

PATEL ENGINEERING LIMITED

71st Annual General Meeting
September 28, 2020
11.30 am to 12.18 pm

Welcome Address – Rupen Patel

Good Morning ladies and gentlemen. Its now 11.30 a.m and the time to begin the proceedings for this meeting. I would like you to know that the proceedings of this meeting are being recorded. During the meeting, participants would be on mute.

The meeting is delayed by 15 minutes for want of quorum. At this moment there are *atleast 30 shareholders are logged in*) participants on this VC. The requisite quorum being present I declare the meeting open.

First, let me introduce myself. My name is Rupen Patel, I am the Chairman and MD of the company and I will be chairing this meeting today.

On behalf of Board of Directors of Patel Engineering Limited, I extend a warm welcome to each one of you present at the 71st Annual General Meeting of the Company. I hope each one of you is safe, healthy and maintaining social distancing as per the guidelines issued by the Government authorities. Technology has provided extraordinary solutions to us and hence in these unprecedented times of COVID-19 pandemic, we are able to meet you through this 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.

I would like to inform the members that all the Directors of the Company are present in the Meeting and I request Board Members to introduce themselves.

Mr. Khizer Ahmed,

I am Khizer Ahmed and I am participating from my native place, Andhra Pradesh, Kurnool

Mr. K. Ramasubramanian

Ms. Geetha Sitaraman,

I am participating from Bombay.

Ms. Kavita Shirvaikar,

Hi, I am Kavita Shirvaikar.

Mr. Sunil Sapre,

I am Sunil Sapre and am participating from Mumbai office.

Dr. Barendra Kumar Bhoi

Rupen Patel

I also welcome Mr. T.P. Ostwal and Mr. Anil Mehta, Partners representing T. P. Ostwal & Associates LLP, the Statutory Auditor of the Company who are on the Panel.

Apart from them we have Mr. Omkar Dindorkar, representatives of M/s. Makarand Joshi & Co., Secretarial Auditor of the Company and Scrutinizer of the e-voting process for this AGM, key executives and senior management joining from their respective locations.

The statutory registers (Register of Directors' shareholding, minutes book of general meeting, register of members, profile of directors to be appointed) required to be kept open at the meeting and all the other documents referred to in the notice can be inspected in electronic mode by any member by clicking on the link provided.

Rupen Patel addressing the shareholders:

Dear Shareholders,

I thank you all for being present at this 71st AGM of our esteemed company, Patel Engineering Ltd. Let me also brief you on the performance of the company in the last financial year ended March 31, 2020– Total revenue from operations of the Group for FY 20 stood at Rs. 2,617 cr as compared to Rs. 2,362 cr in corresponding previous year, increased by approx. 10%; The revenue for standalone company has increased by 13% from Rs. 2,070 cr to Rs. 2,333 cr. Profit after Tax of the Group for the FY. 20 was reduced to Rs. 4.43 cr from Rs. 148.73 cr for the corresponding previous year & on standalone basis reduced from Rs. 83.02 cr to Rs. 36.34 cr.

The same is on account of rejection of an arbitration award received earlier in its favour for Kameng HE Project by the Supreme Court of India even though the same was upheld by the District Court, leading to its reversal.

Major contributor of Revenue for the FY 20 are –

Projects	Amount (In Cr)
Patel Engineering Ltd	2,333
Michigan Engineering	205

Achievements in FY 20

- Obtained fresh orders and started execution of orders obtained in FY 20 - Rs. 4,500 cr and further fresh orders and L1 of Rs. 2,585 cr in FY 21.
- Further reduction of debt to below Rs. 2,000 cr as compared to more than Rs. 5,000 cr in FY 17 before SDR.
- Continued Monetization of non-core assets – sold land parcels in Mamidpally in Hyderabad to reduce debt by Rs. 85 cr.
- Interest pay to lenders reduced to 14-15 cr per month.
- Release of second round of funds against Parbati Arbitration awards under NITI Aayog – Rs. 200 cr.

During FY 20, the company has continued to focus on monetization of non-core assets to reduce debt and further increase liquidity for the company. The company also successfully completed a Rights Issue for ₹201 crore during FY 20. As a result of these efforts, the Standalone debt of the company has reduced from ₹2,215.27 crore in FY 19 to ₹1,903.75 crore in FY 20.

The company was on a fairly good growth track in FY 20 despite the challenges at overall economy growth level, with steady order inflows increasing the order book of the company from approx. 10,215 cr to 13,185 cr.

Further, we have again obtained fresh orders of more than Rs. 4,500 crore in last year ended FY 20 and subsequently even during these tough times of covid the company has been able to get new orders of Rs. 1,578 cr plus L1 of another 1,035 cr worth of orders, whose negotiation we have completed yesterday. All this was possible only with continued support of you shareholders and lenders of the company. The following is the sector wise break up of order book –

Hydro	– 44%
Tunnels	– 18%
Irrigation	- 27%
Urban Infra & Roads	– 10%

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 15,000 -16,000 cr in next year or so. This order book should be good enough for the company to get a steady growth without taking undue risks and generate healthy margin.

All was good, before we were all hit by the Covid-19 pandemic in Q4 FY 20. This pandemic has affected all project operations and accordingly the revenue for Q1 FY 21 was badly affected and was down to Rs. 226 cr, lower by 53% as compared to Q4 FY 20 and by 62% as compared to Q1 FY 20. The economy has since opened up slowly and operations have started to improve, but the company will need a couple of quarters to come up to speed as per earlier year as manpower redeployment, unrestricted transport of construction material and work permits complying social distancing norms still remains some challenges affecting the operations and hopefully, everything shall be back to normal by end of this calendar year 2020.

Due to Covid-19 pandemic, the company is going through one of its toughest year in FY 21. However, with various measures undertaken by government including that of RBI to give us moratorium in payment of interest and principal dues has enabled the company to survive during such times. We feel that this time shall also pass and the country shall be back at old pace very soon, with sentiments starting to improve with news of vaccines coming around.

The new orders and L1 orders which are expected to come in 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 Calendar year 2021.

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 with Govt.
- Releasing of Arbitration amount against BG as directed by NITI Aayog
- Overcoming from impact of Covid-19 and without any fresh lockdowns.

These are the challenges which the management has to overcome.

Rupen Patel

We had requested shareholders to send their query in advance on the business proposed in the AGM Notice and other matters in the Annual Report. In this new format of the VC meeting, we will respond to only those queries which have already been received by us.

The Company had provided members the opportunity to cast their vote on the resolutions contained in the AGM Notice, by means of remote e-voting. The remote e-voting commenced on Friday, September 25, 2020 (9.00 am) and closed on Sunday, September 27, 2020 (5.00 pm).

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.

I now request Shobha Shetty, Company Secretary to take up the resolutions set forth in the Notice.

Shobha Shetty

1. To adopt and consider:
 - a. the audited Financial Statements of the Company for financial year ended March 31, 2020, 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, 2020 together with the Report of the Auditors thereon.
2. To appoint Mr. Sunil Sapre (DIN: 05356483) as Director who retires by rotation and, being eligible, offers himself for re-appointment.
3. Waiver of recovery of managerial remuneration paid to Mr. Rupen Patel, Chairman & Managing Director for the financial year ended March 31, 2020.
4. Waiver of recovery of managerial remuneration paid to Ms. Kavita Shirvaikar, Whole Time Director for the financial year ended March 31, 2020.
5. Waiver of recovery of managerial remuneration paid to Mr. Sunil Sapre, Whole Time Director for the financial year ended March 31, 2020.
6. Waiver of recovery of managerial remuneration paid to Mr. Chittaranjan Kumar Singh, Whole Time Director for the financial year ended March 31, 2020.
7. Payment of Remuneration to Mr. Rupen Patel, Chairman & Managing Director for the period April 01, 2020 to March 31, 2022.
8. Payment to Remuneration to Ms. Kavita Shirvaikar, Whole Time Director for the period April 01, 2020 to March 31, 2022.
9. Payment of Remuneration to Mr. Sunil Sapre, Whole Time Director for the period April 01, 2020 to March 31, 2022.
10. Ratification of remuneration payable to M/s. Vaibhav M. Gandhi & Associates, Cost Auditors of the Company for FY 2019-2020.

Rupen Patel

Since this meeting is held through VC facility and resolutions are put to vote only through e-voting, the practice of proposing and seconding of resolutions is not being followed.

Members who would like to ask questions, may ask your queries via active chat-board during the meeting.

We have three speakers registered with us, first speaker

Mr. Arun Bopanna

Hello, I would like to mention that due to Covid there is sliding in the economy. There is also a promise by government to boost infrastructure sector. I happy that the company has reduced debts from Rs. 5000 crores to below Rs. 2000 crores_. What about the cash flows for the orders received as per the Order books, whether we have the capacity. Hope to see the company doing good in the Infrastructure sector. All my good wishes with you and the company management.

second speaker Mr. Aspi Bhesania

I would mention that there is reduction in Q1 numbers from Rs. 550 crores to Rs. 276 crores . Q1 – interest component comprises of 81%. Good thing is that Loans of the Company is reduced. There has been 22% de-growth. Request you to address how the company will get money or cash flow required.

Rupen Patel

Let me answer the questions posed by Mr. Arun Bopanna and Mr. Aspi Bhesania before moving to the third speaker. Technology wise we are moving forward, we have extended work from home facility to employees in our Mumbai office and the same will continue further for a while. Sites have started operating but with 50% efficiency due to operational hazards. Civil works pertaining to Central and State Governments are a little slow as of now. There is a disruption with respect to turnover and operation. Definitely there is liquidity concern and we need to conserve cash. We are contemplating a one time restructuring. Focusing on reducing debts by around Rs. 200 crores by FY 2022.

and third speaker Mr. Kirti Shah

Hello Rupen sir I would like to mentioned that a 30% growth in order books in times of COVID is commendable. I am happy that the Promoters shareholding is increased. The price to book value ratio is low – 0.21. I suggest the Company makes provisions for bad debts in this financial years. I am hopeful that the company will be able to declare dividend in the coming years. All the best.

Rupen Patel

We have taken note of your valuable comments and suggestions from all of you and will consider them in future.

This brings me to the end of this meeting. Members who have not exercised their vote through the remote e-voting may click the voting button "Cast your vote" which is appearing on the right hand side of your VC meeting screen. You may enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) during registration for InstaMeet and vote.

The electronic voting option will remain open for next 15 min. Members who have not cast their vote yet are requested to do so. The resolutions as set forth in the Notice shall be deemed to be passed today subject to receipt of requisite number of votes.

On receipt of the Scrutinizer's report, the Results of voting on all the Resolutions shall be placed on the Company's website www.pateleng.com and on the website of LIPL.

As we have completed the voting procedure I thank all the members and Directors for attending the meeting and declare that the meeting is over.