Starworth Infrastructure & Construction Limited

Registered Office: 130/1, Ulsoor Road, Bangalore – 560 042.

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Adjourned 4th** Annual General Meeting of the Members of Starworth Infrastructure & Construction Ltd. will be held on **Saturday, the 29th September, 2012 @ 10.00 A.M.** at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

Item No. 1 – Adoption of Accounts

To receive, consider and adopt the Modified Profit and Loss Account for the year ended **31.03.2012** and the Modified Balance Sheet as at **31.03.2012** and the Modified reports of the Directors and the Auditors thereon.

Item No. 2 – Re-appointment of Mr. Nani R Choksey as a Director

To appoint a Director in place of Mr. Nani R Choksey who retires by rotation and being eligible offers himself for re-appointment.

Item No. 3 – Appointment of Statutory Auditors

To re-appoint M/s. Walker, Chandiok & Co, Chartered Accountants, as the Statutory Auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration.

By Order of the Board

Nani R Choksey

Nani R Choksey
Director

Place : Bangalore
Date : 29.09.2012

NOTES:

1. A PERSON ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND THE MEETING AND ON A POLL, TO VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM, DULY COMPLETED AND SIGNED, MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY, NOT LESS THAN 48 HOURS BEFORE THE SCHEDULED COMMENCEMENT OF THE ANNUAL GENERAL MEETING. A BLANK PROXY FORM IS ENCLOSED WITH THIS NOTICE.

Starworth Infrastructure & Construction Limited
Registered Office: 130/1, Ulsoor Road, Bangalore – 560 042

DIRECTORS' REPORT

TO THE MEMBERS,

Your Directors present the 4th Annual Report together with the audited statement of accounts for the year ended on **31.03.2012.**

1. FINANCIAL RESULTS:

(Figures in Rs. Lakhs)

Particulars	**Year Ended 31.03.2012**	**Year Ended 31.03.2011**
INCOME:		
Revenue from Contracts	5,175.20	574.62
Other Income	-	-
Total Income	**5,175.20**	**574.62**
EXPENSES:		
Material & Contract Costs	3,750.45	376.49
Employee Benefit Expenses	568.19	238.10
Other Expenses	85.57	24.47
Depreciation Expenses	106.30	0.34
Finance Expenses / (Income)	(45.73)	(2.24)
Total Expenses	**4464.78**	**637.16**
Profit / (Loss) Before Taxes	**710.42**	**(62.54)**
Income Tax (Current and Deferred)	182.23	-
Profit / (Loss) After Taxes	**528.19**	**(62.54)**

2. FINANCIAL AND OPERATING PERFORMANCE:

State of Affairs

During the year your Company recorded a **Revenue** of Rs.5,175.20 Lakhs [2011- Rs.574.62 Lakhs], reflecting an increase of 800% over the previous year, which is attributed towards additional Projects undertaken during the year.

Material and Contract Costs amounted to Rs.3,750.45 Lakhs [2011- Rs.376.49 Lakhs] & **Employee Benefits Expenses** amounting to Rs.568.19 Lakhs [2011- Rs.238.10 Lakhs], denotes an increase of 896% & 139% respectively, which are in line with the increase in Revenue from Contracts.

Other Expenses amounted to Rs.85.57 Lakhs [2011- Rs.24.47 Lakhs], reflects an increase of 250% on account of higher Repairs and Maintenance, Legal & Professional charges, Travelling, Conveyance and Audit fees.

Depreciation Expenses amounted to Rs.106.30 Lakhs [2011- Rs.0.34 Lakhs], reflects an increase on account of additions to Fixed Assets, due to increased construction activities.

Finance Expenses / (Income) - net, amounted to Rs.45.73 Lakhs [2011- Rs. (2.24) Lakhs], denotes an increases on account of Interest income from the holding company. Expenses under this head are attributable towards Bank Charges and Interest on Vehicle Loans.

The aforesaid increases in Revenues over the Expenses resulted in the increase in **PAT** to Rs. Rs.528.19 Lakhs [2011- Rs.(62.54) Lakhs].

3. FUTURE OUTLOOK:

Your Company expects good performance in the years to come on account of increased order book position.

4. DIRECTORS:

In accordance with the provisions of the Companies Act, 1956, Mr. Nani R Choksey retires at the ensuing Annual General Meeting and being eligible, offer himself for reappointment. The Board recommends the appointment of the Director in the ensuing Annual General Meeting.

5. AUDITORS:

The Statutory Auditors, M/s. Walker, Chandiok & Co, Chartered Accountants, retire at this Annual General Meeting and are eligible for re-appointment. The Company has received from M/s. Walker, Chandiok & Co. a consent letter to the effect that their appointment, if made would be within the prescribed limits under **Section 224(1B)** of the Companies Act,1956.

6. REPLIES TO RESERVATION / QUALIFIACTION / ADVERSE REMARKS IN THE AUDITORS' REPORT:

(a) Para 3 of the Auditors Report Dt. 29.09.2012 read together with Annexure to the Auditors' Report:

"(xvii) - In our opinion on an overall examination of the Balance Sheet of the Company as at 31.03.2012, short term funds of Rs. 84,800,643 have been used for long term investment"

Response:

Regarding the Qualification in Clause xvii of CARO, as aforesaid, use of short term funds for long term requirements has not affected the Operations of the Company.

The Operations of the Company has improved in the Financial Year ended 31.03.2012 through New Business undertaken by the Company and the value of the Order Book has resulted in a positive Net-worth as at 31.03.2012. The Company believes that this should generate funds from Operations which will be utilised for meeting the long term requirements of the Company & additional requirements, if any, will be met through long term loans from the Holding Company.

(b) Para 4 of the Auditors' Report Dt. 29.09.2012:

"Without qualifying our opinion we draw reference to Note 29 in the financial statements regarding amendment of the previously issued financial statement dt. 31.07.2012, consequent to rejection of these financial statements by the Company's shareholders during the Annual General Meeting held on 12.09.2012. Consequently our previously issued audit report dt. 31.07.2012 stands withdrawn. Further, our audit procedures from 31.07.2012 until 29.09.2012 are restricted solely to updating the effect of the said transaction as detailed in the note."

Response:

Please refer to explanation under Note 29 of the ***'Notes to Financial Statements'***, which is self explanatory.

7. **CONSERVATION OF ENERGY / TECHOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT / FOREIGN EXCHANGE EARNING AND OUT GOINGS:**

Information in accordance with the provisions of **Section 217(1)(e)** of the Companies Act, 1956, read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are not applicable to the Company for this financial year.

8. **PARTICULARS OF EMPLOYEES:**

As required under the provisions of **Section 217(2A)** of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of the Employees are set out in the Annexure to this Report.

9. **DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to **Section 217 (2AA)** of the Companies Act, 1956, the Directors confirm that:

I. The annual accounts have been prepared as per the accounting standards prescribed under **Section 211(3C)** of the Companies Act, 1956 and there were no material departures from the said accounting standards.

II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at **31.03.2012** and of the **Profit** of the Company for the year ended on that date.

III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

IV. The annual accounts of the Company have been prepared on a 'going concern' basis.

10. **ACCEPTANCE OF FIXED DEPOSITS:**

Your Company has not accepted any fixed deposits from the public during the year under review.

11. **ACKNOWLEDGMENTS:**

Your Directors would like to take this opportunity to thank the Company's bankers and shareholders for their consistent support to the Company.

By Order of the Board

Nani R Choksey

Bangalore
29.09.2012

Nani R Choksey
Director

Starworth Infrastructure and Construction Limited

Financial Statements

For the year ended 31 March 2012

Starworth Infrastructure and Construction Limited

Contents

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Auditor's Report

To,
The Members of Starworth Infrastructure and Construction Limited

1. We have audited the attached Balance Sheet of Starworth Infrastructure and Construction Limited, (the 'Company') as at 31 March 2012, and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto (collectively referred as the 'financial statements'). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (the 'Order') (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956 (the 'Act'), we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

4. Without qualifying our opinion we draw reference to Note 29 in the financial statements regarding amendment of the previously issued financial statement dated 31 July 2012 consequent to rejection of these financial statements by the Company's shareholders during the Annual General Meeting held on 12 September 2012. Consequently, our previously issued audit report dated 31 July 2012 stand withdrawn. Further, our audit procedures from 31 July 2012 until 29 September 2012 are restricted solely to updating the effect of the said transaction as detailed in the note.

WALKER CHANDIOK & CO
BENGALURU
CHARTERED ACCOUNTANTS

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

   a. We have 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 appears from our examination of those books;

   c. The financial statements dealt with by this report are in agreement with the books of account;

   d. On the basis of written representations received from the directors, as on 31 March 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;

   e. In our opinion and to the best of our information and according to the explanations given to us, the financial statements dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act and the Rules framed there under and give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of:

      i) the Balance Sheet, of the state of affairs of the Company as at 31 March 2012;

      ii) the Statement of Profit and Loss, of the profit for the year ended on that date; and

      iii) the Cash Flow Statement, of the cash flows for the year ended on that date.

Walker, Chandiok & Co

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No. 001076N

WALKER CHANDIOK & CO
BENGALURU
CHARTERED ACCOUNTANTS

per **Aashish Arjun Singh**
Partner
Membership No. 210122

Bangalore
29 September 2012

Annexure to the Auditors' Report of even date to the members of Starworth Infrastructure and Construction Limited, on the financial statements for the year ended 31 March 2012.

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given to us and the books of account and other records examined by us in the normal course of audit, we report that:

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

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years 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) In our opinion, a substantial part of fixed assets has not been disposed off during the year.

(ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) (a) The Company has granted unsecured loan to the holding company covered in the register maintained under Section 301 of the Act. The maximum amount outstanding during the year was ₹ 80,238,146 and the year-end balance was ₹ 46,005,520.

(b) In our opinion, the rate of interest and other terms and conditions of such loans are not, *prima facie*, prejudicial to the interest of the Company.

(c) The principal amounts, are repayable on demand and there is no repayment schedule.

(d) In respect of the said loan, the same are repayable on demand and there are no overdue amounts.

(e) The Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clauses 4(iii)(f) and 4(iii)(g) of the Order are not applicable.

(iv) In our opinion, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas.

WALKER CHANDIOK & CO BENGALURU CHARTERED A (v)(a) In our opinion, the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act have been so entered.

(b) Owing to the unique and specialized nature of the items involved and in the absence of any comparable prices, we are unable to comment as to whether the transactions made in pursuance of such contracts or arrangements have been made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of clause 4(vi) of the Order are not applicable.

(vii) The Company is neither listed nor had paid-up capital and reserves exceeding ₹50 lakhs as at the commencement of the financial year. Further, the average annual turnover of the Company for a period of three consecutive financial years immediately preceding this financial year does not exceed ₹5 crores. Accordingly, the provisions of clause 4(vii) of the Order are not applicable.

(viii) According to the information and explanations given to us, the Companies (Cost Accounting Records) Rules 2011 have become applicable to the Company for its real estate operations during the current year, however, no specific formats for the maintenance of the cost records in respect of the construction of residential and commercial projects have been prescribed under the said rules. In terms of the clarification from the from the MCA vide F. No. 52/1/CAB/-2012, the Company believes that the current records available with the company provide the information required under the rules. 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 clause (d) of sub-section (1) of Section 209 of the Act in respect of construction operations, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix)(a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service-tax, custom duty, excise duty, cess and other material statutory dues, as applicable, have generally been regularly deposited with the appropriate authorities, though there has been a slight delay in a few cases. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable.

(b) There are no amounts in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of any dispute.

(x) The Company has been registered for a period of less than five years. Accordingly, the provisions of clause 4(x) of the Order are not applicable to the Company.

(xi) The Company has not defaulted in repayment of dues to bank during the year. The Company has no dues to a financial institution and did not have any outstanding debentures during the year.

WALKER CHANDIOK & CO
BENGALURU
CHARTERED ACCOUNTANTS

(xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.

(xiii) In our opinion, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable.

(xv) The Company has not given any guarantees for loans taken by others from banks or financial institutions. Accordingly, the provisions of clause 4(xv) of the Order are not applicable.

(xvi) In our opinion, the Company has applied the term loans for the purpose for which these loans were obtained.

(xvii) *In our opinion, on an overall examination of the Balance Sheet of the Company, as at 31 March 2012, short term funds of ₹ 84,800,643 have been used for long term investment.*

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Act. Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.

(xix) The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable

(xx) The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.

(xxi) No fraud on or by the Company has been noticed or reported during the period covered by our audit.

Walker, Chandiok & Co

For **Walker, Chandiok & Co**
Chartered Accountants
Firm Registration No. 001076N

per Aashish Arjun Singh
Partner
Membership No. 210122

WALKER CHANDIOK & CO BENGALURU CHARTERED ACCOUNTANTS

Bangalore
29 September 2012

Starworth Infrastructure and Construction Limited

Balance Sheet as at 31 March 2012

(All amounts in ₹ lakhs, unless otherwise stated)	Note	31 Mar 2012	31 Mar 2011
Equity and Liabilities			
Shareholders' Funds			
Share capital	2	5.00	5.00
Reserves and surplus	3	380.22	(147.97)
		385.22	**(142.97)**
Non-Current Liabilities			
Long-term borrowings	4	8.94	-
Long-term provisions	5	32.36	4.63
		41.30	**4.63**
Current Liabilities			
Trade payables	6	900.70	214.13
Other current liabilities	7	3,414.02	2,302.89
Short-term provisions	5	73.72	2.21
		4,388.44	**2,519.23**
Total		**4,814.96**	**2,380.89**
Assets			
Non-Current Assets			
Fixed assets			
Tangible assets	8	785.81	693.01
Capital work-in-progress		14.34	-
		800.15	**693.01**
Deferred tax asset (net)	9	0.07	-
Long-term loans and advances	10	467.95	820.75
Other non-current assets	12	12.00	12.75
		1,280.17	**1,526.51**
Current Assets			
Inventories	13		
Raw materials		349.49	224.21
Trade receivables	11	1,892.84	18.05
Cash and bank balances	14	2.73	16.96
Short-term loans and advances	10	266.13	61.74
Other current assets	12	1,023.60	533.42
		3,534.79	**854.38**
Total		**4,814.96**	**2,380.89**

Significant accounting policies 1

The notes referred to above form an integral part of the financial statements

This is the Balance Sheet referred to
in our report of even date

Walker Chandiok & Co

For Walker, Chandiok & Co
Chartered Accountants

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

per Aashish Arjun Singh
Partner

Bangalore
29 Sep 2012

For and on behalf of the Board of Directors

Nani R. Choksey

Nani R Choksey
Director

Ashish Puravankara
Director

Bangalore
25 Sep 2012

Starworth Infrastructure and Construction Limited

Statement of Profit and Loss for the year ended 31 March 2012

(All amounts in ₹ lakhs, unless otherwise stated)

	Note	31 Mar 2012	31 Mar 2011
Income			
Revenue from operations			
Revenue from contracts	15	5,175.20	574.62
Total		**5,175.20**	**574.62**
Expenses			
Material and contract costs	16	3,750.45	376.49
Employee benefit expenses	17	568.19	238.10
Other expenses	18	85.57	24.47
Depreciation expense	19	106.30	0.34
Finance expense / (Income), net	20	(45.73)	(2.24)
Total		**4,464.78**	**637.16**
Profit before tax		**710.42**	**(62.54)**
Tax expense			
Current tax	21	182.30	-
Deferred tax		(0.07)	-
Net profit for the year		**528.19**	**(62.54)**
Earnings per share (Nominal value ₹ 10 per share)			
Basic (₹)	22	1056.38	(125.08)
Diluted (₹)		1056.38	(125.08)
Significant accounting policies	1		

The notes referred to above form an integral part of the financial statements

This is the Statement of Profit and Loss referred to in our report of even date

For Walker, Chandiok & Co
Chartered Accountants

per Aashish Arjun Singh
Partner

Bangalore
29 Sep 2012

For and on behalf of the Board of Directors

Nani R Choksey
Director

Ashish Puravankara
Director

Bangalore
25 Sep 2012

Notes to the Financial Statements

1 Significant accounting policies

a. Basis of preparation

The financial statements have been prepared on accrual basis under the historical cost convention and in accordance with the applicable accounting standards prescribed by Companies (Accounting Standards), Rules 2006. The accounting policies have been consistently applied unless otherwise stated.

b. Use of estimates

The preparation of financial statements is in conformity with generally accepted accounting principles which require the management of the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting periods. Although these estimates are based upon the management's best knowledge of current events and actions, actual results could differ from those estimates. Significant estimates used by management in the preparation of these financial statements include the percentage completion for projects in progress, estimates of the economic useful lives of the fixed assets and accruals for employee benefits.

c. Revenue recognition

Revenue from the construction contracts are recognized when the outcome of the contract can be estimated reliably. The construction contract revenue and cost associated with the contract are recognized as revenue and expenses respectively by reference to the stage of completion at the reporting date. The stage of completion is estimated as the proportion that construction contract costs incurred for the work performed up to the reporting date bear to the estimated total construction costs.

Construction contract cost include costs that relate directly to the contract, cost that are attributable to contract in general and can be allocated to the contract and such other costs as are specifically chargeable under the terms of the contract. Losses expected to be incurred in the contracts are charged to the Statement of Profit and Loss in the period in which these losses are known.

Cost and recognized profit to date in excess of progress billings are shown as 'Unbilled Revenue'. Where the progress billings exceed the cost and recognized profit to date, the same is disclosed as 'Advance Received From Customers'.

d. Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any cost attributable to bringing the asset to its working condition for its intended use.

Expenditure directly relating to expansion is capitalized only if it increases the life or functionality of an asset beyond its original standard of performance.

e. Depreciation/amortization

Depreciation/amortization on fixed assets is provided on the straight-line method, using the rates specified in Schedule XIV to the Companies Act, 1956, except in the case of shuttering and scaffolding items where the estimated useful life has been determined as seven years. Assets individually costing less than ₹ 5,000 are fully depreciated in the year of purchase.

f. Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks, other short term highly liquid investments with original maturity three months or less.

g. Inventory

Inventory comprises raw materials used for the construction activity of the Company. Raw materials are valued at the lower of cost and net realizable value with the cost being determined on a 'First In First Out' basis.

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

h. Foreign currency transactions

(a) Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the respective transaction.

(b) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on a monetary item that, in substance, form part of company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

i. Employee benefits

Expenses and liabilities in respect of employee benefits are recorded in accordance with Accounting Standard 15 Employee Benefits "AS 15".

Provident fund

The Company contributes to the statutory provident fund of the Regional Provident Fund Commissioner, in accordance with Employees' Provident Funds and Miscellaneous Provision Act, 1952. The plan is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which the employee renders services.

Gratuity

Gratuity is a post employment benefit and is a defined benefit plan. The liability recognized in the Balance Sheet represents the present value of the defined benefit obligation at the Balance Sheet date less the fair value of plan assets (if any), together with adjustments for unrecognized actuarial gains or losses and past service costs. Independent actuaries using the projected unit credit method calculate the defined benefit obligation annually.

Actuarial gains or losses arising from experience adjustments and changes in actuarial assumptions are credited or charged to the Statement of Profit and Loss in the year in which such gains or losses arises.

Vacation pay

Liability in respect of vacation pay becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability in respect of earned leave becoming due or expected to be availed more than one year after the balance sheet date is estimated on the basis of actuarial valuation in a manner similar to gratuity liability.

Other short-term benefits

Expense in respect of other short-term benefits including performance bonus is recognized on the basis of amount paid or payable for the period during which the employees render services.

j. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a 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. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

k. Impairment of assets

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit and loss account. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

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	31 Mar 2012	31 Mar 2011
2 Share capital		
Authorized shares		
0.5 lakhs (*31 Mar 2011- 0.5 lakhs*) equity shares of ₹ 10 each	5.00	5.00
Issued, subscribed and fully paid up shares		
0.5 lakhs (*31 Mar 2011- 0.5 lakhs*) equity shares of ₹ 10 each	5.00	5.00
	5.00	**5.00**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	31 Mar 2012		31 Mar 2011	
	No. lakhs	₹ lakhs	No. lakhs	₹ lakhs
At the beginning of the period	0.50	5.00	0.50	5.00
Issued during the period	-	-	-	-
Outstanding at the end of the period	0.50	5.00	0.50	5.00

b. Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the company, the holders of 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 by the shareholders.

c. Details of shareholders holding more than 5% shares in the company

	31 Mar 2012		31 Mar 2011	
	No. lakhs	% holding	No. lakhs	% holding
Equity shares of ₹ 10 each fully paid				
Puravankara Projects Limited (the holding company)	0.50	100.00%	0.50	100.00%

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

d. Shares in the Company held by holding company	31 Mar 2012	31 Mar 2011
0.5 lakhs (*31 Mar 2011- 0.5 lakhs*) equity shares of ₹ 10 each	5.00	5.00

e. Aggregate number of shares issued for consideration other than cash and shares brought back during the period of five years immediately preceding the reporting date :

The Company has not issued any shares for consideration other than cash nor has there been any buy back of shares during five years immediately preceding 31 March 2012.

	31 Mar 2012	31 Mar 2011
3 Reserves and surplus		
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(147.97)	(85.43)
Add: Net profit for the year	528.19	(62.54)
Balance at the end of the year	380.22	(147.97)
	380.22	(147.97)

4 Borrowings

	Non-current portion		Current portion	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
Term loans (secured)				
From banks	8.94	-	5.57	-
	8.94	-	5.57	-
Amount disclosed under head "Other current liabilities" note 7	-	-	(5.57)	-
	8.94	-	-	-

On 15 October 2011, vehicle loan facility of ₹ 17.10 was sanctioned to the Company by ICICI Bank Limited. This facility is secured by charge on vehicle. This loan is repayable in 35 monthly installments starting from October 2011. Outstanding balance as on 31 March 2012 was ₹ 14.51 (31 March 2011 - nil).

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

5 Provisions

	Long-term		Short-term	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
Provision for employee benefits				
Gratuity	22.52	3.73	5.36	-
Vacation pay	9.84	0.90	2.44	2.21
Provision for tax (net of advance tax)	-	-	65.92	-
	32.36	**4.63**	**73.72**	**2.21**

6 Trade payables

	31 Mar 2012	31 Mar 2011
Trade payables	**900.70**	**214.13**

7 Other current liabilities

	31 Mar 2012	31 Mar 2011
Current maturities of long term borrowings (note 4)	5.57	-
Book overdraft	2.37	-
Advances received from customers	3,342.44	2,289.40
Duties and taxes payable	31.05	10.81
Other payables	32.59	2.68
	3,414.02	**2,302.89**

8 Tangible assets

	Plant and machinery	Office equipment	Computers	Furniture and fixtures	Vehicles	Shuttering materials	Total
Cost							
At 01 April 2010	-	-	-	-	-	-	-
Additions	0.54	0.31	0.50	-	-	692.00	693.35
Disposals	-	-	-	-	-	-	-
At 31 March 2011	**0.54**	**0.31**	**0.50**	**-**	**-**	**692.00**	**693.35**
Additions	58.64	0.76	0.79	0.88	7.51	130.52	199.10
Disposals							-
At 31 March 2012	**59.18**	**1.07**	**1.29**	**0.88**	**7.51**	**822.52**	**892.45**
Depreciation							
At 01 April 2010	-	-	-	-	-	-	-
Charge for the year	0.01	-	0.06	-	-	0.27	0.34
Disposals					-		-
At 31 March 2011	**0.01**	**-**	**0.06**	**-**	**-**	**0.27**	**0.34**
Charge for the year	1.50	0.08	0.22	0.50	0.43	103.57	106.30
Disposals							-
At 31 March 2012	**1.51**	**0.08**	**0.28**	**0.50**	**0.43**	**103.84**	**106.64**
Net block							
At 31 March 2011	**0.53**	**0.31**	**0.44**	**-**	**-**	**691.73**	**693.01**
At 31 March 2012	**57.67**	**0.99**	**1.01**	**0.38**	**7.08**	**718.68**	**785.81**

9 Deferred tax asset (net)

	31 Mar 2012	31 Mar 2011
Deferred tax liability arising on account of depreciation	(21.13)	-
Less: Deferred tax asset arising on account of:		
Expenses allowable on payment basis		
Gratuity	9.04	-
Leave encashment	3.98	-
Bonus	8.18	-
	0.07	**-**

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

	Non-current		Current	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
10 Loans and advances				
Security deposits				
Unsecured, considered good	7.89	0.30	-	0.43
	7.89	**0.30**	-	**0.43**
Loans and advances to related parties				
(Unsecured, considered good)				
Loans to holding company	460.06	820.45	-	-
	460.06	**820.45**	-	-
Other loans and advances				
(Unsecured, considered good)				
Unbilled revenue	-	-	-	-
Advances to suppliers *	-	-	200.87	2.26
Advances to contractors *	-	-	3.05	1.33
Taxes and duties recoverable *	-	-	53.79	55.64
Other advances *	-	-	8.42	2.08
	-	-	**266.13**	**61.31**
Total loans and advances	**467.95**	**820.75**	**266.13**	**61.74**

* Advances recoverable in cash or kind.

11 Trade receivables				
(Unsecured, considered good)				
Outstanding for a period exceeding six months	-	-	730.13	-
Other receivables	-	-	1,162.71	18.05
	-	-	**1,892.84**	**18.05**
12 Other assets				
Non-current bank balances (Note 14)	12.00	12.75	-	-
Interest accrued but not due on fixed deposits	-	-	1.50	-
Others				
Unbilled revenue	-	-	1,022.10	533.42
	12.00	**12.75**	**1,023.60**	**533.42**
13 Inventories				
Raw materials	-	-	349.49	224.21
	-	-	**349.49**	**224.21**
14 Cash and bank balances				
Cash and cash equivalents				
Cash on hand			1.98	0.57
Balances with scheduled banks:				
On current accounts			-	16.39
			1.98	**16.96**
Other bank balances				
Deposits with original maturity for more than 12 months	12.00	12.75	-	-
Deposits with original maturity for more than 3 months but less than 12 months	-	-	0.75	-
	12.00	**12.75**	**0.75**	**0.00**
Amount disclosed under other non-current assets (Note 12)	(12.00)	(12.75)	-	-
	-	-	**2.73**	**16.96**

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

	Year ended 31 Mar 2012	Year ended 31 Mar 2011
15 Revenue from operations		
Revenue from contracts	5,175.20	574.62
	5,175.20	**574.62**
16 Material and contract costs		
Inventory of building material at the beginning of the year	224.21	-
Add: Incurred during the year		
Material and contract costs incurred	3,875.73	600.70
	4,099.94	**600.70**
Less : Inventory of building material at the end of the year	349.49	224.21
	3,750.45	**376.49**
17 Employee benefit expenses		
Salaries, wages and bonus	536.39	230.73
Contribution to provident fund and other funds	18.55	3.15
Staff welfare	13.25	4.22
	568.19	**238.10**
18 Other expenses		
Travel and conveyance	9.50	12.08
Repairs and maintenance	64.61	2.85
Legal and professional charges	1.94	1.56
Rent rates and taxes	0.52	1.60
Communication costs	1.81	1.19
Printing and stationery	1.69	1.74
Insurance	1.73	-
Audit fees	3.00	1.00
Tender expenses	-	2.31
Miscellaneous expenses	0.77	0.14
	85.57	**24.47**
Payment to auditor		
As auditor:		
Audit fee	3.00	1.00
	3.00	**1.00**
19 Depreciation expense		
Depreciation of tangible assets	106.30	0.34
	106.30	**0.34**
20 Finance expense/(income), net		
Finance expense:		
Bank charges	0.27	0.04
Interest on vehicle loans	0.83	-
Bank guarantee charges	-	13.19
	1.10	**13.23**
Finance Income:		
Interest on:		
- Bank deposits	1.07	0.45
- Loan to holding company	45.76	15.02
	46.83	**15.47**
Finance expense/(income), net	**(45.73)**	**(2.24)**

WALKER CHANDIOK & CO. ★ BENGALURU ★ CHARTERED ACCOUNTANTS

	Year ended 31 Mar 2012	Year ended 31 Mar 2011
21 Tax expense		
Current tax	182.30	-
	182.30	**-**
22 Earning per share (EPS)		
Weighted average number of shares outstanding during the year (lakhs)	0.50	0.50
Weighted average number of shares used to compute diluted EPS (lakhs)	**0.50**	**0.50**
Profit / (loss) for the period attributable to equity shareholders	528.19	(62.54)
Earnings per share (₹) :		
Basic	1,056.38	(125.08)
Diluted	1,056.38	(125.08)
Nominal value - ₹ per equity share	10.00	10.00

23 Related party transactions

(i) Parties where control exists

Puravankara Projects Limited (Holding company)

(ii) Key management personnel

Mr. Ravi Puravankara

(iii) Entities controlled by key management personnel (Other related parties):

Handiman Services Limited

(iv) The transactions with related parties for the year:

Nature of transaction	Holding company		Other related parties	
	31 Mar 2012	31 Mar 2011	31 Mar 2012	31 Mar 2011
<u>Transactions during the year:</u>				
Interest earned on loans given to				
Puravankara Projects Limited	45.76	-	-	-
Loans given to				
Puravankara Projects Limited	726.53	1,981.85	-	-
Loans repaid by				
Puravankara Projects Limited	1,128.10	1,224.16	-	-
Loans taken from				
Puravankara Projects Limited	-	364.98		
Loans repaid to				
Puravankara Projects Limited	-	495.53	-	-
Mobilization advance received from				
Puravankara Projects Limited	940.03	2,289.40	-	-
Material and services sold				
Puravankara Projects Limited	4,672.38	366.33	-	-
Security and maintenance expenses				
Handiman Services Limited	-	-	16.43	2.00
<u>Balances at the year end:</u>				
Loans given to				
Puravankara Projects Limited	460.06	820.45	-	-
Dues from				
Puravankara Projects Limited	1,434.64	-	-	-
Advance received from customers				
Puravankara Projects Limited	2,957.28	2,289.40	-	-

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

24 Employee benefits

A. Defined benefit plan

The Company has gratuity and vacation pay as defined benefit retirement plans for its employees. Disclosures as required by AS 15 for the year ended 31 March 2012 and 31 March 2011 are as under:

	31 Mar 2012		31 Mar 2011	
	Gratuity	Vacation pay	Gratuity	Vacation pay
1 The amounts recognized in the Balance Sheet are as follows:				
Present value of the obligation as at the end of the year	27.88	12.28	3.73	3.11
Fair value of plan assets as at the end of the year	-	-	-	-
Net liability/(asset) recognized in the Balance Sheet	27.88	12.28	3.73	3.11
2 The amounts recognized in the Statement of Profit and Loss are as follows:				
Service cost	3.43	11.69	(5.73)	(0.23)
Interest cost	4.47	2.65	0.85	0.35
Net actuarial (gain)/loss recognized in the year	16.25	(3.39)	(2.13)	(0.75)
Expense recognized in the Statement of Profit and Loss of the year	24.15	10.95	(7.01)	(0.63)
3 Changes in the present value of defined benefit obligation				
Defined benefit obligation as at beginning of the year	3.73	3.11	10.74	5.09
Service cost	3.43	11.69	(5.73)	(0.23)
Interest cost	4.47	2.65	0.85	0.35
Actuarial losses/(gains)	16.25	(3.39)	(2.13)	(0.75)
Benefits paid	-	(1.78)	-	(1.35)
Defined benefit obligation as at the end of the year	27.88	12.28	3.73	3.11
Assumptions used in the above valuations are as under:				
Interest rate	8%	8%	8%	8%
Discount rate	8%	8%	8%	8%
Future salary increase	6%	6%	6%	6%
Attrition rate	2%	2%	2%	2%
Retirement age	60 years	60 years	60 years	60 years

B. Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952. This is a defined contribution plan as per AS 15. Contribution made was 17.83 for the year ended 31 March 2012 (*31 Mar 2011 - 3.15*).

25 Segmental Information

The Company is engaged in construction of residential and commercial properties which is considered to be the only reportable business segment as per Accounting Standard 17 on Segment Reporting. The Company operates primarily in India and there is no other significant geographical segment.

26 Supplementary statutory information

	31 Mar 2012		31 Mar 2011	
a) Consumption of raw materials	**₹ Lakh**	**%**	**₹ Lakh**	**%**
Indigenous	2,639.71	100.00	252.40	100.00
	2,639.71	100.00	252.40	100.00

27 Disclosure of dues to micro, small and medium enterprises

Based on the information available with the Company, no amount is payable to micro, small and medium enterprises at the Balance Sheet date.

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

28 Disclosures pursuant to Accounting Standard (AS) 7 "Construction Contracts"

	31 Mar 2012	31 Mar 2011
Contract revenue recognised during the year	5,175.20	574.62
The aggregate amount of costs incurred and recognised profits upto the reporting date for all contracts in progress	5,749.82	574.62
Amount of customer advances outstanding for contracts in progress as at the end of financial year	3,342.44	2,289.40
Retention amounts due from customers for contracts in progress as at the end of financial year	236.10	2.29

29 Donation recoverable

The previously issued financial statements dated 31 July 2012 were not approved by the shareholders during the Annual General Meeting held on 12 September 2012 on account of donation to a political party amounting to ₹500,000, which was made without necessary approvals. This amount has now been agreed to be recovered and hence, the same is not required to be borne by the Company and accordingly, the financial statements have been suitably modified by showing this amount as recoverable. Consequently, the profit for the year is higher by ₹500,000 from the previously issued financial statements.

30 Prior year comparatives

The financial statements for the year ended 31 March 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31 March 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For and on behalf of the Board of Directors

Nani R Choksey	**Ashish Puravankara**
Director	**Director**

Bangalore
25 Sep 2012

WALKER CHANDIOK & CO. ★ BENGALURU ★ CHARTERED ACCOUNTANTS

Starworth Infrastructure and Construction Limited

Cash Flow Statement

	Year ended 31 Mar 2012	Year ended 31 Mar 2011
A. Cash flow from operating activities		
Net profit / (loss) before tax	**710.42**	**(62.54)**
Adjustments for:		
Depreciation	106.30	0.34
Finance expense/(income), net	(45.73)	(2.24)
Operating profit before working capital changes	**770.99**	**(64.44)**
Movements in working capital :		
(Increase) / Decrease in trade debtors	(1,874.79)	(18.05)
(Increase) / Decrease in inventories	(125.28)	(224.21)
(Increase) / Decrease in loans and advances and other assets	(700.66)	(595.11)
Increase / (Decrease) in current liabilities and provisions	1,709.07	2,502.28
Net cash from / (used in) operating activities	**(220.67)**	**1,600.47**
B. Cash flows from investing activities		
Purchase of fixed assets	(213.44)	(693.35)
Loan to holding company	(726.53)	(1,981.85)
Loan repaid by holding company	1,128.10	1,224.16
Net investment in bank deposits and margin monies	-	(12.00)
Interest received	4.15	15.47
Net cash from /(used in) investing activities	**192.28**	**(1,447.57)**
C. Cash flows from financing activities		
Loan from holding company	-	364.98
Loans repaid to holding company	-	(495.53)
Proceeds from term loan	17.10	-
Repayment of term loan	(2.59)	-
Interest paid	(1.10)	(13.23)
Net cash generated from/(used in) financing activities	**13.41**	**(143.78)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(14.98)**	**9.12**
Cash and cash equivalents at the beginning of the year	**16.96**	**7.84**
Cash and cash equivalents at the end of the year	**1.98**	**16.96**
Components of cash and cash equivalents		
Cash and bank balances (as per note 14 to the financial statements)	2.73	16.96
Less: Bank deposits considered separately	0.75	-
	1.98	**16.96**

This is the Cash Flow Statement referred to in our report of even date

Walker, Chandiok & Co

For Walker, Chandiok & Co
Chartered Accountants

per **Aashish Arjun Singh**
Partner

Bangalore
29 Sep 2012

WALKER CHANDIOK & CO. BENGALURU CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors

Nani R Choksey

Nani R Choksey
Director

Bangalore
25 Sep 2012

Ashish Puravankara
Director