

Starworth Infrastructure & Construction Limited

Financial Statements

For the year ended 31 March 2017

Starworth Infrastructure & Construction Limited

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Walker Chandiook & Co LLP

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Independent Auditor's Report

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To the Members of Starworth Infrastructure & Construction Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of Starworth Infrastructure & Construction Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. 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 financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. 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.
5. We conducted our audit in accordance with the Standards on Auditing 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 these financial statements are free from material misstatement.



Chartered Accountants

Offices in Bengaluru, Chandigarh, Chennai, Gurugram, Hyderabad, Kolkata, Mumbai, New Delhi, Noida and Pune

Walker Chandiook & Co LLP is registered with limited liability with identification number AAC-2085 and its registered office at L-41 Connaught Circus, New Delhi, 110001, India

6. An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the 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 the 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 financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 including Ind AS specified under Section 133 of the Act, of the state of affairs (financial position) of the Company as at 31 March 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

9. The Company had prepared separate sets of statutory financial statements for the year ended 31 March 2016 and 31 March 2015 in accordance with {Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) on which we issued auditor's reports to the shareholders of the Company dated 27 May 2016 and 25 August 2015 respectively. These financial statements have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have also been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

10. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.
11. Further to our comments in Annexure I, 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 financial statements dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the aforesaid financial statements comply with Ind AS specified under Section 133 of the Act;
 - e) On the basis of the written representations received from the directors and taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act;



Walker Chandiok & Co LLP

- f) We have also audited the internal financial controls over financial reporting (IFCoFR) of the Company as on 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date and our report dated 12 July 2017 as per Annexure II, expressed unqualified opinion.
- 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 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
- i. the Company, as detailed in Note 33 to the financial statements, has disclosed the impact of pending litigations on its financial position;
 - 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;
 - iv. the company, as detailed in Note 34 to the financial statements, has made requisite disclosures in these financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on the audit procedures performed and taking into consideration the information and explanations given to us, in our opinion, these are in accordance with the books of account maintained by the company.

Walker Chandiok & Co LLP

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vijay V Singh

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

12 July 2017



Walker Chandiook & Co LLP

Annexure I to the Independent Auditor's Report of even date to the members of Starworth Infrastructure & Construction Limited, on the financial statements for the year ended 31 March 2017

Annexure I

Independent Auditor's Report On Companies (Auditor's Report) Order, 2016 ('the order') under Sub-Section 11 of section 143 of the Companies Act, 2013 ('the Act')

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, and to the best of our knowledge and belief, 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. In accordance with this program, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable property (in the nature of 'fixed assets'). Accordingly, the provisions of clause 3(i)(c) of the Order are not applicable.
- (ii) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies between physical inventory and book records were noticed on physical verification.
- (iii) The Company has granted interest free unsecured loans to companies covered in the register maintained under Section 189 of the Act; and with respect to the same:
 - (a) in our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the Company's interest.
 - (b) the schedule of repayment of the principal and the payment of the interest has not been stipulated and hence we are unable to comment as to whether repayments/receipts of the principal amount and the interest are regular;
 - (c) in the absence of stipulated schedule of repayment of principal and payment of interest, we are unable to comment as to whether there is any amount which is overdue for more than 90 days and whether reasonable steps have been taken by the Company for recovery of the principal amount and interest.
- (iv) In our opinion, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.
- (v) In our opinion, the Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.



Walker ChandioK & Co LLP

Annexure I to the Independent Auditor's Report of even date to the members of Starworth Infrastructure & Construction Limited, on the financial statements for the year ended 31 March 2017

- (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 clause (d) of sub-section (1) of Section 148 of the Act in respect of Company's products/services 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.
- (vii)(a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, have generally been regularly deposited to the appropriate authorities, though there has been a slight delay in a few cases. Further, 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) The dues outstanding in respect of income-tax, sales-tax, service-tax, duty of customs, duty of excise and value added tax on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (₹)	Amount paid under Protest (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Disallowance of direct expenses	498,263	-	2010-11	Commissioner of Income Taxes (Appeals)

- (viii) In our opinion, the Company has not defaulted in repayment of loans or borrowings to any financial institution or a bank or government or any dues to debenture-holders during the year.
- (ix) The Company did not raise moneys by way of initial public offer or further public offer (including debt instruments). In our opinion, the term loans were applied for the purpose for which the loans were obtained, though idle/surplus funds which were not required for immediate utilization were temporarily used for the purpose other than for which the loan was sanctioned but were ultimately utilized for the stated end-use.
- (x) No fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.
- (xi) The Company has not paid or provided for any managerial remuneration. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable.
- (xii) In our opinion, the Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.
- (xiii) In our opinion all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable Ind AS.



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Annexure I to the Independent Auditor's Report of even date to the members of Starworth Infrastructure & Construction Limited, on the financial statements for the year ended 31 March 2017

- (xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures.
- (xv) In our opinion, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

Walker Chandiok & Co LLP
For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm's Registration No.: 001076N/N500013

Vijay V Singh
per **Vijay Vikram Singh**
Partner
Membership No.: 059139

Bengaluru
12 July 2017



Annexure II to the Independent Auditor's Report of even date to the members of Starworth Infrastructure & Construction Limited, on the financial statements for the year ended 31 March 2017

Annexure II

Independent Auditor's report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

1. In conjunction with our audit of the financial statements of Starworth Infrastructure & Construction Limited ("the Company") as at and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting ("IFCoFR") of the Company as at that date.

Management's Responsibility for Internal Financial Controls

2. The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the control criteria in accordance with the Internal control framework defined in Annexure I to SA 315 "Identifying and Assessing the Risk of Material Misstatement Through Understanding the Entity and its Environment" ("the framework"). 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 the Company's business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's IFCoFR based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India ("the ICAI") and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of IFCoFR, and the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the ICAI. 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 IFCoFR were established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the IFCoFR and their operating effectiveness. Our audit of IFCoFR included obtaining an understanding of IFCoFR, 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's IFCoFR.



Walker Chandiok & Co LLP

Annexure II to the Independent Auditor's Report of even date to the members of Starworth Infrastructure & Construction Limited, on the financial statements for the year ended 31 March 2017

Meaning of Internal Financial Controls over Financial Reporting

6. A Company's IFCoFR 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 IFCoFR include 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

7. Because of the inherent limitations of IFCoFR, 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 IFCoFR to future periods are subject to the risk that IFCoFR may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

8. In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the framework.

Walker Chandiok & Co LLP

For **Walker Chandiok & Co LLP**

Chartered Accountants

Firm's Registration No.: 001076N/N500013

Vijay V Singh

per **Vijay Vikram Singh**

Partner

Membership No.: 059139

Bengaluru

12 July 2017



Starworth Infrastructure & Construction Limited

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Balance Sheet as at 31 March 2017

(All amounts in ₹ lakh, unless otherwise stated)

	Note	31 Mar 2017	31 Mar 2016	01 Apr 2015
Assets				
Non-current assets				
(a) Property, plant and equipment	2	2,912.90	3,373.71	1,952.72
(b) Capital work-in-progress		-	-	1,122.26
(c) Intangible assets	3	6.24	7.64	2.58
(d) Financial assets				
(i) Loans and advances	4a	54.66	89.10	60.69
(ii) Other financial assets	5a	0.92	0.92	0.92
(e) Deferred tax assets (net)	8	492.20	493.74	205.51
(f) Other non-current assets	6a	1,406.65	1,140.27	878.87
Total non-current assets		4,873.57	5,105.38	4,223.55
Current assets				
(a) Inventories	9	1,012.67	1,034.54	1,403.86
(b) Financial assets				
(i) Trade receivables	10	3,523.88	2,215.71	2,425.54
(ii) Cash and cash equivalents	11	44.37	73.83	795.10
(iii) Bank balances other than (ii) above	12	-	-	167.95
(iv) Loans and advances	4b	-	-	10.00
(v) Other financial assets	5b	2,999.76	2,640.86	2,120.07
(c) Other current assets	6b	596.86	702.27	372.03
Total current assets		8,177.54	6,667.21	7,294.55
Total assets		13,051.11	11,772.59	11,518.10
Equity and liabilities				
Equity				
(a) Equity share capital	13	5.00	5.00	5.00
(b) Other equity	14	1,614.25	1,596.59	2,141.23
Total equity		1,619.25	1,601.59	2,146.23
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15a	-	206.88	707.84
(b) Provisions	17a	239.71	206.50	66.45
Total non-current liabilities		239.71	413.38	774.29
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	15b	5,958.44	1,542.33	2.17
(ii) Trade payables	18			
total outstanding dues of micro enterprises and small enterprises		11.98	146.33	103.07
total outstanding dues of creditors other than micro enterprises and small enterprises		3,213.62	3,540.51	3,495.44
(iii) Other financial liabilities	16	300.65	668.03	520.75
(b) Other current liabilities	19	1,659.89	3,812.50	4,371.03
(c) Provisions	17b	47.57	47.92	105.12
Total current liabilities		11,192.15	9,757.62	8,597.58
Total equity and liabilities		13,051.11	11,772.59	11,518.10

Significant accounting policies

1.2

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

As per report of even date

Walker Chandio & Co LLP

For Walker Chandio & Co LLP

Chartered Accountants

Vijay V Singh

per Vijay Vikram Singh
Partner

Bengaluru
12 July 2017



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

Nani R Choksey

Nani R Choksey
Director
DIN 00504555

Bengaluru
29 May 2017



Ashish Puravankara

Ashish Puravankara
Director
DIN 00504524

Starworth Infrastructure & Construction Limited

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Statement of Profit and Loss for the year ended 31 March 2017

(All amounts in ₹ lakh, unless otherwise stated)

	Note	31 Mar 2017	31 Mar 2016
Income			
Revenue from operations			
Revenue from construction services	20	14,402.49	20,420.99
Other operating revenues	21	491.10	292.38
Total		14,893.59	20,713.37
Expenses			
Material and contract cost	22	11,636.69	17,641.77
Employee benefits expense	23	1,661.18	2,334.12
Finance expense, net	24	102.69	170.44
Depreciation and amortization	25	563.84	444.32
Other expenses	26	897.20	982.42
Total		14,861.60	21,573.07
Profit/(loss) before tax		31.99	(859.70)
Tax expense	7		
Current tax		-	-
Deferred tax		5.97	(297.52)
Profit/(loss) after tax		26.02	(562.18)
Other comprehensive income			
(a) Items that will not be reclassified to profit or loss			
(i) Re-measurement of gains/(losses) on defined benefit plans		(12.79)	26.83
(ii) Income tax relating to items that will not be reclassified to profit or loss		4.43	(9.29)
(b) Items that will be reclassified to profit or loss		-	-
Total other comprehensive income for the year		(8.36)	17.54
Total comprehensive income for the year		17.66	(544.64)
Earnings per share (Nominal value ₹ 10 per share)			
Basic (₹)	27	52.04	(1,124.37)
Diluted (₹)		52.04	(1,124.37)

Significant accounting policies

1.2

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

As per report of even date

Walker Chandio & Co LLP

For Walker Chandio & Co LLP

Chartered Accountants

Vijay V Singh

per Vijay Vikram Singh
Partner

Bengaluru
12 July 2017


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

Nani R Choksey

Nani R Choksey
Director
DIN 00504555

Bengaluru
29 May 2017

Ashish Puravankara

Ashish Puravankara
Director
DIN 00504524


Starworth Infrastructure & Construction Limited

11

Cash Flow Statement

(All amounts in ₹ lakh, unless otherwise stated)

31 Mar 2017

31 Mar 2016

A. Cash flow from operating activities

Profit/(loss) for the year	26.02	(562.18)
Adjustments to reconcile profit after tax to net cash flows:		
Tax expense	5.97	(297.52)
Depreciation and amortization	563.84	444.32
Loss on sale of property, plant and equipment	-	88.88
Finance expense, net	102.69	170.44
Operating profit/(loss) before working capital changes	698.52	(156.06)
Working capital adjustments:		
(Increase)/decrease in trade receivables	(1,308.17)	209.83
Decrease in inventories of raw materials	21.87	369.32
(Increase) in loans and advances and other current assets	(253.47)	(783.91)
Increase in current liabilities and provisions	(2,624.96)	(269.64)
Cash (used in) operations	(3,466.21)	(630.46)
Income tax paid (net)	(266.38)	(439.62)
Net cash (used in) operating activities	(3,732.59)	(1,070.08)

B. Cash flows from investing activities

Purchase of property, plant and equipment including capital advances	(101.63)	(1,063.39)
Proceeds from sale of property, plant and equipment	-	332.75
Security deposits	16.78	-
Loan to holding company	(8.40)	(99.23)
Loan repaid by holding company	20.24	81.57
Net investment in bank deposits and margin monies	-	167.95
Interest received	75.85	4.56
Net cash generated from / (used in) investing activities	2.84	(575.79)

C. Cash flows from financing activities

Loan from related parties	3,075.17	1,104.99
Loans repaid to related parties	(12.38)	(182.88)
Proceeds from cash credit and working capital loan	1,359.14	618.05
Repayment of term loans	(540.37)	(442.29)
Interest paid	(181.27)	(173.27)
Net cash generated from financing activities	3,700.29	924.60
Net (decrease) in cash and cash equivalents (A + B + C)	(29.46)	(721.27)
Cash and cash equivalents at the beginning of the year	73.83	795.10
Cash and cash equivalents at the end of the year	44.37	73.83

Components of cash and cash equivalents

Cash and bank balances (as per note 11 to the financial statements)	44.37	73.83
	44.37	73.83

As per report of even date

Walker Chandio & Co LLP

For Walker Chandio & Co LLP

Chartered Accountants

Vijay V Singh

per Vijay Vikram Singh
Partner

Bengaluru
12 July 2017


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

Nani R Choksey

Director
DIN 00504555

Bengaluru
29 May 2017

Ashish Puravankara

Director
DIN 00504524


Statement of changes in equity as at 31 March 2017

(All amounts in ₹ lakh, unless otherwise stated)

A. Equity share capital

Particulars	As at 01 April 2015	Movement during 2015-16	As at 31 March 2016	Movement during 2016-17	As at 31 March 2017
Equity share capital of face value of ₹ 10 each	5.00	-	5.00	-	5.00
0.50 lakhs (31 Mar 2016 - 0.50 lakhs, 01 Apr 2015 - 0.50 lakhs) equity shares of ₹ 10 each					
	<u>5.00</u>	<u>-</u>	<u>5.00</u>	<u>-</u>	<u>5.00</u>

B. Other equity

	Retained Earnings	Total
Balance as at 1 April 2015	2,141.23	2,141.23
Loss for the year	(562.18)	(562.18)
Other comprehensive income	17.54	17.54
Balance as at 31 March 2016	<u>1,596.59</u>	<u>1,596.59</u>
Profit for the year	26.02	26.02
Other comprehensive income	(8.36)	(8.36)
Balance as at 31 March 2017	<u>1,614.25</u>	<u>1,614.25</u>

*Walker Chandio & Co LLP*For Walker Chandio & Co LLP
Chartered Accountants*Vijay V Singh*per Vijay Vikram Singh
PartnerBengaluru
12 July 2017For and on behalf of the Board of Directors of Starworth
Infrastructure & Construction Limited*Nani R Choksey*Nani R Choksey
Director
DIN 00504555Bengaluru
29 May 2017*Ashish Puravankara*Ashish Puravankara
Director
DIN 00504524

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

1 Company overview and significant accounting policies**1.1 Company overview**

Starworth Infrastructure & Construction Limited (the 'Company') was incorporated on 13 Aug 2008 under Companies Act, 1956. The registered office is located at 130/1, Ulsoor Road, Bengaluru 560042, India. as a wholly owned subsidiary of Puravankara Limited (formerly Puravankara Projects Limited). The Company is engaged in the business of providing, construction and development services for captive as well as third party external clients and other related activities.

1.2 Significant accounting policies**a. Statement of compliance**

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards (Ind-AS) as notified under section 133 of the Companies Act 2013 read with the Companies (Indian Accounting Standards) Rules 2015 (by Ministry of Corporate Affairs ('MCA')). The Company has uniformly applied the accounting policies during the periods presented.

For all periods up to and including the year ended 31 March 2016, the Company has prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP). These financial statements for the year ended 31 March 2017 are the first financial statements which the Company has prepared in accordance with Ind AS (see note 42 for explanation for transition to Ind AS). For the purpose of comparatives, financial statements for the year ended 31 March 2016 are also prepared under Ind AS.

The financial statements for the year ended 31 March 2017 were authorized and approved for issue by the Board of Directors on 29 May 2017. Amendments to the financial statements are permitted after approval.

b. Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases that are in effect as at 31 March 2017, as summarized below.

In accordance with Ind AS 101, 'First-time Adoption of Indian Accounting Standards' the Company presents three balance sheets, two statement of profit and loss, two statements of cash flows and two statements of changes in equity and related notes, including comparative information for all statements presented, in its first Ind AS financial statements. In future periods, Ind AS 1, 'Presentation of Financial Statements' requires two comparative periods to be presented for the balance sheet only in certain circumstances.

c. Basis of preparation of financial statements

The financial statements have been prepared on going concern basis under the historical cost basis except for certain financial assets and liabilities which are measured at fair value.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share based payment transactions that are within the scope of Ind AS 102, 'Share-based Payment', leasing transactions that are within the scope of Ind AS 17, 'Leases', and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 'Inventories', or value in use in Ind AS 36 'Impairment of assets'.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: Inputs for the assets or liabilities that are not based on the observable market data (unobservable inputs).

d. 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 judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the end of the reporting period. Although these estimates are based upon 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 in future period. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Application of accounting policies that require significant accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed in note 1.3 and 1.4.

e. Standards, not yet effective and have not been adopted early by the Company

Information on new standards, amendments and interpretations that are expected to be relevant to the financial statements is provided below.

Amendment to Ind AS 7 'Statement of Cash Flows'

The amendments to Ind AS 7, 'Statement of cash flows' inter-alia require the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effective date of the amendment is 01 April 2017. The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

f. Current versus non-current classification

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

(i) An asset is classified as current when it is:

- Expected to be realized or intended to 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

(ii) All other assets are classified as non-current.

(iii) A liability is classified as 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

(iv) All other liabilities are classified as non-current.

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

Based on the nature of service and the time between the acquisition of assets for development and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current and non-current classification of assets and liabilities.



Starworth Infrastructure & Construction Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

g. Foreign currency transactions

Functional and presentation currency

The financial statements are presented in Indian Rupee ('₹') which is also the functional and presentation currency of the Company. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

(a) Initial recognition

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

(b) Conversion

Foreign currency monetary items are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or any other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

h. Revenue recognition

Revenue from the construction contracts are recognised when the outcome of the contract can be estimated reliably. The construction contract revenue and cost associated with the contract are recognised 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 recognised profit to date in excess of progress billings are shown as 'Unbilled revenue'. Where the progress billings exceed the cost and recognised profit to date, the same is disclosed as 'Advance received from customers'.

Interest Income

For all debt instruments measured either at amortized cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortized cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss. The expected cash flows are revisited on a yearly basis.

i. Inventories

Raw materials

Inventory includes 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.

j. Property, Plant and Equipment (PPE)

Recognition and initial measurement

Properties plant and equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met, any expected costs of decommissioning and any directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent measurement

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit and loss as incurred.

Depreciation and useful lives

Depreciation/amortization on fixed assets is provided on the straight-line method, based on the useful life of asset specified in Schedule II to the Companies Act, 2013. The Management estimates the useful lives of the assets as per the indicative useful life prescribed in Schedule II to the Companies Act, 2013, except shuttering materials whose life is estimated as 7 years. Residual values, useful lives and method of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Plant and machinery	10 years
Office equipments	5 years
Computer equipment	3 years
Vehicles	8 years
Shuttering material	7 years
Furniture and fixtures	10 years

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress.

De-recognition

An item of property, plant and equipment and any significant part initially recognized is derecognized 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 statement of profit and loss when the asset is derecognized.



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

k. Intangible assets**Recognition and initial measurement**

Intangible assets (software) are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent measurement (amortization)

The cost of capitalized software is amortized over a period of 6 years from the date of its acquisition on a straight line basis.

l. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognized in the statement of profit and loss in the period in which they are incurred.

The Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any interest income earned on temporary investment of specific borrowings pending their expenditure on qualifying assets, to the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset. In case if the Company borrows generally and uses the funds for obtaining a qualifying asset, borrowing costs eligible for capitalization are determined by applying a capitalization rate to the expenditures on that asset.

The Company suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset.

m. Cash and cash equivalents

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

n. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets 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 except where scheduled increase in rent compensates the Company with expected inflationary costs.

o. Employee benefits**Defined contribution plan**

The Company's contribution to provident fund is charged to the statement of profit and loss or inventorized as a part of project under development, as the case may be. The Company's contributions towards provident fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan, in accordance with Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

Defined benefit plan

The Company has funded gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans as the present value of the defined benefit obligation (DBO) at the reporting date less the fair value of plan assets. Management estimates the DBO annually with the assistance of independent actuaries who use the projected unit credit method to calculate the defined benefit obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or inventorized as a part of project under development, as the case may be.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost or inventorized as a part of project under development, as the case may be.

Actuarial gain or loss arising from experience adjustments and changes in actuarial assumptions are recognized in other comprehensive income in the year in which such gain or loss arise.

Vacation pay

The Company also provides benefit of vacation pay to its employees. Liability in respect of vacation pay becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss or inventorized as a part of project under development, as the case may be in the year in which such gains or losses arise.

The Company presents the leave as a current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

Other short-term benefits

Short-term employee benefits comprising employee costs including performance bonus is recognized in the statement of profit and loss or inventorized as a part of project under development, as the case may be on the basis of the amount paid or payable for the period during which services are rendered by the employee.



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

p. Tax expense

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax

Current tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws in the countries where the Company operates and generates taxable income.

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

Current and deferred tax for the period

Current and deferred tax are recognized in the statement profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

q. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

r. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

s. Financial instruments

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

Subsequent measurement

Debt Instruments

Debt instruments at amortized cost

A 'Debt instruments' is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the statement of profit and loss.

Debt Instruments at fair value through other comprehensive income (FVTOCI)

A debt instrument is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Fair value movements are recognized in other comprehensive income (OCI).

Debt instruments at Fair value through profit and loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in the scope of Ind AS 109, 'Financial Instruments', are measured at fair value. Equity instruments which are held for trading and contingent consideration has been recognized by an acquirer in a business combination to which Ind AS 103, 'Business Combinations' applies, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in OCI with subsequent changes in the fair value.

The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, impairment gains or losses and foreign exchange gains and losses, are recognized in the OCI.

There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

De-recognition of financial assets

A financial asset is primarily de-recognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

Investment in subsidiaries:

The Company's investment in equity instruments of subsidiaries and joint venture are accounted for at cost.

f. Financial liabilities**Initial recognition**

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

Subsequent measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

De-recognition of financial liabilities

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

Offsetting of financial instruments

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

u. Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the twelve month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in the statement of profit and loss.

v. Impairment of non-financial assets

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in the statement of profit and loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

w. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Company is engaged in the business of construction of residential and commercial property which is the only reportable segment. The Company operates primarily in India and there is no other significant geographical segment.

1.3 Significant estimates in applying accounting policies

- Revenue and inventories – The Company recognizes revenue using the percentage of completion method. This requires forecasts to be made of the outcomes of long-term construction and service contracts, which require assessments and judgements to be made on changes in work scopes, claims and incentive payments to the extent they are probable and they are capable of being reliably measured.
- Recoverability of advances/receivables – At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.
- Useful lives of depreciable/amortizable assets – Management reviews its estimate of the useful lives of depreciable/amortizable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software and other assets.
- Defined Benefit Obligation (DBO) – Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

1.4 Critical judgements in applying accounting policies

- Recognition of deferred tax assets – The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.
- Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.
- Classification of leases – The Company enters into leasing arrangements for various assets. The classification of the leasing arrangement as a finance lease or operating lease is based on an assessment of several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee's option to purchase and estimated certainty of exercise of such option, proportion of lease term to the asset's economic life, proportion of present value of minimum lease payments to fair value of leased asset and extent of specialized nature of the leased asset.
- Provisions – At each balance sheet date basis the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However the actual future outcome may be different from this judgement.



Starworth Infrastructure & Construction Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

2 Property, plant and equipment

Details of the Company's property, plant and equipment and reconciliation of their carrying amounts from beginning to end of reporting period is as follows:

Particulars	Plant and machinery	Office equipments	Computer equipment	Furniture and fixtures	Vehicles	Shuttering material	Total
Gross carrying amount							
At 01 Apr 2015 (refer note a)	1,051.27	6.30	5.34	4.63	35.73	849.45	1,952.72
Additions	142.37	62.98	5.61	0.19	-	2,074.84	2,285.99
Disposals/adjustments	(464.06)	-	-	-	(14.40)	-	(478.46)
At 31 Mar 2016	729.58	69.28	10.95	4.82	21.33	2,924.29	3,760.25
Additions	57.56	1.10	-	-	-	42.97	101.63
Disposals/adjustments	-	-	-	-	-	-	-
At 31 Mar 2017	787.14	70.38	10.95	4.82	21.33	2,967.26	3,861.88
Accumulated depreciation							
At 01 April 2015	-	-	-	-	-	-	-
Charge for the year	87.06	13.61	2.16	0.65	4.89	335.00	443.37
Disposals/adjustments	(54.54)	-	-	-	(2.29)	-	(56.83)
At 31 Mar 2016	32.52	13.61	2.16	0.65	2.60	335.00	386.54
Charge for the year	67.93	13.59	2.87	0.55	3.60	473.90	562.44
Disposals/adjustments	-	-	-	-	-	-	-
At 31 Mar 2017	100.45	27.20	5.03	1.20	6.20	808.90	948.98
Net block							
At 01 Apr 2015	1,051.27	6.30	5.34	4.63	35.73	849.45	1,952.72
At 31 Mar 2016	697.06	55.67	8.79	4.17	18.73	2,589.29	3,373.71
At 31 Mar 2017	686.69	43.18	5.92	3.62	15.13	2,158.36	2,912.90

a. Deemed carrying cost

For property, plant and equipment existing as on the date of transition to Ind AS, i.e., 01 April 2015, the Company has used previous GAAP carrying value as deemed costs.

b. Contractual obligations

There are no contractual commitments pending for the acquisition of property, plant and equipment as at balance sheet date.

c. Capitalized borrowing cost

There are no borrowing costs capitalized during the year ended 31 March 2017 and 31 March 2016.

d. Property, plant and equipment pledged as security

Details of assets pledged are as per note no.28

3 Intangible assets

Particulars	Computer software	Total
Gross carrying amount		
At 01 Apr 2015 (refer note a)	2.58	2.58
Additions	6.01	6.01
Disposals/adjustments	-	-
At 31 Mar 2016	8.59	8.59
Additions	-	-
Disposals/adjustments	-	-
At 31 Mar 2017	8.59	8.59
Accumulated amortisation		
At 01 April 2015	-	-
Charge for the year	0.95	0.95
Disposals/adjustments	-	-
At 31 Mar 2016	0.95	0.95
Charge for the year	1.40	1.40
Disposals/adjustments	-	-
At 31 Mar 2017	2.35	2.35
Net block		
At 01 Apr 2015	2.58	2.58
At 31 Mar 2016	7.64	7.64
At 31 Mar 2017	6.24	6.24

a. Deemed carrying cost

For intangible assets existing as on the date of transition to Ind AS, i.e., 01 April 2015, the Company has used previous GAAP carrying value as deemed costs.



Starworth Infrastructure & Construction Limited

Summary of significant accounting policies and other explanatory information

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(All amounts in ₹ lakh, unless otherwise stated)

	31 Mar 2017	31 Mar 2016	01 Apr 2015
4 Loans and advances			
a Non current			
Unsecured, considered good			
Security deposits	54.66	71.44	60.69
Loans to Holding Company	-	17.66	-
	<u>54.66</u>	<u>89.10</u>	<u>60.69</u>
b Current			
Unsecured, considered good			
Security deposits	-	-	10.00
	<u>-</u>	<u>-</u>	<u>10.00</u>
	<u>54.66</u>	<u>89.10</u>	<u>70.69</u>

	31 Mar 2017	31 Mar 2016	01 Apr 2015
5 Other financial assets			
a Non current			
Non-current bank balances (note 12)	0.92	0.92	0.92
	<u>0.92</u>	<u>0.92</u>	<u>0.92</u>
b Current			
Unbilled revenue	2,999.41	2,640.53	2,115.74
Interest accrued on fixed deposits	0.35	0.33	4.33
	<u>2,999.76</u>	<u>2,640.86</u>	<u>2,120.07</u>
	<u>3,000.68</u>	<u>2,641.78</u>	<u>2,120.99</u>

	31 Mar 2017	31 Mar 2016	01 Apr 2015
6 Other assets			
a Non-current			
Capital advance	-	-	106.35
Advance income tax [net of provision for taxation ₹ 1,275.35 (31 Mar 2016 ₹ 1275.35, 01 Apr 2015 ₹ 1275.35)]	1,406.65	1,140.27	700.65
Duties and taxes recoverable	-	-	71.87
	<u>1,406.65</u>	<u>1,140.27</u>	<u>878.87</u>
b Current			
Advances to suppliers	269.41	304.79	125.18
Advances to contractors	234.93	163.86	153.61
Prepaid expenses	16.29	10.04	3.07
Duties and taxes recoverable	58.45	196.88	73.63
Other advances	17.78	26.70	16.54
	<u>596.86</u>	<u>702.27</u>	<u>372.03</u>
	<u>2,003.51</u>	<u>1,842.54</u>	<u>1,250.90</u>

	31 Mar 2017	31 Mar 2016
7 Income tax		
Current tax		
Current income tax	-	-
Deferred tax		
Deferred tax (credit/charge)	5.97	(297.52)
Income tax expense reported in the statement of profit and loss	<u>5.97</u>	<u>(297.52)</u>

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

The major components of income tax expense and the reconciliation of expected tax expense based on the domestic effective tax rate of the Company at 34.608% and the reported tax expense in profit or loss are as follows:

Accounting profit before income tax	<u>31.99</u>	<u>(859.70)</u>
Effective tax rate in India	34.608%	34.608%
Expected tax expense	11.07	(297.52)
Others	(5.10)	-
Income tax expense	<u>5.97</u>	<u>(297.52)</u>



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

8 Deferred tax assets (net)

Deferred tax asset arising on account of :

Expenses allowable on payment basis

Gratuity

Vacation pay

Bonus

Lease rent

Carry forward of losses

Less: Deferred tax liability arising on account of depreciation

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Gratuity	87.53	77.14	50.30
Vacation pay	11.89	10.91	9.08
Bonus	31.21	36.60	31.87
Lease rent	0.64	1.22	2.14
Carry forward of losses	402.34	434.49	160.20
Less: Deferred tax liability arising on account of depreciation	(41.41)	(66.62)	(48.08)
	<u>492.20</u>	<u>493.74</u>	<u>205.51</u>

Deferred tax assets and deferred tax liabilities have been offset wherever the Company has a legally enforceable right to set off current tax liabilities and where the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

Deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and tax loss carry forward can be utilized.

Deferred tax arising on all the items has been recognized in the statement of profit and loss except for deferred tax arising on account of provision for employee benefits, a part of which has been recognized in other comprehensive income on account of actuarial gains and losses.

Deferred tax asset on carry forward losses and other deductible timing differences have been recorded in the financial statements on account of existence of virtual certainty supported by convincing evidence (i.e. non-cancellable contracts with Holding Company) that sufficient future taxable income will be available against which such deferred tax asset can be realized.

Reconciliation of deferred tax assets

Net deferred tax asset at the beginning of the year

Tax income/(expense) during the year recognized in profit and loss

Tax income/(expense) during the year recognized in OCI

Net deferred tax asset at the end of the year

	31 Mar 2017	31 Mar 2016
Net deferred tax asset at the beginning of the year	493.74	205.51
Tax income/(expense) during the year recognized in profit and loss	(5.97)	297.52
Tax income/(expense) during the year recognized in OCI	4.43	(9.29)
Net deferred tax asset at the end of the year	<u>492.20</u>	<u>493.74</u>

9 Inventory

Raw materials *

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Raw materials *	<u>1,012.67</u>	<u>1,034.54</u>	<u>1,403.86</u>

* Details of assets pledged are as per note no.28

10 Trade receivables *

(Unsecured)

Outstanding for a period exceeding six months

Other receivable

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Outstanding for a period exceeding six months	820.95	858.85	1,664.33
Other receivable	2,702.93	1,356.86	761.21
	<u>3,523.88</u>	<u>2,215.71</u>	<u>2,425.54</u>

* Details of assets pledged are as per note no.28

11 Cash and cash equivalents

Cash on hand

Balances with banks

In current accounts

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Cash on hand	7.82	5.81	4.37
Balances with banks			
In current accounts	36.55	68.02	790.73
	<u>44.37</u>	<u>73.83</u>	<u>795.10</u>

12 Other bank balances

Deposits with maturity for more than 12 months*

Deposits with maturity for more than 3 months but less than 12 months*

Margin money deposit*

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Deposits with maturity for more than 12 months*	0.92	0.92	0.92
Deposits with maturity for more than 3 months but less than 12 months*	-	-	7.10
Margin money deposit*	-	-	160.85
	<u>0.92</u>	<u>0.92</u>	<u>168.87</u>
Less: Non-current bank balances in fixed deposit accounts (refer note 5)	<u>(0.92)</u>	<u>(0.92)</u>	<u>(0.92)</u>
	<u>-</u>	<u>-</u>	<u>167.95</u>

* Represents earmarked bank balances restricted for use held as margin money for security against the guarantees and deposits which are subject to first charge to secure the Company's borrowings.



Starworth Infrastructure & Construction Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

		31 Mar 2017	31 Mar 2016	01 Apr 2015		
13 Equity share capital						
Authorised shares						
Equity share capital of face value of ₹ 10 each						
0.5 lakh (31 March 2016 - 0.5 lakh, 01 April 2015 - 0.5 lakh) equity shares of ₹10 each						
		5.00	5.00	5.00		
Issued, subscribed and fully paid-up shares						
Equity share capital of face value of ₹ 10 each						
0.5 lakh (31 March 2016 - 0.5 lakh, 01 April 2015 - 0.5 lakh) equity shares of ₹10 each						
		5.00	5.00	5.00		
		5.00	5.00	5.00		
a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year						
Equity shares	31 Mar 2017	31 Mar 2016	01 Apr 2015			
	No. in lakh	₹ lakh	No. in lakh	₹ lakh	No. in lakh	₹ lakh
Balance at the beginning of the year	0.50	5.00	0.50	5.00	0.50	5.00
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	0.50	5.00	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. The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except interim dividend.						
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, if any. 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 2017	31 Mar 2016	01 Apr 2015			
	No. in lakh	% holding	No. in lakh	% holding	No. in lakh	% holding
Equity shares of ₹ 10 each fully paid-up						
Puravankara Limited (formerly Puravankara Projects Limited)- Holding Company	0.50	100.00%	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 ownership of shares.						
d. Aggregate number of bonus shares issued and shares issued for consideration other than cash during the year of five years immediately preceding the reporting date:						
The Company has not issued any bonus shares nor there has been any buy back of shares during five years immediately preceding 31 March 2017.						
14 Other equity		31 Mar 2017	31 Mar 2016	01 Apr 2015		
Retained earnings						
Surplus in the statement of profit and loss		1,602.58	1,576.56	2,138.74		
Other comprehensive income		11.67	20.03	2.49		
		1,614.25	1,596.59	2,141.23		
15 Borrowings		31 Mar 2017	31 Mar 2016	01 Apr 2015		
a Non-current						
Secured term loans						
From banks		167.44	707.81	1,150.10		
		167.44	707.81	1,150.10		
Amount disclosed under "Other current financial liabilities" (refer note 16)		(167.44)	(500.93)	(442.26)		
		-	206.88	707.84		
* These are repayable within 12 months						
b Current						
Secured term loans						
Cash credit and other loan from banks		1,977.19	618.05	-		
Unsecured term loans						
Interest free loan from related parties repayable on demand		3,981.25	924.28	2.17		
		5,958.44	1,542.33	2.17		
		6,125.88	2,250.14	1,152.27		
Particulars	Nature of security	Repayment details	31 Mar 2017	31 Mar 2016	01 Apr 2015	
Term loans from banks (Secured)						
Equipment loan facility of ₹ 832 from ICICI Bank Limited	This facility is secured by an exclusive Repayable in 36 first charge and hypothecation of MFE equal monthly form work equipment of Purva Palm installments Beach project and backed by the commencing from Corporate guarantee from Puravankara Oct 2014. Limited (Holding Company).		167.44	438.66	722.54	
Equipment loan facility from ICICI Bank Limited - ₹ 625.92	This facility is secured by an exclusive Repayable in 36 first charge and hypothecation of equal monthly Commercial vehicles of Purva Palm installments Beach and Purva West End projects and commencing from backed by the Corporate guarantee from Aug 2014 Puravankara Limited (Holding Company).		-	269.15	426.90	
Term loans from others (Secured)						
Other loans (Vehicle loans)	Secured by a charge against respective vehicles.	Repayable in 36 to 60 monthly installments	-	-	0.66	
Cash credit and other loan from banks (Secured)						
Overdraft facility from Indusind bank Ltd ₹ 1000	Exclusive charge on stock, book debts and fixed assets of the Company excluding the assets exclusively funded by under equipment finance by ICICI bank Limited and backed corporate guarantee from Puravankara Limited (Holding Company)		1,977.19	618.05	-	
The interest on above loans from banks and other financial institutions are linked to the respective benchmarks. The effective interest rates per annum ranges between			12.00% to 13.10%	12.00% to 13.10%	12.00% to 13.10%	



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

16 Other financial liabilities	31 Mar 2017	31 Mar 2016	01 Apr 2015
Current			
Interest accrued but not due on borrowings	2.05	4.76	7.03
Current maturities of long term borrowings (refer note 15a)	167.44	500.93	442.26
Dues to employees	131.16	162.34	71.46
	<u>300.65</u>	<u>668.03</u>	<u>520.75</u>
17 Provisions	31 Mar 2017	31 Mar 2016	01 Apr 2015
a Non-current			
Provision for employee benefits			
Gratuity	239.71	206.50	66.45
	<u>239.71</u>	<u>206.50</u>	<u>66.45</u>
b Current			
Provision for employee benefits			
Gratuity	13.22	16.39	78.89
Vacation pay	34.35	31.53	26.23
	<u>47.57</u>	<u>47.92</u>	<u>105.12</u>
	<u>287.28</u>	<u>254.42</u>	<u>171.57</u>
18 Trade payables	31 Mar 2017	31 Mar 2016	01 Apr 2015
Total outstanding dues of creditors other than micro enterprises and small enterprises			
Trade payables	3,146.44	3,518.58	3,446.61
Due to related parties	67.18	21.93	48.83
	<u>3,213.62</u>	<u>3,540.51</u>	<u>3,495.44</u>
* Disclosures of dues to Micro, Small and Medium enterprises			
The information as required under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company and has been relied upon by the auditors. The Company has not received any claim for interest from any supplier under the said Act.			
i. The principal amount remaining unpaid	11.98	146.33	103.07
ii. Interest due thereon remaining unpaid	0.42	2.46	-
iii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-	-
iv. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	0.42	2.46	-
v. The amount of interest accrued during the year and remaining unpaid	0.42	2.46	-
vi. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	0.42	2.46	-
19 Other current liabilities	31 Mar 2017	31 Mar 2016	01 Apr 2015
Advances received from customers	1,525.20	3,675.60	4,165.74
Statutory dues payable	105.21	102.25	185.80
TDS payable	27.62	31.11	13.30
Other payables	1.86	3.54	6.19
	<u>1,659.89</u>	<u>3,812.50</u>	<u>4,371.03</u>



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Starworth Infrastructure & Construction Limited

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

20 Revenue from operations		Year ended 31 Mar 2017	Year ended 31 Mar 2016
Revenue from construction services		14,402.49	20,420.99
		14,402.49	20,420.99
21 Other operating revenues		Year ended 31 Mar 2017	Year ended 31 Mar 2016
Rental income		414.24	207.45
Scrap sales		32.96	84.93
Others		43.90	-
		491.10	292.38
22 Material and contract cost		Year ended 31 Mar 2017	Year ended 31 Mar 2016
Inventory of building material at the beginning of the year		1,034.54	1,403.86
Add : Incurred during the year			
Material and contract cost		11,614.82	17,272.45
		12,649.36	18,676.31
Less : Inventory of building material at the end of the year		1,012.67	1,034.54
		11,636.69	17,641.77
23 Employee benefits expense		Year ended 31 Mar 2017	Year ended 31 Mar 2016
Salaries, wages and bonus		1,426.46	1,963.64
Contribution to provident fund and other funds (refer note 37B)		157.59	237.83
Gratuity expenses (refer note 37A)		56.39	65.96
Vacation pay (refer note 37A)		11.33	18.31
Staff welfare		9.41	48.38
		1,661.18	2,334.12
24 Finance expense, net		Year ended 31 Mar 2017	Year ended 31 Mar 2016
Finance expense:			
Interest			
- Term loans		49.80	137.33
- Cash credits		67.67	16.17
Bank charges		58.02	14.97
Others		3.07	2.53
		178.56	171.00
Finance income:			
Bank deposits		0.02	0.02
Others		75.85	0.54
		75.87	0.56
Finance expense, net		102.69	170.44
25 Depreciation and amortization		Year ended 31 Mar 2017	Year ended 31 Mar 2016
Depreciation of property, plant and equipment (refer note 2)		562.44	443.37
Amortization of intangible assets (refer note 3)		1.40	0.95
		563.84	444.32



Starworth Infrastructure & Construction Limited

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

26 Other expenses

	Year ended 31 Mar 2017	Year ended 31 Mar 2016
Travel and conveyance	29.77	40.48
Repairs and maintenance		
- buildings	0.04	0.43
- plant and machinery	2.91	11.00
- others	182.73	180.10
Legal and professional *	54.97	51.40
Rent (refer note 32)	152.31	161.23
Rates and taxes	36.33	35.36
Security	261.74	312.04
Communication costs	6.68	8.47
Printing and stationery	8.02	8.35
Advertising and sales promotion	1.66	1.51
Corporate social responsibility expenses (refer note 38)	122.54	34.68
Miscellaneous expenses	37.50	48.49
Loss on sale of fixed assets	-	88.88
	897.20	982.42

* Payment to auditor (on accrual basis, excluding service tax) [included in legal and professional charges]

As auditor:

Audit fee	22.00	13.00
Other services	5.00	-

In other capacity:

Reimbursement of expenses	-	-
	27.00	13.00

27 Earnings per share (EPS)

	31 Mar 2017	31 Mar 2016
Weighted average number of shares outstanding during the year (in lakh)	0.50	0.50
Add: Dilutive effect of stock options (in lakh)	-	-
Weighted average number of shares used to compute diluted EPS (in lakh)	0.50	0.50
Net profit after tax attributable to equity shareholders	26.02	(562.18)
Earnings per share (₹):		
Basic	52.04	(1,124.37)
Diluted	52.04	(1,124.37)
Nominal value - Rupees per equity share	10.00	10.00

28 Assets pledged as security

The carrying amounts of assets pledged as security for current and non-current borrowings are:

Current

Financial assets

First charge

Trade receivables	3,523.88	2,215.71	2,425.54
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Non-financial assets

First charge

Inventories	1,012.67	1,034.54	1,403.86
Total current assets pledged as securities	4,536.55	3,250.25	3,829.40

Non-current

First charge

Property, plant and equipment	2,912.90	3,373.71	1,952.72
Total non-current assets pledged as securities	2,912.90	3,373.71	1,952.72
Total assets pledged as securities	7,449.45	6,623.96	5,782.12



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

29 Financial instruments

Financial instruments by category

The carrying value and fair value of financial instruments by categories as at 31 March 2017 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Trade receivables	10	-	-	3,523.88	3,523.88	3,523.88
Loans and advances	4	-	-	54.66	54.66	54.66
Cash and cash equivalents including other bank balances	11,12	-	-	44.37	44.37	44.37
Other financial assets	5	-	-	3,000.68	3,000.68	3,000.68
Total financial assets		-	-	6,623.59	6,623.59	6,623.59
Financial liabilities :						
Borrowings *	15	-	-	6,125.88	6,125.88	6,125.88
Trade payables	18	-	-	3,225.60	3,225.60	3,225.60
Other financial liabilities	16	-	-	133.21	133.21	133.21
Total financial liabilities		-	-	9,484.69	9,484.69	9,484.69

The carrying value and fair value of financial instruments by categories as at 31 March 2016 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Trade receivables	10	-	-	2,215.71	2,215.71	2,215.71
Loans and advances	4	-	-	89.10	89.10	89.10
Cash and cash equivalents including other bank balances	11,12	-	-	73.83	73.83	73.83
Other financial assets	5	-	-	2,641.78	2,641.78	2,641.78
Total financial assets		-	-	5,020.42	5,020.42	5,020.42
Financial liabilities :						
Borrowings *	15	-	-	2,250.14	2,250.14	2,250.14
Trade payables	18	-	-	3,686.84	3,686.84	3,686.84
Other financial liabilities	16	-	-	167.10	167.10	167.10
Total financial liabilities		-	-	6,104.08	6,104.08	6,104.08

The carrying value and fair value of financial instruments by categories as at 01 April 2015 were as follows :

Particulars	Note	FVTPL	FVTOCI	Amortized cost	Total carrying value	Total fair value
Financial assets :						
Trade receivables	10	-	-	2,425.54	2,425.54	2,425.54
Loans and advances	4	-	-	70.69	70.69	70.69
Cash and cash equivalents including other bank balances	11,12	-	-	963.05	963.05	963.05
Other financial assets	5	-	-	2,120.99	2,120.99	2,120.99
Total financial assets		-	-	5,580.27	5,580.27	5,580.27
Financial liabilities :						
Borrowings *	15	-	-	1,152.27	1,152.27	1,152.27
Trade payables	18	-	-	3,598.51	3,598.51	3,598.51
Other financial liabilities	16	-	-	78.49	78.49	78.49
Total financial liabilities		-	-	4,829.27	4,829.27	4,829.27

* including current maturities of long term debt

Notes to financial instruments

- i. The management assessed that the fair value of cash and cash equivalents, trade receivables, loans and advances, other financial assets, trade payables and other financial liabilities approximate the carrying amount largely due to short-term maturity of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

ii. Fair value hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active markets for financial instruments.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates.

Level 3: Inputs for the assets or liabilities that are not based on the observable market data (unobservable inputs)

Measurement of fair value of financial instruments

The fair value measurement is not applicable since there are no financial assets and liabilities which are subsequently measured at fair value after initial recognition.



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

30 Financial risk management

Financial risk factors

The Company's activities expose it to market risk, liquidity risk and credit risk. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the related impact in the financial statements.

Risk	Exposure arising from	Measurement
Credit risk	Cash and cash equivalent, trade receivables, financial assets measured at amortized cost	Ageing analysis
Liquidity risk	Borrowings and other financial liabilities	Rolling cash flow forecasts
Market risk – Interest rate	Long-term borrowings at variable rates	Sensitivity analysis

The Company's risk management is carried out by a central treasury department (of the group) under policies approved by the board of directors. The board of directors provides written principles for overall risk management, as well as policies covering specific areas, such as interest rate risk, credit risk and investment of excess liquidity.

a. Credit risk

Credit risk arises from cash and cash equivalents, trade receivables, and deposits with banks and financial institutions.

Credit risk management

The finance function of the Company assesses and manages credit risk based on internal credit rating system. Internal credit rating is performed for each class of financial instruments with different characteristics.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. In general, it is presumed that credit risk has significantly increased since initial recognition if the payments are more than 30 days past due. A default on a financial asset is when the counterparty fails to make contractual payments when they fall due. This definition of default is determined by considering the business environment in which entity operates and other macro-economic factors.

Expected credit loss for trade receivables under simplified approach

In respect of trade receivables, the Company is exposed to minimal credit risk exposure as the company has majority of its receivables outstanding with its related parties. Based on historical information about default rates management considers the credit quality of trade receivables that are not past due or impaired to be good.

During the periods presented, the Company made no write-offs of trade receivables and it does not expect to receive future cash flows or recoveries from collection of cash flows previously written off.

b. Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. Due to the nature of the business, the Company maintains flexibility in funding by maintaining availability under committed facilities.

Management monitors rolling forecasts of the Company's liquidity position and cash and cash equivalents on the basis of expected cash flows. The Company takes into account the liquidity of the market in which the entity operates. In addition, the Company's liquidity management policy involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external regulatory requirements and maintaining debt financing plans.



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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

Maturities of financial liabilities

The tables below analyze the Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

31 Mar 2017	Less than 1 year	1 years to 5 years	5 years and above	Total
Non-derivatives				
Borrowings*	6,125.88	-	-	6,125.88
Trade payables	2,934.09	291.51	-	3,225.60
Other financial liabilities	133.21	-	-	133.21
Total	9,193.18	291.51	-	9,484.69
31 Mar 2016	Less than 1 year	1 years to 5 years	5 years and above	Total
Non-derivatives				
Borrowings*	2,043.26	206.88	-	2,250.14
Trade payables	3,447.77	239.07	-	3,686.84
Other financial liabilities	167.10	-	-	167.10
Total	5,658.13	445.95	-	6,104.08
01 Apr 2015	Less than 1 year	1 years to 5 years	5 years and above	Total
Non-derivatives				
Borrowings*	444.43	707.84	-	1,152.27
Trade payables	3,240.30	358.21	-	3,598.51
Other financial liabilities	78.49	-	-	78.49
Total	3,763.22	1,066.05	-	4,829.27

* including current maturities of long term debt

c. Interest rate risk

The Company's fixed rate borrowings are carried at amortized cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, 'Financial Instruments - Disclosures', since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Company's variable rate borrowing is subject to interest rate. Below is the overall exposure of the borrowing:

	31 Mar 2017	31 Mar 2016	01 Apr 2015
Variable rate borrowing	1,977.19	618.05	-
Fixed rate borrowing	167.44	707.81	1,150.10
Interest free borrowing	3,981.25	924.28	2.17
Total borrowings	6,125.88	2,250.14	1,152.27

Interest rate risk

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars

	31 Mar 2017	31 Mar 2016
Interest rates – increase by 50 basis points (50 bps)	6.49	3.09
Interest rates – decrease by 50 basis points (50 bps)	(6.49)	(3.09)

31 Capital Management

The Company's objectives when managing capital are to:

Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors its capital using gearing ratio, which is net debt divided by total equity. Net debt includes long term borrowings, short term borrowings, current maturities of long term borrowings less cash and cash equivalents and other bank balances.

Particulars	31 Mar 2017	31 Mar 2016	01 Apr 2015
Long term borrowings	-	206.88	707.84
Current maturities of long term borrowings	167.44	500.93	442.26
Short term borrowings	5,958.44	1,542.33	2.17
Less: Cash and cash equivalents	(44.37)	(73.83)	(795.10)
Less : Bank balances other than cash and cash equivalents	-	-	(167.95)
Net debt	6,081.51	2,176.31	189.22
Total equity	1,619.25	1,601.59	2,146.23
Gearing ratio	3.76	1.36	0.09

(i) Equity includes all capital and reserves of the Company that are managed as capital

(ii) Debt is defined long term and short term borrowings



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

32 Leases

Operating lease

The lease expense for cancellable and non-cancellable operating leases was ₹ 152.31 for the year ended 31 March 2017 (31 Mar 2016 - ₹ 161.23). Lease commitments under the non-cancellable operating leases as at the Balance Sheet date were as follows:

Particulars	31 Mar 2017	31 Mar 2016	01 Apr 2015
a) Within one year	4.17	23.98	60.04
b) One to five years	-	4.23	58.10
c) More than five years	-	-	-
Total	4.17	28.21	118.14

33 Other commitments and contingencies :

Bonus payable to workers and employees

Demand from Income Tax Department

31 Mar 2017	31 Mar 2016
21.70	21.70
4.98	-

On 01 January 2016, the Payment of Bonus (Amendment) Act, 2015 (the 'Act') was notified in the official gazette increasing the minimum wages for payment of statutory bonus with retrospective effect from 01 April 2014. The Hon'ble High Court of Karnataka vide order dated 02 February 2016 stayed the retrospective application of the Act. The Company has provided for the payment of bonus as per the Act for all the locations except Karnataka for which provision has been made for the period on or after 01 April 2015.

34 Details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016 as provided in the Table below :

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08 November 2016	4.62	4.30	8.92
Add : Permitted receipts	-	5.72	5.72
Less : Permitted payments	-	(7.30)	(7.30)
Less : Amount deposited in Banks	(4.62)	(0.05)	(4.67)
Closing cash in hand as on 30 December 2016	-	2.67	2.67

Explanation: For the purposes of this clause, the term 'Specified Bank Notes'(SBN) shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8 November, 2016.

35 Other Supplementary Information

Particulars

	31 Mar 2017	31 Mar 2016
Project revenue recognized as revenue (including revenue from finished inventories)	14,402.49	20,420.99
Aggregate amount of contract costs incurred and recognized profits (less recognized losses) up to date for all the contracts in progress	88,159.96	73,757.47
Amount of customer advances outstanding for contracts in progress as at date for which revenue has been recognized	1,525.20	3,675.60
Excess of revenue recognized over actual bills raised (unbilled revenue).	2,999.41	2,640.53
Retention amounts due from customers for contracts in progress as at the end of financial year	762.53	665.98

36 Related party transactions

(i) Parties where control exists

Puravankara Limited (formerly Puravankara Projects Limited) - Holding Company

Mr. Ravi Puravankara

(ii) Key management personnel

Mr. Ashish Puravankara

Mr. Nani R Choksey

(iii) Relatives of key management personnel

Ms. Amanda Puravankara

Mr. Lowell Fernandes (till 23 March 2016)

(iv) Entities controlled/significantly influenced by key management personnel (other related parties)

Provident Housing Limited

Purva Star Properties Private Limited

Handiman Services Limited



Starworth Infrastructure & Construction Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

(v) The transactions and balance with related parties at the year end are as follows

Nature of transaction	Holding Company			Relatives of key management personnel			Other related parties		
	31 Mar 2017	31 Mar 2016	01 Apr 2015	31 Mar 2017	31 Mar 2016	01 Apr 2015	31 Mar 2017	31 Mar 2016	01 Apr 2015
Balances at the year end:									
Loans given to									
Puravankara Limited	-	17.66	-	-	-	-	-	-	-
Loans taken from									
Puravankara Limited	105.40	-	2.17	-	-	-	-	-	-
Purva Star Properties Private Limited	-	-	-	-	-	-	3,875.85	924.28	-
Trade receivables									
Puravankara Limited	968.27	189.35	1,368.30	-	-	-	-	-	-
Provident Housing Limited	-	-	-	-	-	-	480.90	972.37	590.16
Purva Star Properties Private Limited	-	-	-	-	-	-	910.68	-	132.05
Dues to									
Handiman Services Limited	-	-	-	-	-	-	27.05	21.93	48.83
Puravankara Limited	40.13	-	-	-	-	-	-	-	-
Advance received from customers									
Puravankara Limited	-	1,110.23	1,784.35	-	-	-	-	-	-
Provident Housing Limited	-	-	-	-	-	-	-	4.49	-
Purva Star Properties Private Limited	-	-	-	-	-	-	439.99	1,821.42	1,368.33
Guarantees given by									
Puravankara Limited	2,335.00	2,335.00	1,463.00	-	-	-	-	-	-
Unbilled Revenue									
Puravankara Limited	1289.71	695.95	559.28	-	-	-	-	-	-
Provident Housing Limited	-	-	-	-	-	-	84.79	304.49	866.15
Purva Star Properties Private Limited	-	-	-	-	-	-	665.94	472.15	-



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

(vi) The transactions and balance with related parties at the year end are as follows

Nature of transaction	Holding Company		Relatives of key management personnel		Other related parties	
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
Transactions during the year:						
Interest income						
Puravankara Limited	5.82	-	-	-	-	-
Loans given to						
Puravankara Limited	2.58	99.23	-	-	-	-
Loans repaid by						
Puravankara Limited	20.24	81.57	-	-	-	-
Loans taken from						
Puravankara Limited	123.60	180.71	-	-	-	-
Purva Star Properties Private Limited	-	-	-	-	2,951.57	924.28
Loans repaid to						
Puravankara Limited	12.38	182.88	-	-	-	-
Advance taken from						
Puravankara Limited	1,633.45	6,710.18	-	-	-	-
Material and services sold						
Puravankara Limited	7,409.18	12,377.27	-	-	-	-
Provident Housing Limited	-	-	-	-	53.23	728.95
Purva Star Properties Private Limited	-	-	-	-	4,605.80	5,291.19
Security and maintenance						
Handiman Services Limited	-	-	-	-	283.81	216.68
Rental income						
Puravankara Limited	414.24	207.45	-	-	-	-
Guarantees given by						
Puravankara Limited	-	872.00	-	-	-	-
Remuneration						
Amanda Puravankara	-	-	-	12.19	-	-
Lowell Fernandes	-	-	-	35.22	-	-



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

37 Employee benefits
A. Defined benefit plan

The Company has gratuity and vacation pay as defined benefit retirement plans for its employees. The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity at the rate of 15 days basic salary for each year of service until the retirement age.

The following tables set out the status of gratuity plans and the amount recognized in Company's financial statements :

	31 Mar 2017		31 Mar 2016		
	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	252.93	34.35	222.89	31.53	
Fair value of plan assets as at the end of the year	-	-	-	-	
Net liability recognized in the Balance Sheet	252.93	34.35	222.89	31.53	
2 Changes in the present value of defined benefit obligation					
Defined benefit obligation as at beginning of the year	222.89	31.53	145.34	26.23	
Service cost	38.57	5.51	44.22	11.91	
Interest cost	17.82	2.52	21.74	2.48	
Actuarial losses/(gains)	12.79	3.30	(26.83)	3.92	
Benefits paid	(39.14)	(8.51)	(94.00)	(18.33)	
Others	-	-	132.42	5.32	
Defined benefit obligation as at the end of the year	252.93	34.35	222.89	31.53	
Non-current	239.71	-	206.50	-	
Current	13.22	34.35	16.39	31.53	
Assumptions used in the above valuations are as under:					
Interest rate	7.30%	7.30%	8.00%	8.00%	
Discount rate	7.30%	7.30%	8.00%	8.00%	
Future salary increase	6.00%	6.00%	6.00%	6.00%	
Attrition rate	5.00%	5.00%	5.00%	5.00%	
Retirement age	60 years	60 years	60 years	60 years	
3 Net gratuity and vacation pay cost for the year ended 31 March 2017 and 31 March 2016 comprises of following components.					
	31 Mar 2017		31 Mar 2016		
	Gratuity	Vacation pay	Gratuity	Vacation pay	
Service cost	38.57	5.51	44.22	11.91	
Interest cost	17.82	2.52	21.74	2.48	
Actuarial losses	-	3.30	-	3.92	
Net cost	56.39	11.33	65.96	18.31	
4 Other Comprehensive Income			31-Mar-17	31-Mar-16	
Change in financial assumptions			15.41	(3.82)	
Experience variance (i.e. Actual experience vs assumptions)			(2.62)	(23.01)	
Components of defined benefit costs recognized in other comprehensive income			12.79	(26.83)	
5 Experience adjustments	31 Mar 2017	31 Mar 2016	31 Mar 2015	31 Mar 2014	31 Mar 2013
Defined benefit obligation as at the end of the year	252.93	222.89	145.34	84.91	52.70
Surplus	252.93	222.89	145.34	84.91	52.70
Experience adjustments on plan liabilities	12.79	(26.83)	(2.30)	9.78	(1.59)

B. Defined contribution plan

The Company makes contribution of statutory provident fund as per Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Scheme as per the Employees' State Insurance Act, 1948. This is a defined contribution and contribution made was ₹ 157.59 for the year ended 31 March 2017 (31 March 2016- ₹ 237.83).



Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

C. Sensitivity Analysis

Description of Risk Exposures

Valuations are performed on certain basic set of pre-determined assumptions which may vary over time. Thus, the Company is exposed to various risks in providing the above benefit which are as follows:

- Interest Rate Risk: The plan exposes the Company to the risk of fall in interest rates. A fall in interest rates will result in an increase in the ultimate cost of providing the above benefit and will thus result in an increase in the value of liability (as shown in financial statements).
- Liquidity Risk: This is the risk that the Company is not able to meet the short term benefit payouts. This may arise due to non availability of enough cash/cash equivalent to meet the liabilities or holding of illiquid assets not being sold in time.
- Salary Escalation Risk: The present value of the above benefit plan is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase in salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.
- Demographic Risk: The company has used certain mortality and attrition assumptions in valuation of the liability. The Company is exposed to the risk of actual experience turning out to be worse compared to the assumption.
- Regulatory Risk: Gratuity benefit is paid in accordance with the requirements of the Payment of Gratuity Act, 1972 (as amended from time to time). There is a risk of change in regulations requiring higher gratuity payouts (for example, increase in the maximum liability on gratuity of INR 10,00,000).
- Asset Liability Mismatching or Market Risk: the duration of the liability is longer compared to duration of assets exposing the Company to market risks for volatilities/fall in interest rate.
- Investment Risk: The probability or likelihood of occurrence of losses relative to the expected return on any particular investment

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

Gratuity	31 Mar 2017		31 Mar 2016	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	24.85	(21.60)	20.25	(17.66)
Salary Growth Rate (- / + 1%)	(22.04)	24.92	(17.27)	19.43
Attrition Rate (- / + 50%)	(3.38)	(8.07)	(5.42)	3.47

Vacation pay	31 Mar 2017		31 Mar 2016	
	Decrease	Increase	Decrease	Increase
Discount Rate (- / + 1%)	3.32	(2.87)	2.84	(2.47)
Salary Growth Rate (- / + 1%)	(2.93)	(2.93)	(2.41)	2.73
Attrition Rate (- / + 50%)	(0.53)	(0.53)	(1.12)	0.83

Sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. There are no changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis.

There is no change in the method of valuation for the prior period.

38 Corporate social responsibility expenses

As per Section 135 of the Companies Act, 2013, a CSR committee has been formed by the Company. The areas for CSR activities are promoting education, art and culture, healthcare, ensuring environmental sustainability, destitute care and rehabilitation and rural development projects. Gross amount required to be spent by the Company during the current year ₹ 122.54 (31 March 2016 - ₹ 34.68).

Particulars	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	31 Mar 2017	-	-
	31 Mar 2016	-	-
On purposes other than above	31 Mar 2017	122.54	122.54
	31 Mar 2016	34.68	34.68

39 Disclosure required under Section 186(4) of the Companies Act 2013

For details of loans, advances and guarantees given and securities provided to related parties refer note 36.

40 Segmental information

The Company is engaged in the construction of residential and commercial properties which is considered to be the only reportable business segment as per Ind AS 108, 'Segment Reporting'. The Company operates primarily in India and there is no other significant geographical segment.

41 Events occurring after the reporting date

No adjusting or significant non-adjusting events have occurred between 31 March 2017 and the date of authorization of these financial statements.



Starworth Infrastructure & Construction Limited

Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

42 First time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS balance sheet at 1 April 2015 (the Company's date of transition).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

A Ind AS optional exemptions

Ind-AS 101, 'First-time Adoption of Indian Accounting Standards', allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind-AS. The Company has accordingly applied the following exemptions.

1 Deemed cost for property, plant and equipment, and intangible assets

Ind AS 101 'First-time Adoption of Indian Accounting Standards' permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38, 'Intangible Assets'. Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

2 Leases

Appendix C to Ind AS 17, 'Leases' requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, 'Leases' this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 'First-time Adoption of Indian Accounting Standards' provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

B Ind AS mandatory exemptions

1 Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 31 March 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

2 Classification and measurement of financial assets and liabilities

The classification and measurement of financial assets will be made considering whether the conditions as per Ind AS 109, 'Financial Instruments' are met based on facts and circumstances existing at the date of transition.

Financial assets can be measured using effective interest method by assessing its contractual cash flow characteristics only on the basis of facts and circumstances existing at the date of transition and if it is impracticable to assess elements of modified time value of money i.e. the use of effective interest method, fair value of financial asset at the date of transition shall be the new carrying amount of that asset. The measurement exemption applies for financial liabilities as well.

Applying a requirement is impracticable when the entity cannot apply it after making every reasonable effort to do so. It is impracticable to apply the changes retrospectively if:

- The effects of the retrospective application or retrospective restatement are not determinable;
- The retrospective application or restatement requires assumptions about what management's intent would have been in that period;

The retrospective application or retrospective restatement requires significant estimates of amounts and it is impossible to distinguish objectively information about those estimates that existed at that time.

3 De-recognition of financial assets and liabilities

Ind AS 101, 'First-time Adoption of Indian Accounting Standards' requires a first-time adopter to apply the de-recognition provisions of Ind AS 109, 'Financial Instruments' prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101, 'First-time Adoption of Indian Accounting Standards' allows a first-time adopter to apply the de-recognition requirements in Ind AS 109, 'Financial Instruments' retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109, 'Financial Instruments' to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109, 'Financial Instruments' prospectively from the date of transition to Ind AS.

C Reconciliations between previous GAAP and Ind AS

Ind AS 101, 'First-time Adoption of Indian Accounting Standards' requires an entity to reconcile equity, total comprehensive income and cash flows for prior years/periods. The following tables represent the reconciliations from previous GAAP to Ind AS.



Starworth Infrastructure & Construction Limited

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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

(a) Reconciliation of Balance Sheet as at 31 March 2016 and 01 April 2015

	As at 31 March 2016			As at 01 April 2015			
	Note	IGAAP (refer note 1 below)	Ind AS adjustments	Amount as per Ind AS	IGAAP (refer note 1 below)	Ind AS adjustments	Amount as per Ind AS
Assets							
Non-current assets							
(a) Property, plant and equipment		3,373.71	-	3,373.71	1,952.72	-	1,952.72
(b) Capital work-in-progress		-	-	-	1,122.26	-	1,122.26
(c) Intangible assets		7.64	-	7.64	2.58	-	2.58
(d) Financial assets							
(i) Loans and advances		89.10	-	89.10	60.69	-	60.69
(ii) Other financial assets		0.92	-	0.92	0.92	-	0.92
(e) Deferred tax assets (net)		493.74	-	493.74	205.51	-	205.51
(f) Other non-current assets		1,140.27	-	1,140.27	878.87	-	878.87
Total non-current assets		5,105.38	-	5,105.38	4,223.55	-	4,223.55
Current assets							
(a) Inventories		1,034.54	-	1,034.54	1,403.86	-	1,403.86
(b) Financial assets							
(i) Trade receivables		2,215.71	-	2,215.71	2,425.54	-	2,425.54
(ii) Cash and cash equivalents		73.83	-	73.83	795.10	-	795.10
(iii) Bank balances other than (ii) above		-	-	-	167.95	-	167.95
(iv) Loans and advances		-	-	-	10.00	-	10.00
(v) Other financial assets		2,640.86	-	2,640.86	2,120.07	-	2,120.07
(c) Other current assets		702.27	-	702.27	372.03	-	372.03
Total current assets		6,667.21	-	6,667.21	7,294.55	-	7,294.55
Total assets		11,772.59	-	11,772.59	11,518.10	-	11,518.10
Equity and liabilities							
Equity							
(a) Equity share capital		5.00	-	5.00	5.00	-	5.00
(b) Other equity		1,596.59	-	1,596.59	2,141.23	-	2,141.23
Total equity		1,601.59	-	1,601.59	2,146.23	-	2,146.23
Liabilities							
Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings		206.88	-	206.88	707.84	-	707.84
(b) Provisions		206.50	-	206.50	66.45	-	66.45
Total non-current liabilities		413.38	-	413.38	774.29	-	774.29
Current liabilities							
(a) Financial liabilities							
(i) Borrowings		1,542.33	-	1,542.33	2.17	-	2.17
(ii) Trade payables		3,686.84	-	3,686.84	3,598.51	-	3,598.51
(iii) Other financial liabilities		668.03	-	668.03	520.75	-	520.75
(b) Other current liabilities		3,812.50	-	3,812.50	4,371.03	-	4,371.03
(c) Provisions		47.92	-	47.92	105.12	-	105.12
Total current liabilities		9,757.62	-	9,757.62	8,597.58	-	8,597.58
Total equity and liabilities		11,772.59	-	11,772.59	11,518.10	-	11,518.10



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Summary of significant accounting policies and other explanatory information

(All amounts in ₹ lakh, unless otherwise stated)

(b) Reconciliation of Statement of Profit and loss as previously reported under IGAAP and Ind AS :

		Year ended 31 March 2016		
	Notes to first time adoption	IGAAP	Effect of adjustments to Ind AS	Ind AS
Income				
Revenue from operations				
Revenue from construction services		20,420.99	-	20,420.99
Other operating revenues		292.38	-	292.38
Total		20,713.37	-	20,713.37
Expenses				
Material and contract cost		17,641.77	-	17,641.77
Employee benefits expense	2	2,307.29	26.83	2,334.12
Finance expense, net		170.44	-	170.44
Depreciation and amortization		444.32	-	444.32
Other expenses		982.42	-	982.42
Total		21,546.24	26.83	21,573.07
Profit before tax		(832.87)	(26.83)	(859.70)
Tax expense				
Current tax		-	-	-
Deferred tax	3	(288.23)	(9.29)	(297.52)
Profit after tax		(544.64)	(17.54)	(562.18)
Other comprehensive income				
Remeasurements of the defined benefit plans	4	-	26.83	26.83
Income tax relating to items that will not be reclassified to profit or loss	4	-	(9.29)	(9.29)
Total other comprehensive income for the year		-	17.54	17.54
Total comprehensive income for the year		(544.64)	-	(544.64)

(c) Notes

- To comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act, 2013.
- Defined benefit liabilities**
Both under Previous GAAP and Ind AS, the Group recognized costs related to its post-employment defined benefit plan on an actuarial basis. Under Previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, re-measurements comprising of actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI. Thus the employee benefit cost is reduced by such amount with a corresponding adjustment on defined benefit plans has been recognized in the OCI net of tax.
- Deferred tax**
Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profit and accounting profits for the period. Under IND AS, deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also lead to recognition of deferred taxes on new temporary differences.
- Other comprehensive income**
Under Ind AS, all items of income and expense recognized in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes re-measurements of defined benefit plans, foreign exchange differences arising on translation of foreign operations, effective portion of gains and losses on cash flow hedging instruments and fair value gains or (losses) on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.
- Changes in equity**
The transition from the previous GAAP to Ind AS has not had a material impact on the equity.
- Statement of cash flows**
The transition from the previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

For Walker Chandio & Co LLP
Chartered Accountants

per Vijay Vikram Singh
Partner

Bengaluru
12 July 2017


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

Nani R Choksey
Director
DIN 00504555

Bengaluru
29 May 2017


Ashish Puravankara
Director
DIN 00504524