

Starworth Infrastructure & Construction Limited

Ind AS Financial Statements for the year ended March 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Starworth Infrastructure & Construction Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Starworth Infrastructure & Construction Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

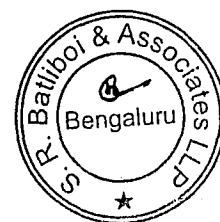
Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements 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, of the state of affairs of the Company as at March 31, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The Ind AS financial statements of the Company for the year ended March 31, 2017 have been audited by the predecessor auditor who expressed an unmodified opinion on those financial statements on July 12, 2017. The Ind AS financial information of the Company for the year ended March 31, 2017 have been included in these Ind AS financial statements after giving effect to the adjustments described in Note 36 to these Ind AS financial statements.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;



S.R. BATLIBOI & ASSOCIATES LLP

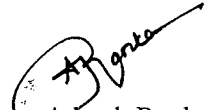
Chartered Accountants

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 32(c) to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Adarsh Ranka

Partner

Membership Number: 209567

Place of Signature: Bengaluru

Date: May 10, 2018

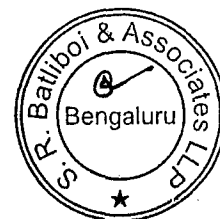


S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF STARWORTH INFRASTRUCTURE & CONSTRUCTION LIMITED

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All property, plant and equipment have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(ii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the construction activities and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues applicable to it though there has been a slight delay in a few cases in deposit of tax deducted at source and service tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



S.R. BATLIBOI & ASSOCIATES LLP

Chartered Accountants

- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, goods and service tax, duty of custom, duty of excise, value added tax and cess which have not been deposited on account of any dispute, are as follows:

| Name of the Statue | Nature of dues | Amount demanded (Rs. in lakhs) | Period to which amount relates | Forum where the dispute is pending |
|----------------------|----------------|--------------------------------|--------------------------------|--------------------------------------|
| Income Tax Act, 1961 | Income-tax | 4.98 | 2010-11 | Commissioner of Income Tax (Appeals) |

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or financial institution. The Company did not have any loans or borrowing from government or dues to debenture holders.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. The Company has not raised any monies by way of initial public offer/ further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



S.R. BATLIBOI & ASSOCIATES LLP

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

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004



per Adarsh Ranka

Partner

Membership Number: 209567

Place of Signature: Bengaluru

Date: May 10, 2018



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
IND AS FINANCIAL STATEMENTS OF STARWORTH INFRASTRUCTURE &
CONSTRUCTION LIMITED**

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

We have audited the internal financial controls over financial reporting of Starworth Infrastructure & Construction Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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



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

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

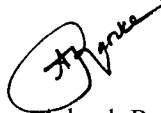
Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to these financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004


per Adarsh Ranka
Partner
Membership Number: 209567

Place of Signature: Bengaluru
Date: May 10, 2018



Starworth Infrastructure & Construction Limited
Balance Sheet as at March 31, 2018

(All amounts in Indian Rs. Lakh, unless otherwise stated)

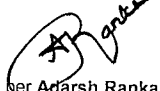
| | Note | March 31, 2018 | March 31, 2017 |
|-------------------------------------------|------|------------------|------------------|
| ASSETS | | | |
| Non-current assets | | | |
| (a) Property, plant and equipment | 3 | 2,253.44 | 2,912.90 |
| (b) Intangible assets | 4 | 4.84 | 6.24 |
| (c) Financial assets | | | |
| (i) Loans | 5a | 46.66 | 54.66 |
| (ii) Other financial assets | 6a | 428.32 | 0.92 |
| (d) Deferred tax assets (net) | 10 | 270.87 | 492.20 |
| (e) Assets for current tax (net) | 7 | 1,536.32 | 1,406.65 |
| Total non-current assets | | 4,540.45 | 4,873.57 |
| Current assets | | | |
| (a) Inventories | 11 | 1,718.36 | 1,012.67 |
| (b) Financial assets | | | |
| (i) Trade receivables | 12 | 5,535.83 | 3,523.88 |
| (ii) Cash and cash equivalents | 13 | 30.70 | 44.37 |
| (iii) Bank balances other than (ii) above | 14 | - | - |
| (iv) Other financial assets | 6b | 1,884.69 | 2,999.76 |
| (c) Other current assets | 8a | 492.11 | 599.00 |
| Total current assets | | 9,661.69 | 8,179.68 |
| Total assets | | 14,202.14 | 13,053.25 |
| EQUITY AND LIABILITIES | | | |
| EQUITY | | | |
| (a) Equity share capital | 15 | 5.00 | 5.00 |
| (b) Other equity | 16 | 2,221.14 | 1,616.39 |
| Total equity | | 2,226.14 | 1,621.39 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17a | - | - |
| (b) Provisions | 19a | 246.71 | 239.71 |
| Total non-current liabilities | | 246.71 | 239.71 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 17b | 5,861.30 | 5,958.44 |
| (ii) Trade payables | 20 | 4,943.28 | 3,225.60 |
| (iii) Other financial liabilities | 18 | 84.85 | 300.65 |
| (b) Other current liabilities | 21 | 793.58 | 1,659.89 |
| (c) Provisions | 19b | 46.28 | 47.57 |
| Total current liabilities | | 11,729.29 | 11,192.15 |
| Total equity and liabilities | | 14,202.14 | 13,053.25 |

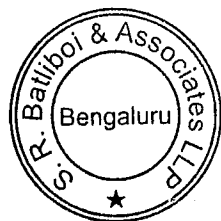
Summary of significant accounting policies 2.2

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

As per report of even date

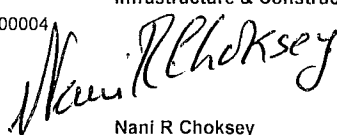
For S.R. Batliboi & Associates LLP
 Chartered Accountants
 ICAI Firm registration number: 101049W/E300004


 per Adarsh Ranka
 Partner
 Membership no.: 209567



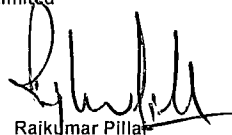
Bengaluru
 May 10, 2018

For and on behalf of the Board of Directors of Starworth
 Infrastructure & Construction Limited

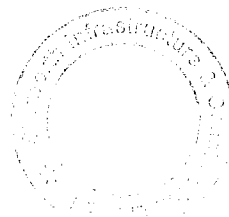


Nani R Choksey
 Director
 DIN 00504555

Bengaluru
 May 10, 2018



Rajkumar Pillai
 Managing director
 DIN 07949441



Starworth Infrastructure & Construction Limited
Statement of Profit and Loss for the year ended March 31, 2018

(All amounts in Indian Rs. Lakh, unless otherwise stated)

| | Note | March 31, 2018 | March 31, 2017 |
|----------------------------------------------------------------------------|------|------------------|------------------|
| Income | | | |
| Revenue from operations | 22 | 17,373.78 | 14,893.59 |
| Other income | 23 | 165.84 | 75.87 |
| Total | | 17,539.62 | 14,969.46 |
| Expenses | | | |
| Sub-contractor cost | | 6,166.15 | 4,994.55 |
| Cost of raw materials, components and stores consumed | 24 | 7,084.83 | 6,642.14 |
| Employee benefits expense | 25 | 1,679.79 | 1,661.18 |
| Finance costs | 26 | 180.79 | 178.56 |
| Depreciation and amortization expense | 27 | 553.22 | 563.84 |
| Other expenses | 28 | 846.96 | 902.91 |
| Total expenses | | 16,511.74 | 14,943.18 |
| Profit before tax | | 1,027.88 | 26.28 |
| Tax expense | | | |
| Current tax | 9 | 226.91 | - |
| Deferred tax | | 212.64 | 5.97 |
| Total tax expense | | 439.55 | 5.97 |
| Profit for the year | | 588.33 | 20.31 |
| Other comprehensive income ('OCI') | | | |
| Items that will not be reclassified to profit or loss | | | |
| (i) Re-measurement gains/(losses) on defined benefit plans | | 25.11 | (12.79) |
| (ii) Income tax relating to above | | (8.69) | 4.43 |
| Total other comprehensive income | | 16.42 | (8.36) |
| Total comprehensive income for the year (comprising profit and OCI) | | 604.75 | 11.95 |
| Earnings per equity share ('EPS') | | | |
| (Nominal value per equity share Rs. 10 (March 31, 2017 - Rs.10)) | | | |
| Basic (Rs.) | | 1,176.66 | 40.62 |
| Diluted (Rs.) | | 1,176.66 | 40.62 |
| Weighted average number of equity shares used in computation of EPS | | | |
| Basic - in numbers lakhs | | 0.50 | 0.50 |
| Diluted - in numbers lakhs | | 0.50 | 0.50 |

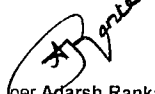
Summary of significant accounting policies

2.2

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

As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004


per Adarsh Ranka
Partner
Membership no.: 209567

For and on behalf of the Board of Directors of Starworth
Infrastructure & Construction Limited

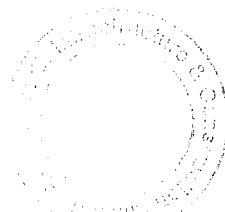

Nani R Choksey
Director
DIN 00504555


Rajkumar Pillai
Managing director
DIN 07949441

Bengaluru
May 10, 2018



Bengaluru
May 10, 2018



Starworth Infrastructure & Construction Limited
Statement of cash flow for the year ended March 31, 2018
(All amounts in Indian Rs. Lakh, unless otherwise stated)

| | March 31, 2018 | March 31, 2017 |
|------------------------------------------------------------------------------------------------------|-----------------|-------------------|
| A. Cash flow from operating activities | | |
| Profit before tax | 1,027.88 | 26.28 |
| Adjustments to reconcile profit after tax to net cash flows: | | |
| Depreciation and amortization expense | 553.22 | 563.84 |
| (Profit)/ loss on sale of property, plant and equipment | (78.98) | - |
| Finance costs | 180.79 | 178.56 |
| Financial guarantee expense | 2.14 | 5.71 |
| Interest income | (86.86) | (75.87) |
| Operating profit before working capital changes | 1,598.19 | 698.52 |
| Working capital adjustments: | | |
| (Increase)/decrease in trade receivables | (2,011.95) | (1,308.17) |
| (Increase)/ decrease in inventories | (705.69) | 21.87 |
| (Increase)/ decrease in loans | 8.00 | 16.78 |
| (Increase)/ decrease in other financial assets | 1,115.07 | (358.88) |
| (Increase)/ decrease in other assets | 104.75 | 105.41 |
| Increase/ (decrease) in trade payables | 1,717.68 | (461.24) |
| Increase/ (decrease) in other financial liabilities | (46.31) | (31.18) |
| Increase/ (decrease) in other liabilities | (818.30) | (2,152.61) |
| Increase/ (decrease) in provisions | 5.71 | 20.07 |
| Cash (used in)/ received from operations | 967.15 | (3,449.43) |
| Income tax paid (net) | (356.58) | (266.38) |
| Net cash flows (used in)/from operating activities | 610.57 | (3,715.81) |
| B. Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (24.55) | (101.63) |
| Proceeds from sale of property, plant and equipment | 211.17 | - |
| Loans given to holding company | - | (8.40) |
| Loans repaid by holding company | - | 20.24 |
| Investment in bank deposits | (427.40) | - |
| Interest received | 86.86 | 75.85 |
| Net cash flows from / (used in) investing activities | (153.92) | (13.94) |
| C. Cash flows from financing activities | | |
| Repayment of secured term loans | (167.44) | (540.37) |
| Repayment of cash credit and working capital loan | (1,977.19) | 1,359.14 |
| Proceeds from cash credit and working capital loan | 1,901.72 | - |
| Loans taken from related parties | 6,672.91 | 3,075.17 |
| Loans repaid to related parties | (6,668.30) | (12.38) |
| Interest and other charges paid | (232.02) | (181.27) |
| Net cash (used in)/from financing activities | (470.32) | 3,700.29 |
| Net (decrease)/increase in cash and cash equivalents (A + B + C) | (13.67) | (29.46) |
| Cash and cash equivalents at the beginning of the year | 44.37 | 73.83 |
| Cash and cash equivalents at the end of the year (as per note 13 to the financial statements) | 30.70 | 44.37 |

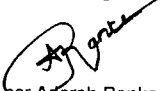
Summary of significant accounting policies

2.2

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

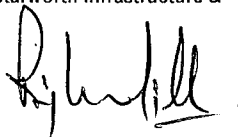
As per report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004


per Adarsh Ranka
Partner
Membership no.: 209567

For and on behalf of the Board of Directors of Starworth Infrastructure & Construction Limited


Nani R Choksey
Director
DIN 00504555


Rajkumar Pillai
Managing director
DIN 07949441

Bengaluru
May 10, 2018



Bengaluru
May 10, 2018



Starworth Infrastructure & Construction Limited
Statement of changes in equity for the year ended March 31, 2018

(All amounts in Indian Rs. Lakh, unless otherwise stated)

A. Equity share capital

| Particulars | As at | Movement | As at | Movement | As at |
|---------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|---------------|----------------|---------------|
| | 01 April 2016 | during 2016-17 | 31 March 2017 | during 2017-18 | 31 March 2018 |
| Equity share capital of face value of Rs. 10 each fully paid 0.50 lakh (March 31, 2017 - 0.50 lakh) equity shares of Rs. 10 each fully paid | 5.00 | - | 5.00 | - | 5.00 |
| | <u>5.00</u> | <u>-</u> | <u>5.00</u> | <u>-</u> | <u>5.00</u> |

Note: Also refer note 15

B. Other equity

| Particulars | Reserves and surplus | | |
|-------------------------------------------------|-------------------------------------|-------------------|-----------------|
| | Other contributions by shareholders | Retained Earnings | Total |
| Balance as at 1 April 2016 | 16.69 | 1,587.75 | 1,604.44 |
| Profit for the year | - | 20.31 | 20.31 |
| Other comprehensive income (refer note 2 below) | - | (8.36) | (8.36) |
| Total comprehensive income for the year | 16.69 | 1,599.70 | 1,616.39 |
| Dividends (including tax on dividend) | - | - | - |
| Balance as at 31 March 2017 | 16.69 | 1,599.70 | 1,616.39 |
| Profit for the year | - | 588.33 | 588.33 |
| Other comprehensive income (refer note 2 below) | - | 16.42 | 16.42 |
| Total comprehensive income for the year | 16.69 | 2,204.45 | 2,221.14 |
| Dividends (including tax on dividend) | - | - | - |
| Balance as at 31 March 2018 | 16.69 | 2,204.45 | 2,221.14 |

Notes:

1. Also refer note 16

2. As required under Ind AS compliant Schedule III, the Company has recognised remeasurment gains/ (losses) on defined benefit plans (net of tax) of Rs.16.42 lakhs [March 31, 2017: Rs.(8.36) lakhs] as part of retained earnings.

Summary of significant accounting policies

2.2

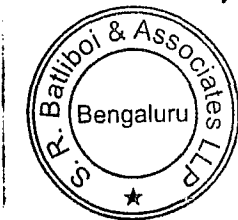
The accompanying notes referred to above form an integral part of the financial statements

As per report of even date

For S.R. Batliboi & Associates LLP
 Chartered Accountants
 ICAI Firm registration number: 101049W/E300004

per Adarsh Ranka
 Partner
 Membership no.: 209567

Bengaluru
 May 10, 2018



For and on behalf of the Board of Directors of Starworth
 Infrastructure & Construction Limited

Nani R Choksey

Nani R Choksey
 Director
 DIN 00504555

Bengaluru
 May 10, 2018

Rajkumar Pillai

Rajkumar Pillai
 Managing director
 DIN 07949441



Starworth Infrastructure & Construction Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2018
(All amounts in Indian Rs. Lakh, unless otherwise stated)

1. Corporate information

Starworth Infrastructure & Construction Limited (the 'Company') was incorporated on August 13, 2008 under the provisions of the Companies Act applicable in India. The registered office is located at 130/1, Ulsoor Road, Bengaluru 560042, India, as a wholly owned subsidiary of Puravankara Limited. The Company is engaged in the business of providing construction and development services.

The standalone Ind AS financial statements were authorized for issue in accordance with a resolution of the Board of Directors on May 10, 2018.

2. Significant accounting policies

2.1 Basis of preparation

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. The financial statements of the Company are prepared and presented in accordance with Ind AS.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

2.2 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities. The effect of change in an accounting estimate is recognized prospectively.

(b) Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied for the first time the following amendment to Ind AS, which are effective for annual periods beginning on or after April 1, 2017. The nature and the impact of the amendment is described below:

Amendments to Ind AS 7 Statement of Cash Flows: Disclosure

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for both the current and the comparative period in note 13.

(c) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be 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, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is 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, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.



Starworth Infrastructure & Construction Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2018
(All amounts in Indian Rs. Lakh, unless otherwise stated)

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Company has evaluated and considered its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.

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

(d) Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. This applies mainly to components for machinery. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from its previously assessed standard of performance. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Borrowing costs directly attributable to acquisition of property, plant and equipment which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets.

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

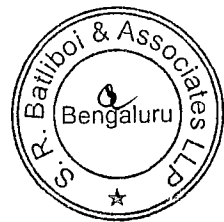
Costs of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

(e) Depreciation on property, plant and equipment and investment property.

Depreciation is calculated on straight line method using the following useful lives estimated by the management, which are equal to those prescribed under Schedule II to the Companies Act, 2013, except certain categories of assets whose useful life is estimated by the management based on planned usage and technical evaluation thereon:

| Category of Asset | Useful lives (in years) | Useful lives as per Schedule II (in years) |
|-----------------------------------------|-------------------------|--------------------------------------------|
| Plant, machinery and equipments: | | |
| - Shuttering materials | 7 | 15 |
| - Other plant, machinery and equipments | 10 | 15 |
| Furniture and fixtures | 10 | 10 |
| Computer equipment | | |
| - Servers and networking equipments | 6 | 6 |
| - End user devices | 3 | 3 |
| Office equipment | 5 | 5 |
| Motor Vehicles | 8 | 8 |

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



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Starworth Infrastructure & Construction Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2018
(All amounts in Indian Rs. Lakh, unless otherwise stated)

(f) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets comprising of computer software are amortized using straight line method over a period of six years, which is estimated by the management to be the useful life of the asset.

The residual values, useful lives and methods of amortization of intangible assets are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when asset is derecognized.

(g) Impairment

A. Financial assets

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition.

B. Non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognized in the statement of profit and loss. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(h) Leases

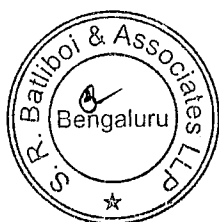
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys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

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(i) Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized/inventorised as part of the cost of the respective asset. All other borrowing costs are charged to statement of profit and loss.



Starworth Infrastructure & Construction Limited
Notes to Ind AS Financial Statements for the year ended March 31, 2018
(All amounts in Indian Rs. Lakh, unless otherwise stated)

(j) Inventories

Inventories comprise of raw materials, components and stores, valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

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

(k) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The Company collects taxes such as sales tax/value added tax, luxury tax, entertainment tax, service tax, goods and service tax etc. on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from the aforesaid revenue/ income.

When the outcome of a contract can be estimated reliably project revenue and project costs associated with the contract should be recognized as revenue and expenses by reference to the stage of completion at the reporting date arrived at with reference to the entire contract costs incurred. When it is probable that total project costs will exceed total eligible project revenues, the expected loss is recognised as an expense immediately in the statement of profit and loss.

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. 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'.

Interest income

Interest income, including income arising from other financial instruments measured at amortized cost, is recognized using the effective interest rate method.

(l) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional and presentation currency.

Foreign currency transactions and balances

i) 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 transaction.

ii) Conversion - Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii) Exchange differences - The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as income or as expense in the period in which they arise.

(m) Retirement and other employee benefits

Retirement benefits in the form of state governed Employee Provident Fund and Employee State Insurance are defined contribution schemes (collectively the 'Schemes'). The Company has no obligation, other than the contribution payable to the Schemes. The Company recognizes contribution payable to the Schemes as expenditure, when an employee renders the related service. The contribution paid in excess of amount due is recognized as an asset and the contribution due in excess of amount paid is recognized as a liability.

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/ (asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company recognizes re-measurement gains and losses on defined benefit plans (net of tax) to retained earnings.

