

Starworth Infrastructure & Construction Limited

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

NOTICE OF THE ANNUAL GENERAL MEETING

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

ORDINARY BUSINESS:

Item No. 1 – Adoption of Accounts

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

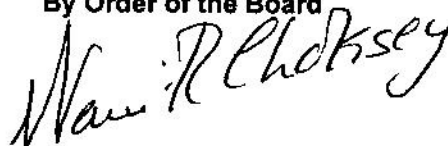
Item No. 2 – Re-appointment of Mr. Nani R Choksey as a Director

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

Item No. 3 – Appointment of Statutory Auditors

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

By Order of the Board



Nani R Choksey
Director

Place : Bangalore

Date : 29.09.2012

NOTES:

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

Starworth Infrastructure & Construction Limited

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

DIRECTORS' REPORT

TO THE MEMBERS,

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

1. FINANCIAL RESULTS:

(Figures in Rs. Lakhs)

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

2. FINANCIAL AND OPERATING PERFORMANCE:

State of Affairs

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

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

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

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

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

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

3. FUTURE OUTLOOK:

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

4. DIRECTORS:

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

5. AUDITORS:

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

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

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

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

Response:

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

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

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

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

Response:

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

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

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

8. PARTICULARS OF EMPLOYEES:

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

9. DIRECTORS' RESPONSIBILITY STATEMENT:

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

- I. The annual accounts have been prepared as per the accounting standards prescribed under **Section 211(3C)** of the Companies Act, 1956 and there were no material departures from the said accounting standards.
- II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at **31.03.2012** and of the **Profit** of the Company for the year ended on that date.
- III. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- IV. The annual accounts of the Company have been prepared on a 'going concern' basis.

10. ACCEPTANCE OF FIXED DEPOSITS:

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

11. ACKNOWLEDGMENTS:

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

By Order of the Board



Nani R Choksey
Director

Bangalore
29.09.2012