ref: S/RP-3145/2020

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Statement of Financial Position as at March 31, 2020

Particulars	Note no.	2019-20 AED	2018-19 AED
Assets:			
Non-current assets			
Investments	5	191,671	168,999
Advance for property purchase	6	2,353,568	1,684,246
Investments in subsidiaries	7	85,536	85,536
		<u>2,630,775</u>	<u>1,938,781</u>
Current assets			
Prepayments	8	9,663	8,809
Accounts receivables	9	-	1,036,952
Amounts due from related parties	10	3,491,968	2,163,202
Cash and bank balances	11	42,326	695,003
		<u>3,543,957</u>	<u>3,903,966</u>
Total assets employed		<u>6,174,732</u>	<u>5,842,747</u>
Equity, shareholder's funds and liabilities:			
Equity & shareholder's funds			
Share capital	12	150,000	150,000
Reserves & surplus	13	4,083,440	3,547,949
Equity		4,233,440	3,697,949
Loan from shareholder	Sch 1	596,068	596,068
Equity & shareholder's funds		4,829,508	4,294,017
Non-current liabilities			
Loans & advances from others	14	1,338,399	1,512,219
		<u>1,338,399</u>	<u>1,512,219</u>
Current liabilities			
Provisions, accruals and other liabilities	15	6,825	36,511
		<u>6,825</u>	<u>36,511</u>
Total liabilities		<u>1,345,224</u>	<u>1,548,730</u>
Total equity, shareholder's funds and liabilities		<u>6,174,732</u>	<u>5,842,747</u>

The attached note nos. 1 - 24 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5. The board of directors have approved & authorized the manager for the issuance of these financial statements on August 25, 2020

For Starlite Global Enterprises (FZE)



Ram Gopal Patwari
Manager



Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Statement of Comprehensive Income for the year ended March 31, 2020

Particulars	Note no.	2019-20 AED	2018-19 AED
Revenue		8,545,190	11,846,103
Direct costs	16	<u>(7,790,118)</u>	<u>(11,107,457)</u>
Gross profit		755,072	738,646
Other income	17	27,237	43,344
Selling & distribution costs	18	(12,597)	(34,607)
Administrative costs	19	(47,534)	(66,119)
Finance costs	20	(182,884)	(185,848)
Other expenses	21	<u>(3,803)</u>	<u>(21,761)</u>
Net profit for the year		<u>535,491</u>	<u>473,655</u>

The attached note nos. 1 - 24 and schedule no. 1 form an integral part of these financial statements.

Auditor's report is on page nos. 3 - 5. The board of directors have approved & authorized the manager for the issuance of these financial statements on August 25, 2020

For Starlite Global Enterprises (FZE)



Ram Gopal Patwari
Manager



Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Statement of Changes in Equity and Shareholder's Funds for the year ended March 31, 2020

Particulars	Amount in U.A.E. Dirhams (AED)				
	Share capital	General reserve	Retained earnings	Loan from shareholder	Total
Balance at March 31, 2018	150,000	62,694	3,011,600	596,068	3,820,362
Net profit for the year	-	-	473,655	-	473,655
Net movement	-	-	-	-	-
Balance at March 31, 2019	150,000	62,694	3,485,255	596,068	4,294,017
Net profit for the year	-	-	535,491	-	535,491
Net movement	-	-	-	-	-
Balance at March 31, 2020	150,000	62,694	4,020,746	596,068	4,829,508

The attached note nos. 1 - 24 and schedule no. 1 form an integral part of these financial statements.
Auditor's report is on page nos. 3 - 5.

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Statement of Cash Flows for the year ended March 31, 2020

Particulars	Note no.	2019-20 AED	2018-19 AED
Cash flows from operating activities			
Net profit for the year		535,491	473,655
Adjustments for:			
Change in the fair value of investment in mutual funds		(8,466)	21,761
Finance costs		<u>182,884</u>	<u>185,848</u>
Operating cash flows before changes in working capital		709,909	681,264
Working capital changes:			
Movement in accounts receivables		1,036,952	(466,850)
Movement in prepayments		(854)	(2,584)
Movement in provisions, accruals & other liabilities		<u>(29,686)</u>	<u>(11,109)</u>
Net cash generated from operating activities		1,716,321	200,721
Cash flows from investing activities:			
Movement in investments		(14,206)	(190,760)
Movement in dues from related parties		(1,328,766)	1,210,802
Movement in advance for property purchase		<u>(669,322)</u>	<u>(366,466)</u>
Net cash (used in)/generated from investing activities		(2,012,294)	653,576
Cash flows from financing activities:			
Finance cost		(182,884)	(185,848)
Movement in loans & advances from others		<u>(173,820)</u>	<u>(101,178)</u>
Net cash (used in) financing activities		(356,704)	(287,026)
Net (decrease)/increase in cash and cash equivalents		(652,677)	567,271
Cash and cash equivalents at beginning of the year		<u>695,003</u>	<u>127,732</u>
Cash and cash equivalents at end of the year	11	<u>42,326</u>	<u>695,003</u>
Non cash transactions	22		

The attached note nos. 1 - 24 and schedule no. 1 form an integral part of these financial statements.
Auditor's report is on page nos. 3 - 5.

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Notes to the Financial Statements for the year ended March 31, 2020

1. Status and activity:

Starlite Global Enterprises (FZE) is registered as a free zone establishment with limited liability at Sharjah Airport International Free Zone (SAIF Zone) in the emirate of Sharjah (U.A.E.) under commercial license no. 08326 & Certificate of Incorporation/Registration no. 4268.

M/s. Starlite Global Enterprises (India) Ltd. (formerly Telangana Spinning & Weaving Mills Ltd.), a company with limited liability registered under certificate of incorporation no. 915 & Company Identification No. L17110AP1962PLC000915 with Registrar of Companies, Telangana state, India is the sole shareholder of the Company holding 1 share of AED 150,000/-. The registered address of Starlite Global Enterprises (India) Ltd. (formerly Telangana Spinning & Weaving Mills Ltd.), is Suite No. 603, Shangrila Plaza, Plot No. 14. Road No. 2, Banjara Hills, Hyderabad, Telangana state, India – 500034.

The principal place of business is at executive desk, Q1 -08-046/A, SAIF Zone, Sharjah (U.A.E.) and registered address of the Company is Post Box 120692, SAIF Zone, Sharjah (U.A.E.).

The Company is licensed to carry on the activity of general trading & during the year under review it was principally engaged in trading in textiles & construction materials.

2. Basis of preparation:

2.1. Statement of compliance:

These financial statements have been prepared in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs), issued by the International Accounting Standards Board (IASB).

2.2. Basis of measurement:

These financial statements have been prepared under the going concern assumption and historical cost convention except in respect of those financial instruments, which are presented at their fair values and properly disclosed elsewhere in the report.

The COVID-19 outbreak & resultant disruptions to economic activities may have impact on the Company's operations & financial performance. Management is in the process of carrying out detailed assessment that this event would have and pending this assessment, it would not be able to quantify the impact, this event may have on the Company's operations, financial performance, liquidity, solvency as well as going concern assumption. Management of the Company, based on its preliminary assessment & review, assures that it would be able to continue its operations in the foreseeable future and shareholder would provide necessary financial support, as and when required. Hence these financial statements are prepared on a going concern assumption.

2.3. Basis of accounting and coverage:

The Company follows the accrual basis of accounting except for statement of cash flows which is presented on a cash basis. Under the accrual basis, the transactions and events are recognized as and when they occur and are recorded in the financial statements for the period to which they relate to.

The financial statements enclosed cover the period from April 01, 2019 to March 31, 2020. Previous year figures are for the period from April 01, 2018 to March 31, 2019 and have been regrouped where necessary.

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

2.4. Functional & presentation currency:

The financial statements are presented in United Arab Emirates Dirham (AED), whereas the Company's functional currencies are United Arab Emirates Dirham (AED), United States Dollar (USD), Euro (EUR), Indian Rupees (INR) & Moroccan Dirham (MAD). All financial information presented in AED has been rounded off to the nearest UAE Dirham.

2.5. Use of estimates & judgments:

The preparation of financial statements in conformity with IFRS for SMEs requires management to make estimates, judgments and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected & same are mentioned under respective accounting policy note.

The following accounting estimates and management judgments which are material in nature, have been considered, in the preparation of financial statements.

- Impairment of investments:

Management determines at each reporting date whether there is any objective evidence that the investments are impaired. If this is the case, the Company calculates the amount of impairment as the difference between the recoverable amount of the investment and its carrying value and recognises the amount in the statement of comprehensive income.

- Impairment of accounts receivables:

Accounts receivables are subjected to recoverability test on a periodical basis when collection of full amount is no longer probable. Accounts receivable balances which are individually significant, are verified for ageing, subsequent receipts & balance confirmations. Accounts receivable balances which are individually not material, are assessed collectively & estimated reserve for impairment of accounts receivables is created if same is outstanding for beyond normal credit terms & doubtful.

- Impairment of amounts due from related parties:

Amounts due from related parties are subjected to recoverability test on a periodical basis when realization of full amount is no longer probable. Amounts due from related parties which are individually significant, are verified for ageing, subsequent recoverability & balance confirmations. Amounts due from related parties which are individually not material, are assessed collectively & estimated reserve for impairment of amounts due from related parties is created if same is outstanding for beyond normal agreed terms & doubtful.

3. Summary of significant accounting policies:

3.1. Current and non-current classification:

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle.
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period.
- 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 current when:

- It is expected to be settled in 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.
- 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.

3.2. Inventories:

Inventories, if any are carried at the lower of cost and net realizable value (estimated selling price less cost to complete and selling expenses). Cost includes aggregate of purchase price, including applicable cost bring the inventory to the present condition, valued at 'first-in-first-out' method.

Any excess of carrying amount, over the net realizable value is charged immediately as impairment loss through statement of comprehensive income. Inventory items, which are slow moving or obsolete are assessed and reserve for impairment is created based on their ageing and saleability.

3.3. Investment in subsidiaries:

Company had adopted the policy of measuring investments in subsidiaries at cost. The financial statements of subsidiaries have not been consolidated in the enclosed financial statements and enclosed financial statements have been presented on stand alone basis. As represented by the management same will be consolidated at the ultimate parent company level.

Investments represent investment in 100 unquoted shares of Moroccan Dirham 1,000/- each for 100% ownership in share capital of M/s. Starlite Global Enterprises, Maroc SARL, Morocco & M/s. Taxyarn Starlite, Maroc SARL, Morocco. Same have been stated at cost.

3.4. Advance for property purchase:

a. Advance for property purchase represents installments paid to the developer, M/s. Damac Homes LLC, for purchase of residential property, Aquilegia @ Akoya Oxygen, Unit AQA/SD114/XT514B located at Dubai (U.A.E.) & same is in the personal name of the manager.

b. Further, advance for property purchase also includes amount paid for the aquisition of land located at Tangier Free Zone, Tangier, Morocco in the name of its subsidiary, M/s. Taxyarn Starlite, Maroc SARL, Morocco.

Said advances are from Company funds & hence have been stated herein. Same would be capitalised on receipt of possession of completed property/land. Said advance has been stated at cost & has not been tested for impairment.

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

3.5. Property, plant and equipment:

The Company did not have any property, plant & equipment during the year under review.

3.6. Financial instruments:

The Company recognizes a financial instrument (being a financial asset or financial liability) only when the Company becomes a part of the contractual provisions of the instrument.

Accounting policy relevant to each type of financial instrument is as follows:

a. Cash & cash equivalents:

Cash and cash equivalents comprises of balance with bank in current account.

b. Accounts receivables:

Accounts receivables are amounts due from customers towards sale of goods in the ordinary course of business. Accounts receivables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less reserve for impairment of accounts receivables. A reserve for impairment of accounts receivables is recognised when it is probable that the Company will not be able to collect all amounts due according to original terms of the accounts receivables.

c. Accounts payable:

Accounts payable represent obligations towards purchase of goods in the ordinary course of business. Same is free of interest & payable at the end of credit period granted by the suppliers. Accounts payables are recognized initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method.

d. Other financial assets:

Other financial assets are recognised initially at transaction value and subsequently measured at amortised cost using the effective interest method less impairment. However, all other financial assets have a value on realization in the ordinary course of the Company's business, which is at least equal to the amount at which they are stated in the statement of financial position.

e. Other financial liabilities:

Other financial liabilities, including borrowings if any, are initially measured at transaction value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

f. Investments in mutual funds:

Investments represents investments by the Company, to enhance the Company's business interest or to effectively utilize the surplus resources. Investments are classified as either long term or short term, based on the intention of the management, at the time of purchase. Investments in mutual funds is stated at fair value.

Starlite Global Enterprises (FZE)

SAIF Zone, Sharjah (U.A.E.)

Notes to the Financial Statements for the year ended March 31, 2020 (continued)

A financial asset (or where applicable a part of a financial asset or a part of group of similar financial assets) is de-recognised either when:

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

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and the Company intends to settle on a net basis.

3.7. Impairment of non-financial assets:

At each reporting date, the Company reviews the carrying amounts of its non-financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

3.8. Impairment of financial assets:

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. A financial asset or a group of financial assets is deemed to be impaired if and only if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of asset (an incurred "loss event") and that loss event (events) has an impact on the estimated future cash flows of the financial assets or the group of financial assets can be readily estimated.

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

If such evidence exists, any impairment loss is recognised in the statement of comprehensive income. Impairment is determined as follows.

- For assets carried at fair value, impairment is the difference between the cost and fair value less any impairment loss previously recognised in the statement of comprehensive income.
- For assets carried at cost, impairment is the difference between the carrying amount and the present value of future cash flows discounted at the current market rate of return for a similar asset.
- For assets carried at amortized cost, impairment is the difference between carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest.

Reversal of impairment losses recognised in prior years is recorded when there an indication that the impairment losses recognised for the financial asset no longer exist or have decreased and the decrease can be related objectively to an event occurring after the impairment was recognised.

3.9. Leases:

Leases are classified as finance leases when substantially all risks and rewards of ownership are transferred to the lessee. All other leases are operating leases.

Operating lease:

Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight line basis over the lease term. Generally the Company's operating leases are for annual duration and hence the Company is not exposed to any operating lease obligations.

3.10. Employee benefits:

Employee benefits if any, have been provided for in accordance with the contractual terms with the employees, but are however subject to minimum of U.A.E. Labour Law requirements. The accrual relating to annual leave and leave passage is disclosed as a current liability, while the provision relating to end of service benefits is disclosed as a non-current liability.

3.11. Provisions & contingencies:

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of economic benefits would be required to settle these obligations, and a reliable estimate of the same can be made.

Contingent liabilities are not recognized but are disclosed in the notes to financial statements. A disclosure of contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When likelihood of outflow is remote, no provision or disclosure is made.

3.12. General reserve:

General reserve represents amount set aside by the Company out of net profits. This being a free reserve is to be utilized at the discretion of the management.

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

3.13. Value added tax:

As per the Federal Decree-Law No. (08) of 2017, effective from January 1, 2018, Value Added Tax (VAT), will be charged at 5% standard rate or 0% (as the case may be) on every taxable supply and deemed supply made by the Company. The Company is required to file its VAT returns and compute the payable / receivable tax (which is output tax less input tax / input tax) for the allotted tax period(s) and deposit / claim refund the same within the prescribed due dates of filing VAT return. As represented by the management, all the taxable supplies during the year are out of scope and hence the Company has not registered for VAT.

3.14. Revenue recognition:

Revenue is recognized when it is probable that the economic benefit will flow to the Company and the revenue can be reliably measured. Revenue is measured at fair value of consideration received or receivable, excluding discounts, rebates & duties.

Revenue includes the invoiced value of trading goods supplied during the year & is recognised when the significant risk and reward of ownership have transferred to the buyer, the entity loses effective control and ownership over the goods, it is probable that the economic benefit will flow to the Company and the amount can be measured reliably. Commission income is recognised when the deal is executed as per the terms of contract & invoice for same is raised or amount received whichever is earlier.

Finance income:

Interest income on mutual funds is accounted on effective yield basis.

Other income:

Other income is recognized as & when due or received whichever is earlier.

3.15. Expenditure:

Expenses are accounted for on the accrual basis and provisions are made for all known losses and liabilities. Expenses are presented in the statement of comprehensive income, classified according to the function of expense.

3.16. Foreign currencies transactions:

Transactions in foreign currency, if any, are converted into functional currency at prevailing exchange rate on the date such transactions are entered into.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies which are stated at historical cost or fair value, are translated into functional currency at the exchange rates prevailing on the date of such transaction or the date of determination of fair value respectively.

Resultant loss or gain has been recognized in the statement of comprehensive income, in the year in which such assets are realized or liabilities are discharged.

4. Other significant disclosures:

4.1. Related party transactions:

The Company enters into transactions with another Company/person that fall within the definition of a related party as per the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

The management & shareholder consider that the terms of trade with such related parties are based on commercial terms & conditions agreed upon with them by the management.

Related parties with whom the Company had entered into transactions during the year under review comprise of the shareholder/holding company, subsidiary companies, group company & manager as stated here under:

<u>Name of the related parties</u>	<u>Control</u>	<u>Relation</u>
M/s. Starlite Global Enterprises (India) Ltd., Hyderabad, India	100%	Shareholder/Holding company
M/s. Starlite Global Enterprises, Maroc SARL, Morocco	100%	Subsidiary company
M/s. Taxyarn Starlite, Maroc SARL, Morocco	100%	Subsidiary company
M/s. Starlite Spintech Limited, Hyderabad, India	Common control	Group company
Mr. Ram Gopal Patwari	Manager	Key management personnel

During the year under review, following transactions were entered into with related parties:

<u>Nature of transactions</u>	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Sales:		
Sales to group company	132,253	-
Purchases:		
Purchases from group company	7,786,263	11,107,457
Other transactions:		
Interest on loan from shareholder	44,153	44,153

Investment in subsidiaries:

Investments in subsidiaries represents amount invested for 100% ownership in share capital of M/s. Starlite Global Enterprises, Maroc SARL, Morocco & M/s. Taxyarn Starlite, Maroc SARL, Morocco. Same have been stated at cost & have not been tested for impairment.

Amounts due from related parties:

Amounts due from related parties are free of interest.

Loan from shareholder:

Loan from shareholder does not have any fixed repayment schedule & carries interest @ 8.00% p.a. on initial loan balance (previous year @ 8.00% p.a. on initial loan balance).

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

4.2. Financial, capital risk management & fair value information:

a. Credit, liquidity & market rate risk:

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counter-party to a financial instrument fails to meet its contractual obligations.

The Company's cash is placed with banks of repute.

The exposure to credit risk on accounts receivables and amounts due from related parties is monitored on an ongoing basis by the management and these are considered recoverable by the Company's management. The Company does not have any accounts receivables and hence does not have any concentration of accounts receivables and consequent risk to that extent (previous year 100% of accounts receivables from 1 customer).

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when it falls due. The Company's assets are sufficient to cover its financial obligations.

The table below summarises the maturity profile of the Company's financial liabilities on contractual undiscounted payments.

	Less than 6 months	6 months to 1 year	More than 1 year	Total AED
Financial liabilities as on March 31, 2020				
Provisions, accruals & other liabilities	6,825	-	-	6,825
Amounts due to related parties	-	-	1,338,399	1,338,399
Total	6,825	-	1,338,399	1,345,224

	Less than 6 months	6 months to 1 year	More than 1 year	Total AED
Financial liabilities as on March 31, 2019				
Provisions, accruals & other liabilities	36,511	-	-	36,511
Loans & advances from others	-	-	1,512,219	1,512,219
Total	36,511	-	1,512,219	1,548,730

Market risk:

Market risk is the risk that changes in market prices, such as investment prices, interest rates and currency rates will affect the Company's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk:

Interest rate risk is the risk of variability in profit due to change in interest rates on interest bearing assets and interest bearing liabilities.

Loan from shareholder does not have any fixed repayment schedule & carries interest @ 8.00% p.a. on initial loan balance (previous year @ 8.00% p.a. on initial loan balance). Loan from others is at an interest rate of 8.00% p.a. (previous year @ 8.00% p.a.).

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

Currency risk:

Currency risk faced by the Company is minimal as there are minimal foreign currency transactions. Most of the monetary assets and liabilities are denominated in United Arab Emirates Dirhams (AED) or in United States Dollar (USD), which is pegged to AED.

However the Company is exposed to following foreign currency risk:

	<u>2019-20</u>	<u>2018-19</u>
Bank current account in Euro (€)	4,973	9,079
Amounts due from related parties in Moroccan Dirham	158,512	158,512
Investments in subsidiaries in Moroccan Dirham	200,000	200,000
Advance for property purchase in Moroccan Dirham	3,830,215	2,458,210

Any fluctuation in the above currencies would affect the profitability & consequently the equity & shareholder's funds to that extent.

Other risks:

- Revenue risk:

The Company has generated revenue from 2 customers including 1 related party customer which formed 100% of revenue (previous year generated revenue from 3 customers which formed 100% of revenue). Hence there is revenue risk to that extent.

- Purchase/sourcing risk:

The Company has procured material from 1 related party supplier which form 100% of purchases (previous year 100% of purchases from 1 related party supplier) and discontinuance of supply from them can have a material impact on the sourcing of goods and hence there is procurement risk to that extent.

4.3. Capital management:

The Company's policy is to maintain a strong capital base so as to maintain lender and creditor confidence and to sustain future development of the business. The Company is not subject to externally imposed capital restrictions.

4.4. Fair value information:

Fair value represents the amount at which an asset could be exchanged or a liability settled in an arm's length transaction, between willing & knowledgeable parties. In respect of all the Company's financial assets viz cash & bank balances, receivables, advances, deposits, accrued income and liabilities viz dues to banks, payables, accruals and other non-current liabilities, in the opinion of the management, the book value approximates to their carrying value.

5. Investments:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Investment in mutual funds	191,671	168,999
	<u>191,671</u>	<u>168,999</u>

Investments in mutual funds represent investment in executive redemption bonds - OMIME (Old Mutual International). Said investments are stated at fair value.

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

6. Advance for property purchase:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Advances for property purchase	<u>2,353,568</u>	<u>1,684,246</u>
	<u>2,353,568</u>	<u>1,684,246</u>

a. Advance for property purchase represents installments paid to the developer, M/s. Damac Homes LLC, for purchase of residential property, Aquilegia @ Akoya Oxygen, Unit AQA/SD114/XT514B located at Dubai (U.A.E.) & same is in the personal name of the manager.

b. Further, advance for property purchase also includes amount paid for the acquisition of land located at Tangier Free Zone, Tangier, Morocco in the name of its subsidiary, M/s. Taxyarn Starlite, Maroc SARL, Morocco.

Said advances are from Company funds & hence have been stated herein. Same would be capitalised on receipt of possession of completed property/land. Said advance has been stated at cost & no impairment is required against the same.

7. Investments in subsidiaries:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Investment in shares of Starlite Global Enterprises, Maroc SARL, Morocco	45,000	45,000
Investment in shares of Taxyarn Starlite SARL, Morocco	<u>40,536</u>	<u>40,536</u>
	<u>85,536</u>	<u>85,536</u>

Investments represent investment in 100 unquoted shares of Moroccan Dirham 1,000/- each for 100% ownership in share capital of M/s. Starlite Global Enterprises, Maroc SARL, Morocco & M/s. Taxyarn Starlite, Maroc, SARL, Morocco. Same have been stated at cost.

8. Prepayments:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Prepayments	<u>9,663</u>	<u>8,809</u>
	<u>9,663</u>	<u>8,809</u>

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

9. Accounts receivables:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Trade receivables	-	1,036,952
	<u>-</u>	<u>1,036,952</u>

Age-wise analysis of accounts receivables is as follows:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Outstanding for less than 3 months	-	1,036,952
	<u>-</u>	<u>1,036,952</u>

Geographical analysis of accounts receivables is as follows:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Due from Bangladesh	-	1,036,952
	<u>-</u>	<u>1,036,952</u>

The Company's exposure to credit risk relating to accounts receivables is disclosed in note 4.2.a.

10. Amounts due from related parties:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Due from subsidiary company	60,543	60,543
Due from group company	3,431,425	2,102,659
	<u>3,491,968</u>	<u>2,163,202</u>

Amounts due from related parties represent advances against purchases/expenses. Said balances are free of interest.

11. Cash and bank balances/Cash & cash equivalents:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Balance with bank in current accounts	42,326	695,003
	<u>42,326</u>	<u>695,003</u>

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

12. Share capital:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Share capital	<u>150,000</u>	<u>150,000</u>
	<u>150,000</u>	<u>150,000</u>

Share capital of Starlite Global Enterprises (FZE) comprises of 1 fully paid up share of AED 150,000/- (previous year 1 fully paid up share of AED 150,000/-).

13. Reserves & surplus:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
General reserve	62,694	62,694
Retained earnings	<u>4,020,746</u>	<u>3,485,255</u>
	<u>4,083,440</u>	<u>3,547,949</u>

14. Loans & advances from others:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Loan from others	<u>1,338,399</u>	<u>1,512,219</u>
	<u>1,338,399</u>	<u>1,512,219</u>

Loan from others is without any fixed repayment schedule & carries interest @ 8.00% p.a. (previous year 8.00% p.a.).

15. Provisions, accruals & other liabilities:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Accrued expenses	6,825	6,825
Commission payable	<u>-</u>	<u>29,686</u>
	<u>6,825</u>	<u>36,511</u>

16. Direct costs:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Purchases & other direct expenses	7,786,263	11,107,457
Other direct expenses	<u>3,855</u>	<u>-</u>
	<u>7,790,118</u>	<u>11,107,457</u>

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

17. Other income:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Commission received	-	6,714
Gain on exchange differences	-	27,326
Interest received on mutual funds	18,731	9,304
Change in the fair value of investment in mutual funds (profit)	8,466	-
Credit balances written back	40	-
	<u>27,237</u>	<u>43,344</u>

18. Selling & distribution costs:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Commission on sales	<u>12,597</u>	<u>34,607</u>
	12,597	34,607

19. Administrative costs:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Office rent	18,163	19,552
Communication expenses	303	59
Fees & charges	15,011	20,208
Office & other expenses	<u>14,057</u>	<u>26,300</u>
	<u>47,534</u>	<u>66,119</u>

20. Finance costs:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Bank charges	39,590	29,679
Interest on loan from shareholder	44,153	44,153
Interest on loan from others	<u>99,141</u>	<u>112,016</u>
	<u>182,884</u>	<u>185,848</u>

21. Other expenses:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Change in the fair value of investment in mutual funds (loss)	-	21,761
Loss on exchange differences	<u>3,803</u>	-
	<u>3,803</u>	<u>21,761</u>

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Notes to the Financial Statements for the year ended March 31, 2020 (continued)

22. Non-cash transactions:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Change in the fair value of investment in mutual funds (gain)	8,466	-
(Increase) in investments	<u>(8,466)</u>	<u>-</u>
	<u>-</u>	<u>-</u>

23. Contingent liabilities:

	<u>2019-20</u>	<u>2018-19</u>
	<u>AED</u>	<u>AED</u>
Progress payments for property purchase	560,000	770,000

Except for the above and other ongoing business commitments against which no loss is expected, there has been no known contingent liability or commitments, as on reporting date.

24. Events occurring after the reporting date:

There were no other significant events occurring after the reporting date that would materially affect the working or the financial statements of the Company.

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Schedule to the Financial Statements for the year ended March 31, 2020

Schedule 1 - Loan from Shareholder:

Amount in U.A.E. Dirhams (AED)

Particulars	M/s. Starlite Global Enterprises (India) Ltd.		Total
As at March 31, 2018	596,068		596,068
Interest on loan account (Repaid) during the year	44,153		44,153
As at March 31, 2019	<u>(44,153)</u>		<u>(44,153)</u>
Interest on loan account (Repaid) during the year	596,068		596,068
As at March 31, 2020	<u>44,153</u>		<u>44,153</u>
	<u>(44,153)</u>		<u>(44,153)</u>
	596,068		596,068

Balance in the above account does not have any fixed repayment schedule & carries interest @ 8.00% p.a. on initial loan balance (previous year @ 8.00% p.a. on initial loan balance).