

PATEL ENGINEERING LIMITED

72nd Annual General Meeting
September 15, 2021
11.30 am to 12.20 pm

Welcome Address – Rupen Patel

Good Morning Shareholders. I extend a warm welcome to each one of them present at the 72nd Annual General Meeting of the Company. I hope all of you are safe, healthy and maintaining social distancing as per guidelines issued by the Government authorities. Technology has provided extraordinary solutions to us and hence in these unprecedented times of the COVID-19 pandemic, we were able to meet all of you through the new format of meetings. The Company has made all efforts feasible under the current circumstances to enable the members to participate at the meeting through the video conferencing facility and vote electronically.

Before the main proceeding of the meeting starts, let me introduce the Board member on the video conference.

Mr. K. Ramasubramanian, Ms. Geetha Sitaraman, Ms. Kavita Shirvaikar and Mr. Sunil Sapre. Mr. Patel informed that Dr. Barendra Kumar Bhoi shall join in later. Mr Bhoi joined in later in the meeting.

Apart from the Directors, we also have the key executives and senior management joining from their respective locations.

I also welcome Mr. T.P. Ostwal representing T. P. Ostwal & Associates LLP, the Statutory Auditor

We have the requisite quorum present through video conferencing. Participation through video conferencing is reckoned for the purpose of quorum as per the circulars issued by the MCA and Section 103 of the Companies Act, 2013.

The quorum being present, I call the meeting to order. I now request Ms. Shobha Shetty, Company Secretary to provide general instructions to the members regarding participation in this Meeting.

Shobha Shetty

Good Morning everyone! Members may note that this AGM is being held through Video conference in accordance with the provisions of Companies Act 2013 and the circulars issued by the Ministry of Corporate Affairs and SEBI from time to time.

The Statutory Registers/Documents, has been made available electronically for inspection by the members during the AGM. Members seeking to inspect such documents can send their requests to investors@pateleng.com.

As the AGM is being held through VC, the facility for appointment of proxies by the members was not applicable and hence the proxy register for inspection is not available.

The Company received requests from a few members to register them as speakers at the meeting. Accordingly, the floor will be open for these members to ask questions and answers.

The Company had provided the facility to cast the votes electronically, on all resolutions set forth in the Notice. Members who have not cast their votes yet electronically and who are participating in this meeting will have an opportunity to cast their votes during the meeting through the e-voting

system provided by NSDL. Members can click on "Vote" tab on the video conference screen to avail this feature. Members are requested to refer to the Instructions provided in the notice for a seamless participation through video conference. In case members face any difficulty, they may reach out on the helpline numbers.

Thank you very much.

Rupen Patel addressing the shareholders:

Dear Shareholders,

"I thank you all for being present at this 72nd AGM of Patel Engineering Ltd.

Let me brief you on the performance of the company in the last financial year ended March 31, 2021–

The last financial year ended March 31, 2021 was one of the worst years in the history of the company due to the impact of Covid-19 pandemic which resulted into long disruption of works first due to lock downs, then due to delay in remigration of labour which had migrated, impacted supply chain, then continuous short and temporary shutdown of works due to recurrence of even few covid cases amongst the large labor strength and lastly due to social distancing restrictions placed by local authorities at work sites which are otherwise required to be labor intensive in most part of FY 21.

As a result, Revenue from operations of the Group for FY 21 stood at Rs. 1,995 cr as compared to Rs. 2,617 cr in corresponding previous year, reduced by 24%; the revenue for Standalone Company has reduced by 26% from Rs. 2,333 cr to Rs. 1,719 cr.

Even though the revenue was reduced due to Covid impact, the company continued to incur fixed costs in terms of administrative & salary expenses, where even during Covid, the company continued to support all its employees in these tough times and there were no lay-offs or reduction in salaries of employees.

Further minimum wages, depreciation and finance cost was continued to be incurred. Apart from this, the company also had to take exceptional losses of impairment due to fall in market value of properties held for which fresh valuation exercise was undertaken by lenders to whom the same is mortgaged. Also, the company has settled its debt with lenders of Dirang Energy Pvt. Ltd. against issuance of shares in PEL and as a result the Cost incurred for the project has been written off – Rs. 178 cr as the project has been terminated by the govt. pending our arbitration which has been initiated by us.

As a result, there was loss of Rs. 298.22 cr in FY. 21 against a profit of Rs. 4.43 cr in previous year & on standalone basis there was a loss of Rs. 138.39 cr as against a profit of Rs. 35.32 cr in the previous year.

Major contributor of Revenue for the FY 21 are –

Projects	Amount (In Cr)
Patel Engineering Ltd	1,719
Michigan Engineering	205

Achievements in FY 21

- Even during these tough times, the company has been able to obtain fresh orders and convert L1 works into Order book.
- Obtained fresh orders and started execution of orders obtained in FY 21 - Rs. 3,000 cr in FY 21. Total Order book at 14,500 cr.
- Release of second round of funds against Parbati Arbitration awards under NITI Aayog –

- Rs. 200 cr.
- Settlement of Dirang Lenders - 340 cr debt settled.
 - Settlement of Soc Gen debt – 56 cr.
 - Invocation and Completion subsequent to FY 21 of OTR plan by lenders for relief under Covid-19.

The following is the sector wise break up of order book of 14,467 cr as on March 31, 2021 –

Hydro	– 56%
Tunnels	– 16%
Irrigation	- 18%
Urban Infra & Roads	– 9%
Others	– 1%

With this current order book we have visibility of sustained revenues for the coming few years. Further, with continued support of lenders we may be able to bag more orders in future and we expect to increase the order book to beyond 16,000 -17,000 cr in next year or so. This level of order book should be good enough for the company to get a steady growth without taking undue risks and generate healthy margin.

The new orders and L1 orders shall give a good boost to overall growth of the company and hence, improving the profitability of the company which has been sluggish in recent past, post this world overcomes from this pandemic, hopefully from the year 2022.

Challenges

- Support from lenders – BG limits required to bid and convert into fresh orders.
- Sale of Non-Core assets to reduce debt further.
- Conversion of L1's into LOA.
- Settlement of Claim.
- Releasing of Arbitration amount against BG as directed by NITI Aayog
- Overcoming from impact of Covid-19 and without any fresh lockdowns."

Rupen Patel

As the Notice is already circulated to all the members, I take the Notice convening the meeting as read. The auditor's report on the annual accounts does not contain any qualifications, observations or comments. The auditor's report be considered read at this meeting.

Before we proceed, I am pleased to bring to your notice that, as required under the Companies Act, 2013, the Company had provided you all the facility to cast your vote electronically, on all resolutions set forth in the Notice. Members who have not cast their vote electronically and who are participating in this meeting will have an opportunity to cast their votes through the e-voting system provided by NSDL. Members may please note that there will be no voting by show of hands.

I now request Shobha Shetty, Company Secretary to take up the resolutions set forth in the Notice. We will open the floor for any questions by members after all the resolutions are tabled.

Shobha Shetty

1. **Item no.1** - To adopt and consider:
 - a. the audited Financial Statements of the Company for financial year ended March 31, 2021, together with the Reports of the Board and Auditors thereon.
 - b. the audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 together with the Report of the Auditors thereon.

2. **Item no. 2** - To appoint Mr. Rupen Patel (DIN: 00029583) as Director who retires by rotation and, being eligible, offers himself for re-appointment.
3. **Item no. 3** - Appointment of the Branch Auditor for Realty Division for a term of 5 years.
4. **Item no. 4** - Re-appointment of Ms. Kavita Shirvaikar (DIN: 07737376) as Whole-time Director for a period of 5 years with effect from April 01, 2022.
5. **Item no. 5** - Re-appointment of Mr. Sunil Sapre (DIN: 05356483) as Whole-time Director for a period of 5 years with effect from April 01, 2022.
6. **Item no. 6** - Variation in terms of Remuneration to Mr. Rupen Patel, Chairman & Managing Director for the period April 1, 2021 to March 31, 2024.
7. **Item no. 7** - Variation in terms of remuneration to Ms. Kavita Shirvaikar, Whole Time Director for the period April 1, 2021 to March 31, 2022.
8. **Item no. 8** - Raising of Funds through issue of equity shares or other securities upto an amount of ₹ 500 crore.
9. **Item no. 9** - Ratification of remuneration payable to M/s. Vaibav M. Gandhi & Associates, Cost Auditors of the Company for FY 2020-2021.

If any member desires to ask any question pertaining to any item on the Notice, he/she may do so now. Members are requested to keep their questions brief and specific.

Before we go live with the Q&A, here are some points to note for your convenience. Kindly turn on your video when you are projected on the broadcast screen, kindly unmute yourself, and proceed to ask the question. Please mention your name, Folio Number, and the location from where you are joining. Each shareholder will have three minutes for their questions. To avoid repetition, Chairman will respond to all the questions at the end.

Now we request **speaker no. 1 Dr. Arun Kumar Boppana** to unmute himself and kindly proceed with the questions.

Mr. Arun Bopanna

Good Afternoon! I would like to Complimented the management for taking care of the employees/ workers and arranging for mass vaccination, transportation and mass sanitization materials, beds during the COVID-19 pandemic. My question is

- What are the norms of Kamath Committee formed by RBI? With the new orders what will be the profitability and how much debts can be reduced?
- National Bank for Infrastructure Financing and Development is passed by Lok Sabha, when will it see light and benefit for Patel Engineering Limited?
- What is the status of the new government owned financial institution to facilitate long term funds for infrastructure projects?
- The issuance of Guarantee and facilitating development of Bonds and Derivatives market is it a reality?
- Mentioned about the increase by 34.5 in the budget in BE to BE by the Central Government for infrastructure development, what is the reality?

- With reference to the order book of Rs. 14,466 crores, what are the margins and completion track?

In conclusion, I wish Patel Engineering Limited growth and profitability. Thank you very much.

Shobha Shetty –

Thank you Dr. Now, we have questions coming in from the next shareholder. **Mr. Hariram Chaudhary,**

Mr, Hariram Choudhary is absent. Moving to the next speaker, Mr. Dnyaneshwar Bhagwat Is also absent. Mr. Bimal Agarwal has also not shown up.

We directly move on to Mr. Harinand Kotwani.

Second speaker Mr. Harinand Kotwani - I congratulate the management for its hard work and holding the position intact even during testing times. I suggest that the Company increase its capital and then restructure because the Company's assets are huge. The Company should slowly aim for profitability and probe at the amount for future contingency.

Shobha Shetty –

Thank you Mr. Kotwani. Now, we have questions coming in from the next shareholder **Ms. Smitha Shah.** Please go ahead with your question.

and next speaker Ms. Smitha Shah- I take this opportunity to compliment the team for good investor service and the hard work put in by the management for taking the Company forward. I wish good luck and pray that the company will progress and achieve new heights. All the best.

Shobha Shetty –

Thank you Ms. Smitha Shah. Now, I request **Mr. Bharat Shah** to please go ahead with your question.

Mr. Bharat Shah- I congratulate the management for their efforts in putting in the efforts for tiding the Company through rough patch during the pandemic and conveyed his best wishes for future.

Shobha Shetty –

Thank you Mr. Bharat Shah. Now, we have a question coming in from the next shareholder **Mr. Rajendra Sheth.** Please go ahead with your question.

Mr. Rajendra Sheth - I would like to thank the Chairman for the brief on the Company financial position and Current working position. Further would like to ask - As the Government in promoting infrastructural development in the Country, I wish to know what would be the benefits for Patel Engineering Limited and when is the turn-around expected for the Company?

Rupen Patel

I thank the members for their good wishes and welcome all suggestions made by the members. I would like to provide the following responses:

1. With respect the work front and future position, there has been a huge surge in the orders. We have decided to expand the order book to approx. Rs. 16,000-17,000 crores.

Expect to book around Rs. 4,000-5,000 crores orders in the next 5-6 months. This will lead to Patel's order book being highest since its inception.

2. We have forayed into new areas related to water supply and water pipelines and some other sectors beginning next year.

Kavita Shirvaikar (Whole time Director & CFO) added

1. With respect to the present order book, the completion period is 4-5 years and the margin is 10-15%.
2. As per the RBI circular of August 2021, Kamath Committee has prescribed certain relieves for the COVID impacted Companies wherein the Committee will approve on case-to-case basis. The Kamath Committee has prescribed certain ratios like debt to EBIDTA, DSER etc. The Company has complied with all the requirements and all the lenders have approved our One-time Relief for COVID.
3. With respect to the proposed increase in the order book, the Bank have been supportive and the Company is able to get Guarantees for the same.
4. The Company is one of the few players in the Hydro section and the order book is expected to increase by the year-end.

Rupen Patel

There has been a manifold increase in the hiring of workforce. The Company is ready to face the challenges at both the financial front and the COVID front.

Members may note that the voting on the NSDL platform will continue to be available for the next 15 minutes. Therefore, members who have not cast their vote yet are requested to do so. The Board of Directors has appointed M/s. Makarand Joshi & Co, Practicing Company Secretary, as the scrutinizer to supervise the e-voting process. Further, I hereby authorize Shobha Shetty, the Company Secretary, to declare the result of the voting and place the results on the website of the Company at the earliest. The resolutions, as set forth in the Notice, shall be deemed to be passed today subject to receipt of requisite number of votes.

Thank you all for attending the meeting and I hereby declare the proceedings as closed.

Thank you very much and see you next year.