



PSP

Build to Last

PSP Projects Ltd.

ANNUAL REPORT 2016-2017

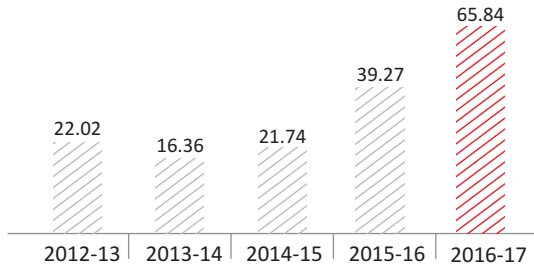


STANDALONE FINANCIAL PERFORMANCE

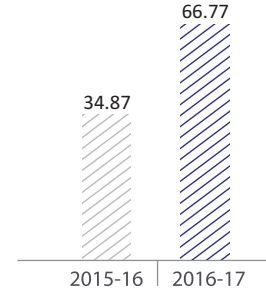
CONSOLIDATED FINANCIAL PERFORMANCE

EBIDTA

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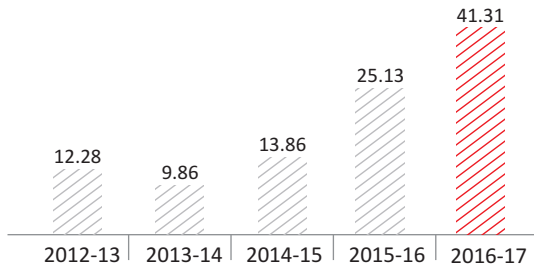


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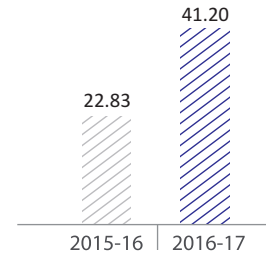


NET PROFIT

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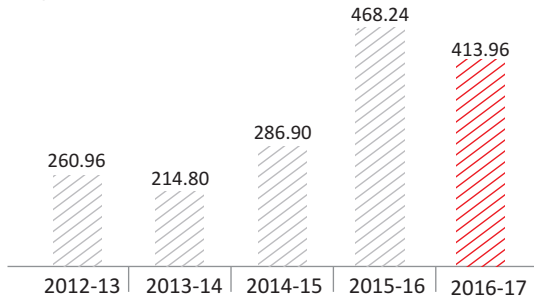


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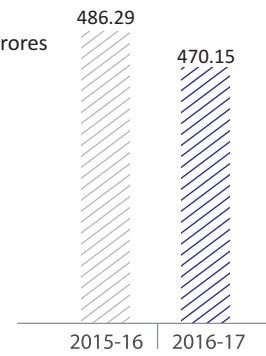


GROSS REVENUE

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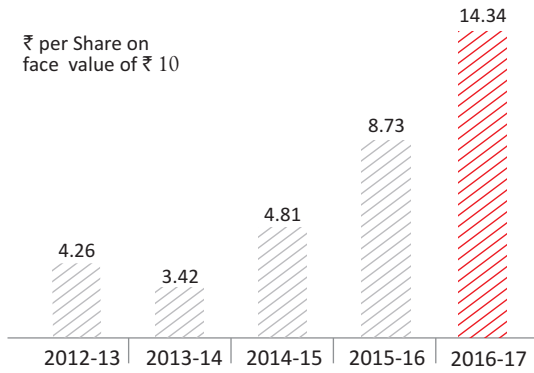


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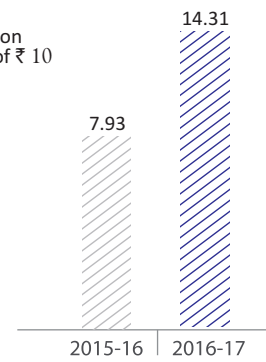


EARNING PER SHARE

₹ per Share on face value of ₹ 10



₹ per Share on face value of ₹ 10



Corporate Information

BOARD OF DIRECTORS

| | |
|---------------------------|------------------------------------|
| Mr. Prahaladbhai S. Patel | Chairman - Managing Director & CEO |
| Mrs. Shilpaben Patel | Whole time Director |
| Ms. Pooja Patel | Executive Director |
| Mr. Chirag Shah | Independent Director |
| Mr. Sandeep Shah | Independent Director |
| Mr. Vasishtha Patel | Independent Director |

KEY-MANAGERIAL PERSONNEL

| | |
|------------------|---|
| Mrs. Hetal Patel | Chief Financial Officer |
| Ms. Minakshi Tak | Company Secretary & Compliance Officer |

NOMINATION & REMUNERATION COMMITTEE

| | |
|---------------------|----------|
| Mr. Chirag Shah | Chairman |
| Mr. Vasishtha Patel | Member |
| Mr. Sandeep Shah | Member |

AUDIT COMMITTEE

| | |
|---------------------------|----------|
| Mr. Vasishtha Patel | Chairman |
| Mr. Sandeep Shah | Member |
| Mr. Prahaladbhai S. Patel | Member |

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

| | |
|---------------------------|----------|
| Mrs. Shilpaben Patel | Chairman |
| Mr. Prahaladbhai S. Patel | Member |
| Mr. Sandeep Shah | Member |

STAKEHOLDERS RELATIONSHIP COMMITTEE

| | |
|---------------------------|----------|
| Mr. Chirag Shah | Chairman |
| Mr. Prahaladbhai S. Patel | Member |
| Ms. Pooja Patel | Member |

Members who have not registered their e-mail addresses so far are requested to register their e-mail address for receiving all communication including Annual Report, notices, Circulars, etc. from the Company electronically.

STATUTORY AUDITORS

M/s. Prakash B. Sheth & Co.
Chartered Accountants, Ahmedabad

9th Annual General Meeting of the Company is scheduled to be held on **Wednesday, September 27, 2017 at 11.00 a.m. at H.T Parekh Convention Center, Ahmedabad Management Association (AMA) Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380015**

COST AUDITORS

M/s. K.V. Melwani & Associates
Ahmedabad

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested to kindly bring their copies to the meeting.

PRINCIPAL BANKERS

The Kalupur Commercial Cooperative Bank Limited
ICICI Bank Limited
HDFC Bank Limited

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REGISTRAR & SHARE TRANSFER AGENT

Karvy Computershare Private Limited
"Karvy Selenium Tower B", Plot No. 31 & 32,
Financial District, Nanakramguda, Gachibowli,
Hyderabad – 500 032 Telangana

REGISTERED OFFICE

"PSP House", opp. Celesta Courtyard,
Opp. Lane of Vikramnagar Colony,
Iscon- Ambli Road, Ahmedabad-380054

Notice

NOTICE IS HEREBY GIVEN THAT the 9th Annual General Meeting of the Members of PSP Projects Limited having CIN L45201GJ2008PLC054868, will be held on Wednesday, the 27th September, 2017 at 11.00 a.m. at H.T Parekh Convention Centre, Ahmedabad Management Association (AMA) Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 to transact the following business:

ORDINARY BUSINESS

Item No. 1- Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon.

To receive, consider and adopt the Audited Financial Statement (including the consolidated financial statement) of the Company for the Financial Year ended March 31, 2017, together with the Report of the Board of Directors and the Auditors thereon.

Item No. 2- Declaration of Dividend.

To declare a dividend of ₹ 2.50/- per equity Share of ₹ 10/- each for the financial year 2016-17.

Item No. 3- Re-appointment of Ms. Pooja Patel (DIN: 07168083), as a Director, retiring by rotation:

“RESOLVED THAT pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013, Ms. Pooja Patel, who retires by rotation, be and is hereby re-appointed as a Director of the Company.

RESOLVED FURTHER THAT Directors be and are hereby severally authorised to do all such acts, deeds and things which are necessary to give effect to the above resolution.”

Item No.4- To consider the ratification of M/s. Prakash B. Sheth & Co., Chartered Accountant as Statutory Auditor of the Company

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the appointment of M/s. Prakash B. Sheth & Co., Chartered Accountants (Firm’s Registration No. 108069W) as the statutory Auditors of the Company to hold office as such till the conclusion of 10th Annual General Meeting, which was subject to ratification at every Annual General Meeting, be and is hereby ratified to hold the office from the conclusion of this Annual General Meeting till the conclusion of 10th Annual General Meeting of the Company to be held in the year 2018, to examine and audit the accounts of the Company for the Financial Year 2017-18 at such remuneration as may be mutually agreed between the Board of Directors and the Auditors.”

SPECIAL BUSINESS:

Item No. 5 – Ratification of Cost Auditors’ remuneration

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 148 and such other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the remuneration of ₹ 70,000/- (Rupees Seventy Thousand only), as recommended by the Audit Committee and approved by the Board of Directors payable to M/s. K.V. Melwani & Associates., Practising Cost Accountant (Firm Registration No. 100497) as Cost Auditors to conduct the audit of the relevant Cost records of the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014 as amended from time to time, for the financial year ending March 31, 2018 be and is hereby ratified and confirmed.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts, deeds and things and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

Item No. 6 – Approval of Contract/Arrangement with Director for consideration other than cash

To consider and if thought fit, to pass with or without modification(s), the following Resolution as a **Special Resolution** :

“RESOLVED THAT pursuant to the provisions of Section 180,188,192 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its power) Rules, 2014 including any statutory modification(s) or re-enactment(s) thereof and any rules thereunder for the time being in force, consent of the company be and is hereby accorded to the Board of Directors of the Company to enter into a contract/arrangement for purchase of immovable property (known as “PSP House”), as per the details given below at market value of ₹17,54,00,000 (Rupees Seventeen Crore Fifty Four Lakhs Only) and as certified by registered valuer Mr. Bakul N. Desai, from Mr. Prahalad S. Patel, Promoter, Managing Director & CEO of the Company, who is the legal owner of the said immovable property.

Details of immovable property known as “PSP House”

1. Land Area : Measuring 760 sq. yds.
Bulid up Area : Measuring 2680 sq. yds.
2. Description of Property : Commercial House PSP House, Isckon Ambli Road, Bopal, Ahmedabad Low rise RCC Frame Structure Consist of Celler, H.P.+ 6 Floors (Where 1st Floor is sold out to 3rd party)

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3. Location : PSP House, Opp. Celesta Courtyard, Nr. Vikramnagar Colony, Isckon Ambli Road, Bopal, Ahmedabad, Block/Survey No. 341/2, 359/2, F.P.No. 19+43, T.P.S No. 51, Mouje Jodhpur (Vejalpur), Taluka: Ambawadi West, District-Ahmedabad
4. Price : ₹ 17,54,00,000 (Rupees Seventeen Crores Fifty Four Lakhs Only)
Market value as certified by Registered Valuer
Bakul N. Desai, Chartered Engineer, Planner, Government Registered Valuer

“RESOLVED FURTHER THAT consent of the Company be and is hereby accorded to the Board of Directors of the Company to transfer the ownership title of land of the Company bearing R.S. No. 364/1, 361/2, F.P.S, No. 27, 24/2, T.P.S. No. 86, Mouje Sarkhej, Taluka: Vejalpur, District: Ahmedabad and S. No. 186/2, F.P. No. 88, T.P.S. No. 86, Mouje, Taluka: Vejalpur, District: Ahmedabad Opp. Applewood Township, Near Lakshya School, Sarkhej Sanand Road, Ahmedabad at market value of ₹ 18,18,45,000 (Rupees Eighteen Crore Eighteen Lakhs Forty Five Thousand Only) as certified by Registered Valuer to Mr. Prahalad S. Patel, Promoter, Managing Director & CEO of the Company, in lieu of consideration towards purchase of “PSP House” as mentioned above and the balance amount to be payable in cash on either side.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to execute agreements, deeds or writings required to be executed in relation to the above transaction and to do all acts, things and deeds as may be deemed necessary to give effect to this resolution.”

Item No. 7– Approval of contract/arrangement for Related Party Transactions

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Meeting of Board and its power) Rules, 2014 {including any statutory modification(s) or re-enactment(s) thereof and any rules thereunder for the time being in force} also pursuant to the consent of the Audit Committee and the Board of Directors vide resolutions passed in their respective meetings, the consent of the shareholders of the company be and is hereby accorded to Board of Directors of the Company for entering into related party transactions as set out under Item 7 of the Explanatory Statement annexed to this Notice with Related Parties as defined under various provisions of Companies Act, 2013 from the date of this Annual General Meeting till the conclusion of next Annual General Meeting.

RESOLVED FURTHER THAT subject to prior approval of Audit Committee of Board of Directors of the Company for the related party transactions, the Board of Directors of the Company be and are hereby authorized to finalize the terms and to execute agreements, deeds or writings required to be executed in relation to the proposed related party transactions and to do all acts, things and deeds as may be deemed necessary to give effect to this resolution.”

**By Order of the Board of Directors
For, PSP Projects Limited**

**Date : August 09, 2017
Place : Ahmedabad**

**(Minakshi Tak)
Company Secretary**

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself / herself and a proxy need not to be a member of the company. Proxies in order to be effective must be duly filled, stamped, signed and should be deposited at the Company’s Registered Office not later than **48 FORTY-EIGHT HOURS** before the commencement of the meeting. Proxies submitted on behalf of the limited companies, societies, partnership firms, etc., must be supported by appropriate resolution/authority as applicable, issued on behalf of the appointing organisation. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the company carrying voting rights, then such proxy shall not act proxy for any other person or member.
2. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 (“Act”) setting out the material facts in respect of special businesses under item Nos. 5 to 7 is annexed hereto.
3. Members, Proxies and Authorised Representatives attending the Meeting are requested to complete the enclosed attendance slip and deliver the same at the entrance of the meeting hall.
4. The Register of Members and the Share Transfer Books of the Company will remain closed on September 18, 2017.
5. The dividend, as recommended by the Board of Directors of the Company, if declared at the Annual General Meeting, will be paid within Thirty days, to those members whose names stand registered on the Company’s Register of Members.
6. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power

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of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their depository participant (DP). Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and the Company's Registrars and Transfer Agents, Karvy Computershare Pvt. Ltd ("Karvy") to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.

7. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members seeking any information with regard to the accounts, are requested to write to the Company at an early date, so as to enable the Management to keep the information ready at the AGM.
9. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2016-17 will also be available on the Company's website www.pspprojects.com.
10. To support the 'Green Initiative', Members who have not registered their e-mail addresses are requested to register the same with DPs / Karvy. Members are requested to provide their e-mail address and ensure that the same is also updated with their respective DP for their demat account(s). The registered e-mail address will be used for sending future communications.
11. The route map showing directions to reach the venue of the 9th AGM is annexed.
12. In compliance with the provisions of Section 108 of the Act and the Rules framed thereunder, as amended from time to time, and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Pvt. Ltd, on all the resolutions set forth in this Notice. The instructions for e-voting are given herein below. Resolution(s) passed by Members through e-voting is/are deemed to have been passed as if they have been passed at the AGM.
13. The board of directors has appointed **Mr. Rohit S. Dudhela, Practicing Company Secretaries (Membership No. ACS2207)** as the Scrutinizer to scrutinize the voting at the meeting and remote e-voting process in a fair and transparent manner.
14. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
15. The Company has engaged the services of Karvy Computershare Private Limited ("Karvy") as the Agency to provide e-voting facility.
16. Voting rights shall be reckoned on the paid-up value of shares registered in the name of the member / beneficial owner (in case of electronic shareholding) as on the cut-off date i.e. Wednesday, September 20, 2017.
17. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. Wednesday, September 28, 2017 only shall be entitled to avail the facility of remote e-voting as well as voting at AGM through Insta Voting.

18. PROCEDURE AND INSTRUCTIONS FOR e-VOTING

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
 - (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/ Depository Participants (s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly

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recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

- v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., "Name of the Company"
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
 - xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email rsdudhela@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format "**Corporate Name_Event No.**"
- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- i. E-Voting Event Number – XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
 - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr. Suresh Babu D, (Unit: PSP Projects Limited) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 – 6716 1500 or call Karvy's toll free No. 1800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on September 24, 2017 (10 A.M. IST) and ends on September 26, 2017 (5.00 P.M. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2017, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. September 20, 2017.

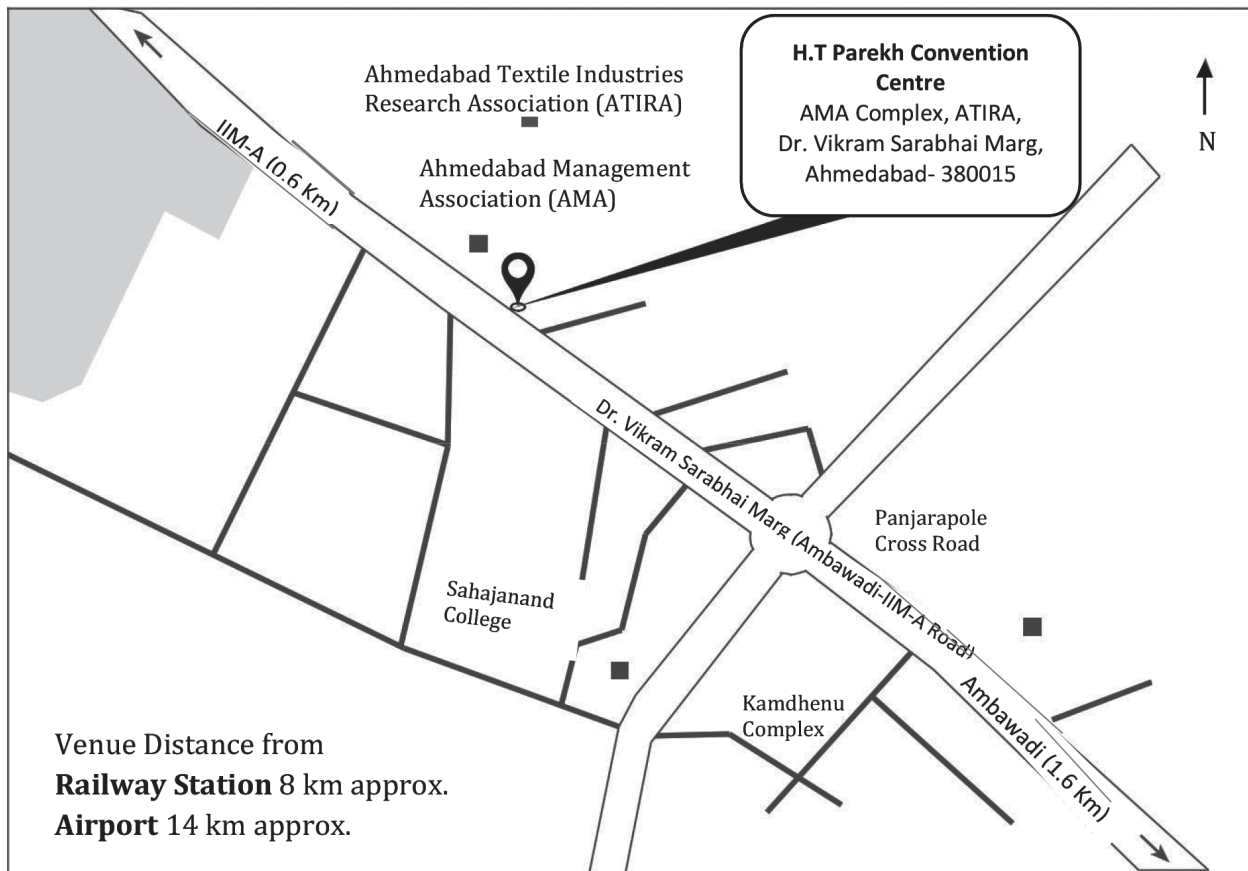
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- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., September 20, 2017, he/she may obtain the User ID and Password in the manner as mentioned below :
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may send SMS: **MYEPWD** <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
 Example for NSDL:
 MYEPWD <SPACE> IN12345612345678
 Example for CDSL:
 MYEPWD <SPACE> 1402345612345678
 Example for Physical:
 MYEPWD <SPACE> XXXX1234567890
 - ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
 - iii. Member may call Karvy's toll free number 1800-3454-001.
 - iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

ROUTE MAP TO THE VENUE OF THE AGM

Venue : H.T Parekh Convention Centre, Ahmedabad Management Association, AMA Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad - 380015

Landmark : Opposite Indian Institute of Management, Ahmedabad



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EXPLANATORY STATEMENT

Annexure to Notice: Explanatory Statement under Section 102 of the Companies Act, 2013.

Item No.5:

Pursuant to Section 148 of the Companies Act, 2013 (“the Act”) read along with the Companies (Audit and Auditors) Rules, 2014 as amended from time to time, the Company is required to have the audit of its cost records for specified products conducted by a Cost Accountant in Practice. Based on the recommendation of the Audit Committee, the Board had on August 09, 2017, approved the appointment and remuneration of M/s. K.V. Melwani & Associates., the Cost Auditors (Firm Registration No. 100497) to conduct the audit of the Cost records maintained by the Company, pertaining to the relevant products prescribed under the Companies (Cost Records and Audit) Rules, 2014, for the Financial Year ending March 31, 2018 at a remuneration of ₹ 70,000/- (Rupees Seventy Thousand Only).

In accordance with the provisions of Section 148 of the Act read along with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, ratification for the remuneration payable to the Cost Auditors to audit the cost records of the Company for the said financial year by way of an Ordinary Resolution is being sought from the Members as set out at Item No. 5 of the Notice.

M/s. K.V. Melwani & Associates. have furnished a certificate dated August 01, 2017 regarding their eligibility for appointment as Cost Auditors of the Company.

The Board commends the Ordinary Resolution set out at Item No. 5 of the Notice for approval by the Members.

None of the Directors, Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.

Item No.6:

At present the Company is operating its business from its Registered Office situated at “PSP House”, Opp. Celesta Courtyard, Iskon Ambali Road, Bopal, Ahmedabad 380054. The said immovable property is owned by Mr. Prahalad S. Patel, Promoter, Managing Director & CEO of the Company and the Company has taken the said premises on lease from him.

Mr. Prahalad S. Patel, Promoter, Managing Director & CEO of the Company has shown his willingness to sell his above mentioned immovable property to the Company at a Market Value as certified by a Registered Valuer, Mr. Bakul N. Desai, Chartered Engineer, Planner, Government Registered Valuer.

This “PSP House” is a primary place of business for the Company where the senior management and administrative staff conduct the Company’s business activities. The building is adequate in size and it is in proper condition to accommodate current staff to operate the business. Furthermore, “PSP House” is well-designed to accommodate future growth of the Company’s business activities. “PSP House” is conveniently located for the staff and customers to efficiently conduct business. “PSP House” is quintessential to Company’s core business activities.

The ownership of “PSP House” by the Company is required to efficiently conduct business activities without any disruption associated with any possibilities of moving to any other location upon expiry of the current lease terms. The Company currently pays ₹ 95,76,000 per annum in rental expense. Over long term, the ownership of the premises will enable the Company to save in rental expense and avoid any escalation of rental expense over time. The ownership of the premises will also assure the Company a permanent place to conduct business and avoid any unnecessary disruption to business activities and expenses related to purchasing or moving to any other location. The ownership of “PSP House” by the Company is justified as it is beneficial for the current operations as well addresses needs of future growth.

At present the Company owns land bearing R.S. No. 364/1, 361/2, F.P. No. 27, 24/2, T.P.S. No. 86, Mouje Sarkhej, Taluka: Vejalpur, District: Ahmedabad and S. No. 186/2, F.P. No. 88, T.P.S. No. 86, Mouje, Taluka: Vejalpur, District: Ahmedabad Opp. Applewood Township, Near Lakshya School, Sarkhej Sanand Road, Ahmedabad measuring 13470.00 Sq. Mtr. which has a market value of ₹18,18,45,000/- (Rupees Eighteen Crore Eighteen Lakhs Forty Five Thousand Only) as certified by registered valuer Mr. Bakul N. Desai, Chartered Engineer, Planner, Government Registered Valuer. In near future, the Company does not envisage any construction project which may be implemented on the said land. The land is a non-productive and non-core asset of the Company and currently does not earn any income to the Company. In order to maintain the financial liquidity of the Company, your Board of Directors felt that it is prudent and in the best interest of the Company, to transfer the ownership title of the said land at market value of ₹18,18,45,000/- (Rupees Eighteen Crore Eighteen Lakhs Forty Five Thousand Only) by way of consideration against purchase of immovable property known as “PSP House” which is currently being used by the Company as its Registered Office.

Under the provisions of Section, 180, 188 and 192 of the Companies Act, 2013 and rules thereof the above contract/arrangement for purchase of immovable property as mentioned above would tantamount to contract/arrangement with Director for consideration other than cash and related party transaction in the ordinary course of business and at arm’s length price and both the transactions to be effective requires prior approval of the shareholders by way of Special Resolution.

Original copy of valuation report for both the above properties received from Mr. Bakul N. Desai, Chartered Engineer, Planner, Government Registered Valuer as available for inspection of the members on any working days during business hours.

Notice

In view of the facts stated above and in the long term interest of the Company, the Board recommends the above special resolution set forth in Item No. 6 for the approval of the Members.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives are concerned or interested except Mr. Prahalad S. Patel or his respective relatives in the Resolution mentioned at Item No. 6 of the Notice.

Item No.7:

The Companies Act, 2013 aims to ensure transparency in the transactions and dealings with the related parties of the Company. The provisions of Section 188(1) of the Companies Act, 2013 that govern the Related Party Transactions, requires that for entering into any contract or arrangement with the related party, the Company shall obtain prior approval of the Board of Directors and prior approval of the shareholders by way of an Ordinary Resolution, if the said transactions are not, in the ordinary course of business and at arm's length price or exceeding the prescribed limits. Although we are in prescribed limit, but to have more transparency in related parties transactions the Board is seeking shareholders' approval for the said transactions.

The Company is required to enter into various Related Parties Transactions as defined under Section 188 of the Companies Act, 2013 with related parties as defined under Section 2 (76) of the said Act. The Details of the proposed transactions per annum are mentioned herein below:

| Sr. No. | Type of Transaction | Name of Related Parties | Nature of relationship | Maximum Limit |
|---------|--|--|---|--|
| 1. | Purchase of Material * | <ul style="list-style-type: none"> PSP Projects & Proactive Constructions Pvt Ltd PSP Products Pvt. Ltd | Subsidiary Company having Common Directors | 1,60,00,000 60,00,000 |
| 2. | Rendering Services / Financial Income** | <ul style="list-style-type: none"> GDCL & PSP Joint Venture GDCL & PSP Joint Venture (Interest Income) PSP Projects INC PSP Projects & Proactive Constructions Pvt Ltd | A firm in which Company is a Partner A firm in which Company is a Partner Wholly owned subsidiary Subsidiary | 41,00,000 48,00,000 2,00,00,000 5,50,00,000 |
| 3. | Reimbursement of Expenses | <ul style="list-style-type: none"> GDCL & PSP Joint Venture PSP Projects & Proactive Constructions Pvt Ltd | A firm in which Company is a Partner Subsidiary | 20,00,000 26,00,000 |
| 4. | Receiving of Services / Interest Exps. | <ul style="list-style-type: none"> A P Constructions Mr. Prahladbhai S. Patel Mr. Dinubhai Patel | A firm in which Ms. Pooja, executive Director is a Partner - A relative of Director*** | 5,00,00,000 1,50,00,000 25,00,000 |
| 5. | Investment in Joint Venture/ Providing security **** | <ul style="list-style-type: none"> GDCL & PSP Joint Venture | A firm in which Company is a Partner | 4,00,00,000 |

* At market value for each such transaction in compliance with applicable laws

** Loans with a rate of interest not lower than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenure of the Loan;

*** Director: Brother of Mr. Prahalad S. Patel

**** As per requirement of Banks/financial institutions.

The details as required to be disclosed in Explanatory Statement as per Section 188 read with Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013 are as under:

| Particulars | Information |
|---|--|
| Name of Related Parties | As per table above |
| Name of the director or key managerial personnel who is related, if any | Mr Prahalad S. Patel, Mrs. Shilpaben Patel and Ms. Pooja Patel |
| Nature of relationship | As per table above |
| Nature, Material terms, monetary value and particulars of the contract | As per table above |
| Any other information relevant or important for the members to take a decision on the proposed resolution | None |

The Board recommends the resolution set forth in Item No. 7 for the approval of the Members.

The Promoters, Directors or Key Managerial Personnel of the Company or their relatives may be considered as interested, if any of them will be holding position of Directorship and/or to the extent of shareholding of the Company.

Mr. Prahalad S. Patel, Mrs. Shillpaben Patel and Ms. Pooja Patel are interested in the said resolution.

None of the other Directors and Key Managerial Personnel of the Company or their respective relatives is concerned or interested.

**By Order of the Board of Directors
For, PSP Projects Limited**

**Date : August 09, 2017
Place : Ahmedabad**

**(Minakshi Tak)
Company Secretary**

Directors' Report

To
The Members of
PSP Projects Limited,

Your Directors have pleasure in presenting the 9th Annual Report of your Company along with the standalone and consolidated summary financial statements for the year ended March 31, 2017. Consolidated performances of the Company and its subsidiaries have been referred to wherever required.

1. FINANCIAL RESULTS

(₹ In Lakhs)

| Particulars | F.Y. 2016-17 | | F.Y. 2015-16 | |
|--|--------------|------------|--------------|------------|
| | Consolidated | Standalone | Consolidated | Standalone |
| Sales & Other Income | 47,014.74 | 41,395.73 | 48,629.46 | 46,824.36 |
| Profit before finance cost, depreciation & tax | 8,005.56 | 7,903.78 | 4,519.08 | 4,953.56 |
| Finance Cost | 808.38 | 753.16 | 335.27 | 307.09 |
| Depreciation | 796.85 | 756.83 | 712.85 | 706.26 |
| Profit before Tax | 6,400.33 | 6,393.79 | 3,470.96 | 3,940.21 |
| Provision for Tax | 2,265.77 | 2,265.77 | 1,458.44 | 1,458.44 |
| Deferred Tax [Liabilities/Assets] | -18.02 | -24.20 | -196.85 | -38.22 |
| Tax Adjustment of earlier year | 21.25 | 21.25 | 6.92 | 6.92 |
| Profit after Tax | 4,131.33 | 4,130.97 | 2,202.45 | 2,513.07 |
| Exceptional Items | - | - | - | - |
| Profit/(Loss) for the Year | 4,131.33 | 4,130.97 | 2,202.45 | 2,513.07 |
| Appropriations: | | | | |
| Transfer to General Reserves | - | - | 394.02 | 394.02 |
| Proposed Dividend | - | - | 480.00 | 480.00 |
| Dividend Distribution Tax | - | - | 95.97 | 95.97 |

2. INDIAN ACCOUNTING STANDARDS

The Ministry of Corporate Affairs (MCA), vide its notification in the official Gazette dated February 16, 2015, notified the Indian Accounting Standards (Ind AS) applicable to certain classes of companies. Ind AS has replaced the existing Indian GAAP prescribed under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. For Your Company, Ind AS is applicable from April 01, 2017.

3. OVERVIEW OF COMPANY PERFORMANCE

Your Company registered a de-growth of 12.49% in revenue from operation to ₹40075.73 lakhs in Fiscal 2017 as compared to ₹45797.65 lakhs in Fiscal 2016, due to exclusion of major material value from total contract value in certain projects. Though company has achieved other income ₹1320 lakhs, 28.57% higher from ₹1026.71 lakhs in the previous year. The company has made profit before tax of ₹6393.79 lakhs on standalone basis for the year as compared to ₹3940.21 lakhs for the previous year registering an increase of 62.27%.

There has been no change in the nature of business of the company during the year under review.

Your company has successfully listed itself on BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) on May 29, 2017 and raised ₹1512 Million through fresh issue of 7.2 Million equity shares and ₹604.80 Million through offer for sale of 2.88 Millions equity shares, by Mr. Prahaladbhai S. Patel, Mrs. Shilpaben Patel, Ms. Pooja Patel and Mr. Sagar Patel. The proceeds from fresh issue will be mainly utilized for funding working capital and capital expenditure requirement.

Your company made issue in terms of Regulation 26(2) of the SEBI (ICDR Regulations), wherein atleast 75% and 15% of the issue was allocated on a proportionate basis to QIBs and Non-Institutional Investors respectively and 10% of issue was allocated to Retail Individual Investor.

4. Appropriation

(i) Dividend

The Board of Directors, in its meeting held on June 19, 2017, has recommended a final dividend of ₹2.50/- (that is, 25%) per equity share of ₹10/- each for the financial year ended March 31, 2017 amounting to ₹10,83,21,925/- (inclusive

Directors' Report

of dividend distribution tax of ₹ 1.83 Crore). The dividend payment is subject to approval of members at the ensuing General Meeting.

(ii) Transfer to Reserves:

Your Company does not propose to transfer any portion of profits to Reserves.

(iii) Transfer of unclaimed dividend to investor education and protection fund:

Since there was no unpaid/unclaimed Dividend declared and paid last year, the provision of section 125 of the Companies Act, 2013 do not apply.

(iv) Public Deposits:

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

5. SHARE CAPITAL

During the year under review, The Authorised Share Capital of the Company has been increased from ₹ 5 Crore to ₹ 50 Crore by creation of additional 45,000,000 equity shares of ₹ 10/- each vide shareholders resolution dated September 16, 2016.

Further, During the year under review, the Company has also allotted eight (8) bonus equity shares of ₹ 10/- each for every one existing equity share of ₹ 10/- each held i.e. in the ratio of 8:1 vide shareholders resolution dated September 28, 2016 by capitalizing 25,60,00,000 from the credit of Reserves and surplus of the Company.

The movement in Authorised Share Capital is as follows:

| Authorised Capital as on March 31, 2016 | Movement during the year 2016-17 | Cumulative Authorised Capital post-such movement |
|---|---|--|
| 5,000,000 equity shares of ₹ 10/- each | 45,000,000 equity shares of ₹ 10/- each on September 16, 2016 | 50,000,000 equity shares of ₹ 10/- each |

The movement in paid up share capital is as follows:

| Paid-up Capital as on March 31, 2016 | Movement during the year 2016-17 | Cumulative Paid-up Capital post-such movement |
|--|---|---|
| 3,200,000 equity shares of ₹ 10/- each | 25,600,000 equity shares of ₹ 10/- each on September 28, 2016 | 28,800,000 equity shares of ₹ 10/- each |

6. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND DATE OF THE REPORT

The following commitments material changes occurred subsequent to close of the financial year and the date of this report:

- Your Company successfully came out with its initial public offer (IPO) and raised ₹ 1512 Million by way of fresh issue of equity shares and ₹ 604.80 Million through offer for sale (OFS). The paid up equity capital of the company as on date is ₹ 360,000,000/-.
- The Equity Shares of the Company are listed on the BSE Limited (BSE) with scrip code No. 540544 and on the National Stock Exchange of India Limited (NSE) with Symbol PSPPROJECT. The company confirms that the annual listing fees to both the stock exchanges for the financial year 2017-18 have been paid.
- Your Company has been given credit rating for Bank facilities for ₹ 180 Crore by CARE Rating Limited- the Credit Rating Agency.

7. SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURT OR TRIBUNALS

There are no significant material order passed by the Regulators or Courts or Tribunals, which would impact the going concern status of the Company and its future operation. However, Members attention is drawn to the Statement on Contingent Liabilities and commitments in the notes forming part of the Financial Statements.

8. SUBSIDIARY/ JOINT VENTURE AND ASSOCIATES

As on 31st March, 2017, Your Company has two subsidiaries, one step-down Joint Venture and One Joint venture. As required under the provisions of Section 129 of the Companies Act, 2013, read with Companies (Accounts) Rules, 2013, a statement

Directors' Report

containing salient features of the financial statements of subsidiaries, Joint Venture and Associates are provided in the prescribed format AOC-1 as **Annexure-A** of the Board Report.

Your Company has one 100% subsidiary in the state of Texas (USA), PSP Projects Inc. Which makes investment in joint ventures/partnership/SPV for development of townships, construction of residential/commercial premises, roads or bridges. PSP Projects Inc. has one step-down Joint-venture P&J Builders LLC which is engaged in development and construction of Residential and Commercial Properties in USA.

Your Company has one Subsidiary in India, PSP Projects & Proactive Constructions Private Limited which is a joint venture with Viridian Group for promotion and development of World Trade Centre in the state of Gujarat, Currently this Company is constructing WTC at GIFT City in Gandhinagar, Gujarat. PSP Projects & Proactive recorded turnover including other income of ₹ 52.06 Crore in 2016-17 and has pre-tax profit of ₹ 83.58 Lakhs.

Your Company has one Joint Venture with Gannon Dunkerley & Co. Limited which is GDCL & PSP Joint Venture, currently this Joint venture is constructing Metro Train Depot cum workshop at Gyaspur for the Metro Rail Project.

Material Subsidiaries

In accordance with Regulation 16 of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements), Regulations 2015 (Listing Regulations), none of the subsidiaries is a material non-listed subsidiary. The company has formulated a policy for determining material subsidiaries. The policy has been uploaded on the website of the Company at www.pspprojects.com.

9. CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Financial Statements have been prepared by the Company in accordance with the requirements of applicable Accounting standards and the provisions of the Companies Act, 2013. In accordance with Section 136 of the Companies Act, 2013, your Directors have attached the consolidated financial statements of the company which form a part of the Annual Report.

The Financial statements including consolidated financial statements and audited financial statements of each subsidiaries are available on the Company's website www.pspprojects.com and copies of audited financial statements of the subsidiaries will be provided to the Members at their request.

10. RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year 2016-17 were in ordinary course of business and at an arm's length basis. In accordance with Sec 134(h) of the Companies Act, 2013 and Rule 8(2) of Companies (Accounts) Rules, 2014, the particulars of contracts or arrangements entered into by the Company with the Related Parties referred in Sec. 188(1) of the Act, have been provided in Form AOC-2 and furnished the same as **Annexure- B**. However, to have more transparency in related parties transactions the Board is seeking shareholders' approval for the said transactions.

The Policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company.

11. PARTICULARS OF LOANS, GUARANTEE OR INVESTMENTS

The particulars of Loans, guarantees or investment made under Section 186 are furnished in **Annexure- C** and is attached to this report.

12. CORPORATE GOVERNANCE

A separate section on Corporate Governance is given in **Annexure-D** forms an integral part of this Annual Report of the Company. The Statutory Auditors of the Company have given their certificate regarding the compliance of the conditions of Corporate Governance as stipulated under SEBI (LODR) Regulations, 2015 and the same is annexed to the Report on Corporate Governance.

Number of Meeting of the Board

The Board met 9 times during the financial year. The meeting details are provided in the *Corporate Governance report* that forms part of the Annual Report. The Maximum interval between any two meetings did not exceed 120 days, as prescribed in the Companies Act, 2013.

Committee of the Board

As on March 31, 2017, the Board had five committees: the audit Committee, the nomination and remuneration committee, the corporate social responsibility committee, the stakeholders' relationship committee and IPO committee. The details of the meeting including composition of various committee are provided in the *Corporate Governance Report*.

Directors' Report

Declaration by Independent Directors

Your company has received necessary declaration from each independent director under Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013 and Regulation 25 of the Listing Regulations.

Board Evaluation

The Companies Act, 2013 states that a formal annual evaluation needs to be made by the Board of its own performance and that of its committees and individual directors. Schedule IV of the Companies Act, 2013 states that the performance evaluation of independent directors shall be carried out by the entire Board of Directors, excluding the director being evaluated. SEBI (LODR) Regulations, 2015 also mandates that the Board shall monitor and review the Board evaluation framework. The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Nomination and Remuneration Committee including performance and working of its committees.

Familiarisation Programme for Independent Directors

The details of the Familiarisation Programme for Independent Directors with the Company in respect of their roles, rights, responsibilities in the Company, nature of the industry in which Company operates, business model of the Company and related matters are put up on the website of the Company www.pspprojects.com.

Policies

As required by the provisions of the Act and the Listing Regulations, the following policies have been framed and disclosed on the Company's website www.pspprojects.com.

- I. Nomination and Remuneration Policy
- II. Related Party Transactions Policy
- III. Corporate Social Responsibility Policy
- IV. Vigil Mechanism Policy
- V. Risk Management Policy
- VI. Policy on Familiarisation Programme
- VII. Policy on determining Material Subsidiaries
- VIII. Code on Insider Trading

Risk Management & Internal Control System and their Adequacy

Risks are events, situations or circumstances which may lead to negative consequences on the Company's businesses. Risk management is a structured approach to manage uncertainty. A formal enterprise wide approach to Risk Management is being adopted by the Company and key risks will now be managed within a unitary framework.

Your Company has appointed M/s. Manubhai & Shah LLP, Chartered Accountants in India, as Internal Auditor. The Company has in place an elaborate internal control system commensurate with the size and nature of its business and size and complexity of its operations. The primary objective of the Internal control systems comprising of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on achievement of operational and strategic goals, compliance with policies, procedures, applicable laws and regulations, to ensure proper authorization and accounting of transactions as also for safeguarding and protecting Company's assets and that all assets and resources are acquired economically, used efficiently & adequately protected to prevent any revenue leakage and losses to the Company. The internal auditors' reports are periodically reviewed by the management and the Audit Committee and necessary corrective actions are taken from time to time.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with provisions of the Act and the Articles of Association of the Company, Ms. Pooja Patel (DIN: 07168083), retires by rotation at the conclusion of the ensuing Annual General Meeting and being eligible, offer herself for re-appointment. The Board of Directors recommends her appointment for consideration of the members at the ensuing Annual General Meeting.

During the year under review, Mr. Sagar Patel resigned from the Board of Directors of the Company with effect from December 12, 2016. The Board places on record their appreciation for the contribution made by him during his tenure.

Directors' Report

Key Managerial Personnel (KMP)

Pursuant to provisions of Section 203 of the Companies Act, 2013, the Company has designated below mentioned persons as KMP:-

Mr. Prahalad S. Patel, CEO

Mrs. Hetal Patel, Chief Financial Officer

Ms. Minakshi Tak, Company Secretary

14. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors, to the best of their knowledge and ability, state the following:

- a. that in the preparation of the annual financial statements for the year ended March 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. they 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 at the end of the financial year and of the Profit and loss of the Company for that period;
- c. the directors had taken proper and sufficient care for the 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 fraud and other irregularities;
- d. they have prepared the annual accounts on a going concern basis; and
- e. they have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and operating effectively.

They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. AUDITORS & AUDITORS REPORT:

Statutory Auditors

M/s. Prakash B. Sheth & Co., Chartered Accountants (Firm Registration Number 108069W), the retiring Statutory Auditors, are eligible for re-appointment and have given a certificate of consent under Section 139 of the Companies Act, 2013 for their appointment at the ensuing Annual General Meeting to act as the statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

The resolution relating to annual ratification of statutory auditors appointment is part of the notice of the 9th Annual General Meeting. Members may ratify the appointment of M/s. Prakash B. Sheth & Co., Chartered Accountants as the Statutory Auditors of the Company for the financial year 2017-18.

Further, the Statutory Auditors of the Company M/s. Prakash B. Sheth & Co., have submitted Auditors' Report on the accounts of the Company for the Financial Year ended 31st March, 2017. The Auditors' Report is self-explanatory and do not call for any comments.

Cost Auditor

As per section 148 read with Companies (Audit and Auditors)Rule, 2014 M/s. K.V. Melwani & Associates, Practicing Cost Accountant (Firm Regn No. 100497) are appointed as Cost Auditor of the Company for the financial year 2017-18 by the Board of Directors and seeking ratification of remuneration from the members of company at ensuing Annual General Meeting.

Internal Auditor

Your Company has engaged M/s. Manubhai & Shah LLP, Chartered Accountants as Internal Auditor to conduct internal audit for the year 2017-18. The internal audit will help company to review the operational efficiency and assessing the internal control. It also reviews the safeguarding the assets of the Company.

Secretarial Auditor

Your Company has engaged Mr. Rohit S. Dudhela, Practicing Company Secretary as Secretarial Auditor to conduct Secretarial audit for the year 2016-17. The report on secretarial audit is annexed as **Annexure-E** to the Board's Report. The report does not contain any qualification, reservation or adverse remark.

Directors' Report

16. ADOPTION OF NEW SET OF ARTICLES OF ASSOCIATION

In order to bring the Articles of Association (AOA) of the Company in line with the provisions of the Companies Act, 2013 and Securities Contract Regulations Act and requirement of stock exchanges with which the company intended to list its equity shares, the Company recommended that the members adopt a comprehensive new set of the Articles of Association of the Company ('new articles'), in substitution of, and to the exclusion of, the AOA. The resolution to adopt the new articles was passed by majority by the members of the Company at the extra-ordinary General Meeting held on December 13, 2016.

17. CORPORATE SOCIAL RESPONSIBILITY

In terms of Companies Act, 2013, your company has undertaken Corporate Social responsibility programme. The disclosure as per Rule 9 of the Companies (Corporate Social responsibility Policy), 2014 is annexed as **Annexure- F**.

The CSR Policy may be accessed on the Company's website www.pspprojects.com.

18. EXTRACT OF ANNUAL RETURN

As required pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rule, 2014 an extract of annual return in MGT-19 is given in the **Annexure-G** and form part of this Report.

19. MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to provision 34(2) of SEBI (LODR) Regulations, 2015, a report on 'Management Discussion & Analysis' is annexed separately as **Annexure- H** and forms an integral part of this Annual Report.

20. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act read with the Companies (Accounts) Rules, 2014 are provided in the **Annexure- I** to this Report.

21. PARTICULARS OF EMPLOYEES

Disclosures under section 197(12) of the Companies Act, 2013 read with Rule 5(1) and 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 respectively, is annexed to the Board's report as **Annexure -J**.

22. INSURANCE

The Company has taken adequate insurance to cover the risk to its people, plants and machineries, building and other assets.

23. GREEN INITIATIVES

Electronics copies of the Annual Report 2016-17 and the Notice of the 9th Annual General Meeting are sent to all members whose email address are registered with the Company/depository participant(s). For members who have not registered their email addresses, physical copies are sent in the permitted mode.

ACKNOWLEDGEMENTS

Your Directors wish to express and place on record their thanks to the Company's Distributors, Dealers and Business Associates for their excellent effort and the customers for their continued patronage. Your Directors also wish to place on record their appreciation for the devoted services of the Executive, Staff and workers of the Company at all levels enabling the Company to achieve the excellent performance during the year.

Your Directors also appreciate the valuable co-operation and continued support received from Company's bankers and all the government agencies and departments.

The Directors also express their sincere thanks to all the Shareholders for the continued support and trust they have reposed in the Management.

On behalf of the Board of Directors

Date : August 09, 2017
Place : Ahmedabad

Prahalad S. Patel
Chairman-Managing Director & CEO
(DIN: 00037633)

Directors' Report

Annexure-A

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹)

| Sl. No. | Particulars | Details | Details |
|---------|---|--|---------------------------------------|
| 1. | Sl. No. | 1 | 2 |
| 2. | Name of the subsidiary | PSP Projects & Proactive Constructions Private Limited | PSP Projects Inc. |
| 3. | The date since when subsidiary was acquired | 07/01/2016 (Incorporated) | 15/02/2016 (Incorporated) |
| 4. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period | N.A. | January 01, 2016 to December 31, 2016 |
| 5. | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | N.A. | 67.95 |
| 6. | Share capital | 5,00,00,000 | 6,79,500 |
| 7. | Reserves & surplus | -2,68,93,821 | -14,74,569 |
| 8. | Total assets | 18,54,67,883 | 18,20,15,743 |
| 9. | Total Liabilities | 16,23,61,704 | 18,28,10,812 |
| 10. | Investments | Nil | Nil |
| 11. | Turnover* | 52,06,22,833 | 14,74,117 |
| 12. | Profit before taxation | 83,58,493 | -14,74,569 |
| 13. | Provision for taxation | 41,90,091 | NIL |
| 14. | Profit after taxation | 41,68,402 | -14,74,569 |
| 15. | Proposed Dividend | Nil | Nil |
| 16. | Extent of shareholding (In percentage) | 74% | 100% |

*turnover includes other income.

Notes: The following information shall be furnished at the end of the statement:

- Names of subsidiaries which are yet to commence operations - NA
- Names of subsidiaries which have been liquidated or sold during the year. – NA

Directors' Report

PART "B": ASSOCIATES AND JOINT VENTURES

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

| Name of associates/Joint Ventures | GDCL & PSP Joint Venture |
|---|--------------------------|
| 1. Latest audited Balance Sheet Date | 31.03.2017 |
| 2. Date on which the Associate or Joint Venture was associated or Acquired | 27.05.2015 |
| 3. Shares of Associate/Joint Ventures held by the company on the year end | |
| Amount of Investment in Associates/Joint Venture | 44,59,000 |
| Extent of Holding (In percentage) | 49% |
| 4. Description of how there is significant influence | Joint Venture |
| 5. Reason why the associate/joint venture is not consolidated | NA |
| 6. Net worth attributable to shareholding as per latest audited Balance Sheet | -27,03,364 |
| 7. Profit/Loss for the year | -1,45,16,096 |
| i. Considered in Consolidation | -71,12,887 |
| ii. Not Considered in Consolidation | -74,03,209 |

- Names of associates or joint ventures which are yet to commence operations. NA
- Names of associates or joint ventures which have been liquidated or sold during the year. NA

For and on behalf of the Board of Directors

Prahalad S. Patel
Managing Director & CEO
DIN: 00037633

Shilpaben Patel
Whole-time Director
DIN: 02261534

Date : August 09,2017
Place : Ahmedabad

Hetal Patel
Chief Financial Officer

Minakshi Tak
Company Secretary

Form AOC-2

Particulars of contracts/arrangements entered into by the Company with related parties

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

(Referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto)

1. Details of contracts or arrangements or transactions not at arm's length basis: Nil

All contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 are at arm's length basis.

2. Details of material contracts or arrangement or transactions at arm's length basis: None

During the reporting period, there was no material* contract or arrangement.

(*As defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and adopted by the Board of Directors in the Related Party Transactions Policy of the Company, "Material Related Party Transaction" means a transaction with a related party if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds 10% of the annual consolidated turnover of the company as per the last audited financial statements of the Company.)

- (a) Name(s) of the related party and nature of relationship: NA
 (b) Nature of contracts / arrangements / transactions: NA
 (c) Duration of the contracts / arrangements / transactions: NA
 (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NA
 (e) Date(s) of approval by the Board, if any: NA
 (f) Amount paid as advances, if any: NA

ANNEXURE-C

Particulars of Loans, guarantee or Investments under Section-186 of the Companies Act, 2013

| Sr. No. | Name of Entity | Relation | Amount (in Million) | Particulars of loans/ Guarantee and Investment | Purpose of which loan/guarantee and investment are proposed to be utilized |
|---------|--|-------------------------|---------------------|--|--|
| 1. | PSP Projects Inc | Wholly owned subsidiary | 166.53 | Loan | Working capital |
| 2. | GDCL & PSP Joint Venture | Joint venture | 75.00 | Corporate Guarantee | Working capital Demand Loan |
| 3. | PSP Projects & Proactive Constructions Private Limited | Subsidiary | 50.00 | Provided security | Working capital facilities |

REPORT ON CORPORATE GOVERNANCE

The Report containing as per the details of Corporate Governance requirement set out by the Securities and Exchange Board of India (SEBI) and process at PSP Projects Limited. The report on Corporate Governance as stipulated under the SEBI (LODR) Regulations, 2015 forms an integral part of Board's Report. The requisite certificate from the Auditors of the Company confirming compliance with the conditions of Corporate Governance is attached to this report.

Corporate Governance is a set of principles, processes and systems which govern a company. The elements of Corporate Governance are independence, transparency, accountability, responsibility, compliance, ethics, values and trust. Corporate Governance enables an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

PSP PROJECTS'S PHILOSOPHY ON CORPORATE GOVERNANCE

At PSP Projects Limited the philosophy on Corporate Governance encompasses a set of systems and practices to ensure that the Company's affairs are being managed in a manner which ensures accountability, transparency and fairness in all transactions in the widest sense. The objective is to meet stakeholders' aspirations and societal expectations. It is one of the essential pillars for building efficient and sustainable environment, system and practices to ensure that the affairs of the Company are being managed in a way which ensures accountability, transparency, fairness in all its transactions in the widest sense and meet its stakeholder's aspirations and societal expectation. Your Company is committed to the adoption of best governance practices and its adherence in the true spirit at all times and envisages the attainment of a high level of transparency and accountability in the functioning of the Company and conduct of its business internally and externally.

Board of Directors

Your Company is managed and guided by the Board of Directors. The Board formulates the strategy and regularly reviews the performance of the Company. The Board has been entrusted with the requisite powers, authorities and duties to enable it to discharge its responsibilities and provide effective leadership to the Business. The Company has an optimum combination of Executive, Non-Executive and Independent Directors who are eminent persons with professional expertise and valuable experience in their respective areas of specialisation and bring a wide range of skills and experience to the Board.

The Managing Director of the Company provides vision and leadership for achieving the approved strategic plan and business objectives. He presides over the Board and the Shareholders' meetings.

As on the date of this report the Board comprises of 6 (Six) Directors, which include 3 (Three) Non-Executive Independent Directors and 3 (Three) Executive Directors including 2 (Two) Women Director.

None of the Independent Directors of the Company serve as an Independent Director in more than seven listed Companies. The composition of the Board is in line with Regulation 17 of Listing Regulations. None of the Directors on the Board is a Member on more than 10 Committees, and Chairperson of more than 5 Committees across all listed companies in which he is a Director. Necessary disclosures regarding Committee positions have been made by the Directors.

Meeting of the Board

The Board of Directors met 9 (Nine) times during the financial year 2016-17 ended on 31 March, 2017. Board Meetings were held on June 01, 2016, July 14, 2016, August 20, 2016, September 03, 2016, October 15, 2016, December 12, 2016, December 19, 2016, December 27, 2016, and March 02, 2017.

The maximum gap between any two Board Meetings was less than one hundred twenty days.

Independent Directors

All the three Independent Directors have confirmed that they meet the criteria as stipulated under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) read with Section 149(6) of the Companies Act, 2013. All such declarations were placed before the Board.

The maximum tenure of Independent directors is in compliance with the Companies Act, 2013 and the terms and conditions of their appointment have been disclosed on the website of the Company (web link www.pspprojects.com)

Regulation 25(3) of Listing Regulations read with Schedule IV of the Companies Act, 2013 and the rules under it mandate that the Independent Directors of the Company hold at least one meeting in a year without the attendance of Non-Independent Directors and members of the management. During the year, separate meeting of the Independent Directors was held on 10 February, 2017 without the attendance of non-independent directors and members of the management. All the Independent Directors attended the said meeting. The independent directors, inter-alia, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.

Directors' Report

Composition of Board

The composition of the Board of Directors, their attendance at the Meeting during the year and at the previous Annual General Meeting as also the details with regard to outside Directorship and committee position as under:

| Name of Directors and DIN | Category | No. of Board Meetings attended | Attendance at previous AGM | No. of Directorships** | No of Committee held in other Companies*** | |
|--|-------------------------------|--------------------------------|----------------------------|------------------------|--|--------|
| | | | | | Chairman | Member |
| Mr. Prahaladbhai S. Patel* 00037633 | Promoter & Executive Director | 9 | Yes | 0 | 0 | 0 |
| Mrs. Shilpaben Patel* 02261534 | Promoter & Executive Director | 9 | Yes | 0 | 0 | 0 |
| Ms. Pooja Patel * 07168083 | Executive Director | 9 | Yes | 0 | 0 | 0 |
| Mr. Chirag Shah 02583300 | Independent Director | 2 | Yes | 0 | 0 | 0 |
| Mr. Sandeep Shah 00807162 | Independent Director | 2 | Yes | 0 | 0 | 0 |
| Mr. Vasishtha Patel 00808127 | Independent Director | 2 | Yes | 0 | 0 | 0 |

* Mr. Prahaladbhai S. Patel is husband of Mrs. Shilpaben Patel and father of Ms. Pooja Patel are thus related.

** Excludes Directorships in Indian Private Limited Companies, Foreign Companies, Firms, Partnerships including LLPs, Section 8 Companies and membership of various Chambers and other non-corporate organisations.

*** The committees considered for the purpose are those prescribed under Regulation 26 of Listing Regulations i.e. Audit Committee and Stakeholders' Relationship Committee of Indian public limited companies whether listed or not.

Familiarization Programme for independent Directors

The Board/Committee members are provided with the necessary documents/brochures, reports and internal policies, codes of conduct to enable them to familiarise with the Company's procedure and practices. Directors are regularly updated on performance of the business of the Company, business strategy going forward and new initiative being taken/proposed to be taken by the Company through presentation. Factory visits are organised from time to time for the Directors. The policy of the familiarisation programme of the Independent Directors are available on the Company's website at www.pspprojects.com.

BOARD FUNCTIONING AND PROCEDURE

BOARD MEETING FREQUENCY AND CIRCULATION OF AGENDA PAPERS:

The Board and its Committees meet at regular intervals for discussion on agenda circulated well in advance by the Company. All material information is incorporated in the agenda for facilitating meaningful and focused discussion at the meeting. Where it is not practical to attach, or send the relevant information as a part of agenda papers, the same are tabled at the Meeting. To meet the business exigencies or urgent matters the resolutions are passed by the Directors by Circulation.

The Company has proper systems to enable the Board to periodically review compliance reports of all laws applicable to the Company, as prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances. The Board reviewed compliance reports prepared by the Company on periodically

COMMITTEES OF THE BOARD

In Compliance with the various provision of the Companies Act, 2013 read with Rules framed thereunder, the SEBI (LODR) Regulation, 2015, your company has 5 committees: (A) Audit committee (B) Nomination and Remuneration Committee (C) Stakeholders Relationship Committee (D) Corporate Social Responsibility Committee (E) IPO Committee

(A) AUDIT COMMITTEE

Composition:

Constitution of Audit Committee is in alignment with provisions of Section 177 of the Companies Act, 2013 read with rules framed thereunder and Regulation 18 of the SEBI (LODR) Regulations, 2015. The committee comprise of three Directors which include two Non-Executive Independent directors and one Executive Director. The Chairman of the Committee is Mr. Vasishtha Patel, a Non-Executive Director. The Company Secretary is the Secretary to the Audit Committee.

Directors' Report

Meeting and Attendance:

The Audit Committee met 6 (six) times during the Financial Year 2016-17 and the time gap between two meetings is not more than 120 days. The Meetings were held on June 01, 2016, July 14, 2016, September 03, 2016, October 15, 2016, December 19, 2016 and March 02, 2017.

The present composition of the Audit Committee and the number of meetings held and attended by the members during the year are as under;

| Sr. No. | Name of Members | Status | No. of meetings held | No. of meetings attended |
|---------|---------------------------|----------|----------------------|--------------------------|
| 1. | Mr. Vasishtha Patel | Chairman | 6 | 6 |
| 2. | Mr. Sandeep Shah | Member | 6 | 6 |
| 3. | Mr. Prahaladbhai S. Patel | Member | 6 | 6 |

Terms of Reference:

The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 (3) Listing Regulations read with Schedule II Part C and are as under Listing Regulations as approved by the Board of Directors, include the following:

1. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
 - b) changes, if any in accounting policies and practices and reasons for the same;
 - c) major accounting entries involving estimates based on the exercise of judgment by management;
 - d) significant adjustments made in the financial statements arising out of audit findings;
 - e) compliance with listing and other legal requirements relating to financial statements;
 - f) disclosure of any related party transactions;
 - g) modified opinion(s) in the draft audit report;
5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

Directors' Report

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the whistle blower mechanism;
19. Approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.

The audit committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters/ letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
6. Statement of deviations:
 - a. Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations.
 - b. Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations

(B) NOMINATION AND REMUNERATION COMMITTEE

Composition:

The company has framed qualified Nomination and Remuneration Committee as per the requirements of Section 178 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 19 of the SEBI (LODR) Regulations 2015. The Nomination and Remuneration committee was re-constituted by Board of Directors at its meeting held on December 12, 2016 by introducing Mr. Vasishtha. Patel as member w.e.f. 12/12/2016 due to the Resignation of Mr. Sagar P. Patel on 10/12/2016.

Meeting and Attendance:

The Nomination and Remuneration met 2 (two) times during the Financial Year 2016-17. The Meetings were held on July 10, 2016 and December 10, 2016.

The present composition of the Nomination and Remuneration Committee and the number of meetings held and attended by the members during the year are as under;

| Sr. No. | Name of Members | Status | No. of meetings held | No. of meetings attended |
|---------|---------------------|----------|----------------------|--------------------------|
| 1. | Mr. Chirag Shah | Chairman | 2 | 2 |
| 2. | Mr. Vasishtha Patel | Member | 2 | 2 |
| 3. | Mr. Sandeep Shah | Member | 2 | 2 |

Terms of Reference:

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations and the terms of reference. The terms of reference of the Nomination and Remuneration Committee inter alia, includes the following

1. formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors. key managerial personnel and other employees;
2. formulation of criteria for evaluation of performance of independent directors and the board of directors;
3. devising a policy on diversity of board of directors;
4. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

Directors' Report

5. whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
6. recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

The Nomination and Remuneration Committee, while formulating the above policy, should ensure that —

- a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;
- b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- d. perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 or by the Listing Regulations or by any other applicable law or regulatory authority.

(C) STAKEHOLDERS RELATIONSHIP COMMITTEE

Composition:

In compliance with provisions of section 178 of the Companies Act, 2013 read with Rules framed thereunder and Regulation 20 of the SEBI (LODR) Regulations 2015, Company has duly constituted Stakeholders Relationship Committee in meeting of the Board held on December 12, 2016. This Committee is specifically established look into the mechanism of redressal of grievances of shareholders of the Company.

Meeting and Attendance:

The Committee was constituted on December 12, 2016 and there were no meeting held in last year.

Thought the financial year no meeting of the Stakeholders Relationship Committee were held. The present composition of the Stakeholders Relationship Committee is as under;

| Sr. No. | Name of Members | Status |
|---------|-----------------------|----------|
| 1. | Mr. Chirag Shah | Chairman |
| 2. | Mr. Prahalad S. Patel | Member |
| 3. | Ms. Pooja Patel | Member |

Terms of Reference:

The scope and function of the Stakeholders Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations and the terms of reference. The terms of reference of the Stakeholders Relationship Committee inter alia, includes the following

1. Considering and resolving the grievances of security holders of the Company, including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, annual reports of the Company or any other documents or information to be sent by the Company to its shareholders etc.
2. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
3. Giving effect to all transfer/transmission of shares and debentures, dematerialization of shares and re materialization of shares, split and issue of duplicate/consolidated share certificates, allotment and listing of shares, buy back of shares, compliance with all the requirements related to shares, debentures and other securities from time to time;
4. Oversee the performance of the registrars and transfer agents of the Company and to recommend measures for overall improvement in the quality of investor services and also to monitor the implementation and compliance of the code of conduct for prohibition of insider trading pursuant to the SEBI (Prohibition of Insider Trading) Regulations, 2015, as amended and other related matters as may be assigned by the Board of Directors; and
5. Carrying out any other function as prescribed under the equity listing agreement and as may be delegated by the Board of Directors.

(D) CORPORATE SOCIAL RESPONSIBILITIES COMMITTEE:

Composition:

Company has constituted Corporate Social Responsibility (CSR) Committee, in compliance with the provision of section 135 of the Companies Act, 2013 read with Rules framed thereunder.

Directors' Report

Meeting and Attendance:

The Corporate Social Responsibility (CSR) Committee met 1 (one) time during the Financial Year 2016-17. The Meeting was held on July 14, 2016.

The present composition of the Corporate Social responsibilities Committee and the number of meetings held and attended by the members during the year are as under;

| Sr. No. | Name of Members | Status | No. of meetings held | No. of meetings attended |
|---------|---------------------------|----------|----------------------|--------------------------|
| 1. | Mrs. Shilpaben Patel | Chairman | 1 | 1 |
| 2. | Mr. Prahaladbhai S. Patel | Member | 1 | 1 |
| 3. | Mr. Sandeep Shah | Member | 1 | 1 |

Terms of Reference:

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by our Company in accordance with the provisions of the Companies Act, 2013;
2. Review and recommend the amount of expenditure to be incurred on activities to be undertaken by our Company;
3. Monitor the CSR policy of our Company and its implementation from time to time; and
4. Any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board from time to time.

(E) IPO COMMITTEE:

The Board had constituted an IPO Committee on December 12, 2016. The Committee was authorized to approve and decide upon all activities in connection with the Initial Public offer, including but not limited to approving the Draft Red Herring Prospectus, to decide the terms and conditions of the offer, including the Price Band and the Offer Price, to appoint various intermediaries, negotiating and executing the offer related agreement and to submit applications and documents to relevant statutory and other authorities from time to time

GENERAL BODY MEETINGS

Particulars of the last three Annual General Meetings and Extraordinary General Meeting are as follows:

Annual General Meetings

| Year | LOCATION | DATE & DAY | SPECIAL RESOLUTIONS |
|-----------------------------------|---|-----------------------|--|
| 8 th for F.Y 2015-16 | At Registered office of the Company at "PSP House", opp. Celesta Courtyard, Opp. Lane of Vikramnagar Colony, Iscon- Ambli Road, Ahmedabad-380058 | 28.09.2016, Wednesday | <ol style="list-style-type: none"> 1. Revision in the remuneration payable to Mr. Prahalad S. Patel (DIN: 00037633), Managing Director & CEO of the company 2. Revision in the remuneration payable to Mrs. Shilpaben P. Patel (DIN: 02261534), whole-time director of the company 3. Revision in the remuneration payable to Ms. Pooja P. Patel (DIN: 07168083), executive director of the company |
| 7 th for F.Y 2014-2015 | At Registered office of the Company at 92, TITANIUM, 9 th Floor, Prahaladnagar Corporate Road, Opp. Ashwaraj Bung., Nr. AUDA Garden, Satellite, Ahmedabad-380015 | 30.09.2015 Wednesday | <ol style="list-style-type: none"> 1. Appointment of Ms. Pooja P. Patel as executive director and fix her remuneration 2. Appointment of Mrs. Shilpaben Patel as whole time director and fix her remuneration 3. Power to Borrow under section 180 (1) 4. To Sell, Lease or otherwise dispose of the assets of the Company |
| 6 th for F.Y 2013-2014 | At Registered office of the Company at 92, TITANIUM, 9 th Floor, Prahaladnagar Corporate Road, Opp. Ashwaraj Bung., Nr. AUDA Garden, Satellite, Ahmedabad-380015 | 30.08.2014 Saturday | <ol style="list-style-type: none"> 1. To authorize the board to borrow monies under section 180(1)(c) of the Companies Act, 2013 2. To authorize the board to create charge/ mortgage properties of the company under section 180(1)(a) of the companies Act, 2013 3. To authorize the board to make inter-corporate loan/ investment under section 186 of the Companies Act, 2013 |

Directors' Report

Extra-Ordinary General Meetings

| Year | LOCATION | DATE & DAY | SPECIAL RESOLUTIONS |
|---------|---|-----------------------|---|
| 2016-17 | At Registered office of the Company at "PSP House", opp. Celesta Courtyard, Opp. Lane of Vikramnagar Colony, Iscon-Ambli Road, Ahmedabad-380058 | 16.09.2016 Friday | <ol style="list-style-type: none"> for increase in the authorized share capital consequent Alteration of the Capital Clause in the Memorandum of Association of the Company |
| 2016-17 | At Registered office of the Company at "PSP House", opp. Celesta Courtyard, Opp. Lane of Vikramnagar Colony, Iscon-Ambli Road, Ahmedabad-380058 | 13.12.2016 Tuesday | <ol style="list-style-type: none"> Issue and allotment of equity shares to the public (Initial Public Offer) To approve increase of equity investment percentage in the company up to 74% to Foreign Institutional Investors (FIIS) / Foreign Portfolio Investors (FPIS) Power to borrow under section 180(1)(c) To Sell, Lease or otherwise dispose of the assets of the Company Amendment in Articles of Association |

POSTAL BALLOT

There was no any Special/Ordinary Resolutions passed by the Company through Postal Ballot.

COMPLIANCE WITH MANDATORY REQUIREMENTS

The Company as on March 31, 2017 was an unlisted public Company and became a listed entity on May 29, 2017. The Company has complied with the mandatory requirements to the extent applicable to the Company.

Means of Communications

I. Quarterly Results

The quarterly and yearly financial results of the Company are submitted to the Stock Exchange immediately after they are approved by the Board. The results are published in 'Financial Express & Economics Time' both in English and the vernacular.

II. Website

Detailed information on the Company's business; quarterly and annual financial results, investor brief and other information are displayed on the Company's website www.pspprojects.com.

III. Intimation to Stock Exchange

The Company intimates stock exchanges all information which in its opinion are material & of relevance to the shareholders. The Company also submits electronically various compliance reports /statements periodically in accordance with the provisions of the Listing Regulations on NSE and BSE's Electronic Filing Systems.

GENERAL SHAREHOLDERS INFORMATION

(a) Annual General Meeting

| | |
|--------------------|--|
| Day, Date and time | Wednesday, September 27, 2017 at 11.00 A.M. |
| Venue | H.T Parekh Convention Center, Ahmedabad Management Association(AMA) Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 |

(b) Financial Year

The Financial Year is from 01st April, 2016 to 31st March, 2017.

(c) Stock Market Data

As on 31st March, 2017 the Company was not listed hence the details for the share market data is not applicable.

(d) Name & Designation of Compliance Officer

Minakshi Tak
Company Secretary and Compliance Officer

(e) Dividend Payment Date

Your Board has recommended a Final Dividend of ₹ 2.50 per share on equity shares of face value of ₹ 10/-. This is subject to approval by shareholders at the 9th Annual General Meeting. The dividend would be payable to all Shareholders whose names appear in the Register of Members as on the Record Date. i.e. September 18, 2017.

Directors' Report

(f) Date of Book Closure/ Record Date

The Register of members and share transfer books will remain closed on September 18, 2017 for the purpose of Annual General Meeting and payment of Dividend for the financial year 2016-17.

(g) Registrar and Transfer Agent

| | |
|--------------------------------------|---|
| Name of Registrar and Transfer Agent | Karvy Computershare Private Limited |
| Address | "Karvy Selenium Tower B", Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032 |
| Tel. No.: | 040-67162222 |
| E-mail id: | suresh.d@karvy.com |

(h) Dematerialization of Shares

As on 31 March, 2017, 100% of equity share capital of the Company were held in dematerialised form. The ISIN allotted in respect of equity shares of ₹ 10/- each of the Company by NSDL/CDSL is **INE488V01015**.

(i) Listing on Stock Exchange

The Company has listed its Equity Shares on following Stock Exchanges, on 29th May, 2017.

| | |
|---|--|
| BSE Limited 01st Floor, P.J. Towers, Dalal Street, Fort, Mumbai- 400001 | National Stock Exchange of India Ltd. Exchange Plaza, 05th Floor, Plot No.1/G Block, Bandra-Kurla Complex, Bandra (E)- Mumbai- 400051 |
| Scrip Code: 540544 | Scrip Code: PSPPROJECT |

The listing fees and other applicable fees have been paid by the Company as on date.

RECONCILIATION OF SHARE CAPITAL AUDIT

As stipulated by SEBI, a qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with NSDL and CDSL and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid-up capital is in agreement with the aggregate of the total number of shares in dematerialised form and in physical form.

DISCLOSURES OF ACCOUNTING TREATMENT

In the financial statements for the year ended 31 March, 2017, the Company has followed the treatment as prescribed in the applicable Accounting Standards.

RELATED PARTY TRANSACTIONS

During the year there was no materially significant related party transaction which may have potential conflict with the interest of the Company. The Company has formulated a Related Party Transaction policy which has been uploaded on its website at www.pspprojects.com. Details of related party information and transactions are being placed before the Audit Committee from time to time. The details of the related party transactions during the year have been provided in Note to the financial statements.

DETAILS OF NON-COMPLIANCE BY THE COMPANY, PENALTIES, STRICTURE IMPOSED ON THE COMPANY BY THE STOCK EXCHANGES, SEBI OR ANY STATUTORY AUTHORITIES OR ANY MATTER RELATED TO CAPITAL MARKETS.

The Company has complied with all the requirements of the Stock Exchanges/the Regulations and guidelines of SEBI and other Statutory Authorities on all matters relating to capital markets. No penalties or strictures have been imposed by SEBI, Stock Exchanges or any statutory authorities on matters relating to capital markets.

WHISTLE BLOWER POLICY AND AFFIRMATION THAT NO PERSONNEL HAS BEEN DENIED ACCESS TO THE AUDIT COMMITTEE

The Company has established a vigil mechanism through a Whistle Blower Policy for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The mechanism provides for adequate safeguards against victimisation of director(s)/ employee(s) who express their concerns and also provides for direct access to the Chairman of the Audit Committee in exceptional cases. During the year under review, no personnel was denied access to the Audit Committee.

CODE FOR PREVENTION OF INSIDER TRADING

The Company has instituted code on prevention of insider trading in compliance with the SEBI (Prohibition of Insider Trading) Regulations. The Code lays down the guidelines which advise on procedures to be followed and disclosures to be made, while dealing in shares of the Company and the consequences of the non-compliances.

Directors' Report

CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES

The Company has laid down a Code of Conduct for all Board members and the Senior Executives of the Company. The Code of conduct is available on the Company's website www.pspprojects.com. The code of conduct was circulated to all the members of the Board and senior management personnel and they have affirmed their compliance with the said code of conduct for the financial year ended 31 March, 2017. A declaration to this effect signed by the Chairman & Managing Director is given below:

To the Shareholders of PSP Projects Limited

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors and applicable to them for the financial year ended 31 March, 2017.

Place : Ahmedabad

Date : 09 August, 2017

Prahalad S. Patel
Managing Director & CEO

SUBSIDIARY COMPANIES

The Company does not have any material non-listed Indian Subsidiary as defined under Regulation 24 of SEBI Regulations.

MD/CFO CERTIFICATION

The Managing Director & CFO have certified to the Board of Directors inter-alia, the accuracy of financial statements and adequacy of internal controls for the financial reporting purpose as required under Regulation 17 (8) of Listing Regulations for the year ended 31 March, 2017. The said certificate forms part of the Annual Report.

DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF THE NON-MANDATORY REQUIREMENTS

The details of mandatory requirements are mentioned in this Report. The Company is in compliance with the requirements specified under Clause 49 of the Listing Agreements and regulations 17 to 27 and clauses (b) to of sub-regulation (2) of regulation 46 of the Listing Regulations, as applicable, with regard to corporate governance.

MODIFIED OPINION(S) IN AUDIT REPORT

The opinion expressed by the Auditor in the audit report on the financial statements for the year ended 31 March, 2017 is unmodified.

COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE FROM THE AUDITOR

The certificate dated August 09, 2017 from the Statutory Auditors of the Company (M/s Prakash B. Sheth & Co.) confirming compliance with the Corporate Governance requirements as stipulated under Listing Regulations is annexed hereto.

The above report has been adopted by the Board of Directors of the Company at their meeting held on August 09, 2017.

Directors' Report

CEO/CFO CERTIFICATION

To
The Board of Directors
PSP Projects Limited

Sub: CEO/CFO certification under Regulation 17 (8) of Listing Regulations

We, Prahlad S. Patel, Chairman and Managing Director & CEO, Hetal Patel, CFO certify to the Board that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended 31 March, 2017 and that to the best of our knowledge and belief:
 - (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violate of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the Auditors and the Audit Committee:
 - (i) That there were no significant changes in internal control over financial reporting during the year;
 - (ii) That there were no significant changes in accounting policies during the year and
 - (iii) That there were no instances of significant fraud, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place : Ahmedabad
Date : August 09, 2017

Prahlad S. Patel
Chairman and Managing Director & CEO

Hetal Patel
CFO

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of PSP Projects Limited,

We have examined the compliance of conditions of Corporate Governance by PSP Projects Limited ('the Company'), for the year ended on 31 March, 2017, as stipulated in the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the Company's Management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that this certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For M/s. Prakash B. Sheth & Co.
Chartered Accountants
Firm Registration. No. 108069W

Place : Ahmedabad
Date : August 09, 2017

Prakash B. Sheth
Proprietor

Directors' Report

ANNEXURE-E

Form No. MR - 3

SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
PSP PROJECTS LIMITED
"PSP" House, Opp. Celesta Courtyard,
Opp. Lane of Vikram Nagar Colony,
Iscon-Ambli Road, Ahmedabad 380 054

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. PSP PROJECTS LIMITED (CIN No. U45201GJ2008PLC054868) (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:-

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of :-

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Overseas Direct Investment.
- (iii) Since the company is an unlisted public company relevant laws applicable to a listed company are not applicable to it. However the other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on their sector/ industry are:
 - (1) Payment of Wages Act, 1936, and rules made thereunder ;
 - (2) The Minimum Wages Act, 1948, and rules made thereunder
 - (3) Land Revenue laws of respective States

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India (Effective from July 1, 2015.) is applicable for the financial year 2016-2017.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the observations if any noted against each legislation.

We further report that :

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that :

During the Audit of the Company the company issued bonus shares and filed papers pertaining to its Initial Public Offering (IPO) of its shares.

I further report that:

The compliance by the Company of the applicable financial laws like Direct and Indirect Tax laws, has not been reviewed in this Audit since the same have been subject to the review by the Statutory Auditors and other designated professionals.

Rohit S Dudhela
Practising Company Secretaries
Membership No. ACS 2207
COP : 7369

Date : August 09, 2017

Place : Ahmedabad

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

Directors' Report

'ANNEXURE A'

To the Members,
PSP PROJECTS LIMITED
Ahmedabad

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Date : August 09, 2017
Place : Ahmedabad

Rohit S Dudhela
Practising Company Secretaries
Membership No. ACS 2207
COP : 7369

**Annual report on Corporate Social Responsibilities (CSR)
Activities for the year 2016-17**

**(Pursuant to clause (o) of sub-section (3) of section 134 of the Act and
Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014)**

1. A brief of the company's CSR policy, including overview of projects or programme proposed to be undertaken:

The Company through its CSR policies aims to bring improvement in the lives of the communities in & around our operations with an objective to energize and enable them to realize their potential by identifying the thirist area and channelizing the resources.

The CSR Activities undertaken by the Company is within the broad framework of Schedule VII of the Companies Act, 2013. Your Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and approved by Board of Directors, placed on the Company's website i.e. www.psppprojects.com.

2. The composition of the CSR Committee:

Members of the committee are:

- i. Mrs. Shilpaben P. Patel Chairman
- ii. Mr. Prahalad S. Patel Member
- iii. Mr. Sandeep H. Shah Member

3. Average net profit of the company for last three financial years:

₹ 25.09 Crores

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above):

₹ 50.19 Lakhs

5. Details of CSR spent during the financial year:

- (a) Total amount spent for the financial year: ₹ 18.38 Lakhs
- (b) Amount unspent, if any: ₹ 31.81 Lakhs
- (c) Manner in which the amount spent during the financial year is detailed below:

| Sr. No. | CSR projects/ activities | Sector in which the Project is covered | Location where project is undertaken: State (Local area/ District) | Amount outlay (budget) Project/ Programs wise | Amount spent on the projects or programs (1) Direct expenditure on projects (2) Overheads: | Cumulative expenditure upto to the reposting period | Amount spent: Direct or through implementing agency* |
|---------|----------------------------|--|--|---|--|---|--|
| 1. | Construction of Dog kennel | Protection of Animal | Ahmedabad | 18.38 Lakhs | Direct Expenditure | - | Direct |

6. As the Company is in the process of evaluating and identifying the specific programmes and is in dialogue with various organization for implementing the CSR activities. Company has taken steps in the right direction and going forward is committed to actively engage with the partners/NGO to execute the projects and programme and incur expenditure in accordance with Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibilities Policy) Rules, 2014.

7. The CSR Committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of your Company.

Form No. MGT 9

Extract of Annual Return

As on the Financial Year ended 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I REGISTRATION AND OTHER DETAILS:

| | |
|---|--|
| CIN | U45201GJ2008PLC054868 |
| Registration Date | 26-08-2008 |
| Name of the Company | PSP PROJECTS LIMITED |
| Category/Sub-category of the Company | Public Limited |
| Address of the Registered Office & Contact details | "PSP House", Opp. Celesta Courtyard, Opp. lane of Vikram Nagar Colony, Iskcon-Ambli Road, Ahmedabad, Gujarat- 380054 Email Id : minakshi@pspprojects.com |
| Whether Listed Company | Unlisted as on 31 st March, 2017, listed on 29 th May, 2017 |
| Name, Address & Contact details of the Registrar & Transfer Agent, if any | Karvy Computershare Private Limited "Karvy Selenium Tower B", Plot No. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032 Telangana Tel: 040- 67162222, 33211000 |

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated :

| Sr No | Name and Description of Main Products/Services | NIC Code of the product/ service | % of total turnover of the company |
|-------|--|----------------------------------|------------------------------------|
| 1 | Construction of building and others | 4100 | 100 |

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

| Sr. No. | Name & Address of the company | CIN/GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|---------|--|-----------------------|----------------------------------|------------------|--------------------|
| 1. | PSP Projects Inc. Address: 2257 Park Place CIR Round Rock Texas - 78681 | N.A. | Wholly owned Subsidiary | 100% | 2(87) |
| 2. | PSP Projects and Proactive Constructions Pvt. Ltd Address: "PSP House", Opp. Celesta Courtyard, Opp. lane of Vikram Nagar Colony, Iskcon- Ambli Road, Ahmedabad, Gujarat- 380054 | U45203GJ2016PTC085649 | Subsidiary | 74% | 2(87) |
| 3. | PSP Products Private Limited Address: "PSP House", Opp. Celesta Courtyard, Opp. lane of Vikram Nagar Colony, Iskcon- Ambli Road, Ahmedabad, Gujarat- 380054 | U74999GJ2009PTC055814 | Associate Company | | 2(6) |

Directors' Report

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as % of Total Equity)

(i) Category-wise Share Holding

| Category of Shareholders | No of Shares held at the beginning of the year i.e. 01.04.2016 | | | | No of Shares held at the end of the year i.e. 31.03.2017 | | | | % chang during the year |
|--|---|------------------|------------------|-------------------------|---|-------------------|-------------------|-------------------------|----------------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| A PROMOTERS | | | | | | | | | |
| Indian | | | | | | | | | |
| Individuals/HUF | -- | 3199600 | 3199600 | 99.98 | -- | 28796400 | 28796400 | 99.98% | -- |
| Cent. Govt. or State Govt. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Bodies Corporate | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Bank/FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Any other | -- | 400 | 400 | 0.01 | -- | 3600 | 3600 | 0.01 | -- |
| Sub Total (A)(1) | -- | 32,00,000 | 32,00,000 | 100% | -- | 288,00,000 | 288,00,000 | 100% | |
| B FOREIGN | | | | | | | | | |
| NRI-Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Other Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Bodies Corporate | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Banks/FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Any other | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub Total (A)(2) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Total Shareholding of Promoters (A)(1)+(A)(2) | -- | 32,00,000 | 32,00,000 | 100% | -- | 288,00,000 | 288,00,000 | 100% | -- |
| B PUBLIC SHAREHOLDING | | | | | | | | | |
| Institutions | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Banks/FI | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Central Govt. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| State Govt. | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Venture Capital Fund | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Insurance Companies | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| FIs | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Foreign Venture Capital Funds | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Others (Specify) | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Foreign Banks/FCW | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub Total (B)(1) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non Institutions | | | | | | | | | |
| Bodies Corporates | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Indian | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Overseas | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Individuals | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Upto ₹1 lac | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| More than ₹1 Lac | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Others | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| NRIs/OCBs | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Trusts | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Clearing Members | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Foreign Portfolio-Corporate | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Sub Total (B)(2) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Public Shareholding(B)=(B)(1)+(B)(2) | 0 | 0 | 0 | 0 | 0 | 00 | 0 | 0 | 0 |
| Shares held by Custodian for GDRs & ADRs | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Grand Total (A) + (B) | -- | 32,00,000 | 32,00,000 | 100% | -- | 288,00,000 | 288,00,000 | 100% | -- |

Directors' Report

(ii) Shareholding of Promoters

| Sr No | Name of the Shareholders | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|-------|--------------------------|---|----------------------------------|--|-------------------------------------|----------------------------------|--|--|
| | | No of Shares | % of Total Shares of the Company | % of Shares Pledged/encumbered to total shares | No of Shares | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | |
| 1 | Mr. Prahalad S. Patel | 17,60,000 | 55 | -- | 158,40,000 | 55 | -- | - |
| 2 | Mrs. Shilpaben P. Patel | 6,40,000 | 20 | -- | 57,60,000 | 20 | -- | - |

(iii) Change in Promoters Shareholding (Please specify, if there is no change)

| Sr No | Name of the Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|--------------------------------|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of Total Shares of the Company | No of Shares | % of total Shares of the Company |
| 1 | Mr.Prahalad S. Patel | | | | |
| | At the beginning of the year | 17,60,000 | 55 | | |
| | Allotment of Bonus Shares | 140,80,000 | - | | |
| | At the end of the year | 158,40,000 | 55.00 | 158,40,000 | 55.00 |
| 2. | Mrs. Shilpaben P. Patel | | | | |
| | At the beginning of the year | 6,40,000 | 20 | | |
| | Allotment of Bonus Shares | 51,20,000 | - | | |
| | At the end of the year | 57,60,000 | 20 | 57,60,000 | 20.00 |

(iv) Shareholding Pattern of top 10 Shareholders (Other than Directors, Promoters, and Holders of GDRs & ADRs):

| Sr. No. | Name of Shareholder | Shareholding at the beginning of the year 01-04-2016 | | Changes in Shareholding (No. of Shares) | | Cumulative Shareholding at the end of the year 31-03-2017 | |
|---------|---------------------|--|----------------------------------|---|----------|---|----------------------------------|
| | | No. of Shares | % of total shares of the Company | Increase | Decrease | No. of Shares | % of total shares of the Company |
| 1. | Sagar P. Patel | 4,80,000 | 15 | 38,40,000 | | 43,20,000 | 15 |
| 2. | Pooja P. Patel | 3,19,600 | 9.99 | 25,56,800 | | 28,76,400 | 9.99 |
| 3. | Naginbhai K. Patel | 100 | 0.003 | 800 | | 900 | 0.003 |
| 4. | Jalpaben N. Patel | 100 | 0.003 | 800 | | 900 | 0.003 |
| 5. | Sandip N. Patel | 100 | 0.003 | 800 | | 900 | 0.003 |
| 6. | Khusboo A. Patel | 100 | 0.003 | 800 | | 900 | 0.003 |

Directors' Report

(v) Shareholding of Directors & Key Managerial Personnel

| Sr No | Name of the Shareholders | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|-------|--------------------------------|---|----------------------------------|---|----------------------------------|
| | | No of Shares | % of Total Shares of the Company | No of Shares | % of total Shares of the Company |
| 1 | Mr. Prahalad S. Patel | | | | |
| | At the beginning of the year | 17,60,000 | 55.00 | | |
| | Allotment of Bonus Shares | 140,80,000 | - | | |
| | At the end of the year | 158,40,000 | 55.00 | 158,40,000 | 55.00 |
| 2. | Mrs. Shilpaben P. Patel | | | | |
| | At the beginning of the year | 6,40,000 | 20.00 | | |
| | Allotment of Bonus Shares | 51,20,000 | - | | |
| | At the end of the year | 57,60,000 | 20.00 | 57,60,000 | 20.00 |
| 3. | Ms. Pooja P. Patel | | | | |
| | At the beginning of the year | 3,19,600 | 9.99 | | |
| | Allotment of Bonus Shares | 25,56,800 | - | | |
| | At the end of the year | 28,76,400 | 9.99 | 2876400 | 9.99 |
| 4. | Mr. Sandeep H. Shah | | | | |
| | At the beginning of the year | Nil | Nil | | |
| | Allotment of Bonus Shares | Nil | Nil | | |
| | At the end of the year | Nil | Nil | Nil | Nil |
| 5. | Mr. Chirag N. Shah | | | | |
| | At the beginning of the year | Nil | Nil | | |
| | Allotment of Bonus Shares | Nil | Nil | | |
| | At the end of the year | Nil | Nil | Nil | Nil |
| 6. | Mr. Vasishtha P. Patel | | | | |
| | At the beginning of the year | Nil | Nil | | |
| | Allotment of Bonus Shares | Nil | Nil | | |
| | At the end of the year | Nil | Nil | Nil | Nil |
| 7. | Mrs. Hetal Patel | | | | |
| | At the beginning of the year | Nil | Nil | | |
| | Allotment of Bonus Shares | Nil | Nil | | |
| | At the end of the year | Nil | Nil | Nil | Nil |
| 8. | Ms. Minakshi Tak | | | | |
| | At the beginning of the year | Nil | Nil | | |
| | Allotment of Bonus Shares | Nil | Nil | | |
| | At the end of the year | Nil | Nil | Nil | Nil |

V INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ In Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| Indebtedness at the beginning of the financial year | | | | |
| Principal Amount | 4,524.82 | - | - | 4,524.82 |
| Interest due but not paid | - | - | - | - |
| Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 4,524.82 | - | - | 4,524.82 |
| Change in Indebtedness during the financial year | | | | |
| Additions | 2,382.07 | - | - | 2,382.07 |
| Reduction | 133.38 | - | - | 133.38 |
| Net Change | 2,248.69 | - | - | 2,248.69 |
| Indebtedness at the end of the Financial Year | | | | |
| Principal Amount | 6,773.51 | - | - | 6,773.51 |
| Interest due but not paid | - | - | - | - |
| Interest accrued but not due | - | - | - | - |
| Total (i+ii+iii) | 6,773.51 | - | - | 6,773.51 |

Directors' Report

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A Remuneration to Managing Director, Whole Time Director and/ or Manager

(₹ In Lakhs)

| Sr No | Particulars of Remuneration | Mr. Prahalad S. Patel (Managing Director & CEO) | Mrs. Shilpaben P. Patel (Whole-time Director) | Ms. Pooja P. Patel (Executive Director) | Total |
|-------|---|---|---|---|---------------|
| 1 | Gross Salary | | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961 | 273.04 | 99.44 | 39.72 | 412.20 |
| | (b) Value of perquisites U/s 17(2) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| | (c) Profits in lieu of salary U/s 17(3) of the Income Tax Act, 1961 | Nil | Nil | Nil | Nil |
| 2 | Stock Option | Nil | Nil | Nil | Nil |
| 3 | Sweat Equity | Nil | Nil | Nil | Nil |
| 4 | Commission | | | | |
| | As % of profit (1% of total revenue) | 108.50 | 31.00 | 15.50 | 155.00 |
| | Others (Specify) | Nil | Nil | Nil | Nil |
| 5 | Others, please specify | Nil | Nil | Nil | Nil |
| | NPS, PF, Gratuity and Super Annuation | Nil | Nil | Nil | Nil |
| | Total (A) | 381.54 | 130.44 | 55.22 | 567.20 |

B. Remuneration to other Directors:

(₹ In Lakhs)

| S. No. | Particulars of Remuneration | Name of Independent Directors | | | Total |
|--------|---|-------------------------------|--------------------|------------------------|-------|
| | | Mr. Sandeep H. Shah | Mr. Chirag N. Shah | Mr. Vasishtha P. Patel | |
| 1. | Independent Directors | | | | |
| | Fees for attending board Committee meetings | 0.30 | 0.30 | 0.30 | 0.90 |
| | Commission | - | - | - | - |
| | Other, Please specify | - | - | - | - |
| | Total (1) | 0.30 | 0.30 | 0.30 | 0.90 |
| 2. | Other Non-executive Directors | | | | |
| | Fees for attending board Committee meetings | - | - | - | - |
| | Commission | - | - | - | - |
| | Other, Please specify | - | - | - | - |
| | Total (2) | - | - | - | - |
| | Total (1)+(2) | 0.30 | 0.30 | 0.30 | 0.90 |
| | Total Managerial Remuneration | - | - | - | - |
| | Overall ceiling as per the Act | - | - | - | - |

Directors' Report

C REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD : (₹ In Lakhs)

| Sr No. | Particulars of Remuneration | Key Managerial Personnel | | | Total |
|--------|---|--|---------------------------------------|----------------------------|---------------|
| | | Mr. Prahaladbhai S. Patel Managing Director & CEO | Ms. Minakshi Tak Company Secretary | Mrs. Hetalben Patel CFO | |
| 1 | Gross Salary | 273.04 | 4.81 | 17.55 | 295.40 |
| | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | Nil | Nil | Nil | |
| | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 | Nil | Nil | Nil | |
| | (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961 | Nil | Nil | Nil | |
| 2 | Stock Option | Nil | Nil | Nil | |
| 3 | Sweat Equity | Nil | Nil | Nil | |
| 4 | Commission - As % of profit (1% of total revenue) | 108.50 | Nil | Nil | 108.50 |
| 5 | Others, please specify | Nil | Nil | Nil | |
| | Total | 381.54 | 4.81 | 17.55 | 403.90 |

VII PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

| Type | Section of the Companies Act | Brief Description | Details of Penalty/Punishment/Compounding Fees Imposed | Authority(RD/NCLT/Court) | Appeal made if any (give details) |
|------------------------------------|------------------------------|-------------------|--|--------------------------|-----------------------------------|
| A Company | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B Directors | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C Other Officers in Default | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

Management Discussion & Analysis

PSP Projects Limited presents its report for the financial year 2016-17 in light of the present overview of the world economic standing, political situation and sector specific developments in India. It also includes projection in accordance with the current scenario of economic of India.

1. Global Economy:

Global Growth is recorded to slow to 3.1 percent in 2016. The World Bank forecasts that global economic growth will strengthen to 2.7 percent in 2017 as a pickup in manufacturing and trade, rising market confidence, and stabilizing commodity prices allow growth to resume in commodity-exporting emerging market and developing economies.

According to the World Bank's June 2017 *Global Economic Prospects*, growth in advanced economies is expected to accelerate to 1.9 percent in 2017, which will also benefit the trading partners of these countries. Global financing conditions remain favourable and commodity prices have stabilized. Against this improving international backdrop, growth in emerging market and developing economies as a whole will pick up to 4.1 percent this year from 3.5 percent in 2016.

Growth among the world's seven largest emerging market economies is forecast to increase and exceed its long-term average by 2018. Recovering activity in these economies should have significant positive effects for growth in other emerging and developing economies and globally.

Advanced economies are expected to make small step-ups while growth in emerging economies continue to drive the global growth projections. China is expected to showcase favourable growth with strong policy support. Oil prices have shown traction in the recent months and are expected to be range bound thus bringing down the level of budget deficits in Middle East, allowing the Governments to have additional fiscal space to increase investments. (Source: Global economic prospectus by the World Bank and IMF website)

2. Indian Economy:

India has emerged as the fastest growing major economy in the world as per the Central Statistics Organisation (CSO) and International Monetary Fund (IMF). The Government of India has forecasted that the Indian economy will grow by 7.1 per cent in FY 2016-17.

The GDP growth for the year 2016- 17 at 7.1% was lower as compared to the previous year on account of weak investment sentiments even though Government enhanced spending and exports rose over the last few months of the year. Demonetization had a temporary adverse impact, as labour- intensive construction sector contracted.

India's gross domestic product (GDP) grew by 7 per cent year-on-year in October-December 2016 quarter, which is the strongest among G-20 countries, as per Organisation for Economic Co-operation and Development (OECD) Economic Survey of India, 2017. According to IMF World Economic Outlook Update (January 2017), Indian economy is expected to grow at 7.2 per cent during FY 2016-17 and further accelerate to 7.7 per cent during FY 2017-18

The year was marked by two major domestic policy developments, the passage of the Constitutional amendment, paving the way for implementing the transformational Goods and Services Tax (GST), and the action to demonetize the two highest denomination notes. The GST will create a common Indian market, improve tax compliance and governance, and boost investment and growth; it is also a bold new experiment in the governance of India's co-operative federalism. Demonetization has had short-term costs but holds the potential for long-term benefits. (Source: IBEF website)

3. Industry Overview and Outlook:

The construction industry is a major contributor towards India's GDP, both directly and indirectly. It employs 33 million people, and any improvements in the construction sector affect a number of associated industries such as cement, steel, technology, skill-enhancement, etc.

The Construction sector specifically is projected to grow to INR 11,954 billion by 2017. It is the largest contributor to central exchequer and second largest employer in the country. It creates more than 45 million jobs either directly or indirectly among various classes of individuals in the country. Shortage of talent in the construction centre is a long term problem and will continue to push up project costs and risks. The education and training capacity offered through various schemes currently are inadequate to meet the demand of the large percentage of unskilled workers in the Indian labour market.

Going forward, India's construction industry is expected to pick up pace due to investments in residential, infrastructure and energy projects, corporate capex improvement, urbanization, a rise in disposable income and population growth. Also, Government's serious efforts to enhance infrastructure investments, increase affordable housing and improve transport and logistics support systems will support growth for construction sector.

Directors' Report

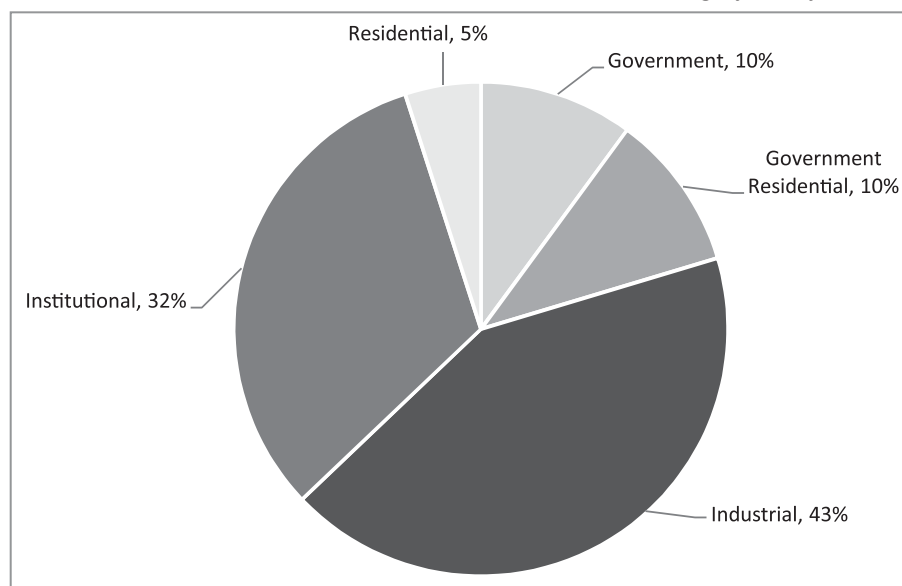
4. Business Overview:

We are a multidisciplinary construction company offering a diversified range of construction and allied services across industrial, institutional, government, government residential and residential projects in India. We provide our services across the construction value chain, ranging from planning and design to construction and post-construction activities to private and public sector enterprises. Historically, we have focused on projects in the Gujarat region. We have completed and continue to undertake construction projects in this region. More recently, we have geographically diversified our portfolio of services and are undertaking or have bid for projects pan India.

Our constructions projects are broadly classified as follows:

- Industrial Projects:** These projects primarily involve the construction of industrial buildings for pharmaceutical plants, food processing units, engineering units and manufacturing and processing facilities. We have significant experience in undertaking industrial projects that cater to the specialized needs of pharmaceutical manufacturers. Some of the significant industrial projects completed by us in the fiscal 2017 include constructing the manufacturing and processing facilities for customers such as Civil Construction Work for Cadila expansion project at SEZ. Our order book for Industrial projects amounted to ₹108.40 Crore as on March 31, 2017, accounting for 14.87% of our total order book.
- Institutional Projects:** Our institutional projects typically involve the construction of buildings for hospitals and healthcare services, educational institutes, malls, hospitality services and corporate offices. Some of the major institutional projects completed by us in the fiscal 2017 includes Civil Works for Anand Niketan School at Gandhinagar, Retrofitting & Refurbishment of Balghar of N.B Foundation at Ahmedabad, Construction of Torrent Power Limited at Ahmedabad, Construction of Commercial Building "The Signature" At GIFT City at Gandhinagar, Construction work of HCG Cancer Centre of HCG Medi –Surge Hospitals Pvt. Ltd at Ahmedabad. Our order book for Institutional projects amounted to ₹435.24 Crore as on March 31, 2017, accounting for 59.69% of our total order book.
- Government Projects:** We focus on undertaking select government projects that we believe to be challenging and prestigious in nature. For instance, in the recent past, we have executed marquee government projects such as the construction and interior work of Swarnim Sankul 01 and 02 at Gandhinagar, various works in relation to the Sabarmati Riverfront Development project at Ahmedabad and the interior work for the ICEM Building at Ahmedabad. Some of the Government projects completed by us in the fiscal 2017 includes the interior of Interior Work for Gujarat Mineral Development Corporation Ltd. and civil work of upper walkway of Sabarmati River Front Development Corp. Limited. Our order book for Government projects amounted to ₹174.37 Crore as on March 31, 2017, accounting for 23.91% of our total order book.
- Government Residential Projects:** We have in the past executed, and are also currently executing, certain prestigious government residential project, being the design-build of affordable high-rise residential buildings cum commercial units in Gujarat under the "Mukhya Mantri GRUH Yojana" for a major Gujarat-based public sector customer. Our order book for Government Residential projects amounted to ₹11.15 Crore as on March 31, 2017, accounting for 1.53% of our total order book.
- Residential Projects:** Residential projects typically involve the construction of buildings for group housing and townships, as well as independent residences for select private customers.

Revenue Distribution for the Financial Year 2017 based on Category of Projects:



Directors' Report

5. Discussion on financial performance with respect to operational performance:

- **Revenue from operation**

Revenue from operation decreased by ₹ 5721.92 lakhs to ₹ 40075.73 lakhs for Financial Year 2017 from ₹ 45797.65 lakhs for Financial Year 2016, or a decrease of 12.49%. This decrease was due to exclusion of major material value from total contract value in certain projects. The company executed many projects in the Fiscal 2017 which were billed without material as the supply of material such as steel and cement was laying with client hence the contract value reduced to that extent.

- **Other Income**

Other income increased by ₹ 293.29 lakhs to ₹ 1320 lakhs for Financial Year 2017 from ₹ 1026.71 lakhs for Financial Year 2016, which was preliminary attributable to increase in interest on Fixed deposit, and investment in subsidiaries and Associates, Profit on sale of investment and adjustment to the carrying amount of Investments.

- **Financial Cost**

Finance Cost Increased by ₹ 446.07 lakhs to ₹ 753.16 lakhs for Financial Year 2017 from ₹ 307.09 lakhs for Financial Year 2016. This increase was preliminary attributable to increase in interest on Term Loans and working capital loan and others and other borrowing cost. During Financial Year 2017, interest paid on working capital loan increased due to increase in utilisation of working capital loans as compared to Financial Year 2016. Interest paid on Term Loans and other Loans increased due to purchase of additional construction vehicles and equipments during Financial Year 2017. Increase in other borrowing costs was attributable to increase in working capital requirements and issuance of Bank Guarantees for bidding tenders.

- **Net profit before tax**

Our net profit before tax increased by ₹ 2453.58 lakhs to ₹ 6393.79 lakhs Financial Year 2017 from ₹ 3940.21 lakhs for Financial Year 2016 or an increase of 62.27%. The profitability of the company increased due to change in project mix during the Financial Year 2017.

- **Net profit after tax**

Due to the reasons discussed above, our net profit before tax increased by ₹ 1617.9 lakhs to ₹ 4130.97 lakhs Financial Year 2017 from ₹ 2513.07 lakhs for Financial Year 2016 or an increase of 64.37%. In terms of percentage, the Net Profit Margin increased to 9.98% in Financial Year 2017 as compared to 5.37% in Financial Year 2016 due to increase in profitability and exclusion of material value in revenue from certain projects as already mentioned above.

Directors' Report

ANNEXURE-I

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AD INNOVATION

(A) Conservation of energy:

| | | |
|-------|---|--|
| (i) | The steps taken or impact on conservation of energy | <ul style="list-style-type: none"> Installation of Solar Panels. Using LED Lights at office premises Using LED Flood Lights instead of Halogens at all sites. |
| (ii) | The steps taken by the Company for utilizing alternate source of energy | <ul style="list-style-type: none"> Solar Panels are installed at the corporate office of PSP by which every month we are able to generate energy of 90 Units everyday which turns out to be saving of more than ₹ 13,000/- every month. |
| (iii) | The Capital investment on energy conservation equipment | <ul style="list-style-type: none"> The capital investment to install Solar Panels was ₹ 20,67,039/- Company has invested ₹ 12,23,031/- as Capital investment in buying LED Light Fittings and LED Flood Lights. |

(B) Technology Absorption:

| | | |
|-------|---|---|
| (i) | The effort made towards technology absorption | <ol style="list-style-type: none"> Liebherr crane: Company bought the Tower Crane from Liebherr, Germany. Technical point of view, the crane is much more advanced, fast & safe compare to the similar products available in the market. Working Platform: Company owns Working Platform which is replacement of the conventional scaffolding system in building project. PERI Shuttering Form Work: Company uses huge volume of Shuttering Material from oldest company of PERI, Germany. |
| (ii) | The benefits derived like product improvement cost reduction, product development or import substitution | <p>By absorbing the latest technology plant & machineries, we are able to get</p> <ul style="list-style-type: none"> The World Class Quality Standards Desired output/productivity from our workforce, Company is able to minimize the Time & Cost Safe atmosphere for the staff as well as work force. |
| (iii) | In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) (a) The details of technology imported (b) The year of import Whether the technology has been absorbed (c) Whether the technology has been absorbed (d) If not fully absorbed, areas whether absorption has not taken place, and the reasons thereof: | <ol style="list-style-type: none"> Liebherr Crane from Germany, PERI Form work from Germany, Man lift from China August, 2016 Yes, the technology has been fully absorbed by the company NA |
| (iv) | The expenditure incurred on Research and Development | NIL |

(C) Foreign Exchange Earning and Outgo:

| Particulars | 2016-17 (₹) |
|--|--------------|
| - Earning in foreign Exchange (Value of Export on FOB Basis) | Nil |
| - Foreign Exchange Outgo | 16,64,03,245 |

DETAILS OF REMUNERATION

[Details pertaining to remuneration as required under section 197(12) read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the Financial Year 2016- 17, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year 2016- 17 are as under:

Table I

| Sr. No. | Name of Director/ KMP | Designation | Remuneration of Director/KMP for the Financial Year 2016-17 (Amount in ₹) | % Increase in Remuneration in the Financial Year 2016-17 | Ratio of Remuneration of each Director to median remuneration |
|---------|-----------------------|-------------------------|---|--|---|
| A | B | C | D | E | F |
| 1. | Mr. Prahald S. Patel | Managing Director & CEO | 38154000 | 23.6% | 197.72 |
| 2. | Mrs. Shilpaben Patel | Whole-time Director | 13044100 | -29.37% | 67.60 |
| 3. | Ms. Pooja Patel | Executive Director | 5521700 | 17.7% | 28.61 |
| 4. | Mr. Sagar Patel* | Director | Non-executive | Nil | NA |
| 5. | Mr. Vasishtha Patel | Independent Director | Being independent directors subject to receive sitting fees | | NA |
| 6. | Mr. Chirag Shah | Independent Director | | | NA |
| 7. | Mr. Sandeep Shah | Independent Director | | | NA |
| 8. | Mrs. Hetal Patel | Chief Financial Officer | 1755002 | 12.5% | 9.09 |
| 9. | Ms. Minakshi Tak | Company Secretary | 480871 | No Increment | 2.49 |

*resigned w.e.f. December 12, 2016

1. The ratio of remuneration of each director to the median remuneration of the employees of the company for the Financial Year:

The median remuneration of employees of the Company during the Financial Year was ₹ 192967/- per annum and ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the Financial Year is provided in the column F of table I given above.

Independent Directors were paid only sitting fees during the financial year under review. Hence, their ratio to Median Remuneration has been shown as Not Applicable.

2. Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year:

Details provided in the column E of table I given above.

3. The number of permanent Employees on the rolls of the Company as on March 31, 2017:

The number of permanent Employees on the rolls of the Company as on March 31, 2017 is **489**

4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

There is increase of 12.06% in average salary of employees other than the managerial personnel during the financial year as compared to previous year. Increase in average salary of managerial personnel during the financial year as compared to previous year was 8.24%. The Key parameters for any variable component of remuneration in case of managerial personnel of the Company is linked with Company's performance and individual performance.

5. Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid is as per the Policy for Remuneration of the Directors, Key Managerial Personnel and other Employees

Directors' Report

Particulars of employees

- a) Disclosure of Top ten employees in terms of remuneration drawn and the Employees, employed throughout the financial year and in receipt of remuneration of Rs.102 Lakhs or more per annum or Rs. 8.5 Lakhs per Month:

| Sr. No. | Employee Name | Designation nature of employment | Educational Qualification | Age (In years) | Experience (in years) | Date of Joining | Remuneration paid (Rs.) | Previous employer | Relation with Director or Manager if any |
|---------|-----------------------|----------------------------------|---------------------------|----------------|-----------------------|-----------------|-------------------------|-------------------|--|
| 1. | Mr. Prahalad S. Patel | Managing Director & CEO | B.E. (Civil) | 53 | 32 | 28/08/2008 | 38154000 | - | Husband of Shilpaben Patel- Whole time Director |
| 2. | Mrs. Shilpaben Patel | Whole time Director | B.com | 50 | 10 | 28/08/2008 | 13044100 | - | Wife of Prahalad S. Patel-Managing Director &CEO |

- b) Employees employed for part of the year and in receipt of ₹ 8.5 Lakhs or more a month: **NIL**
- c) There are no Employees employed throughout the financial year or part thereof, was in receipt of remuneration in that year which, in the aggregate, or as the case may be, at a rate which, in the aggregate, is in excess of that drawn by the managing director or whole-time director or manager and who holds by himself or along with his spouse and dependent children, not less than two percent of the equity shares of the company.

Independent Auditor's Report on the Consolidated Financial Statements

To the Members of
PSP PROJECTS LIMITED

Report on the Consolidated Financial Statements

1. We have audited the accompanying Consolidated Financial statements of PSP Projects Limited ("the Holding Company"), its subsidiary and joint venture (the Holding Company, its subsidiary and joint venture together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated Financial position, Consolidated Financial performance and consolidated cash flows of the group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rules 7 of the Companies (Accounts) Rules, 2014. The respective board of directors of the company and management of the joint venture partnership firm included in the group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
4. In conducting the audit, we have taken into account the provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit reports under the provisions of the Act and the Rules made there under.
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 the financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the holding company's board of directors, as well as evaluating the overall presentation of the Consolidated Financial statements.
7. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the group as at 31st March 2017, and their consolidated profit and consolidated cash flows for the year ended on that date.

Other Matters

9. The Financial Statements of Subsidiary and Joint Venture incorporated outside India are not audited by any auditors. The financial statements included in the consolidated financial statements as furnished by the management reflects total assets of ₹1,710.68 Lakhs as at 31st March 2017, the total income of ₹19.53 Lakhs for the year ended on 31st March 2017 and net cash inflows of ₹691.86 Lakhs for the year ended on 31st March 2017.

These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary

Independent Auditor's Report on the Consolidated Financial Statements

and Joint Venture, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary and Joint Venture, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statements are not material to the Company.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the unaudited financial statements certified by the Management.

Report on other legal and regulatory Requirements

10. As required by section 143(3) of the Act, we report to the extent applicable 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 of the aforesaid Consolidated Financial statement;
- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial statement have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial statements.
- d) In our opinion, the aforesaid Consolidated Financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company and subsidiary company as on 31st March 2017, taken on record by the Board of Directors of the Holding Company and subsidiary company incorporated in India, none of the directors of group companies incorporated in India is disqualified as on 31st March 2017, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Holding Company and its subsidiary company incorporated in India, and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- 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 and Companies (Audit and Auditors) Amendment Rules 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Consolidated Financial statements do not have any pending litigations which would impact its financial position.
 - ii) The Group did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.
 - iv) The group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the notification S.O.3407 (E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note – 40.

For, Prakash B Sheth & CO.
Chartered Accountants
FRN: 108069W

Place : Ahmedabad
Date : 19th June, 2017

(Prakash B. Sheth)
Proprietor
Membership No.:036831

Independent Auditor's Report on the Consolidated Financial Statements

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT on the Consolidated Financial Statements

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date.

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 Consolidated Financial statements of PSP Projects Limited as of and for the year ended March 31, 2017, We have audited the internal financial controls over financial reporting of PSP Projects Limited ("the Holding Company") and its subsidiary company (together referred to as "the group"), which are companies incorporated in India, as of that date.

Management's Responsibility for internal financial controls

2. The respective Board of directors of the Holding Company, its subsidiary company which are companies incorporated in India are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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 internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both 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 internal financial controls over financial reporting was 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 internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal Financial controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Independent Auditor's Report on the Consolidated Financial Statements

Opinion

8. In our opinion, to the best of our information and according to the explanation given to us, the Holding Company and its subsidiary Company which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2017, based on the internal control over financial reporting criteria established by the Holding Company and its subsidiary company incorporated in India considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Prakash B Sheth & CO.
Chartered Accountants
FRN: 108069W

Place : Ahmedabad
Date : 19th June, 2017

(Prakash B. Sheth)
Proprietor
Membership No.:036831

Consolidated Balance Sheet as at 31st March 2017

(₹ in Lakhs)

| Particulars | Note No. | As At 31st March 2017 | As At 31st March 2016 |
|---|----------|-----------------------|-----------------------|
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| Share capital | 4 | 2,880.00 | 320.00 |
| Reserves and surplus | 5 | 7,641.05 | 6,080.76 |
| | | 10,521.05 | 6,400.76 |
| 2 Minority Interest | | 60.08 | 49.24 |
| 3 Non-current liabilities | | | |
| Long term borrowings | 6 | 336.37 | 104.11 |
| Long term provisions | 7 | 93.04 | 59.24 |
| | | 429.41 | 163.35 |
| 4 Current liabilities | | | |
| Short term borrowings | 8 | 7,188.97 | 4,486.53 |
| Trade payables | 9 | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | - | - |
| Total outstanding dues of creditors other than micro and small enterprise | | 7,663.41 | 8,216.46 |
| Other current liabilities | 10 | 6,292.74 | 5,595.35 |
| Short term provisions | 11 | 1,182.54 | 343.52 |
| | | 22,327.66 | 18,641.86 |
| Total | | 33,338.20 | 25,255.21 |
| II ASSETS | | | |
| 1 Non current assets | | | |
| Property, Plant and Equipment: | | | |
| (a) Tangible assets | 12 | 5,274.60 | 5,324.17 |
| (b) Intangible assets | 12 | 54.02 | 37.51 |
| | | 5,328.62 | 5,361.68 |
| Goodwill on consolidation | 13 | 651.32 | 0.90 |
| Non current investments | 14 | 335.57 | 92.07 |
| Deferred tax assets (net) | 15 | 264.12 | 246.10 |
| Long term loans and advances | 16 | 693.10 | 502.48 |
| Other non-current assets | 17 | 1,157.12 | 853.62 |
| | | 8,429.85 | 7,056.85 |
| 2 Current assets | | | |
| Current investments | 18 | 1,401.74 | 1,298.16 |
| Inventories | 19 | 678.03 | 979.72 |
| Trade receivables | 20 | 5,890.11 | 2,023.03 |
| Cash and bank balances | 21 | 13,748.21 | 11,205.40 |
| Short term loans and advances | 22 | 2,644.13 | 2,165.67 |
| Other current assets | 23 | 546.13 | 526.38 |
| | | 24,908.35 | 18,198.36 |
| Total | | 33,338.20 | 25,255.21 |
| Significant Accounting Policies and Notes to Accounts | 1 to 42 | | |

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.
 Chartered Accountants
 FRN : 108069W

Prakash B.Sheth
 Proprietor
 M.No.036831
 Place : Ahmedabad
 Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
 Whole Time Director
 DIN : 02261534

Hetal Patel
 Chief Financial Officer

Place : Ahmedabad
 Date : 19th June, 2017

Prahaladbhai S. Patel
 Managing Director & CEO
 DIN : 00037633

Minakshi Tak
 Company Secretary

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

(₹ in Lakhs)

| Particulars | | Note No. | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|--|----------|---------------------------------------|---------------------------------------|
| I | Revenue from operations | 24 | 45,687.01 | 47,597.09 |
| | Less: Excise Duty | | 0.45 | 0.10 |
| | | | 45,686.56 | 47,596.99 |
| II | Other income | 25 | 1,328.18 | 1,032.47 |
| III | Total Revenue (I+II) | | 47,014.74 | 48,629.46 |
| IV | Expenses | | | |
| | Cost of Construction material consumed | 26 | 16,205.44 | 21,068.76 |
| | Changes in inventories of finished goods, Work in Progress and Stock in Trade | 27 | 588.47 | (447.15) |
| | Subcontracting Expenses | | 5,870.24 | 7,234.16 |
| | Construction Expenses | 28 | 12,584.70 | 13,315.26 |
| | Employee benefits expenses | 29 | 2,118.81 | 1,403.90 |
| | Finance cost | 30 | 808.38 | 335.27 |
| | Depreciation and amortization | 12 | 796.85 | 712.85 |
| | Other expenses | 31 | 1,641.52 | 1,535.45 |
| | Total expenses | | 40,614.41 | 45,158.50 |
| V | Profit before exceptional and extraordinary items and tax (III-IV) | | 6,400.33 | 3,470.96 |
| VI | Exceptional items | | - | - |
| VII | Profit before extraordinary items and tax (V-VI) | | 6,400.33 | 3,470.96 |
| VIII | Profit before tax (VII) | | 6,400.33 | 3,470.96 |
| IX | Tax expenses | | | |
| | Current tax | | 2,281.70 | 1,458.44 |
| | Less : MAT Credit Entitlement | | (15.93) | - |
| | Deferred tax | | (18.02) | (196.85) |
| X | Profit (Loss) for the period from continuing operations | | 4,152.58 | 2,209.37 |
| | Tax Adjustment of Earlier Year | | 21.25 | 6.92 |
| XI | Profit (Loss) after Tax Adjustment | | 4,131.33 | 2,202.45 |
| | Share of loss attributable to minority interest | | 10.84 | (80.76) |
| XII | Profit (Loss) for the period attributable to the share holders of the company | | 4,120.49 | 2,283.21 |
| XIII | Earning per equity share (Rs.) | | 14.31 | 7.93 |
| | Basic and diluted | | | |
| Significant Accounting Policies and Notes to Accounts | | 1 to 42 | | |

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.
 Chartered Accountants
 FRN : 108069W

Prakash B.Sheth
 Proprietor
 M.No.036831
 Place : Ahmedabad
 Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
 Whole Time Director
 DIN : 02261534

Hetal Patel
 Chief Financial Officer

Place : Ahmedabad
 Date : 19th June, 2017

Prahaladbhai S. Patel
 Managing Director & CEO
 DIN : 00037633

Minakshi Tak
 Company Secretary

Consolidated Cash Flow Statement for the year ended on 31st March 2017

(₹ in Lakhs)

| Particulars | For the year ended on 31st March 2017 | | For the year ended on 31st March 2016 | |
|---|--|-------------------|--|-------------------|
| 1. CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| Net Profit before Taxation | | 6,400.33 | | 3,470.96 |
| Add: | | | | |
| Depreciation | 796.85 | | 712.85 | |
| Bad Debts | 11.87 | | 20.77 | |
| Minority Interest | (10.84) | | 80.76 | |
| Interest on Bank Borrowing | 594.34 | | 168.95 | |
| Adjustments to the Carrying Amount of investments | (15.42) | | 34.78 | |
| Provision for Gratuity net of Payments | 34.59 | 1,411.39 | 0.27 | 1,018.38 |
| less: | | | | |
| Profit on sale of fixed assets | (3.32) | | (2.13) | |
| Dividend income | (3.09) | | (3.19) | |
| Interest income | (1,283.22) | (1,289.63) | (949.60) | (954.92) |
| Operating profit before working capital changes | | 6,522.09 | | 3,534.42 |
| ADD/LESS Changes for working capital | | | | |
| Increase/(Decrease) in Trade Payables | (553.04) | | 1,903.83 | |
| (Increase)/Decrease in Inventories | 301.69 | | (558.68) | |
| (Increase)/Decrease in Trade Receivables | (3,878.95) | | 952.71 | |
| (Increase)/Decrease in other current assets | (19.75) | | (113.45) | |
| (Increase)/Decrease in other non current assets | (303.51) | | 38.27 | |
| Increase/(Decrease) in Other Current Liabilities | 697.39 | | 924.74 | |
| (Increase)/Decrease in Long Term loans & advances | (190.62) | | (101.85) | |
| (Increase)/Decrease in Short Term loans & advances | (478.47) | (4,425.26) | (1,203.72) | 1,841.85 |
| Less: Adjustment for Taxes: | - | | - | |
| Direct Taxes paid | (1,448.79) | | (1,327.41) | |
| Wealth Tax paid | - | | - | |
| Income Tax Refund | - | (1,448.79) | - | (1,327.41) |
| Cash generated from operation (A) | | 648.04 | | 4,048.86 |
| 2. CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| Interest income | 1,283.22 | | 949.60 | |
| Increase in Current Investments | (88.16) | | (142.75) | |
| Increase in Non Current Investments | (243.70) | | (9.36) | |
| Net Investment in Bank Deposits (Having Original Maturity of more than 3 Months) | (852.00) | | (2,575.18) | |
| Sale of fixed assets | 12.88 | | 2.75 | |
| Goodwill on Consolidation | (650.42) | | (0.90) | |
| Purchase of fixed assets | (773.35) | | (2,729.88) | |
| Dividend income | 3.09 | (1,308.44) | 3.19 | (4,502.53) |
| Net cash flow from Investing Activities (B) | | (1,308.44) | | (4,502.53) |

Consolidated Cash Flow Statement for the year ended on 31st March 2017

(₹ in Lakhs)

| Particulars | For the year ended on 31st March 2017 | | For the year ended on 31st March 2016 | |
|---|--|-----------------|--|-----------------|
| 3. CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| Proceeds From Long Term Borrowings | 232.26 | | 63.35 | |
| Proceeds from Short Term Borrowings | 2,702.44 | | 1,234.54 | |
| Interest on Bank Borrowing | (594.34) | | (168.95) | |
| Minority Interest | 10.84 | | 49.24 | |
| Dividend paid | - | | (480.00) | |
| Dividend Distribution Tax paid | - | 2,351.20 | (95.97) | 602.21 |
| Net cash flow from financing Activities (C) | | 2,351.20 | | 602.21 |
| Net increase (decrease) in Cash and Cash Equivalents (A+B+C) | | 1,690.80 | | 148.54 |
| Opening Cash and Cash equivalents | | 2,246.07 | | 2,097.53 |
| Closing Cash and Cash equivalents (Refer Note No.21) | | 3,936.87 | | 2,246.07 |
| Note: | | | | |
| Cash and Cash Equivalents (Refer Note.21) | | | | |
| Cash on hand | | 7.77 | | 28.59 |
| Balances with banks | | | | |
| Current Account | | 725.08 | | 27.92 |
| Fixed Deposit With Bank with maturity within 3 months | | 3,204.02 | | 2,189.56 |
| | | 3,936.87 | | 2,246.07 |

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.
Chartered Accountants
FRN : 108069W

Prakash B.Sheth
Proprietor
M.No.036831
Place : Ahmedabad
Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
Whole Time Director
DIN : 02261534

Hetal Patel
Chief Financial Officer

Place : Ahmedabad
Date : 19th June, 2017

Prahaladbhai S. Patel
Managing Director & CEO
DIN : 00037633

Minakshi Tak
Company Secretary

Notes on Accounts forming part of Consolidated Financial Statements

1. Corporate Information:

PSP Projects Limited, “the Holding Company” is a construction company located in Ahmedabad, Gujarat, India and incorporated under the provisions of Company’s Act 1956. The company offers construction services across industrial, institutional, residential, social infrastructure and commercial projects in India. The Company is also engaged in the manufacturing of Ready Mix Concrete.

PSP Projects & Proactive Constructions Private Limited, subsidiary company, is engaged in Construction of commercial projects.

GDCL & PSP Joint Venture is a partnership firm engaged in construction of infrastructure projects. It is registered with Registrar of Firms, Gujarat. Its firm registration No. is GUJ/AMS/40680.

PSP Projects Inc., subsidiary company, is incorporated under the Laws of the state of Texas (USA). It is engaged in investment in partnership for development / Construction of residential - commercial projects.

2. Basis of preparation of Consolidated Financial Statements

2.1 Basis of Preparation

The Consolidated Financial Statements of the group are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with generally accepted accounting principles prevalent in India (“Indian GAAP”) and the requirements of the Companies Act 2013 including the Accounting Standards referred to in Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of Companies (Accounts) Rules, 2014. The accounting policies adopted in the preparation of Consolidated Financial Statements are consistent with these of previous year.

All the assets and liabilities have been classified as current or non-current as per the Group’s normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current – non-current classification of assets and liabilities.

2.2 Principles of Consolidation

The Consolidated Financial statements relate to the Company (PSP Projects Limited) and its subsidiary and its joint venture hereinafter referred to as the ‘Group’. The Consolidated Financial statements have been prepared on the following basis:

- a) The Consolidated Financial statements of the Group have been prepared in accordance with the Accounting Standard 21 “ Consolidated Financial Statements”, Accounting Standard 27 “Financial reporting of interest in Joint Ventures” as notified under section 133 of the Companies Act, 2013, read with rule 7 of the Companies (Accounts) Rules, 2014.
- b) The Financial Statements of the subsidiary and joint venture are prepared for the same reporting date as the parents company, using consistent accounting policies. As far as possible, the Consolidated Financial statements have been prepared using uniform accounting policies consistent with the Company’s standalone financial statements for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company’s separate financial statements. Any variation in accounting policies is disclosed separately.
- c) The Consolidated Financial statements are prepared on the following basis
 - i) The financial statements of the Company, its subsidiary have been consolidated to the extent possible on a line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions and also unrealized profits/losses. The results of subsidiaries acquired during the period are included in the Statement of Profit and Loss from the effective date of acquisition.
 - ii) The interest in the assets, liabilities, income and expenses of the joint venture is consolidated using proportionate consolidation method. Intra-group balances, transactions and unrealized profits/losses are eliminated to the extent of the company’s proportionate share.
 - iii) The difference between the cost to the company of investment in the joint venture and the proportionate share in capital of such joint venture as at the date of acquisition of stake is recognized in the Consolidated Financial statement as goodwill. Goodwill arising on consolidation is disclosed as non-current asset and is not amortized but tested for impairment annually.
 - iv) Minority interest in net profits of consolidated subsidiary for the period is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the company. Their share of net assets is identified and presented in the consolidated balance sheet separately.
 - v) As far as possible, the Consolidated Financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the holding company’s standalone financial statements.

Notes on Accounts forming part of Consolidated Financial Statements

vi) The list of subsidiary & Joint Venture included in consolidation and the company's holding therein are as under :

| Sr No | Name | Formation | Country of Incorporation | Proportion of Ownership Interest as at 31.03.2017 | Proportion of Ownership Interest as at 31.03.2016 |
|-------|--|-------------------------|--------------------------|---|---|
| 1 | PSP Projects & Proactive Constructions Pvt Ltd | Subsidiary | India | 74% | 74% |
| 2 | GDCL & PSP Joint Venture | Joint Venture | India | 49% | 49% |
| 3 | PSP Projects INC | Subsidiary | USA | 100% | - |
| 4 | P & J Builders LLC | Step down Joint Venture | USA | 50% | - |

3. Significant accounting policies

3.1 Use of Estimates:

The preparation of Consolidated Financial Statements is in conformity with Indian Generally Accepted Accounting Principles ("Indian GAAP") which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on 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 periods. Estimates and underlying assumptions are reviewed on an ongoing basis.

3.2 Property, Plant and Equipment:

PPE are initially recognised at cost and is carried at cost of acquisition, less accumulated depreciation. The cost of PPE comprises of purchase price, borrowing cost in case of a qualifying asset and other costs directly attributable in bringing the asset to its working condition for the intended use and all the expenses incurred up to preoperative period.

3.3 Depreciation and amortization:

Depreciation on assets has been provided on the written down value method based on the useful lives prescribed in Schedule II to the Companies Act 2013. In respect of addition and sales of assets during the period, depreciation is provided on pro rata basis. The Company has kept the residual value @5% of original cost.

Intangible assets are amortized over a period of six years.

Goodwill on consolidation represents the difference between the group share in the net worth of the investee company at the time of acquisition and cost of investment made. The said goodwill is not amortized; however, it is tested for impairment at each balance sheet date and impairment loss, if any, is provided for.

3.4 Impairment of Assets:

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

3.5 Borrowing costs:

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangements of borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets.

3.6 Inventories:

Construction Materials:

Construction materials are valued at lower of cost or net realizable value, on the basis of weighted average method after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase and other expenses incurred in bringing inventory to their respective present location and condition.

Work in Progress:

Work-in-progress represents cost incurred directly in respect of construction activity and indirect construction cost to the extent to which the expenditure is related to the construction or incidental thereto is valued at lower of cost or net realizable value.

Notes on Accounts forming part of Consolidated Financial Statements

3.7 Investments:

Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

3.8 Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Contract Revenue:

The Company follows the percentage completion method, Running Account Bills for work completed are recognized completion of physical proportion of the contract work. Income on account of claims and extra item work are recognized to the extent Company expects reasonable certainty about receipts or acceptance from the client.

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project or activity and the foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates are recognized in the financial statements for the period in which such changes are determined. Losses, if any, are fully provided for immediately.

Sale of Goods:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue is the amount that is included in the revenue (Gross) and not the entire amount of liability arising during the period.

Interest:

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend:

Dividend income is recognized when the company's right to receive the dividend is established by the reporting date.

3.9 Retirement and other employee benefits:

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the Provident Fund & Employee State Insurance are charged to the statement of profit and loss for the period when contributions are due. The Company has no obligation, other than the contribution payable to the Provident Fund & Employee State Insurance.

Gratuity liability is a defined benefit obligation and the cost of providing the benefits is determined on the basis of actuarial valuation done by an independent actuary. Actuarial valuation is carried out for this plan using the projected unit credit method. Actuarial gains and losses for the defined benefits plan is recognized in full in the period in which they occur in the statement of profit and loss.

3.10 Income Taxes:

Tax expenses comprise current and deferred tax.

Current tax:

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

MAT credit entitlement represents the amounts paid in a year under Section 115JB of the Income-tax Act, 1961 ('IT Act') which is in excess of the tax payable, computed on the basis of normal provisions of the IT Act. Such excess amount can be carried forward for set off in future periods in accordance with the relevant provisions of the IT Act. Since such credit represents source controlled by the Company as a result of past events and there is evidence as at the reporting date that the Company will pay normal income-tax during the specified period, when such credit would be adjusted, the same has been disclosed as "MAT Credit entitlement", in the balance sheet with a corresponding credit to the Statement of Profit and Loss, as a separate line item. Such assets are reviewed at each reporting date and written down to reflect the amount that will not be available as a credit to be set off in future, based on the applicable taxation law then in force.

Notes on Accounts forming part of Consolidated Financial Statements

Deferred tax:

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised to the extent there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

3.11 Earning per Share:

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the period.

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

3.12 Provisions, Contingent liabilities And Contingent Assets:

Provision:

A provision is recognised when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation on reporting date.

Contingent liability:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but disclosed its existence in the financial statements.

Contingent assets:

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

3.13 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.15 Leases:

The Company's leasing arrangements are mainly in respect of operating leases for premises and construction equipment. The leasing arrangements are of 11 Months generally and are usually cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Profit and Loss.

3.16 Foreign Currency Transactions:

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

Monetary current assets and current liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at the date of balance sheet. The resultant exchange differences are recognized in the Statement of Profit and Loss.

Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 4

(₹ in Lakhs)

| SHARE CAPITAL | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| AUTHORISED | | |
| 5,00,00,000 (Previous Year : 50,00,000) Equity Shares of ₹10/- Each | 5,000.00 | 500.00 |
| ISSUED, SUBSCRIBED & PAID UP | | |
| 2,88,00,000 (Previous Year : 32,00,000) Equity Shares of ₹10/- each fully paid up | 2,880.00 | 320.00 |
| Total | 2,880.00 | 320.00 |

Terms/Rights attached to Equity Shares

The Company has single class of equity shares having par value of ₹10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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

(₹ in Lakhs)

| Equity Shares | As at 31st March 2017 | | As at 31st March 2016 | |
|----------------------------------|-----------------------|----------|-----------------------|--------|
| | No. | Amount | No. | Amount |
| At the beginning of the period | 32,00,000 | 320.00 | 8,00,000 | 80.00 |
| Add: New issue during the period | 2,56,00,000 | 2,560.00 | 24,00,000 | 240.00 |
| Outstanding at the end of period | 2,88,00,000 | 2,880.00 | 32,00,000 | 320.00 |

Details of shareholders holding more than 5% shares in the Company

| Name of the Shareholders | As at 31st March 2017 | | As at 31st March 2016 | |
|--------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | % of Equity Share | No of Shares held | % of Equity Share | No of Shares held |
| Prahaladbhai S Patel | 55.00% | 1,58,40,000 | 55.00% | 17,60,000 |
| Shilpaben P Patel | 20.00% | 57,60,000 | 20.00% | 6,40,000 |
| Sagar Prahaladbhai Patel | 15.00% | 43,20,000 | 15.00% | 4,80,000 |
| Pooja P Patel | 9.99% | 28,76,400 | 9.99% | 3,19,600 |

As per the records of the Company, including its register of shareholders/Members and other declarations received from the shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares

Bonus Shares / Buy Back / Shares for consideration other than Cash issued during past five years

| Particulars | Year (Aggregate No. of Shares) | | | | |
|--|---------------------------------|-----------|---------|---------|---------|
| | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| Equity Shares : | | | | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | - | - | - | - | - |
| Fully paid up by way of bonus shares | 2,56,00,000 | 24,00,000 | - | - | - |
| Shares bought back | - | - | - | - | - |

24,00,000 Equity Shares of ₹ 10 each fully paid up, were issued as bonus shares during the year 2015-16, by utilisation of ₹ 240 Lakhs from surplus, pursuant to a bonus issue approved by shareholders.

2,56,00,000 Equity Shares of ₹ 10 each fully paid up, were issued as bonus shares during the month of September 2016, by utilisation of ₹ 2,560 Lakhs from surplus, pursuant to a bonus issue approved by shareholders.

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 5

(₹ in Lakhs)

| RESERVE AND SURPLUS | As At 31st March 2017 | | As At 31st March 2016 | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| | | | | |
| Surplus | | | | |
| Opening Balance | 5,144.66 | | 4,071.44 | |
| Less: | | | | |
| Proposed Dividend | - | | (480.0) | |
| Provision for Dividend Distribution Tax | - | | (96.0) | |
| Issue of Bonus Shares 2,56,00,000*10 (P.Y.:24,00,000 * 10) | (2,560.00) | | (240.0) | |
| Trf. To General Reserve | - | | (394.0) | |
| Add : | | | | |
| Additions during the year | 4,120.49 | 6,705.15 | 2,283.21 | 5,144.66 |
| General Reserve | | | | |
| Opening Balance | 936.10 | | 542.08 | |
| Add : Transferred from Current profit | - | 936.10 | 394.02 | 936.10 |
| Foreign Exchange Translation Reserve | | | | |
| Opening Balance | - | | | |
| Add : Addition During the year | (0.20) | (0.20) | | |
| Total | | 7,641.05 | | 6,080.76 |

Proposed Dividend

The Board of directors of holding company at its meeting held on 19th June 2017, have recommended payment of final dividend of ₹2.50 (Rupees two and paise fifty only) per equity share of face value of ₹ 10 each for the financial year ended 31st March 2017. The same amounts to ₹ 1,083.22 Lakhs including dividend distribution tax of ₹183.22 Lakhs. The above is subject to approval at the ensuing annual general meeting of the company and hence is not recognised as a liability.

NOTE : 6

(₹ in Lakhs)

| LONG TERM BORROWINGS | As At | As At |
|---------------------------------|-----------------|-----------------|
| | 31st March 2017 | 31st March 2016 |
| Secured | | |
| (a) Term loans | | |
| From Banks (refer Note No. 6.1) | 336.37 | 104.11 |
| Total | 336.37 | 104.11 |

NOTE : 6.1

(₹ in Lakhs)

| | Non Current Portion | | Current Portion | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | As At 31st March 2017 | As At 31st March 2016 | As At 31st March 2017 | As At 31st March 2016 |
| Secured | | | | |
| (a) Term loans | | | | |
| From Banks | | | | |
| The Kalupur Comm. Co. Op. Bank Ltd. | - | - | - | 0.52 |
| AXIS Bank Ltd. | - | - | - | 23.10 |
| HDFC Bank Ltd. | 336.37 | 104.11 | 188.66 | 65.41 |
| | 336.37 | 104.11 | 188.66 | 89.03 |

Notes on Accounts forming part of Consolidated Financial Statements

Terms of Repayment of Secured Borrowings

| Particulars | Nature of Loan | Mode of Payment | Interest Type | Nature of Security |
|---|----------------------------|-----------------|--|---|
| The Kalupur Comm. Co. Op. Bank Ltd. AXIS Bank Ltd. HDFC Bank Ltd. | Plant, Machinery & Vehicle | EMI | Various Interest Rate From 9.31% to 13.00% | Respective Assets under Finance and personal guarantee of The Directors |

NOTE : 7

(₹ in Lakhs)

| LONG TERM PROVISIONS | As At 31st March 2017 | As At 31st March 2016 |
|--|-----------------------|-----------------------|
| Provision for Employee Benefit Gratuity | 93.04 | 59.24 |
| Total | 93.04 | 59.24 |

NOTE : 8

(₹ in Lakhs)

| SHORT TERM BORROWINGS | As At 31st March 2017 | As At 31st March 2016 |
|--|-----------------------|-----------------------|
| Secured | | |
| (a) Loans repayable on demand From Banks (refer Note No. 8.1) | 7,188.97 | 4,486.53 |
| Total | 7,188.97 | 4,486.53 |

NOTE : 8.1

Fund Based Limit Enjoyed by the Company

(₹ in Lakhs)

| Name of Lending institution | Type of Loan | Sanctioned Limit | Utilised | |
|---|--------------|------------------|-----------------|-----------------|
| | | | 2016-17 | 2015-16 |
| The Kalupur Comm. Co. Op. Bank Ltd. | FDOD | 6,100.00 | 4,833.15 | 4,228.18 |
| HDFC Bank Ltd. | FDOD | 940.50 | 931.62 | 103.50 |
| The Kalupur Comm. Co. Op. Bank Ltd. - GDCL | FDOD | 88.20 | 67.92 | 3.36 |
| The Kalupur Comm. Co. Op. Bank Ltd. - GDCL | WC | 367.50 | 147.71 | - |
| The Kalupur Comm. Co. Op. Bank Ltd. - Proactive | FDOD | 475.00 | 474.67 | - |
| HDFC Bank Ltd. - Proactive | FDOD | 405.00 | 250.19 | 151.49 |
| ICICI Bank Ltd. | Cash Credit | 500.00 | 301.29 | - |
| HDFC Bank Ltd. | Cash Credit | 300.00 | 123.53 | - |
| The Kalupur Comm. Co. Op. Bank Ltd. | Book Debt | 1,050.00 | 58.86 | - |
| The Kalupur Comm. Co. Op. Bank Ltd. | Cash Credit | 850.00 | 0.03 | - |
| | | | 7,188.97 | 4,486.53 |

NOTE : 8.2

The above loans are secured against Inventory, Book Debts, Plant & Machinery, land and Fixed Deposits held in the name of holding company and its subsidiaries in particular and Residence, Office, land held in the name of director, and Personal Guarantee of Directors in General.

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 9

(₹ in Lakhs)

| TRADE PAYABLES | As At 31st March 2017 | As At 31st March 2016 |
|-------------------------------------|----------------------------------|----------------------------------|
| Micro, Small and Medium Enterprises | - | - |
| Related parties | | |
| Directors | 113.85 | 24.43 |
| Others | 7,549.56 | 8,192.03 |
| Total | 7,663.41 | 8,216.46 |

NOTE : 9.1

- a) The Company has not received any intimation from supplier regarding their status under Micro, Small and Medium enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under said Act could not be furnished
- b) The Balance of certain Sundry Creditors are subject to confirmation and reconciliation, if any.

NOTE : 10

(₹ in Lakhs)

| OTHER CURRENT LIABILITIES | As At 31st March 2017 | As At 31st March 2016 |
|---|----------------------------------|----------------------------------|
| Current Maturities of Secured Loans (Refer Note No.6.1) | 188.66 | 89.02 |
| Duties & Taxes Payable | 605.13 | 184.55 |
| Advances from Customers | 416.97 | 1,574.76 |
| Current Capital Account Balance with Partnership Firm | - | - |
| Creditors For Property, Plant & Equipment | 17.84 | 27.70 |
| Vendor Security Deposit | 454.55 | 394.37 |
| Unpaid Expenses | 98.74 | 119.09 |
| Mobilization Advance | 4,510.85 | 3,205.86 |
| Total | 6,292.74 | 5,595.35 |

NOTE : 11

(₹ in Lakhs)

| SHORT TERM PROVISIONS | As At 31st March 2017 | As At 31st March 2016 |
|---|----------------------------------|----------------------------------|
| Provision for Employee Benefits | | |
| Gratuity | 4.51 | 3.72 |
| Provision for Income-Tax (Net of Advance Tax) | 1,178.03 | 339.80 |
| Total | 1,182.54 | 343.52 |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 12 (₹ in Lakhs)

| Property, Plant and Equipment | | | | | | | | | |
|-------------------------------|-----------------------|----------------|------------------------|--------------------------|----------------------|---------------|------------------------|-----------------------|-----------------------|
| | GROSS BLOCK (AT COST) | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | |
| | As At 1st April 2016 | Additions | Disposals/ Adjustments | As at 31st March 2017 | As At 1st April 2016 | Additions | Disposals/ Adjustments | As at 31st March 2017 | As at 31st March 2016 |
| (A) Tangible Assets | | | | | | | | | |
| Land | 1881.53 | 0.00 | 0.00 | 1881.53 | 0.00 | 0.00 | 0.00 | 1881.53 | 1881.53 |
| Building | 111.63 | 0.00 | 0.00 | 111.63 | 28.67 | 7.79 | 0.00 | 75.17 | 82.96 |
| Furniture & Fixtures | 135.48 | 7.37 | 0.00 | 142.85 | 45.88 | 24.54 | 0.00 | 72.43 | 89.60 |
| Plant & Machinery | 4392.23 | 510.50 | 1.02 | 4901.71 | 1685.67 | 565.28 | 0.65 | 2651.41 | 2706.56 |
| Office Equipments | 85.12 | 5.29 | 0.00 | 90.41 | 25.97 | 25.46 | 0.00 | 38.98 | 59.15 |
| Computer | 71.26 | 23.25 | 0.89 | 93.62 | 50.82 | 18.58 | 0.77 | 24.99 | 20.44 |
| Vehicles* | 1013.95 | 202.32 | 37.42 | 1178.85 | 530.02 | 147.09 | 28.35 | 530.09 | 483.93 |
| Sub Total | 7691.20 | 748.73 | 39.33 | 8400.60 | 2367.03 | 788.74 | 29.77 | 5274.60 | 5324.17 |
| (B) Intangible Assets | | | | | | | | | |
| Computer Software | 131.02 | 24.62 | 0.00 | 155.64 | 93.51 | 8.11 | 0.00 | 54.02 | 37.51 |
| Sub Total | 131.02 | 24.62 | 0.00 | 155.64 | 93.51 | 8.11 | 0.00 | 54.02 | 37.51 |
| Total | 7822.22 | 773.35 | 39.33 | 8556.24 | 2460.54 | 796.85 | 29.77 | 5328.62 | 5361.68 |
| Previous year | 5096.27 | 2753.63 | 27.68 | 7822.22 | 1751.00 | 712.85 | 3.31 | 5361.68 | 3345.27 |

| 12.1 Vehicles owned in the name of Mr. Prahaldhbhai S. Patel (Managing Director & CEO) | | |
|--|------------------|--|
| Vehicle Name | Registration No. | |
| Bajaj Platina Bike | GJ-1-JF-2431 | |
| Honda Accord | GJ-1-HS-3583 | |
| Hyundai Verna | GJ-1-KE-8010 | |
| Maruti Swift | GJ-1-HM-2295 | |
| Maruti Swift | GJ-1-KA-4010 | |
| Mercedes - Benz | GJ-1-KJ-8010 | |
| Tata Mobile | GJ-24-U-8010 | |
| Tata Mobile | GJ-1BU-8010 | |
| Tata Mobile | GJ-1-BX-8484 | |
| VOLVO XC60 D5 SUMMUM | GJ-1-RG-8010 | |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 13

(₹ in Lakhs)

| GOODWILL ON CONSOLIDATION | As At 31st March 2017 | As At 31st March 2016 |
|--|--------------------------|--------------------------|
| Opening balance | 0.90 | - |
| Add : due to Investment in Joint Venture | - | 0.90 |
| Less : due to Excess Investment in Joint Venture received back | (0.90) | - |
| Add : due to Consolidation of Step down Joint Venture | 651.32 | - |
| Closing balance | 651.32 | 0.90 |

NOTE : 14

(₹ in Lakhs)

| NON-CURRENT INVESTMENTS | As At 31st March 2017 | As At 31st March 2016 |
|--|--------------------------|--------------------------|
| (Valued at cost, fully paid up, unless otherwise specified) | | |
| Non Trade Investments : | | |
| (A) Investment in Equity Shares : | | |
| Kalupur Comm. Co.Op. Bank | | |
| 88,270 (Previous Year:84,350) Equity Shares of ₹25 Each | 22.07 | 21.09 |
| (B) Others | | |
| SSNL Bonds | 313.50 | 70.98 |
| Total | 335.57 | 92.07 |
| Unquoted Investments | 335.57 | 92.07 |

NOTE : 15

(₹ in Lakhs)

| DEFERRED TAX ASSETS (NET) | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| Deferred Tax Assets | | |
| Difference between book depreciation and tax depreciation | 114.68 | 63.81 |
| Carry Forward Losses | 149.21 | 160.27 |
| Tax effect of depreciation charged against opening balance of retained earnings | 0.23 | 0.23 |
| Tax effect of provision for unpaid gratuity debited to the statement of profit & loss | - | 21.79 |
| Total | 264.12 | 246.10 |

NOTE : 16

(₹ in Lakhs)

| LONG TERM LOANS AND ADVANCES | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| (Unsecured considered good) | | |
| Security Deposit | 641.19 | 318.56 |
| Advance for Property, Plant & Equipment | 51.91 | 183.92 |
| Total | 693.10 | 502.48 |

NOTE : 17

(₹ in Lakhs)

| OTHER NON CURRENT ASSETS | As At 31st March 2017 | As At 31st March 2016 |
|-------------------------------------|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Retention Money Deposit | 919.83 | 853.62 |
| Unamortised portion of IPO Expenses | 237.29 | - |
| Total | 1,157.12 | 853.62 |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 18

(₹ in Lakhs)

| CURRENT INVESTMENTS | As At 31st March 2017 | | As At 31st March 2016 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| (Carried at lower of cost and fair value) | | | | |
| Others | | | | |
| SSNL Bonds | | - | | 2.26 |
| Sardar Sarovar Narmada Nigam Ltd.- Rajbhavan | - | | 2.26 | |
| Investment in NCD and Bonds | | 1,392.74 | | 1,287.89 |
| 11.50 ITNL NCD 21/06/2024 [17 (Previous year : 25) bonds of ₹10,00,000 each] | 175.13 | | 251.55 | |
| 9.80% GSPC NCD SERIES 2 [7 (Previous Year : 7) bonds of ₹10,00,000 each] | 71.79 | | 71.60 | |
| 8.60% GOI 2028 [0 (Previous Year : 1,50,000) bonds of ₹100 each] | - | | 158.40 | |
| 8.83% GOI 12/12/2041 [0 (Previous Year : 1,40,000) bonds of ₹100 each] | - | | 152.85 | |
| 10.20% DENA BANK PERPETUAL BONDS [0 (Previous Year : 10) bonds of ₹10,00,000 each] | - | | 99.85 | |
| 9.48% OBC PERPETUAL BONDS [0 (Previous Year : 23) bonds of ₹10,00,000 each] | - | | 230.51 | |
| 10.45% GSPC NCD 28/09/2072 [0 (Previous Year : 16) bonds of ₹10,00,000 each] | - | | 170.59 | |
| 10.90% FAMILY CREDIT LTD (SERIES C OF FY 2013-14) [0 (Previous Year : 2) bonds of ₹10,00,000 each] | - | | 21.72 | |
| 8.14% NPCIL BONDS (SERIES XXX-D) 25/03/2029 [0 (Previous Year : 5) bonds of ₹10,00,000 each] | - | | 50.04 | |
| 9.25% DEWAN HOUSING FINANCE CORP LTD NCD [5,500 (Previous Year : 0) bonds of ₹1,000 each] | 54.46 | | - | |
| 9.00% RELIANCE CAPITAL LTD NCD (RCL F SE [19 (Previous Year : 0) bonds of ₹10,00,000 each] | 191.14 | | - | |
| 8.60% GOI 02/06/2028 [1,50,000 (Previous Year : 0) bonds of ₹100 each] | 158.86 | | - | |
| 8.97% UPPCL (SERIES III C) NCD 15/02/2023 [26 (Previous Year : 0) bonds of ₹10,00,000 each] | 265.51 | | - | |
| 8.17% GS 2044 [2,15,000 (Previous Year : 0) bonds of ₹100 each] | 231.12 | | - | |
| 6.83% PFC TAXABLE BONDS (SERIES 157) 15/04/2020 [9 (Previous Year : 0) bonds of ₹10,00,000 each] | 89.29 | - | | |
| 7.37% NTPC LIMITED BONDS (SERIES66) 14/12/2031 [16 (Previous Year : 0) bonds of ₹10,00,000 each] | 155.44 | - | | |
| 8.94% BAJAJ FINANCE LTD NCD (SERIES 141 [0 (Previous Year : 8) bonds of ₹10,00,000 each] | - | | 80.78 | |
| BARODA PIONEER LIQ MF [900 (Previous Year : 799.87) units of ₹101.126 each] | | 9.00 | | 8.01 |
| Total | | 1,401.74 | | 1,298.16 |
| Details of aggregate investments : | Cost Value | Market Value | Cost Value | Market Value |
| Quoted Investments | 1,421.10 | 1,408.16 | 1,330.68 | 1,295.90 |
| Unquoted Investments | - | - | 2.26 | - |
| | 1,421.10 | 1,408.16 | 1,332.94 | 1,295.90 |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 19

(₹ in Lakhs)

| INVENTORIES | As At 31st March 2017 | As At 31st March 2016 |
|------------------------|--------------------------|--------------------------|
| Construction Materials | 353.07 | 286.81 |
| Work in Progress | 324.96 | 692.91 |
| Total | 678.03 | 979.72 |

NOTE : 20

(₹ in Lakhs)

| TRADE RECEIVABLES | As At 31st March 2017 | As At 31st March 2016 |
|-----------------------------------|--------------------------|--------------------------|
| Unsecured, considered good | | |
| More than six months | 63.29 | 57.01 |
| Others * | 5,826.82 | 1,966.02 |
| Total | 5,890.11 | 2,023.03 |

*Includes amount of ₹NIL (P.Y. ₹ 273.59 Lakhs) receivable from related parties

NOTE : 21

(₹ in Lakhs)

| CASH & BANK BALANCES | As At 31st March 2017 | | As At 31st March 2016 | |
|--|-----------------------|------------------|-----------------------|------------------|
| Cash and Cash Equivalents | | | | |
| Cash on hand | | 7.77 | | 28.59 |
| Balances with banks | | | | |
| Current Account | | 725.09 | | 27.92 |
| Fixed Deposit - Maturity within 3 months | | 3,204.02 | | 2,189.56 |
| Total | | 3,936.88 | | 2,246.07 |
| Other Bank Balance | | | | |
| Fixed Deposit - Maturity between 4 to 12 months | | 7,014.95 | | 7,293.03 |
| Fixed Deposit - Maturity more than 12 months | | 2,796.38 | | 1,666.30 |
| | | 9,811.33 | | 8,959.33 |
| Total | | 13,748.21 | | 11,205.40 |
| FD pledged as margin money against bank guarantee (with KCCB ₹ 1,081.17 Lakhs, With ICICI ₹ 467.49 Lakhs, With HDFC ₹106.68 Lakhs) | | 1,655.34 | | 987.16 |
| FD pledged against overdraft facility (With HDFC ₹.1,032.38 With KCCB ₹6,624.85 Lakhs) | | 7,657.23 | | 6,362.35 |
| FD pledged against overdraft facility for Subsidiary Company (With The Kalupur Com. Co. Op. Bank Ltd.) | | 448.37 | | - |
| Fixed Deposit pledged as security deposit | | 1,031.78 | | 1,201.39 |
| With Executive Engineer, Capital Project, Gandhinagar | 20.59 | | 344.30 | |
| With Executive Engineer, GHB, Ahmedabad | 1,003.18 | | 840.35 | |
| With Executive Engineer Abad city (RB) Division | - | | 9.24 | |
| With Executive Engineer Abad city (RB) Division | 8.01 | | 7.50 | |
| FD pledged against overdraft facility - Proactive (With HDFC Bank) | | 450.00 | | 450.00 |
| FD pledged against overdraft facility - GDCL (With The Kalupur Com. Co. Op. Bank Ltd.) | | 200.00 | | 200.00 |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 22

(₹ in Lakhs)

| SHORT TERM LOANS AND ADVANCES | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| (Unsecured Considered Good) | | |
| Balance with Revenue Authorities | 482.02 | 340.15 |
| Loans & Advances to Staff | 27.67 | 3.44 |
| Advances to Suppliers* | 717.09 | 814.47 |
| Advances Recoverable in cash or in kind or for value to be received | 17.64 | 5.44 |
| Retention Money Deposit | 1,340.40 | 946.15 |
| Earnest Money Deposit | 18.00 | 23.00 |
| Prepaid Expenses | 41.31 | 33.02 |
| Total | 2,644.13 | 2,165.67 |

* Includes amount of ₹ 109.20 Lakhs (P.Y. ₹ 95.63 Lakhs) receivable from related parties

NOTE : 23

(₹ in Lakhs)

| OTHER CURRENT ASSETS | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| Interest Accrued but not due on Fixed Deposit | 531.42 | 524.02 |
| Current Capital Account Balance with Partnership Firm | 11.98 | 2.36 |
| Interest Accrued but not due on Loans | 2.73 | - |
| Total | 546.13 | 526.38 |

NOTE : 24

(₹ in Lakhs)

| REVENUE FROM OPERATIONS | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---------------------------------------|---|---|
| Sale of Products (Ready Mix Concrete) | 23.15 | 5.08 |
| Less: Excise Duty | 0.45 | 0.10 |
| | 22.70 | 4.98 |
| Contract Revenue | 45,663.86 | 47,592.01 |
| Total | 45,686.56 | 47,596.99 |

NOTE : 25

(₹ in Lakhs)

| OTHER INCOME | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|---|---|
| Interest on | | |
| Fixed Deposit with Banks | 1,126.12 | 748.62 |
| Loans & Advances | 39.28 | 20.73 |
| Investment | 101.05 | 156.17 |
| Investment in Associates | 2.93 | 2.36 |
| Other | 13.84 | 24.25 |
| | 1,283.22 | 952.13 |
| Profit / Loss on sale of assets | 3.32 | 2.13 |
| Bad Debt Recovery | - | 53.00 |
| Staff Mess Income | - | 2.01 |
| Adjustments to the Carrying Amount of investments | 15.42 | - |
| Profit on sale of Investment | 21.81 | 18.20 |
| Other Income | 4.41 | 5.00 |
| Total | 1,328.18 | 1,032.47 |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 26

(₹ in Lakhs)

| COST OF CONSTRUCTION MATERIAL CONSUMED | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|--|---------------------------------------|---------------------------------------|
| Opening Stock | 307.19 | 175.27 |
| Add: Purchases | 16,251.32 | 21,200.67 |
| | 16,558.51 | 21,375.95 |
| Less: Closing Stock | 353.07 | 307.19 |
| Total | 16,205.44 | 21,068.76 |

NOTE : 27

(₹ in Lakhs)

| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROGRESS AND SOCK IN TRADE | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|--|---------------------------------------|---------------------------------------|
| Inventories at the end of the year | | |
| Work-in-progress | 104.43 | 692.91 |
| | 104.43 | 692.91 |
| Inventories at the beginning of the year | | |
| Work-in-progress | 692.90 | 245.76 |
| | 692.90 | 245.76 |
| Net (Increase)/Decrease | 588.47 | (447.15) |

NOTE : 28

(₹ in Lakhs)

| CONSTRUCTION EXPENSES | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|--|---------------------------------------|---------------------------------------|
| Direct Expenses related to Contract Revenue | | |
| Carting Expenses | 139.30 | 75.00 |
| Power & Fuel | 288.75 | 81.34 |
| Labour Expenses | 10,929.15 | 12,151.41 |
| Labour Cess, P.F. and Taxes | 219.26 | 264.03 |
| Expenses relating to manufacturing of Ready Mix Concrete | 589.70 | 484.35 |
| Security Service Charges | 167.67 | 135.05 |
| Site Expenses | 250.87 | 124.08 |
| Total | 12,584.70 | 13,315.26 |

NOTE : 29

(₹ in Lakhs)

| EMPLOYEE BENEFITS EXPENSES | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|---------------------------------------|---------------------------------------|
| Salary, Bonus and Allowances | 1,362.30 | 994.53 |
| Gratuity Expenses | 35.92 | 0.80 |
| Directors' Remuneration | 567.20 | 294.00 |
| Staff Welfare Expenses | 109.73 | 85.88 |
| Contribution to Provident Fund, ESI and Labour Welfare Fund | 43.66 | 28.69 |
| Total | 2,118.81 | 1,403.90 |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 30

(₹ in Lakhs)

| FINANCE COST | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|--|--|
| Interest paid on Term Loans and Other Loans | 32.12 | 9.65 |
| Interest paid on Working Capital Loans | 594.34 | 168.95 |
| Interest on Delayed payment of Statutory Dues | 5.05 | 1.46 |
| Interest on Partners' Capital Accounts | 2.32 | 1.76 |
| Bank Charges and Bank Guarantee Commission | 174.55 | 153.44 |
| Total | 808.38 | 335.26 |

NOTE : 31

(₹ in Lakhs)

| OTHER EXPENSES | For the year ended on 31st March 2017 | | For the year ended on 31st March 2016 | |
|---|--|-----------------|--|-----------------|
| Rates & Taxes | | 353.49 | | 354.84 |
| Insurance Expenses | | 117.74 | | 84.48 |
| Repairs & Maintenance | | | | |
| Repairs & Maintenance - Machinery | 69.22 | | 53.48 | |
| Repairs & Maintenance - Office | 0.30 | | 1.56 | |
| Repairs & Maintenance - Computer | 2.63 | | 2.27 | |
| Software Maintenance exps | 29.98 | | 18.30 | |
| Repairs & Maintenance - Vehicle | 54.49 | 156.62 | 73.29 | 148.90 |
| Advertisement Exps. | | 11.18 | | 3.45 |
| Sponsorship Fees | | - | | 1.00 |
| Travelling & Conveyance | | 60.25 | | 39.50 |
| Donation | | 0.66 | | 2.60 |
| Power & Fuel | | 9.59 | | 34.77 |
| Rent Expenses | | 676.85 | | 632.87 |
| Legal & Professional Charges | | 40.04 | | 79.91 |
| Directors' Sitting Fees | | 1.24 | | 0.34 |
| Adjustments to the Carrying Amount of investments | | - | | 34.78 |
| Consultation Charges | | - | | 5.70 |
| Portfolio Management Fees | | 25.75 | | 9.85 |
| Bad Debts | | 11.87 | | 20.77 |
| Printing & Stationery Charges | | 31.88 | | 19.11 |
| Miscellaneous Expenses | | 16.90 | | 24.57 |
| Auditor's Remuneration | | 8.52 | | 1.70 |
| Corporate Social Responsibility Expenses | | 18.38 | | 21.25 |
| Telephone, Postage & Internet Charges | | 24.25 | | 15.05 |
| Foreign Exchange Fluctuation | | 76.31 | | - |
| Total | | 1,641.52 | | 1,535.44 |
| Payment to Auditors | | | | |
| Payment to Statutory Auditors | | | | |
| For Audit Fees | | 7.35 | | 0.95 |
| For Taxation Matters | | 0.50 | | 0.15 |
| Payment to Cost Auditors | | 0.67 | | 0.60 |
| Total | | 8.52 | | 1.70 |

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 32

(₹ in Lakhs)

| CONTINGENT LIABILITIES & COMMITMENTS | 2016-17 | 2015-16 |
|--|------------------|-----------------|
| Contingent Liabilities | | |
| Claims against the company not acknowledged as debt | | |
| Service tax liability that may arise in respect of matters in appeal | 114.83 | 114.83 |
| Excise duty liability that may arise in respect of matters in appeal | 22.19 | - |
| Bank Guarantee for performance, Earnest Money Deposits and Security Deposits | 11,639.56 | 7,154.07 |
| Total | 11,776.58 | 7,268.90 |

NOTE : 33

(₹ in Lakhs)

| EARNING PER SHARE | 2016-17 | 2015-16 |
|---|--------------|-------------|
| Profit After tax | 4,120.49 | 2,283.21 |
| Weighted average number of equity shares in calculating basic EPS | 2,88,00,000 | 2,88,00,000 |
| Nominal Value of equity share | 10 | 10 |
| Basic / Diluted / Adjusted Earning Per Share | 14.31 | 7.93 |

NOTE : 34

(₹ in Lakhs)

| VALUE OF IMPORT CALCULATED ON CIF BASIS | 2016-17 | 2015-16 |
|---|--------------|--------------|
| Raw material, components and spares | - | - |
| Capital goods | 81.37 | 20.98 |
| Total | 81.37 | 20.98 |

NOTE : 35

(₹ in Lakhs)

| DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 7 (REVISED) "CONSTRUCTION CONTRACTS" | 2016-17 | 2015-16 |
|---|-----------|-----------|
| Contract revenue recognized for the financial year | 45,663.86 | 47,592.01 |
| Aggregate amount of contract costs incurred and recognized profits (less recognized losses) as at end of the financial year for all contracts in progress as at that date | 35,248.85 | 41,171.03 |
| Amount of customer advances outstanding for contracts in progress as at the end of the financial year | 4,927.82 | 4,780.62 |
| Retention amounts due from customers for contracts in progress as at the end of the financial year | 1,340.40 | 946.15 |

NOTE : 36

RELATED PARTY DISCLOSURES

I. Name of related parties and related party relationship

(a) Names of other related parties and nature of relationship

| | |
|--|--|
| Key management personnel ("KMP") | Mr. Prahaladbhai S. Patel, Chairman & Managing Director Mrs. Shilpaben P. Patel, Whole Time Director Miss Pooja P. Patel, Director Mr. Sagar P. Patel, Director (upto December 12, 2016) Ms. Minakshi Tak, Company Secretary Ms. Hetal Patel, Chief Financial Officer |
| Enterprises owned or significantly influenced by KMP | PSP Products Pvt. Ltd. SIM Developers Sprybit Softlabs LLP |

Notes on Accounts forming part of Consolidated Financial Statements

II. Related Party Transactions

(₹ in Lakhs)

| Nature of Transactions | 2016-17 | 2015-16 |
|---|---------|---------|
| Purchase of Material | | |
| PSP Products Pvt. Ltd. | 383.47 | 582.67 |
| Receiving of Services / Interest Exps. | | |
| Mr. Prahaladbhai S. Patel | 123.50 | 75.67 |
| Contract Revenue | | |
| Mr. Prahaladbhai S. Patel | - | 254.66 |
| Directors Deposits Repaid | | |
| Mr. Prahaladbhai S Patel | - | 8.70 |
| Remuneration for the period / year | | |
| Mr. Prahaladbhai S Patel | 381.54 | 194.00 |
| Mrs. Shilpaben P Patel | 130.44 | 85.00 |
| Miss Pooja P Patel | 55.22 | 15.00 |
| Ms. Minakshi Tak | 4.66 | 1.92 |
| Ms. Hetal Patel | 17.51 | - |
| Dividend Paid | | |
| Mr. Prahaladbhai S. Patel | - | 330.00 |
| Mr. Shilpaben P. Patel | - | 120.00 |
| Ms. Pooja P. Patel | - | 59.93 |
| Mr. Sagar P. Patel | - | 90.00 |
| Advance to Vendor | | |
| PSP Products Pvt. Ltd. | 109.20 | 95.63 |

III. Related Party Balances

| Nature of Transactions | 2016-17 | 2015-16 |
|---|---------|---------|
| Outstanding Receivables / Loans & Advances | | |
| Mr. Prahaladbhai S Patel | - | 269.44 |
| PSP Products Pvt. Ltd. | - | 4.15 |
| Advance to Vendor | | |
| PSP Products Pvt. Ltd. | 109.20 | 95.63 |
| Rent Payable | | |
| Mr. Prahaladbhai S Patel | - | 0.08 |
| Remuneration Payable | | |
| Mr. Prahaladbhai S Patel | 78.44 | 14.00 |
| Mrs. Shilpaben P Patel | 22.94 | 8.00 |
| Miss Pooja P Patel | 12.47 | 2.43 |
| Ms. Minakshi Tak | 0.35 | 0.37 |
| Ms. Hetal Patel | 1.00 | - |

NOTE : 37

SEGMENT REPORTING

Primary Business Segment:

The Company is primarily engaged in construction / project activities and accordingly this is the only primary reportable segment as per accounting standard 17.

Geographical Segments:

The Company primarily sells its products within India only and hence accordingly there is only single geographical reportable segment.

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 38

CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 requires the Board of Directors to ensure that the Company spends in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility.

(₹ in Lakhs)

| Particulars | 2013-14 | 2014-15 | 2015-16 |
|--|----------|----------|----------|
| Net Profit for the year | 1,511.43 | 2,076.40 | 3,940.21 |
| Average Net Profit of last Three Year | | | 2,509.35 |
| Prescribed CSR Expenditure | | | 50.19 |
| (2% of the amount as above) (Proportionate) | | | |
| Total Amount Spent for the Financial year | | | 18.38 |
| Amount unspent for the year ended on 31st March 17 | | | 31.81 |

NOTE : 39

TREATMENT OF EXPENSES RELATING TO IPO

The company has made payments amounting to ₹237.29 Lakhs towards costs incurred in respect of proposed Initial Public Offering (IPO) and the same has been shown under the head Other Non-Current Assets. These expenditures will be adjusted at the time of completion of the proposed IPO against Security Premium. The payments made include amounts paid to Book Running Lead Managers, Legal and Professional Fees and payments made to Regulatory agencies and other expenses.

NOTE : 40

SPECIFIED BANK NOTES

(₹ in Lakhs)

| Particulars | SBNs | | Other Denomination notes | Total |
|--|--------------|--------|--------------------------|--------------|
| | Denomination | Amount | Amount | Amount |
| Closing Balance as at 8 November 2016 | 500 | 0.78 | 12.91 | 18.93 |
| | 1,000 | 5.24 | | |
| | | 6.02 | | |
| Transaction between 9th November and 30th December 2016 | | | | |
| Add : Withdrawal from bank account | - | - | 24.84 | 24.84 |
| Add : Receipts for permitted transactions | - | - | - | - |
| Add : Receipts for non-permitted transactions | - | - | - | - |
| Less : Paid for permitted transactions | 500 | 0.28 | - | 0.52 |
| | 1,000 | 0.24 | | |
| | | 0.52 | | |
| Less : Paid for non-permitted Transactions | - | - | - | - |
| Less : Paid by Other Denomination notes | - | - | 27.55 | 27.55 |
| Less : Deposited in bank account | 500 | 0.50 | - | 5.50 |
| | 1,000 | 5.00 | | |
| | | 5.50 | | |
| Closing Balance as at 30 December 2016 | | - | 10.20 | 10.20 |

* Only Indian Corporate Entities are covered in this note for Specified Bank Notes

Notes on Accounts forming part of Consolidated Financial Statements

NOTE : 41

Additional information to Consolidated Financial Statements based on the audited standalone financial statements of the components of the group.

(₹ in Lakhs)

| Name of the Entity | 31st March 2017 | | | |
|---|---------------------------------|------------------|-------------------------------------|-----------------|
| | Net Assets /(Liabilities) | | Share in Profit/(Loss) | |
| | As % of consolidated Net Assets | Amount | As % of consolidated profit or loss | Amount |
| Parent company | | | | |
| PSP Projects Limited | 82.82% | 8,763.28 | 101.98% | 4,202.10 |
| Subsidiary company - Indian | | | | |
| PSP Projects & Proactive Constructions Pvt. Ltd | 2.18% | 231.06 | 1.01% | 41.69 |
| Subsidiary company - Foreign | | | | |
| PSP Projects INC | 14.68% | 1,553.74 | -1.00% | (41.33) |
| Joint Venture | | | | |
| GDCL & PSP Joint Venture | -0.26% | (27.03) | -1.73% | (71.13) |
| Minority Interest | 0.57% | 60.08 | -0.26% | (10.84) |
| Consolidated Total | 100.00% | 10,581.13 | 100.00% | 4,120.49 |

NOTE : 42

The figures of previous year have been regrouped / reclassified, wherever necessary, to conform to the current year's classification.

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.
 Chartered Accountants
 FRN : 108069W

Prakash B.Sheth
 Proprietor
 M.No.036831
 Place : Ahmedabad
 Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
 Whole Time Director
 DIN : 02261534

Hetal Patel
 Chief Financial Officer

Place : Ahmedabad
 Date : 19th June, 2017

Prahaladbhai S. Patel
 Managing Director & CEO
 DIN : 00037633

Minakshi Tak
 Company Secretary

Independent Auditor's Report on the Standalone Financial Statements

To the Members of
PSP PROJECTS LIMITED

Report on the Financial Statements

1. We have audited the accompanying Standalone Financial Statements of PSP Projects Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory information.

Management 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 financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rules 7 of the Companies (Accounts) Rules, 2014. 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 provision of the Act, the accounting and auditing standards and matters which are required to be included in the audit reports under the provisions of the Act and the Rules made there under.
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 the Financial Statements are free from material misstatement.
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 control 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 accounting policies used and the reasonableness of the accounting estimates made by Company's director, 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 the 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 of the state of affairs of the company as at 31st March, 2017, and its profit and cash flows for the year ended on that date.

Report on other legal and regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

Independent Auditor's Report on the Standalone Financial Statements

- d) In our opinion, the aforesaid Financial Statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31st March, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017, from being appointed as a director in terms of section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B.
- 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 and Companies (Audit and Auditors) Amendment Rules 2017, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company does not have any pending litigations which would impact its financial position.
 - ii) The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses; and
 - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.
 - iv) The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes as defined in the notification S.O.3407 (E) dated 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note – 40.

For, Prakash B Sheth & CO.
Chartered Accountants
FRN: 108069W

Place : Ahmedabad
Date : 19th June, 2017

(Prakash B. Sheth)
Proprietor
Membership No.:036831

Independent Auditor's Report on the Standalone Financial Statements

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of PSP Projects Limited on the standalone Financial Statements for the year ended on 31st March, 2017.

Referred to in our report of even date

- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) According to the information and explanation given to us, the Fixed Assets have been physically verified by the management once during the period and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management the title deeds of land included in fixed assets and having gross book value of ₹ 18, 81.52 Lakhs are mortgaged with the ICICI Bank Ltd. As per confirmation from the bank and the information provided to us by the management, the title deeds are held in the name of the Company.
- ii. As explained to us, inventories have been physically verified at reasonable intervals by the management during the period. In our opinion, the frequency of such verification is reasonable. No material discrepancies were noticed during such verification.
- iii. (a) According to the information and explanations given to us, The company has granted unsecured loan to a wholly owned foreign subsidiary company covered in the register maintained u/s 189 of the Act. The terms and conditions of the loans granted are not prejudicial to the Company's interest.
- (b) The borrower has been regular in the payments of the interest as stipulated. The terms of arrangements do not stipulate any repayment schedule and the loans are repayable on demand.
- (c) There are no overdue amounts of the loans granted to the bodies corporate listed in the register maintained u/s 189 of the Act.
- iv. In our opinion, and according to the information and explanation given to us, the provision of Section 185 and 186 of the Act in respect of loans to its wholly owned subsidiary, investment made, guarantees and securities given have been complied with by the Company.
- v. In our opinion, and according to the information and explanation given to us, the company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provision of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3 (V) of the order is not applicable to the company.
- vi. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records u/s 148(1) of the Companies Act 2013, related to projects of the company, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues in respect of sales tax including value added tax, provident fund, employees' state insurance, income tax, service tax, duty of customs, duty of excise, cess and other material statutory dues, as applicable, though there has been a slight delay in few cases, with the appropriate authorities. Further, No undisputed amount payable in respect thereof were outstanding at the period end, for the period of more than six month from the date they became payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, dues in respect of service tax and excise as at 31st March, 2017 which have been not been deposited on account of disputes pending is as under:

| Name of Statute | Nature of the Dues | ₹ in Lakhs | Period to which amount relates | Forum where dispute is pending |
|-----------------------------------|--------------------|------------|--------------------------------|---|
| Central Board of Excise & Customs | Service Tax | 17.45 | 2006-07, 2007-08 & 2008-09 | Appeal is filed in tribunal & unconditional stay has been in receipt & matter pending for final PH. |
| Central Board of Excise & Customs | Service Tax | 97.39 | 2008-09 | Appeal is filed in tribunal & unconditional stay has been in receipt & matter pending for final PH. |
| Central Board of Excise & Customs | Excise | 0.70 | 2014-15 | Appeal is filed with Commissioner (Appeals) with Central Excise |
| Central Board of Excise & Customs | Excise | 14.84 | 2014-15 & 2015-16 | Appeal is filed with Commissioner (Appeals) with Central Excise |
| Central Board of Excise & Customs | Excise | 1.74 | 2015-16 | Appeal is filed with Commissioner (Appeals) with Central Excise |
| Central Board of Excise & Customs | Excise | 4.91 | 2014-15 & 2015-16 | Appeal is filed with Commissioner (Appeals) with Central Excise |

Independent Auditor's Report on the Standalone Financial Statements

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institution or bank or Government as at the balance sheet date. The company did not have any outstanding dues to debenture holders during the period.
- ix. According to the records of the Company examined by us and the information and explanation given to us, the term loans were applied for the purposes for which loans were obtained. The company has not raised any monies by way of initial public offer or further public offer (including debt instruments).
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the period, nor have we been informed of any such case by the Management.
- xi. According to the records of the Company examined by us and the information and explanation given to us, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of clause 3(xii) of the Order are not applicable to the Company.
- xiii. According to the records of the Company examined by us and the information and explanation given to us, the Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Financial Statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. According to the records of the Company examined by us and the information and explanation given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the period under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. According to the records of the Company examined by us and the information and explanation given to us, the Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. According to the records of the Company examined by us and the information and explanation given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For, Prakash B Sheth & CO.
Chartered Accountants
FRN: 108069W

(Prakash B. Sheth)
Proprietor
Membership No.:036831

Place : Ahmedabad
Date : 19th June, 2017

Independent Auditor's Report on the Standalone Financial Statements

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 (f) of the Independent Auditors' Report of even date to the members of PSP Projects Limited on the standalone Financial Statements for the year ended on 31st March, 2017

Report on the internal financial controls under clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of PSP Projects Limited ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Financial Statements of the Company for the period ended on that date.

Management's Responsibility for internal financial controls

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both 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 internal financial controls over financial reporting was 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 internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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 judgment, 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 audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over Financial Reporting

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting 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, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For, Prakash B Sheth & CO.
Chartered Accountants
FRN: 108069W

(Prakash B. Sheth)
Proprietor

Membership No.:036831

Place : Ahmedabad
Date : 19th June, 2017

Standalone Balance Sheet as at 31st March 2017

(₹ in Lakhs)

| Particulars | Note No. | As At 31st March 2017 | As At 31st March 2016 |
|---|----------|-----------------------|-----------------------|
| I EQUITY AND LIABILITIES | | | |
| 1 Shareholders' funds | | | |
| Share capital | 4 | 2,880.00 | 320.00 |
| Reserves and surplus | 5 | 7,881.59 | 6,310.62 |
| | | 10,761.59 | 6,630.62 |
| 2 Non-current liabilities | | | |
| Long term borrowings | 6 | 336.37 | 104.11 |
| Long term provisions | 7 | 93.04 | 59.24 |
| | | 429.41 | 163.35 |
| 3 Current liabilities | | | |
| Short term borrowings | 8 | 6,248.48 | 4,331.68 |
| Trade payables | 9 | - | - |
| Total outstanding dues of micro enterprises and small enterprises | | 6,934.68 | 6,941.03 |
| Total outstanding dues of creditors other than micro and small enterprise | | - | - |
| Other current liabilities | 10 | 5,967.00 | 4,465.74 |
| Short term provisions | 11 | 1,182.55 | 343.52 |
| | | 20,332.71 | 16,081.97 |
| Total | | 31,523.71 | 22,875.94 |
| II ASSETS | | | |
| 1 Non current assets | | | |
| Property, Plant and Equipment: | | | |
| (a) Tangible assets | 12 | 5,125.90 | 5,185.27 |
| (b) Intangible assets | 12 | 51.21 | 36.62 |
| | | 5,177.11 | 5,221.89 |
| Non current investments | 13 | 755.87 | 507.56 |
| Deferred tax assets (net) | 14 | 111.67 | 87.47 |
| Long term loans and advances | 15 | 2,253.51 | 473.03 |
| Other non-current assets | 16 | 818.66 | 750.53 |
| | | 9,116.82 | 7,040.48 |
| 2 Current assets | | | |
| Current investments | 17 | 1,401.74 | 1,298.16 |
| Inventories | 18 | 304.27 | 403.94 |
| Trade receivables | 19 | 5,326.09 | 1,032.46 |
| Cash and bank balances | 20 | 12,499.57 | 10,638.20 |
| Short term loans and advances | 21 | 2,348.84 | 1,944.46 |
| Other current assets | 22 | 526.38 | 518.24 |
| | | 22,406.89 | 15,835.46 |
| Total | | 31,523.71 | 22,875.94 |
| Significant Accounting Policies and Notes to Accounts | 1 to 41 | | |

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.
 Chartered Accountants
 FRN : 108069W

Prakash B.Sheth
 Proprietor
 M.No.036831
 Place : Ahmedabad
 Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
 Whole Time Director
 DIN : 02261534

Hetal Patel
 Chief Financial Officer

Place : Ahmedabad
 Date : 19th June, 2017

Prahaladbhai S. Patel
 Managing Director & CEO
 DIN : 00037633

Minakshi Tak
 Company Secretary

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

(₹ in Lakhs)

| Particulars | | Note No. | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|---|----------|---------------------------------------|---------------------------------------|
| I | Revenue from operations | 23 | 40,075.73 | 45,805.27 |
| | Less: Excise Duty | | - | 7.62 |
| | | | 40,075.73 | 45,797.65 |
| II | Other income | 24 | 1,320.00 | 1,026.71 |
| III | Total Revenue (I+II) | | 41,395.73 | 46,824.36 |
| IV | Expenses | | | |
| | Cost of Construction material consumed | 25 | 12,817.20 | 19,002.32 |
| | Changes in inventories of finished goods, Work in Progress and Stock in Trade | 26 | 195.99 | 16.95 |
| | Subcontracting Expenses | | 5,598.57 | 6,831.60 |
| | Construction Expenses | 27 | 11,174.88 | 13,244.76 |
| | Employee benefits expenses | 28 | 2,093.29 | 1,401.23 |
| | Finance cost | 29 | 753.16 | 307.09 |
| | Depreciation and amortization | 12 | 756.83 | 706.26 |
| | Other expenses | 30 | 1,612.02 | 1,373.94 |
| | Total expenses | | 35,001.94 | 42,884.15 |
| V | Profit before exceptional and extraordinary items and tax (III-IV) | | 6,393.79 | 3,940.21 |
| VI | Exceptional items | | - | - |
| VII | Profit before extraordinary items and tax (V-VI) | | 6,393.79 | 3,940.21 |
| VIII | Profit before tax (VII) | | 6,393.79 | 3,940.21 |
| IX | Tax expenses | | | |
| | Current tax | | 2,265.77 | 1,458.44 |
| | Deferred tax | | (24.20) | (38.22) |
| X | Profit (Loss) for the period from continuing operations | | 4,152.22 | 2,519.99 |
| | Tax Adjustment of Earlier Year | | 21.25 | 6.92 |
| XI | Profit (Loss) after Tax Adjustment | | 4,130.97 | 2,513.07 |
| XII | Profit (Loss) for the period (X) | | 4,130.97 | 2,513.07 |
| XIII | Earning per equity share (₹) | | 14.34 | 8.73 |
| | Basic and diluted | | | |
| Significant Accounting Policies and Notes to Accounts | | 1 to 41 | | |

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.

Chartered Accountants
FRN : 108069W

Prakash B.Sheth
Proprietor
M.No.036831
Place : Ahmedabad
Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
Whole Time Director
DIN : 02261534

Prahaladbhai S. Patel
Managing Director & CEO
DIN : 00037633

Hetal Patel
Chief Financial Officer

Minakshi Tak
Company Secretary

Place : Ahmedabad
Date : 19th June, 2017

Standalone Cash Flow Statement for the year ended on 31st March 2017

(₹ in Lakhs)

| Particulars | For the year ended on 31st March 2017 | | For the year ended on 31st March 2016 | |
|---|--|-----------------|--|-------------------|
| 1. CASH FLOW FROM OPERATING ACTIVITIES : | | | | |
| Net Profit before Taxation | | 6,393.79 | | 3,940.21 |
| Add: | | | | |
| Depreciation | 756.84 | | 706.26 | |
| Bad Debts | 11.87 | | 20.77 | |
| Minority Interest | 551.88 | | 168.53 | |
| Interest on Bank Borrowing | 71.13 | | 9.23 | |
| Adjustments to the Carrying Amount of investments | (15.42) | | 34.78 | |
| Provision for Gratuity net of Payments | 34.59 | 1,410.89 | 0.28 | 939.85 |
| less: | | | | |
| Profit on sale of fixed assets | (3.29) | | (2.13) | |
| Dividend income | (3.09) | | (3.19) | |
| Interest income | (1,270.17) | (1,276.55) | (941.60) | (946.92) |
| Operating profit before working capital changes | | 6,528.13 | | 3,933.14 |
| ADD/LESS Changes for working capital | | | | |
| Increase/(Decrease) in Trade Payables | (6.35) | | 628.40 | |
| (Increase)/Decrease in Inventories | 99.66 | | 17.10 | |
| (Increase)/Decrease in Trade Receivables | (4,305.50) | | 1,941.01 | |
| (Increase)/Decrease in other current assets | (8.14) | | (113.06) | |
| (Increase)/Decrease in other non current assets | (68.14) | | 141.36 | |
| Increase/(Decrease) in Other Current Liabilities | 1,501.27 | | (232.73) | |
| (Increase)/Decrease in Long Term loans & advances | (1,780.48) | | (72.40) | |
| (Increase)/Decrease in Short Term loans & advances | (404.38) | (4,972.06) | (953.87) | 1,355.81 |
| Less: Adjustment for Taxes: | | | | |
| Direct Taxes paid | (1,448.79) | | (1,182.16) | |
| Wealth Tax paid | - | | (1.26) | |
| Income Tax Refund | - | (1,448.79) | - | (1,183.42) |
| Cash generated from operation (A) | | 107.28 | | 4,105.53 |
| 2. CASH FLOW FROM INVESTING ACTIVITIES : | | | | |
| Interest income | 1,270.17 | | 941.60 | |
| Increase in Current Investments | (88.16) | | (142.75) | |
| Increase in Non Current Investments | (319.43) | | (424.85) | |
| Net Investment in Bank Deposits (Having Original Maturity of more than 3 Months) | (852.00) | | (2,125.18) | |
| Sale of fixed assets | | | | |
| Goodwill on Consolidation | 12.51 | | 2.75 | |
| Purchase of fixed assets | (721.28) | | (2,583.50) | |
| Dividend income | 3.09 | (695.10) | 3.19 | (4,328.74) |
| Net cash flow from Investing Activities (B) | | (695.10) | | (4,328.74) |

Standalone Cash Flow Statement for the year ended on 31st March 2017

(₹ in Lakhs)

| Particulars | For the year ended on 31st March 2017 | | For the year ended on 31st March 2016 | |
|---|--|-----------------|--|-----------------|
| 3. CASH FLOW FROM FINANCING ACTIVITIES : | | | | |
| Proceeds From Long Term Borrowings | 232.26 | | 63.35 | |
| Proceeds from Short Term Borrowings | 1,916.79 | | 1,079.69 | |
| Interest on Bank Borrowing | (551.88) | | (168.53) | |
| Dividend paid | - | | (600.00) | |
| Dividend Distribution Tax paid | - | 1,597.17 | (119.96) | 254.55 |
| Net cash flow from financing Activities (C) | | 1,597.17 | | 254.55 |
| Net increase (decrease) in Cash and Cash Equivalents (A+B+C) | | 1,009.35 | | 31.34 |
| Opening Cash and Cash equivalents | | 2,128.87 | | 2,097.54 |
| Closing Cash and Cash equivalents (Refer Note No.21) | | 3,138.22 | | 2,128.88 |
| Note: | | | | |
| Cash and Cash Equivalents (Refer Note.21) | | | | |
| Cash on hand | | 7.18 | | 24.59 |
| Balances with banks | | | | |
| Current Account | | 25.02 | | 12.73 |
| Fixed Deposit With Bank with maturity within 3 months | | 3,106.02 | | 2,091.56 |
| | | 3,138.22 | | 2,128.88 |

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.
 Chartered Accountants
 FRN : 108069W

Prakash B.Sheth
 Proprietor
 M.No.036831
 Place : Ahmedabad
 Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
 Whole Time Director
 DIN : 02261534

Hetal Patel
 Chief Financial Officer

Place : Ahmedabad
 Date : 19th June, 2017

Prahaladbhai S. Patel
 Managing Director & CEO
 DIN : 00037633

Minakshi Tak
 Company Secretary

Statement of Significant Accounting Policies and Notes

1. Corporate Information:

PSP Projects Limited (“the Company”) is a construction company located in Ahmedabad, Gujarat, India and is incorporated under the provisions of Company’s act 1956. The company offers construction services across industrial, institutional, residential, social infrastructure and commercial projects in India. The Company is also engaged in the manufacturing of Ready Mix Concrete.

2. Basis of accounting and preparation of Financial Statements

Financial Statements are prepared and presented under the historical cost convention, on the accrual basis of accounting and in accordance with generally accepted accounting principles prevalent in India (“Indian GAAP”) and the requirements of the Companies Act 2013 including the Accounting Standards referred to in Section 133 of the Companies Act, 2013 (the Act) read with Rule 7 of Companies (Accounts) Rules, 2014. The accounting policies adopted in the preparation of Financial Statements are consistent with these of previous year.

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalent, the Company has ascertained its operating cycle to be 12 months for the purpose of current – non current classification of assets and liabilities.

3. Significant accounting policies

3.1 Use of Estimates:

The preparation of Financial Statements is in conformity with Indian Generally Accepted Accounting Principles (“Indian GAAP”) which requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on 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 periods. Estimates and underlying assumptions are reviewed on an ongoing basis.

3.2 Property, Plant and Equipment:

PPE are initially recognised at cost and is carried at cost of acquisition, less accumulated depreciation. The cost of PPE comprises of purchase price, borrowing cost in case of a qualifying asset and other costs directly attributable in bringing the asset to its working condition for the intended use and all the expenses incurred up to preoperative period.

3.3 Depreciation and amortization:

Depreciation on assets has been provided on the written down value method based on the useful lives prescribed in Schedule II to the Companies Act 2013. In respect of addition and sales of assets during the period, depreciation is provided on pro rata basis. The Company has kept the residual value @5% of original cost.

Intangible assets are amortized over a period of six years.

3.4 Impairment of Assets:

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

3.5 Borrowing costs:

Borrowing costs include interest, amortization of ancillary costs incurred in connection with the arrangements of borrowings. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset is added to the cost of the assets.

3.6 Inventories:

Construction Materials:

Construction materials are valued at lower of cost or net realizable value, on the basis of weighted average method after providing for obsolescence and other losses, where considered necessary. Cost includes cost of purchase and other expenses incurred in bringing inventory to their respective present location and condition.

Statement of Significant Accounting Policies and Notes

Work in Progress:

Work-in-progress represents cost incurred directly in respect of construction activity and indirect construction cost to the extent to which the expenditure is related to the construction or incidental thereto is valued at lower of cost or net realizable value.

3.7 Investments:

Long-term investments (excluding investment in properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments.

Current investments are carried individually, at the lower of cost and fair value. Cost of investments includes acquisition charges such as brokerage, fees and duties.

3.8 Revenue recognition:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Contract Revenue:

The Company follows the percentage completion method, Running Account Bills for work completed are recognized on completion of physical proportion of the contract work. Income on account of claims and extra item work are recognized to the extent Company expects reasonable certainty about receipts or acceptance from the client.

Determination of revenues under the percentage of completion method necessarily involves making estimates, some of which are of a technical nature, concerning, where relevant, the percentages of completion, costs to completion, the expected revenues from the project or activity and the foreseeable losses to completion. Estimates of project income, as well as project costs, are reviewed periodically. The effect of changes, if any, to estimates are recognized in the Financial Statements for the period in which such changes are determined. Losses, if any, are fully provided for immediately.

Sale of Goods:

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of goods. The company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue. Excise duty deducted from revenue is the amount that is included in the revenue (Gross) and not the entire amount of liability arising during the period.

Interest:

Interest income is recognized on time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividend:

Dividend income is recognized when the company's right to receive the dividend is established by the reporting date.

3.9 Retirement and other employee benefits:

Retirement benefit in the form of provident fund is a defined contribution scheme. The contributions to the Provident Fund & Employee State Insurance are charged to the statement of profit and loss for the period when contributions are due. The Company has no obligation, other than the contribution payable to the Provident Fund & Employee State Insurance.

Gratuity liability is a defined benefit obligation and the cost of providing the benefits is determined on the basis of actuarial valuation done by an independent actuary. Actuarial valuation is carried out for this plan using the projected unit credit method. Actuarial gains and losses for defined benefits plan is recognized in full in the period in which they occur in the statement of profit and loss.

3.10 Income Taxes:

Tax expenses comprises of current and deferred tax.

Current Tax:

Current tax on income is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current Income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Statement of Significant Accounting Policies and Notes

Deferred Tax:

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets in respect of unabsorbed depreciation and carry forward of losses are recognised to the extent there is virtual certainty that there will be sufficient future taxable income available to realise such assets. Deferred tax assets are recognised for timing differences of other items only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

3.11 Earning per Share:

Basic earnings per share are calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of Equity Shares outstanding during the period.

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

3.12 Provisions, Contingent liabilities And Contingent Assets:

Provision:

A provision is recognized when the company has a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle obligation and in respect of which a reliable estimate can be made. Provisions are determined based on management estimate required to settle the obligation on reporting date.

Contingent liability:

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but disclosed its existence in the Financial Statements.

Contingent assets:

Contingent assets are neither recognized nor disclosed. However, when realization of income is virtually certain, related asset is recognized.

3.13 Cash and cash equivalents (for purposes of Cash Flow Statement):

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Cash flow statement:

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3.15 Leases:

The Company's leasing arrangements are mainly in respect of operating leases for premises and construction equipment. The leasing arrangements are of 11 Months generally and are usually cancellable / renewable by mutual consent on agreed terms. The aggregate lease rents payable are charged as rent in the Statement of Profit and Loss.

3.16 Foreign Currency Transactions:

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the Statement of Profit and Loss.

Monetary current assets and current liabilities that are denominated in foreign currencies are translated at the exchange rate prevailing at the date of balance sheet. The resultant exchange differences are recognized in the Statement of Profit and Loss.

Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 4

(₹ in Lakhs)

| SHARE CAPITAL | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| AUTHORISED | | |
| 5,00,00,000 (Previous Year : 50,00,000) Equity Shares of ₹10/- Each | 5,000.00 | 500.00 |
| ISSUED, SUBSCRIBED & PAID UP | | |
| 2,88,00,000 (Previous Year : 32,00,000) Equity Shares of ₹10/- each fully paid up | 2,880.00 | 320.00 |
| Total | 2,880.00 | 320.00 |

Terms/Rights attached to Equity Shares

The Company has single class of equity shares having par value of ₹ 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend declared from time to time. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

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

(₹ in Lakhs)

| Equity Shares | As at 31st March 2017 | | As at 31st March 2016 | |
|----------------------------------|-----------------------|----------|-----------------------|--------|
| | No. | Amount | No. | Amount |
| At the beginning of the period | 32,00,000 | 320.00 | 8,00,000 | 80.00 |
| Add: New issue during the period | 2,56,00,000 | 2,560.00 | 24,00,000 | 240.00 |
| Outstanding at the end of period | 2,88,00,000 | 2,880.00 | 32,00,000 | 320.00 |

Details of shareholders holding more than 5% shares in the Company

| Name of the Shareholders | As at 31st March 2017 | | As at 31st March 2016 | |
|--------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | % of Equity Share | No of Shares held | % of Equity Share | No of Shares held |
| Prahaladbhai S Patel | 55.00% | 1,58,40,000 | 55.00% | 17,60,000 |
| Shilpaben P Patel | 20.00% | 57,60,000 | 20.00% | 6,40,000 |
| Sagar Prahaladbhai Patel | 15.00% | 43,20,000 | 15.00% | 4,80,000 |
| Pooja P Patel | 9.99% | 28,76,400 | 9.99% | 3,19,600 |

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

Bonus Shares / Buy Back / Shares for consideration other than Cash issued during past five years

| Particulars | Year (Aggregate No. of Shares) | | | | |
|--|---------------------------------|-----------|---------|---------|---------|
| | 2016-17 | 2015-16 | 2014-15 | 2013-14 | 2012-13 |
| Equity Shares : | | | | | |
| Fully paid up pursuant to contract(s) without payment being received in cash | - | - | - | - | - |
| Fully paid up by way of bonus shares | 2,56,00,000 | 24,00,000 | - | - | - |
| Shares bought back | - | - | - | - | - |

24,00,000 Equity Shares of ₹ 10 each fully paid up, were issued as bonus shares during the year 2015-16, by utilisation of ₹ 240 Lakhs from surplus, pursuant to a bonus issue approved by shareholders.

2,56,00,000 Equity Shares of ₹ 10 each fully paid up, were issued as bonus shares during the month of September 2016, by utilisation of ₹ 2,560 Lakhs from surplus, pursuant to a bonus issue approved by shareholders.

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 5

(₹ in Lakhs)

| RESERVE AND SURPLUS | As At 31st March 2017 | | As At 31st March 2016 | |
|---|-----------------------|-----------------|-----------------------|-----------------|
| Surplus | | | | |
| Opening Balance | 5,374.52 | | 4,071.44 | |
| Less: | | | | |
| Proposed Dividend | - | | (480.00) | |
| Provision for Dividend Distribution Tax | - | | (95.97) | |
| Issue of Bonus Shares 2,56,00,000*10 (P.Y.:24,00,000 * 10) | (2,560.00) | | (240.00) | |
| Trf. To General Reserve | - | | (394.02) | |
| Add : | | | | |
| Additions during the year | 4,130.97 | 6,945.49 | 2,513.07 | 5,374.52 |
| General Reserve | | | | |
| Opening Balance | 936.10 | | 542.08 | |
| Add : Transferred from Current profit | - | 936.10 | 394.02 | 936.10 |
| Total | | 7,881.59 | | 6,310.62 |

Proposed Dividend

The Board of directors of holding company at its meeting held on 19th June 2017, have recommended payment of final dividend of ₹2.50 (Rupees two and paise fifty only) per equity share of face value of ₹ 10 each for the financial year ended 31st March 2017. The same amounts to ₹ 1,083.22 Lakhs including dividend distribution tax of ₹183.22 Lakhs. The above is subject to approval at the ensuing annual general meeting of the company and hence is not recognised as a liability.

NOTE : 6

(₹ in Lakhs)

| LONG TERM BORROWINGS | As At 31st March 2017 | As At 31st March 2016 |
|---------------------------------|--------------------------|--------------------------|
| Secured | | |
| (a) Term loans | | |
| From Banks (refer Note No. 6.1) | 336.37 | 104.11 |
| Total | 336.37 | 104.11 |

NOTE : 6.1

(₹ in Lakhs)

| | Non Current Portion | | Current Portion | |
|-------------------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| | As At 31st March 2017 | As At 31st March 2016 | As At 31st March 2017 | As At 31st March 2016 |
| Secured | | | | |
| (a) Term loans | | | | |
| From Banks | | | | |
| The Kalupur Comm. Co. Op. Bank Ltd. | - | - | - | 0.52 |
| AXIS Bank Ltd. | - | - | - | 23.10 |
| HDFC Bank Ltd. | 336.37 | 104.11 | 188.66 | 65.41 |
| | 336.37 | 104.11 | 188.66 | 89.03 |

Terms of Repayment of Secured Borrowings

| Particulars | Nature of Loan | Mode of Payment | Interest Type | Nature of Security |
|---|----------------------------|-----------------|--|---|
| The Kalupur Comm. Co. Op. Bank Ltd. AXIS Bank Ltd. HDFC Bank Ltd. | Plant, Machinery & Vehicle | EMI | Various Interest Rate From 9.31% to 13.00% | Respective Assets under Finance and personal guarantee of The Directors |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 7

(₹ in Lakhs)

| LONG TERM PROVISIONS | As At 31st March 2017 | As At 31st March 2016 |
|--|----------------------------------|----------------------------------|
| Provision for Employee Benefit Gratuity | 93.04 | 59.24 |
| Total | 93.04 | 59.24 |

NOTE : 8

(₹ in Lakhs)

| SHORT TERM BORROWINGS | As At 31st March 2017 | As At 31st March 2016 |
|--|----------------------------------|----------------------------------|
| Secured | | |
| (a) Loans repayable on demand From Banks (refer Note No. 8.1) | 6,248.47 | 4,331.68 |
| Total | 6,248.48 | 4,331.68 |

NOTE : 8.1
Fund Based Limit Enjoyed by the Company

(₹ in Lakhs)

| Name of Lending institution | Type of Loan | Sanctioned Limit | Utilised | |
|-------------------------------------|--------------|------------------|-----------------|-----------------|
| | | | 2016-17 | 2015-16 |
| The Kalupur Comm. Co. Op. Bank Ltd. | FDOD | 6,100.00 | 4,833.15 | 4,228.18 |
| HDFC Bank Ltd. | FDOD | 940.50 | 931.62 | 103.50 |
| ICICI Bank Ltd. | Cash Credit | 500.00 | 301.29 | - |
| HDFC Bank Ltd. | Cash Credit | 300.00 | 123.53 | - |
| The Kalupur Comm. Co. Op. Bank Ltd. | Book Debt | 1,050.00 | 58.86 | - |
| The Kalupur Comm. Co. Op. Bank Ltd. | Cash Credit | 850.00 | 0.03 | - |
| | | | 6,248.48 | 4,331.68 |

NOTE : 8.2

The above loans are secured against Inventory, Book Debts, Plant & Machinery, land and Fixed Deposits held in the name of holding company and its subsidiaries in particular and Residence, Office, land held in the name of director, and Personal Guarantee of Directors in General.

NOTE : 9

(₹ in Lakhs)

| TRADE PAYABLES | As At 31st March 2017 | As At 31st March 2016 |
|-------------------------------------|----------------------------------|----------------------------------|
| Micro, Small and Medium Enterprises | - | - |
| Related parties | | |
| Subsidiary | 4.99 | - |
| Directors | 113.85 | 24.43 |
| Others | 6,815.84 | 6,916.60 |
| Total | 6,934.68 | 6,941.03 |

NOTE : 9.1

- The Company has not received any intimation from supplier regarding their status under Micro, Small and Medium enterprises Development Act, 2006 and hence the disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under said Act could not be furnished
- The Balance of certain Sundry Creditors are subject to confirmation and reconciliation, if any.

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 10

(₹ in Lakhs)

| OTHER CURRENT LIABILITIES | As At 31st March 2017 | As At 31st March 2016 |
|--|--------------------------|--------------------------|
| Current Maturities of Secured Loans (Refer Note No.6.1) | 188.66 | 89.02 |
| Duties & Taxes Payable | 576.24 | 130.87 |
| Advances from Customers | 388.18 | 1,328.70 |
| Creditors For Property, Plant & Equipment | 17.84 | 14.18 |
| Vendor Security Deposit | 454.55 | 394.37 |
| Current Capital Account Balance with Partnership Firm (JV) | | |
| GDCL And PSP Joint Venture | 63.29 | 4.60 |
| Share of PSP Projects Limited :49% | | |
| Share of Gannon Dunkerley & Co. Ltd. :51% | | |
| Unpaid Expenses | 66.67 | 117.87 |
| Mobilization Advance | 4,211.57 | 2,386.13 |
| Total | 5,967.00 | 4,465.74 |

NOTE : 11

(₹ in Lakhs)

| SHORT TERM PROVISIONS | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| Provision for Employee Benefits | | |
| Gratuity | 4.52 | 3.72 |
| Provision for Income-Tax (Net of Advance Tax) | 1,178.03 | 339.80 |
| Total | 1,182.55 | 343.52 |

Notes on Accounts forming part of Standalone Financial Statements

(₹ in Lakhs)

NOTE : 12

| Property, Plant and Equipment | | | | | | | | | | | |
|-------------------------------|-----------------------|-----------------|------------------------|--------------------------|----------------------|---------------|------------------------|-----------------------|-----------------------|-----------------|--|
| | GROSS BLOCK (AT COST) | | | ACCUMULATED DEPRECIATION | | | NET BLOCK | | | | |
| | As At 1st April 2016 | Additions | Disposals/ Adjustments | As at 31st March 2017 | As At 1st April 2016 | Additions | Disposals/ Adjustments | As at 31st March 2017 | As at 31st March 2016 | | |
| (A) Tangible Assets | | | | | | | | | | | |
| Tangible Assets | | | | | | | | | | | |
| Land | 1,881.52 | - | - | 1,881.52 | - | - | - | 1,881.52 | 1,881.52 | | |
| Building | 111.63 | - | - | 111.63 | 28.67 | 7.79 | - | 75.17 | 82.96 | | |
| Furniture & Fixtures | 135.05 | 7.37 | - | 142.42 | 45.84 | 24.44 | - | 72.14 | 89.21 | | |
| Plant & Machinery | 4,258.45 | 462.58 | 0.65 | 4,720.38 | 1,679.99 | 530.04 | 0.61 | 2,209.42 | 2,578.46 | | |
| Office Equipments | 83.52 | 4.25 | - | 87.77 | 25.90 | 24.87 | - | 37.00 | 57.62 | | |
| Computer | 68.81 | 22.43 | 0.89 | 90.35 | 50.47 | 16.99 | 0.78 | 23.67 | 18.34 | | |
| Vehicles* | 1,006.77 | 202.32 | 37.43 | 1,171.66 | 529.61 | 144.96 | 28.35 | 525.44 | 477.16 | | |
| Sub Total | 7,545.75 | 698.95 | 38.97 | 8,205.73 | 2,360.48 | 749.09 | 29.74 | 3,079.83 | 5,125.90 | 5,185.27 | |
| (B) Intangible Assets | | | | | | | | | | | |
| Computer Software | 130.09 | 22.33 | - | 152.42 | 93.47 | 7.74 | - | 101.21 | 51.21 | 36.62 | |
| Sub Total | 130.09 | 22.33 | - | 152.42 | 93.47 | 7.74 | - | 101.21 | 51.21 | 36.62 | |
| Total | 7,675.84 | 721.28 | 38.97 | 8,358.15 | 2,453.95 | 756.83 | 29.74 | 3,181.04 | 5,177.11 | 5,221.89 | |
| Previous year | 5,096.27 | 2,607.25 | 27.68 | 7,675.84 | 1,751.00 | 706.26 | 3.31 | 2,453.95 | 5,221.89 | 3,345.27 | |

| 12.1 Vehicles owned in the name of Mr. Prahaldhbai S. Patel (Managing Director & CEO) | |
|---|------------------|
| Vehicle Name | Registration No. |
| Bajaj Platina Bike | GJ-1-JF-2431 |
| Honda Accord | GJ-1-HS-3583 |
| Hyundai Verna | GJ-1-KE-8010 |
| Maruti Swift | GJ-1-HM-2295 |
| Maruti Swift | GJ-1-KA-4010 |
| Mercedes - Benz | GJ-1-KJ-8010 |
| Tata Mobile | GJ-24-U-8010 |
| Tata Mobile | GJ-1BU-8010 |
| Tata Mobile | GJ-1-BX-8484 |
| VOLVO XC60 D5 SUMMUM | GJ-1-RG-8010 |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 13

(₹ in Lakhs)

| NON-CURRENT INVESTMENTS | As At 31st March 2017 | As At 31st March 2016 |
|--|--------------------------|--------------------------|
| (Valued at cost, fully paid up, unless otherwise specified) | | |
| Non Trade Investments : | | |
| (A) Investment in Equity Shares : | | |
| (i) In Subsidiary Companies in India | | |
| PSP Projects & Proactive Constructions Pvt Ltd 37,00,000 (Previous Year : 37,00,000) Equity Shares of Rs. 10 Each | 370.00 | 370.00 |
| (ii) In Subsidiary Companies outside India | | |
| PSP Projects Inc. 10,000 (Previous Year : 0) Equity Shares of \$1 Each | 6.69 | - |
| (iii) Others | | |
| The Kalupur Comm. Co.Op. Bank Ltd. 84,350 (Previous Year:84,350) Equity Shares of Rs. 25 Each | 21.09 | 21.09 |
| (B) Others | | |
| (i) In Partnership Firm (JV) | | |
| GDCL And PSP Joint Venture Share of PSP Projects Limited :49% Share of Gannon Dunkerley & Co. Ltd. :51% | 44.59 | 45.49 |
| (ii) Others | | |
| SSNL Bonds | 313.50 | 70.98 |
| Total | 755.87 | 507.56 |
| Unquoted Investments | 755.87 | 507.56 |

NOTE : 14

(₹ in Lakhs)

| DEFERRED TAX ASSETS (NET) | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| Deferred Tax Assets | | |
| Difference between book depreciation and tax depreciation | 111.44 | 65.45 |
| Tax effect of depreciation charged against opening balance of retained earnings | 0.23 | 0.23 |
| Tax effect of provision for unpaid gratuity debited to the statement of profit & loss | - | 21.79 |
| Total | 111.67 | 87.47 |

NOTE : 15

(₹ in Lakhs)

| LONG TERM LOANS AND ADVANCES | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| (Unsecured considered good) | | |
| Security Deposit | 613.02 | 289.94 |
| Loan to Foreign Subsidiary | 1,588.58 | - |
| Advance for Property, Plant & Equipment | 51.91 | 183.09 |
| Total | 2,253.51 | 473.03 |

NOTE : 16

(₹ in Lakhs)

| OTHER NON CURRENT ASSETS | As At 31st March 2017 | As At 31st March 2016 |
|-------------------------------------|--------------------------|--------------------------|
| Unsecured, considered good | | |
| Retention Money Deposit | 581.37 | 750.53 |
| Unamortised portion of IPO Expenses | 237.29 | - |
| Total | 818.66 | 750.53 |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 17

(₹ in Lakhs)

| CURRENT INVESTMENTS | As At 31st March 2017 | | As At 31st March 2016 | |
|---|-----------------------|---------------------|-----------------------|---------------------|
| (Carried at lower of cost and fair value) | | | | |
| Others | | | | |
| SSNL Bonds | | - | | 2.26 |
| Sardar Sarovar Narmada Nigam Ltd.- Rajbhavan | - | | 2.26 | |
| Investment in NCD and Bonds | | 1,392.74 | | 1,287.89 |
| 11.50 ITNL NCD 21/06/2024 [17 (Previous year : 25) bonds of ₹10,00,000 each] | 175.13 | | 251.55 | |
| 9.80% GSPC NCD SERIES 2 [7 (Previous Year : 7) bonds of ₹10,00,000 each] | 71.79 | | 71.60 | |
| 8.60% GOI 2028 [0 (Previous Year : 1,50,000) bonds of ₹100 each] | - | | 158.40 | |
| 8.83% GOI 12/12/2041 [0 (Previous Year : 1,40,000) bonds of ₹100 each] | - | | 152.85 | |
| 10.20% DENA BANK PERPETUAL BONDS [0 (Previous Year : 10) bonds of ₹10,00,000 each] | - | | 99.85 | |
| 9.48% OBC PERPETUAL BONDS [0 (Previous Year : 23) bonds of ₹10,00,000 each] | - | | 230.51 | |
| 10.45% GSPC NCD 28/09/2072 [0 (Previous Year : 16) bonds of ₹10,00,000 each] | - | | 170.59 | |
| 10.90% FAMILY CREDIT LTD (SERIES C OF FY 2013-14) [0 (Previous Year : 2) bonds of ₹10,00,000 each] | - | | 21.72 | |
| 8.14% NPCIL BONDS (SERIES XXX-D) 25/03/2029 [0 (Previous Year : 5) bonds of ₹10,00,000 each] | - | | 50.04 | |
| 9.25% DEWAN HOUSING FINANCE CORP LTD NCD [5,500 (Previous Year : 0) bonds of ₹1,000 each] | 54.46 | | - | |
| 9.00% RELIANCE CAPITAL LTD NCD (RCL F SE [19 (Previous Year : 0) bonds of ₹10,00,000 each] | 191.14 | | - | |
| 8.60% GOI 02/06/2028 [1,50,000 (Previous Year : 0) bonds of ₹100 each] | 158.86 | | - | |
| 8.97% UPPCL (SERIES III C) NCD 15/02/2023 [26 (Previous Year : 0) bonds of ₹10,00,000 each] | 265.51 | | - | |
| 8.17% GS 2044 [2,15,000 (Previous Year : 0) bonds of ₹100 each] | 231.12 | | - | |
| 6.83% PFC TAXABLE BONDS (SERIES 157) 15/04/2020 [9 (Previous Year : 0) bonds of ₹10,00,000 each] | 89.29 | - | | |
| 7.37% NTPC LIMITED BONDS (SERIES66) 14/12/2031 [16 (Previous Year : 0) bonds of ₹10,00,000 each] | 155.44 | - | | |
| 8.94% BAJAJ FINANCE LTD NCD (SERIES 141 [0 (Previous Year : 8) bonds of ₹10,00,000 each] | - | | 80.78 | |
| BARODA PIONEER LIQ MF [900 (Previous Year : 799.87) units of ₹101.126 each] | | 9.00 | | 8.01 |
| Total | | 1,401.74 | | 1,298.16 |
| Details of aggregate investments : | Cost Value | Market Value | Cost Value | Market Value |
| Quoted Investments | 1,421.10 | 1,408.16 | 1,330.68 | 1,295.90 |
| Unquoted Investments | - | - | 2.26 | - |
| | 1,421.10 | 1,408.16 | 1,332.94 | 1,295.90 |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 18

(₹ in Lakhs)

| INVENTORIES | As At 31st March 2017 | As At 31st March 2016 |
|------------------------|--------------------------|--------------------------|
| Construction Materials | 271.44 | 175.12 |
| Work in Progress | 32.83 | 228.82 |
| Total | 304.27 | 403.94 |

NOTE : 19

(₹ in Lakhs)

| TRADE RECEIVABLES | As At 31st March 2017 | As At 31st March 2016 |
|-----------------------------------|--------------------------|--------------------------|
| Unsecured, considered good | | |
| More than six months | 63.30 | 57.01 |
| Others * | 5,262.79 | 975.45 |
| Total | 5,326.09 | 1,032.46 |

*Includes amount of ₹101.08 (P.Y. ₹ 390.73 Lakhs) receivable from related parties

NOTE : 20

(₹ in Lakhs)

| CASH & BANK BALANCES | As At 31st March 2017 | | As At 31st March 2016 | |
|---|-----------------------|------------------|-----------------------|------------------|
| Cash and Cash Equivalents | | | | |
| Cash on hand | | 7.18 | | 24.59 |
| Balances with banks | | | | |
| Current Account | | 25.02 | | 12.72 |
| Fixed Deposit - Maturity within 3 months | | 3,106.02 | | 2,091.55 |
| Total | | 3,138.16 | | 2,128.86 |
| Other Bank Balance | | | | |
| Fixed Deposit - Maturity between 4 to 12 months | | 6,564.95 | | 6,843.03 |
| Fixed Deposit - Maturity more than 12 months | | 2,796.38 | | 1,666.31 |
| | | 9,361.33 | | 8,509.34 |
| Total | | 12,499.57 | | 10,638.20 |
| FD pledged as margin money against bank guarantee | | 1,655.34 | | 987.16 |
| (with KCCB Rs. 1081.17 Lakhs With ICICI Rs.467.49 Lakhs, With HDFC Rs.106.68 Lakhs) | | 7,657.23 | | 6,362.35 |
| FD pledged against overdraft facility (With HDFC Rs .1032.38 Lakhs With KCCB Rs. 6624.85 Lakhs) | | 448.37 | | - |
| FD pledged against overdraft facility for Subsidiary Company (With KCC Bank) | | 1,031.78 | | 1,201.39 |
| With Executive Engineer, Capital Project, Gandhinagar | 20.59 | | 344.30 | |
| With Executive Engineer, GHB, Ahmedabad | 1,003.18 | | 840.35 | |
| With Executive Engineer Abad city (RB) Division | - | | 9.24 | |
| With Executive Engineer Abad city (RB) Division | 8.01 | | 7.50 | |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 21

(₹ in Lakhs)

| SHORT TERM LOANS AND ADVANCES | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| (Unsecured Considered Good) | | |
| Balance with Revenue Authorities | 351.69 | 238.44 |
| Loans & Advances to Staff | 27.67 | 3.44 |
| Advances to Suppliers* | 572.09 | 698.45 |
| Advances Recoverable in cash or in kind or for value to be received | - | 5.44 |
| Retention Money Deposit | 1,340.40 | 946.15 |
| Earnest Money Deposit | 18.00 | 23.00 |
| Prepaid Expenses | 38.99 | 29.54 |
| Total | 2,348.84 | 1,944.46 |

* Includes amount of ₹ 109.20 Lakhs (P.Y. ₹ 95.63 Lakhs) receivable from related parties

NOTE : 22

(₹ in Lakhs)

| OTHER CURRENT ASSETS | As At 31st March 2017 | As At 31st March 2016 |
|---|--------------------------|--------------------------|
| Interest Accrued but not due on Fixed Deposit | 526.38 | 518.24 |
| Total | 526.38 | 518.24 |

NOTE : 23

(₹ in Lakhs)

| REVENUE FROM OPERATIONS | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---------------------------------------|---|---|
| Sale of Products (Ready Mix Concrete) | - | 388.62 |
| Less: Excise Duty | - | 7.62 |
| | - | 381.00 |
| Contract Revenue | 40,075.73 | 45,416.65 |
| Total | 40,075.73 | 45,797.65 |

NOTE : 24

(₹ in Lakhs)

| OTHER INCOME | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|---|---|
| Interest on | | |
| Fixed Deposit with Banks | 1,084.15 | 740.62 |
| Loans & Advances | 20.70 | 20.73 |
| Investment | 101.05 | 156.16 |
| Investment in Associates | 5.76 | 4.63 |
| Investment in Subsidiaries | 54.10 | - |
| Other | 10.29 | 24.25 |
| | 1,276.05 | 946.40 |
| Profit / Loss on sale of assets | 3.29 | 2.13 |
| Bad Debt Recovery | - | 53.00 |
| Staff Mess Income | - | 2.01 |
| Adjustments to the Carrying Amount of investments | 15.42 | - |
| Profit on sale of Investment | 21.81 | 18.20 |
| Other Income | 3.43 | 4.97 |
| Total | 1,320.00 | 1,026.71 |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 25

(₹ in Lakhs)

| COST OF CONSTRUCTION MATERIAL CONSUMED | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|--|---------------------------------------|---------------------------------------|
| Opening Stock | 175.12 | 175.12 |
| Add: Purchases | 12,913.52 | 12,913.52 |
| | 13,088.64 | 13,088.64 |
| Less: Closing Stock | 271.44 | 271.44 |
| Total | 12,817.20 | 12,817.20 |

NOTE : 26

(₹ in Lakhs)

| CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN PROGRESS AND STOCK IN TRADE | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|---------------------------------------|---------------------------------------|
| Inventories at the end of the year | | |
| Work-in-progress | 32.83 | 228.81 |
| | 32.83 | 228.81 |
| Inventories at the beginning of the year | | |
| Work-in-progress | 228.82 | 245.76 |
| | 228.82 | 245.76 |
| Net (Increase)/Decrease | 195.99 | 16.95 |

NOTE : 27

(₹ in Lakhs)

| CONSTRUCTION EXPENSES | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|--|---------------------------------------|---------------------------------------|
| Direct Expenses related to Contract Revenue | | |
| Carting Expenses | 132.15 | 69.28 |
| Power & Fuel | 204.73 | 75.96 |
| Labour Expenses | 9,797.87 | 12,116.35 |
| Labour Cess, P.F. and Taxes | 182.89 | 261.38 |
| Expenses relating to manufacturing of Ready Mix Concrete | 497.08 | 484.35 |
| Security Service Charges | 144.19 | 130.64 |
| Site Expenses | 215.97 | 106.80 |
| Total | 11,174.88 | 13,244.76 |

NOTE : 28

(₹ in Lakhs)

| EMPLOYEE BENEFITS EXPENSES | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|---------------------------------------|---------------------------------------|
| Salary, Bonus and Allowances | 1,348.33 | 994.35 |
| Gratuity Expenses | 35.92 | 0.80 |
| Directors' Remuneration | 567.20 | 294.00 |
| Staff Welfare Expenses | 109.72 | 85.88 |
| Contribution to Provident Fund, ESI and Labour Welfare Fund | 32.12 | 26.20 |
| Total | 2,093.29 | 1,401.23 |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 30

(₹ in Lakhs)

| FINANCE COST | For the year ended on 31st March 2017 | For the year ended on 31st March 2016 |
|---|--|--|
| Interest paid on Term Loans and Other Loans | 30.33 | 9.65 |
| Interest paid on Working Capital Loans | 551.88 | 168.30 |
| Interest on Delayed payment of Statutory Dues | 4.42 | 1.46 |
| Bank Charges and Bank Guarantee Commission | 166.53 | 127.68 |
| Total | 753.16 | 307.09 |

NOTE : 30

(₹ in Lakhs)

| OTHER EXPENSES | For the year ended on 31st March 2017 | | For the year ended on 31st March 2016 | |
|---|--|-----------------|--|-----------------|
| Rates & Taxes | | 308.40 | | 328.21 |
| Insurance Expenses | | 100.52 | | 77.44 |
| Repairs & Maintenance | | | | |
| Repairs & Maintenance - Machinery | 66.31 | | 52.84 | |
| Repairs & Maintenance - Office | 0.30 | | 1.56 | |
| Repairs & Maintenance - Computer | 2.24 | | 2.08 | |
| Software Maintenance exps | 29.98 | | 18.30 | |
| Repairs & Maintenance - Vehicle | 52.00 | 150.83 | 72.38 | 147.16 |
| Advertisement Exps. | | 11.18 | | 3.45 |
| Sponsorship Fees | | - | | 1.00 |
| Travelling & Conveyance | | 58.16 | | 38.31 |
| Donation | | 0.66 | | 2.60 |
| Power & Fuel | | 9.59 | | 34.77 |
| Rent Expenses | | 663.43 | | 549.62 |
| Legal & Professional Charges | | 29.08 | | 32.19 |
| Directors' Sitting Fees | | 1.24 | | 0.34 |
| Loss From Partnership Firm | | 71.13 | | 9.23 |
| Adjustments to the Carrying Amount of investments | | - | | 34.78 |
| Consultation Charges | | - | | 5.70 |
| Portfolio Management Fees | | 25.75 | | 9.85 |
| Bad Debts | | 11.87 | | 20.77 |
| Printing & Stationery Charges | | 28.05 | | 17.71 |
| Miscellaneous Expenses | | 15.82 | | 23.40 |
| Auditor's Remuneration | | 8.17 | | 1.35 |
| Corporate Social Responsibility Expenses | | 18.39 | | 21.25 |
| Telephone, Postage & Internet Charges | | 22.38 | | 14.80 |
| Foreign Exchange Fluctuation | | 77.37 | | - |
| Total | | 1,612.02 | | 1,373.93 |
| Payment to Auditors | | | | |
| Payment to Statutory Auditors | | | | |
| For Audit Fees | | 7.00 | | 0.60 |
| For Taxation Matters | | 0.50 | | 0.15 |
| Payment to Cost Auditors | | 0.67 | | 0.60 |
| Total | | 8.17 | | 1.35 |

Notes on Accounts forming part of Standalone Financial Statements

NOTE : 31 (₹ in Lakhs)

| CONTINGENT LIABILITIES & COMMITMENTS | 2016-17 | 2015-16 |
|--|------------------|-----------------|
| Contingent Liabilities | | |
| Claims against the company not acknowledged as debt | | |
| Service tax liability that may arise in respect of matters in appeal | 114.83 | 114.83 |
| Excise duty liability that may arise in respect of matters in appeal | 22.19 | - |
| Bank Guarantee for performance, Earnest Money Deposits and Security Deposits | 11,639.56 | 7,154.07 |
| Total | 11,776.58 | 7,268.90 |

NOTE : 32 (₹ in Lakhs)

| EARNING PER SHARE | 2016-17 | 2015-16 |
|---|--------------|--------------|
| Profit After tax | 4,130.97 | 8,698.19 |
| Weighted average number of equity shares in calculating basic EPS | 2,88,00,000 | 2,88,00,000 |
| Nominal Value of equity share | 10 | 10 |
| Basic / Diluted / Adjusted Earning Per Share (₹) | 14.34 | 30.20 |

NOTE : 33 (₹ in Lakhs)

| VALUE OF IMPORT CALCULATED ON CIF BASIS | 2016-17 | 2015-16 |
|---|--------------|--------------|
| Raw material, components and spares | - | - |
| Capital goods | 81.37 | 20.98 |
| Total | 81.37 | 20.98 |

NOTE : 34 (₹ in Lakhs)

| DISCLOSURE PURSUANT TO ACCOUNTING STANDARD 7 (REVISED) "CONSTRUCTION CONTRACTS" | 2016-17 | 2015-16 |
|---|-----------|-----------|
| Contract revenue recognized for the financial year | 40,075.73 | 45,416.65 |
| Aggregate amount of contract costs incurred and recognized profits (less recognized losses) as at end of the financial year for all contracts in progress as at that date | 29,786.64 | 32,910.51 |
| Amount of customer advances outstanding for contracts in progress as at the end of the financial year | 4,599.75 | 3,714.83 |
| Retention amounts due from customers for contracts in progress as at the end of the financial year | 1,340.40 | 946.15 |

NOTE : 35
RELATED PARTY DISCLOSURES

I. Name of related parties and related party relationship

(a) Related parties where control exists

| | |
|---------------------------------|--|
| Indian Subsidiary | PSP Projects & Proactive Constructions Pvt Ltd |
| Foreign Subsidiary | PSP Projects INC |
| Joint Venture | GDCL & PSP Joint Venture – Partnership Firm |
| Step Down Foreign Joint Venture | P & J Builders LLC |

Notes on Accounts forming part of Standalone Financial Statements

(b) Names of other related parties and nature of relationship

Key management personnel ("KMP")

Mr. Prahaladbhai S. Patel, Chairman & Managing Director
Mrs. Shilpaben P. Patel, Whole Time Director
Miss Pooja P. Patel, Director
Mr. Sagar P. Patel, Director (upto December 12, 2016)
Ms. Minakshi Tak, Company Secretary
Ms. Hetal Patel, Chief Financial Officer
PSP Products Pvt. Ltd.
SIM Developers
Sprybit Softlabs LLP

Enterprises owned or significantly influenced by KMP

II. Related Party Transactions

(₹ in Lakhs)

| Nature of Transactions | 2016-17 | 2015-16 |
|---|----------|---------|
| Sale of Concrete Mix | | |
| GDCL & PSP Joint Venture | - | 9.75 |
| PSP Projects & Proactive Constructions Pvt Ltd | - | 371.25 |
| Purchase of Material | | |
| PSP Projects & Proactive Constructions Pvt Ltd | 4.81 | - |
| PSP Products Pvt. Ltd. | 383.47 | 582.67 |
| Rendering Services / Financial Income | | |
| GDCL & PSP Joint Venture | 4.80 | 5.66 |
| GDCL & PSP Joint Venture (Interest Income) | 5.75 | 4.63 |
| PSP Projects INC | 54.10 | - |
| PSP Projects & Proactive Constructions Pvt Ltd | 760.50 | 118.98 |
| Reimbursement of Expenses | | |
| GDCL & PSP Joint Venture | 11.12 | 54.45 |
| PSP Projects & Proactive Constructions Pvt Ltd | 2.22 | 7.60 |
| Receiving of Services / Interest Exps. | | |
| Mr. Prahaladbhai S. Patel | 123.50 | 75.67 |
| Contract Revenue | | |
| Mr. Prahaladbhai S. Patel | - | 254.66 |
| Directors Deposits Repaid | | |
| Mr. Prahaladbhai S Patel | - | 8.70 |
| Remuneration for the period / year | | |
| Mr. Prahaladbhai S Patel | 381.54 | 194.00 |
| Mrs. Shilpaben P Patel | 130.44 | 85.00 |
| Ms. Pooja P Patel | 55.22 | 15.00 |
| Ms. Minakshi Tak | 4.66 | 1.92 |
| Ms. Hetal Patel | 17.51 | - |
| Investment in Joint Venture | | |
| GDCL & PSP Joint Venture | - | 45.49 |
| Investment in Equity of Subsidiary | | |
| PSP Projects & Proactive Constructions Pvt Ltd | - | 370.00 |
| Investment in Equity of Foreign Subsidiary | | |
| PSP Projects INC | 6.69 | - |
| Loan to Foreign Subsidiary | | |
| PSP Projects INC | 1,588.58 | - |
| Dividend Paid | | |
| Mr. Prahaladbhai S. Patel | - | 330.00 |
| Mr. Shilpaben P. Patel | - | 120.00 |
| Ms. Pooja P. Patel | - | 59.93 |
| Mr. Sagar P. Patel | - | 90.00 |
| Advance to Vendor | | |
| PSP Products Pvt. Ltd. | 109.20 | 95.63 |

Notes on Accounts forming part of Standalone Financial Statements

III. Related Party Balances

| Nature of Transactions | 2016-17 | 2015-16 |
|---|----------|---------|
| Outstanding Receivables / Loans & Advances | | |
| GDCL & PSP Joint Venture | - | 56.28 |
| Mr. Prahaladbhai S Patel | - | 269.44 |
| PSP Products Pvt. Ltd. | - | 4.15 |
| PSP Projects & Proactive Constructions Pvt Ltd | 101.08 | 60.86 |
| PSP Projects INC | 1,588.58 | - |
| Outstanding Payables | | |
| PSP Projects & Proactive Constructions Pvt Ltd | 4.99 | - |
| Credit Balance in Current Capital Account | | |
| GDCL & PSP Joint Venture | 63.29 | 4.60 |
| Advance to Vendor | | |
| PSP Products Pvt. Ltd. | 109.20 | 95.63 |
| Rent Payable | | |
| Mr. Prahaladbhai S Patel | - | 0.08 |
| Investment in Subsidiaries / Joint Ventures | | |
| PSP Projects & Proactive Constructions Pvt. Ltd. | 370.00 | 370.00 |
| PSP Projects INC | 6.69 | - |
| GDCL AND PSP Joint Venture | 44.59 | 45.59 |
| Remuneration Payable | | |
| Mr. Prahaladbhai S Patel | 78.44 | 14.00 |
| Mrs. Shilpaben P Patel | 22.94 | 8.00 |
| Ms. Pooja P Patel | 12.47 | 2.43 |
| Ms. Minakshi Tak | 0.35 | 0.37 |
| Ms. Hetal Patel | 1.00 | - |

NOTE : 36

SEGMENT REPORTING

Primary Business Segment:

The Company is primarily engaged in construction / project activities and accordingly this is the only primary reportable segment as per accounting standard 17.

Geographical Segments:

The Company primarily sells its products within India only and hence accordingly there is only single geographical reportable segment.

NOTE : 37

INTEREST IN JOINT VENTURE

As per Accounting Standard-27, the interest and transactions in Joint Venture as defined in the Accounting Standard are given below:

Name of the Jointly Controlled entities

GDCL & PSP Joint Venture

Notes on Accounts forming part of Standalone Financial Statements

The Company's share of the assets, liabilities, income and Expense of the jointly controlled entity are as follows:

(₹ In Lakhs)

| | 2016-17 | 2015-16 |
|----------------------------------|----------|---------|
| Percentage of ownership interest | 49.00% | 49.00% |
| Total Assets | 978.96 | 678.33 |
| Total Liabilities | 1,034.13 | 597.93 |
| Total Income | 2,485.19 | 484.32 |
| Total Expenditure | 2,703.25 | 503.16 |

NOTE : 38

CORPORATE SOCIAL RESPONSIBILITY

Section 135 of the Companies Act, 2013 requires the Board of Directors to ensure that the Company spends in every financial year at least 2% of the average net profits of the Company made during the three immediately preceding financial years on Corporate Social Responsibility.

(₹ in Lakhs)

| Particulars | 2013-14 | 2014-15 | 2015-16 |
|---|----------|----------|----------|
| Net Profit for the year | 1,511.43 | 2,076.40 | 3,940.21 |
| Average Net Profit of last Three Year | | | 2,509.35 |
| Prescribed CSR Expenditure (2% of the amount as above) (Proportionate) | | | 50.19 |
| Total Amount Spent for the Financial year | | | 18.38 |
| Amount unspent for the year ended on 31st March 17 | | | 31.81 |

NOTE : 39

TREATMENT OF EXPENSES RELATING TO IPO

The company has made payments amounting to ₹237.29 Lakhs towards costs incurred in respect of proposed Initial Public Offering (IPO) and the same has been shown under the head Other Non-Current Assets. These expenditures will be adjusted at the time of completion of the proposed IPO against Security Premium. The payments made include amounts paid to Book Running Lead Managers, Legal and Professional Fees and payments made to Regulatory agencies and other expenses.

NOTE : 40

SPECIFIED BANK NOTES

(₹ in Lakhs)

| Particulars | SBNs | | Other Denomination notes | Total |
|--|--------------|--------|--------------------------|-------------|
| | Denomination | Amount | Amount | Amount |
| Closing Balance as at 8 November 2016 | 500 | 0.78 | 12.43 | 18.45 |
| | 1,000 | 5.24 | | |
| | | 6.02 | | |
| Transaction between 9th November and 30th December 2016 | | | | |
| Add : Withdrawal from bank account | - | - | 15.59 | 15.59 |
| Add : Receipts for permitted transactions | - | - | - | - |
| Add : Receipts for non-permitted transactions | - | - | - | - |
| Less : Paid for permitted transactions | 500 | 0.28 | - | 0.52 |
| | 1,000 | 0.24 | | |
| | | 0.52 | | |
| Less : Paid for non-permitted Transactions | - | - | - | - |
| Less : Paid by Other Denomination notes | - | - | 19.44 | 19.44 |
| Less : Deposited in bank account | 500 | 0.50 | - | 5.50 |
| | 1,000 | 5.00 | | |
| | | 5.50 | | |
| Closing Balance as at 30 December 2016 | | - | 8.58 | 8.58 |

NOTE : 41

The figures of previous year have been regrouped / reclassified, wherever necessary, to conform to the current year's classification.

As per our Report of even date attached
FOR, PRAKASH B. SHETH & CO.
Chartered Accountants
FRN : 108069W

Prakash B.Sheth
Proprietor
M.No.036831
Place : Ahmedabad
Date : 19th June, 2017

For and on behalf of Board
FOR, PSP PROJECTS LTD.

Shilpaben P. Patel
Whole Time Director
DIN : 02261534

Hetal Patel
Chief Financial Officer

Place : Ahmedabad
Date : 19th June, 2017

Prahaladbhai S. Patel
Managing Director & CEO
DIN : 00037633

Minakshi Tak
Company Secretary

PSP PROJECTS LIMITED

CIN: L45201GJ2008PLC054868

Regd. Office: "PSP House", Opp. Celesta Courtyard, Opp. lane of Vikramnagar Colony,
Iskcon-Ambli Road, Ahmedabad, Gujarat- 380054

Tel: +91 79 26936200/ +91 79 26936300 Website: www.pspprojects.com

9th Annual General Meeting to be held on Wednesday, September 27, 2017

at 11.00 A.M. at H.T Parekh Convention Centre, Ahmedabad Management Association (AMA) Complex,
ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3)
of the Companies (Management and Administration) Rules, 2014]

CIN : L45201GJ2008PLC054868

Name of the Company : PSP Projects Limited

Registered Office : "PSP House", Opp. Celesta Courtyard, Opp. lane of Vikramnagar Colony, Iskcon-Ambli Road, Ahmedabad,
Gujarat- 380054

Name of the member (s) :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name : _____ E-mail Id: _____

Address : _____

Signature: _____, or failing him/her

2. Name : _____ E-mail Id: _____

Address : _____

Signature: _____, or failing him/her

3. Name : _____ E-mail Id: _____

Address : _____

Signature: _____

[P.T.O.]

PSP PROJECTS LIMITED

CIN: L45201GJ2008PLC054868

Regd. Office: "PSP House", Opp. Celesta Courtyard, Opp. lane of Vikramnagar Colony,
Iskcon-Ambli Road, Ahmedabad, Gujarat- 380054

Tel: +91 79 26936200/ +91 79 26936300 Website: www.pspprojects.com

9th Annual General Meeting to be held on Wednesday, September 27, 2017

at 11.00 A.M. at H.T Parekh Convention Centre,
Ahmedabad Management Association (AMA) Complex,
ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015

ATTENDANCE SLIP

(To be presented at the entrance)

Folio No/ DP ID and Client Id: _____ No. of Shares: _____

I/We, hereby record my/our presence at the 9th Annual General Meeting of the Company to be held on Wednesday, September 27, 2017 at 11.00 A.M. at H.T Parekh Convention Centre, Ahmedabad Management Association (AMA) Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015.

Name of Member/Proxy Holder

Signature of Member/Proxy Holder

Shareholders/Proxy should bring his/her copy of the Annual Report.

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 9th Annual General Meeting of the Company to be held on Wednesday, September 27, 2017 at 11:00 A.M. at H.T Parekh Convention Centre, Ahmedabad Management Association (AMA) Complex, ATIRA, Dr. Vikram Sarabhai Marg, Ahmedabad-380015 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolutions | Vote | |
|----------------|---|------|---------|
| | | For | Against |
| 1 | Adoption of Financial Statements and Reports of the Board of Directors and the Auditors thereon. | | |
| 2 | Declaration of Dividend. | | |
| 3 | Re-appointment of Ms. Pooja Patel (DIN: 07168083) as a Director, retiring by rotation. | | |
| 4 | To consider the ratification of M/s. Prakash B. Sheth & Co. Chartered Accountant as Statutory Auditor of the Company. | | |
| 5 | Ratification of Cost Auditors' remuneration. | | |
| 6 | Approval of Contract/Arrangement with Director for consideration other than cash | | |
| 7 | Approval of contract/arrangement for Related Party Transactions | | |

Signed this _____ day of _____ 2017

Signature of member _____

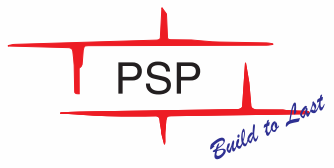
Signature of Proxy holder(s) _____

| |
|----------------------------------|
| Affix the Revenue Stamp |
|----------------------------------|

Notes:

1. The form should be signed across the stamp as per specimen signature registered with the Company.
2. The Companies Act, 2013 lays down that the instrument appointing a proxy, in order to be effective, shall be deposited at the Registered office/Corporate office of the Company not less than FORTY EIGHT HOURS before the commencement of the meeting. A proxy need not be a member of the Company.
3. A Member may vote 'for' or 'against' each resolution. Please put a 'p' in the Box in the appropriate column either 'for' or 'against' the respective resolutions. If you leave the 'For' or 'Against' column blank in respect of any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.







PSP Projects Ltd.

(ISO 9001:2008, ISO 14001:2004 and BS OHSAS 18001:2007)

PSP House, Opp. Celesta Courtyard, Opp. Lane of Vikramnagar Colony, ISCON - Ambli Road, Ahmedabad - 380058

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