Placement Document
Private and confidential
Serial Number________

PATEL ENGINEERING LIMITED

Our Company was incorporated as '*Patel Engineering Company Limited'*, a public limited company under the Indian Companies Act, VII of 1913, pursuant to a certificate of incorporation issued by the Registrar of Companies, Maharashtra at Mumbai on April 2, 1949. Pursuant to a resolution of our Shareholders dated September 30, 1999, the name of our Company was changed to '*Patel Engineering Limited'* and a fresh certificate of incorporation was issued by the RoC on December 9, 1999. For details of changes in the name of our Company, see "*General Information*" on page 285.

Corporate Identity Number: L99999MH1949PLC007039

Registered Office: Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India; **Telephone:** +91 22 2676 7500;
E-mail: investors@pateleng.com **Website:** www.pateleng.com
Contact Person: Shobha Shetty, Company Secretary and Compliance Officer

Issue of 70,758,889 equity shares of face value of ₹1 each of our Company (the "**Equity Shares**") at a price of ₹ 56.53 per Equity Share, including a premium of ₹55.53 per Equity Share (the "**Issue Price**"), aggregating to ₹4,000.00 million (the "**Issue**"). For further details, see "***Summary of the Issue***" beginning on page 33.

THE ISSUE IS BEING UNDERTAKEN IN RELIANCE UPON CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS"), SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT, 2013"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER. EACH AS AMENDED.

The Equity Shares of the Company are listed on National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", together with **"NSE"**, the "**Stock Exchanges**"). The closing prices of the outstanding Equity Shares on BSE and NSE as on April 24, 2024 was ₹64.37 and ₹64.35 per Equity Share, respectively. Our Company has received in- principle approvals pursuant to Regulation 28(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the "**SEBI Listing Regulations**"), for listing of the Equity Shares to be issued pursuant to the Issue, from BSE and NSE each on April 22, 2024. Our Company shall make applications to the Stock Exchanges for obtaining the final listing and trading approvals for the Equity Shares to be issued pursuant to the Issue. The Stock Exchanges assume no responsibility for the correctness of any statements made, opinions expressed, or reports contained herein. Admission of the Equity Shares to be issued pursuant to the Issue for trading on the Stock Exchanges should not be taken as an indication of the merits of our Company or the Equity Shares.

OUR COMPANY HAS PREPARED THIS PLACEMENT DOCUMENT SOLELY FOR PROVIDING INFORMATION IN CONNECTION WITH THE PROPOSED ISSUE. THE ISSUE AND THE DISTRIBUTION OF THIS PLACEMENT DOCUMENT TO ELIGIBLE QIBs (AS DEFINED HEREINAFTER) IS BEING MADE IN RELIANCE UPON CHAPTER VI OF THE SEBI ICDR REGULATIONS, SECTION 42 OF THE COMPANIES ACT, 2013 READ WITH RULE 14 OF THE PAS RULES AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER. THIS PLACEMENT DOCUMENT SHALL BE CIRCULATED TO ONLY SUCH ELIGIBLE QIBs WHOSE NAMES ARE RECORDED BY OUR COMPANY, PRIOR TO MAKING AN INVITATION TO SUBSCRIBE TO THE EQUITY SHARES. THIS PLACEMENT DOCUMENT IS PERSONAL TO EACH INVESTOR AND DOES NOT CONSTITUTE AN OFFER OR INVITATION OR SOLICITATION OF AN OFFER TO THE PUBLIC OR ANY OTHER PERSON OR CLASS OF INVESTORS WITHIN OR OUTSIDE INDIA OTHER THAN TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED IN THE SEBI ICDR REGULATIONS. YOU ARE NOT AUTHORIZED TO AND MAY NOT (1) DELIVER THIS PLACEMENT DOCUMENT TO ANY OTHER PERSON; OR (2) REPRODUCE THIS PLACEMENT DOCUMENT, IN ANY MANNER WHATSOEVER; OR (3) RELEASE ANY PUBLIC ADVERTISEMENTS OR UTILIZE ANY MEDIA, MARKETING OR DISTRIBUTION CHANNELS OR AGENTS TO INFORM THE PUBLIC AT LARGE ABOUT THE ISSUE. ANY DISTRIBUTION OR REPRODUCTION OF THIS PLACEMENT DOCUMENT IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS INSTRUCTION MAY RESULT IN A VIOLATION OF THE SEBI ICDR REGULATIONS, THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER OR OTHER APPLICABLE LAWS OF INDIA AND OTHER JURISDICTIONS.

INVESTMENT IN EQUITY SHARES INVOLVES A HIGH DEGREE OF RISK AND INVESTORS SHOULD NOT INVEST IN THE ISSUE UNLESS THEY ARE PREPARED TO TAKE THE RISK OF LOSING ALL OR PART OF THEIR INVESTMENT. INVESTORS ARE ADVISED TO CAREFULLY READ "*RISK FACTORS*" BEGINNING ON PAGE 47 BEFORE MAKING AN INVESTMENT DECISION RELATING TO THE ISSUE. EACH INVESTOR IS ADVISED TO CONDUCT ITS OWN DUE DILIGENCE ON US AND THE EQUITY SHARES AND CONSULT ITS OWN ADVISORS ABOUT THE PARTICULAR CONSEQUENCES OF AN INVESTMENT IN THE EQUITY SHARES BEING ISSUED PURSUANT TO THE PRELIMINARY PLACEMENT DOCUMENT AND THIS PLACEMENT DOCUMENT.

A copy of the Preliminary Placement Document and this Placement Document (which includes disclosures prescribed under Form PAS-4 (as defined hereinafter) have been delivered to the Stock Exchanges. Our Company shall also make the requisite filings with the RoC, within the stipulated period as required under the Companies Act, 2013 and PAS Rules. The Preliminary Placement Document and this Placement Document have not been reviewed by the Securities and Exchange Board of India ("**SEBI**"), the Stock Exchanges, the RoC or any other listing or regulatory authority and is intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document have not been and will not be filed as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and the Issue will not constitute a public offer in India or any other jurisdiction.

Invitations, offers and sales of the Equity Shares to be issued pursuant to this Issue has only been made pursuant to the Preliminary Placement Document together with the Application Form, this Placement Document and the Confirmation of Allocation Note (each as defined hereinafter). For further details, see "***Issue Procedure***" beginning on page 230. The distribution of this Placement Document or the disclosure of its contents without the prior consent of our Company to any person, other than Eligible QIBs to whom this Placement Document is specifically addressed, and persons retained by such Eligible QIBs to advise them with respect to their purchase of Equity Shares is unauthorized and prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and to make no copies of this Placement Document or any documents referred to in this Placement Document.

The information on the websites of our Company, Subsidiaries, or any other website directly or indirectly linked to the websites of our Company, Subsidiaries, or the website of the Book Running Lead Manager (as defined hereinafter) or their respective affiliates, does not constitute nor form part of this Placement Document and prospective investors should not rely on such information contained in, or available through, any such websites for their investment in this Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. For the selling restrictions in certain other jurisdictions, see "***Selling Restrictions***" beginning on page 247. Also see, "***Transfer Restrictions***" beginning on page 255 for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

This Placement Document is dated April 25, 2024.

BOOK RUNNING LEAD MANAGER

MOTILAL OSWAL INVESTMENT ADVISORS LIMITED

CONTENTS

NOTICE TO INVESTORS

Our Company has furnished and accepts full responsibility for all of the information contained in this Placement Document and confirms that to the best of its knowledge and belief, having made all reasonable enquiries, this Placement Document contains all information with respect to our Company and its Subsidiaries, its Associates and the Equity Shares which our Company considers material in the context of the Issue. The statements contained in this Placement Document relating to our Company, its Subsidiaries, its Associates and the Equity Shares are, in all material respects, true and accurate and are not misleading, and the opinions and intentions expressed in this Placement Document with regard to our Company, its Subsidiaries, its Associates and the Equity Shares are honestly held, have been reached after considering all relevant circumstances and are based on reasonable assumptions and information presently available to our Company and its Subsidiaries. There are no other facts in relation to our Company, its Subsidiaries its Associates and the Equity Shares to be issued pursuant to the Issue, the omission of which would, in the context of the Issue, make any statement in this Placement Document misleading in any material respect. Further, our Company has made all reasonable enquiries to ascertain such facts and to verify the accuracy of all such information and statements. Unless otherwise stated, all information in this Placement Document is provided as of the date of this Placement Document and neither our Company nor the Book Running Lead Manager *(as defined hereinafter)* have any obligation to update such information to a later date.

The information contained in this Placement Document has been provided by our Company and from other sources identified herein. Motilal Oswal Investment Advisors Limited (the "**Book Running Lead Manager**" or the "**BRLM**") has not separately verified all of the information contained in this Placement Document (financial, legal or otherwise). Accordingly, neither the Book Running Lead Manager nor any its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates make any express or implied representation, warranty or undertaking, and no responsibility or liability is accepted by the Book Running Lead Manager or its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates as to the accuracy or completeness of the information contained in this Placement Document or any other information (financial, legal or otherwise) supplied in connection with the Issue of the Equity Shares or the distribution of this Placement Document. Each person receiving the Preliminary Placement Document and this Placement Document acknowledges that such person has neither relied on the Book Running Lead Manager nor its shareholders, employees, counsel, officers, directors, representatives, agents, associates or affiliates in connection with such person's investigation of the accuracy of such information or such person's investment decision, and each such person must rely on its own examination of our Company, its Subsidiaries and the merits and risks involved in investing in the Equity Shares issued pursuant to the Issue.

Distribution of this Placement Document to any person other than the Eligible QIBs, and those persons, if any, retained to advise such investor with respect thereto, is unauthorised, and any disclosure of its contents, without prior written consent of our Company, is prohibited. Any reproduction or distribution of this Placement Document, in whole or in part, and any disclosure of its contents to any other person is prohibited. Each prospective investor, by accepting delivery of this Placement Document, agrees to observe the foregoing restrictions and make no copies of this Placement Document or any offering material in connection with the Equity Shares.

No person is authorised to give any information or to make any representation not contained in this Placement Document and any information or representation not so contained must not be relied upon as having been authorised by, or on behalf of the Company or by, or on behalf of the Book Running Lead Manager. The delivery of this Placement Document at any time does not imply that the information contained in it is correct as of any time subsequent to its date.

The distribution of this Placement Document and the Issue of Equity Shares may be restricted in certain jurisdictions by applicable laws. As such, this Placement Document does not constitute, and may not be used for or in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or to any person to whom it is unlawful to make such offer or solicitation. In particular, except for India, no action has been taken by our Company and the Lead Manager that would permit an offering of the Equity Shares or distribution of this Placement Document in any jurisdiction, where action for that purpose is required. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering material in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. In particular, the Equity Shares issued in the Issue have not been and will not be registered under the Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in "offshore transactions" as defined in, and in reliance on, Regulation S. For a description of the restrictions applicable to the offer and sale of the Equity Shares in the Issue in certain jurisdictions, see "*Transfer Restrictions*" beginning on page 255. The Equity Shares purchased in the Issue are transferable only in accordance with the restrictions described under "*Selling Restrictions*" beginning on page 247.

The Equity Shares to be issued pursuant to the Issue have not been approved, disapproved or recommended by any regulatory authority in any jurisdiction, including the United States Securities and Exchange Commission, any other federal or state authorities in the United States, the securities authorities of any non-United States jurisdiction and any other United States or non-United States regulatory authority. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Placement Document. Any representation to the contrary may be a criminal offence in certain jurisdictions.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S under the U.S. Securities Act ("**Regulation S**") and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described in "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 247 and 255, respectively. Subscribers and purchasers of the Equity Shares will be deemed to make the representations, warranties, acknowledgements and agreements set forth in "***Representations by Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 4, 247 and 255, respectively.

In making an investment decision, investors must rely on their own examination of our Company, its Subsidiaries and the Equity Shares and the terms of the Issue, including the merits and risks involved. Investors should not construe the contents of this Placement Document as legal, business, tax, accounting or investment advice. Investors should consult their own counsel and advisors as to business, legal, tax, accounting and related matters concerning the Issue. In addition, neither our Company nor the Book Running Lead Manager are making any representation to any offeree or subscriber of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or subscriber under applicable laws or regulations. The prospective investors of the Equity Shares should conduct their own due diligence on the Equity Shares and our Company. If you do not understand the contents of this Placement Document, you should consult an authorised financial advisor and/or legal advisor.

Each Bidder in the Issue is deemed to have acknowledged, represented and agreed that it is an Eligible QIB and is eligible to invest in India and in our Company under Indian laws, including Chapter VI of the SEBI ICDR Regulations and Section 42 (read with Rule 14 of the PAS Rules) and other applicable provisions of the Companies Act, 2013, and is not prohibited by SEBI or any other regulatory authority from buying, selling or dealing in securities including the Equity Shares or otherwise accessing the capital markets in India. This Placement Document contains summaries of certain terms of certain documents, which are qualified in their entirety by the terms and conditions of such documents and disclosures included in the section titled "*Risk Factors*" on page 47.

Our Company and the Book Running Lead Manager are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document.

The information on our Company's website at www.pateleng.com, the websites of any of its Subsidiaries or any website directly or indirectly linked to our Company's website or the website of the Book Running Lead Manager, its associates or affiliates, does not constitute or form part of this Placement Document. Prospective investors should not rely on any such information contained in, or available through, any such websites.

NOTICE TO INVESTORS IN CERTAIN OTHER JURISDICTIONS

This Placement Document is not an offer to sell securities and is not soliciting an offer to subscribe to or buy securities in any jurisdiction where such offer, solicitation, sale or subscription is not permitted. For information to investors in certain other jurisdictions, see "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 247 and 255 respectively. Our Company agrees to comply with any undertakings given by it from time to time in connection with the Equity Shares to the Stock Exchanges and, without prejudice to the generality of foregoing, shall furnish to the Stock Exchanges all such information as the rules of the Stock Exchanges may require in connection with the listing of the Equity Shares on the Stock Exchanges.

REPRESENTATIONS BY INVESTORS

All references to "you" and "your" in this section are to the prospective investors in the Issue. By Bidding for and/or subscribing to any Equity Shares under this Issue, you are deemed to have represented, warranted, acknowledged and agreed to contents set forth in "***Notice to Investors***", "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 1, 247 and 255, respectively and have represented, warranted and acknowledged to and agreed to our Company and the Book Running Lead Manager, as follows:

1. Your decision to subscribe to the Equity Shares to be issued pursuant to the Issue has not been made based on any information relating to our Company which is not set forth in the Preliminary Placement Document and this Placement Document;

2. You are a "Qualified Institutional Buyer" as defined in Regulation 2(1)(ss) of the SEBI ICDR Regulations and not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, having a valid and existing registration under applicable laws and regulations of India, and undertake to (i) acquire, hold, manage or dispose of any Equity Shares that are Allotted (hereinafter defined) to you in accordance with Chapter VI of the SEBI ICDR Regulations, the Companies Act, 2013, to the extent applicable, and all other applicable laws; and (ii) comply with all requirements under applicable law, including reporting obligations, requirements/ making necessary filings, if any, in connection with the Issue;

3. You are eligible to invest in India under applicable law, including the FEMA Rules (as defined hereinafter) and any notifications, circulars or clarifications issued thereunder, each as amended and have not been prohibited by SEBI, or any other regulatory authority, statutory authority or otherwise, from buying, selling or dealing in securities or otherwise accessing capital markets in India. Further, you are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003, as amended, and the Companies Act, 2013;

4. If you are not a resident of India, but are an Eligible QIB, (i) you are a foreign portfolio investor, and you confirm that you are an Eligible FPI as defined in this Placement Document, you have a valid and existing registration with SEBI under the applicable laws in India and can participate in the Issue only under Schedule II of FEMA Rules, or (ii) a multilateral or bilateral development financial institution. You will make all necessary filings with appropriate regulatory authorities, including RBI, as required pursuant to applicable laws. You have not been prohibited by SEBI, RBI or any other regulatory authority, from buying, selling or dealing in securities including to the Equity Shares or otherwise accessing the capital markets. You confirm that you are not a FVCI;

5. You are eligible to invest in and hold the Equity Shares of our Company in accordance with the FDI Policy and FEMA Rules, read along with the press note no. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the related amendments to the FEMA Rules. You confirm that neither is your investment as an entity from a country which shares a land border with India nor is the beneficial owner of your investment situated in or is a citizen of such country (in each which case, investment can only be through the Government approval route);

6. You agree that our Company shall make necessary filings with the RoC (which shall include certain details such as your name, address and number of Equity Shares Allotted), in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, or other provisions of the Companies Act, 2013, and you consent to such disclosure being made by us. You will provide the information as required under the Companies Act, 2013 and the PAS Rules for record keeping by our Company, including your name, complete address, phone number, e-mail address, permanent account number and bank account details and such other details as may be prescribed or otherwise required even after the closure of the Issue;

7. If you are Allotted Equity Shares pursuant to the Issue, you shall not sell the Equity Shares so acquired, for a period of one year from the date of Allotment (hereinafter defined), except on the Stock Exchanges and in

accordance with any other resale restrictions applicable to you. For further details, see "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 247 and 255, respectively;

8. You are aware that the Preliminary Placement Document and this Placement Document have not been, and will not be, registered as a prospectus with the RoC under the Companies Act, 2013, the SEBI ICDR Regulations or under any other law in force in India and, no Equity Shares will be offered in India or overseas to the public or any members of the public in India or any other class of investors other than Eligible QIBs. You acknowledge that the Preliminary Placement Document and this Placement Document have not been reviewed, verified or affirmed by SEBI, the RoC, the Stock Exchanges or any other regulatory or listing authority and is intended only for use by Eligible QIBs. The Preliminary Placement Document and this Placement Document have been filed with the Stock Exchanges for record purposes only and be displayed on the websites of our Company and the Stock Exchanges;

9. You are entitled to subscribe for and acquire the Equity Shares under the laws of all relevant jurisdictions applicable to you and that you have fully observed such laws and you have all necessary capacity and have obtained all necessary consents and authorities, as may be required and complied with and shall comply with all necessary formalities to enable you to participate in the Issue and to perform your obligations in relation thereto (including without limitation, in the case of any person on whose behalf you are acting, all necessary consents and authorizations to agree to the terms set out or referred to in the Preliminary Placement Document and this Placement Document), and will honour such obligations;

10. Neither the Company, nor the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates are making any recommendations to you or advising you regarding the suitability of any transactions it may enter into in connection with the Issue. Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates has any duty or responsibility to you for providing the protection afforded to their clients or customers or for providing advice in relation to the Issue and are not in any way acting in any fiduciary capacity;

11. All statements other than statements of historical fact included in this Placement Document, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our business), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and environment in which we will operate in the future. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Placement Document. Neither our Company, nor the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates assumes any responsibility to update any of the forward-looking statements contained in this Placement Document;

12. You are aware that the Equity Shares are being offered only to Eligible QIBs on a private placement basis and are not being offered to the general public, or any other category of investors other than the Eligible QIBs and the Allotment shall be on a discretionary basis at the discretion of our Company in consultation with the Book Running Lead Manager;

13. You have made, or been deemed to have made, as applicable, the representations, warranties, acknowledgments and undertakings as set out under "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 247 and 255, respectively and you warrant that you will comply with such representations, warranties, acknowledgments and undertakings;

14. You have been provided a serially numbered copy of the Preliminary Placement Document and this Placement Document, and have read it in its entirety, including the "***Risk Factors***" beginning on page 47;

15. You are outside the United States, and you are purchasing the Equity Shares in an "offshore transaction" as defined in, and in reliance on Regulation S of the U.S. Securities Act and in accordance with applicable laws of all jurisdictions where such offers and sales are made;

16. You are not acquiring or subscribing for the Equity Shares as a result of any general solicitation or general advertising (as those terms are defined in Regulation D under the U.S. Securities Act) or directed selling efforts (as defined in Regulation S) and you understand and agree that offers and sales are being made in reliance on an exemption to the registration requirements of the U.S. Securities Act. You understand and agree that the Equity Shares are transferable only in accordance with the restrictions described under the sections titled "***Selling Restrictions***" and "***Transfer Restrictions***" on pages 247 and 255, respectively.

17. In making your investment decision, you have (i) relied on your own examination of our Company and its Subsidiaries and the terms of the Issue, including the merits and risks involved, (ii) made and will continue to make your own assessment of our Company, its Subsidiaries, its Associates, the Equity Shares and the terms of the Issue based solely on the information contained in the Preliminary Placement Document and this Placement Document, (iii) consulted your own independent counsels and advisors or otherwise have satisfied yourself concerning, without limitations, the effects of local laws (including tax laws), (iv) relied solely on the information contained in the Preliminary Placement Document and this Placement Document and no other disclosure or representation by our Company its Directors, Promoters and affiliates, or any other party, (v) relied upon your own investigation and resources in deciding to invest in the Issue and (vi) received all information that you believe is necessary or appropriate in order to make an investment decision in respect of our Company and the Equity Shares;

18. Neither the Book Running Lead Manager nor any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, has provided you with any tax advice or otherwise made any representations regarding the tax consequences of purchase, ownership and disposal of the Equity Shares (including the Issue and the use of proceeds from the Equity Shares). You will obtain your own independent tax advice and will not rely on the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, when evaluating the tax consequences in relation to the Equity Shares (including, in relation to the Issue and the use of proceeds from sale of the Equity Shares). You waive, and agree not to assert any claim against, either on the Book Running Lead Manager or any of its shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, with respect to the tax aspects of the Equity Shares or as a result of any tax audits by tax authorities, wherever situated;

19. You are a sophisticated investor and have such knowledge and experience in financial business and investment matters as to be capable of evaluating the merits and risks of the investment in the Equity Shares and you and any managed accounts for which you are subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company and/or the Book Running Lead Manager or any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates, for all or part of any such loss or losses that may be suffered in connection with the Issue, including losses arising out of non-performance by our Company of any of its respective obligations or any breach of any representations and warranties by our Company, whether to you or otherwise, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) have no need for liquidity with respect to the investment in the Equity Shares, and (v) have no reason to anticipate any change in your or their circumstances or any accounts for which you are subscribing, financial or otherwise, which may cause or require any sale or distribution by you or them of all or any part of the Equity Shares. You are seeking to subscribe to the Equity Shares in the Issue for your own investment and not with a view to resell or distribute;

20. If you are acquiring the Equity Shares for one or more managed accounts, you represent and warrant that you are authorized in writing, by each such managed account to acquire the Equity Shares for each managed account and make the representations, warranties, acknowledgements, undertakings and agreements herein for and on behalf of each such account, reading the reference to 'you' to include such accounts;

21. You are not a 'promoter' of our Company (as defined under the SEBI ICDR Regulations or the Companies Act, 2013), and are not a person related to the Promoters (as defined hereinafter), either directly or indirectly and your Bid (hereinafter defined) does not directly or indirectly represent any Promoters or members of the

Promoter Group (as defined under the SEBI ICDR Regulations) of our Company or persons or entities related thereto;

22. You have no rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board of Directors of our Company, other than the rights, if any, acquired in the capacity of a lender not holding any Equity Shares (a QIB who does not hold any Equity Shares and who has acquired the said rights in the capacity of a lender shall not be deemed to be a person related to our Promoters);

23. You are eligible to Bid for and hold Equity Shares so Allotted together with any Equity Shares held by you prior to the Issue. You further confirm that your aggregate holding after the Allotment of the Equity Shares shall not exceed the levels permissible as per any applicable law;

24. Your aggregate holding, together with other Eligible QIBs in the Issue that belong to the same group or are under common control as you, pursuant to the Allotment under the Issue shall not exceed 50% of the Issue Size (as defined hereinafter). For the purposes of this representation:

    (a) Eligible QIBs "belonging to the same group" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and independent directors, amongst an Eligible QIBs, its subsidiary or holding company and any other Eligible QIB; and

    (b) 'Control' shall have the same meaning as is assigned to it under the SEBI Takeover Regulations.

25. You are aware that (i) applications for in-principle approval, in terms of Regulation 28 of the SEBI Listing Regulations, for listing and admission of the Equity Shares and for trading on the Stock Exchanges, were made and approval has been received from each of the Stock Exchanges, and (ii) final applications will be made for obtaining listing and trading approvals from the Stock Exchanges, and that there can be no assurance that such approvals will be obtained on time or at all. Neither our Company nor the Book Running Lead Manager nor any of their respective shareholders, directors, officers, employees, counsels, representatives, agents or affiliates shall be responsible for any delay or non-receipt of such final listing and trading approvals or any loss arising therefrom;

26. You shall not undertake any trade in the Equity Shares credited to your beneficiary account with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges;

27. You are aware that in terms of the requirements of the Companies Act, 2013 upon Allocation, our Company has disclosed names and percentage of post-Issue shareholding of the proposed Allottees in the Placement Document. However, disclosure of such details in relation to the proposed Allottees in the Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;

28. You agree in terms of Section 42 of the Companies Act, 2013 and Rule 14 of the PAS Rules, that our Company shall make necessary filings with the RoC as may be required under the Companies Act, 2013;

29. You acknowledge that the Preliminary Placement Document did not, and this Placement Document does not confer upon or provide you with any right of renunciation of the Equity Shares offered through the Issue in favour of any person;

30. You are aware that if you, together with any other Eligible QIBs belonging to the same group or under common control, are Allotted 5% or more of the Equity Shares in this Issue, our Company shall be required to disclose the name of such Allottees and the number of Equity Shares Allotted to the Stock Exchanges and the Stock Exchanges will make the same available on their website and you consent to such disclosures being made by our Company.

31. You are aware and understand that the Book Running Lead Manager has entered into a Placement Agreement with our Company, whereby the Book Running Lead Manager has, subject to the satisfaction of certain conditions set out therein, severally and not jointly, undertaken to use their reasonable efforts to seek to procure subscription for the Equity Shares on the terms and conditions set out therein;

32. The contents of the Preliminary Placement Document and this Placement Document are exclusively the responsibility of our Company and that neither the Book Running Lead Manager nor any person acting on its or their behalf or any of the counsels or advisors to the Issue has or shall have any liability for any information, representation or statement contained in the Preliminary Placement Document and this Placement Document or any information previously published by or on behalf of our Company and will not be liable for your decision to participate in the Issue based on any information, representation or statement contained in this Placement Document or otherwise. By accepting participation in the Issue, you agree to the same and confirm that the only information you are entitled to rely on, and on which you have relied in committing yourself to acquire the Equity Shares is contained in the Preliminary Placement Document and this Placement Document, such information being all that you deem necessary to make an investment decision in respect of the Equity Shares, and you have neither received nor relied on any other information, representation, warranty or statement made by, or on behalf of, the Book Running Lead Manager or our Company or any other person, including any view, statement, opinion or representation expressed in any research published or distributed by them, and the Book Running Lead Manager and its affiliates will not be liable for your decision to accept an invitation to participate in the Issue based on any other information, representation, warranty, statement or opinion;

33. Neither the Book Running Lead Manager nor any of its affiliates have any obligation to purchase or acquire all or any part of the Equity Shares purchased by you in the Issue or to support any losses directly or indirectly sustained or incurred by you for any reason whatsoever in connection with the Issue, including non-performance by our Company of any of its obligations or any breach of any representations and warranties by our Company, whether to you or otherwise;

34. You acknowledge that (i) an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment, (ii) you have sufficient knowledge, sophistication and experience in financial and business matters so as to be capable of evaluating the merits and risk of the purchase of the Equity Shares, and (iii) you are experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions and have such knowledge and experience in financial, business and investments matters that you are capable of evaluating the merits and risks of your investment in the Equity Shares;

35. You are subscribing to the Equity Shares to be issued pursuant to the Issue in accordance with applicable laws and by participating in this Issue, you are not in violation of any applicable law, including but not limited to the SEBI Insider Trading Regulations, the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003 and the Companies Act, 2013;

36. Either (i) you have not participated in or attended any investor meetings or presentations by our Company or its agents with regard to our Company or this Issue ("**Company Presentations**"); or (ii) if you have participated in or attended any Company Presentations: (a) you understand and acknowledge that the Book Running Lead Manager may not have the knowledge of the statements that our Company or its agents may have made at such Company Presentations and are therefore unable to determine whether the information provided to you at such meetings or presentations included any material misstatements or omissions, and, accordingly you acknowledge that Book Running Lead Manager has advised you not to rely in any way on any such information that was provided to you at such meetings or presentations, and (b) you confirm that, to the best of your knowledge, you have not been provided any material information that was not publicly available;

37. Each of the representations, warranties, acknowledgements and agreements set out above shall continue to be true and accurate at all times up to and including the Allotment, listing and trading of the Equity Shares in the Issue. You agree to indemnify and hold our Company and the Book Running Lead Manager and its

respective affiliates and their respective directors, officers, employees and controlling persons harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the foregoing representations, warranties, acknowledgements, agreements and undertakings made by you in this Placement Document. You agree that the indemnity set out in this paragraph shall survive the resale of the Equity Shares by, or on behalf of, the managed accounts;

38. You acknowledge that our Company, the Book Running Lead Manager, their respective affiliates, directors, officers, employees and controlling persons and others will rely on the truth and accuracy of the foregoing representations, warranties, acknowledgements and undertakings, which are given to the Book Running Lead Manager on their own behalf and on behalf of our Company, and such representations, warranties, acknowledgements and undertakings are irrevocable;

39. You agree that any dispute arising in connection with the Issue will be governed by and construed in accordance with the laws of Republic of India, and the courts in Mumbai, India shall have sole and exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Preliminary Placement Document and this Placement Document;

40. The Bid made by you would not result in triggering a tender offer under the SEBI Takeover Regulations; and

41. You have no right to withdraw your Application Form or revise your Bid downwards after the Issue Closing Date (as defined hereinafter).

OFFSHORE DERIVATE INSTRUMENTS

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines, and approvals in terms of Regulation 21 of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended "**SEBI FPI Regulations**" and the SEBI circular dated November 5, 2019 on operational guidelines for FPIs, designated depository participants and eligible foreign investors (the "**FPI Operational Guidelines**"), FPIs, including the affiliates of the Book Running Lead Manager, who are registered as Category I FPIs, can issue, subscribe and deal in offshore derivative instruments (as defined under the SEBI FPI Regulations, i.e., as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) (all such offshore derivative instruments are referred to herein as "**P-Notes**") and persons who are eligible for registration as Category I FPIs can subscribe to or deal in such P-Notes, provided that in the case of an entity that has an investment manager who is from the Financial Action Task Force member country, such investment manager shall not be required to be registered as a Category I FPI. The above-mentioned Category I FPIs may receive compensation from the purchasers of such P-Notes. In terms of Regulation 21 of SEBI FPI Regulations, P-Notes may be issued only by such persons who are registered as Category I FPIs and they may be issued only to persons eligible for registration as Category I FPIs, subject to exceptions provided in the SEBI FPI Regulations and compliance with 'know your client' requirements, as specified by SEBI and subject to compliance with such other conditions as may be specified by SEBI from time to time. An Eligible FPI shall also ensure that no transfer of any instrument referred to above is made to any person unless such FPIs are registered as Category I FPIs or to persons eligible for registration as Category I FPIs subject to requisite consents being obtained in terms of Regulation 21 of SEBI FPI Regulations. P-Notes have not been, and are not being offered, or sold pursuant to the Preliminary Placement Document and this Placement Document. This Placement Document does not contain any information concerning P-Notes or the issuer(s) of any P-Notes, including, without limitation, any information regarding any risk factors relating thereto.

For further details, relating to investment limits of FPIs, please see the section titled "***Issue Procedure***" beginning on page 230. P-Notes may be issued only in favour of those entities which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Pursuant to its circular dated June 10, 2016, SEBI has introduced additional requirements applicable to P-Notes, including (i) KYC norms for issuers of P-Notes which require identification and verification of beneficial owners of entities subscribing to the P-Note holding more than a prescribed threshold; (ii) the requirement for issuers to file suspicious transaction reports with the Indian Financial Intelligence Unit; and (iii) the requirement for the issuer to report details of intermediate transfers in the monthly reports on P-Notes submitted to SEBI. An Eligible FPI shall also ensure that no further issue or transfer of any instrument referred to above is made by or on behalf of it to any person other than such entities regulated by appropriate foreign regulatory authorities.

Subject to certain relaxations provided under Regulation 22(4) of the SEBI FPI Regulations, investment by a single FPI including its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) is not permitted to be 10% or more of our post-Issue Equity Share capital on a fully diluted basis. SEBI has issued the FPI Operational Guidelines to facilitate implementation of the SEBI FPI Regulations. In terms of the FPI Operational Guidelines, the above-mentioned restrictions shall also apply to subscribers of P-Notes and two or more subscribers of P-Notes having common ownership, directly or indirectly, of more than 50% or common control shall be considered together as a single subscriber of the P-Notes. Further, in the event a prospective investor has investments as an FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, read with the FDI Policy, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the entity is of a country which shares land border with India or where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the FDI Policy and FEMA rules. These investment restrictions shall also apply to subscribers of P-Notes and offshore derivative instruments.

Affiliates of the Book Running Lead Manager which are Eligible FPIs may purchase, to the extent permissible under law, the Equity Shares in the Issue, and may issue P-Notes in respect thereof. Any P-Notes that may be issued are not securities of our Company and do not constitute any obligation of, claims on or interests in our Company. Our Company has not participated in any offer of any P-Notes, or in the establishment of the terms of any P-Notes, or in the preparation of any disclosure related to any P-Notes. Any P-Notes that may be offered are issued by and are the sole obligations of third parties that are unrelated to our Company. Our Company, and the Book Running Lead Manager do not make any recommendation as to any investment in P-Notes and do not accept any responsibility whatsoever in connection with any P-Notes. Any P-Notes that may be issued are not securities of the Book Running Lead Manager and does not constitute any obligations of or claims on the Book Running Lead Manager.

Bidders interested in purchasing any P-Notes have the responsibility to obtain adequate disclosures as to the issuer(s) of such P-Notes and the terms and conditions of any such P-Notes from the issuer(s) of such P-Notes. Neither SEBI nor any other regulatory authority has reviewed or approved any P-Notes, or any disclosure related thereto. Bidders are urged to consult their own financial, legal, accounting and tax advisors regarding any contemplated investment in P-Notes, including whether P-Notes are issued in compliance with applicable laws and regulations.

Please also see "***Selling Restrictions***" and "***Transfer Restrictions***" beginning on pages 247 and 255, respectively.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGES

As required, a copy of the Preliminary Placement Document and this Placement Document have been submitted to each of the Stock Exchanges.

The Stock Exchanges do not in any manner:

(1) warrant, certify or endorse the correctness or completeness of any of the contents of the Preliminary Placement Document and this Placement Document;

(2) warrant that the Equity Shares to be issued pursuant to this Issue will be listed or will continue to be listed on the Stock Exchanges; or

(3) take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of the Company;

and it should not for any reason be deemed or construed to mean that the Preliminary Placement Document and this Placement Document have been cleared or approved by the Stock Exchanges. Every person who desires to apply for or otherwise acquire any Equity Shares of our Company may do so pursuant to an independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition, whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER CONVENTIONS

Certain Conventions

In this Placement Document, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "offeree", "purchaser", "subscriber", "recipient", "investors", "prospective investors" and "potential investor" are to the Eligible QIBs and references to the "Issuer", "the Company", "our Company" refers to Patel Engineering Limited and references to "we", "us", or "our" are to our Company together with its Subsidiaries on a consolidated basis.

Unless otherwise specified or the context otherwise requires, all references in this Placement Document to (i) the 'US' or 'U.S.' or the 'United States' or the 'U.S.A' are to the United States of America and its territories and possessions; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

In this Placement Document, references to 'INR', '₹', 'Indian Rupees' and 'Rupees' are to the legal currency of India and references to 'USD', 'U.S. Dollars' and 'US$' are to the legal currency of the United States.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable. In this Placement Document, references to "lakhs" represents "100,000", "million" represents "1,000,000", "crore" represents "10,000,000", and "billion" represents "1,000,000,000".

Page Numbers

Unless otherwise stated, all references to page numbers in this Placement Document are to page numbers of this Placement Document.

Financial and Other Information

The financial year of our Company commences on April 1 of each calendar year and ends on March 31 of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms "Fiscal", "Financial Year", "Fiscals" or "Fiscal Year", refer to the 12-month period ending March 31 of that particular year (as the case may be).

As required under the applicable regulations, and for the convenience of prospective investors, we have included in this Placement Document, the following financial statements:

a. unaudited special purpose condensed interim consolidated Ind AS financial results of our Company and its Subsidiaries, as at and for the nine months ended December 31, 2023 and December 31, 2022, comprising of the consolidated balance sheet as at December 31, 2023 and March 31, 2023, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the nine months ended December 31, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ("**Ind AS 34**"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India (the "**Unaudited Special Purpose Condensed Interim Consolidated Financial Statements**"). The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements should be read along with the review report issued by the Statutory Auditor;

b. audited consolidated financial statements of our Company and its Subsidiaries as at and for the Fiscal ended March 31, 2023, prepared in accordance with the Ind AS notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**2023 Audited Consolidated Financial Statements**"). The 2023 Audited Consolidated Financial Statements should read with the report issued by the Statutory Auditor; and

c. audited consolidated financial statements of our Company and its Subsidiaries as at and for the Fiscals ended March 31, 2022 and March 31, 2021, prepared in accordance with the Ind AS notified under Section 133 of the Companies Act read with Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time and other relevant provisions of the Companies Act (collectively, the "**2022 and 2021 Audited Consolidated Financial Statements**" and collectively with 2023 Audited Consolidated Financial Statements referred as "**Audited Consolidated Financial Statements**"). The 2022 and 2021 Audited Consolidated Financial Statements should read with their respective reports issued by the previous statutory auditor.

d. In accordance with Regulation 33 of the SEBI Listing Regulations, our Company is required to publish its quarterly financial results on a consolidated basis, which are subjected to limited review by our Statutory Auditors, within 45 days from the completion of the relevant quarter. Accordingly, our Company has prepared statements of unaudited consolidated financial results for nine months ended December 31, 2023 (including comparative as at and for the nine months ended December 31, 2022) (the "**Unaudited Consolidated Financial Results**"), on which our Statutory Auditors have issued a separate auditor's review report dated February 12, 2024. The Unaudited Consolidated Financial Results have been incorporated in this Placement Document.

Unless stated otherwise, the financial data in this Placement Document is derived from the Audited Consolidated Financial Statements and the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements.

Our Company prepares its financial statements in accordance with Ind AS. Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including generally accepted accounting principles followed in the U.S. ("**U.S. GAAP**") or International Financial Reporting Standards ("**IFRS**") and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Placement Document and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. Accordingly, the degree to which the financial information included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act, 2013 and the SEBI ICDR Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, 2013, the SEBI ICDR Regulations and practices on the financial disclosures presented in this Placement Document should accordingly be limited. Also see, "*Risk Factors –**Significant differences exist between Ind AS, U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition***." beginning on page 66.

For further details, see "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on page 93. All numerical and financial information as set out and presented in this Placement Document, except for the information in the section "*Industry Overview*", for the sake of consistency and convenience have been rounded off or expressed in three decimal place in ₹ million. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them and the sum or percentage change of such numbers may not conform exactly to the total figure given.

Non-GAAP financial measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, EBITDA Margin, Profit After Tax Margin, Average Return on Capital Employed, Adjusted Average Return on Capital Employed, Average Return on Equity, production volume, sales volume and capacity utilization have been included in this Placement Document. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

These non-GAAP financial measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities and are not required by or presented in accordance with Indian GAAP or Ind AS. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of manufacturing businesses, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. The presentation of these non-GAAP financial measures is not intended to be considered in isolation or as a substitute for the financial statements included in this Placement Document. Prospective investors should read this information in conjunction with the financial statements included in "***Financial Information***" beginning on page 284.

Certain figures contained in this Placement Document, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the totals and the sum of the amounts listed are due to rounding off. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. Unless otherwise specified, all financial numbers in parenthesis represent negative figures.

INDUSTRY AND MARKET DATA

Information regarding market position, growth rates, other industry data and certain industry forecasts pertaining to our business contained in this Placement Document consists of estimates based on data reports compiled by government bodies, data from other external sources and knowledge of the markets in which we compete. Unless stated otherwise, the statistical information included in this Placement Document relating to the industry in which we operate has been reproduced from various trade, industry and government publications and websites more particularly described in the section titled "***Industry Overview***" beginning on page 131.

The industry, market and economic data included in this Placement Document has been derived from the report titled *"Industry Report on Indian Infrastructure"* dated March 18, 2024 by CARE Analytics and Advisory Private Limited (the "**CARE Report**"). CARE is not related in any manner to our Company, its Subsidiaries, Directors, Key Managerial Personnel, members of Senior Management or our Promoters.

This data in the CARE Report is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, so we have relied on internally developed estimates. Similarly, while we believe its internal estimates to be reasonable, such estimates have not been verified by any independent sources and neither we nor the Book Running Lead Manager can assure Bidders as to their accuracy.

The extent to which the market and industry data used in this Placement Document is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled "*Risk Factors* ***–Certain sections of this Placement Document contain information from the CARE Report which we commissioned and purchased and any reliance on such information for making an investment decision in this Issue is subject to inherent risks***" beginning on page 63.

Disclaimer of the CARE Report

The CARE Report is subject to the following disclaimer:

"This report is prepared by CARE Analytics and Advisory Private Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure veracity and adequacy of the information while developing this report based on information available in CareEdge Research's proprietary database, and other sources including the information in public domain, considered by CareEdge Research as reliable after exercise of reasonable care and diligence. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever. This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research at the time of issuance of this report; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections. Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research. CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so. By accepting a copy of this report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this report."

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Placement Document that are not statements of historical fact constitute "forward-looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "expected to", "intend", "is/are likely", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "will continue", "would", "will likely result", or any other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

These forward-looking statements appear in a number of places throughout this Placement Document and include statements regarding the intentions, beliefs or current expectations of our Company concerning, among other things, the expected results of operations, financial condition, liquidity, prospects, growth, strategies and dividend policy of our Company and the industry in which we operate. The forward-looking statements also include statements as to our Company's planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Placement Document that are not historical facts.

These forward-looking statements contained in this Placement Document (whether made by us or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. In addition, even if the result of operations, financial conditions, liquidity and dividend policy of our Company, and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this Placement Document, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause the actual results, performances and achievements of our Company to be materially different from any of the forward-looking statements include, among others:

- Our business currently is primarily dependent on projects in India undertaken or awarded by government authorities or other entities funded by the Government of India or State Governments and we derive majority of our revenues from contracts with a limited number of Government entities.
- Delays in the execution of the projects, premature termination of the projects for which we may not receive the payments
- Our revenue and earnings are dependent on the acceptance of bids and award of new contracts by the Central and State Governments and governmental agencies;
- A delay and/ or failure in the supply of materials, services and finished goods from third parties at acceptable price;
- Our business is capital intensive and we may experience insufficient cash flows to meet required payments on our working capital requirements;
- The occurrence of natural disasters or calamities;
- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;

Additional factors that could cause actual results, performance or achievements of our Company to differ materially include, but are not limited to, those discussed under the sections titled "***Risk Factors***", "***Industry Overview***", "***Our Business***" and "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" beginning on pages 47, 131, 193 and 93, respectively.

By their nature, market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains, losses or impact on net interest income and net income could materially differ from those that have been estimated, expressed or implied by such forward looking statements or other projections. The forward-looking statements contained in this Placement Document are based on the beliefs of the management, as well as the assumptions made by, and information currently available to, the management of our Company. Although our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure prospective investors that such expectations will prove to be correct. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

In any event, these statements speak only as of the date of this Placement Document or the respective dates indicated in this Placement Document, and neither our Company nor the Book Running Lead Manager nor any of their respective affiliates undertakes any obligation to update or revise any of them, whether as a result of new information, future events or otherwise, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with the SEBI and Stock Exchange requirements, our Company and the Book Running Lead Manager will ensure that the Shareholders are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a public limited liability company incorporated under the laws of India. All of our Directors and our Key Managerial Personnel and Senior Management are residing in India and majority of the assets of our Company and such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce judgments obtained against such parties outside India.

India is not a party to any multilateral international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908, as amended (the "**Civil Procedure Code**"), on a statutory basis. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Among other jurisdictions, the United Kingdom of Great Britain and Northern Ireland, Republic of Singapore, United Arab Emirates and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be brought in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy of India. Further, any judgment or award in a foreign currency would be converted into Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered, and any such amount may be subject to income tax in accordance with applicable laws. We cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Our Company and the Book Running Lead Manager cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES INFORMATION

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Equity Shares traded on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currencies of any cash dividends paid in Rupees on the Equity Shares.

The following table sets forth information, for or as of the end of the period indicated with respect to the exchange rates between the Rupee and the U.S. dollar (in ₹ per US$) for the periods indicated. The exchange rates are based on the reference rates released by the RBI and Financial Benchmark India Private Limited ("**FBIL**"), which are available on the websites of RBI and FBIL. No representation is made that any Rupee amounts could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all.

(₹ per US$)

	Period End(1)	Average(2)	High(3)	Low(4)
Fiscal Ended:				
March 31, 2024	83.37	82.79	83.40	81.65
March 31, 2023	82.22	80.39	83.20	75.39
March 31, 2022	75.81	74.51	76.92	72.48
Months ended:				
March 31, 2024	83.37	83.00	83.37	82.68
February 29, 2024	82.92	82.96	83.09	82.84
January 31, 2024	83.08	83.12	83.33	82.85
December 31, 2023	83.12	83.28	83.40	83.02
November 30, 2023	83.35	83.30	83.39	83.13
October 31, 2023	83.27	83.24	83.27	83.15

Source: www.rbi.org.in and www.fbil.org.in, as applicable.

Period end, high, low and average rates are based on the FBIL reference rates and rounded off to two decimal places. The RBI reference rates are rounded off to two decimal places.

Notes:
1. *The price for the period end refers to the price as on the last trading day of the respective fiscal year or monthly periods.*
2. *Average of the official rate for each Working Day of the relevant period.*
3. *Maximum of the official rate for each Working Day of the relevant period.*
4. *Minimum of the official rate for each Working Day of the relevant period.*

In case of holidays, the exchange rate on the last traded day of the month has been considered as the rate for the period end.

DEFINITIONS AND ABBREVIATIONS

This Placement Document uses the definitions and abbreviations set forth below, which you should consider when reading the information contained herein.

The following list of certain capitalised terms used in this Placement Document is intended for the convenience of the reader/ prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Placement Document shall have the meaning as defined hereunder. Further any references to any agreement, document, statute, rules, guidelines, regulations or policies shall include amendments made thereto, from time to time.

The words and expressions used in this Placement Document but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations framed thereunder. Notwithstanding the foregoing, terms used in the sections titled *"**Taxation**", "**Industry Overview**", "**Financial Information**" and "**Legal Proceedings**"* beginning on pages **265**, **131**, **284**, and **271**, respectively, shall have the meaning given to such terms in such sections.

General Terms

Term	Description
"Our Company", "the Company", "the Issuer", or "PEL"	Patel Engineering Limited, a limited company incorporated in India under the Indian Companies Act, VII of 1913 and having its registered office at Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India.
"We", "Our", "Us" or "PEL Group"	Unless the context otherwise indicates or implies, refers to our Company along with its Subsidiaries, on a consolidated basis.

Term	Description
Allotment Committee	The allotment committee constituted by our Board as disclosed in "*Board of Directors and Senior Management*" on page 213.
Articles or Articles of Association	Articles of association of our Company, as amended from time to time.
Audit Committee	The audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, and as described in "*Board of Directors and Senior Management*" on page 213.
Audited Consolidated Financial Statements	Collectively Fiscal 2023 Audited Consolidated Financial Statements, Fiscal 2022 Audited Consolidated Financial Statements and Fiscal 2021 Audited Consolidated Financial Statements
Auditors / Statutory Auditors	Statutory auditors of our Company namely M/s. Vatsaraj & Co., Chartered Accountants.
Board of Directors / Board	The board of directors of our Company, including any duly constituted committee thereof, as disclosed in "*Board of Directors and Senior Management*" beginning on page 213.
CARE Report	The report titled "*Industry Report on Indian Infrastructure*", dated March 18, 2024 prepared by CARE Analytics and Advisory Private Limited and commissioned and paid for by our Company pursuant to an engagement with CARE Analytics and Advisory Private Limited.
Chief Financial Officer	The chief financial officer of our Company, being Kavita Shirvaikar.
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, being Shobha Shetty
Corporate Social Responsibility Committee	The Corporate Social Responsibility Committee of our Board, as disclosed in "*Board of Directors and Senior Management – Committees of our Board of Directors*" beginning on page 213.
Director(s)	The director(s) on the Board of our Company.
Equity Share(s)	The equity shares of our Company of face value of ₹ 1 each.

Term	Description
2021 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company as at and for the year ended March 31, 2021, comprising of the consolidated balance sheet as at March 31, 2021, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2021 and notes to such consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared by the management in accordance with Ind AS and as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India along with the report dated June 11, 2021 issued thereon by our previous statutory auditors.
2022 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company as at and for the year ended March 31, 2022, comprising of the consolidated balance sheet as at March 31, 2022, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2022 and notes to such consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared by the management in accordance with Ind AS and as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India along with the report dated May 23, 2022 issued thereon by our previous statutory auditors.
2023 Audited Consolidated Financial Statements	Audited consolidated financial statements of our Company as at and for the year ended March 31, 2023, comprising of the consolidated balance sheet as at March 31, 2023, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended March 31, 2023 and notes to such consolidated financial statements, including a summary of significant accounting policies and other explanatory information, prepared by the management in accordance with Ind AS and as prescribed under Section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India along with the report dated May 15, 2023 issued thereon by our Statutory Auditors
Independent Director(s)	Independent directors of our Company, unless otherwise specified
Joint Ventures	Joint ventures of our Company, namely: 1. CICO Patel JV 2. Patel SEW JV 3. KNR Patel JV 4. Patel KNR JV 5. Patel-Varks Percision 6. PATEL SOMA JV 7. PATEL V ARKS JV 8. Patel Avantika Deepika BHEL 9. Age Patel JV 10. Patel - Michigan JV 11. PEL-UEIPL JV 12. PEL-PPCPL-HCPL JV 13. PATEL VI JV 14. Onycon Enterprises 15. PEL-Gond JV 16. HES Shuthaliya JV 17. PEL-Parbati JV 18. NEC-PEL JV 19. PEL-Ghodke JV 20. Patel SA JV 21. Era Patel Advance Kiran JV 22. Era Patel Advance JV

Term	Description
	23. Patel APCO JV 24. Patel Siddhivinayak JV 25. PEL-ISC-PRATHMESH JV 26. ISC Projects-PEL JV 27. Luhri Hydro Power Consortium 28. Patel -Civet-Chaitra Micro (KA) 29. Ceigall - PEL (JV) 30. VPRPL - PEL JV 31. Mokhabardi Micro Irrigation Project JV 32. DK JV 33. Patel Raman JV 34. PEL-PC JV 35. PEL-Civet Project JV 36. Jai Sai Construction JV 37. VIDPL LIS1 JV 38. PATEL SA JV 39. VKMCPL-PEL JV 40. Dibang Power (Lot 4) Consortium 41. DBL-PEL JV 42. Raj Path Nira JV 43. Raj Infra Deoghar JV 44. Patel Advance JV
Key Managerial Personnel	Key management personnel of our Company as defined under Regulation 2(1)(bb) of the SEBI ICDR Regulation and as disclosed in "*Board of Directors and Senior Management*" on page 213.
Managing Director	The managing director of our Company, being Rupen Patel.
Memorandum or Memorandum of Association	Memorandum of association of our Company, as amended from time to time.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, constituted by our Board in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, and as described in "*Board of Directors and Senior Management*" on page 213.
PEL ESOP 2007	Patel Engineering Employee Stock Option Plan 2007
PEL GEBS 2015	Patel Engineering General Employee Benefits Scheme 2015
Preference Share(s)	Zero coupon optionally convertible preference shares of ₹1 each
Promoter(s)	Rupen Patel, Praham India LLP and Raahitya Constructions Private Limited
Promoter Group	The promoter group of our Company as determined in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.
Registered Office	Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India
Risk Management Committee	The risk management committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013, the SEBI Listing Regulations, and as described in "*Board of Directors and Senior Management"* on page 213.
Senior Management	Senior management of our Company in terms of Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "*Board of Directors and Senior Management*" beginning on page 213.
Shareholder(s)	The holders of the Equity Shares of our Company, from time to time.
Stakeholders Relationship Committee	The Stakeholders Relationship Committee of our Board as disclosed in the section titled "*Board of Directors and Senior Management – Committees of our Board of Directors*" beginning on page 213.
Subsidiaries	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable Accounting Standards. For details, see "*Financial Statements*" on page 284.
Unaudited Special Purpose Condensed	The unaudited special purpose condensed interim consolidated Ind AS financial results of our Company, as at and for the nine months ended December 31, 2023 and December 31, 2022, comprising of the consolidated balance sheet as at

Term	Description
Interim Consolidated Financial Statements	December 31, 2023 and March 31, 2023, the consolidated statement of profit and loss including other comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the nine months ended December 31, 2023 prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34, Interim Financial Reporting ("**Ind AS 34**"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India and the report dated April 22, 2024 issued thereon by our Statutory Auditors
Unaudited Consolidated Financial Results	Unaudited consolidated financial results of our Company, and its Subsidiaries as at and for the nine months ended December 31, 2023 (including comparative as at and for the nine months ended December 31, 2022) prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standards 34 "Interim Financial Reporting" as prescribed under Section 133 of the Companies Act read with the relevant rules thereunder and other accounting principles generally accepted in India, and in compliance with Regulation 33 of the SEBI Listing Regulations
Whole-time Director	The whole-time director(s) of our Company, unless otherwise specified

Issue related terms

Term	Description
Allocated/ Allocation	The allocation of Equity Shares, by our Company in consultation with the Book Running Lead Manager, following the determination of the Issue Price to Eligible QIBs on the basis of the Application Forms submitted by them and in compliance with Chapter VI of the SEBI ICDR Regulations.
Allot/ Allotment/ Allotted	Issue and allotment of Equity Shares pursuant to the Issue
Allottees	Successful Bidders to whom Equity Shares are issued pursuant to the Issue.
Application Amount	The aggregate amount paid by a Bidder at the time of submitting a Bid in the Issue including any revisions thereof determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by Eligible QIBs and payable by the Eligible QIBs in the Issue on submission of the Application Form.
Application Form	Serially numbered, specifically addressed bid cum application form (including any revisions thereof) submitted by the Eligible QIBs for registering a Bid in the Issue.
Bid Amount	The amount determined by multiplying the price per Equity Share indicated in the Bid by the number of Equity Shares Bid for by a Bidder and payable by the Bidder in the Issue at the time of submission of the Application Form
Bid(s)	Indication of a Bidders interest, including all revisions and modifications of interest, as provided in the Application Form, to subscribe for the Equity Shares pursuant to the Issue. The term "Bidding" shall be construed accordingly
Bid/Issue Closing Date	April 25, 2024, the date after which our Company (or Book Running Lead Manager on behalf of our Company) ceased acceptance of Application Forms and the Application Amount.
Bid/Issue Opening Date	April 22, 2024, the date on which our Company (or the Book Running Lead Manager on behalf of our Company) commenced acceptance of the Application Forms and the Application Amount.
Bid/Issue Period	Period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date, inclusive of both days during which Eligible QIBs could submit their Bids including any revision and/or modifications thereof.
Bidder(s)	Any prospective investor, being an Eligible QIB, who made a Bid pursuant to the terms of the Preliminary Placement Document and the Application Form.
Book Running Lead Manager	Motilal Oswal Investment Advisors Limited
Closing Date	The date on which Allotment of Equity Shares pursuant to the Issue shall be made, i.e. on or about April 25, 2024.

Term	Description
Designated Date	The date of credit of Equity Shares, pursuant to the Issue, to the Allottee's demat account, as applicable to the respective Allottee.
Eligible FPIs	FPIs that are eligible to participate in this Issue in terms of applicable laws, other than individuals, corporate bodies and family offices
Eligible QIBs	QIBs, as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations that were eligible to participate in the Issue and which are not excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations and are not restricted from participating in the Issue under the applicable laws. In addition, QIBs, outside the United States in "offshore transactions" in reliance on Regulation S under the U.S. Securities Act. Further, FVCIs are not permitted to participate in the Issue and accordingly, are not Eligible QIBs. For further details, see "*Issue Procedure*", "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 230, 247 and 255, respectively.
Escrow Bank	ICICI Bank Limited
Escrow Account	Special non-interest bearing, no-lien, current bank account without any cheques or overdraft facilities, to be opened in the name and style "*Patel Engineering Ltd-QIP-Escrow Account*" with the Escrow Bank, subject to the terms of the Escrow Agreement into which the Application Amount in connection with the subscription to the Equity Shares pursuant to the Issue shall be deposited by the Bidders.
Escrow Agreement	Agreement dated April 22**,** 2024 entered into amongst our Company, the Escrow Bank and the Lead Manager for collection of the Application Amounts and for remitting refunds, if any, of the amounts collected, to the unsuccessful Bidders.
Floor Price	The floor price of ₹ 59.50 per Equity Share, calculated in accordance with Chapter VI of the SEBI ICDR Regulations. Our Company offered a discount of 5% on the Floor Price in accordance with the approval of the Shareholders of our Company accorded through their special resolution passed by way of an extraordinary general meeting dated March 8**,** 2024 in terms of Regulation 176(1) of the SEBI ICDR Regulations. The net price after discount on the Floor Price is ₹ 56.53 per Equity Share.
Gross Proceeds	The gross proceeds of the Issue that will be available to our Company.
Fraudulent Borrower	Fraudulent Borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Issue	Offer and issuance of 70,758,889 Equity Shares to Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations and the applicable provisions of the Companies Act, 2013 and the rules made thereunder the applicable provisions of Companies Act, 2013 and the rules made thereunder.
Issue Price	₹ 56.53 per Equity Share
Issue Size	Aggregate size of the Issue, ₹ 4,000.00 million.
Monitoring Agency	CARE Ratings Limited
Monitoring Agency Agreement	Agreement dated April 22, 2024 entered into amongst our Company and the Monitoring Agency.
Mutual Fund	A mutual fund registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Proceeds	The net proceeds from the Issue, after deducting fees, commissions and expenses of the Issue.
Placement Agreement	Placement agreement dated April 22, 2024 entered into amongst our Company and the Book Running Lead Manager.
Placement Document	This placement document dated April 25, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and the provisions of the Companies Act, 2013 and the rules prescribed thereunder.
Preliminary Placement Document	The preliminary placement document cum application form dated April 22, 2024 issued in accordance with Chapter VI of the SEBI ICDR Regulations and other applicable provisions of the Companies Act, 2013 and rules made thereunder.
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.

Term	Description
QIP	Qualified institutions placement under Chapter VI of the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013 read with applicable rules.
Refund Amount	The aggregate amount to be returned to the Bidders who have not been Allocated Equity Shares for all, or part, of the Application Amount submitted by such Bidder pursuant to the Issue.
Refund Intimation	The intimation from our Company to relevant Bidders confirming refund of the Refund Amount to their respective bank accounts.
Regulation S	Regulation S under the U.S. Securities Act.
Relevant Date	April 22, 2024, which is the date of the meeting of the Allotment Committee of the Board, a committee duly authorised by our Board, deciding to open the Issue.
Stock Exchanges	BSE and NSE
Successful Bidders	The Bidders who have Bid at or above the Issue Price, duly paid the Application Amount with the Application Form and who are Allocated Equity Shares pursuant to the Issue.
U.S. / United States	The United States of America, its territories and possessions, any State of the United States, and the District of Columbia.
Wilful Defaulter	An entity or person categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Working Day	Any day other than second and fourth Saturday of the relevant month or a Sunday or a public holiday or a day on which scheduled commercial banks are authorized or obligated by law to remain closed in Mumbai, India.

Business, technical and industry related terms

Terms	Description
2RE	Second Revised Estimates
3RE	Third Revised Estimates
AIBP	Accelerated Irrigation Benefit Programme
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
APTEL	Appellate Tribunal
BE	Budgeted Estimates
BESS	Battery Energy Storage Systems
BIM	Building Information Modeling
BOT	Build-operate-transfer
CAD	Command Area Development
CADWM	Command Area Development and Water Management
CAGR	Compounded annual growth rate
CCA	Cultivable Command Area
CEA	Central Electricity Authority
CGWB	Central Ground Water Board
CPI	Consumer Price Index
CY	Calendar year
Current Ratio	Current Assets/ Current Liabilites
Creditor Days	(Creditors/ Total Expenses)*365
Debt	Long term Borrowings + Short term Borrowings
Debtor Days	(Debtors/ Revenue from operations)*365
Debt to Equity	Debt/ Total Equity
DBM	drill-and-blast method
DDP	desert development programme
DFI	Development Finance Institution
DPAP	drought-prone area programme

Terms	Description
EBITDA	Depreciation + Finance Cost+ Profit (Loss) before exceptional item and tax- Other Income
EBITDA Margin	EBITDA/ Revenue from operations
EMT	Electrical Resistivity Tomography
EPB	Earth Pressure Balance
EPC	Engineering, Procurement, and Construction
FAE	First Advance Estimate
FDI	Foreign Direct Investment
FEM	Finite Element Method
FIDIC	International Federation of Consulting Engineers
FRE	First Revised Estimates
HCC	Hindustan Construction Company
HEP	Hydroelectric Power
GDAM	Green Day Ahead Market
GDP	Gross Domestic Product
GFCF	Gross Fixed Capital Formation
GHG	Greenhouse Gas
GMRPUI	GMR Power and Urban Infra Limited
GNDI	Gross National Disposable Income
GoI	Government of India
GPR	Ground Penetrating Radar
GTAM	Green Term Ahead Market
GVA	Growth of Gross Value Added
HPO	Hydro Power Obligation
Inventory Days	(Inventory/Revenue from operations)*365
IMD	Indian Meteorological Department
IMF	International Monetary Fund
ISTS	Inter-State Transmission System
JICA	Japan International Cooperation Agency
KBK	Koraput, Balangir and Kalahandi
LAF	liquidity adjustment facility
MAHSR	Mumbai Ahmedabad High-Speed Rail
MNRE	Ministry of New and Renewable Energy
MoSPI	Ministry of Statistics and Programme Implementation
MSF	Marginal standing facility
MW	Megawatts
Non-Core Assets	Long term+ Short term other financial assets
Non-Core Assets to Total Assets	Non-Core Assets/ Total Assets
NHSRCL	National High-Speed Rail Corporation Limited
NATM	New Austrian Tunnelling Method
NDT	Non-destructive testing
NEP	National Electricity Plan
NEEPCO	Northeast Electric Power Company
NHPC	National Hydroelectric Power Corporation
NHAI	National Highways Authority of India
NH	National Highways
NIP	National Infrastructure Pipeline
NMP	National Monetization Pipeline

Terms	Description
NPP	National Perspective Plan
PAT Margin	PAT/ Revenue from operations
PE	Provisional Estimate
PFCE	Private Final Consumption Expenditure
PLI	Production Linked Incentive
PMAY	Pradhan Mantri Awaas Yojna
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojna
PMKSY	Pradhan Mantri Krishi Sinchai Yojana
PM-KUSUM	Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan
PPP	Public-private partnerships
PSH	Pumped storage hydropower
PSP	Pumped Storage Projects
RCC	Reinforced Cement Concrete
RE	Revised Estimates
RES	Renewable Energy Sources
Return on Equity	PAT/ Total Equity
Return on Assets	PAT/ Total Assets
Return on Capital Employed	EBIT/ (Total Assets- Current Liabilities)
RHEP	Rampur Hydroelectric Power Plant
ROCE	Return on Capital Employed
RRTS	Regional rapid transit systems
SDF	Standing deposit facility
SEM	Sequential Excavation Method
SHP	Small Hydro Power
SJVNL	Satluj Jal Vidyut Nigam
SMI	Surface Minor Irrigation
SPV	Special Purpose Vehicles
SRFC	Steel Fibre Reinforced Concrete
STOA	Short-Term Open Access
TBM	tunnel boring machines
UPC	Unit Price Contract
UT	Ultrasonic testing
VGF	viability gap funding
VPRPL	Vishnu Prakash R Punglia Limited
WEO	World Economic Outlook
y-o-y	year-on-year

Conventional and General Terms/Abbreviations

Terms	Description
AGM	Annual General Meeting
AS or Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
Calendar Year	Year ending on December 31
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identification Number
Civil Procedure Code	The Code of Civil Procedure, 1908
Companies Act	The Companies Act, 2013 and applicable provisions of the Companies Act, 1956

Terms	Description
Companies Act, 1956	The Companies Act, 1956 along with the rules made thereunder, as applicable
Companies Act, 2013	The Companies Act, 2013, along with the rules made thereunder
CLB	Company Law Board
Consolidated FDI Policy	Consolidated Foreign Direct Investment Policy notified by the DPIIT by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020 effective from October 15, 2020
CrPC	The Code of Criminal Procedure, 1973
Depositories	CDSL and NSDL
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DP ID Number	Depository participant identification number
DPIIT	Department for Promotion of Industry and Internal Trade
EGM	Extraordinary general meeting
EU	European Union
FBIL	Financial Benchmarks India Limited
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations issued thereunder
FEMA Rules	The Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year or Fiscal	The period of 12 months ended March 31 of that particular year, unless otherwise stated
FIR	First information report
Form PAS-4	Form PAS-4 as prescribed under the Companies (Prospectus and Allotment of Securities) Rules, 2014
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
FPI Operational Guidelines	SEBI circular dated November 5, 2019 which issued the operational guidelines for FPIs
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018
FVCI	Foreign Venture Capital Investor, as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, registered with SEBI
GAAP	Generally Accepted Accounting Principles
GDP	Gross Domestic Product
General Meeting	AGM or EGM
GoI or Government	Government of India
GST	Goods and Services Tax
HNI	High net-worth individual
HUF	Hindu Undivided Family
I.T. Act	The Income-tax Act, 1961
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards, as per the roadmap issued by the Ministry of Corporate Affairs, Government of India, notified by the MCA under section 133 of the Companies Act, 2013, read with Companies (Indian Accounting Standards) Rules, 2015, as amended
IRDAI	Insurance Regulatory and Development Authority of India
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs, GoI
MoU	Memorandum of Understanding
NEFT	National Electronic Fund Transfer

Terms	Description
Non-Resident Indian or NRI	An individual resident outside India who is citizen of India
Non-Resident or NR	A person resident outside India, as defined under the FEMA
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
P.A. or p.a.	Per annum
PAN	Permanent Account Number allotted under the I.T. Act
PAS Rules	The Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended
PAT	Profit after tax
RBI	Reserve Bank of India
RoC or Registrar	Registrar of Companies, Maharashtra at Mumbai
SCRA	The Securities Contracts (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India established under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Mutual Fund Regulations	The Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
SEBI SBEB Regulations	The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
U.S. GAAP	Generally accepted accounting principles in the United States of America
U.S. Securities Act	United States Securities Act of 1933, as amended.
VCF	Venture capital fund
Wilful Defaulter or Fraudulent Borrower	Wilful defaulter or fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations

SUMMARY OF BUSINESS

Our Company was incorporated in 1949 and over the last seven decades, we have evolved as a construction company specializing in the hydro power generation and irrigation segments. We are engaged in the construction of dams, bridges, tunnels, roads, piling works, industrial structures and other kinds of heavy civil engineering works and have executed a variety of infrastructure projects in the hydro power, irrigation and water supply, urban infrastructure and transportation segments primarily as civil contractors. We have presence in various technology intensive areas like hydro, irrigation and water supply, urban infrastructure and transport especially in tunnels and underground works for hydroelectric and transportation projects. Since incorporation, we have been involved in over 15,000 MW hydropower projects, construction of over 87 dams, 300 kms of tunnelling works, more than 4,000 meter of shaft boring works, over 1200 kms of roads and irrigated over 0.55 million acres.

We are an ISO 9001: 2015, ISO 14001:2015 and ISO 45001:2018 certified Company with access to international licensors & contractors which makes us an ideal engineering solutions partner for a wide spectrum of services covering a variety of industries. Our experience, technological abilities and financial strength have given us the ability to bid for large infrastructure projects.

The vision of our Company is to deliver comprehensive and effective solutions to clients through our profound experience and technological prowess, while continuously creating opportunities and value for stake holders and society.

The mission of our Company is to be the pioneers in the industry and a market driven organization known for its commitment towards excellence, quality, performance and reliability.

Currently, our construction business undertakes:

- Hydro power projects including dams, tunnels, power-houses and barrages;
- Irrigation and water supply projects including dams, weirs and pump houses;
- Urban infrastructure projects & others including sewerage, micro tunnelling and horizontal directional drilling and pipelines; and
- Transportation projects including roads, bridges, flyovers and tunnels for railways.

As on December 31, 2023, the size of our order book is ₹ 191,346.87 million including the projects wherein we have been categorised as lowest bidder ("**Order Book**"). Majority of our Order Book comprises of projects which are awarded by Central / State Governments or other Government undertakings/ Public Sector Undertakings.

The following table sets forth the segment wise breakup of our Order Book as on December 31, 2023.

Segment	Number of Projects	Order Book Value *(In ₹ million)*
Hydroelectric	15	116,891.16
Irrigation	17	40,204.00
Tunnel	6	21,165.46
Road	5	5,702.08
Others	5	7,384.16
Total	**48**	**191,346.87**

The following table sets forth the client wise breakup of our Order Book as on December 31, 2023:

Client	Number of Projects	Order Book Value *(In ₹ million)*
Central Government / PSU's	17	118,520.47
State Government Departments	29	66,484.21
International	2	6,342.20
Total	**48**	**191,346.87**

For Fiscals 2023, 2022 and 2021, our consolidated revenue from operation was ₹ 42,019.71 million, ₹33,802.89 million and ₹19,947.93 million, respectively. For Fiscals 2023, 2022 and 2021, our net profit/(loss) after tax and share in profit / (loss) in Joint Ventures/Associates was ₹ 1,834.81 million, ₹ 718.49 million and ₹ (2,907.47) million, respectively. Further, for the nine months period ended December 31, 2023 and December 31, 2022, our consolidated revenue from operations was ₹32,009.29 million and ₹ 26,860.83 million, respectively and the net profit/(loss) after tax and share in profit/(loss) in Joint Ventures/Associates from continuing operations was ₹1,618.64 million and ₹695.54 million, respectively.

The following table sets forth certain financial information on a consolidated basis as of the dates and for the periods indicated:

(In ₹ million, except as otherwise stated)

Particular	Fiscal 2021	Fiscal 2022	Fiscal 2023	December 31, 2023
Financial Position				
Share Capital	465.45	479.23	773.62	773.62
Reserves & Surplus	22,730.21	23,357.13	28,105.95	29,456.20
Shareholders Funds	**23,195.66**	**23,836.36**	**28,879.57**	**30,229.82**
Minority Interest	612.90	714.11	878.20	(72.04)
Loan Funds	22,663.89	22,616.12	17,521.28	19,547.76
Total Funds Employed	**46,472.46**	**47,166.59**	**47,279.05**	**49,705.54**
Fixed Assets (Net)	13,611.47	14,633.28	15,887.08	15,160.84
Investments	678.90	816.08	1,242.26	1,277.74
Deferred Tax Assets (Net)	2,002.80	1,973.68	2,137.18	1,953.63
Net Current & Non-Current Assets	30,179.29	29,743.55	28,012.53	31,313.33
Total Application of Funds	**46,472.46**	**47,166.59**	**47,279.05**	**49,705.54**
Operating results				
Revenue from Operations	19,947.93	33,802.89	42,019.71	32,009.29
Other Income	1,091.35	1,162.06	1,203.53	577.21
Total Income	**21,039.28**	**34,964.95**	**43,223.24**	**32,586.50**
Total Operating Expenditure	**17,601.56**	**28,525.73**	**35,770.95**	**27,482.11**
Operating EBITDA	2,346.37	5,277.16	6,248.76	4,527.18
EBITA Margin (%)	11.76%	15.61%	14,87%	14.14%
Profit/(Loss) before tax	(3,438.12)	1,120.02	2,326.89	2,150.19
Net profit/(loss) after tax and share in profit /(loss) in joint ventures / associates	(2,907.47)	718.49	1,834.81	1,618.64
Non-Controlling Interest	119.85	98.49	162.85	53.94
Net Profit for Owner	(2,982.04)	547.57	1,548.06	1,407.29
Net Profit Margin (%)	(14.95)%	1.62%	3.68%	4.40%
Equity Share Data				
Diluted Earnings per Share (₹)	(6.78)	1.49	2.23	2.02
Number of Shares	465,453,024	479,230,494	773,617,228	773,617,228

SUMMARY OF THE ISSUE

The following is a general summary of the term of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Placement Document, including under the sections *"**Risk Factors**", "**Use of Proceeds**", "**Placement**", "**Issue Procedure**" and "**Description of the Equity Shares**"* beginning on pages 47, 77, 244, 230 and 261, respectively.

Issuer	Patel Engineering Limited
Face Value	₹ 1 per Equity Share
Issue Size	Issue of up to 70,758,889 Equity Shares, aggregating to ₹4,000.00 million. A minimum of 10% of the Issue Size i.e. at least 7,075,889 Equity Shares, was made available for Allocation to Mutual Funds only and the balance 63,683,000 Equity Shares was made available for Allocation to all QIBs, including Mutual Funds. In case of under-subscription in the portion available for Allocation to Mutual Funds, such undersubscribed portion or part thereof may be Allotted to other Eligible QIBs.
Date of Board Resolution	February 12, 2024
Date of Shareholders' Resolution	March 8, 2024
Floor Price	₹ 59.50 per Equity Share The Floor Price for the Issue has been calculated in accordance with Regulation 176 of Chapter VI of the SEBI ICDR Regulations. In terms of the SEBI ICDR Regulations, the Issue Price cannot be lower than the Floor Price. Our Company offered a discount of 5% on the Floor Price in accordance with the approval of our Board Resolution dated February 12, 2024 and the Shareholders accorded through their special resolution passed on March 8, 2024 and in terms of Regulation 176(1) of the SEBI ICDR Regulations.
Issue Price	₹ 56.53 per Equity Share (including a premium of ₹ 55.53 per Equity Share)
Eligible Investors	Eligible QIBs, to whom the Preliminary Placement Document and the Application Form have been delivered and who are eligible to bid and participate in the Issue. For further details, see the sections titled "***Issue Procedure – Eligible Qualified Institutional Buyers***" and "***Transfer Restrictions***" beginning on pages 235 and 257, respectively. The list of Eligible QIBs to whom the Preliminary Placement Document and the Application Form was delivered shall be determined by the Company in consultation with the Book Running Lead Manager, at its sole discretion.
Equity Shares issued and subscribed immediately prior to the Issue	773,617,228 Equity Shares, being fully paid-up.
Equity Shares issued and subscribed immediately after the Issue	844,376,117 Equity Shares.
Issue procedure	This Issue is being made only to Eligible QIBs in reliance on Section 42 of the Companies Act, read with Rule 14 of the PAS Rules, and all other applicable provisions of the Companies Act, 2013 and Chapter VI of the SEBI ICDR Regulations. For further details, see "***Issue Procedure***" on page 230.
Listing and Trading	Our Company has obtained in-principle approvals each dated April 22, 2024 in terms of Regulation 28(1)(a) of the SEBI Listing Regulations from the Stock Exchanges, for listing of the Equity Shares issued pursuant to the Issue. Our Company will make applications to each of the Stock Exchanges to obtain final listing and trading approval for the Equity Shares after the Allotment and after the credit of the Equity Shares to the beneficiary account of the Depository Participant. The trading of the Equity Shares would be in dematerialized form and only in the cash segment of each of the Stock Exchanges.

Lock-up	For details of the lock-up, see "***Placement***" on page 244.
Transferability Restrictions	The Equity Shares being Allotted pursuant to this Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of the Stock Exchanges. For further details, see "***Transfer Restrictions***" beginning on page 257.
Use of Proceeds	The Gross Proceeds from the Issue aggregate to ₹ 4,000.00 million. Subject to compliance with applicable laws, the net proceeds from the Issue, after deducting fees, commissions and the estimated expenses of the Issue of approximately ₹401.67 million, shall be approximately ₹3,598.33 million. For additional information on the use of the net proceeds from the Issue, see "***Use of Proceeds***" beginning on page 77.
Risk Factors	See "***Risk Factors***" beginning on page 47 for a discussion of risks you should consider before deciding whether to subscribe for the Equity Shares.
Dividend	See "***Description of the Equity Shares***" and "***Dividends***" beginning on pages 261 and 91, respectively
Taxation	See "***Taxation***" beginning on page 265.
Closing Date	The Allotment is expected to be made on or about April 25, 2024.
Status, Ranking and dividends	The Equity Shares being issued pursuant to the Issue shall be subject to the provisions of the Memorandum of Association and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares, including rights in respect of dividends. Our Shareholders (as on record date) will be entitled to participate in dividends and other corporate benefits, if any, declared by our Company after the Closing Date, in compliance with the Companies Act, the SEBI Listing Regulations and other applicable laws and regulations. Our Shareholders may attend and vote in shareholders' meetings on the basis of one vote for every Equity Share held. For further details, see "***Description of the Equity Shares***" and "***Dividends***" beginning on pages 261 and 91, respectively.
Security Codes/ Symbols for the Equity Shares	**ISIN**: INE244B01030 **BSE Code**: 531120 **NSE Symbol**: PATELENG

SUMMARY OF FINANCIAL INFORMATION

*The following tables set out selected financial information as extracted from our Unaudited Special Purpose Condensed Interim Consolidated Financial Statements and our Audited Consolidated Financial Statements and presented in "**Financial Information**" beginning on page 284. The selected financial information presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information", beginning on pages 93 and 284, respectively, for further details.*

SUMMARY OF THE UNAUDITED SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Summary of balance sheet for as at December 31, 2023 and as at March 31, 2023

(₹ in million)

Particulars	As at December 31, 2023	As at March 31, 2023
ASSETS		
Non-current assets		
Property, plant and equipment	11,700.55	11,904.59
Capital work-in-progress	2,905.27	2,944.44
Intangible assets	9.16	12.16
Goodwill on consolidation	252.61	252.61
Right to use assets	293.26	142.09
Financial assets		
(i) Investments	1,277.74	1,354.13
(ii) Trade receivables	3,353.03	3,606.79
(iii) Loans	871.28	887.94
(iv) Other financial assets	7,973.41	6,166.75
Deferred tax assets (net)	1,953.63	2,073.52
Current tax assets (net)	599.49	886.97
Other non-current assets	2,456.73	2,094.79
Total non-current assets (A)	**33,646.16**	**32,326.77**
Current assets		
Inventories	38,872.91	36,762.97
Financial assets		
Trade receivables	5,037.38	5,038.74
Cash and cash equivalents	1,182.02	2,083.01
Other bank balances	-	-
Loans	31.94	59.58
Other financial assets	1,553.18	1,355.49
Current tax assets (net)	60.22	78.40
Other current assets	7,922.28	6,972.88
Assets classified as held for sale	-	2,893.08
Total current assets (B)	**54,659.93**	**55,244.15**
TOTAL ASSETS (A+B)	**88,306.09**	**87,570.92**
EQUITY AND LIABILITIES		
Equity		
Equity share capital	773.62	773.62
Other equity	29,456.20	28,105.94
Equity attributable to owners of the parent	**30,229.82**	**28,879.56**
Non-controlling interests	(72.04)	878.20
Total equity (A)	**30,157.78**	**29,757.76**
Liabilities		

Particulars	As at December 31, 2023	As at March 31, 2023
Non-current liabilities		
Financial liabilities		
(i) Borrowings	5,886.90	5,324.96
(ii) Lease liabilities	63.85	78.19
(iii) Trade payables		
a) Total outstanding dues of micro enterprises and small enterprises	-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	5,452.16	6,182.16
(iv) Other financial liability	2,191.66	2,042.57
Provisions	165.80	163.55
Other non current liabilities	4,346.45	5,710.50
Deferred revenue	38.57	78.92
Total non current liabilities (B)	**18,145.39**	**19,580.85**
Current liabilities		
Financial liabilities		
(i) Borrowings	13,660.86	12,082.80
(ii) Lease liabilities	215.05	92.67
(iii) Trade payables		
a) Total outstanding dues of micro enterprises and small enterprises	54.68	93.81
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	18,851.91	14,942.40
(iv) Other financial liability	242.65	259.33
Provisions	57.71	50.57
Other non current liabilities	6,920.06	9,734.94
Liabilities for assets classified as held for sale	-	975.79
Total current liabilities (C)	**40,002.92**	**38,232.31**
TOTAL EQUITY AND LIABILITIES (A+B+C)	**88,306.09**	**87,570.92**

Summary of profit and loss for the nine months' period ended December 31, 2023 and December 31, 2022

(₹ in million)

Particulars	As at December 31, 2023	As at December 31, 2022
INCOME		
Revenue from operations	32,009.29	26,860.83
Other income	577.21	896.32
Total income	**32,586.50**	**27,757.15**
Expenses:		
Cost of construction	23,324.76	19,508.08
Employee benefits expense	2,707.84	2,396.65
Finance costs	2,690.07	3,084.66
Depreciation and amortization expense	685.85	601.84
Other expenses	1,449.51	1,056.99
Total expenses	**30,858.03**	**26,621.22**
Profit/(Loss) before exceptional items and tax	**1,728.47**	**1,135.93**
Exceptional items	(421.72)	77.56
Profit/(loss) before tax	**2,150.19**	**1,058.37**
Tax expense:		
(1) Current tax	603.79	348.40
(2) Tax adjustments for earlier years	(45.54)	3.39
(3) Deferred Tax	(14.71)	39.33
Profit/(loss) for the year	**1,606.65**	**667.25**
Share in profit/ (loss) in associates (net)	11.99	28.29
Net profit/ (loss) after tax and share in profit /(loss) in joint ventures / associates from continuing operations	**1,618.64**	**695.54**
Profit/(Loss)from discontinued operations before tax after non-controlling interest	(119.73)	269.77
Tax Expense (including Deferred Tax) on Discontinued Operations	-	121.61
Profit/(Loss)from discontinued operations after tax and non-controlling interest	**(119.73)**	**148.16**
Other comprehensive income		
(i) Items that will not be reclassified to profit or loss	(37.72)	(153.49)
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.04	4.42
Total other comprehensive income	**(37.68)**	**(149.07)**
Total comprehensive income for the year	**1,461.23**	**694.63**
Minority interest	53.94	(9.77)
Owners of the parent	**1,407.29**	**704.40**
Earnings per equity share from continued operations:		
(1) Basic	2.02	1.41
(2) Diluted	2.02	1.19
Earnings per equity share from discontinued operations:		

Particulars	As at December 31, 2023	As at December 31, 2022
(1) Basic	(0.15)	0.30
(2) Diluted	(0.15)	0.30

Summary of cash flows for the nine months' period ended December 31, 2023 and December 31, 2022

Particulars	For the period ended December 31, 2023	For the period ended December 31, 2022
Cash Flow From Operating Activities		
Net profit after tax	1,498.91	843.70
Adjustment for:		
Depreciation/ amortisation	685.85	601.84
Tax expenses	543.54	391.12
Finance charges	2,690.07	3,084.66
Non cash gain from discontinued operation	(58.66)	-
Interest income and dividend received	(372.33)	(536.57)
Foreign exchange gain	(27.95)	(145.89)
Provision for leave salary	(0.53)	(21.54)
Provision for gratuity	9.93	(9.75)
Share in associates	11.99	28.29
Profit/(Loss)on Award income	(528.88)	-
Provision for impairment	9.85	-
Profit/(Loss)on sale of assets	(2.52)	(10.89)
Excess credit written back	(125.64)	-
Irrecoverable debts and advances written off (net)	271.83	66.34
Transferred of discontinued operation (net)	938.32	-
Operating Profit Before Working Capital Changes	**5,543.78**	**4,291.31**
Adjustment for changes in:		
Trade and other receivables	(1,481.01)	(260.66)
Inventories	(3,081.14)	(530.54)
Trade and other payables (excluding income tax)	1,715.11	1,220.66
Cash from operations	**2,696.73**	**4,720.77**
Direct tax paid (net)	(164.62)	(589.70)
Net Cash From Operating Activities (A)	**2,532.11**	**4,131.07**
Cash Flow From Investing Activities		
(Purchase) / adjustments of fixed assets (including capital work-in-progress and capital advances)	(1,040.59)	(982.87)
Sale of fixed assets	99.57	100.37
Decrease / (increase) in loans to JV/ associates	58.94	92.67
Sale / (purchase) of investments & marketable securities	62.01	(216.42)
Interest and dividend received	114.17	99.63
Net Cash From / (Used In) Investing Activities (B)	**(705.89)**	**(906.62)**
Cash Flow From Financing Activities		
Issue of shares	0.00	342.30
Proceeds from borrowings including cash credit limit	1,154.81	1,567.39

Particulars	For the period ended December 31, 2023	For the period ended December 31, 2022
Replacement of Contractee advance with new term loan	(2,520.00)	-
Term loan for replacement of Contractee advance	2,520.00	-
Repayment of borrowings including cash credit limit	(1,515.55)	(2,788.28)
Finance charges paid	(2,394.42)	(2,815.32)
Net Cash Used In Financing Activities (C)	**(2,755.17)**	**(3,693.90)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(928.95)**	**(469.45)**
Opening balance of cash and cash equivalents	2,083.01	2,605.78
Balance of cash and cash equivalents	**1,154.07**	**2,136.33**

SUMMARY OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS

Summary of audited consolidated balance sheet as at March 31, 2023, March 31, 2022 and March 31, 2021

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	12,497.32	11,513.74	6,537.69
Capital work-in-progress	2,944.44	2,826.38	6,786.06
Intangible assets	12.48	9.31	3.87
Goodwill on consolidation	282.00	283.86	283.86
Right to use assets	150.85	-	-
Financial assets			
(i) Investments	1,242.26	816.08	678.90
(ii) Trade receivables	3,606.79	4,935.47	4,420.83
(iii) Loans	887.94	766.19	704.41
(iv) Other financial assets	6,228.73	1,902.60	1,367.34
Deferred tax assets (net)	2,137.18	1,973.68	2,002.80
Current tax assets (net)	940.01	554.50	130.98
Other non-current assets	2,133.04	5,937.10	6,618.17
Total non-current assets (A)	**33,063.04**	**31,518.91**	**29,534.91**
Current assets			
Inventories	37,435.33	35,905.80	36,302.81
Financial assets			
(i) Trade receivables	5,313.74	5,619.27	4,336.35
(ii) Cash and cash equivalents	2,112.25	2,605.78	1,949.22
(iii) Other bank balances	9.27	7.15	10.88
(iv) Loans	60.08	106.08	297.37
(v) Other financial assets	2,278.84	718.89	775.01
Current tax assets (net)	7.09	123.25	120.42
Other current assets	7,220.16	8,496.26	7,428.05
Assets classified as held for sale	-	-	116.00
Total current assets (B)	**54,436.76**	**53,582.48**	**51,336.11**
TOTAL ASSETS (A+B)	**87,499.80**	**85,101.39**	**80,871.02**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	773.62	479.23	465.45
Other equity	28,105.95	23,357.13	22,730.21
Equity attributable to owners of the parent	**28,879.57**	**23,836.36**	**23,195.66**
Non-controlling interests	878.20	714.11	612.90
Total equity (A)	**29,757.77**	**24,550.47**	**23,808.56**
Liabilities			
Non current liabilities			
Financial liabilities			
(i) Borrowings	5,354.71	7,607.14	7,533.37
(ii) Lease liabilities	81.84	191.83	270.84

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
(iii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	-	-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	6,182.15	5,771.28	4,779.22
(iv) Other financial liability	2,235.73	1,912.39	1,478.17
Provisions	175.89	148.54	119.96
Other non current liabilities	5,710.50	6,821.76	7,727.71
Deferred revenue	78.92	64.73	68.01
Total non current liabilities (B)	**19,819.74**	**22,517.67**	**21,977.28**
Current liabilities			
Financial liabilities			
(i) Borrowings	12,166.57	15,008.98	15,130.52
(ii) Lease liabilities	97.30	110.45	27.25
(iii) Trade payables			
a) Total outstanding dues of micro enterprises and small enterprises	93.81	96.84	45.62
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	15,425.10	13,141.20	12,050.97
(iv) Other financial liability	259.33	220.08	288.21
Provisions	51.49	59.68	63.77
Other non current liabilities	9,828.69	9,396.02	7,478.84
Total current liabilities (C)	**37,922.29**	**38,033.25**	**35,085.18**
TOTAL EQUITY AND LIABILITIES (A+B+C)	**87,499.80**	**85,101.39**	**80,871.02**

Summary of audited consolidated statement of profit and loss for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
INCOME			
Revenue from operations	42,019.71	33,802.89	19,947.93
Other income	1,203.53	1,162.06	1,091.35
Total income	**43,223.24**	**34,946.95**	**21,039.28**
Expenses:			
Cost of construction	30,614.22	24,440.50	14,589.99
Employee benefits expense	3,407.69	2,665.24	2,013.32
Finance costs	4,184.23	4,195.27	4,013.92
Depreciation and amortization expense	933.03	818.99	720.25
Other expenses	1,749.04	1,419.99	998.26
Total expenses	**40,888.21**	**33,539.99**	**22,335.74**
Profit before exceptional items and tax	**2,335.03**	**1,424.96**	**(1,296.46)**
Exceptional items	8.14	304.94	2,141.66
Profit before tax	**2,326.89**	**1,120.02**	**(3,438.12)**
Tax expense:			
(1) Current tax	873.05	384.65	110.48
(2) Tax adjustments for earlier years	(184.57)	1.57	1.49
(3) Deferred Tax	(149.61)	47.54	(820.83)
Profit for the year	**1,788.02**	**686.26**	**(2,729.26)**
Share in profit/ (loss) in associates (net)	46.79	32.23	(178.21)
Net profit after tax and share in profit /(loss) in joint ventures / associates	**1,834.81**	**718.49**	**(2,907.47)**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Remeasurements of the defined benefit plans	(123.94)	(76.85)	40.86
(ii) Income tax relating to items that will not be reclassified to profit or loss	0.04	4.42	4.42
Total other comprehensive income	**(123.90)**	**(72.43)**	**45.28**
Total comprehensive income for the year	**1,710.91**	**646.06**	**(2,862.19)**
Minority interest	**162.85**	**98.49**	**119.85**
Owners of the parent	**1,548.06**	**547.57**	**(2,982.04)**
Earnings per equity share			
(1) Basic (₹)	3.19	1.51	(6.78)
(2) Diluted (₹)	2.23	1.49	(6.78)

Summary of audited consolidated cash flow statement for the Fiscals ended March 31, 2023, March 31, 2022 and March 31, 2021

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Cash Flow From Operating Activities			
Net profit after tax	1,834.81	718.49	(2,907.47)
Adjustment for:			
Depreciation/ amortisation	933.03	818.99	720.25
Tax expenses	538.86	433.77	(708.85)
Finance charges	4,184.23	4,195.27	4,013.92
Interest income and dividend received	(595.75)	(589.12)	(590.84)
Foreign exchange loss / (gain)	(108.67)	(118.67)	31.39
Provision for leave salary	23.59	28.78	11.05
Provision for gratuity	(4.43)	(4.29)	43.08
Share in associates	46.79	32.23	174.17
Share in JV	89.82	(108.94)	(61.84)
Provision for impairment	251.19	224.64	769.35
Profit/(Loss)on sale of assets	(21.21)	(5.13)	(4.80)
Excess credit written back	(397.62)	(161.28)	(783.56)
Irrecoverable debts and advances written off (net)	23.14	169.06	2,052.25
ESOP compensation expenses	-	0.44	1.08
Operating Profit Before Working Capital Changes	**6,797.77**	**5,634.23**	**2,759.19**
Adjustment for changes in:			
Trade and other receivables	1,213.38	(2,416.26)	1,632.55
Inventories	(1,712.76)	211.94	(1,409.79)
Trade and other payables (excluding income tax)	1,581.51	2,755.51	1,027.25
Cash from operations	**7,879.90**	**6,185.42**	**4,009.20**
Direct tax paid (net)	(954.18)	(812.19)	(122.16)
Net Cash From Operating Activities (A)	**6,925.72**	**5,373.24**	**3,887.04**
Cash Flow From Investing Activities			
(Purchase) / adjustments of fixed assets (including capital work-in-progress and capital advances)	(1,834.37)	(1,814.01)	(1,334.76)
Sale of fixed assets	110.79	149.21	197.22
Decrease / (increase) in loans to JV/ associates	(97.75)	144.54	31.33
Remeasurement of assets held for sale	-	1.00	196.12
Sale / (purchase) of investments & marketable securities	(49.87)	(103.61)	90.72
Purchase of investments & marketable securities	(490.59)	-	-

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
Increase in other bank balances	119.29	84.42	48.31
Interest and dividend received	69.64	100.97	839.86
Net Cash From / (Used In) Investing Activities (B)	**(2,172.86)**	**(1,437.47)**	**68.79**
Cash Flow From Financing Activities			
Issue of shares	3,157.49	(0.00)	(0.00)
Proceeds from borrowings including cash credit limit	110.75	2,724.74	1,968.80
Repayment of borrowings including cash credit limit	(5,246.66)	(2,920.33)	(1,575.08)
Finance charges paid	(3,376.65)	(3,202.28)	(3,501.42)
Net Cash Used In Financing Activities (C)	**(5,355.07)**	**(3,397.87)**	**(3,107.71)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(602.21)**	**537.89**	**848.13**
Opening balance of cash and cash equivalents	2,605.78	1,949.22	1,132.49
Balance of cash and cash equivalents	**2,003.57**	**2,487.11**	**1,980.61**

RELATED PARTY TRANSACTIONS

For details of the related party transactions during: (i) the nine months ended December 31, 2023; (ii) Fiscal 2023; (iii) Fiscal 2022; and (iv) Fiscal 2021, as per the requirements in accordance with Indian Accounting Standard 24 ("***Ind AS 24***") notified under the Ind AS Rules read with Section 133 of the Companies Act, 2013, see "*Financial Information*" on page 284.

RISK FACTORS

An investment in equity shares involves a high degree of risk. You should carefully consider all the information in this Placement Document, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares, the industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any or some combination of the following risks, or other risks that are not currently known or believed to be adverse, actually occur, our business, results of operations and financial condition could suffer, the trading price of, and the value of your investment in, our Equity Shares could decline and you may lose all or part of your investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Information" on pages 193, 131, 93 and 284, respectively, as well as the other financial and statistical information contained in this Placement Document. In making an investment decision, you must rely on your own examination of us and our business and the terms of the Issue including the merits and risks involved.

You should consult your tax, financial and legal advisors about the particular consequences of investing in the Issue. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section. You should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2021, 2022 and 2023 included herein is derived from the Audited Consolidated Financial Statements and the financial information for the nine months ended December 31, 2022 and December 31, 2023, included herein is derived from the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements in this Placement Document. For further information, see "Financial Information" on page 284.

Our Company's Fiscal commences on April 1 and ends on March 31 of the immediately subsequent year, and references to a particular Fiscal are to the 12 months ended March 31 of that particular year. Unless otherwise indicated or the context otherwise requires, in this section, references to "the Company" or "our Company" are to Patel Engineering Limited on a standalone basis, and references to "we", "us", "our", are to Patel Engineering Limited, together with its Subsidiaries and Joint Ventures, on a consolidated basis, considered together or individually, as applicable.

*Unless otherwise indicated, industry and market data used in this section have been derived from the report "Industry Report on Indian Infrastructure" dated March 18, 2024 (the "**CARE Report**") prepared and released by CARE Analytics and Advisory Private Limited and commissioned and paid by our Company in connection with the Issue. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year. Also see, "**Presentation of Financial Information and Other Conventions**" on page 13.*

1. Our business currently is primarily dependent on projects in India undertaken or awarded by government authorities or other entities funded by the Government of India or State Governments and we derive majority of our revenues from contracts with a limited number of Government entities. Any adverse changes in the Central or State Government policies may lead to our contracts being forecloses, terminated, restructured or renegotiated, which may have a material effect on our business and results of operations.

Majority of our contracts and agreements are entered into with various Central/State Governments and public sector undertakings wherein Central and/or State Governments hold a majority stake. The majority of our business is procured from projects undertaken by them in the infrastructure sector including hydro power, irrigation and water supply, development of roads, tunnels and urban infrastructure. Majority of our projects are Government sponsored projects and these are often subject to delay. Such delays may arise on account of a change in the Central and/or State Governments, changes in policies impacting the public at large, scaling back of Government policies or initiatives, changes in governmental or external budgetary allocation, or insufficiency of funds, any of which can materially and adversely affect our business, financial condition and results of operations. As on December 31, 2023, contracts and/or orders awarded by the Central and State Governments and PSUs constitute 96.69% of our Order Book in terms of value.

In addition, infrastructure contracts awarded by the Central and/or State Governments may provide the client with the right to terminate the contract for convenience, without any reason, at any time after providing us with notice, as per the time prescribed in the contract. Performance guarantees and guarantees for advances are also common and are typically unconditional and payable on demand, and may be invoked by the client without reason unless injunctions are obtained by the Company. Since the majority of the Order Book as on December 31, 2023 consisted of projects that are contracts with the Central and State Governments or public sector undertakings, we are susceptible to such termination or invocation. In the event that a contract is so terminated or invoked without cause, our revenues will be adversely affected. In case we are debarred by any of the Central and/or State Governments we will be disqualified from bidding for upcoming projects and it will have an adverse impact on our future revenues from operations.

Further, payments from the Central, State and Local Governmental authorities in India may be subject to several delays due to regulatory scrutiny and long procedural formalities, including any audit by the Comptroller and Auditor General of India. If payments under our contracts with the Central, State and Local Governmental authorities in India are delayed, our working capital requirements would be adversely affected, resulting in additional finance costs and increase in our realization cycle. Any delay in payments from the central, state and local governmental authorities in India may adversely affect our financial condition and results of operations.

2. ***Projects included in our Order Book and our future projects may be delayed, modified or cancelled for reasons beyond our control and our Order Book may not be representative of our future results and our actual income may be significantly less than the estimates reflected in our Order Book which may materially and adversely affect our business, prospects, reputation, profitability, financial condition and results of operation.***

As on December 31, 2023, our Order Book was ₹ 191,346.87 million. Our Order Book sets forth our expected revenues from uncompleted portions of the construction contracts awarded to us and where we have been identified as lowest bidder. However, project delays, modifications in the scope or cancellations may occur from time to time due to either a client's or our default, incidents of force majeure or legal impediments. For example, in some of our projects, we or our clients are obliged to take certain actions, such as acquiring land, securing right of way, clearing forests, securing required licenses, authorizations or permits, making advance payments or opening of letters of credit or moving existing utilities, which may be delayed due to our client's non-performance, our own breaches or force majeure factors. In an engineering procurement and construction project ("**EPC**"), we may incur significant additional costs due to project delays and our counterparties may seek liquidated damages due to our failure to complete the required milestones or even terminate the construction contract totally or refuse to grant us any extension. The schedule of completion may need to be reset and we may not be able to recognize revenue if the required percentage of completion is not achieved in the specified timeframe. Company's revenue remains exposed to time and cost overrun risks, given the nature of the projects being executed; moreover, 69.27% of the order book as on December 31, 2023 is in early stage of execution with less than 30.00% progress. Out of which 37.20 % of the order book is less than 10.00% executed as majority of these projects have awarded in recent past which exposes us to execution risks. Further, many of the projects of the outstanding order book as on December 31, 2023 have been extended beyond original schedule by client, which could result in cost escalations or penalties, impacting profitability.

As a result, our future earnings may be different from the amount in the order book. Our contracts may be amended, delayed or cancelled before work commences or during the course of construction. Due to unexpected changes in a project's scope and schedule, we cannot predict with certainty when or if expected revenues as reflected in the order book will be achieved. In addition, even where a project proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or receivables due to us. There are certain projects which are temporarily suspended which if not revived on timely basis will lead to adverse impact on our business, for further information please refer ***"Financial Statements – Capital Work in Progress (CWIP) ageing schedule"*** on page 284. If any or all of these risks materialize, our business, prospects, reputation, profitability, financial condition and results of operation may be materially and adversely affected.

3. ***There are outstanding legal proceedings involving us, our Subsidiaries, our Promoters and our Directors. Any adverse outcome in any of these proceedings may adversely affect our reputation, business, operations, financial condition and results of operations. –***

In the ordinary course of business, we, our Promoters, our Directors and our Subsidiaries are involved in certain legal proceedings, at different levels of adjudication before various courts, tribunals and statutory, regulatory and other judicial authorities in India, and, if decided against us, could adversely affect our reputation, business, results of operations, cash flows and financial condition. We cannot assure you that the currently outstanding legal proceedings will be decided favourably or that no further liability will arise from these claims in the future. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. For details, see "***Legal Proceedings***" on page 271.

If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities. An adverse decision in any of these proceedings may have an adverse effect on our business, results of operations, cash flows and financial condition.

4. We are required to furnish financial and performance bank guarantees as part of our EPC business. Our inability to arrange such guarantees or the invocation of such guarantees may adversely affect our cash flows and financial condition.

We provide performance guarantees to our customers which require us to complete projects within a specified timeframe. As a result, we are exposed to project performance risks and may face penalties in the event that the performance parameters of a project are not met. If we fail to complete a project as scheduled due to any default or negligence by our Company, we may generally be held liable for penalties in the form of agreed liquidated damages, which would typically range between 5% to 10% of the total project cost or, in some cases, the customer may be entitled to appoint, at our expense, a third party to complete the work. As on December 31, 2023, we had issued bank guarantees amounting to ₹ 31,172.91 million towards securing our financial/performance obligations under our ongoing projects, based on the projects we have entered into. We may be unable to fulfil any or all of our obligations under the contracts entered into by us in relation to our ongoing projects due to unforeseen circumstances which may result in a default under our contracts resulting in invocation of the bank guarantees issued by us. To the extent that this happens and is not otherwise covered by the escalations clause in the relevant contracts, the total cost of a project would exceed our original estimates and we could experience reduced profits or, in some cases, a loss on that project.

5. Our revenue and earnings are dependent on the acceptance of bids and award of new contracts by the Central and State Governments and governmental agencies.

Our revenues in the future depend on the acceptance of bids submitted to the Government and other agencies. Most of the infrastructure-related contracts are awarded by the Central Government, State Governments or their respective authorised agencies through competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. We may not be selected for any of the projects for which we have submitted a bid. Once the prospective bidders clear the technical requirements of the tender, the contract is usually awarded to the most financially competitive bidder. In selecting contractors for major projects, clients generally limit the tender to contractors that they have pre-qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and bonding capacity and size of previous contracts in similar projects is typically the most important selection criterion. Further, once prospective bidders satisfy the prequalification requirements of the tender, the project is usually awarded on the basis of price competitiveness of the bid. While we have, in the past, been awarded a number of contracts in this segment, we cannot assure you that we will continue to be awarded such contracts. Some of the new entrants may also bid at lower margins in order to win a contract.

Our ability to bid for and win such projects is dependent on our ability to show experience working on such large engineering, procurement and construction contracts and develop strong engineering capabilities and credentials to execute more technically complex turnkey projects. We generally incur significant costs in the preparation and submission of bids, which are onetime non-reimbursable costs. We cannot assure you that we would bid where we have been pre-qualified to submit a bid, or that our bids, when submitted or if already submitted, would result in projects being awarded to us. The growth of our business mainly depends on our ability to obtain new contracts in the sectors in which we operate. Generally, it is very difficult to predict whether and when we will be awarded a new contract. In addition, during an economic downturn, many of our competitors may be more inclined to take greater or unusual risks or terms and conditions in a contract that we might not deem as standard market practice or acceptable. As a result, we are subject to the risk of losing new awards to competitors.

The contracts with government entities may be subject to extensive internal processes, policy changes, government or external budgetary allocation, which may lead to lower number of contracts available for bidding or increase in the time gap between invitation for bids and award of the contract. In the event there is a slowdown in awarding of new projects that we plan to tender for, our business, financial condition, results of operations and prospects may be adversely affected

6. ***A delay and/ or failure in the supply of materials, services and finished goods from third parties at an acceptable price and quality or at all may materially and adversely affect our business, results of operations and prospects.***

Our Company purchases significant amount of materials, including steel, cement, wires etc for its construction operations. While our Company maintains relations with many different suppliers in order to avoid risks of unavailability of resources, any unavailability of such resources could materially disrupt our Company's operations. Although we actively manage these third-party relationships to ensure continuity of supplies on time and to our required specifications, some events beyond our control could result in the complete or partial failure of supplies or in supplies not being delivered on time. Furthermore, we are sometimes required to work with suppliers who are designated by our clients, which may limit our ability to manage the suppliers. Any such failure could materially and adversely affect our business, results of operations and prospects. Our business is also affected by the availability, cost and quality of the raw materials we need to construct and develop our projects, particularly steel and cement. The prices and supply of raw materials depend on factors which are not under our control, including general economic conditions, competition, production levels, transportation costs and import duties. There is a risk that our primary suppliers may curtail or discontinue delivery of raw materials in quantities we need and/or at prices that are competitive. Fluctuations in the prices of the underlying raw materials may also indirectly impact the prices of equipment and components procured for our operations. Long-term supply contracts that we enter into do not cover the price. Any failure to obtain the raw materials we need for our projects at acceptable prices and quality or at all would materially and adversely affect our business, results of operations and prospects.

7. ***As the securities of our Company are listed on a stock exchange in India, our Company is subject to certain obligations and reporting requirements under the SEBI Listing Regulations. Any non-compliances/delay in complying with such obligations and reporting requirements may render us/our promoters liable to prosecution and/or penalties.***

Our Company is subject to the obligations and reporting requirements under the SEBI Listing Regulations. Though our Company endeavour to comply with all such obligations/reporting requirements, there may be certain instances of non-compliance and delays in complying with such obligations/reporting requirements. For instance, where there was a delay in intimation to the stock exchanges under Regulation 29(3) of the SEBI Listing Regulations for which necessary fine was levied by the Stock Exchanges to the Company and the same was paid and in December 2023, we have also received an administrative warning from SEBI for violation of provisions of Regulation 21(3C) of the SEBI Listing Regulations. Any such delays or non-compliance would render our Company to prosecution and/or penalties. Although our Company have not received any further communication from the stock exchanges or any authority in this regard, there could be a possibility that penalties may be levied against our Company for certain instances of non-compliance and delays in complying with such obligations/reporting requirements.

8. ***Our operations and our work force are exposed to various hazards and we are exposed to risks arising from construction related activities that could result in material liabilities, increased expenses and diminished revenues and have a material adverse impact on our business, financial condition, results of operations and prospects.***

Our business and operation involves inherent industrial risks and occupational hazards and are subject to hazards inherent in providing architectural and construction services, such as and including risk of equipment failure. Such inherent industrial risks and occupational hazards may not be eliminated through implementing safety measures. We participate in certain activities presenting risks and dangers, among which are underground excavation and construction, tunnelling projects and the use of heavy machinery. We depend on machinery and equipment to implement our project. Any manufacturing defect or poor maintenance systems of the machinery may cause strain on our machinery and lead to delays in implementation of our projects. We are exposed to risks related to such activities, such as systems and equipment failure, industrial accidents, fire, explosion, impact from falling objects, collision, work accidents, underground water leakages, and geological hazards such as such as storm, hurricane, lightning, flood, landslide and earthquake and other hazards that may cause injury and loss of life, severe damage to and destruction of property and equipment, and environmental damage. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. If environmental clearances are not obtained in a timely manner or at all, the project may not be in compliance with environmental laws and regulations and/or may be delayed and our overall operating expenses may increase, adversely affecting our business and results of operations. The materialization of any of the risks mentioned above in the worst case scenario may disrupt our business and damage our reputation, which may also affect the validity of our relevant qualifications, business operations and results of operations.

We are also subject to regulations dealing with occupational health and safety and the failure to comply with such regulations could subject us to liability. If we fail to implement such procedures or if the procedures we implement are ineffective, our employees and others may get injured. Unsafe work sites also have the potential to increase employee turnover, increase the cost of a project to our clients, and raise our operating costs. There can be no assurance that we will not become involved in future litigation or other proceedings or be held responsible in any such future litigation or proceedings relating to safety, health and environmental matters in the future, could divert management time and attention, and consume financial resources in defence or prosecution of such legal proceedings or cause delays in the construction, development or commencement of operations of our projects.

9. Our financing agreements contain certain restrictive covenants including requiring prior consent of our lenders for undertaking a number of corporate actions, including the Issue, which may affect our interest.

As of December 31, 2023, we had consolidated borrowings for amounts aggregating to ₹19,547.76 million. Some debt financing agreements entered into by our Company or its Subsidiaries contain restrictive covenants, and/or events of default that limit our ability to undertake certain types of transactions, which may adversely affect our business and financial condition. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents or approval prior in writing to carrying out certain activities or entering into certain transactions such as any changes in capital structure, any change in management or control of our Company, declaring the dividend, undertake guarantee obligations on behalf of our Company etc. While, in the consortium meeting of our lenders held on February 28, 2024, members of consortium lenders have noted the proposal of this Issue and the benefit thereon, we have not separately sought for a no objection or consent letter from each of the lenders. Further, our Company has applied for no objection or consent to the lenders who were not present in the meeting held on February 28, 2024 and still have not received their no objection or consent letter from some of the lenders for the Issue. The absence of such no objection or consent letter from lenders for undertaking the Issue may lead to breach of covenant and tantamount to a default under the relevant financing documents.

If our lenders enforce these restrictive covenants or exercise their options under the relevant debt financing agreements, our operations and use of assets may be significantly hampered. A material breach of any of the above covenants or restrictions could also cause us to default under the applicable agreement, which would permit the applicable lenders to declare all amounts outstanding thereunder to be due and payable, together with accrued and unpaid interest and enforce the security provided for such loans. In such an event, we may be unable to incur additional borrowings and we may be unable to repay the amounts due or we may have to seek extension for such repayments, for instance in 2023, we had extended repayment of certain non-convertible debentures by one year. This may have a material and adverse effect on our financial condition and results of operation and even cause us to become bankrupt or insolvent.

We cannot assure you that we will not be subject to any regulatory action or action taken by our lenders in the future, which could lead to a cessation of our operations or any other restrictions on our business, which may, individually or in the aggregate, have a material adverse effect on our business, financial condition and results of operations. If in the future our Company fails to make interest payments or principal repayments to our lenders in a timely manner or at all, our Company's account with the lenders may be downgraded. The said re-classification could affect the credit rating of our Company. We could face difficulties in obtaining additional funding required for our operations, including the ability to bid for projects and complete existing projects in a timely manner.

Our Company had issued optionally convertible debentures ("**OCDs**") to our lenders, as part of the Scheme for Sustainable Structuring of Stressed Assets ("**S4A Scheme**") of the Reserve Bank of India, which allows companies to deal with their stressed assets through financial restructuring. Our Company is subject to certain conditions including on declaration of dividend pursuant to such restructuring. In terms of the S4A Scheme. In case of any default on the repayment by the Company, we may have to convert the OCDs into the Equity Shares to our lenders, which may have an adverse impact on our financial condition and operations of our business and the shareholding of the existing or prospective shareholders of our Company may be diluted. Due to Covid-19 pandemic, the lenders had invoked one-time restructuring which has been implemented in Fiscal 2022 by the lenders and amongst others all principal repayments were shifted by 2 years, for further information please see ***"Financial Information"*** on page 284.

10. ***We may not be able to obtain adequate financing or generate sufficient cash flow to meet our significant capital expenditures and liquidity requirements, which would have a material and adverse effect on our business, results of operations, financial position and prospects.***

Our engineering and construction, infrastructure projects are capital intensive and require us to have significant amounts of working capital. We have had, and expect to continue to have, substantial liquidity and capital resource requirements that will require significant capital expenditure and working capital. As of December 31, 2023, we had consolidated borrowings for amounts aggregating to ₹19,547.76 million. Our operations have high working capital intensity primarily due to funding requirement for security deposits, retention amount and margin money towards non-fund based facilities, inventory days although improved from 388 days in Fiscal 2022 to 325 days in Fiscal 2023 and our inventory days were marginally stretched to 332 days in nine months ended December 31, 2023 (on an annualized basis) owing to increased working capital intensity. As a sizeable amount of receivables/work in progress is stuck in arbitration or under claims pending with the clients, and /or includes stock of land, our Company's working capital intensity has remained high. Our Company has been able to manage the working capital requirements by getting extended credit period from its suppliers/sub-contractors and availing mobilisation advances from clients. Any material deterioration in the working capital cycle can adversely impact our Company's liquidity and results of operations.

Our project financing is a combination of net working capital from internal accruals, advances from customers and bank financing. While we may approach various lender institutions for financial commitments, these commitments are subject to a number of conditions precedent, such as completion of documentation satisfactory to parties thereto, among others. We may not be able to fulfil all or any of the conditions or agree on commercial terms or non-commercial terms with these banks and financial institutions, in which case they would have no obligation to provide any loans to us. Our inability to obtain financing may impair our business, results of operations, financial condition or prospects, as the case may be. Such inability could result from, among other causes, our then current or prospective financial condition or results of operations or from our inability for any reason (including reasons applicable to Indian companies generally) to issue securities in the capital markets. Depending on the stages or phases of our various projects in our current portfolio, we may not be able to generate sufficient cash flow to meet our significant capital expenditures and liquidity requirements, which would have a material and adverse effect on our business, results of operations, financial position and prospects. In addition, a decline in our order intake or order backlog may lead to impairment of our ability to obtain financing which may consequently impair our business, results of operations, financial condition or prospects, as the case may be. There can be no assurance that financing from external sources will be available at the time or in the amounts necessary to meet our requirements.

11. ***We rely on third parties to complete certain projects and any failure arising from the non-performance, late performance or poor performance by such third parties, failure by a third-party subcontractor to comply with applicable laws could affect the completion of our contracts.***

We are mostly engaged as a contractor by clients and we further sub-contract part or entire work on case to case basis in respect of our projects. When we are a sub-contractor, payment on such projects may depend upon the performance of the principal contractor and when we sub-contract, payments may depend on the sub-contractor's performance. When we are the principal contractor, we rely on third-party subcontractors we hire to perform a substantial amount of the work under our contracts, particularly engineering and construction contracts. We also rely on third-party equipment manufacturers or suppliers to provide the equipment and materials used for engineering and construction projects. The engagement of subcontractors is subject to certain risks, including difficulties in overseeing the performance of such subcontractors in a direct and effective manner, failure to complete a project where we are unable to hire suitable subcontractors, or losses as a result of unexpected subcontracting cost overrun. As the subcontractors have no direct contractual relationship with our clients, we are subject to risks associated with non-performance, late performance or poor performance by our subcontractors. As a result, we may experience deterioration in the quality of our projects, incur additional costs, or be exposed to liability in relation to the performance of subcontractors under the relevant contracts, which may have an impact on our profitability and financial performance. While our project contracts typically contain escalation clauses, unanticipated delays from third parties to complete certain projects and any failure arising from the non-performance, late performance or poor performance by such third parties, may result in time and cost overruns in our projects, which may have an adverse effect on our business and prospects.

In addition, any failure arising from the non-performance, late performance or poor performance by such third parties, failure by a third-party subcontractor to comply with applicable laws, rules or regulations, to obtain the necessary approvals, or provide services as agreed in the contract or failure on our part to engage third party consultants and service providers could affect the completion of our contracts and could negatively impact our business and may result in fines, penalties or even delay and suspension of work and/or contracts. If we are unable to hire qualified subcontractors or find competent equipment manufacturers or suppliers, our ability to successfully complete a project could be impaired. If the amount we are required to pay for subcontractors or equipment and supplies exceeds what we have estimated, especially in a fixed-price or lump-sum type contract, we may suffer losses on these contracts. If a supplier, manufacturer or subcontractor fails to provide supplies, equipment or services as required under a negotiated contract for any reason or if a subcontractor engaged by us has misrepresented its qualification or eligibility to undertake a specific project, we may be required to source these supplies, equipment or services or a replacement for such sub-contractor (as the case may be) on a delayed basis or at a higher cost than anticipated, which could impact contract profitability. Any such misrepresentation by a subcontractor as to its qualification or eligibility may also affect our ability to successfully complete a project and thereby harm our reputation.

12. We derive a substantial portion of our revenue from our top five customers. If such customers were to suffer a deterioration of their business, cease doing business with us or substantially reduce their dealings with us, our revenues could decline, which may have a material adverse effect on our business, results of operations, cash flows, financial condition and future prospects.

We derive a substantial portion of our revenue from operations from our top five customers. The table below sets forth revenue from operations from our top five for the periods indicated:

Customers	**For nine month period ended December 31, 2023**		**For Fiscal 2023**		**For Fiscal 2022**		**For Fiscal 2021**	
	Amount (₹ million)	**Percentage of total revenue from operations (%)**	**Amount (₹ million)**	**Percentage of total revenue from operations (%)**	**Amount (₹ million)**	**Percentage of total revenue from operations (%)**	**Amount (₹ million)**	**Percentage of total revenue from operations (%)**
Revenue from operations from our top 5 customers	13,670.49	43.00%	17,649.57	42.00%	15,584.99	46.00%	9,151.47	46.00%

Larger contracts from few customers may represent a larger part of our Order Book, increasing the potential volatility of our results and exposure to individual contract risks. Such concentration of our business on a few projects or clients may have an adverse effect on our results of operations and result in a significant reduction in the award of contracts which could also adversely affect our business if we do not achieve our expected margins or suffer losses on one or more of these large contracts, from such clients.

13. Any inability to manage our growth could disrupt our business and reduce our profitability.

As we continue to grow, we must continue to improve our managerial, technical and operational knowledge and allocation of resources, and implement an effective management information system. In order to fund our ongoing operations and future growth, we need to have sufficient internal sources of liquidity or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties. We will need to further strengthen our internal control and compliance functions to ensure that we will be able to comply with our legal and contractual obligations and minimize our operational and compliance risks. There can be no assurance that we will not suffer from capital constraints, operational difficulties or difficulties in expanding existing business and operations and training an increasing number of personnel to manage and operate the expanded business. There can be no assurance that we will be able to successfully manage our growth or that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our business, financial condition, results of operations and future prospects.

In addition, the projects we undertake are increasing in scale and complexity. We must continue to improve our project management system and supporting infrastructure, such as our information technology and human resources systems and training programs, in order to ensure that we will be able to continue to successfully execute large and complex projects on a timely basis. If we are not successful in managing our growth, our business may be disrupted and profitability may be reduced. Our business, prospects, financial condition and results of operations may be adversely affected.

14. ***Our Company was incorporated in 1949 and certain corporate and secretarial records of our Company are not traceable.***

Our Company is unable to locate some of the regulatory filings made with the RoC and/or secretarial records including inter-alia in respect of: (i) allotment of Equity Shares; (ii) share transfer forms; (iii) certain other corporate records. Though our Company has made efforts to retrieve such records however, we have been not able to trace certain corporate records. For instance, our Company unable to trace forms in relation to return of allotment (Form 2 under the Companies Act, 1956) dated January 24, 1957, September 29, 1960, May 5, 1967 and October 03, 1990 with respect to allotment of 1,000 equity shares, 202 equity shares, 12,500 equity shares and 320 equity shares (forfeiture) respectively and Form 5 dated January 12, 1995 for sub-division where 153,981 equity shares of face value ₹ 100 each were sub-divided into 1,539,810 equity shares of face value ₹ 10 each. There is no certainty that these forms or records will be available in the future. Since copies of these regulatory filings are unavailable with us, we cannot assure you that these regulatory filings were duly filed on a timely basis, or at all and that our Company will not be subjected to any liability on account of such discrepancies. As we continue to grow, there can be no assurance that such deficiencies in our internal control will not arise, giving rise to recurrences of such discrepancies/ errors that could subject our Company to the applicable consequences under the Companies Act, which could adversely affect our business and reputation. The share capital build-up included in the section titled *"Capital Structure"* on page 84, is based on certain available statutory and/or other corporate and secretarial records maintained by us. No legal proceedings or regulatory action has been initiated against our Company in relation to the aforementioned matters as of the date of this Placement Document, we cannot assure you that such proceedings or regulatory actions will not be initiated against our Company in the future in relation to the missing corporate records

15. ***We own certain non-core assets, any inability to monetize such non-core assets may have an adverse impact on our cash flows and operations.***

Our Company has certain non-core assets including various real estate assets and intends to monetize these non-core assets. We intend to use the proceeds from such sale of non-core assets amongst other things towards reduction of the outstanding debt. We may be unable to monetize these non-core assets of the Company due to variety of reasons including differences on valuation, structure of payments, inability to find any bidders. We will have to keep investing resources for the upkeep of such non-core assets which may put a strain on our financial and management bandwidth, for instance certain bank guarantees which were issued as commitment guarantees against the letter of assurance for some of our non-core projects has been encashed, additionally some of our non-core projects have been temporarily stopped, please refer ***"Reservations, Qualifications, Matter of Emphasis, Adverse Remarks / Other Observations in CARO"*** on page 115, for further information.

16. ***We are subject to various risks with respect to our business, including, without limitation, costs increase above estimates, changes in scope of work and cost overruns which may cause us to experience reduced profits or losses and in some cases, cancellation or deferrals of contracts.***

Majority of our contracts are and will continue to comprise item rated contracts awarded following competitive bidding. We contract to provide services primarily on the basis of item rated contracts and/or lump sum turnkey projects per unit of work or a lump sum for the project as a whole. Under these types of contracts, increases in the costs of materials and labour are sometimes covered by suitable escalation clauses. In contracts that lack such a provision or in which the escalation clause is only limited, we bear all or a portion of the risks of any cost increase, and while we attempt to anticipate and account for any contingencies when determining our contract price, there is no assurance that we will be able to successfully secure contract prices that build in adequate amounts to cover any such contingencies. Contract prices are established in part on cost and scheduling estimates, which are based on a number of assumptions, including assumptions about future economic conditions, the price and availability of labour, equipment and materials and other relevant factors. If any of these estimates prove inaccurate or circumstances change, cost overruns may occur and we could experience reduced profits, or in some cases incur losses.

In addition to the risk of cost overruns, under our lump sum contracts, we also bear the risk of any underestimation of the amount of work or the quantity of material required. Unanticipated costs or delays in performing part of the contract can have compounding effects by increasing costs of performing other parts of the contract. These inherent risks of our business may result in realized gross profits differing from those we originally estimated and reduced profitability or losses. Depending on the size of a project, these variations from estimated contract performance could have a material adverse effect on our operating results for any particular period. We may, in the course of our operations, encounter construction faults on account of factors including design related deficiencies arising in our projects. Such construction related faults typically result in revision/modification to our design and engineering thereby resulting in increased interest cost due to delay, increase in estimated cost of operations on account of additional work executed towards rehabilitation and further expenditure incurred towards appointment of external consultants for assistance in revising our design. We may not be able to recover such increased costs from our customers in part, or at all, and may further be subject to penalties, including liquidated damages on account of such construction faults arising in our projects. We may further face delays in the estimated project completion schedule in respect of such projects on account of additional works required to be undertaken towards rectifying such construction faults, and are dependent upon our clients permitting extension of time of completion of such projects.

There can be no assurance that any cost escalation or additional liabilities in connection with the development of such projects would be fully offset by amounts due to us pursuant to the guarantees and indemnities, if any, provided by our contractors or insurance policies that we maintain. Delays in completion and commercial operation of our projects under construction could increase the financing costs associated with the construction and cause costs to exceed our forecasted budgets. We also cannot assure you that our clients will permit such revised completion schedule to be implemented to the necessary extent or at all, and we may be held in breach of the terms and conditions of the contracts in respect of such projects pertaining to completion schedule. Further, such construction faults may result in loss of goodwill and reputation, and may furthermore have a material and adverse impact our eligibility in respect of future bids made by us towards projects, thereby affecting our future operations and revenues. Pursuant to certain agreements entered into with various clients, we may be required to indemnify our clients against losses and damaged incurred by them, including damages and penalties for delays in execution of a project. In some cases, the liability has been capped, however in other cases the extent of our liability has not been capped. In case of any delay or default on our part, we may be required to pay liquidated damages or penalties to our clients, which may affect our results of operations and financial condition.

17. ***Due to the nature of our contracts, we may be subjected to claim and counter-claims including to and from the concessioning authorities among others. Any adverse outcome of any such claim or counter claim may have an adverse effect on our profitability.***

Pursuant to the terms of our contracts, government entities are required to acquire or license or secure rights of way over, tracts of land or to hand over unencumbered land, free of encroachments to us. Delays in any of the foregoing may result in delay of project implementation prescribed by the relevant contract and cause consequent delays in commencement of construction or termination of the contract on account of a material default by the concessioning authority. For details, see "***Legal Proceedings***" on page 271.

We have submitted claims in relation to certain disputes on account of, among other things, changes in scope of work, payment of royalty, and loss on account of delay in handing over of land. Other contract claims (that are not subject to arbitration or such other legal proceedings) are recognized only when there is reasonable certainty of their recoverability. Accordingly, our Audited Consolidated Financial Statements do not recognise pending project claims. However, as a risk generally inherent to the industry that we operate in, we may incur significant working capital expenditure pursuant to time and cost overruns, pending the resolution of such project claims. These claims may also be subject to lengthy arbitration or litigation proceedings, which may involve associated costs. Such claims may continue to arise in the future. Failure to resolve these claims amicably, favourably, or within a reasonable time or at all, may have an adverse effect on our profitability.

18. ***Our inability to predict the cost correctly or any increases in the costs of operation beyond our estimates upon which contracts are based could adversely affect our results of operations and our financial condition.***

Most of our contracts are through the competitive bidding process. Pursuant to the contracts, period for completion of work varies from 12 months to over 60 months. While making the financial bid, we consider almost all the factors, however there may be unprecedented increase in cost which will be beyond our estimates. Such costs may be unpredictable and fluctuate based on events beyond our control, and any substantial increase in such costs beyond our estimate would adversely impact our profitability. The mismatch of potentially increasing costs of our operations. Our actual costs and any gross profit realized on these contracts will often vary from the estimated amounts on which these contracts were originally based. This may occur for various reasons including, amongst other things, errors in estimates or bidding, changes in availability of raw materials and cost of labour. Typically, our contracts, have clauses permitting us to recover the cost of escalations in the price of raw materials with the consent of the client. However, our inability to pass on increases the construction cost of the project or no price escalation provisions in the contracts, may have an adverse effect on our cash flows and results of operations. Our inability to predict the cost correctly or any increases in the costs of construction beyond our estimates upon which contracts are based could adversely affect our results of operations and our financial condition.

19. ***Our Promoters and Directors have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Promoters are interested in our Company to the extent of any transactions entered into or its shareholding and dividend entitlement in our Company. Our Directors are also interested in our Company to the extent of remuneration paid to them for services rendered as Directors of our Company and reimbursement of expenses payable to them. Our Directors may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners. For further details, see "***Related Party Transactions***" on page 46.

20. ***Our hydro power projects are located in inhospitable geographical locations, susceptible to extreme hydrological variation thereby increasing the risks of project implementation and construction delays as well as risks in operating these power plants that may materially and adversely impact our business and results of operations.***

Our hydro power projects under development in India are located in inhospitable geographical locations such as Arunachal Pradesh, Jammu & Kashmir and Himachal Pradesh etc. Although, geological investigations are carried out by independent engineers/specialized agencies appointed by the clients before the design and engineering of our hydro power projects is finalised, occurrences of adverse geological conditions such as major faults, thrusts or highly stressed rock mass in the future during actual execution cannot be ruled out. Therefore, the conclusions of independent geological investigations are subject to uncertainty. The location of some of these power projects will require us to construct/upgrade access roads and infrastructure in difficult terrain. Some of these locations are prone to flooding, landslides and other natural disasters. Construction and development of hydro power plants in these locations are therefore inherently risky and time consuming, requiring us to incur additional costs and can involve a significant amount of attention and effort from our management, which could adversely impact our results of operations and business. The advent of climate change may cause conditions that may result in unusual hydrological variations and extremities. Such hydrological extreme cases may cause damage to the access roads and/or project structures, thereby severely impacting operations and profitability.

Additionally, we also have international operations due to which we may face additional risks including on account of competition from local competitors who may have more experience in such markets and may receive concessions or benefits which are not available to us, adverse changes in regulatory environments, inability to comply with local laws, including environmental, health, safety, labor and accounting laws, may impose onerous and expensive obligations on our Company.

21. ***Our Company has been highly dependent on water-related infrastructure projects. In the event our Company is unable to procure sufficient orders in connection with such water related infrastructure projects in the future, our operations and revenues could substantially reduce which in turn could affect our profitability.***

As on December 31, 2023 approximately 91.95% of our Order Book was represented by contracts for water related infrastructure projects such as construction of hydro power plants, tunnels, canals and irrigation facilities. Further, we derived 40.91%, 49.45%, 64.25% and 76.67% of our contract revenue from water related infrastructure projects during the Fiscals 2021, 2022 and 2023 and nine months period ended December 31, 2023, respectively, thereby heightening the concentration risk. Our Company has historically depended on water-related projects to generate a bulk of our revenues. However, the number and nature of water related infrastructure projects that are being contemplated or undertaken at any given time in India depend upon factors such as budgetary allocation, development objectives and priorities of the Government, among others. Additionally, competitors may in future gain the necessary pre-qualification to bid for such projects and/or contracts and the resulting increase in competition may reduce the margins that our Company currently enjoys in these divisions. In the event that the budgetary allocation or external funding for projects in these divisions is reduced, or our Company's bids for water related infrastructure projects are not successful due to increased competition, our operations and revenues could significantly reduce which in turn would affect our profitability.

22. Our operations are affected by weather conditions and seasonal factors and adverse weather conditions could affect our business and results of operations.

Our business operations could be materially and adversely affected by severe weather and inhospitable climate, particularly in Arunachal Pradesh, Jammu & Kashmir and Himachal Pradesh. Severe weather conditions may require us to evacuate personnel or curtail services, damage a portion of our fleet of equipment resulting in the suspension of operations, damage our facilities, prevent us from delivering materials to our jobsites in accordance with contract schedules, delay the completion of projects or generally reduce our productivity.

Our operations are also adversely affected by difficult working conditions and extremely low temperatures during winter months and during the monsoon season, which restricts our ability to carry on construction activities and fully utilize our resources. Heavy or sustained rainfalls or other extreme weather conditions such as cyclones could result in delays or disruptions to our operations during the critical periods of our projects and cause severe damages to the work done and our equipment. This may result in delays in execution of projects and also reduce our productivity. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses and our project related activities may be delayed or reduced. Adverse seasonal developments may also require the evacuation of personnel, suspension or curtailment of operations, resulting in damage to construction sites or delays in the delivery of materials. This could significantly affect our operations which in turn reduces our revenues and our profitability.

23. Our projects require a long gestation period and substantial capital outlay before any benefits or returns on investments are realized.

Due to the nature of our business, our projects generally require a long gestation period and substantial capital outlay before completion and may take months or years before positive cash flows can be generated, if at all. The time and costs required in completing a project may be subject to substantial increases due to many factors, including shortages of materials, equipment, technical skills and labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents, changes in Government priorities and policies, changes in market conditions, delays in obtaining the requisite licenses, permits and approvals from the relevant authorities and other unforeseeable problems and circumstances. Further, we provide performance guarantees to our customers. For failure to complete a project as scheduled, we may be held liable for penalties in the form of liquidated damages, and, in some cases, the customer may be entitled to appoint, at our expense, a third party to complete the work.

Although majority of our contracts include escalation clauses covering any increased costs we may incur, any failure to complete a project according to its original specifications or schedule, if at all, may give rise to potential liabilities and, as a result, our returns on investments may be lower than originally expected. Any of these factors may lead to delays in, or prevent the completion of our projects and result in costs substantially exceeding those originally budgeted for.

24. We may be affected by delays in the collection of receivables from our clients and may not be able to recover adequately on our claims.

There may be delays in the collection of receivables from our clients. For nine-month period ended December 31, 2023 and Fiscals 2023, 2022 and 2021, ₹6,718.16 million, ₹7,108.89 million, ₹7,688.33 million and ₹7,259.45 million representing 80.07%, 79.69%, 72.84% and 82.90% of our total trade receivables on consolidated basis have been outstanding for a period exceeding six months from their respective due dates for details of trade receivables aging please refer our "***Financial Statements***" on page 284. Additionally, we may claim for more payments from our clients for the additional work and costs incurred in excess of the contract price or amounts not included in the contract price. These claims typically arise from changes in the initial scope of work or from delays caused by the clients. The costs associated with these changes or client caused delays include additional direct costs, such as labour and material costs associated with the performance of the additional work, as well as indirect costs that may arise due to delays in the completion of the project, such as increased labour costs resulting from changes in labour markets. As on the date of this Placement Document, there are civil and arbitration proceedings to recover costs, including in relation to costs incurred for performing additional work in connection with construction of certain projects. Further, we are exploring monetization of receivables under other existing claims and awards under the Central Government's scheme of 'Vivad se Vishwas II' which is a voluntary settlement scheme to resolve long-standing contractual disputes involving government agencies, specifically for disputes where the arbitral award is under challenge in a court of law, which may warrant us accepting a haircut on such receivables.

We may not always have the protection of escalation clauses in our construction contracts or supplemental agreement in respect of the additional work to support our claims. Where we have escalation clauses in our agreements, we may seek to enforce our contractual rights. However, our clients may interpret such clauses restrictively and dispute our claims. These claims are thus often subject to lengthy arbitration, litigation or other dispute resolution proceedings. We cannot assure you that we can recover adequately on our claims. Our debtors may have insufficient assets to pay the amounts owed to us even if we win our cases. In addition, we may incur substantial costs in collecting against our debtors and such costs may not be recovered in full or at all from the debtors. As we often need to fulfil significant working capital requirements in our operations, delayed collection of receivables or inadequate recovery on our claims could materially and adversely affect our business, cash flows, financial condition and results of operations.

25. We require certain approvals, licenses or permits in the ordinary course of business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations.

Under the infrastructure construction and development agreements entered into by us for our projects, we are required to obtain and maintain majority of the statutory and regulatory approvals, licenses, registrations and permissions for each of our projects from the central or state regulatory authorities. Furthermore, approvals, licenses, clearances, and consents covering the same subject matter are often required at both the Government and State Government levels. We typically require licenses including explosive license, license for use of blasting materials, applicable licenses under labour laws and environmental laws and certain other consents as required under our infrastructure construction and development contracts. These approvals, licenses, registrations and permits issued to us may expire or be suspended or revoked in the event of noncompliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. There can be no assurance that the relevant authorities will issue these licenses or approvals, or renewals applied for in a timely manner, or at all.

An inability to obtain, maintain or renew approvals or licenses required for our operations may adversely affect continuity of our operations or result into breach of our contractual obligations. Furthermore, such Government approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to make substantial expenditure. If we fail to comply, or a regulator claims that we have not complied with these conditions, we may be subject to severe penalties or our operations may be ceased by the regulator which may adversely affect our cash flows, business, results of operations and financial condition and our ability to bid for future projects

26. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

Although we attempt to maintain the latest international technology standards, the technology requirements for businesses in the infrastructure sector are subject to continuing change and development. Some of our existing technologies and processes may become obsolete, performing less efficiently compared to newer and better technologies and processes in the future. The cost of upgrading or implementing new technologies, upgrading our existing equipment or expanding our capacity could be significant and could adversely affect our results of operations.

27. The failure of a joint venture partner to perform its obligations could impose additional financial and performance obligations resulting in reduced profits or, in some cases, significant losses from the joint venture

While we execute majority of our projects independently, we also form project specific joint ventures and consortiums with other infrastructure and construction companies. Typically, we detail our roles and responsibilities in our joint bidding documents or joint venture agreements executed with such third parties. The success of these joint ventures depends significantly on the satisfactory performance by our joint venture partners and fulfilment of their obligations. As on December 31, 2023 we have 22 contracts/ projects on joint venture basis with third parties. If our joint venture partners fail to perform these obligations satisfactorily, the joint venture may be unable to perform adequately or deliver its contracted services. In this case we may be required to make additional investments and/or provide additional services to ensure the adequate performance and delivery of the contracted services because we are subject to joint and several liabilities as a member of the joint venture in most of our projects. These additional obligations could result in reduced profits or, in some cases, significant losses for us. The inability of a joint venture partner to continue with a project due to financial or legal difficulties could mean that we would bear increased and possibly sole responsibility for the completion of the project and bear a correspondingly greater share of the financial risk of the project.

Further any disputes that may arise between us and our strategic partners may cause delays in completion or the suspension or abandonment of the project. In the event that a claim, arbitration award or judgement is awarded against the consortium, we may be responsible for the entire claim. While there have been no instances of any such dispute with the consortium partners in the past, we cannot assure that our relationships with our consortium partners in the future will be amicable or that we will have any control over their actions. The realization of any of these risks and other factors may have an adverse effect on our business, results of operations and financial condition.

28. Our success depends in large part upon our Senior Management, Directors and skilled personnel and our ability to attract and retain our key personnel and professionals.

Our success depends on the continued services and performance of the members of our management team, other key employees who have built our business and have been instrumental in our development and also depends upon our ability to attract and retain these professionals. For further details, see "*Board of Directors and Senior Management*" on page 213. If one or more members of our senior management team were unable or unwilling to continue in their present positions, or if we are unable to suitably replace them in a timely manner, our business could be adversely affected. We may not be able to re-deploy and re-train our professionals to keep pace with continuing changes in technology, evolving standards and changing needs of our clients. As a result of the recent growth in the construction industry in India and its expected future growth, the demand for highly-skilled professionals and workers has significantly increased in recent years. Additionally, our ability to retain experienced staff members as well as senior management will in part depend on us having in place appropriate staff remuneration and incentive schemes. We cannot be sure that the remuneration and incentive schemes we have in place will be sufficient to retain the services of our senior management and skilled employees. As such, any loss of our senior management personnel or key employees could adversely affect our business, results of operations and financial condition.

Senior management personnel in the infrastructure development industry in India are in high demand, and we may not be able to retain our existing senior management or attract and recruit new senior management in the future. Our ability to successfully complete projects and to attract new clients also depends largely on our ability to attract, train, motivate and retain highly skilled professionals, particularly project managers, engineers, and skilled workers. If we cannot hire and retain highly skilled personnel, our ability to bid for and execute new projects and to continue to expand our business will be impaired and, consequently, our revenues could decline.

29. We maintain a workforce and equipment base depending upon current and anticipated workloads, if we do not receive future contract awards or if these awards are delayed, we could incur significant costs.

The estimates of future performance depend on, among other things, whether and when we will receive certain new contract/awards for infrastructural developments and construction projects. We maintain a workforce based upon current and anticipated workloads. As of December 31, 2023, our work force consisted of 4,565 full-time employees and for nine month period ended December 31, 2023 and Fiscals 2023, 2022 and 2021, our employee benefits expenses as a percentage of total income were 8.31%, 7.88%, 7.63% and 9.57% respectively. While our estimates are based upon our best judgement, these estimates may frequently change based on newly available information. In the past we have faced concerns in relation to availability of work force, in addition to such workforce who have experience in the business similar to ours. During the months of April 2020 and May 2020, when the lockdown restrictions were slowly being eased and our Company resumed construction activities, we faced shortage of labour staff owing to the COVID - 19 pandemic. We also faced similar labour shortages as a consequence of the COVID - 19 pandemic in April 2021 and May 2021. In case of large-scale projects where timing is often uncertain, it is particularly difficult to predict whether or when we will receive a contract award. The uncertainty of contract awards and timing can present difficulties in matching the workforce size with the contract needs. If an expected contract award is delayed or not received, we would incur expenses due to maintaining under-utilized staff and facilities that would have the effect of reducing our profits. If we do not receive future contract awards or if these awards are delayed or reduced, we may incur significant costs from maintaining the under-utilized workforce and equipment bank. As such, our financial condition and results of operation may be adversely affected. As of December 31, 2023, we owned ₹10,824.44 million of equipment and vehicles. The maintenance and management of such equipment is critical for timely completion and delivery of our projects. An inability to maintain and adequately manage our equipment assets, which have a limited period of useful life could have an adverse impact on our business and financial condition.

30. We have incurred significant indebtedness, which requires significant cash flows to service such debts and may incur substantial additional debt in the future, which may expose us to interest rate fluctuations and restrict our operational flexibility in certain ways.

As on December 31, 2023, our total outstanding indebtedness was ₹19,547.76 million, including secured debt of ₹ 18,771.81 million and unsecured debt of ₹775.95 million. The table below sets forth our total borrowings, net debt to equity ratio, finance costs and interest coverage ratios as of the dates indicated:

Particulars	As of December 31, 2023	As of March 31, 2023	As of March 31, 2022	As of March 31, 2021
Total Borrowings	19,547.76	17,521.28	22,616.12	22,663.89
Less: Cash and cash equivalents	(1,182.02)	(2,112.25)	(2,605.78)	(1,949.22)
Net Debt	18,365.74	15,409.04	20,010.34	20,714.67
Equity	30,157.79	29,757.77	24,550.47	23,808.56
Net Debt to total equity ratio	0.61	0.52	0.82	0.87
Earning before tax	2,150.19	2,326.89	1,120.18	(3,438.12)
Finance costs	2,690.07	4,184.23	4,195.27	4,013.92
Interest coverage ratio (in number of times)	1.80	1.57	1.27	0.10
Debt to operating EBITDA	3.24	2.80	4.29	9.66

Notes:
(1) Includes current and non-current borrowings.
(2) Includes cash and cash equivalents.
(3) Interest coverage ratio is calculated as earning before tax plus finance cost divided by finance cost

The infrastructure sector is inherently capital intensive and requires significant expenditure. We may incur additional indebtedness in the future. Our ability to borrow, the terms of our borrowings and our cost of borrowing depend on various factors, including our financial condition, results of operations, revenues generated by our business, general market conditions for infrastructure companies, economic and political conditions in the geographies where we operate and our capacity to service debt. Our significant indebtedness results in substantial debt service obligations, which could lead to reduced availability of cash flows to pursue our strategic and other growth plans, increased vulnerability to interest rate fluctuations and economic downturn and limited flexibility in our operations. We cannot assure you that we will generate sufficient revenues to service existing or proposed borrowing or fund other liquidity needs.

Given the nature of our business, we will continue to incur substantial indebtedness even after the Issue, and we cannot assure you that the aforementioned risks will not have an adverse effect on our business, financial condition, results of operations and prospects. Any such increase in interest expense may have a material adverse effect on our business, prospects, financial condition and results of operations. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us fully against our interest rate risk.

31. We have entered into related party transactions in the past, and will continue to do so in the future. These transactions or any future transactions with our related parties could potentially involve conflict of interest

Our Company has in the course of our business entered into transactions with related parties. For further details, see the section "*Financial Information*", beginning on page 284. Such transactions or any future transactions with our related parties could potentially involve conflicts of interest. There can be no assurance that we could not have achieved more favorable terms if such transactions had been entered into with unrelated parties or that we will be able to maintain existing terms, in cases where the terms are more favorable than if the transaction had been conducted on an arms-length basis. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, cash flows, prospects, financial condition and results of operations.

32. Our insurance coverage may not adequately protect us against all our losses or liabilities.

Our significant insurance policies consist of a comprehensive coverage for risks relating to standard fire and special perils and group personal accidents. In addition, we have obtained separate insurance coverage for personnel related risks, motor vehicle risks and marine cargo. Further, we are required to insure our various ongoing projects, pursuant to the contracts entered into with our clients. We have procured contractors all risk (CAR) insurance policies for this purpose. While we believe that the insurance coverage we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully on time or at all or that we will not suffer losses not covered by our policies. To the extent that we suffer loss or damage that is not covered by insurance or exceeds our insurance coverage, our business, financial condition and results of operations may be adversely affected.

We are involved in large projects where design, construction or systems failures can result in substantial injury or damage to third parties. Our projects could suffer physical damage from fire or other causes, resulting in losses, including loss of rent, which may not be fully compensated by insurance. In addition, we could suffer damage due to earthquakes, floods, hurricanes, terrorism or acts of war, other natural disasters, which may be uninsurable or are not insurable at a reasonable premium. The proceeds of any insurance claim may be insufficient to cover rebuilding costs as a result of inflation, changes in regulations, environmental issues as well as other factors. Any liability in excess of our insurance payments, reserves or backup guarantees could result in additional costs, which would reduce our profits.

33. We have certain contingent liabilities and our financial condition and profitability could be adversely affected if any of these contingent liabilities materialize.

As of December 31, 2023, the following contingent liabilities are appearing in our Unaudited Special Purpose Condensed Interim Consolidated Financial Statements:

1) Commitment for capital expenditure is ₹327.21 million, advance paid ₹154.76 million. The Group is under commitment to construct specific area for land owner.

2) Counter indemnities given to banks and others in respect of secured guarantees on behalf of subsidiaries and others given by them in respect of contractual commitments in the ordinary course of business is ₹22,206.38 million (including customs ₹42.88 million). Corporate guarantees / letter of credit on behalf of subsidiaries and others is ₹296.68 million. Net off share of JV partner & provisions already considered in books.

3) Service tax and GST liability that may arise on matters in appeal ₹1,721.07 million and advance paid ₹Nil. Out of the above, ₹760.19 million is contractually recoverable from the clients.

4) Sales tax ₹60.40 million (advance paid ₹0.20 million), cess ₹122.64 million, custom duty ₹ 16.49 million (advance paid ₹8.46 million).

5) Income tax liability that may arise on matters in appeal ₹5,252.18 million.

6) Provident fund liability that may arise on matter in appeal ₹15.79 million and advance paid ₹14.63 million.

7) The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business, including certain litigation for land acquired by it for construction purpose, the impact of which is not quantifiable. These case are pending with various courts and are scheduled for hearings. After considering the circumstances, management believes that these case will not adversely affect its consolidated financial statement.

8) A part of the immovable property belonging to the Group has been offered as shortfall undertaking in form of security in favor of a bank against credit facilities availed by strategic partners.

9) In respect of Shreeanant Construction Private Limited., a SLP was filed in the Supreme Court by the state government of Arunachal Pradesh against the judgement of the Guwahati High Court in favor of

the Patel Engineering Limited. abolishing the Arunachal Pradesh goods taxation act, 2005 as it was unconstitutional in nature. Still the matter is pending before the Supreme Court and hearings are going on. But in case of adverse judgement Patel Engineering Limited will transfer entry tax liability of Ka HEP, Package-1 and there will be outflow of resources to that extent. However, the management feels that likelihood of outflow of resources is remote. A writ petition was filed by Patel Engineering Limited in the Guwahati High Court challenging the validity of newly enacted Arunachal Pradesh entry tax act, 2010. The court has granted interim stay on the payment of entry tax subject to the furnishing of bank guarantee of the equivalent amount. Hence the management is presently not paying entry tax on import of goods from outside of Arunachal Pradesh rather Patel Engineering Limited has offered bank guarantee of the same value. The matter is still pending and final judgement is yet to be delivered. But in case of adverse judgement the contractee Patel Engineering Limited will transfer entry tax liability of KaHEP, Package-1 and there will be outflow of resources to that extent. However, the management feels that likelihood of outflow of resources is remote.

If a significant portion of these liabilities materializes, it could have an adverse effect on our business, financial condition and results of operations. There can be no assurance that we will not incur similar or increased levels of contingent liabilities in the current Fiscal or in the future and that our existing contingent liabilities will not have material adverse effect on our business, financial condition and results of operations.

34. Our Promoters have provided guarantees for loans availed by us, and in the event the same is enforced against our Promoters, it could adversely affect our Promoters' ability to manage the affairs of our Company

Our Promoters have provided personal guarantees to the lenders of our Company on consolidated basis including for certain subsidiaries / associate companies for securing certain loans. If any of these guarantees are revoked, such lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure alternative guarantees satisfactory to the lenders, we may need to seek alternative sources of capital, which may not be available to them at commercially reasonable terms or at or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Further, if such guarantees are invoked, it could adversely affect our Promoters' ability to manage the affairs of our Company and this in turn could adversely affect our business, prospects, financial condition and results of operations.

35. Our Auditors have included matters of emphasis in relation to our Company in the Consolidated Audited Financial Statement and Unaudited Special Purpose Condensed Interim Consolidated Financial Statements.

In its report on the audited consolidated financial statements of our Company as at and for the year ended March 31, 2023 and the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements, our Auditors have drawn attention to certain matters of emphasis. For details of these emphasis of matters and our responses thereon, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations– Auditors' observations, qualifications, adverse remarks and matter of emphasis*" on page 115. Potential investors should consider these matters in evaluating our financial position, cash flows and results of operations.

36. We operate in a highly competitive market. If we are unable to bid for and win projects, both large and small, or compete with larger competitors, we could fail to increase, or maintain, our volume of order intake and our results of operations may be materially adversely affected.

We operate in a competitive environment and our industry has been frequently subject to intense price competition for the acquisition and bidding of projects. Our contracts are awarded following competitive bidding processes and satisfaction of other prescribed pre-qualification criteria. We compete against major construction companies at the national and local levels and in multiple segments of construction business. Some of our competitors may be larger than us, have stronger financial resources or a more experienced management team, or have stronger engineering capabilities in executing technically complex projects. They may also benefit from greater economies of scale and operating efficiencies and may have greater experience in infrastructure development business. While service quality, technological capacity equipment bank and performance, health and safety records and personnel, as well as reputation and experience, are important considerations in clients' decisions, price is a major factor in most tender awards. The competitive nature of this process may necessitate us and other prospective bidders to submit low bids to win the award of the contract to maintain our market share. In particular, we derive part of our revenue from performing government contracts and are striving to increase the order book of and revenue contribution by our government contracts. We may thus be compelled to bid for new projects more aggressively than we expected and may accept terms and conditions that are not in our favour. If we fail to win new projects, we may not be able to increase, or maintain, our volume of business or revenues. Failure to compete effectively against our current or future competitors may have a material and adverse effect on our business, financial condition and results of operation.

37. ***Industry information included in this Placement Document has been derived from an industry report prepared by CARE and exclusively commissioned and paid for by us for such purpose***

Certain information regarding the industry and the market in which our Company operates, included in this Placement Document has been derived from the report titled "*Industry Report on Indian Infrastructure*" dated March 18, 2024 ("**CARE Report**") prepared by CARE appointed and exclusively commissioned by our Company pursuant to letter dated February 23, 2024 at an agreed fees to be paid by our Company. The report is a paid report, and exclusively commissioned for the purposes of the Issue, and is subject to various limitations and based upon certain assumptions, parameters and conditions that are subjective in nature. It also uses certain methodologies for market sizing and forecasting which may or may not be accurate. Industry sources and publications are also prepared based on information as of specific dates. Further, there is no assurance that such information has been compiled or presented on the same basis as may be presented elsewhere. In addition, statements from third parties that involve estimates, projections, forecasts and assumptions are subject to change, and actual amounts may differ materially from those included in this Placement Document. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Investors should consult their own advisors and undertake an independent assessment of information in this Placement Document based on, or derived from, the CARE Report before making any investment decision regarding the Issue.

38. ***We are subject to risks arising from interest rate fluctuations, which could reduce the profitability of our projects and adversely affect our business, financial condition and results of operations.***

To the extent we incur floating rate indebtedness, changes in interest rates may increase our cost of borrowing, impacting our profitability and having an adverse effect on our ability to pay dividends to our shareholders. Interest rates are highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political conditions, and other factors beyond our control. Interest rate increases could result in our interest expense exceeding the income from our property portfolio, which may result in operating losses for us. Additionally, if the interest rates for our borrowings in relation to our projects increase significantly, our cost of funds will increase which could adversely impact our results of operations, planned capital expenditures and cash flows.

39. ***Our funding requirements and the proposed deployment of Net Proceeds are not appraised by any independent agency, which may affect our business and results of operations.***

We intend to use the Net Proceeds for repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company (including any interest thereon) and general corporate purposes, more particularly described in "*Use of Proceeds*" on page 77. Our funding requirements are based on management estimates and our current business plans and has not been appraised by any bank or financial institution. The deployment of the Net Proceeds will be at the discretion of our Board. However, the deployment of the Net Proceeds will be monitored by a monitoring agency appointed pursuant to the SEBI ICDR Regulations. Furthermore, pending utilization of Net Proceeds towards the objects of the Issue, our Company will have the flexibility to deploy the Net Proceeds and to deposit the Net Proceeds temporarily in deposits with one or more scheduled commercial banks included in Second Schedule of Reserve Bank of India Act, 1939, as may be approved by our Board. Furthermore, various risks and uncertainties, such as economic trends and business requirements, competitive landscape, as well as general factors affecting our results of operations, financial condition and access to capital and including those set forth in this section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of proceeds. If we are unable to deploy the proceeds of the Issue in a timely or an efficient manner, it may affect our business and results of operations.

40. ***Our Promoters and members of the Promoter Group have pledged their Equity Shares as additional/collateral security under agreements with various lenders in connection with various credit facilities obtained by them or our Company. In the event of any default under the relevant agreements,***

the lenders may enforce aforementioned pledges, which could result in a change in control of our Company and may also have an adverse impact of the market price of our Equity Shares.

As on December 31, 2023, an aggregate of 30,49,17,712 Equity Shares held by our Promoters and member of the Promoter Group, representing 39.41% of the paid-up equity share capital of our Company and representing 88.67% of the aggregate holding of Equity Shares by our Promoter and Promoter Group, were pledged with various entities including banks and financial institutions. Further, our Promoters had availed certain borrowing from certain lenders for infusion of capital in the Company. Pursuant to such borrowings, the Promoters are required to create a pledge / negative lien on the Equity Shares as security for such financing. In the event of any default under the relevant agreements with the lenders, the lenders may enforce aforementioned pledges, which could result in a change in control of our Company.

41. Any adverse revision to our credit rating by rating agencies may adversely affect our ability to raise additional financing, interest rates and other commercial terms at which such funding is available.

As of December 31, 2023, we had consolidated borrowings for amounts aggregating to ₹19,547.76 million. Our current rating(s) and outlook, and latest rating action by Acuité Ratings & Research Limited for the aforementioned borrowings are as under:

Particulars	Long Term Instruments	Short Term Instruments
Rating	BBB+	A2
Outlook	Stable	Stable
Date of most recent Rating Action	June 30, 2023	June 30, 2023

We have in the past experienced a downgrade in our credit ratings and may experience a downgrade in our credit ratings in future. Any downgrade in our credit ratings by rating agencies, international or domestic, may increase our costs of accessing funds and adversely affect our ability to raise additional financing and the interest rates and other commercial terms at which such funding is available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures or other purposes and the trading price of the Equity Shares.

42. We may be susceptible to liabilities arising from violation of applicable anti-bribery and anti-corruption laws.

We are subject to anti-corruption and anti-bribery laws that prohibit improper payments or offers of improper payments to governments and their officials and political parties for the purpose of obtaining or retaining business or securing an improper advantage and require the maintenance of internal controls to prevent such payments. Notwithstanding this, our employees might take actions that could expose us to liability under anti-bribery laws. In certain circumstances, we may be held liable for actions taken by our partners and agents, even though they are not always subject to our control. An FIR No. RC0042022A0005 of 2022 has been filed by CBI, ACB, Jammu against our Company and others under section 120-B of J&K State Ranbir Penal Code read with section 5(1)(d) and 5(2) of the J&K Prevention of Corruption Act, 2006. The complaint arose out of the allegations of malpractices in award of contract in respect of civil works of Kiru Hydroelectric Power Project. The matter is currently pending. Any adverse outcome of complaint or any further complaints lodged against us could have a material adverse effect on our business and reputation.

43. Our business is relatively concentrated in north and north eastern region of India and any adverse development in these regions may adversely affect our business, results of operations and financial condition.

Our business is relatively concentrated in north and north eastern region of India and any adverse development in these regions may adversely affect our business, results of operations and financial condition. We carry out our business in various states of India, however, 40.92% of our order book is concentrated in the north and 21.03% of our order book is from north eastern States of India. We believe, the abundance of natural water resources in north and north- eastern states of India has led to such concentration as majority of our projects are hydropower and tunnelling projects. As on December 31, 2023, we have projects over in 14 states in India including in Jammu and Kashmir, Himachal Pradesh, Maharashtra, Madhya Pradesh, Arunachal Pradesh, Sikkim. For further details, see "*Our Business*" on page 193.

This concentration of business subjects us to various risks in these states, including but not limited to: (i) regional slowdown in construction activities or reduction in infrastructure projects; (ii) interruptions on account of adverse climatic conditions; (iii) vulnerability to change in laws, policies and regulations of the political and economic environment; (iv) perception by our potential customers that we are a regional construction company which hampers us from competing for large and complex projects at the national level and (v) our lack of familiarity with the social and cultural conditions of these new regions. Any such situations will have adverse impact on our business and will affect our results of operations and financial conditions

EXTERNAL RISK FACTORS

44. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investor's reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholder's equity and the price of our Equity Shares.

We are dependent on domestic, regional and global economic and market conditions. Our performance, growth and market price of our Equity Shares are and will be dependent to a large extent on the health of the economy in which we operate. There have been periods of slowdown in the economic growth of India. Demand for our products may be adversely affected by an economic downturn in domestic, regional and global economies. Consequently, any future slowdown in the Indian economy could harm our business, results of operations and financial condition. Also, a change in the government or a change in the economic and deregulation policies could adversely affect economic conditions prevalent in the areas in which we operate in general and our business in particular and high rates of inflation in India could increase our costs without proportionately increasing our revenues, and as such decrease our operating margins.

45. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition.

Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares. In addition, future civil unrest as well as other adverse social, economic or political events in India could have an adverse effect on our business. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares.

46. If inflation were to rise in India, we might not be able to claim the increased expenses under the EPC Contracts and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. Increasing inflation in India could cause a rise in the price of transportation, wages, raw materials and other expenses relevant to the business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to claim under the EPC Contracts the same may adversely affect our business and financial condition.

47. Changing laws, rules and regulations and legal uncertainties in India, including adverse application of corporate and tax laws, may adversely affect our business, prospects and results of operations.

The regulatory and policy environment in which we operate is evolving and is subject to change. Such changes, including the instances mentioned below, may adversely affect our business, results of operations, financial condition, cash flows and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy.

The Government of India may implement new laws or other regulations and policies that could affect the digital payment and financial service industry in general, which could lead to new compliance requirements, including requiring us to obtain approvals and licenses from the Government and other regulatory bodies, or impose onerous requirements. New compliance requirements could increase our costs or otherwise adversely affect our business, financial condition, cash flows and results of operations. Further, the manner in which new requirements will be enforced or interpreted can lead to uncertainty in our operations and could adversely affect our operations.

Any change in Indian tax laws could adversely affect our operations. The Government of India has announced the interim union budget for the financial year 2024-2025 and has enacted the Finance Act, 2024. While the Finance Act, 2024 does not propose any significant changes to the Income Tax Act, 1961, the entire union budget which is likely to be announced later this year may introduce amendments to the Income Tax Act, 1961. There is no certainty of the impact that it may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

Furthermore, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations, and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent, may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We are also subject to these risks in all our overseas operations depending on each specific country. Any unfavourable changes to the laws and regulations applicable to us could also subject us to additional liabilities. As a result, any such changes or interpretations may adversely affect our business, financial condition and financial performance. We cannot predict whether any new tax laws or regulations impacting our services will be enacted, what the nature and impact of the specific terms of any such laws or regulations will be or whether, if at all, any laws or regulations would have an adverse effect on our business.

48. Significant differences exist between Ind AS, U.S. GAAP and IFRS, which may be material to investors' assessments of our financial condition.

The Audited Financial Statements and the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements included in this Placement Document have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Placement Document, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements included in this Placement Document will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Placement Document should accordingly be limited.

49. A slowdown in economic growth in India could cause our business to suffer.

Our performance and the growth of our business are necessarily dependent on the health of the overall Indian economy. Any slowdown or perceived slowdown in the Indian economy could adversely affect our business. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the

Indian economy and our business. The domestic policy response includes localized micro-containment measures, state-specific movement restrictions, mobilization of health supplies and ramping up of health infrastructure.

India's economy could be adversely affected by a general rise in interest rates or inflation, adverse weather conditions affecting agriculture, commodity and energy prices as well as various other factors. A slowdown in the Indian economy could adversely affect the policy of the GoI towards our industry, which may in turn adversely affect our financial performance and our ability to implement our business strategy. The Indian economy is also influenced by economic and market conditions in other countries, particularly emerging market conditions in Asia. A decline in India's foreign exchange reserves and exchange rate fluctuations may also affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

A loss of investor confidence in other emerging market economies or any worldwide financial instability may adversely affect the Indian economy, which could materially and adversely affect our business, financial condition, results of operations and prospects. Further, other factors which may adversely affect the Indian economy are scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing of our developments and expansions; volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges; changes in India's tax, trade, fiscal or monetary policies, like application of GST; political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries; occurrence of natural or man-made disasters; infectious disease outbreaks or other serious public health concerns; prevailing regional or global economic conditions, including in India's principal export markets; and other significant regulatory or economic developments in or affecting India or its financial services sectors.

50. Investors may have difficulty enforcing foreign judgements against our Company, our Directors or our management.

Our Company is a limited liability company incorporated under the laws of India. Majority of our Company's Directors, key management personnel and Senior Management are residents of India and our assets, except certain of our subsidiaries situated outside India and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons outside India, or to enforce judgments obtained against such parties outside India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy, or if judgments are in breach or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amounts recovered.

Recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A of the Code of Civil Procedure, 1908. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, such as the United Kingdom, Singapore and Hong Kong. In order to be enforceable, a judgment from a jurisdiction with reciprocity must meet certain requirements established in the Indian Code of Civil Procedure, 1908. The CPC only permits the enforcement and execution of monetary decrees in the reciprocating jurisdiction, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India, including the United States, cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be directly enforceable in India. The party in whose favour a final foreign judgment in a non-reciprocating territory is rendered may bring a fresh suit in a competent court in India based on the final judgment within three years of obtaining such final judgment. However, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with the public policy in India. A party seeking to enforce a foreign judgment in India may be required to obtain approval from the RBI under the Foreign Exchange Management Act, 1999 to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. Our Company cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

51. ***Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.***

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

RISKS RELATING TO THE EQUITY SHARES

52. ***Applicants to this Issue are not allowed to withdraw their Bids after the Bid/Issue Closing Date.***

Under the SEBI ICDR Regulations, applicants in the Issue are not allowed to withdraw or revise their Bids downwards after the Bid/Issue Closing Date. The Allotment of Equity Shares in the Issue and the credit of Equity Shares to the applicant's demat account with its depository participant could take approximately seven days to 10 Working Days from the Bid/Issue Closing Date. There is no assurance, however, that material adverse changes in the international or national monetary, financial, political or economic conditions or other events or material adverse changes in our business, results of operation or financial condition, or other events affecting the applicant's decision to invest in the Equity Shares, would not arise between the Bid/Issue Closing Date and the date of Allotment of Equity Shares in the Issue. The occurrence of any such event after the Bid/Issue Closing Date could also impact the market price of the Equity Shares. The applicants will not have the right to withdraw their Bids in the event of any such occurrence. We may complete the Allotment of the Equity Shares even if such events may limit the applicants' ability to sell the Equity Shares after the Issue or cause the trading price of the Equity Shares to decline.

53. ***Any future issuance of the Equity Shares, or convertible securities by our Company may dilute your future shareholding and sales of the Equity Shares by our Promoters or other major shareholders of our Company may adversely affect the trading price of the Equity Shares.***

We cannot assure you that we will not issue additional Equity Shares. Any future issuance of the Equity Shares, or convertible securities by our Company, including through exercise of employee stock options or restricted stock units may lead to dilution of your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, any future sales of the Equity Shares by the Promoters, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of our Equity Shares. There can be no assurance that we will not issue Equity Shares or securities linked to Equity Shares or that our Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

54. ***You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.***

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("**STT**") is levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realized on the sale of listed equity shares held for more than 12 months may be subject to long term capital gains tax in India at the specified rates depending on certain factors, such as STT is paid, the quantum of gains and any available treaty exemptions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of STT, on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

55. Fluctuation in the exchange rate between the Indian Rupee and foreign currencies may have an adverse effect on the value of our Equity Shares, independent of our operating results.

The Equity Shares are quoted in Indian Rupees on the Stock Exchanges. Any dividends in respect of our Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the proceeds received by Equity Shareholders. The volatility of the Indian Rupee against other currencies may subject investors who convert funds into Indian rupees to purchase our Equity Shares to currency fluctuation risks. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated substantially in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the trading price of our Equity Shares and returns on our Equity Shares, independent of our operating results. Holders of Equity Shares may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby suffer future dilution of their ownership position.

Under the Companies Act, 2013, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting rights on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. Our decision to file a registration statement will depend on the costs and potential liabilities associated with any such registration as well as the perceived benefits of enabling holders in such jurisdiction to exercise their pre-emptive rights and any other factors we consider appropriate at such time. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available to you by Indian law. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, you may suffer future dilution of your ownership position and your proportional interests in our Company may be reduced.

56. Listed companies in India are highly regulated and we are subject to continuous reporting requirements.

We are subject to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we incur significant legal, accounting, corporate governance and other expenses. We are subject to the SEBI Listing Regulations which requires us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies.

Further, as a listed company, we are required to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. We are also required to monitor trading in the Equity Shares in terms of the SEBI Insider Trading Regulations. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention are required. As a result, our management's attention may be diverted from our business concerns, which may affect our business, prospects, financial condition and results of operations. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

57. The trading price of the Equity Shares may be subject to volatility and you may not be able to sell the Equity Shares at or above the Issue Price.

The Issue Price shall be determined by us in consultation with the Book Running Lead Managers, based on the Bids received, in compliance with Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with rules made thereunder. It may not necessarily be indicative of the market price of the Equity Shares after this Issue is complete. We cannot assure you that you will be able to resell your Equity Shares at or above the Issue Price. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares have historically traded will correspond to the price at which the Equity Shares will trade in the market subsequent to the Issue.

The trading price of the Equity Shares may fluctuate due to a variety of factors, including our results of operations and the performance of our business, competitive conditions, general economic, political and social factors, the performance of the Indian and global economy and significant developments in India's fiscal regime, volatility in the Indian and global securities market, performance of our competitors and changes in the estimates of our performance or recommendations by financial analysts and announcements by us or others regarding contracts, acquisitions, strategic partnerships, joint ventures, or capital commitments.

For example, conditions in the Indian securities markets may cause the trading price of the Equity Shares to fluctuate. The Indian securities markets are generally smaller and more volatile than securities markets in developed economies. In the past, the Indian stock exchanges have experienced high volatility and other problems that have affected the market price and liquidity of the listed securities, including temporary exchange closures, broker defaults, settlement delays and strikes by brokers. Excessive volatility may, in turn, trigger the imposition of circuit breakers. See "***There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell the Equity Shares or the price at which Equity Shares can be sold at a particular point in time***." below. A closure of, or trading stoppage on, either of BSE and NSE could adversely affect the trading price of the Equity Shares.

In addition, if the stock markets in general experience a loss of investor confidence, the trading price of the Equity Shares could decline for reasons unrelated to our business, financial condition or operating results. The trading price of the Equity Shares might also decline in reaction to events that affect other companies in our industry even if these events do not directly affect us. Additionally, in recent years, there have been changes in laws and regulations regulating the taxation of dividend income, which have impacted the Indian equity capital markets. See "*Dividends*" beginning on page 91. Any of these factors could adversely affect the market price and liquidity of the Equity Shares.

58. There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell the Equity Shares or the price at which Equity Shares can be sold at a particular point in time.

The Equity Shares are subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on the Stock Exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform us of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which Shareholders may be able to sell their Equity Shares.

59. Under Indian law, foreign investors are subject to investment restrictions that limit our ability to attract foreign investors, which may adversely affect the trading price of the Equity Shares.

A company based in India may issue equity instruments to a person resident outside India subject to entry routes, sectoral caps and attendant conditions prescribed in the FEMA Rules. Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If the transfer of shares is not in compliance with such requirements or falls under any of the specified exceptions, then prior approval of the RBI will be required.

Further, in accordance with the Consolidated FDI Policy dated October 15, 2020, Government of India, investments where the beneficial owner of the equity shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route. These investment restrictions shall also apply to subscribers of offshore derivative instruments.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Indian government may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Indian government experiences extreme difficulty in stabilizing the balance of payments or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Indian government's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

60. The right of the Equity Shareholders to receive payments pursuant to under the Equity Shares will be subject to tax and other liabilities upon insolvency of our Company.

The Equity Shares will be subordinated to other liabilities preferred by law, such as claims of the Government of India on account of taxes and certain liabilities incurred in the ordinary course of our Company's business (including workmen's dues, debts owed to secured creditors, wages and any unpaid dues owed to employees other than workmen, financial debts owed to unsecured creditors etc. in accordance with the mechanism as specified under Section 53 of the Insolvency and Bankruptcy Code, 2016). In the event that bankruptcy or insolvency proceedings or composition, scheme of arrangement or similar proceedings to avert bankruptcy or insolvency are instituted by or against our Company, the payment of sums or dividends to the Equity Shares may be substantially reduced or delayed, or the shareholding in our Company may be significantly diluted or otherwise completely extinguished.

61. An investor will not be able to sell any of the Equity Shares subscribed in this Issue other than on a recognized Indian stock exchange for a period of 12 months from the date of the allotment of the Equity Shares.

The Equity Shares in this Issue are subject to restrictions on transfers. Pursuant to the SEBI ICDR Regulations, for a period of 12 months from the date of the allotment of the Equity Shares in this Issue, eligible QIBs subscribing for each of the Equity Shares may only sell their Equity Shares on NSE or BSE and may not enter into any off-market trading in respect of these Equity Shares. We cannot be certain that these restrictions will not have an impact on the price of the Equity Shares. This may affect the liquidity of the Equity Shares purchased by investors and it is uncertain whether these restrictions will adversely impact the market price of the Equity Shares purchased by investors.

62. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

1. our financial results and the financial results of the companies in the businesses we operate in;

2. the history of, and the prospects for, our business and the sectors in which we compete;

3. the valuation of publicly traded companies that are engaged in business activities similar to us; and

4. Significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

63. There is no guarantee that the Equity Shares will be listed on the Stock Exchanges in a timely manner, or at all, and prospective investors will not be able to immediately sell their Equity Shares on the Stock Exchange.

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be applied for or granted until the Equity Shares have been issued and allotted. Such approval will require the submission of all other relevant documents authorising the issuance of the Equity Shares. Accordingly, there could be a failure or delay in listing the Equity Shares on the Stock Exchanges, which would adversely affect your ability to sell the Equity Shares. Since the Equity Shares are currently traded on the BSE and the NSE, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Furthermore, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account in a timely manner or that trading in the Equity Shares will commence in a timely manner.

MARKET PRICE INFORMATION

As on the date of the Preliminary Placement Document, our Company's issued, subscribed and paid up capital comprises of 773,617,228 Equity Shares of face value of ₹1 each. The Equity Shares have been listed on BSE and on NSE. The Equity Shares are listed and traded on NSE under the symbol PATELENG and BSE under the scrip code 531120.

On April 24, 2024, the closing price of the Equity Shares on NSE and BSE was ₹64.35 and ₹64.37 respectively per Equity Share. Since the Equity Shares are available for trading on the Stock Exchanges, the market price and other information for each of BSE and NSE has been given separately.

(i) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded for the Financial Years ended March 31, 2024, March 31, 2023 and March 31, 2022:

BSE

Fiscal	High (₹)	Date of High	Number of Equity Shares traded on the date of high (₹)	Total turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)
2024	76.28	February 6, 2024	4,919,485	369.10	14.77	April 13, 2023	1,15,334	1.71	47.93
2023	28.80	April 6, 2022	356,810	10.15	13.35	February 27, 2023	5,77,193	7.77	21.53
2022	33.50	December 30, 2021	1,886,074	63.33	11.32	April 19, 2021	47,621	0.54	21.29

(Source: www.bseindia.com)
1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

NSE

Fiscal	High (₹)	Date of High	Number of Equity Shares traded on the date of high (₹)	Total turnover of Equity Shares traded on date of high (₹ in million)	Low (₹)	Date of low	Number of Equity Shares traded on the date of low	Total turnover of Equity Shares traded on date of low (₹ in million)	Average price for the year (₹)
2024	76.35	February 6, 2024	30,612,044	2,310.11	14.80	April 13, 2023	9,99,771	14.81	51.47
2023	28.80	April 6, 2022	2,018,080	57.52	13.35	February 27, 2023	22,56,906	30.35	21.52
2022	33.45	December 30, 2021	13,100,203	440.19	11.30	April 19, 2021	1,40,999	1.60	19.36

(Source: www.nseindia.com)
1. High, low and average prices are based on the daily closing prices.
2. In the case of a year, average represents the average of the closing prices of all trading days of each year presented.
3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

The following table sets forth the details of the number of Equity Shares traded on the Stock Exchanges and the turnover during Fiscals 2024, 2023 and 2022:

Fiscal	Number of Equity Shares Traded		Turnover (in ₹ million)	
	BSE	NSE	BSE	NSE
2024	31,58,33,612	1,73,51,78,794	15,035.64	85,248.36
2023	10,03,18,113	52,79,88,368	2,081.01	10,784.26
2022	12,46,94,727	75,35,34,398	2,765.24	16,540.74

(Source: www.bseindia.com and www.nseindia.com)

(ii) The following tables set forth the reported high, low and average of the closing prices and the trading volumes of the Equity Shares on the Stock Exchanges on the dates on which such high and low prices were recorded during each of the last six months:

BSE											
Month	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹) (million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ million)
March 2024	68.67	March 2, 2024	12,39,082	86.27	52.31	March 13, 2024	3,589,664	194.52	59.52	23,872,522	1397.71
February 2024	76.28	February 6, 2024	49,19,485	369.10	66.03	February 28, 2024	1,010,713	68.28	70.46	30,239,859	2,163.44
January 2024	68.97	January 31, 2024	1,697,714	113.06	59.59	January 23, 2024	1,888,182	114.55	63.13	21,363,270	1,359.25
December 2023	68.40	December 11, 2023	5,061,756	333.32	49.11	December 1, 2023	493,074	24.62	59.94	3,50,34,379	2,107.36
November 2023	54.13	November 21, 2023	3,755,320	202.61	46.68	November 10, 2023	136,647	6.39	49.08	1,48,58,644	756.01
October 2023	52.55	October 5, 2023	1,471,953	76.41	44.19	October 25, 2023	442,536	19.70	49.24	1,20,61,290	596.32

(Source: www.bseindia.com)

1. High, low and average prices are based on the daily closing prices.

2. In the case of a month, average represents the average of the closing prices of all trading days of each year presented.

3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

NSE										
Month	High (₹)	Date of high	Number of Equity Shares traded on date of high	Total turnover of Equity Shares traded on date of high (₹ million)	Low (₹)	Date of low	Number of Equity Shares traded on date of low	Total turnover of Equity Shares traded on date of low (₹ million)	Average price for the month (₹)	Equity Shares traded in the month	
										Volume	Turnover (₹ million)
March 2024	68.75	March 4, 2024	7,793,597	543.26	52.25	March 13, 2024	12,445,840	675.53	59.50	127,894,052	7,518.96
February 2024	76.35	February 6, 2024	30,612,044	2,310.11	66.05	February 28, 2024	13,045,631	881.85	70.46	261,277,447	18,590.63
January 2024	69.05	January 31, 2024	24,770,254	1,663.92	59.60	January 23, 2024	7,474,304	455.37	63.15	169,113,587	10,867.69
December 2023	68.45	December 11, 2023	38,908,198	2,568.88	49.05	December 1, 2023	2,495,943	124.20	59.94	229,537,861	14,070.56
November 2023	54.05	November 21, 2023	8,570,638	461.50	46.70	November 10, 2023	2,039,858	95.40	49.06	7,0426,454	3,528.98
October 2023	52.55	October 5, 2023	8,702,493	451.82	44.25	October 25, 2023	5,325,911	238.02	49.24	78,479,604	3,845.79

(Source: www.bseindia.com and www.nseindia.com)

1. High, low and average prices are based on the daily closing prices.

2. In the case of a month, average represents the average of the closing prices of all trading days of each year presented.

3. In case of two days with the same high or low price, the date with the higher turnover has been chosen.

(iii) The following table sets forth the market price on the Stock Exchanges on February 13, 2024 that is, the first working day following the approval dated February 12, 2024 of our Board of Directors for the Issue:

Date	BSE					
	Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ million)
February 13, 2024	68.01	70.33	64.10	68.09	13,08,231	88.58

(Source: www.bseindia.com)

Date	NSE					
	Open	High	Low	Close	Number of Equity Shares traded	Volume (₹ million)
February 13, 2024	68.25	70.40	63.95	68.10	1,26,02,659	851.88

(Source: www.nseindia.com

USE OF PROCEEDS

The gross proceeds from this Issue shall be approximately ₹ 4,000.00 million*. Subject to compliance with applicable laws, the net proceeds from this Issue, after deducting fees, commissions and estimated expenses relating to this Issue of approximately ₹401.67 million, are ₹3,598.33 million ("**Net Proceeds**")

**Subject to Allotment of Equity Shares pursuant to the Issue.*

Objects of the Issue

Subject to compliance with applicable laws and regulations, we propose to utilise the Net Proceeds for the following objects:

(in ₹ million)

Sr. No.	Particulars	Amount
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company (including any interest thereon)	3,040.00
2.	General corporate purposes(1)	558.33
3.	**Total**	**3,598.33**

(1) *Subject to Allotment of Equity Shares pursuant to the Issue*

(Collectively, referred to hereinafter as the "**Objects**").

Our main objects and objects incidental or ancillary to the attainment of the main objects of our Memorandum of Association enable us to undertake (i) existing activities and (ii) the activities proposed to be funded from the Net Proceeds.

In the event of a change in the final Issue size, the amounts shown in the table above against each of the use of proceeds specified therein shall be modified basis the final Issue size in the Placement Document.

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in the table below

(₹ in million)

Sr. No.	Particulars	Amount which will be financed from Net Proceeds	Proposed schedule for deployment of the Net Proceeds
			Fiscal 2025
1.	Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company, (including any interest thereon)	3,040.00	3,040.00
2.	General corporate purposes(1)	558.33	558.33
3.	**Total Net Proceeds**	**3,598.33**	**3,598.33**

(1) *Subject to Allotment of Equity Shares pursuant to the Issue*

The funding requirements, deployment of funds and the intended use of Net Proceeds indicated above is based on management estimates, current circumstances of our business, our existing business plans, the prevailing market conditions and other commercial and technical factors. Given the nature of our business, we may have to revise our funding requirements and intended deployment schedule on account of a variety of factors such as our financial condition, business strategy, delay in procuring and operationalizing assets or necessary licenses and approvals, and external factors such as market conditions, competitive environment, price fluctuations and interest or exchange rate fluctuations and other external factors which may not be within the control of our management. Depending upon such factors, we may have to reduce or extend the deployment period for the stated objects. This may entail rescheduling or revising the planned expenditure, implementation schedule and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. Subject to applicable law, if the actual utilisation towards the objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the Gross Proceeds.

In case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilising our internal accruals. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Issue, subject to compliance with applicable laws. For details, see "***Risk Factors – Our funding requirements and the proposed deployment of Net Proceeds have not been appraised by a public financial institution or a scheduled commercial bank and our management will have broad discretion over utilization of the Net Proceeds***" beginning on page 63.

Our Company proposes to deploy the entire Net Proceeds towards the Objects stated above. If the Net Proceeds are not utilized (in full or in part) for the Objects for the period stated above due to any reason, including (i) the timing of completion of the Issue; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, the remaining Net Proceeds shall be utilized (in part or full) in subsequent periods in such manner as may be determined by our Company, in accordance with applicable laws. Further, our Company may also utilise any portion of or the entire Net Proceeds, towards the aforementioned Objects, ahead of the estimated schedule of deployment specified above.

Details of the Objects

1. Repayment / pre-payment, in full or in part, of certain outstanding borrowings availed by our Company, including any interest thereon

We have entered into various financing arrangements, including borrowings in the form of long-term loans, optionally convertible debentures, cash credit facilities and working capital demand loans, among others. As of December 31, 2023 we had total outstanding borrowings aggregating to ₹19,547.76 million.

We propose to utilise an estimated amount of ₹3,040.00 million from the Net Proceeds towards full or partial repayment or pre-payment, in full or in part, of certain outstanding secured borrowings, including the interest thereon, availed by our Company. The selection of borrowings proposed to be repaid/pre-paid amongst our borrowing arrangements availed is based on various factors including (i) cost of borrowing, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil or obtain waiver for such requirements, and (iii) other commercial considerations including, among others, the amount of the loans outstanding and the remaining tenor of the loan. The lenders have in the consortium meeting dated February 28, 2024 noted that the Company intends to use proceeds from the Issue towards repayment/pre-payment of certain outstanding borrowings, however, we have not obtained specific approvals for such repayment/pre-payment. Further, pursuant to the terms of the borrowing arrangements, pre-payment of certain indebtedness may attract pre-payment charges as prescribed by the respective lender. In some cases, we need to pre-pay / repay along with the interest accrued on those secured borrowings up to the date of such prepayment / repayment. Such interest accrued and the pre-payment charges, as applicable, will also be funded out of the Net Proceeds and/or internal accruals.

Details of utilization

The details of certain outstanding borrowings availed by our Company, proposed for repayment or pre-payment, in full or in part, including interest thereon from the Net Proceeds are set forth below:

S. No.	Name of the lender	Principal loan amount sanctioned (In ₹ million)	Balance amount Outstanding as on March 31, 2024 (In ₹ million)	Tenor and Repayment Schedule	Interest Rate (% p.a.)	Purpose for which disbursed loan amount was originally sanctioned and utilized	Pre-payment penalty, if any
1.	Axis Bank Limited	1,489.10	1,323.48	Annually	CC- 10.80% / WCDL - 10.95%	Working Capital	Nil
2.	Bank of Baroda	3,361.70	2,327.42	Half yearly	12.95%	Working Capital	Nil
3.	Bank of India	1,371.80	1,067.82	Annually	11.15%	Working Capital	Nil
4.	Bank of Maharashtra	1,184.80	963.87	Annually	11.80%	Working Capital	Nil
5.	Canara Bank	1,126.60	1,094.33	Annually	12.30%	Working Capital	Nil
6.	ICICI Bank Limited	1,059.40	854.49	Annually	12.10%	Working Capital	Nil
7.	IDBI Bank	884.30	862.47	Annually	12.51%	Working Capital	Nil
8.	State Bank of India	250.00	207.82	Annually	11.30%	Working Capital	Nil
9.	Union Bank of India	938.40	696.87	Annually	10.85%	Working Capital	Nil
10.	YES Bank Limited	706.55	680.13	Annually	12.05%	Working Capital	Nil
11.	Bank of India	619.31	619.31	Upto August 2027	7.00%	Working capital *	Nil
12.	Bank of Maharashtra	464.90	464.90	Upto August 2027	7.00%	Working capital *	Nil
13.	DBS Bank Limited	56.30	56.30	Upto August 2027	7.00%	Working capital *	Nil
14.	EXIM Bank Limited	221.26	221.26	Upto August 2027	7.00%	Working capital *	Nil
15.	General Insurance Corporation of India	43.90	43.90	Upto August 2029	7.00%	Working capital *	Nil
16.	ICICI Bank Limited	720.88	720.88	Upto August 2027	7.00%	Working capital *	Nil
17.	IDBI Bank Limited	99.83	99.83	Upto August 2027	7.00%	Working capital *	Nil
18.	Indusind Bank Limited	74.61	74.61	Upto August 2027	7.00%	Working capital *	Nil
19.	Life Insurance Corporation of India Limited.	708.30	708.30	Upto August 2029	7.00%	Working capital *	Nil
20.	RBL Bank Limited	48.24	48.24	Upto August 2027	7.00%	Working capital *	Nil
21.	SREI Equipment Finance Limited	120.56	120.56	Upto August 2027	7.00%	Working capital *	Nil

S. No.	Name of the lender	Principal loan amount sanctioned (In ₹ million)	Balance amount Outstanding as on March 31, 2024 (In ₹ million)	Tenor and Repayment Schedule	Interest Rate (% p.a.)	Purpose for which disbursed loan amount was originally sanctioned and utilized	Pre-payment penalty, if any
22.	Union Bank of India	520.60	520.60	Upto August 2027	7.00%	Working capital *	Nil
23.	Indian Renewable Energy Development Agency Limited	3,120.00	2,330.20	Upto July 2024 - ₹600.00 million Upto August 2026 - ₹ 2,520.00 million	10.45 % For ₹ 2,520.00 million 11.20 % For ₹600.00 million	Project Specific Term Loan	Nil
24.	Sundaram Finance Limited	138.58	114.69	Upto September 2028	11.50%	Equipment Finance	Yes [Refer Note 1]
25.	Bank of Maharashtra	15.00	12.63	Upto October 2029	9.25%	Equipment Finance	Nil
26.	Canara Bank	11.30	10.32	Upto May 2030	9.55%	Equipment Finance	Nil
27.	Bank of Baroda	5.69	5.52	Upto Dec 2030	8.75%	Equipment Finance	Yes [Refer Note 2]

**Note: Currently outstanding as Optionally Convertible Debentures, they were converted against Working Capital facility / Working Capital Term loan at time of S4A in November 2017.*

Note 1: 5% of the part amount paid or the principal outstanding as on the due date prior to settlement date, as the case may be, will be levied.

Note 2: The Borrower shall be responsible for bearing Prepayment/Part payment charges at a rate of 2% plus GST on amount pre-paid in case the cumulative prepaid amount exceeds ₹ 0.04 Million within the initial 2-years from the date of first disbursement of loan amount.

Our Company has obtained a certificate dated April 22, 2024, issued by our Statutory Auditor, pursuant to which our Statutory Auditors have confirmed that the utilisation of the proceeds of the loans, as indicated above has been towards the purpose availed for, as per the sanction letters / loan agreements of the respective loans.

We believe that the prepayment and /or repayment of principal and interest amount of such borrowings from the Net Proceeds shall inter alia benefit our Company in the following manner:

(a) reducing the outstanding indebtedness of the Company and enable utilization of the internal accruals for further investment in business growth and expansions;

(b) as the prequalification criteria for most of the larger projects would require an increased Net Worth, our Company would strengthen its capability to be eligible to bid for such projects;

(c) improve our debt-equity ratio, and;

(d) improve our ability to raise further resources in the future to fund potential business development opportunities;

Given the nature of these borrowings and terms of repayment/prepayment, the aggregate outstanding amount may vary from time to time. Further, the amounts outstanding under these borrowings as well as the sanctioned limits are dependent on several factors and may vary with our business cycle with multiple intermediate repayments, drawdowns and enhancement of sanctioned limits.

2. General Corporate Purposes

Our Company intends to deploy ₹558.33 million, towards general corporate purposes and the business requirements of our Company, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds in compliance with the circular bearing reference no. NSE/ CML/2022/56 dated December 13, 2022, issued by NSE and circular no. 20221213-47 dated December 13, 2022, issued by BSE.

Such general corporate purposes may include, but are not restricted to meeting fund requirements which our Company may face in the ordinary course of business, investment in our Subsidiaries, capital expenditure of our Company incurred in the ordinary course of business, meeting exigencies in relation to existing operations, any other purpose as permitted by applicable laws. and any other purpose as may be approved by our Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act, 2013.

The allocation or quantum of utilization of funds towards the specific purposes described above will be determined by our Board, based on our business requirements and other relevant considerations, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any, in accordance with applicable law.

In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

Monitoring of utilisation of funds

Pursuant to Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited, a credit rating agency registered with the SEBI, as the monitoring agency ("**Monitoring Agency**") by way of an agreement dated April 22, 2024, as the size of our Issue exceeds ₹ 1,000 million. The Monitoring Agency shall submit its report to our Company in the format specified in Schedule XI of the SEBI ICDR Regulations on a quarterly basis, till 100% of the proceeds of the Issue have been utilised. The board of directors and the management of our Company will provide their comments on the findings of the Monitoring Agency as specified in Schedule XI.

Our Company shall, within 45 days from the end of each quarter, upload the report of the Monitoring Agency on our website and also submit the same to the Stock Exchanges.

The report of the Monitoring Agency shall be placed before our Audit Committee on a quarterly basis, promptly upon its receipt. Furthermore, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Issue from the Objects, as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Issue from the Objects, as stated above. This information will also be published on our website simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Interim use of Net Proceeds

Our Company will have flexibility in deploying the Net Proceeds received by our Company from the Issue in accordance with applicable laws. Pending utilisation of the Net Proceeds towards the purposes described in this section, shall be invested in money market instruments including money market/debt mutual funds, deposits in scheduled commercial banks or any other investment as permitted.

Other confirmations

In accordance with applicable laws, we undertake to not utilize proceeds from the Issue unless Allotment is made and the corresponding return of Allotment is filed with the RoC and final listing and trading approvals are received from each of the Stock Exchanges. The Net Proceeds shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised as approved by our Board and/ or a duly authorized committee of our Board, from time to time only for such purposes, as permitted under the Companies Act, prescribed Objects as disclosed above and other applicable laws.

Subject to applicable laws, our Board shall determine the quantum of Net Proceeds to be deployed by our Company from the Issue, depending on business opportunities or requirements of our Company from time to time.

Neither of our Promoters, members of the Promoter Group, our Directors and the group companies are making any contribution either as part of the Issue or separately in furtherance of the Objects. None of our Promoters, members of the Promoter Group, our Directors and the group companies shall receive any proceeds from the Issue, whether directly or indirectly. Since the Issue is only made to Eligible QIBs, our Promoters, Directors, Key Managerial Personnel or members of Senior Management are not eligible to subscribe in the Issue.

CAPITALISATION STATEMENT

The following table sets forth our capitalization and total borrowings, on a consolidated basis, as at December 31, 2023 which has been derived from our Unaudited Special Purpose Condensed Interim Consolidated Financial Statements and as adjusted to give effect to the receipt of the gross proceeds from the Issue. This table should be read in conjunction with the sections titled "***Management's Discussion and Analysis of Financial Condition and Results of Operations***" and "***Financial Information***" beginning on pages 93 and 284, respectively.

Particulars	**Pre-Issue**	**Post-Issue**
	As at December 31, 2023	**As adjusted**
Borrowings^:		
Non-current borrowings (including current maturities)	8,027.88	8,027.88
Current borrowings	11,519.88	11,519.88
Total indebtedness (A)	**19,547.76**	**19,547.76**
Equity		
Equity share capital	773.62	844.38
Other equity	29,456.21	33,385.45
Non-controlling interest	(72.04)	(72.04)
Total equity (B)	**30,157.79**	**34,157.79**
Total Capitalization (C = A+B)	**49,705.55**	**53,705.55**
Total Indebtedness/ Total Equity (in times)	**0.65**	**0.57**

^ Borrowings includes amount outstanding towards optionally convertible debentures. These OCDs have been classified as debt instruments in the financial statements since these are convertible only on an event of default

Notes

1: As per Unaudited Special purpose condensed interim consolidated financial Statements of the Company as at and for the period ended on December 31, 2023 along with our reports thereon.

2. The above terms in the table shall carry the meaning as per Schedule III of the Companies Act, 2013

3. 'Post-Issue As adjusted' column in the above table has been adjusted for the number of equity shares issued pursuant to the issue and the proceeds from the issue thereon. It reflects changes in Equity only on account of proceeds from the fresh issue of 70,758,889 equity shares of face value of ₹ 1 each, at an issue price of ₹ 56.53 per Equity Share, including securities premium of ₹ 55.53 per Equity Share resulting in an increase of ₹ 70.76 million in the Equity share capital of our Company and an increase of ₹ 3,929.24 million in the Other equity. The adjustments do not include any adjustment for issue related expenses and for any other transactions or movement subsequent to December 31, 2023

CAPITAL STRUCTURE

The share capital of our Company as on the date of this Placement Document is set forth below:

(in ₹ million, except share data)

	Particulars	Aggregate nominal value at face value (except for securities premium account)
A	**AUTHORISED SHARE CAPITAL**	
	9,954,300,000 Equity Shares	9,954.30
	800,000,000 Preference Shares of face value ₹1 each	800.00
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE ISSUE**	
	773,617,228 Equity Shares	773.62
C	**PRESENT ISSUE IN TERMS OF THIS PLACEMENT DOCUMENT**	
	70,758,889 Equity Shares aggregating to ₹4,000.00 million(1)(3)	70.76
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**	
	844,376,117 Equity Shares(3)	844.38
E	**SECURITIES PREMIUM ACCOUNT**	
	Before the Issue (as of the date of this Placement Document)	18,240.13
	After the Issue(2)(3)	22,169.37

(1) This Issue has been authorised and approved by our Board of Directors pursuant to its resolution passed on February 12, 2024. The Shareholders' of our Company have authorised and approved the Issue by way of a special resolution passed at the extra ordinary general meeting on March 8, 2024.

(2) The securities premium account after the Issue is calculated on the basis of Gross Proceeds. Adjustments do not include Issue related expenses

(3) Subject to Allotment of Equity Shares pursuant to the Issue

Equity Share capital history of our Company

The history of the equity share capital of our Company as on the date of this Placement Document is provided in the following table:

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
May 27, 1949	2	100.00	100.00	Cash	Subscription to Memorandum	2	200
May 27, 1949	1,500	100.00	100.00	Other than cash	Allotment pursuant to acquisition of Patel Engineering Company	1,502	150,200
October 20, 1949	1,500	100.00	100.00	Cash	Further Allotment	3,002	300,200
February 16, 1950	1,800	100.00	100.00	Cash	Further Allotment	4,802	480,200
August 17, 1950	300	100.00	100.00	Cash	Further Allotment	5,102	510,200
August 17, 1950	500	100.00	100.00	Other than cash	Allotment pursuant to Agreement dated July 15, 1950	5,602	560,200
January 2, 1951	749	100.00	100.00	Cash	Further Allotment	6,351	635,100
January 4, 1951	400	100.00	100.00	Cash	Further Allotment	6,751	675,100
March 15, 1951	2,049	100.00	100.00	Cash	Further Allotment	8,800	880,000
May 28, 1951	200	100.00	100.00	Cash	Further Allotment	9,000	900,000
November 2, 1951	300	100.00	100.00	Cash	Further Allotment	9,300	930,000
February 13, 1952	1,310	100.00	100.00	Cash	Further Allotment	10,610	1,061,000
March 31, 1952	1,640	100.00	100.00	Cash	Further Allotment	12,250	1,225,000
May 26, 1952	1,750	100.00	100.00	Cash	Further Allotment	14000	1,400,000
October 5, 1953	5,000	100.00	100.00	Cash	Further Allotment	19,000	1,900,000
May 20, 1955	5,000	100.00	100.00	Cash	Further Allotment	24,000	2,400,000
June 6, 1956	6,000	100.00	100.00	Cash	Further Allotment	30,000	3,000,000
June 25, 1956	4,974	100.00	100.00	Cash	Further Allotment	34,974	3,497,400
June 26, 1956	26	100.00	100.00	Cash	Further Allotment	35,000	3,500,000
January 24, 1957*	1,000	100.00	100.00	Cash	Conversion of CCPS	36,000	3,600,000
April 24, 1958	3,785	100.00	100.00	Cash	Further Allotment	39,785	3,978,500
May 6, 1958	215	100.00	100.00	Cash	Further Allotment	40,000	4,000,000

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
April 30, 1959	9,715	100.00	100.00	Cash	Further allotment	49,715	4,971,500
May 28, 1959	205	100.00	100.00	Cash	Further allotment	49,920	4,992,000
June 29, 1959	80	100.00	100.00	Cash	Further allotment	50,000	5,000,000
March 31, 1960	12,247	100.00	100.00	Cash	Further allotment	62,247	6,224,700
April 28, 1960	17	100.00	100.00	Cash	Further allotment	62,264	6,226,400
June 23, 1960	34	100.00	100.00	Cash	Further allotment	62,298	6,229,800
September 29, 1960*	202	100.00	100.00	Cash	Further allotment	62,500	6,250,000
May 5, 1967*	12,500	100.00	-	Bonus	Bonus in the ratio of 1:5	75,000	7,500,000
April 7, 1969	24,774	100.00	-	Bonus	Bonus in the ratio of 1:3	99,774	9,977,400
May 2, 1969	226	100.00	-	Bonus	Bonus in the ratio of 1:3	100,000	10,000,000
February 14, 1986*	67,000	100.00	100.00	Cash	Allotment pursuant to the IPO	167,000	16,700,000
October 3, 1990*	(320)	100.00	-	-	Forfeiture of equity shares for non-payment of allotment money	166,680	16,668,000
October 12, 1991*	73,232	100.00	100.00	Cash	Rights issue	239,912	23,991,200
February 26, 1992	5,766	100.00	100.00	Cash	Rights issue	245,678	24,567,800
May 16, 1992	10	100.00	100.00	Cash	Rights issue	245,688	24,568,800
July 23, 1992	5	100.00	100.00	Cash	Rights issue	245,693	24,569,300
April 8, 1995	(91,712)	100.00	-	-	Equity Shares cancelled as per CLB's Order dated March 5, 1993	153,981	15,398,100
Pursuant to a resolution passed by our Board of Directors on January 19, 1995 and a resolution of our Shareholders passed at in their annual general meeting held on January 12, 1995*, every one equity share of face value ₹ 100 each was sub-divided into 10 equity shares of face value ₹ 10 each, and accordingly, 153,981 equity shares of face value ₹ 100 each were sub-divided into 1,539,810 equity shares of face value ₹ 10 each.							
February 7, 1997	3,200	10.00	10.00	Cash	Reissue of forfeited equity shares originally forfeited in 1990	1,543,010	15,430,100
Pursuant to a resolution passed by our Board of Directors on December 11, 2000 and a resolution of our Shareholders passed at in their annual general meeting held on August 25, 2000 every one equity share of face value ₹ 10 each was sub-divided into 2 equity shares of face value ₹ 5 each, and accordingly, 1,543,010 equity shares of face value ₹ 10 each were sub-divided into 3,086,020 equity shares of face value ₹ 5 each.							

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
July 6, 2001	154,300	5.00	5.00	Cash	Allotment of Equity Shares under Patel Engineering Employees Welfare Trust	3,240,320	16,201,600
December 7, 2001	1,620,160	5.00	-	Bonus	Bonus in the ratio of 1:2	4,860,480	24,302,400
Pursuant to a resolution passed by our Board of Directors on April 30, 2004 and a resolution by our Shareholders passed at in their annual general meeting held on September 24, 2004, every one equity share of face value ₹ 5 each was sub-divided into 5 equity shares of ₹ face value 1 each, and accordingly, 4,860,480 equity shares of face value ₹ 5 each were sub-divided into 24,302,400 equity shares of face value ₹ 1 each.							
November 19, 2004	24,302,400	1.00	-	Bonus	Bonus in the ratio of 1:1	48,604,800	48,604,800
December 27, 2005	1,395,200	1.00	1.00	Cash	Allotment of Equity Shares under Patel Engineering Employees Welfare Trust	50,000,000	50,000,000
May 19, 2006	9,659,090	1.00	440.00	Cash	Further allotment	596,59,090	596,59,090
October 26, 2009	7,218,061	1.00	477.03	Cash	Further Allotment pursuant to a QIP	668,77,151	668,77,151
October 29, 2009	2,950,000	1.00	1.00	Cash	Allotment of Equity Shares under Patel Engineering Employees Welfare Trust	698,27,151	698,27,151
March 31, 2014	6,417,174	1.00	57.50	Cash	Conversion of Optionally Convertible Preference Shares of ₹1 each	762,44,325	762,44,325
April 15, 2014	561,957	1.00	57.50	Cash	Conversion of Optionally Convertible Preference Shares of ₹1 each	76,806,282	76,806,282
November 25, 2016	80,188,409	1.00	52.20	Cash	Preferential allotment pursuant to Strategic Debt Restructuring Scheme	156,994,691	156,994,691
December 31, 2018	7,253,815	1.00	1.00	Cash	Allotment of Equity Shares under Patel Engineering Employees Welfare Trust	164,248,506	164,248,506
October 18, 2019	223,329,786	1.00	9.00	Cash	Rights Issue	387,578,292	387,578,292

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per Equity Share (₹)	Nature of consideration	Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (₹)
March 26, 2020	20,600,000	1.00	18.12	Other than cash	Conversion of Optionally Convertible Preference Shares of ₹1 each	408,178,292	408,178,292
April 23, 2020	9,199,470	1.00	18.12	Other than cash	Conversion of Optionally Convertible Preference Shares of ₹1 each	417,377,762	417,377,762
September 16, 2020	12,638,700	1.00	14.78	Other than cash	Conversion of debt into equity shares	430,016,462	430,016,462
February 9, 2021	35,436,562	1.00	14.78	Other than cash	Conversion of debt into equity shares	465,453,024	465,453,024
July 16, 2021	13,777,470	1.00	14.78	Other than cash	Conversion of debt into equity shares	479,230,494	479,230,494
July 25, 2022	23,961,525	1.00	1.00	Cash	Allotment of Equity Shares under Patel Engineering Employees Welfare Trust	503,192,019	503,192,019
September 9, 2022	12,552,800	1.00	25.36	Cash	Preferential allotment	515,744,819	515,744,819
March 3, 2023	257,872,409	1.00	12.60	Cash	Allotment pursuant to rights issue	773,617,228	773,617,228

We have been unable to trace certain forms filed with RoC please see "*Risk Factors – Our Company was incorporated in 1949 and certain corporate and secretarial records of our Company are not traceable***." on page 54.*

Employee Stock Option Plan

Pursuant to resolution(s) passed by our Shareholders on September 28, 2007, our Company formulated and adopted an employee stock option scheme, namely, Patel Engineering Employees' Stock Option Plan ("**PEL ESOP 2007**") which was further extended vide Shareholders' resolution dated June 19, 2022 to enable our Company to attract, retain and motivate talented and senior level employees, to provide them with additional incentives and reward opportunities and to create a sense of ownership and participation amongst the employees of our Company. As on the date of this Placement Document, our Company has not granted any employee stock options under the PEL ESOP 2007.

Our Company has formulated a General Employee Benefit Scheme namely the Patel Engineering General Employee Benefit Scheme 2015 ("**PEL GEBS 2015**") pursuant to a resolution passed by the Shareholders on September 28, 2015 for the welfare and benefit of the employees of the Company.

Proposed Allottees in the Issue

In compliance with the requirements prescribed under Chapter VI of the SEBI ICDR Regulations, Allotment shall be made at the sole discretion of our Company in consultation with the Book Running Lead Manager to Eligible QIBs. For details of the names of the proposed Allottees and the percentage of the post-Issue Equity Share capital that may be held by them, see "*Details of Proposed Allottees*" beginning on page 287.

Pre-Issue and post-Issue equity shareholding pattern

The following table provides the pre-Issue shareholding pattern as of April 12, 2024 and the post-Issue shareholding pattern:

S. No.	**Category**	**Pre-Issue^**		**Post-Issue***	
		Number of Equity Shares held	**% of shareholding**	**Number of Equity Shares held**	**% of shareholding**
A.	**Promoters' holding****				
1.	Indian				
	Individuals/ HUFs	32,315,833	4.18	32,315,833	3.83
	Bodies corporate	272,601,879	35.24	272,601,879	32.28
	Sub-total	**304,917,712**	**39.41**	**304,917,712**	**36.11**
2.	Foreign promoters	-	-	-	-
	Sub-total (A)	**304,917,712**	**39.41**	**304,917,712**	**36.11**
B	**Non Promoter holding**				
1.	**–Institutional Investors**	**61,794,422**	**7.99**	**132,553,311**	**15.70**
	Non-Institutional investors				
	Bodies Corporate	34,101,696	4.41	34,101,696	4.04
	Directors and their relatives (excluding Independent Directors and nominee Directors)	288,180	0.04	288,180	0.03
	Key Managerial Personnel	7,000	0.00	7,000	0.00
	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)#	391,300	0.05	391,300	0.05
	Investor Education and Protection Fund (IEPF)	361,282	0.05	361,282	0.04
	Indian public	309,773,344	40.04	309,773,344	36.69

S. No.	Category	Pre-Issue^		Post-Issue*	
		Number of Equity Shares held	% of shareholding	Number of Equity Shares held	% of shareholding
	Others including Non-resident Indians (NRIs)	2,488,8052	3.22	24,888,052	2.95
	Sub-total (B)	**431,605,276**	**55.79**	**502,364,165**	**59.50**
C	Non- Promoter and Non- Public Shareholding				
1.	Employee Benefit Trust	37,094,240	4.79	37,094,240	4.39
	Grand Total (A+B+C)	**773,617,228**	**100.00**	**844,376,117**	**100.00**

^*Includes shareholding of our Promoter Group as well.*
**Subject to Allotment of Equity Shares pursuant to the Issue*
reclassified to public shareholders
The post-Issue shareholding pattern of our Company filled reflects the shareholding of the institutional investors category on basis of the Allocation made in the Issue, and reflects the shareholding of all other categories as of April 12, 2024

Other confirmations

(i) Our Equity Shares have been listed for a period of at least one year prior to the date of the issuance of the notice to our Shareholders, i.e., February 15, 2024, for approving the Issue.

(ii) Except as set forth in "*Equity share capital history of our Company"* and "*Employee Stock Option Plan"* in the chapter titled "*Capital Structure*" beginning on page 84, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into the Equity Shares as on the date of this Placement Document.

(iii) There would be no change in control in our Company consequent to the Issue.

(iv) Our Company has not allotted securities on preferential basis in the last one year preceding the date of this Placement Document.

(v) Except as disclosed in *"– Equity Share capital history of our Company*" on page 84, our Company has not made any allotment of Equity Shares in the year immediately preceding the date of this Placement Document, including for consideration other than cash, or pursuant to a preferential issue, private placement or a rights issue.

Our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of the Issue. Further, Equity Shares allotted pursuant to this Issue cannot be sold by the Allottees for a period of one year from the date of Allotment, except on the Stock Exchanges.

DIVIDENDS

The declaration and payment of dividends by our Company is governed by applicable provisions of the Companies Act and our Articles of Association. Our Board has approved and adopted a formal dividend distribution policy on June 11, 2021 ("**Dividend Policy**"), in terms of Regulation 43A of the SEBI Listing Regulations. For further information, see the section titled "*Description of the Equity Shares*" beginning on page 261.

In accordance with our Dividend Policy, the Board of Directors of the Company shall consider the financial/internal factors such as, profits earned and available for distribution during the financial year, accumulated reserves, including retained earnings, mandatory transfer of profits earned to specific reserves, such as debenture redemption reserve, etc., past dividend trends – rate of dividend, EPS and payout ratio, etc., earning stability, future capital expenditure requirement of the Company, growth plans, both organic and inorganic, capital restructuring, debt reduction, capitalisation of shares, crystallization of contingent liabilities of the Company, profit earned under the consolidated financial statement, cash Flows, current and projected cash balance and company's working capital requirements, covenants in loan agreements, debt servicing obligations and debt maturity profile and external factors such as economic environment, both domestic and global, unfavourable market conditions, changes in government policies and regulatory provisions, cost of raising funds from alternate sources, inflation rates, cost of external financing that the Board may deem fit, before making any recommendation/declaration for the dividend during the relevant financial year. The dividend for any Financial Year shall normally be paid out of our Company profits for that year arrived at in conformity with the relevant provisions of the Companies Act, 2013. The Board may in exceptional circumstances, consider utilizing retained earnings for declaration of dividends, subject to applicable legal provisions.

The following table sets forth, for the period indicated, the dividend per Equity Share and the total amount of dividends declared on the Equity Shares:

Particulars	**From January 01, 2024 to date of the placement Document**	**From April 1, 2023 to December 31, 2023**	**Financial year 2022-2023**	**Financial year 2021-2022**	**Financial year 2020-2021**
No. of Equity Shares	773,617,228	773,617,228	773,617,228	479,230,494	465,453,024
Face value of Equity Shares (₹ per share)	1	1	1	1	1
Dividend (Interim) per share (in ₹)	Nil	Nil	Nil	Nil	Nil
Dividend (Final) per share (in ₹)	Nil	Nil	Nil	Nil	Nil
Total Dividend per share (in ₹)	Nil	Nil	Nil	Nil	Nil
Total Dividend (in ₹)	Nil	Nil	Nil	Nil	Nil
Dividend Distribution Tax, where applicable	NA	NA	NA	NA	NA
Dividend Rate (%)	NA	NA	NA	NA	NA

Future Dividends

The amounts paid as dividends in the past are not necessarily indicative of the dividend distribution policy of our Company or dividend amounts, if any, in the future. The form, frequency and amount of future dividends declared by our Company will depend on a number of internal and external factors, including, but not limited to, working capital requirements, capital expenditure requirements, requirement of resources to fund acquisitions/ and or new business, requirement of cash flow to meet contingencies, outstanding borrowings, past dividend trends, prevailing legal requirements, regulatory conditions or restrictions laid down under the applicable laws including tax laws and dividend pay-out ratios of companies in the same/ similar industry and any other relevant factors that the Board may deem fit to consider before declaring dividend.

The Equity Shares to be issued in connection with this Issue shall qualify for all dividends, including interim dividend, if any, that is declared after Allotment.

Please also see the sections titled "*Taxation*" and "*Risk Factors*" beginning on pages 265 and 47, respectively.

Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company or for an investment in the Equity Shares offered in the Issue.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*This discussion contains forward-looking statements, that involve risks and uncertainties and reflects our current views with respect to future events and financial performance. We caution investors that our business and financial performance is subject to substantive risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under the sections titled "Forward-Looking Statements" and "Risk Factors" on pages 17 and 47, respectively, and elsewhere in this Placement Document. We prepared our Financial Statements in accordance with the Indian Accounting Standards prescribed under section 133 of the Company Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("**Ind AS**"). Ind AS differs in some material respects from US GAAP and IFRS and other accounting principles with which prospective investors may be familiar.*

Unless otherwise specified or as the context requires, financial information herein as and for the years ended March 31, 2021, 2022 and 2023 is derived from the 2021 Audited Consolidated Financial Statements, 2022 Audited Consolidated Financial Statements and 2023 Audited Consolidated Financial Statements, respectively, and the financial information herein for the nine month ended December 31, 2023 and December 31, 2022 is derived from the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are to the 12 months ended March 31 of that year. Financial information for the nine months ended December 31, 2023 is not annualized and not indicative of full year results, and is not comparable with annual financial statements presented in this Placement Document

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled "Industry Report on Indian Infrastructure" dated March 18, 2024 (the "**CARE Report**"), prepared and issued by CARE Analytics and Advisory Private Limited. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Certain sections of this Placement Document contain information from the CARE Report which we commissioned and purchased and any reliance on such information for making an investment decision in this Issue is subject to inherent risks." beginning on page 63. Also see, "Industry and Market Data" beginning on page 16.*

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OVERVIEW

Our Company was incorporated in 1949 and over the last seven decades, we have evolved as a construction company specializing in the hydro power generation and irrigation segments. We are engaged in the construction of dams, bridges, tunnels, roads, piling works, industrial structures and other kinds of heavy civil engineering works and have executed a variety of infrastructure projects in the hydro power, irrigation and water supply, urban infrastructure and transportation segments primarily as civil contractors. We have presence in various technology intensive areas like hydro, irrigation and water supply, urban infrastructure and transport especially in tunnels and underground works for hydroelectric and transportation projects. Since incorporation, we have been involved in over 15,000 MW hydropower projects, construction of over 87 dams, 300 kms of tunnelling works, more than 4,000 meter of shaft boring works, over 1200 kms of roads and irrigated over 0.55 million acres.

We are an ISO 9001: 2015, ISO 14001:2015 and ISO 45001:2018 certified Company with access to international licensors & contractors which makes us an ideal engineering solutions partner for a wide spectrum of services covering a variety of industries. Our experience, technological abilities and financial strength have given us the ability to bid for large infrastructure projects.

The vision of our Company is to deliver comprehensive and effective solutions to clients through our profound experience and technological prowess, while continuously creating opportunities and value for stake holders and society.

The mission of our Company is to be the pioneers in the industry and a market driven organization known for its commitment towards excellence, quality, performance and reliability.

Currently, our construction business undertakes:

- Hydro power projects including dams, tunnels, power-houses and barrages;

- Irrigation and water supply projects including dams, weirs and pump houses;

- Urban infrastructure projects & others including sewerage, micro tunnelling and horizontal directional drilling and pipelines; and

- Transportation projects including roads, bridges, flyovers and tunnels for railways.

As on December 31, 2023, the size of our order book is ₹ 191,346.87 million including the projects wherein we have been categorised as lowest bidder ("**Order Book**"). Majority of our Order Book comprises of projects which are awarded by Central / State Governments or other Government undertakings/ Public Sector Undertakings.

The following table sets forth the segment wise breakup of our Order Book as on December 31, 2023.

Segment	**Number of Projects**	**Order Book Value** *(In ₹ million)*
Hydroelectric	15	116,891.16
Irrigation	17	40,204.00
Tunnel	6	21,165.46
Road	5	5,702.08
Others	5	7,384.16
Total	**48**	**191,346.87**

The following table sets forth the client wise breakup of our Order Book as on December 31, 2023:

Client	**Number of Projects**	**Order Book Value** *(In ₹ million)*
Central Government / PSU's	17	118,520.47
State Government Departments	29	66,484.21
International	2	6,342.20
Total	**48**	**191,346.87**

For Fiscals 2023, 2022 and 2021, our consolidated revenue from operation was ₹ 42,019.71 million, ₹33,802.89 million and ₹19,947.93 million, respectively. For Fiscals 2023, 2022 and 2021, our (net) profit/(loss) after tax and share in profit / (loss) in Joint Ventures/Associates was ₹ 1,834.81 million, ₹ 718.49 million and ₹ (2,907.47) million, respectively. Further, for the nine months period ended December 31, 2023 and December 31, 2022, our consolidated revenue from operations was ₹32,009.29 million and ₹ 26,860.83 million, respectively and the net profit/(loss) after tax and share in profit/(loss) in Joint Ventures/Associates from continuing operations was ₹1,618.64 million and ₹695.54 million, respectively.

The following table sets forth certain financial information on a consolidated basis as of the dates and for the periods indicated:

(In ₹ million, except as otherwise stated)

Particular	**Fiscal 2021**	**Fiscal 2022**	**Fiscal 2023**	**December 31, 2023**
Financial Position				
Share Capital	465.45	479.23	773.62	773.62
Reserves & Surplus	22,730.21	23,357.13	28,105.95	29,456.20
Shareholders Funds	**23,195.66**	**23,836.36**	**28,879.57**	**30,229.82**
Minority Interest	612.90	714.11	878.20	(72.04)
Loan Funds	22,663.89	22,616.12	17,521.28	19,547.76
Total Funds Employed	**46,472.46**	**47,166.59**	**47,279.05**	**49,705.54**
Fixed Assets (Net)	13,611.47	14,633.28	15,887.08	15,160.84
Investments	678.90	816.08	1,242.26	1,277.74
Deferred Tax Assets (Net)	2,002.80	1,973.68	2,137.18	1,953.63

Particular	Fiscal 2021	Fiscal 2022	Fiscal 2023	December 31, 2023
Net Current & Non-Current Assets	30,179.29	29,743.55	28,012.53	31,313.33
Total Application of Funds	**46,472.46**	**47,166.59**	**47,279.05**	**49,705.54**
Operating results				
Revenue from Operations	19,947.93	33,802.89	42,019.71	32,009.29
Other Income	1,091.35	1,162.06	1,203.53	577.21
Total Income	**21,039.28**	**34,964.95**	**43,223.24**	**32,586.50**
Total Operating Expenditure	**17,601.56**	**28,525.73**	**35,770.95**	**27,482.11**
Operating EBITDA	2,346.37	5,277.16	6,248.76	4,527.18
EBITA Margin (%)	11.76%	15.61%	14,87%	14.14%
Profit/(Loss) before tax	(3,438.12)	1,120.02	2,326.89	2,150.19
Net profit/(loss) after tax and share in profit /(loss) in joint ventures / associates	(2,907.47)	718.49	1,834.81	1,618.64
Non-Controlling Interest	119.85	98.49	162.85	53.94
Net Profit for Owner	(2,982.04)	547.57	1,548.06	1,407.29
Net Profit Margin (%)	(14.95)%	1.62%	3.68%	4.40%
Equity Share Data				
Diluted Earnings per Share (₹)	(6.78)	1.49	2.23	2.02
Number of Shares	465,453,024	479,230,494	773,617,228	773,617,228

Significant factors affecting our results of operations

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future.

Changes in government policy or delays in the award of projects:

Our business is substantially dependent on projects in India undertaken or awarded by governmental authorities and other entities funded by the Central Government and/or State Governments. Majority of our revenue from operations is derived from contracts with Government entities. In the event of any adverse change in budgetary allocations for infrastructure development or a downturn in available work in the infrastructure sector resulting from any change in Government policies or priorities, our business prospects, and as a result our financial performance, may be adversely affected. Any adverse changes in the Central or State Government policies (including de-notification of our existing projects) may lead to our contracts being restructured or renegotiated. These could adversely affect our financing arrangements, capital expenditure, revenues, development or cash flows relating to our existing projects as well as our ability to participate in competitive bidding.

Finance costs and fluctuations in interest rates

Infrastructure projects, by their nature, are typically capital intensive and often require high levels of debt financing, and as such we have substantial indebtedness. See "*Financial Statements*" on page 284. Interest expense on our indebtedness has historically been a sizeable portion of our expenses. In nine month period ended on December 31, 2023 and Fiscals 2023, 2022 and 2021, our finance costs was ₹ 2,690.07 million, ₹ 4,184.23 million, ₹ 4,195.27 million and ₹ 4,013.92 million, respectively. We expect that we will continue to incur additional indebtedness as we seek to expand our business, both through organic growth and potentially through selective acquisitions if opportunities arise.

We expect that the levels of interest rates when we incur such additional debt and fluctuations in interest rates relating to our floating-rate debt, will continue to have a material impact on our expenses. To the extent interest rates remain low or decrease, it would have a positive impact on our expenses, assuming constant levels of indebtedness, or would enable us to incur additional indebtedness at relatively lower costs. Higher or rising interest rates would increase our expenses, unless we reduce the absolute levels of our indebtedness, through monetisation of non-core assets and/or repayment from surplus cash flows.

Terms of contracts awarded and project estimates, operational factors and claim awards

We rely on construction contracts awarded by our clients for our revenues. In certain cases, we have limited ability to negotiate the terms of contracts and may be required to perform additional work on a project that is beyond the stated scope of the contract. Such variation and renegotiation of projects may lead to delays which may lead to additional costs associated with cost increases in construction materials and equipment. Further, in certain contracts we may be required to execute modified work order as directed by the client which may not be agreed upon at the time of execution of the contract. This process may result in disputes and may result in delayed or inadequate payments. If we do not achieve expected turnover, margins or suffers losses on one or more of these contracts, this could reduce our total income or cause us to incur losses. Escalations in costs are typically covered in our agreements as pass through costs with certain formulae linked to various parameters such as WPI Index etc. For variations in quantities or extra items, the same are either approved by client as addition to contract value during the course of the contract execution or the same gets settled by way of arbitration awards.

Most of our contracts are through the competitive bidding process. Pursuant to the contracts, period for completion of work varies from 12 months to over 60 months. While making the financial bid we consider almost all the factors, however there may be unprecedented increase in cost which will be beyond our estimates. Such costs may be unpredictable and fluctuate based on events beyond our control, and any substantial increase in such costs beyond our estimate would adversely impact our profitability. The mismatch of potentially increasing costs of our operations. Our actual costs and any gross profit realized on these fixed rate contracts will often vary from the estimated amounts on which these contracts were originally based. This may occur for various reasons including, amongst other things, errors in estimates or bidding, changes in availability of raw materials and cost of labour. The cost of raw materials, labour and other inputs constitutes a significant part of our operating expenses and we rely on third parties to provide us such inputs.

Any unanticipated increases in the cost of raw materials, labour or other inputs; unforeseen construction conditions, resulting in delays and increased costs; delays caused by local weather conditions; and suppliers' or subcontractors' failures to perform can have a compounding effect by increasing the costs of performing other parts of the contract. In majority of our contracts, we have clauses permitting us to recover the cost of escalations in the price of raw materials with the consent of the client. However, in some cases our inability to pass on any increment of the construction cost of the project or in absence of any price escalation provisions in the contracts, may have an adverse effect on our cash flows and results of operations.

Our projects are typically subject to additional costs, changes in the scope of work and increased timelines on account of the nature, complexity and length of the projects that we undertake. Our contracts generally provide for price adjustments on account of such additional costs, changes in scope and delays, depending on who bears the risk of such changes. In the event of disputes with our customers over who bears the cost of a particular change, our contracts typically refer the disputes first to mediation and then arbitration.

Construction costs, labor and other inputs

Costs of construction constitute the second most significant portion of our construction expenses. For nine month period ended on December 31, 2023 and Fiscals 2023, 2022 and 2021, on consolidated basis, our cost of construction represented 72.87%, 72.86%, 72.30% and 73.14%, respectively of our total revenue from operation. Cost of construction primarily consists of expenditure incurred towards procurement of raw materials for our projects, purchase of land/ development rights, piece rate expenses, repairs to machinery, transportation, power hire charges, project development charges, technical consultancy fees etc. Our primary raw materials are steel and cement, and to a lesser extent bitumen and high-speed diesel. Prices for these raw materials can be volatile and depend on commodity prices in the markets, which, in turn, depend on changes in global economic conditions, industry cycles, supply-and-demand dynamics, attempts by individual producers to capture market share, and market speculation, among other factors.

Our ability to pass on increases in the purchase price of raw materials, fuel and other inputs may be limited in the case of contracts with limited price escalation provisions. Our actual expense in executing a contract with limited price escalation costs may vary substantially from the assumptions underlying our bid for several reasons, including unanticipated increases in the cost of raw materials, fuel, labor and other inputs, unforeseen construction conditions, including inability of the client to obtain requisite environmental and other approvals, delays caused by local weather conditions and suppliers' or subcontractors' failures to perform. To the extent that we are unable to pass fluctuations in raw material prices on to our customers, our margins may be positively or negatively affected by fluctuations in raw material prices. Moreover, even if we are able to pass through raw material costs to our customers, fuel, labor and other inputs, an increase in raw material prices may result in increased prices for infrastructure projects, which may in turn result in decreased demand for new infrastructure projects and, consequently, our services. Piece rate expenses vary from project to project depending upon the size of the project and also includes sub-contractor costs.

Seasonality and weather conditions

Our business activities and projects may be materially and adversely affected by severe weather conditions, which may force us to evacuate personnel or curtail services, replace damaged equipment and facilities or suspend our construction activities during unfavourable weather conditions. Heavy or sustained rainfalls or other extreme weather conditions such as cyclones could result in delays or disruptions to our construction activities during the critical periods of our projects and cause severe damages to our equipment used for construction activities. Monsoon season could limit our ability to carry on construction activities or to fully utilize our resources. Our business activities may also be adversely affected by other natural disasters, including earthquakes, floods, and landslides, which may cause significant interruptions of our operations and damages to our properties and working environment which may not be adequately covered by the insurance policies availed by us. During periods of curtailed activity due to severe weather conditions or natural disasters, we may continue to incur operating expenses but our revenues from operations may be delayed or reduced.

Competition

We face significant competition for the award of projects from a large number of infrastructure companies who also operate in the same regional markets as us. Further, some of our competitors are larger than us, have stronger financial resources or a more experienced management team, or have stronger engineering capabilities in executing technically complex projects. Our competition depends on various factors, such as the type of project, total contract value, potential margins, complexity, location of the project and risks relating to revenue generation. While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards. Competition from other infrastructure companies may impact our ability to successfully bid for projects at price levels which would generate desired returns for us.

Ability to effectively execute and expand our Order Book

Our Company's Order Book as of a particular date comprises the estimated revenues from the unexecuted portions of all the existing contracts. The manner in which we calculate and present our Order Book is not comparable to the manner in which our revenue from operations is accounted, which takes into account revenue from work relating to escalation or changes in scope of work of our projects. The manner in which we calculate and present our Company's Order Book information may vary from the manner in which such information is calculated and presented by other companies, including our competitors. The Order Book information included in this Placement Document is not audited and does not necessarily indicate our future earnings. Our Order Book should not be considered in isolation or as a substitute for performance measures.

Our Order Book and the new projects that we have bid for and will continue to bid for in the future will have an effect on the revenues we will earn in the future. Our projects are relatively large sized contracts and our results of operations may vary from Fiscal to Fiscal depending on the project implementation schedule. In addition, our project implementation schedule may vary due to various factors that may be beyond our control, including availability of land from the clients and timely commencement of work. These depend on various factors such as the value of these projects, the timeline for completion and payments to be made as per the agreed timelines.

For further discussion on various factors that may affect the execution of our projects and consequently the realization of our Order Book as of a particular date, see "***Risk Factors – Projects included in our Order Book and our future projects may be delayed, modified or cancelled for reasons beyond our control and our Order Book may not be representative of our future results and our actual income may be significantly less than the estimates reflected in our Order Book which may materially and adversely affect our business, prospects, reputation, profitability, financial condition and results of operation***" on page 48. Accordingly, the realization of our Order Book and the effect on our results of operations may vary significantly from reporting period to reporting period depending on the nature of such contracts, actual performance of such contracts, as well as the stage of completion of such contracts as of the relevant reporting date as it is impacted by applicable accounting principles affecting revenue and cost recognition. The value of the orders we receive and our ability to execute them in a timely manner therefore impacts our future performance. As we expand our Order Book, the modified terms of payments for new projects may necessitate higher working capital requirements and therefore impact our financial performance. Any cancellation of orders or termination of projects under construction by our customers may result in a reduction of our future revenue. Any delay in payments that are due and payable to us will affect our operations and have an impact on our cash flows. This may result in an increase in our working capital borrowings thereby affecting our business and results of operations.

Significant accounting policies

a) Statement of Compliance

Patel Engineering Limited (the **"Company**") has prepared consolidated financial statements to provide the financial information of its activities along with its subsidiaries, associates and joint ventures as a single entity. They are collectively referred as "Group" herein.

The consolidated financial statements of the group have been prepared to comply in all material respects with the Indian Accounting Standards ("**Ind AS**") as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and amendment thereof issued by Ministry of Corporate Affaires in exercise of the power conferred by section 133 of the Companies Act 2013 and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the company.

b) Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, on a going concern basis and accrual method of accounting, except for certain financial assets and liabilities as specified in defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS. The accounting policies applied are consistent with those used in the previous year, except otherwise stated.

The consolidated financial statements are presented in Indian Rupees and all values are rounded to the nearest millions (Rupees 000,000), except where otherwise indicated. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

c) Principles of consolidation

- The consolidated financial statements include the accounts of Patel Engineering Limited and its subsidiaries, associates and joint ventures.

- The financial statements of joint ventures are consolidated to the extent of the Company's or its subsidiaries share in joint venture.

- The financial statements of the Company including joint operations and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses fully eliminating material intra group balances and intra group transactions. Associate entities are consolidated as per the equity method.

- Goodwill arising out of consolidation of financial statements of subsidiaries and joint ventures are tested for impairment at each reporting date.

The consolidated financial statement has been prepared by the Company in accordance with the requirements of Ind AS –110 Consolidated Financial Statements", Ind AS -111 "Joint Arrangements" and Ind AS 28 "Investment in Associates and Joint Ventures", issued by the Ministry of Corporate Affairs.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosure.

d) Current / non-current classification

The Group as required by Ind AS 1 presents assets and liabilities in the balance sheet based on current / non-current classification.

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

The Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of its assets and liabilities, as it is not possible to identify the normal operating cycle.

e) Method of accounting

The Group maintains its accounts on accrual basis. Subsidiaries outside India maintain its accounts based on Generally Accepted Accounting Standards of their respective countries.

f) Critical accounting estimates and judgements

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation
- Estimation of useful life of property, plant and equipment and intangibles
- Estimation of total contract revenue and costs for revenue recognition
- Estimation of recognition of deferred taxes
- Estimation of impairment of financial assets (i.e. expected credit loss on trade receivables)
- Estimation of provision and contingent liabilities
- Estimation on discounting of lease liability on application of Ind AS 116

g) Property, plant and equipment

Property, plant and equipment are stated at net of recoverable taxes, trade discount and rebates less accumulated depreciation and accumulated impairment losses, if any.

Such cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Property, plant and equipment costing ₹ 5,000 or less are not capitalized and charged to the consolidated statement of profit and loss.

Machinery spares that meet the definition of PPE are capitalised.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably.

The carrying amount of an items of PPE are derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

h) Intangible assets

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation amortisation and impairment loss, if any.

Such cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably.

i) Depreciation

Depreciation on the property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II to the Act. Depreciation on property, plant and equipment, which are added/disposed-off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The estimated useful lives are as follows:

Assets	**Estimated useful life**
Factory building/ building	28/60 years
Machinery/ ship	8 ½ years
Motor cars/ motor truck	8 years
Furniture/ electrical equipment's	6 years
Office equipment's	5 years
Computer/ software	3 years

Depreciation on leasehold land will be amortized after commencement of operation of the power house. It will be amortized over the useful life of the lease.

The estimated useful life of Patel Michigan JV - motor car - 10 years, motor truck - 6 years, office equipment's - 5 years, container - 3 years.

For overseas subsidiaries depreciation is provided based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies, local laws and are in line with the industry practices. These entities follow straight line method of depreciation spread over the useful life of each individual asset. It is practically not possible to align rates of depreciation of such subsidiaries with those of the domestic entities.

j) **Intangible assets**

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Assets	**Estimated useful life**
Computer software	3 years

k) **Impairment of non-financial assets**

The carrying amount of assets/cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized in the consolidated statement of profit and loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

l) Inventories

The stock of land, construction materials, stores, spare parts and embedded goods and fuel is valued at cost (on weighted average basis), or net realizable value, whichever is lower and work in progress of construction contracts at contract rate. Cost includes expenditures incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

Work in progress in respect of project development and buildings held as stock-in-trade are valued at cost or net realizable value, whichever is lower.

Project work in progress is valued at contract rates and site mobilization expenditure of incomplete contracts is stated at lower of cost or net realizable value.

m) Recognition of income and expenditure

Revenue toward satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criterias is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

n) Construction revenue

The company constructs various infrastructure projects on behalf of clients. Under the terms of the contracts, where the company is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done; revenue is recognised over a period of time. The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. This is achieved by estimating total revenue including claims / variations and total cost till completion of the contract and the profit is recognised in proportion to the value of work done when the outcome of the contract can be estimated reliably. Revenue also includes claims / variations when it is highly probable of recovery based on estimate and assessment of each item by the management based on their judgement of recovery. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

The company becomes entitled to invoice customers for construction based on achieving a series of performance related milestones. When a particular milestone is achieved, the customer is sent a statement of work completed assessed by expert. Previously recognised contract asset for any work performed is reclassified to trade receivables at the point at which it is invoiced to the customer. Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract. Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.
Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Revenue from trading and consultancy service are recognises when it transfers control of a product or service to a customer.

o) Revenue from Real Estate Development Contracts

The company constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before or after construction of the residential properties begins. Under the terms of the contracts, the company is contractually restricted from redirecting the properties to another customer and does not have an enforceable right to payment for work done. Revenue from construction of real estate properties is therefore recognised at a point of time.

Revenue from building development is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

p) Foreign currency transaction/translations

Transactions in foreign currency including acquisition of property, plant and equipment are recorded in the functional currency (Indian Rupee) by applying to the foreign currency amount, at the prevailing exchange rates between the functional currency and foreign currency on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date exchange rates are recognised in profit or loss.

Revenue transactions at the foreign branch/projects are translated at average rate. Property, plant and equipment are translated at rate prevailing on the date of purchase. Net exchange rate difference is recognized in the statement of profit and loss. Depreciation is translated at rates used for respective assets.

Revenue items of overseas subsidiaries are translated into Indian rupees at average rate and all other monetary/non-monetary items are translated at closing rate. Net exchange rate difference is recognized as foreign exchange translation reserve.

q) Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

I. Financial asset:

Initial recognition and measurement:

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through the statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement:

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

a) Financial asset measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the consolidated statement of profit and loss. The Group while applying above criteria has classified the following at amortized cost:

a) Trade receivables
b) Investment in subsidiaries
c) Loans
d) Other financial assets

b) Financial assets measured at fair value through other comprehensive income:

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the consolidated statement of profit and loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the consolidated statement of profit and loss.

c) Financial assets at fair value through profit or loss (FVTPL) :

Financial asset are measured at fair value through profit and loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the consolidated statement of profit and loss.

Equity instruments

All investments in equity instruments classified under financial assets are initially measured at fair value, the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

De-recognition of financial assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the consolidated statement of profit and loss.

Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured at FVTOCI.
c) Lease receivables under Ind AS 17.
d) Trade receivables or any contractual right to receive cash or another financial asset
e) Loan commitments which are not measured at FVTPL
f) Financial guarantee contracts which are not measured

II. Financial liability

Initial recognition and measurement:

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement:

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the consolidated statement of profit and loss.

Financial liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The Group is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount and fair value of the liabilities shall be recognized in the consolidated statement of profit and loss.

r) Financial derivative and hedging transactions

In respect of financial derivative and hedging contracts, gain / loss are recognized on mark-to-market basis and charged to the consolidated statement of profit and loss along with underlying transactions.

s) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of assets.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

t) Employee benefits

Short term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans:

Contribution towards provident fund/family pensions are made to the recognized funds, where the Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans:

Provision for incremental liability in respect of gratuity and leave encashment is made as per independent actuarial valuation on projected unit credit method made at the year-end.
Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense /(income) on the net defined liability /(assets) is computed by applying the discount rate, used to measure the net defined liability /(asset). Net interest expense and other expenses related to defined benefit plans are recognized in consolidated statement of profit and loss.

u) Taxation

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

Current tax:

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. The carrying amount of deferred tax liabilities and assets are reviewed at the end of each reporting period.

v) Provisions, contingent liabilities and contingent assets

The Group recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are disclosed where an inflow of economic benefits is probable.

w) Employees stock option plan

Compensation expenses under "Employee Stock Option Plan" representing excess of fair price of the shares on the date of grant of option over the exercise price of option is amortized on a straight-line basis over the vesting period.

x) Borrowing cost

Borrowing costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to consolidated statement of profit and loss as incurred.

y) Leases

As per IND AS 116

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, group’s incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group’s estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in ‘property, plant and equipment’ and lease liabilities in ‘loans and borrowings’ in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

z) Business combinations

Business combinations have been accounted for using the acquisition method as per Ind AS 103.

The cost of an acquisition is measured at the fair value of the asset transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred.

Business combinations between entities under common control are accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

aa) Earnings per share

The Group presents basic and diluted earnings per share ("**EPS**") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

bb) Preliminary and preoperative expenses

In respect of certain subsidiaries preliminary and preoperative expenses are written off commencement of operation.

cc) Non-current assets held for sale and discontinued operation

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

dd) Standard issued but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of financial statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting policies, changes in accounting estimates and errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

Principal components of our statement of profit and loss

Income

Our Income comprises of:

Revenue from operations

Revenue from operation primarily consist the revenue from EPC/construction contracts. It includes revenue from sale of good, revenue from real estate division and other operating income such as lease and service charges, share of profit from partnership firm and miscellaneous operating income.

Other Income

Other income comprises of interest income from bank and other, net gain on sale of assets, other non-operating income, net gain on foreign currency translation, sale of investments and miscellaneous income.

Expenses

Our expenses primarily comprise of cost of construction, employee benefit expenses, finance costs, depreciation and amortization expenses and other expenses

Cost of Construction

Cost of construction primarily consists of expenditure incurred towards procurement of raw materials, sub-contract work for our projects, consumption of stores and spares, repairs to machinery, transportation, hire charges, power, electricity and water charges, project development costs, technical consultancy fees and other construction costs.

Employee benefits expense

Employee benefits expense includes salaries, wages and bonus, contribution to provident and other funds, Employee Stock option and staff welfare expenses.

Finance Costs

Finance costs includes interest on term loan and working capital loans, interest on loan from related parties, interest on advance from client, unwinding of interest components and other borrowing costs

Depreciation and amortization expense

Depreciation and amortization expenses includes depreciation of property, plant and equipment, amortisation of intangible assets and depreciation on right of use assets.

Other Expenses

Other Expenses include administrative costs, Auditor's remuneration, communication expenses, printing and stationery, legal and consultancy expenses, printing and stationery, legal and consultancy charges, loss on sale of asset discarded, net loss on foreign currency translation and other expenses.

Tax Expenses

Tax expenses include current tax, tax expenses of earlier years and deferred tax.

Results of our operations

The following table sets forth certain information with respect to our results of operations for the periods indicated:

(₹ in million)

Sr No.	Particulars	Nine months ended on December 31, 2023	% of the total income	Nine months ended on December 31, 2022	% of the total income
1.	Revenue from Operations	32,009.29	98.23	26,860.83	96.77
2.	Other income	577.21	1.77	896.32	3.23
3.	Total Income	32,586.50	100.00	27,757.15	100
4.	Expenses				

Sr No.	Particulars	Nine months ended on December 31, 2023	% of the total income	Nine months ended on December 31, 2022	% of the total income
	• Cost of material consumed	5,571.96	17.10	6,477.27	23.34
	• Cost of construction	17,752.80	54.48	13,030.81	46.95
	• Employee benefits expense	2,707.84	8.31	2,369.65	8.54
	• Finance Cost	2,690.07	8.26	3,084.66	11.11
	• Depreciation	685.85	2.10	601.84	2.17
	• Other expenses	1,449.51	4.45	1,056.99	3.81
	Total expenses	30,858.03	94.70	26,621.22	95.91
5.	Profit before exceptional items and tax (3-4)	1,728.47	5.30	1,135.93	4.09
6.	Exceptional items	(421.72)	(1.29)	77.56	0.28
7.	Profit before tax (5-6)	2,150.19	6.60	1,058.37	3.81
8.	Tax expenses/ (Credit)				
	a) Current (net)	603.79	1.85	348.40	1.26
	b) Earlier Years	(45.54)	(0.14)	3.39	(0.01)
	c) Deferred	(14.71)	(0.05)	39.33	(0.14)
9.	Profit for the period (7-8)	1,606.65	4.93	667.25	2.40
10.	Share in profit / (loss) in associates (net)	11.99	0.04	28.29	0.10
11.	Net profit/(loss) after tax and share in profit /(loss) in associates (IX+X)	1618.64	4.97	695.54	2.51
12.	Profit/ (Loss) from discontinued operations after tax and non-controlling interest	(119.73)	(0.37)	148.16	0.53
13.	Other Comprehensive Income				
	i) Items that will not be classified to profit or loss Remeasurements of the defined benefit plan	(37.72)	(0.12)	(153.49)	(0.55)
	ii) Income tax relating to items that will not be reclassified to profit or loss	0.04	0.00	4.42	0.02
14.	Total other comprehensive income for the year	(37.68)	(0.12)	(149.07)	(0.54)
15.	Total comprehensive income and other comprehensive income for the year (11+12 + 14)	1,461.23	4.48	694.63	2.50
16.	Non-controlling interest	53.94	0.17	(9.77)	(0.04)
17.	Owners of the parent (15 - 16)	1,407.29	4.32	704.40	2.54

Total Income

Our total income increased by 17.40% to ₹ 32,586.50 million for the nine months period ended December 31, 2023 from ₹ 27,757.15 million for the nine-month period ended December 31, 2022. The changes are due to following reasons:

Revenue from operations

Our revenue from operations increased by 19.17% to ₹ 32,009.29 million for the nine -month period ended December 31, 2023 from ₹ 26,860.83 million for the nine-month period ended December 31, 2022 primarily due to execution at all existing project sites and increase in execution of projects received in last few years and increase in operation in the nine -month period ended December 31, 2023.

Other income

Our other income decreased by 35.60% to ₹ 577.21 million for the nine-month period ended December 31, 2023 from ₹ 896.32 million for the nine month period ended December 31, 2022 primarily due to decrease in interest income on realization of money for arbitration awards in previous year and decrease in income from exchange gain in the current period as compared to corresponding period.

Expenses

Our total expenses increased by 15.92% to ₹ 30,858.03 million for the nine-month period ended December 31, 2023 from ₹ 26,621.22 million for the nine-month period ended December 31, 2022, due to following reasons:

Cost of material consumed

Our cost towards material consumed decreased by 13.98% to ₹ 5,571.96 million for the nine-month period ended December 31, 2023 from ₹ 6,477.27 million for the nine-month period ended December 31, 2022. Our projects include various activities like excavation, diversion tunnel, dam construction, power house, desilting arrangement, head race tunnel, tail race tunnel, surge shaft, intake structure, trash racks etc. Consumption of materials during a particular period shall depend on the mix of work executed during the period and is based on activities performed in a respective period and may accordingly increase or decrease. However, the overall cost of construction has increased is directly proportionate with the operation, therefore due to increase in our operations as compared to previous period, cost of material consumed is reduced in the nine-month ended December 31, 2023.

Cost of construction

Our cost of construction increased by 36.24% to ₹ 17,752.80 million for the nine-month period ended December 31, 2023 from ₹ 13,030.81 million for the nine-month period ended December 31, 2022. Cost of construction is directly proportionate with our operation, therefore due to increase in our operation as compared to previous period cost of construction is increased in the nine-month ended December 31, 2023.

Employee benefit expense

Our employee benefit expense increased by 14.27% to ₹ 2,707.84 million for the nine month period ended December 31, 2023 from ₹ 2,369.65 million for the nine-month period ended December 31, 2022. In last few years, Company's order book has increased significantly leading to increase in the employee. Due to increase in number of employees of the Company and increments in salaries, employee benefit expenses increased in the nine-month ended December 31, 2023.

Finance cost

Our finance cost decreased by 12.79% to ₹ 2,690.07 million for the nine month period ended December 31, 2023 from ₹ 3,084.66 million for the nine-month period ended December 31, 2022, primarily due to reduction of interest bearing loans/advances taken by the Company and replacement of high interest bearing advance into fresh lower interest bearing project specific term loan as compared to previous period.

Depreciation expense

Our depreciation expenses increased by 13.96% to ₹ 685.85 million for the nine month period ended December 31, 2023 from ₹ 601.84 million for the nine-month period ended December 31, 2022, primarily due to increase in property plant equipment due to increased order book.

Other expenses

Our other expenses increased 37.14% to ₹ 1,449.51 million for the nine month period ended December 31, 2023 from ₹ 1,056.99 million for the nine-month period ended December 31, 2022, primarily due to increase in administrative expenses like insurance, rates and taxes, travelling and conveyance, communication expenses, legal and consultancy charges in line with increase in operations of the Company.

Exceptional item

Exceptional item includes income on receipt of arbitration award of ₹ 528.88 million, reversal of provision made for estimated expenses of ₹87.23 million, written off/ provision of loan and advance of ₹34.65 million and loss on recognition of revenue under completion method of ₹159.75 million.

Owner Profit/ (Loss) for the period

Our profit for the period (after minority interest) increased by 99.79% to ₹ 1,407.29 million for nine-month period ended December 31, 2023 from ₹ 707.40 million for nine-month period ended December 31, 2022 due to the abovementioned reasons.

RESULTS OF OPERATIONS FOR THE FISCALS ENDED MARCH 31, 2023, MARCH 31, 2022 AND MARCH 31, 2021

(₹ in million)

Sr No.	Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
		Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
I.	Revenue from operations	42,019.71	97.22	33,802.89	96.68	19,947.93	94.81
II.	Other Income	1,203.53	2.78	1,162.06	3.32	1,091.35	5.19
III.	Total income (I+II)	43,223.24	100.00	34,964.95	100.00	21,039.28	100.00
IV.	Expenses						
	Cost of construction	30,614.22	70.83	24,440.50	69.90	14,589.99	69.35
	Employee benefits expense	3,407.69	7.88	2,665.24	7.63	2,013.32	9.57
	Finance costs	4,184.23	9.68	4,195.27	12.00	4,013.92	19.08
	Depreciation and amortization expense	933.03	2.16	818.99	2.34	720.25	3.42
	Other expenses	1,749.04	4.05	1,419.99	4.06	998.26	4.74
	Total Expenses	40,888.21	94.60	33,539.99	95.97	22,335.74	106.16
V.	Profit/(loss) before exceptional items and tax (III-IV)	2,335.03	5.40	1,424.96	4.08	(1,296.46)	(6.16)
VI.	Exceptional items	8.14	0.02	304.94	0.87	2,141.66	10.18
VII.	Profit/(loss) before tax (V-VI)	2,326.89	5.38	1,120.02	3.20	(3,438.12)	(16.34)
VIII.	Tax expense:						
	1) Current Tax	873.05	2.02	384.65	1.10	110.48	0.53
	2) Tax adjustments for earlier year	(184.57)	(0.43)	1.57	0.00	1.49	0.01
	3) Deferred Tax	(149.61)	(0.35)	47.54	0.14	(820.83)	(3.90)
IX.	Profit/(loss) for the year (VII-VIII)	1,788.02	4.14	686.26	1.96	(2,729.26)	(12.97)
X	Share in profit / (loss) in associates (net)	46.79	0.11	32.23	0.09	(178.21)	(0.85)
XI	Net profit/(loss) after tax and share in profit /(loss) in associates (IX+X)	1,834.81	4.24	718.49	2.05	(2907.47)	(13.82)

Sr No.	Particulars	Fiscal 2023		Fiscal 2022		Fiscal 2021	
		Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
XII	Other Comprehensive Income						
	• Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	(123.94)	(0.29)	(76.85)	(0.22)	40.86	0.19
	• Income tax relating to items that will not be reclassified to profit or loss	0.04	0.00	4.42	0.01	4.42	0.02
XIII	Total Other Comprehensive income for the year	(123.90)	(0.29)	(72.43)	-0.21	45.28	0.22
XIV	Total comprehensive income and other comprehensive income for the year (XI + XIII)	1,710.91	3.96	646.06	1.85	(2,862.19)	(13.60)
XV	Non-controlling interest	162.85	0.38	98.49	0.28	119.85	0.57
XVI	Owners of the parent (XIV - XV)	1,548.06	3.58	547.57	1.57	(2,982.04)	(14.17)

Fiscal 2023 compared with Fiscal 2022

Total Income

Total income

Our total income for the Fiscal 2023 was ₹43,223.24 million as compared to ₹34,964.95 million for the Fiscal 2022, representing an increase of 23.62%. The changes are due to following reasons:

Revenue from operations

Our revenue from operations increased by 24.31% to ₹42,019.71 million for Fiscal 2023 from ₹33,802.89 million for Fiscal 2022 due to our strong resilience against Covid-19 calamity, increase in execution for fresh orders received in last few years has been reflected in the revenue of fiscal 2023. Our income from EPC services increased by ₹8,125.24 million, or 24.28%, from ₹33,462.89 million in fiscal 2022 to ₹41,588.13 million in fiscal 2023.

Other Income

Other income for the Fiscal 2023 was ₹1,203.53 million as compared to ₹1,162.06 million for the Fiscal 2022, representing an increase of 3.57%. The increase in other income was primarily due to increase in other non-operating income.

Expenses

Our total expenditure increased by 21.91% to ₹40,888.21 million for Fiscal 2023 from ₹33,539.99 million for the

Fiscal 2022 primarily due to increase of cost of construction, employee benefit expenses, depreciation and amortization expense and other expenses. The changes are due to following reasons:

Cost of construction

Our cost of construction increased by 25.26% to ₹30,614.22 million for Fiscal 2023 from ₹24,440.50 million for Fiscal 2022. Cost of construction is directly proportionate with the operation, therefore due to increase in our operations as compared to previous year lead to increase in the cost of construction in Fiscal 2023.

Employee benefit expenses

Our employee benefit expenses increased by 27.86% to ₹ 3,407.69 million for Fiscal 2023 from ₹ 2,665.24 million for Fiscal 2022. Due to increase in number of employees of the Company and yearly revision of the salary and wages of such employees, employee benefit expenses increased in Fiscal year 2023.

Finance costs

Our finance cost decreased marginally by 0.26% to ₹4,184.23 million for Fiscal 2023 from ₹ 4,195.27 million for Fiscal 2022. This decrease was primarily due to reduction of loans taken by the Company as compared to the previous period.

Depreciation and amortization expense

Our depreciation and amortization expense increased by 13.92 % to ₹ 933.03 million for Fiscal 2023 from ₹818.99 million for Fiscal 2022. This increase was primarily due to increase in property plant equipment due to increased order book.

Other expenses

Our expenses increased by 23.17% to ₹ 1,749.04 million from ₹1,419.99 million for Fiscal 2022. This increase was primarily due to increase in administrative expenses like rent, insurance, advertisement and selling expenses, travelling and conveyance, communication expenses and legal and consultancy charges in line with increase in operations of the Company.

Profit/ (loss) before tax

The profit/ (loss) before tax for Fiscal 2023 was ₹ 2,326.89 million as compared to ₹1,120.02 million for Fiscal 2022.

Owner Profit/ (loss) for the year

For the reasons discussed above, the profit/(loss) (after minority interest) after tax for the Fiscal 2023 was ₹ 1,548.06 million as compared to ₹ 547.57 million for the Fiscal 2022.

Fiscal 2022 compared with Fiscal 2021

Total Income

Total income

Our total income for the Fiscal 2022 was ₹34,964.95 million as compared to ₹21,039.28 million for the Fiscal 2021, representing an increase of 66.19%. The changes are due to following reasons:

Revenue from operations

Our revenue from operations increased by 69.46% to ₹33,802.89 million for Fiscal 2022 from ₹19,947.93 for the Fiscal 2021. Our income from EPC services increased by ₹13,886.04 million, or 70.93%, from ₹19,576.85 million in fiscal 2021 to ₹33,462.89 million in fiscal 2022.Covid-19 Pandemic had significantly disrupted the operation in term of restriction on carrying out of construction activities, delay in delivery of key raw materials, non-availability of labour etc. in the Fiscal 2021. However, our resilient action against Covid-19 calamity had helped us to resume the operations with key resources and same has been reflected in the revenue of Fiscal 2022.

Other Income

Other income for the Fiscal 2022 was ₹1,162.06 million as compared to ₹1,091.35 million for the Fiscal 2021, representing an increase of 6.48%. The increase in other income was primarily due to increase in other non-operating income and exchange gain on foreign currency translation.

Expenses

Our total expenditure increased by 50.16% to ₹33,539.99 million for the Fiscal 2022 from ₹22,335.74 million for the Fiscal 2021 primarily due to increase of cost of construction, employee benefit expenses, finance costs, depreciation and amortization expense and other expenses. The changes are due to following reasons:

Cost of construction

Our cost of construction increased by 67.52% to ₹24,440.50 million for Fiscal 2022 from ₹14,589.99 million for the Fiscal 2021. Cost of construction is directly proportionate with to the operation, therefore due to increase in our operations as compare to previous year led to increase in the cost of construction in Fiscal 2022.

Employee benefit expenses

Our employee benefit expenses increased by 32.38% to ₹2,665.24 million for Fiscal 2022 from ₹2,013.32 million for the Fiscal 2021. Our operations being labour intensive the number of employees of the Company was increased due to increased operations.

Finance costs

Our finance cost increased by 4.52% to ₹4,195.27 million for Fiscal 2022 from ₹4,013.92 million for the Fiscal 2021. This increase was primarily due to increase in contract advance from ₹ 12,132.55 million for the Fiscal 2021 to ₹ 13,451.49 million for the Fiscal 2022 in relation to increase in Order Book.

Depreciation and amortization expense

Our depreciation and amortization expense increased by 13.71% to ₹818.99 million for Fiscal 2022 from ₹720.25 million for the Fiscal 2021. This increase was primarily due to increase in property plant and equipment in relation to increase in the order book.

Other expenses

Our expenses increased by 42.25% to ₹1,419.99 million for Fiscal 2022 from ₹998.26 million for the Fiscal 2021. This increase was primarily due to increase in scale of operation which resultant increase in administrative expenses like rent, travelling, insurance and other expenses.

Profit/ (loss) before tax

The profit/ (loss) before tax for Fiscal 2022 was ₹1,120.02 million as compared to ₹(3,438.12) million for Fiscal 2021.

Owner Profit/ (loss) for the year

For the reasons discussed above, the profit/(loss) (after minority interest) after tax for the Fiscal 2022 was ₹ 547.57 million as compared to ₹(2,982.04) million for the Fiscal 2021.

Cash Flows

The following table summarizes our statements of cash flows for the periods presented:

(₹ in million)

	Financial year		
	2023	2022	2021
Net cash generated from or (used in) operating activities	6,925.72	5,373.24	3,887.04
Net cash generated from or (used in) investing activities	(2,172.86)	(1,437.47)	68.79
Net cash generated from or (used in) financing activities	(5,355.07)	(3,397.87)	(3,107.71)
Net increase or (decrease) in cash and cash equivalents	(602.21)	537.90	848.13

Fiscal 2023 compared to Fiscal 2022

Operating Activities

Net cash generated from operating activities was ₹ 6,925.72 million for Fiscal 2023 as compared to net cash generated from operating activities ₹ 5,373.24 for Fiscal 2022. The increase in cash from operating activities is mainly due to increase in revenue as compared to previous year.

Investing Activities

Net cash used in investing activities increased to ₹ 2,172.86 million for Fiscal 2023 as against net cash used in investing activities ₹ 1,437.47 million for Fiscal 2022 primarily due to the investment in property and plant equipment for increased order book of the Company.

Financing Activities

Net cash used in financing activities was ₹ 5,355.07 million for Fiscal 2023 as against ₹ 3,397.87 million for Fiscal 2022. This was primarily due to prepayment / schedule repayment of debt and increase in interest cost in Fiscal 2023 as against Fiscal 2022.

Fiscal 2022 compared to Fiscal 2021

Operating Activities

Net cash generated from operating activities was ₹5,373.25 million for Fiscal 2022 as compared to net cash generated from operating activities ₹3,887.04 for Fiscal 2021. The increase in cash from operating activities is mainly due to increase in revenue as compared to previous year.

Investing Activities

Net cash used in investing activities increased to ₹1,437.47 million for Fiscal 2022 as against net cash generated from investing activities ₹68.79 million for Fiscal 2021 primarily due to the investment in property and plant equipment for increased order book of the Company.

Financing Activities

Net cash used in financing activities was ₹3,397.87 million for Fiscal 2022 as against ₹ 3,107.71 million for Fiscal 2021. This was primarily due to repayment of debt and increase in interest cost in Fiscal 2022 as against Fiscal 2021.

Reservations, Qualifications, Matter of Emphasis, Adverse Remarks / Other Observations in CARO

Other than as stated below, there are no auditor qualifications/ reservation / emphasis of matters/ adverse remarks /key audit matters / other observations in CARO included in the Financial Statements of the Company:

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
1	December 31, 2023	Dirang Energy Private Limited	Subsidiary	Emphasis of Matter	The Auditor of the subsidiary Dirang Energy Private Limited ('DEPL'), without modifying their conclusion have drawn attention to the project of DEPL has temporarily stopped. However, based on the management estimate to get a favorable order from the competent authority and on adequate net worth and financial support from the Parent, the financial statements of the DEPL have been prepared on a going concern basis for the reasons stated.	Nil	NA
2	December 31, 2023	Hera Realcon Private limited/ Shreeanant Construction Private limited, Energy Design Private Limited	Subsidiaries	Emphasis of Matter	The Consolidated Financial results of the Group for the quarter ended December 31, 2023 include the financial results of the subsidiaries Hera ReaIcon Private Limited, Shreeanant Construction Private Limited and Energy Design Private Limited, wherein their auditors	Nil	NA

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					without qualifying their conclusions have drawn attention with respect to material uncertainty that exist which may cast significant" doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.		
3	Fiscal 2023	Patel Engineering Limited	Company	Emphasis of Matter	The independent Branch Auditors of Patel Engineering Limited (Real Estate Division) ("the Division"), have without qualifying their audit report dated 15th May, 2023 on the financial statements of the Division for the year ended March 31, 2023 have drawn attention regarding cost incurred by Group through Les Salines Development Limited ('LSDL', 'a Step-down subsidiary of	Nil	NA. Further Company has received favourable order in Dec 2023

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					Waterfront Developers') for development of real estate project at Mauritius, where notice dated 4th June 2015 was received from Government of Mauritius for the termination of lease agreement entered on 11th December, 2009 with LSDL. In this case the process of arbitration with the Government of Mauritius has been completed during the year and management of the branch is expecting the favorable order for the same.		
4	Fiscal 2023	Hera Realcon Private limited/ Shreeanant Construction Private limited, Energy Design Private Limited	Subsidiaries	Emphasis of Matter	The Consolidated Financial Statement of the Group for the year ended March 31, 2023 include the financial statements of the subsidiaries, Hera Realcon Private Limited, Shreeanant Construction Private Limited and Energy Design Private Limited, wherein their auditors, without qualifying their opinion have	Nil	NA

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.		
5	Fiscal 2023	Dirang Energy Private Limited	Subsidiary	Emphasis of Matter	The Independent Auditor of the subsidiary Dirang Energy Private Limited ('DEPL'), have without qualifying their audit report dated April 19, 2023 on the financial statements for the year ended March 31, 2023 have drawn attention to the Note no 15(10) of the Dirang Energy Private Limited ('**DEPL**') which indicates that the project of the DEPL has been temporarily stopped. However, based on the management estimate to get a	Nil	NA

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					favorable order from the competent authority and on adequate net worth and financial support from the holding company, the financial statements of the DEPL have been prepared on a going concern basis for the reasons stated in the said note.		
6	Fiscal 2022	Patel Engineering Limited	Company	Emphasis of Matter	The independent Branch Auditors of Patel Engineering Ltd (Real Estate Division), have without qualifying their audit reportdated May 23, 2022 on the financial statements for the year ended March 31, 2022 have drawn attention with respect toNote No. 47 regarding cost incurred by the Group through Les Salines development Ltd ('LSDL') for development of real estateproject at Mauritius, where notice dated June 4, 2015 was received from Government of Mauritius for the termination of	Nil	NA. Further Company has received favourable order in Dec 2023

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					Lease Agreement entered on December 11, 2009 with LSDL (a step down subsidiary of Waterfront Developers Limited). In this case the process of arbitration has been initiated with the Government of Mauritius.		
7	Fiscal 2022	Hera Realcon Private limited/ Shreeanant Construction Private limited, Energy Design Private Limited	Subsidiaries	Emphasis of Matter	The Consolidated Financial Statements of the Group for the year ended March 31, 2022 include the financial statements of the subsidiaries Hera Realcon Private Limited, Shreeanant Construction Private Limited and Energy Design Private Limited, (not significant subsidiaries), wherein their auditors, without qualifying their opinion have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to	Nil	NA

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.		
8	Fiscal 2022	Dirang Energy Private Limited	Subsidiary	Emphasis of Matter	The Independent Auditors of Patel Energy Resources Limited, have without qualifying their audit report dated April 26, 2022 on the consolidated financial statements for the year ended March 31, 2022 have drawn attention to Note No. 15(11) of the Dirang Energy Private Limited ('DEPL') which indicates that the project of the DEPL has been temporarily stopped. However, based on the management estimate to get a favourable order from the competent authority and on adequate net worth and financial support from holding company, the financial statements of the	Nil	NA

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					DEPL have been prepared on a going concern basis for the reasons stated in the said note.		
9	Fiscal 2021	Patel Engineering Limited	Company	Emphasis of Matter	The independent Branch Auditors of Patel Engineering Limited (Real Estate Division), have without qualifying their audit report onthe Standalone Ind AS financial statements for the year ended March 31, 2021 have drawn attention with respect to Note No. 47 regarding Company's investment and loans and advances in Waterfront Developers Limited, where notice dated June 04, 2015 was received from Government of Mauritius for the termination of Lease Agreement entered on December 11, 2009 with Les Salines Development Limited (a step down subsidiary of Waterfront). In this case the process of Arbitration has	Nil	NA. Further Company has received favourable order in Dec 2023

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					been initiated with the Government of Mauritius.		
10	Fiscal 2021	Hera Realcon Private limited / Apollo Buildwell Private Limited / Energy Design Private Limited	Subsidiaries	Emphasis of Matter	The Consolidated Financial Statements of the Company for the year ended March 31, 2021 include the financial statements ofthe subsidiaries Apollo Buildwell Private Limited, Hera Realcon Private Limited and Energy Design Private Limited, wherein their auditors, without qualifying their opinion have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.	Nil	NA
11	Fiscal 2020	Patel Engineering Limited	Company	Emphasis of Matter	The Independent Branch Auditors of, Patel Engineering Ltd	Nil	NA. Further Company has

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					(Real Estate Division), have without qualifying their audit report on the Standalone Financial Statement for the year ended March 31, 2020, have drawn attention in respect to Company's investment and loans and advances in Waterfront Developers Limited, where notice dated June 04, 2015 was received from Government of Mauritius for the termination of Lease agreement entered on December 11, 2009 with Les Salines Development Limited (a step down subsidiary of Waterfront). In this case the process of Arbitration has been initiated with the Government of Mauritius.		received favourable order in Dec 2023
12	Fiscal 2020	Hera Realcon Private limited / Apollo Buildwell Private Limited	Subsidiaries	Emphasis of Matter	The Consolidated Financial Statements of the Company for the year ended March 31, 2020 include the financial	Nil	NA

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					statements of the subsidiaries Apollo Buildwell Private Limited and Hera Realcon Private Limited, wherein their auditors, without qualifying their opinion have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.		
13	Fiscal 2019	Patel Engineering Limited	Company	Emphasis of Matter	The Independent Branch Auditors of, Patel Engineering Ltd (Real Estate Division), have without qualifying their audit report on the Standalone Financial Statement for the year ended March 31, 2019, have drawn attention in respect to Company's investment and	Nil	NA. Further Company has received favourable order in Dec 2023

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					loans and advances in Waterfront Developers Limited, where notice dated 04th June, 2015 was received from Government of Mauritius for the termination of Lease Agreement entered on 11th December, 2009 with Les Salines Development Limited (a step down subsidiary of Waterfront). In this case the process of Arbitration has been initiated with the Government of Mauritius.		
14	Fiscal 2019	Hera Realcon Private limited / Apollo Buildwell Private Limited	Subsidiaries	Emphasis of Matter	The Consolidated Financial results of the company for the year ended March 31st, 2019 regarding the subsidiaries; Apollo Buildwell Private Limited and Hera Realcon Private Limited wherein their auditors without qualifying their opinion have drawn attention with respect to the material uncertainty exists that may	Nil	NA

S No.	For the Period	Name	Relationship	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
					cast significant doubt on the Company's ability to continue as going concern however the Financial statements are prepared on going concern basis.		

Related party transactions

We enter into various transactions with related parties. For further information, see "*Related Party Transactions*" beginning on page 46.

Off-Balance Sheet commitments and arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "***Significant factors affecting our results of operations***" and the uncertainties described in the chapter titled "***Risk Factors***" beginning on pages 95 and 47, respectively. To our knowledge, except as disclosed in this Placement Document, there are no known trends or uncertainties that have or are expected to have a material adverse impact on our income from continuing operations.

Quantitative and qualitative analysis of market risks

Our business exposes us to a variety of financial risks, including interest rate risk, currency risk and other price risk.

Interest rate risk

Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to an extent by debt, and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our current debt facilities carry interest at variable rates as well as fixed rates. Although we engage in hedging transactions from time to time or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms, that our counterparties will perform their obligations, or that these agreements, if entered into, will protect us adequately against interest rate risks.

Inflation Risk

India has experienced high inflation in the recent past which contributed to increase in manpower cost as a result of dearness allowance announced by GoI from time to time. There are increase in other costs also as a result of inflation which is difficult us to accurately estimate or control our cost, except where clients have to pay as per the escalation clause.

General Risk

Market risk is the risk of loss of future earnings, to fair values or to future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the foreign currency exchange rates, interest rates, commodity prices, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including investments, foreign currency payables and debt.\

Seasonality

See "- ***Key Factors Affecting our Results of Operations - Seasonality and Weather Conditions***" on page 97.

Also see, "*Risk Factors* – ***Our business is subject to seasonal and other fluctuations that may affect our financial performance and business operations***." on page 57.

Unusual or infrequent events or transactions

Except as described in this Placement Document, no unusual or infrequent events or transactions has taken place that have in the past or may in the future affect our business operations or future financial performance.

Financial indebtedness

As of December 31, 2023, we had total borrowings (consisting of long-term borrowings and short-term borrowings) of ₹19,547.76 million, of which ₹5,886.90 million were long term borrowings and ₹13,660.86 million were short term borrowings. Our debt-to-equity ratio was 0.65 as of December 31, 2023.

There are a number of covenants in our financing agreements that we have entered into with our lenders. Further, some of our financing agreements include conditions and covenants that require us to obtain their consent prior to carrying out certain activities and entering into certain transactions. Failure to meet these conditions or obtain these consents could have significant consequences on our business.

Interest coverage ratio

The interest coverage ratio, which we define as profit after tax, depreciation and finance cost divided by finance cost for nine months ended December 31, 2023, Financial Year 2023, Financial Year 2022 and Financial Year 2021 was 1.80, 1.57, 1.27 and 0.10, respectively.

Changes in accounting policy

There have been no changes in our Company's accounting policies during the last three financial years.

Significant Economic Changes

Other than as described above, to the knowledge of our management, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

Known trends or uncertainties

Other than as described in the sections "***Risk Factors***" and "***Management's Discussion and Analysis of Factors affecting the Financial Condition, Results of Operations***", beginning on pages 47 and 93 respectively, to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on our revenues or income from continuing operations.

Accounting pronouncements that became effective in the current year

There are no material accounting pronouncements that became effective in the current year that have an impact on our operations.

Material Developments

In the opinion of our board of directors, other than as described in this Placement Document, there has not arisen, since the date of the last financial statements included in this Placement Document, any circumstances that materially and adversely affect our profitability or the value of our assets or our ability to pay our liabilities within the next 12 months.

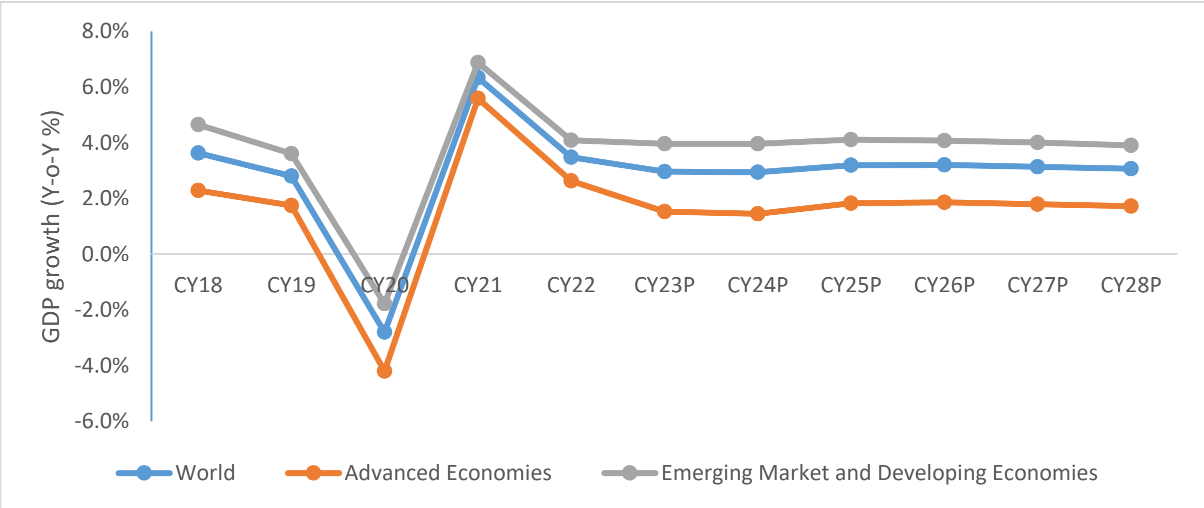
INDUSTRY OVERVIEW

Economic Outlook

Global Economic Outlook

As per the International Monetary Fund (IMF)'s World Economic Outlook growth projections released in January 2024, the global economic growth for CY23[1] stood at 3.1% on a year-on-year (y-o-y) basis, down from 3.5% in CY22 due to disruptions resulting from the Russia-Ukraine conflict and higher-than-expected inflation worldwide. On the other hand, the global economic growth for CY24 is projected to remain stable at 3.1%, attributed to growth resilience in major economies due to high government and private spending, rapidly subsiding inflation rates, and advanced economies easing their fiscal policies. Cost of borrowing remained high as central banks fights inflation. For the next 4 years, the IMF projects world economic growth in the range of 3.1%-3.2% on a y-o-y basis.

Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Notes: P-Projection;
Source: IMF – World Economic Outlook, October 2023

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)									
	CY19	CY20	CY21	CY22	CY23P	CY24P	CY25P	CY26P	CY27P	CY28P
India	3.9	-5.8	9.1	7.2	6.3	6.3	6.3	6.3	6.3	6.3
China	6.0	2.2	8.5	3.0	5.0	4.2	4.1	4.1	3.7	3.4
Indonesia	5.0	-2.1	3.7	5.3	5.0	5.0	5.0	5.0	5.0	5.0
Saudi Arabia	0.8	-4.3	3.9	8.7	0.8	4.0	4.2	3.3	3.3	3.1
Brazil	1.2	-3.3	5.0	2.9	3.1	1.5	1.9	1.9	2.0	2.0
Euro Area	1.6	-6.1	5.6	3.3	0.7	1.2	1.8	1.7	1.5	1.3
United States	2.3	-2.8	5.9	2.1	2.1	1.5	1.8	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (October 2023)

[1] CY – Calendar Year

Advanced Economies Group

For the major advanced economies GDP is projected to decline to 1.5% in CY24 from 1.6% in CY23. Going forward it is projected to rise thereafter to 1.8% in CY25. The 2024 growth projection is adjusted upwards by 0.1%, driven by stronger-than-anticipated growth in the US but tempered by slower growth in the euro area.

One of the major countries from this group is the **United States**. In the United States, economic growth is anticipated to decline from 2.5 percent in 2023 to 2.1 percent in 2024 and further to 1.7 percent in 2025. This trajectory is attributed to the delayed impacts of monetary policy tightening, incremental fiscal tightening, and a moderation in labor market dynamics, all of which are projected to dampen aggregate demand. The upward adjustment of 0.6 percentage points for 2024, compared to the October 2023 World Economic Outlook (WEO), is primarily driven by statistical carryover effects stemming from the stronger-than-expected growth observed in 2023.

Further, the **Euro area's** growth is forecasted to rebound from a low estimated rate of 0.5 percent in 2023, attributed to significant exposure to the Ukraine conflict, to 0.9 percent in 2024 and further to 1.7 percent in 2025. This recovery is underpinned by stronger household consumption as the impact of energy price shocks diminishes, coupled with a decrease in inflation, thereby bolstering real income growth. However, compared to the October 2023 World Economic Outlook (WEO) forecast, there's a downward revision of 0.3 percentage points for 2024, mainly due to carryover effects from the weaker-than-expected outcome in 2023.

Emerging Market and Developing Economies Group

For the emerging market and developing economies group, GDP growth stood at 4.1% in CY23, similar to 4.1% in CY22. This growth is further projected to remain constant at 4.1% in CY24 and 4.2% in CY25. All of the emerging economies are projected to make positive growth. While the remaining economies, including the low-income countries, are expected to progress slower.

Further, in **China**, projected growth is revised to 4.6% in CY24 followed by 4.1% in CY25. The upgrade is driven by carryover effects from stronger-than-expected growth in 2023 and heightened government spending on capacity building to address natural disasters. Whereas, **India** is projected to remain strong at 6.5% for both CY24 and CY25 backed by resilient domestic demands despite external headwinds.

The **Indonesian** economy is expected to register growth of 5% both in CY24 and CY25 with a strong recovery in domestic demands, a healthy export performance, policy measures, and normalization in commodity prices. In CY22, **Saudi Arabia** was the fastest-growing economy in this peer set with 8.7% growth. The growth is accredited to robust oil production, non-oil private investments encompassing wholesale and retail trade, construction and transport, and surging private consumption. Saudi Arabia’s growth slowed at -1.1% in CY23 attributed to lower oil production. Going forward, GDP is expected to grow at 2.7% and 5.5% in CY24 and CY25, respectively. On the other hand, **Brazil** is expected to project growth of 1.7% in CY24 driven by strong domestic demand and increase in trading partner companies.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP has been estimated to be at USD 3.4 trillion for CY22 and is projected to reach USD 5.2 trillion by CY27. India’s expected GDP growth rate for coming years is almost double compared to the world economy.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6% in the period of CY24-CY28, outshining China’s growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third-largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7% share in the global economy, with China [~18%] on the top followed by the United States [~15%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19’s impact, high inflationary environment and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported stable financial sector backed by well-capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

Indian Economic Outlook

GDP Growth

Resilience to External Shocks remains Critical for Near-Term Outlook

India's real GDP grew by 9.1% in FY22 and stood at ~₹ 149 trillion despite the pandemic and geopolitical Russia-Ukraine spillovers. In Q1FY23, India recorded 13.1% y-o-y growth in real GDP, largely attributed to improved performance by the agriculture and services sectors. Following this double-digit growth, Q2FY23 witnessed 6.2% y-o-y growth, while Q3FY23 registered 4.5% y-o-y growth. The slowdown during Q2FY23 and Q3FY23 compared to Q1FY23 can be attributed to the normalization of the base and a contraction in the manufacturing sector's output.

Subsequently, Q4FY23 registered broad-based improvement across sectors compared to Q3FY23 with a growth of 6.1% y-o-y. The investments, as announced in the Union Budget 2022-23 on boosting public infrastructure through enhanced capital expenditure, have augmented growth and encouraged private investment through large multiplier effects in FY23. Supported by fixed investment and higher net exports, real GDP for full-year FY23 was valued at ₹ ~160. trillion registering an increase of 7.2% y-o-y.

Furthermore, in Q1FY24, the economic growth accelerated to 7.8%. The manufacturing sector maintained an encouraging pace of growth, given the favourable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum was maintained in Q2FY24 with GDP growth at 7.6%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. On the supply side, a significant improvement in manufacturing and construction activities supported growth. Overall, the economy expanded by 7.7% in H1FY24 compared to 5.3% in H2FY23. As per the recent Ministry of Statistics and Programme Implementation (MoSPI)'s advanced estimate release, the real GDP growth for FY24 is pegged at 7.3% and will attain a level of ~ ₹ 171.79 trillion.

GDP Growth Outlook

- Driven by resilience in urban demand and the front loading of the government's capital expenditure, the H1FY24 witnessed strong growth. While festive cheer will support urban demand in Q3, the outlook for rural demand revival remains clouded amid monsoon deficiency and likely hit agricultural production.

- The recent announcements of various relief measures such as LPG price reduction and extension of Pradhan Mantri Garib Kalyan Anna Yojna (PMGKAY) are expected to provide some cushion and so far, investment demand has remained robust. However, there could be some moderation in H2FY24 as both the government and private sector may restrain their capital spending ahead of the general elections. Despite some expected moderation in the H2FY24, India's overall GDP growth for FY24 is expected to remain on a firm footing. In terms of fiscal deficit for the year, the Finance Ministry has estimated it to be at 5.1% of GDP.

- Strong credit growth, resilient financial markets, and the government's continual push for capital spending and infrastructure are likely to create a compatible environment for investments. In the Interim Budget 2024-25, significant emphasis is placed on infrastructure development with an increased capital expenditure outlay of ₹ 11,11,111 crores, amounting to 3.4% of the GDP.

- External demand is likely to remain subdued with a slowdown in global activities, thereby indicating adverse implications for exports. Additionally, heightened inflationary pressures and resultant policy tightening may pose a risk to the growth potential.

Prior to the Interim Budget, in December 2023, the RBI in its bi-monthly monetary policy meeting estimated a real GDP growth of 7% y-o-y for FY24 comparatively lower than MoSPI's estimate of 7.2%.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

FY25P (complete year)	Q4FY24P	Q1FY25P	Q2FY25P	Q3FY25P	Q4FY25P
7.0%	6.5%	7.2%	6.8%	7.0%	6.9%

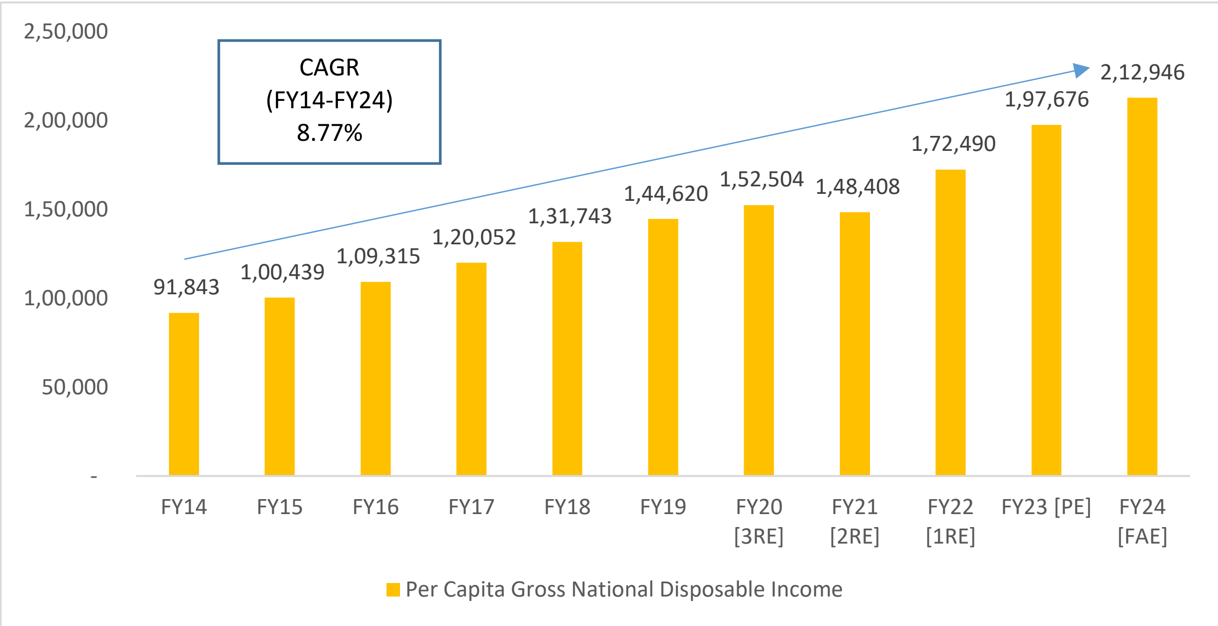
Note: P-Projected; Source: Reserve Bank of India

Trend in Per Capita Income Level

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY24, per capita GNDI at current prices registered a CAGR of 8.77%. More disposable income drives more consumption, thereby driving economic growth.

The chart below depicts the trend of per capita GNDI in the past decade:

Trend of Per Capita Gross National Disposable Income (Current Price)



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate; Source: MOSPI

Growth of Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

Industry and Services sector leading the recovery charge

• The gap between GDP and GVA growth turned positive in FY22 (after a gap of two years) due to robust tax collections. Of the three major sector heads, the service sector has been the fastest-growing sector in the last 5 years.

• The **Services sector** recorded a CAGR of 7.1% for the period FY16 to FY20, which was led by trade, hotels, transport, communication, and services related to broadcasting, finance, real estate, and professional services. This sector was the hardest hit by the pandemic and registered an 8.2% y-o-y decline in FY21. The easing of restrictions aided a fast rebound in this sector, with 8.8% y-o-y growth witnessed in FY22.

Overall, in FY23, benefitting from the pent-up demand, the service sector was valued at ₹ 20.6 trillion and registered growth of 9.5% y-o-y.

In Q1FY24, the services sector growth jumped to 10.3%. Within services, there was a broad-based improvement in growth across different sub-sectors. However, the sharpest jump was seen in financial, real estate, and professional services. Trade, hotels, and transport sub-sectors expanded at a healthy pace gaining from strength in discretionary demand. The service sector growth in Q2FY24 moderated to 5.8% partly due to the normalization of the base effect and some possible dilution in discretionary demand. Considering these factors, the service sector marked an 8% growth in H1FY24.

With this performance, steady growth in various service sector indicators like air passenger traffic, port cargo traffic, GST collections, and retail credit are expected to support the services sector. With this, the growth of the service sector is estimated at ₹ 86.2 trillion registering 7.7% growth in FY24 overall.

Table 3: Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22 (FRE)	FY23 (PE)	FY24 (FAE)
Agriculture, Forestry & Fishing	**2.1**	**6.2**	**4.1**	**3.5**	**4.0**	**1.8**
Industry	**5.3**	**-1.4**	**-0.9**	**11.6**	**4.4**	**7.9**
Mining & Quarrying	-0.9	-3.0	-8.6	7.1	4.6	8.1
Manufacturing	5.4	-3.0	2.9	11.1	1.3	6.5
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	9.9	9.0	8.3
Construction	6.5	1.6	-5.7	14.8	10.0	10.7
Services	**7.2**	**6.4**	**-8.2**	**8.8**	**9.5**	**7.7**
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	14.0	6.3
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	7.2	8.9
Public Administration, Defence and Other Services	7.5	6.6	-7.6	9.7	7.2	7.7
GVA at Basic Price	**5.8**	**3.9**	**-4.2**	**8.8**	**7.0**	**6.9**

Note: FRE – First Revised Estimates, PE – Provisional Estimate, FAE – First Advance Estimate; Source: MOSPI

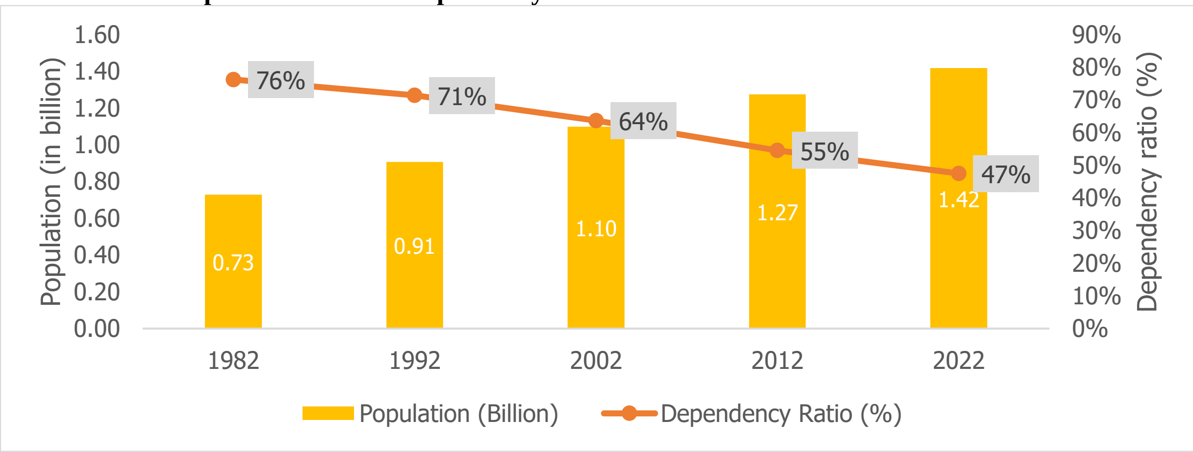
Overview of Fundamental Drivers of GDP Growth in India

- **Demographic Parameters: Population Growth and Urbanization**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the World Bank, India's population in 2022 surpassed 1.42 billion slightly higher than China's population of 1.41 billion and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1982, which has reduced to 47% in 2022. Declining dependency means the country has an improving share of the working-age population generating income, which is a good sign for the economy.

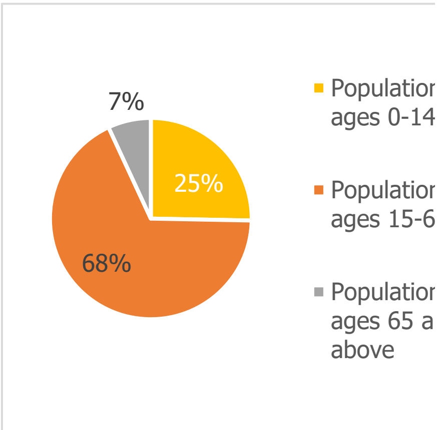
Trend of India Population vis-à-vis Dependency Ratio



Source: World Bank Database

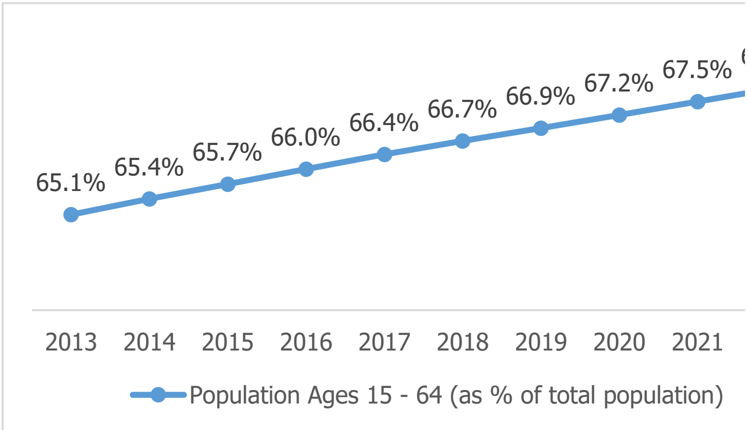
With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

Age-Wise Break Up of Indian Population



Source: World Bank Database

Yearly Trend - Young Population as % of Total Population

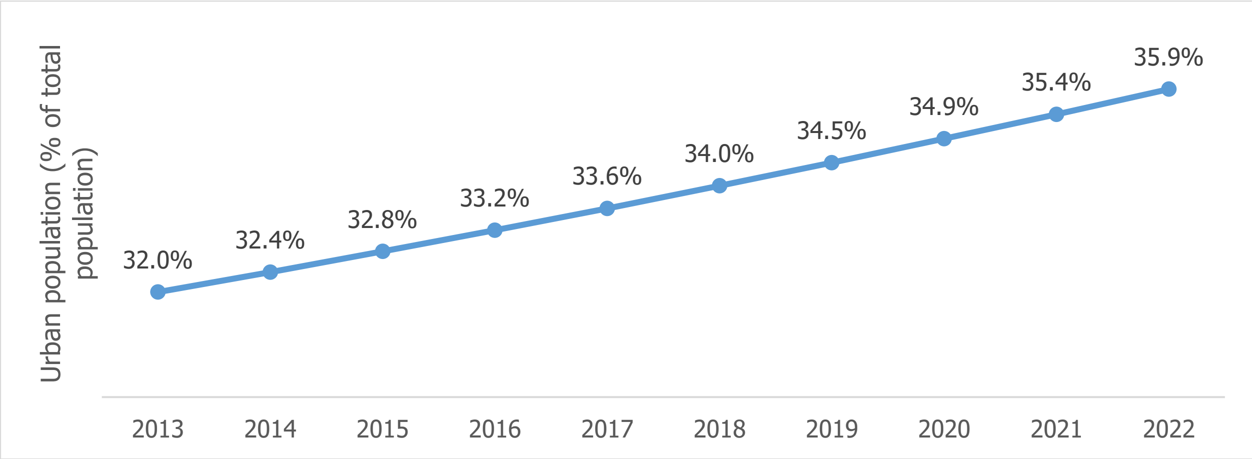


Source: World Bank Database

Urbanization

The urban population is significantly growing in India. It is estimated to have increased from 403 million (31.6% of total population) in 2012 to 508 million (35.9% of total population) in the year 2022. People living in Tier-2 and Tier-3 cities have greater purchasing power.

Urbanization Trend in India

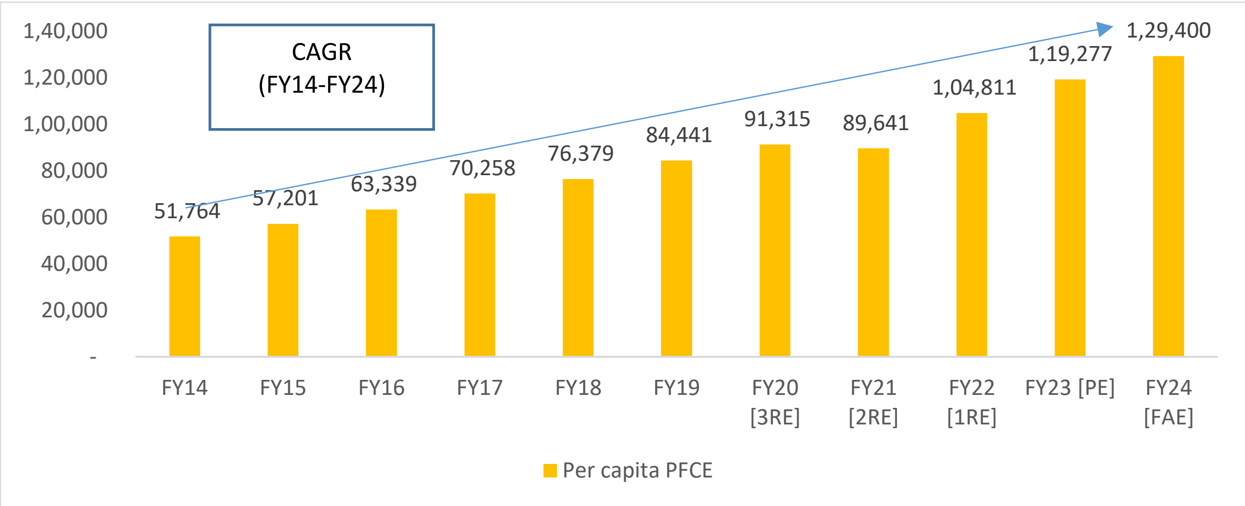


Source: World Bank Database

- **Private Final Consumption Expenditure**

With the increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Private Final Consumption Expenditure (PFCE) which is a measure of consumer spending has showcased significant growth in the past decade at a CAGR of 9.6%. The following chart depicts the trend of per capita PFCE at current prices:

Trend of Per Capita Private Final Consumption Expenditure (Current Price)

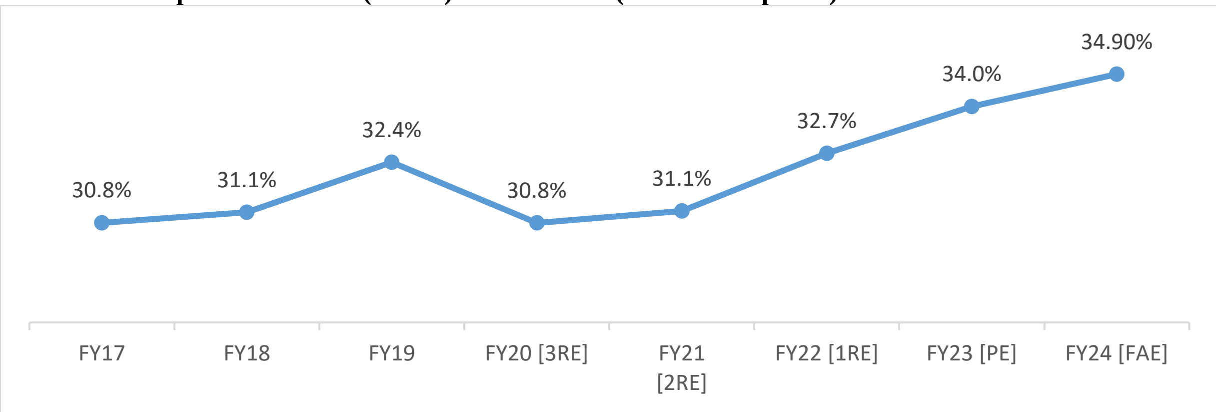


Source: MOSPI

- **Focus on Improvement in the Infrastructure Sector**

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 32.7%, which is the second-highest level in 7 years (since FY15). In FY23, the ratio of investment (GFCF) to GDP climbed up to its highest in the last decade at 34%. Continuing in its growth trend, this ratio is expected to reach 34.9% in FY24.

Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):



Note: 3RE – Third Revised Estimate, 2RE – Second Revised Estimates, 1RE – First Revised Estimates, PE – Provisional Estimate, FAE-First Advance Estimate; Source: MOSPI

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and the Production Linked Incentive (PLI) scheme announced across various sectors.

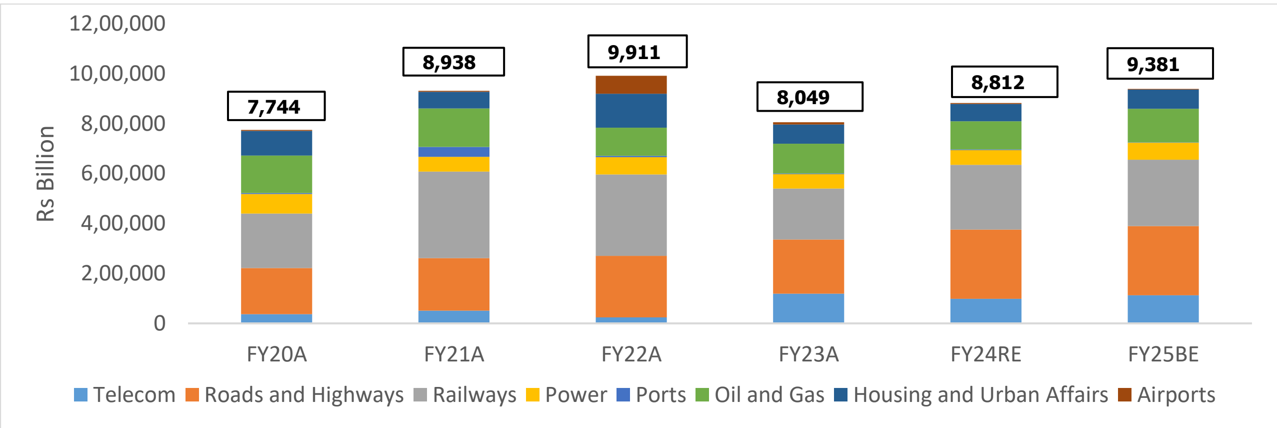
In the irrigation segment, the government aims to switch from traditional irrigation methods like tank and canal irrigation to drip and sprinkler irrigation. This is to ensure efficient usage of scarce water. By 2025, the Government of India (GoI) aims to increase the total irrigated land to 85 million hectares and reduce the dependence on rains to improve the farmer's income as well as consumption levels.

Accordingly, under the Pradhan Mantri Krishi Sinchai Yojana (PMKSY), various schemes are implemented like Per Drop More Crop, Accelerated Irrigation Benefits Programme, Integrated Watershed Management Program, and Har Khet ko Pani. This is expected to boost the developments in the irrigation sector. Furthermore, from FY24 to FY28, the investment in the irrigation sector is estimated to be in the range of ₹ 3.9 Trillion to ₹ 4.2 Trillion.

- **Budgetary Outlay Toward Infrastructure and Governmental Infra-Projects**

One of the key drivers for economic growth is the increased infrastructure investment thrust by the government. In the Union Budget 2024-25, the government continued its focus on infrastructure development with budget estimates of capital expenditure toward the infrastructure sector of ₹ 9,381 Billion. Furthermore, continuous efforts by the Government of India to make the business environment convenient to operate and streamline the regulatory process will support the growth of investments in the infrastructure segment.

Key Infrastructure Sectors for Capital Expenditure in Budget 2023-24



Note: R - Revised, B – Budget; Source: Union Budget 2023-24 Analysis (includes Investment in PSU's)

Some of the key budget announcements for different infrastructure segments in the union budget 2023-24 are as below:

For Real Estate

The real estate sector is one of the major pillars of the Indian economy due to its contribution to the GDP, employment opportunities, and support to other ancillary industries. After witnessing a steady recovery from pandemic lows, the sector continues to benefit from the government's overall focus on infrastructure and affordable housing.

Further, during the Union Budget 2023-24, allocation toward the 'Pradhan Mantri Awaas Yojna' was enhanced to Rs 795.90 Billion. This is expected to further boost the government's focus on affordable housing to improve regional air connectivity.

For Power Sector

The government has reiterated India's commitment toward the "Panchamrit" goals set at the CoP 26 forum, which includes meeting 50% of the energy requirement through renewable energy by 2030, achievement of net-zero carbon emissions by 2070, and setting up 500 GW non-fossil fuel capacity by 2030 among others.

- The proposal w.r.t Battery Energy Storage Systems (BESS) with a capacity of 4000 Mwh was made, which will be supported with viability gap funding (VGF). Further, a detailed framework for pumped storage projects will also be formulated. This shall ensure smoother integration of renewables in the power grid.

- The Inter-State Transmission System (ISTS) infrastructure from Ladakh will be constructed with an investment of Rs 207 Billion with central support of Rs 83 Billion.

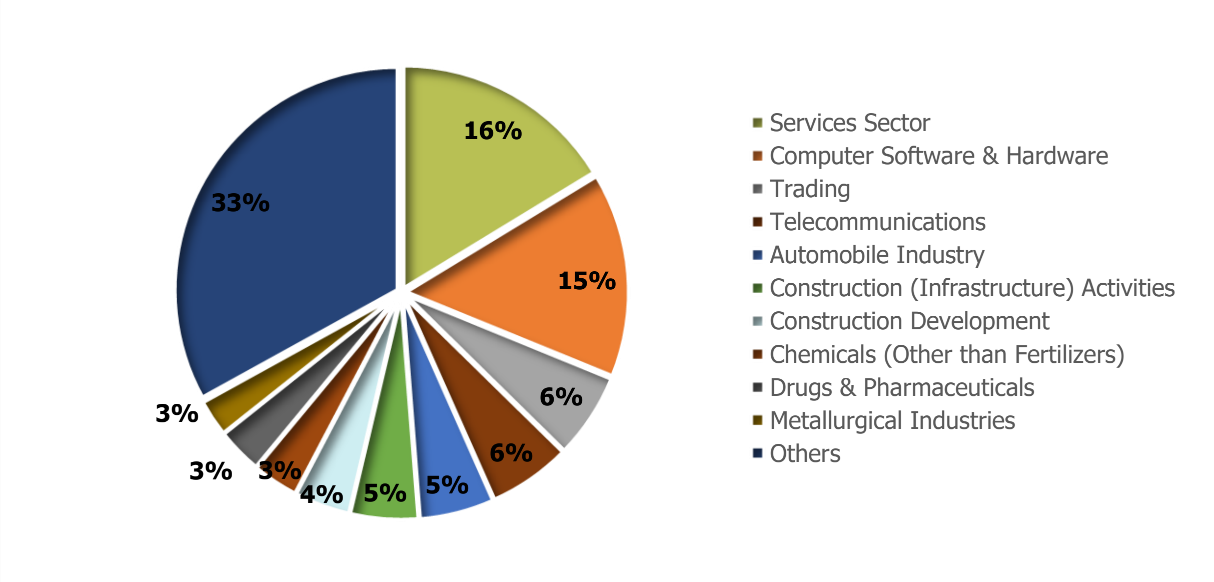
- There was a re-emphasis on the National Green Hydrogen Mission launched with an outlay of Rs 197 Billion previously approved by the Union Cabinet. India also aspires to accomplish annual green hydrogen production of 5 MMT by 2030. This shall boost renewable energy share in the overall power mix.

- **Foreign Direct Investment (FDI) Investments in India**

Foreign Direct Investment (FDI) play a pivotal role in shaping the economic landscape and fostering innovation in both developed as well as developing economies. It facilitates global value chains across countries. According to the World Investment Report, 2023 (issued by the United Nations), India and the Association of Southeast Asian Nations were the most buoyant recipients with an increase of ~10% and ~5%, respectively, in CY22. With this, India established a position as the third-largest host country for announced greenfield projects and second-largest for international project finance deals, globally.

The FDI inflow in India has witnessed substantial growth in the past decade. The equity component of FDI inflow, which is a dominant form of FDI, marked a CAGR of 7.7% between FY13-FY23. However, in FY23, the FDI equity Inflow fell by 22% largely due to a decline in inflows from traditional sources like Mauritius, USA, and Cayman Island. At the same time, inflows from UAE, Cyprus, and the Netherlands had increased. Broadly, this decline can be attributed to global economic slowdown and hikes in rates by US federals and other central banks.

Sector-Wise Share in Total FDI Equity Inflow (April 2000-September 2023)



Note: Construction Development includes Townships, Housing, Built-Up Infrastructure and Construction-Development Projects; Source: Department for Promotion of Industry and Internal Trade (DPIIT)

Based on country-wise share in FDI inflow for a cumulative period of April 2000-September 2023, Mauritius held the major contributor position with 25%, followed by Singapore with 23%, the USA with 10%, the Netherlands with 7%, and Japan with 6%.

Review of Key Parameters Impacting the Construction Industry
Consumer Price Index

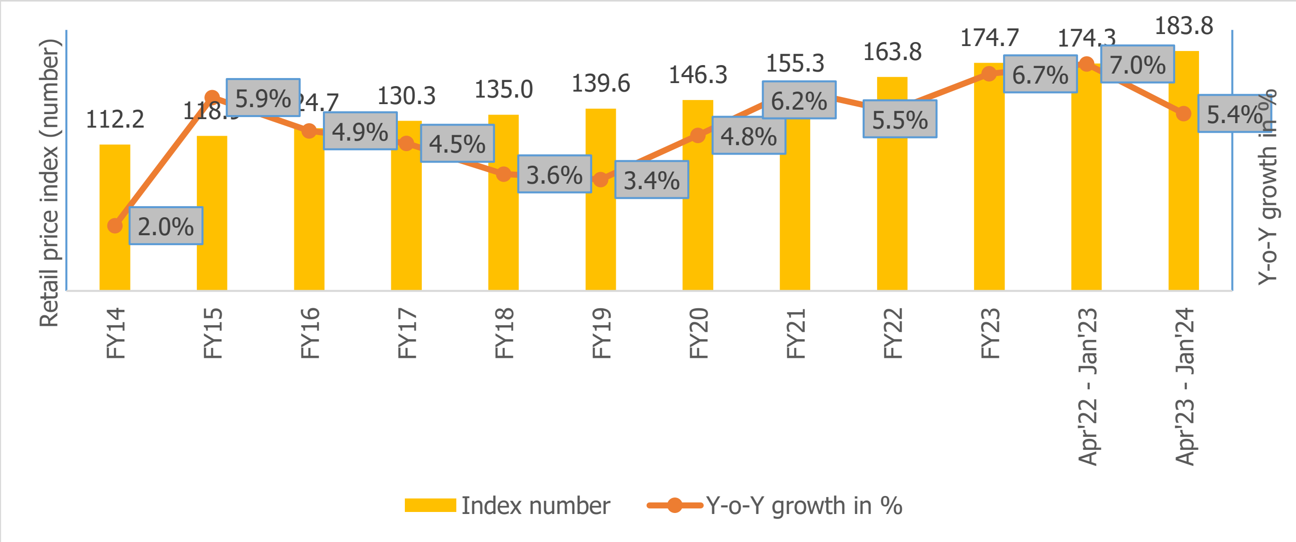
India's consumer price index (CPI), which tracks retail price inflation, stood at an average of 5.5% in FY22 which was within RBI's targeted tolerance band of 6%. However, consumer inflation started to upswing from October 2021 onwards and reached a tolerance level of 6% in January 2022. Following this, CPI reached 6.9% in March 2022.

CPI remained elevated at an average of 6.7% in FY23, above the RBI's tolerance level. However, there was some respite toward the end of the fiscal wherein the retail inflation stood at 5.7% in March 2023, tracing back to the RBI's tolerance band. Apart from a favorable base effect, the relief in retail inflation came from a moderation in food inflation.

In the current fiscal FY24, the CPI moderated for two consecutive months to 4.7% in April 2023 and 4.3% in May 2023. This trend snapped in June 2023 with CPI rising to 4.9%. In July 2023, the CPI had reached the RBI's target range for the first time since February 2023 at 7.4% largely due to increased food inflation. This marked the highest reading observed since the peak in April 2022 at 7.8%. The notable surge in vegetable prices and elevated inflation in other food categories such as cereals, pulses, spices, and milk have driven this increase. Further, the contribution of food and beverage to the overall inflation had risen significantly to 65%, surpassing their weight in the CPI basket. In August 2023, the food inflation witnessed some moderation owing to government's active intervention. This was further moderated for second consecutive month in September 2023 to 5%, led by a sharp correction in vegetables prices and lower LPG prices. Helped by deflation in the fuel and light category, the retail inflation in October 2023 softened at 4.9%. This trend revsered in November 2023 due to spike in certain vegetable prices as well as sticky inflation in non-perishable food items such as cereals, pulses and spices and the CPI rose to 5.6%. In the month of December 2023, elevated food prices and an unfavourable base drove headline inflation to a four-month peak of 5.7%. However in the month of January, food prices softened marginally and inflation was reported at 5.1%.

While the consistent decrease in core inflation due to falling commodity prices and diminishing demand-side pressures is encouraging, the ongoing high food inflation, potentially exacerbated by a projected drop in Kharif production and uncertainties around Rabi sowing, remains worrisome. Despite these concerns, the favourable base effect throughout Q4FY24 and the expected easing of food price pressures with the arrival of fresh crops from January to March could help mitigate inflation risks.

Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12=100)

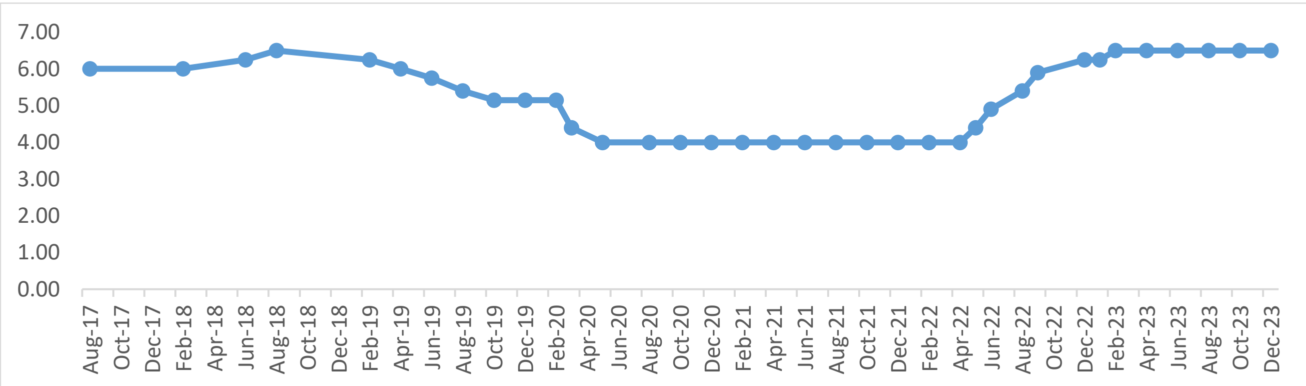


Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetory policy. At the bi-monthly meeting held in December 2023, RBI projected inflation at 5.4% for FY24 with inflation during Q3FY24 at 5.6%, Q4FY24 at 5.2%, while for FY25 it is pegged at 4.5% and in Q1FY25 at 5.0%, Q2FY25 at 4.0%, Q3FY25 at 4.6% and Q4FY25 at 4.7%.

The RBI has increased the repo rates with the rise in inflation in the past year from 4% in April 2022 to 6.5% in January 2023. Considering the current inflation situation, RBI has kept the repo rate unchanged at 6.5% in the last five meetings of the Monetary Policy Committee.

RBI historical Repo Rate



Source: RBI

In a meeting held in December 2023, RBI also maintained the liquidity adjustment facility (LAF) corridor by adjusting the standing deposit facility (SDF) rate of 6.25% as the floor and the marginal standing facility (MSF) at the upper end of the band at 6.75%.

Further, the central bank continued to remain focused on the withdrawal of its accommodative stance. With domestic economic activities gaining traction, RBI has shifted gears to prioritize controlling inflation. While RBI has paused on the policy rate front, it has also strongly reiterated its commitment to bringing down inflation close to its medium-term target of 4%. Given the uncertain global environment and lingering risks to inflation, the Central Bank has kept the window open for further monetary policy tightening in the future, if required.

Domestic Steel Prices

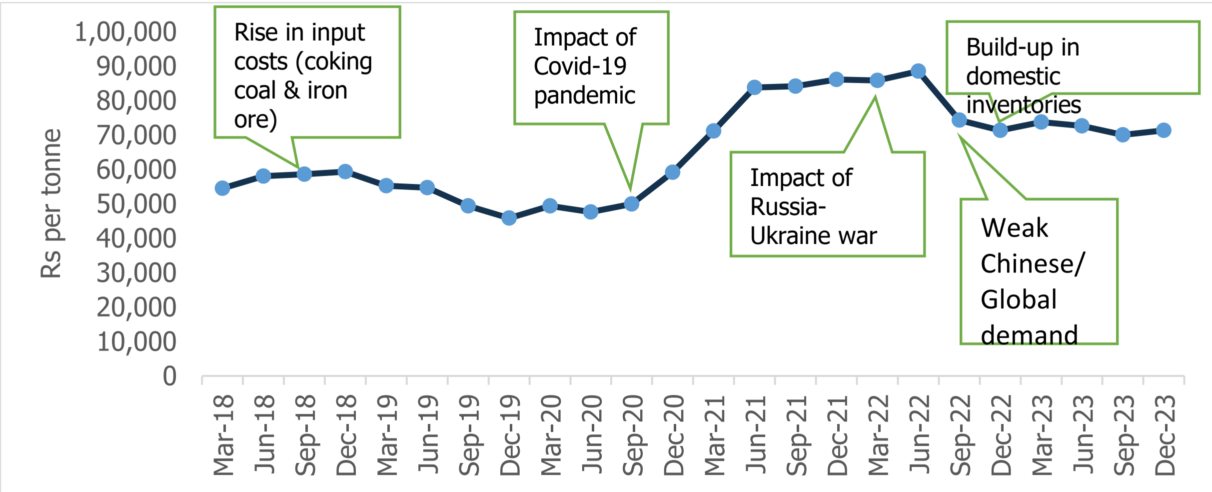
Domestic steel prices have followed global prices directionally. They remained range-bound between March 2018 to June 2019. However, they started declining as the economy was hit by the pandemic. During FY21, the average domestic finished steel prices peaked at Rs 71,157 per tonne as of March 2021. Since then, the prices increased throughout FY22 on account of a revival in domestic demand as economic activities began to pick up after the easing of restrictions and lockdowns.

During FY22, prices were impacted by the geopolitical tension between Russia and Ukraine and stood at ₹ 85,820 per tonne as of March 2022. The geopolitical crisis continued and the prices were further pushed to ₹ 88,498 per tonne in the June 2022 quarter. The escalation in prices was also due to increased coking coal and iron ore prices globally. However, after a sharp rise, the prices declined by around 16% in the quarter ending September 2022 compared to the previous quarter.

Furthermore, the prices fell to Rs 71,326 per tonne in December 2022. This decline was caused by the imposition of export duty on a range of finished steel products from the period May 2022 to November 2022, leading to lower exports and increased domestic inventories. In addition, the softening of iron ore and coking coal prices affected the steel prices in the domestic market.

Moreover, the prices observed a downward trend from the quarter ended March 2023 and fell to ₹ 70,001 per tonne as of September 2023, a decline of around 5% as compared to March 2023 and 6% on a y-o-y. As of December 2023, the prices stood at ₹ 71,320 per tonne, an increase of 2% on a q-o-q.

Domestic Average Finished Steel Prices



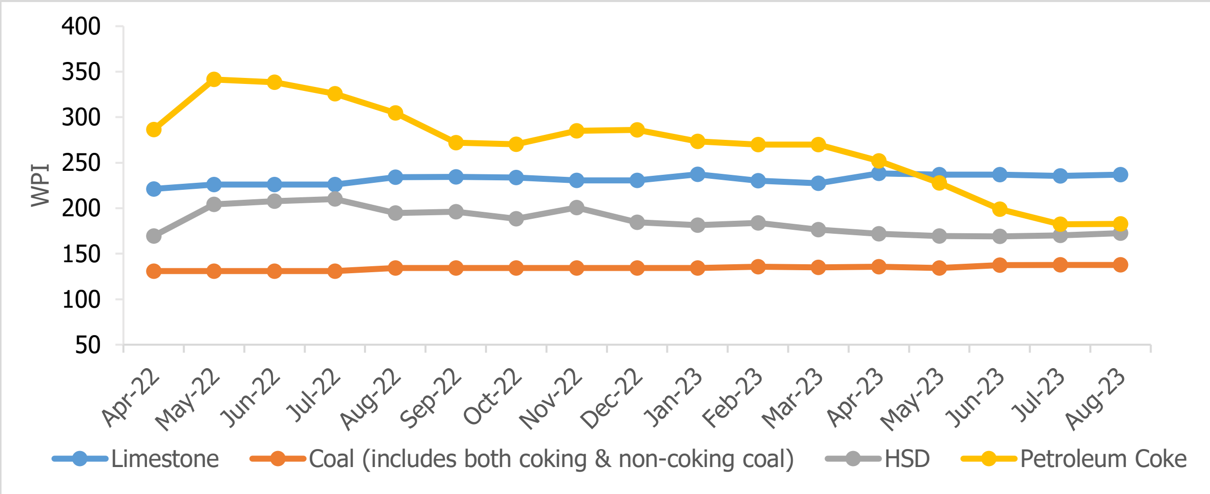
Source: CMIE

Input Cost Trend in the Cement Sector

The major costs incurred in cement manufacturing are costs of raw materials, power, and logistics.

Raw Materials: The cost of raw materials accounts for a share of about 20% of the total expenditure incurred by cement players. Limestone is the major raw material used in the manufacture of cement. Other raw materials include gypsum, bauxite, etc., in varying amounts. Limestone prices were stable in FY23 and other raw material prices started to cool down in H2 of FY2.

Movement in Prices of Key Inputs



Note: The above figure shows movement in WPI
Source: CMIE

Central and Key State Government Spends on Infrastructure

The Indian power sector is witnessing a major transformation in terms of demand growth and energy mix. Investments are being made to raise the installed capacity and clean energy transition to ensure that everyone has access to reliable power and sufficient electricity. Also, the government plans to establish a renewable capacity of 500 GW by 2030 and increase the share of non-fossil fuel-based installed capacity to around 50%.

Table 4: Power Generation Investments split as per type during 2023-2027 (₹ Billion)

	2023-24	2024-25	2025-26	2026-27	Total
A. Conventional					
Thermal	628	294	243	399	**1564**
Nuclear	294	280	190	255	**1019**
					2583
B. Renewables					
Hydro	167	149	103	96	**514**
PSP	25	47	154	282	**508**
Wind	415	548	556	531	**2051**
Offshore Wind	-	-	-	-	**-**
SHP	4	34	4	4	**15**
Biomass	49	51	52	54	**206**
Solar	1118	1467	1571	1720	**5876**
BESS	-	-	-	566	**566**
9736					
	2699	**2840**	**2873**	**3906**	**12319**

<u>Source: National Electric Plan 2022-32</u>

The power generation investment for 2027-32 has been estimated based on a total capacity addition of 2,91,802 MW, consisting of 32,080 MW from conventional energy sources, 2,59,722 MW of renewable energy sources and 38,564 MW/2,01,500 MWh of Battery Energy Storage Systems (BESS).

Based on the above, the total power generation investment for the period 2027-2032 has been estimated to be ₹ 19.06 Trillion. This investment does not include advance action for the projects which may get commissioned after 31.03.2032.

Table 5: Power Generation Investments split as per type during 2027-2032 (₹ Billion)

	2027-28	2028-29	2029-30	2030-31	2031-32	Total
A. Conventional						
Thermal	560	480.72	420	264	133	**1859**
Nuclear	224	126.24	57	23	-	**431**
						2289
B. Renewables						
Hydro	299	333	316	240	109	**1298**
PSP	297	251	154	50	-	**752**
Wind	613	744	742	838	371	**3309**
Offshore Wind	-	-	45	137	92	**274**
SHP	4	4	4	3	1	**17**
Biomass	55	57	59	42	18	**231**
Solar	1821	1863	1915	1972	397	**7968**
BESS	1450	840	225	82	329	**2926**
						16775
	5324	**4700**	**3938**	**3651**	**1451**	**19064**

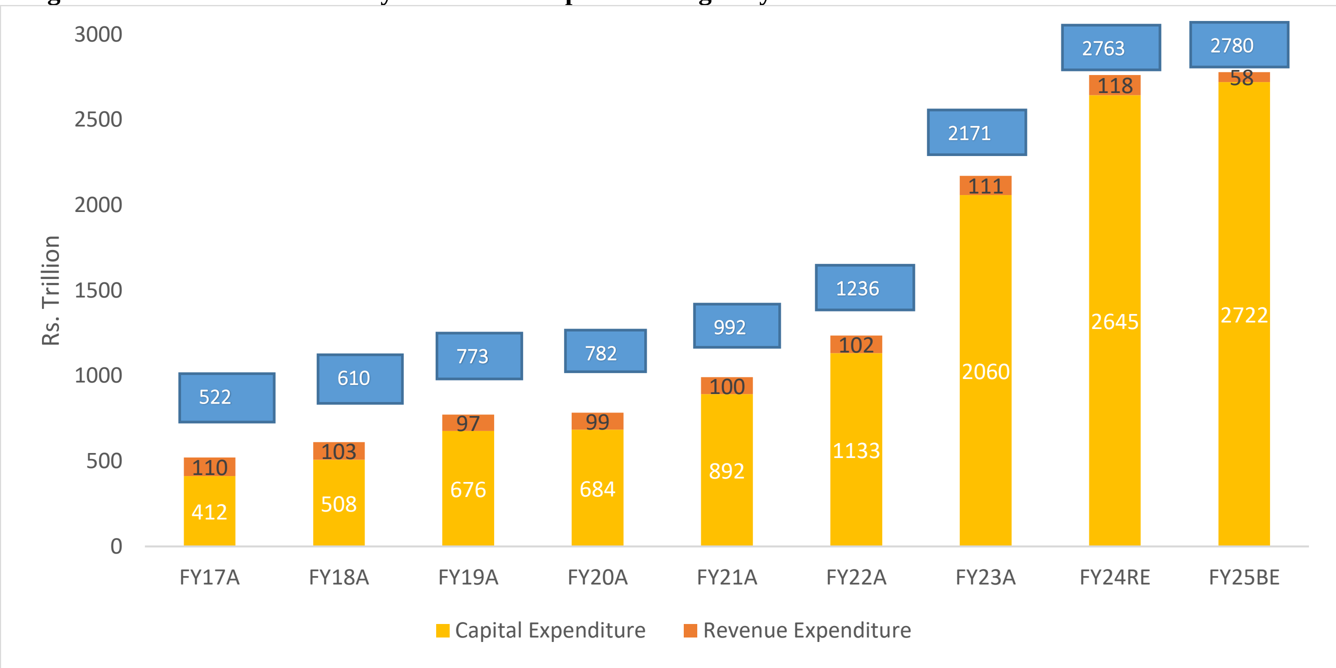
Source: National Electric Plan 2022-32

Investment in Road Sector

The 2024-25 budget by the Government highlights the impetus for growth by focusing on big public investments for modern infrastructure, which shall be guided by PM Gati Shakti and benefited from the synergy of a multi-modal approach.

- The overall gross budgetary outlay for Ministry of Road and Highways doubled from ₹ 1.28 lakh crore in fiscal 2019 to 2.64 lakh crore in fiscal 2024RE.
- The assets monetization target has increased from ₹ 10,000 cr. in fiscal 2024RE to ₹ 15,000 cr. In fiscal 2025BE.
- The budgetary allocation of ₹ 1.68 lakh crore towards the NHAI for the next fiscal has remained flattish as compared to 2024RE.
- NHAI has been aiming to modify the build-operate-transfer (BOT) model with fast tracked clearance to award more projects, as the share of this model has dipped to negligence levels in recent years.

Budget Allocation for the Ministry of Road Transport and Highways

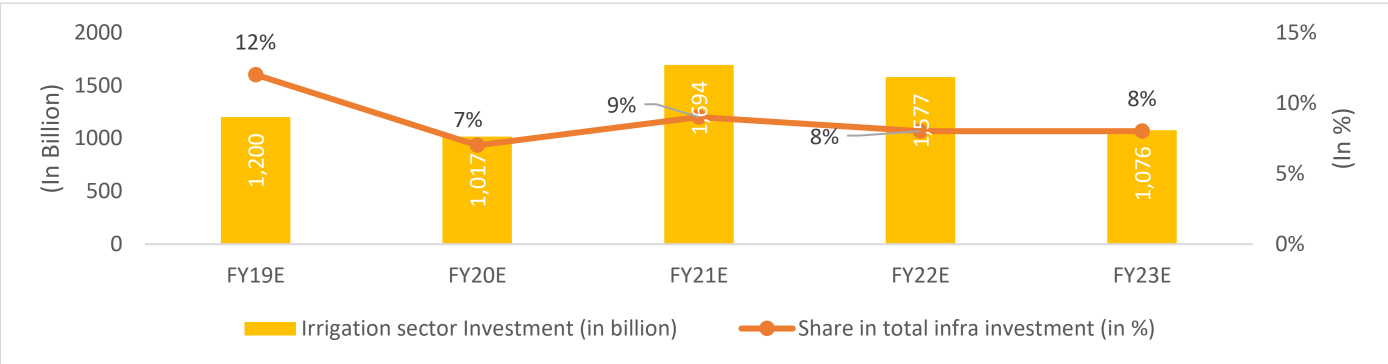


Source: Demand for Grants 2022-23, Ministry of Road Transport and Highways of India
RE – Revised Estimates, BE – Budgeted Estimates

Investment in irrigation

Investment in irrigation directly impacts the agriculture and rural economy in the country. A major proportion of India's population is dependent on agriculture and allied activities as livelihood and it is critical to reduce the uncertainty owing to dependence of agriculture on rains.

Irrigation sector investment and share in total infrastructure investment



Source: National Infrastructure Pipeline
Note: 'E' stands for Estimate

The investment in the irrigation sector has marginally decreased at a CAGR of 2.7% from ₹ 1,200 Billion in FY19 to ₹ 1,076 Billion in FY23E. This is majorly on account of the pandemic and the funds being diverted to other infra facilities such as hospitals. However, the investment increased during the pandemic and the government's continuous focus in the form of centrally sponsored schemes and initiatives will continue to support the growth in coming years.

Concluding Remarks

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, and a shortage of key inputs. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of GDP growth compared to other emerging economies. According to IMF's

forecast, it is expected to be 6.3% in CY24 compared to the world GDP growth projection of 3%. The bright spots for the economy are continued healthy domestic demand, support from the government towards capital expenditure, moderating inflation, investments in technology and improving business confidence.
Likewise, several high-frequency growth indicators including the purchasing managers index, auto sales, bank credit, and GST collections have shown improvement in FY23. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

Further, as per the Indian Meteorological Department (IMD), the rainfall witnessed a deficit until September 2023. A drop-in yield due to irregular monsoons and a lower acreage can lead to a demand-supply mismatch, further increasing the inflationary pressures on the food basket. Going forward, the rising domestic demand will be driven by the rural economy's performance and continual growth in urban consumption. However, high domestic inflation and global headwinds pose a downside risk to domestic demand.

At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about ₹ 10 lakh crores for FY24. The private sector's intent to invest is also showing improvement as per the data announced on new project investments. However, volatile commodity prices and economic uncertainties emanating from global turbulence may slow down the improvement in private CapEx and investment cycle.

Infrastructure Construction Industry in India

Overview of Key Characteristics of Infrastructure Construction Industry

The infrastructure sector is a key driver of the Indian economy. The sector is highly responsible for propelling India's overall development. Accordingly, it garners intense focus from the government for initiating policies that would ensure the time-bound creation of world-class infrastructure in the country. In other words, the infrastructure sector acts as a catalyst for India's economic growth. It complements the allied sectors like townships, housing, built-up infrastructure, and construction development projects. The infrastructure sector includes power, bridges, dams, roads, and urban infrastructure.

Furthermore, the Indian infrastructure construction industry is projected for continuous growth. This is driven by urbanization, economic expansion, and the need to upgrade the ageing infrastructure. Both fixed-price and cost-reimbursement contracts are used, with internationally recognized forms like FIDIC contracts being common for large projects. Whereas public-private partnerships (PPP) are a frequent project delivery model, involving private companies in financing and construction. In addition, initiatives like the NIP outline ambitious spending plans for infrastructure projects, creating a stable pipeline of work for construction companies.

India has a large pool of skilled and unskilled labour. Simultaneously, upskilling initiatives are ongoing to improve efficiency and safety standards. Similarly, the infrastructure industry is gradually embracing technologies like prefabricated construction and digital tools to enhance project delivery and productivity. Yet, there is room for improvement. Besides, navigating complex regulations and obtaining clearances can be a challenge for construction companies, potentially leading to delays.

Overall, the Indian infrastructure construction industry presents a dynamic and promising market with large-scale government projects driving growth. However, navigating the regulatory environment and adapting to evolving technologies are crucial considerations.

Types of Contracts Prevalent in the Infrastructure Construction Industry

In the infrastructure construction industry in India, various types of contracts are prevalent, each serving specific purposes and addressing different project requirements. The choice of contract type depends on factors such as project complexity, risk allocation, and the level of design maturity.

India's Infrastructure Construction Industry relies on a mix of contract structures, which are mentioned below:

Internationally Recognized Forms: While India does not have a standard form, internationally recognized contracts like those from the International Federation of Consulting Engineers (FIDIC) are widely used, particularly for large projects. FIDIC's 'Conditions of Contract for Plant and Design/Build' is a common example. These contracts are influenced by design-only models. ICLG Construction & Engineering Laws and Regulations Report.

Fixed-Price vs. Cost-Reimbursement: Similar to international practices, there are both fixed-price (lump sum) and cost-reimbursement contracts. Fixed-price contracts establish a set cost for the entire project, while cost reimbursement compensates the contractor for actual expenses incurred plus a fee.

Public-Private Partnerships (PPP): For major infrastructure projects, India frequently utilizes PPP models. These involve private entities financing, building, and operating the project for a set period before transferring ownership to the public sector. The specific contractual structures within PPPs can vary. These contracts aim to share risks and responsibilities between the government and private entities.

Build-Operate-Transfer (BOT) Contracts: BOT contracts involve a private entity designing, building, and financing a project. After completion, the private entity operates the facility for a specified period to recover its investment before transferring it back to the government.

Engineering, Procurement, and Construction (EPC) Contracts: EPC contracts are widely used in the infrastructure sector. They involve a single contractor responsible for the entire project – from design and engineering to procurement of materials and construction.

Special Purpose Vehicles (SPVs): PPPs and large projects often involve SPVs, which are project-specific companies incorporated to manage the development and construction. The consortium bidding on the project might be required to form an SPV.

Lump Sum Contract (LS): In a lump sum contract, the contractor agrees to complete the entire project for a fixed price. This type of contract is suitable when the project scope is well-defined, and there is minimal uncertainty.

Unit Price Contract (UPC): In a unit price contract, the contractor is paid based on the quantity of work performed at predetermined unit prices. This type of contract is often used when the quantity of work cannot be precisely determined at the outset.

Turnkey Contract: In a turnkey contract, the contractor assumes full responsibility for the design, construction, and commissioning of the project. The client takes possession of a completed facility without the need for additional input.

Collaborative Contracting: In the real estate sector, collaborative contracting through joint development agreements between landowners and developers is common. The landowner typically contributes the land, and the developer handles the rest.

The contract formats can evolve based on industry practices and specific regulations. Consulting a legal professional specializing in construction law is recommended for navigating the complexities of Indian infrastructure contracts. The choice of contract type depends on the specific characteristics of each project and the risk allocation preferences of the parties involved.

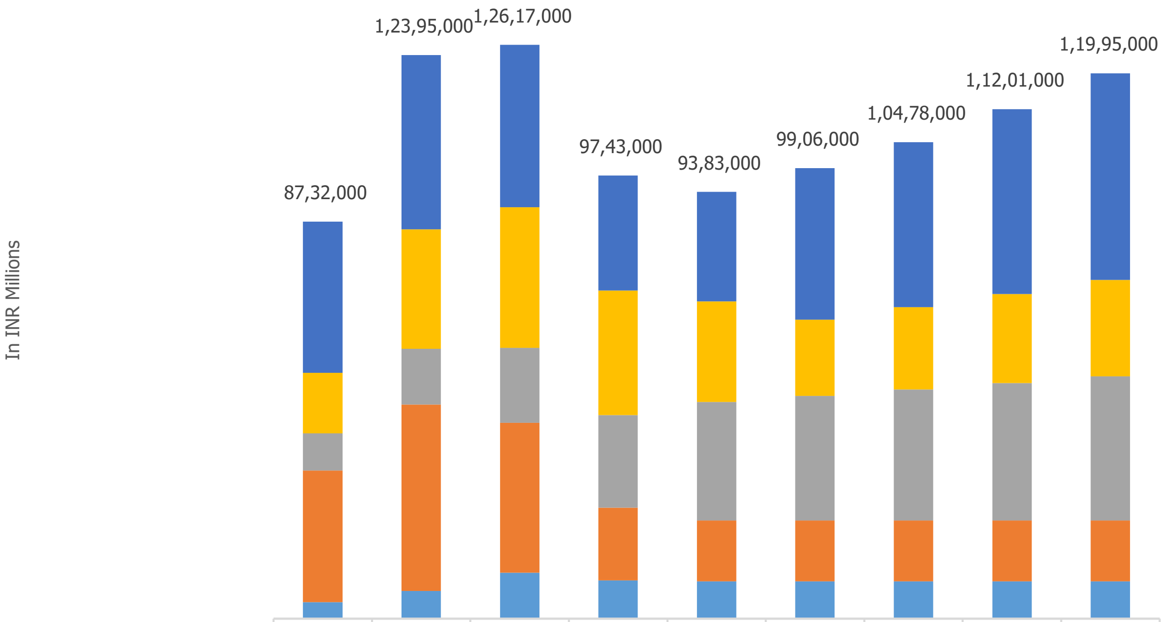
Evaluation of Key Segments in Infrastructure Construction Industry and Investment Estimates

India's economic growth is fueled by a diverse range of sectors, of which infrastructure is a vital sector. The Indian infrastructure contributes around 3% to the GDP as of FY23. In recent years, the government has taken several steps to accelerate infrastructure development, wherein, the key focus areas are transportation, energy, smart cities, water, social infrastructure, and digital infrastructure. There have also been efforts to attract foreign investors in the infrastructure sector through policy reforms.

Further, infrastructure projects are often expensive and have a long gestation period. To address this issue, fundraising and generating returns, the government is continuously striving to create a favorable operating environment for its players. Accordingly, national and state-level agencies like the National Highways Authority of India (NHAI), state-level bodies, and private sector companies (both domestic and international), are actively participating in infrastructure development.

With the growing population, the long-term need for robust infrastructure is necessary for economic development. This generates the need for massive investments in the development and modernization of infrastructure facilities, which will not only cater to the growing demand but will also ensure competitiveness in the global market.

Continued High Investment Momentum in Indian Key Infrastructure Sectors



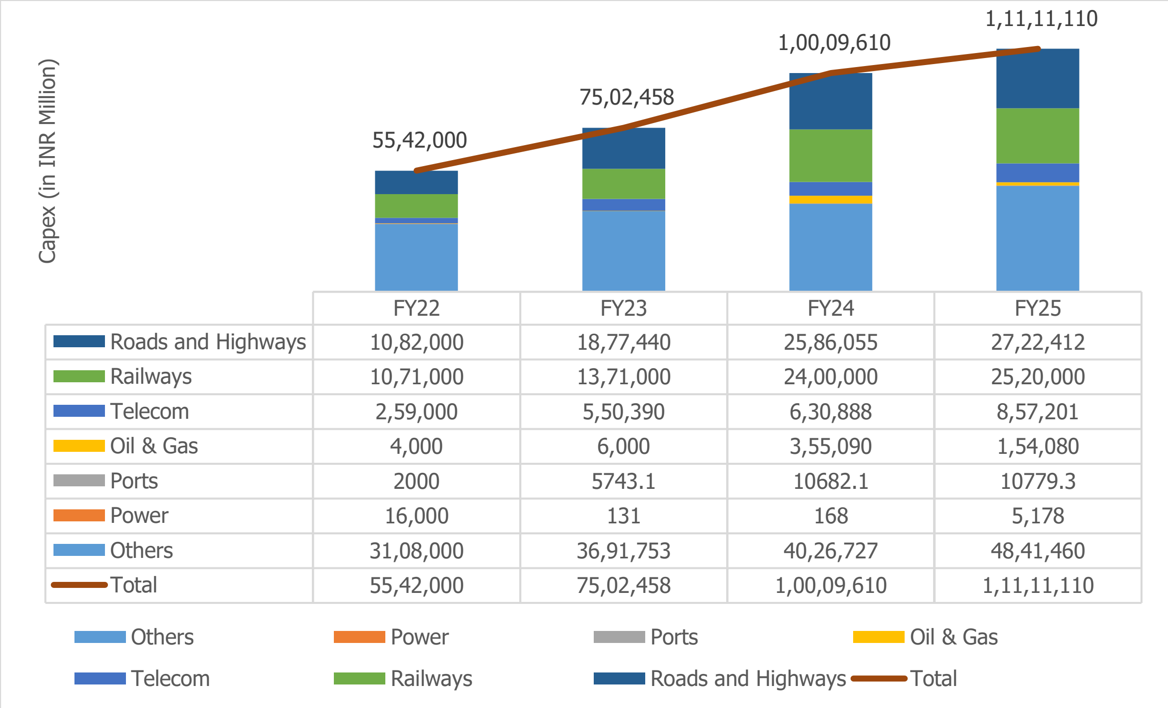
	FY20	FY21	FY22	FY23	FY24P	FY25P	FY26P	FY27P	FY28P
Roads	33,26,000	38,33,000	35,70,000	25,28,000	24,08,000	33,27,000	36,26,000	40,61,000	45,48,000
Railways	13,34,000	26,25,000	30,88,000	27,38,000	22,12,000	16,79,000	18,13,000	19,58,000	21,15,000
Power	8,12,000	12,27,000	16,49,000	20,37,000	26,03,000	27,40,000	28,79,000	30,22,000	31,72,000
Metro & Smart Cities	29,00,000	41,00,000	33,00,000	16,00,000	13,40,000	13,40,000	13,40,000	13,40,000	13,40,000
Water Supply & Sanitation	3,60,000	6,10,000	10,10,000	8,40,000	8,20,000	8,20,000	8,20,000	8,20,000	8,20,000
Total	87,32,000	1,23,95,000	1,26,17,000	97,43,000	93,83,000	99,06,000	1,04,78,000	1,12,01,000	1,19,95,000

Water Supply & Sanitation   Metro & Smart Cities   Power   Railways   Roads

Source: CareEdge Research, NITI Aayog, NIP
Note: The projections are based on our estimations for multiple sectors which have been derived from respective government department sources.

One of the key drivers for economic growth is the increased infrastructure investment thrust by the government. In the Union Budget 2024-25, the government continued its focus on infrastructure development with budget estimates of capital expenditure toward the infrastructure sector of ₹ 1,11,11,000 Million. Furthermore, continuous efforts by the government to make the business environment convenient to operate and streamline the regulatory process will support the growth of investments in the infrastructure segment.

Key Infrastructure Sectors for Capital Expenditure in Budget 2024-25



	FY22	FY23	FY24	FY25
Roads and Highways	10,82,000	18,77,440	25,86,055	27,22,412
Railways	10,71,000	13,71,000	24,00,000	25,20,000
Telecom	2,59,000	5,50,390	6,30,888	8,57,201
Oil & Gas	4,000	6,000	3,55,090	1,54,080
Ports	2000	5743.1	10682.1	10779.3
Power	16,000	131	168	5,178
Others	31,08,000	36,91,753	40,26,727	48,41,460
Total	55,42,000	75,02,458	1,00,09,610	1,11,11,110

Source: Union Budget 2024-25 Analysis

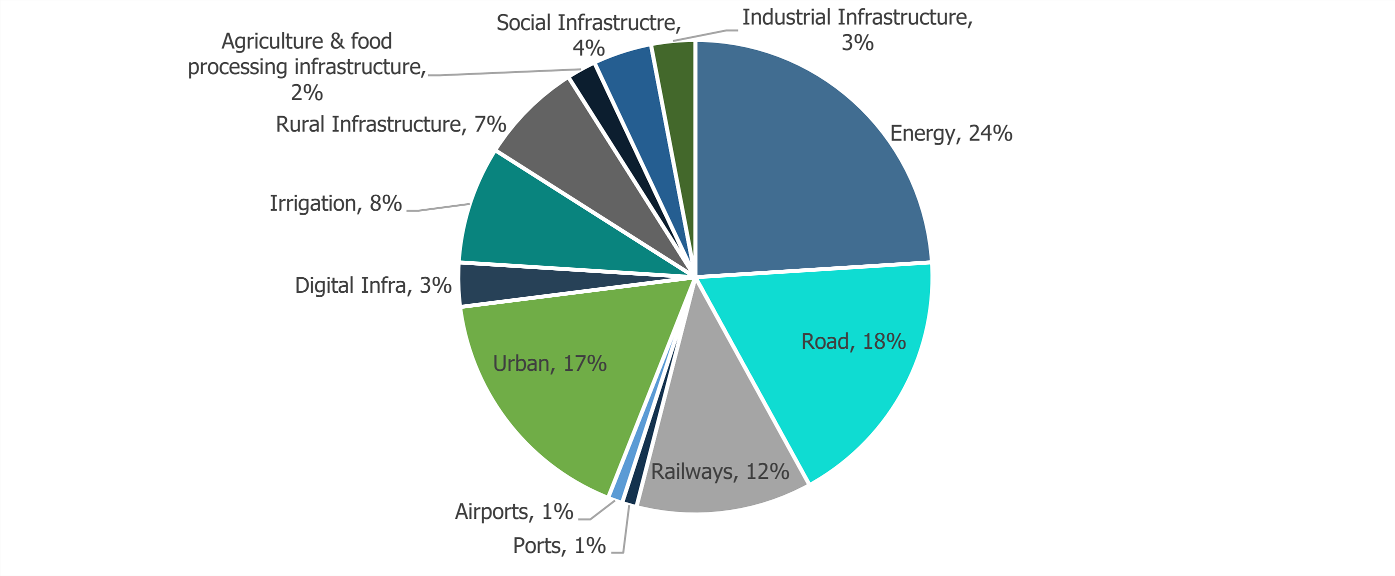
Segment-Wise Construction Investments

Infrastructure development is the need of the hour. The government has launched the National Infrastructure Pipeline (NIP) combined with other initiatives such as ‘Make in India’ and the production-linked incentives (PLI) scheme to augment the growth of the infrastructure sector. Historically, more than 80% of the country's infrastructure spending has gone towards funding for transportation, electricity, water, and irrigation. The Centre’s share in National Infrastructure Policy (NIP) is 39% whereas the state and private sectors contribute 39% and 22%, respectively.

Keeping this growth objective in view, the National Infrastructure Pipeline (NIP) was launched with a projected infrastructure investment of around ₹ 1,11,11,000 million (USD 1.5 trillion) for FY 2020-2025 to provide world-class infrastructure across the country and improve the quality of life for all citizens. It also envisages improving project preparation and attracting domestic and foreign investment in infrastructure. NIP was launched with 6,835 projects, which has expanded to over 9,000 projects covering 34 infrastructure sub-sectors.

While these sectors remain the key focus, the government also prioritizes other sectors as India's business environment and demographics are evolving. There is a need for enhanced and improved delivery across the whole infrastructure range, from housing to water and sanitation services to digital and transportation demands. This will further ensure economic growth, increase quality of life, and boost sectoral competitiveness.

Sector-Wise Break-Up of Capital Expenditure during Fiscal 2020-25



Source: NITI Aayog's report on National Infrastructure Pipeline

During the fiscals 2020 to 2025, sectors such as energy (24%), roads (18%), urban (17%), and railways (12%) amount to around 70% of the projected capital expenditure in infrastructure in India. NIP has involved all the stakeholders in a coordinated approach to infrastructure creation in India to boost short-term as well as potential GDP growth.

Tunnel construction in India has picked up pace in the last decade given the upgradation of the water supply & sewerage system, expansion of the road & rail network, and construction of the underground crude oil storage. Tunnel development was initially undertaken by the railway sector, while the maximum number of tunnels have been developed in the hydropower sector. In the past few years, tunnel development has consistently received a push with high CapEx toward infrastructure development across various segments.

Accordingly, expansion in hydropower capacity, underground rail metro projects, Bharatmala, Chardham Connectivity, AMRUT, and the Smart Cities Mission are expected to provide ample opportunities to tunnel contractors and consultants in the coming years. Also, most upcoming tunnel projects are of longer lengths, larger diameters, and even higher contract values, which is reflected in tunnelling project size with a substantial increase. Moreover, NIP was launched in December 2019 with a focus on infrastructure development in order to enable the country to achieve its target of USD 5 trillion economy by FY2025 and USD 10 trillion by FY2030. Infrastructure is set to play a major role with a 3% contribution to the GDP by FY25 (Rs 11.11 trillion). It is also expected to remain the same or increase its share by FY30 (Rs 25.00 trillion).

The pipeline covers multiple sectors such as urban infrastructure, renewable & conventional energy, roads, and railways that constitute nearly 71% of the projected total CapEx of Rs 111 trillion. It also includes investments in other sectors such as rural infrastructure, ports, and airports, among others. The proposed investments will be implemented by both the government and the private sector.

The sector-wise breakup is provided in the below table:

Table 6: National Infrastructure Pipeline Sectoral Split of Investments (₹ Million)

	FY20	FY21	FY22	FY23	FY24	FY25	No Phasing	Total
Power	16,41,400	22,55,510	22,17,340	22,34,870	22,52,360	21,10,020	13,92,780	1,41,04,280
Renewable Energy	3,05,000	15,10,000	14,40,000	17,00,000	21,70,000	21,70,000	-	92,95,000
Atomic Energy	1,16,350	2,14,620	2,83,240	3,31,240	3,26,740	2,82,840	-	15,55,030

Petroleum and Natural Gas	2,73,320	4,35,100	4,83,140	4,15,230	2,28,580	1,05,350	5,000	19,45,720
Total Energy	23,36,070	33,53,600	44,23,720	46,81,340	49,77,680	46,68,210	13,97,780	2,69,00,030
Roads	33,25,590	38,32,830	35,69,660	25,27,800	24,07,610	33,26,590	13,48,150	2,03,38,230
Railways	13,33,870	26,24,650	30,88,000	27,38,310	22,12,090	16,78,710	-	1,36,75,630
Ports	1,33,570	1,81,040	2,06,490	1,58,630	77,240	1,00,020	3,54,950	12,11,940
Airport	1,86,670	2,16,650	2,48,200	2,13,340	2,53,860	51,410	2,64,350	14,34,480
Urban	29,81,740	46,22,080	40,41,340	23,48,580	21,71,640	15,98,620	14,28,670	1,91,92,670
Irrigation	11,44,630	20,06,150	17,56,690	13,73,580	11,52,810	7,04,740	8,06,130	89,44,730
Rural Infrastructure	14,03,130	17,68,030	21,08,110	11,18,770	10,70,570	2,70,540	-	77,39,150
Digital Infrastructure	7,83,560	6,18,470	5,45,380	3,87,190	3,81,190	3,80,530	-	30,96,320
Agriculture and Food Processing Infrastructure	2,60,400	2,63,650	2,60,960	2,43,930	2,36,460	2,31,190	1,90,680	16,87,270
Social Infrastructure	5,94,710	8,06,850	9,35,040	6,51,040	5,65,790	2,43,910	3,34,250	41,31,590
Industrial Infrastructure	1,74,120	4,06,760	4,25,580	3,35,290	2,27,310	1,05,200	13,93,060	30,67,320
Total	**1,36,35,300**	**1,95,03,970**	**1,89,60,590**	**1,38,03,290**	**1,27,82,390**	**1,10,58,960**	**1,22,17,310**	**11,14,19,360**

Source: NITI Aayog's report on National Infrastructure Pipeline

Overview of Key Growth Drivers for Various Infrastructure Construction Segments

The Indian government heavily prioritizes infrastructure development. Government-led initiatives such as 'Make in India,' 'Smart Cities Mission,' and 'Atmanirbhar Bharat' focus on infrastructure development, attracting investments, and promoting economic growth. The government has also helped the growth of urbanization through several schemes and projects, including the Atal Mission for Rejuvenation and Urban Transformation (AMRUT) and the Pradhan Mantri Awas Yojana (Urban). Such constant government support is likely to foster more investment in the infrastructural domain in the coming years.

Foreign investments also play a crucial role in infrastructural development as they bring in innovation and foster value chains. More liberalization toward foreign direct investments attracts investors to participate in infrastructure projects, bringing in capital, technology, and expertise. Whereas India's rapid urbanization fuels demand for new housing, commercial spaces, and improved urban infrastructure like metro networks, waste management systems, and power grids. Additionally, public and private investments in infrastructure are expected to rise significantly in the coming years. This will create opportunities for all segments.

The key growth drivers for various infrastructure construction segments are as follows:

- **Roads & Highways:** Growing freight movement, focus on national connectivity projects like Bharatmala Pariyojana, and increasing vehicle ownership will drive road and highway construction.

- **Railways:** Rising passenger and cargo traffic, expansion of dedicated freight corridors, and modernization plans for the Indian Railways network will boost growth.
- **Power:** Demand for reliable power supply, increasing focus on renewable energy integration, and upgradation of transmission and distribution networks are key drivers.
- **Ports & Airports:** Expanding international trade, rising air passenger traffic, and government initiatives to develop coastal infrastructure will propel growth in these segments.
- **Water & Sanitation:** Increasing water scarcity, growing urban populations, and government programs to improve water supply and sanitation systems will drive investments.
- **Digital Infrastructure:** India's growing digital economy necessitates investments in data centres, fibre optic networks, and telecom towers.

In addition to these growth drivers, there is a growing focus on using sustainable practices and materials in construction projects, creating opportunities for green building technologies. Whereas advancements in prefabricated construction, Building Information Modeling (BIM), and drone technology are expected to improve efficiency and productivity.

Factors Contributing to Rising Infrastructure Construction Projects and Their Impact

While India has a large workforce, a gap exists in terms of skilled labourers. Upskilling initiatives are crucial to meet the rising demand. Navigating the web of regulations and obtaining clearances can be a hurdle for construction companies, potentially causing delays, and therefore, streamlining processes can be beneficial. These need to be managed effectively to ensure efficient project delivery, address skill gaps, and create a sustainable future for the sector. Accordingly, the rising infrastructure projects propel the growth of India's construction industry.

Given below are the factors contributing to rising infrastructure construction projects:

- **Government Push:** The Indian government is heavily invested in infrastructure development. Initiatives like the National Infrastructure Pipeline (NIP) with an outlay of ₹111 trillion (US$1.5 trillion) and ambitious plans for "Smart Cities" create a guaranteed pipeline of projects for construction companies.
- **Project Diversity:** These infrastructure projects span various segments like roads, railways, power, airports, ports, and urban infrastructure. This growth is not limited to one area, creating a broad spectrum of opportunities.
- **Increased Funding:** The government's focus translates to increased funding, not just from public sources but also attracting private investments through Public-Private Partnerships (PPP) models. This injects more money into the construction sector, fueling its growth.
- **Increased Demand for Resources:** With more projects, the demand for raw materials, skilled labour, and construction equipment rises. This stimulates various sectors that supply these resources, further boosting the overall economy.
- **Job Creation:** More projects lead to a need for more workers across various skill sets, creating jobs for engineers, construction workers, architects, and other professionals.
- **Technological Advancements:** The need to deliver large projects efficiently drives innovation in construction methods. Technologies like prefabrication, Building Information Modeling (BIM), and drone technology are being adopted to improve efficiency and safety.
- **Urban Development:** As infrastructure improves, it unlocks the potential for better urban development. Improved transportation networks, reliable power supply, and efficient waste management systems create a more attractive environment for businesses and residents, further fueling construction activity.

Major Infrastructure Development Plans

Some of the key government infrastructure schemes include:

- The 2023-24 budget by the government highlights the impetus for growth by focusing on big public investment for modern infrastructure, which will be guided by PM Gati Shakti and benefit from the synergy of a multi-modal approach. It is a step toward economic growth as well as sustainable development and is driven by seven engines, namely, roads, railways, airports, ports, mass transport, waterways, and logistics infrastructure. 100 critical transport infrastructure projects have been identified at an investment of Rs 750 Billion including Rs 150 Billion from private players. For the urban infrastructure in Tier–II and Tier–III cities, a corpus of Rs 100 Billion has been set aside via the establishment of the Urban Infrastructure Development Fund.

- The government has also announced plans for the National Monetization Pipeline (NMP) and Development Finance Institution (DFI) to improve the financing of infrastructure projects.

- The government has helped the growth of urbanization through a number of schemes and projects, including the **Smart Cities Mission,** the **Atal Mission for Rejuvenation and Urban Transformation (AMRUT),** and the **Pradhan Mantri Awas Yojana (Urban)**.

Smart Cities Mission: The Smart Cities Mission, launched on 25 June 2015, is aimed at providing core infrastructure, a clean and sustainable environment, and a decent quality of life to their citizens through the application of 'smart solutions'. It is a transformational mission aimed to bring about a paradigm shift in the practice of urban development in the country. Under this mission, 100 smart cities have taken up projects across diverse sectors related to mobility, energy, water, sanitation, solid waste management, vibrant public spaces, social infrastructure, smart governance, etc. As of September 2023, about 6,000+ projects worth more than ₹ 1.1 Trillion have been completed and the remaining projects will be completed by 30 June 2024.

AMRUT: The Atal Mission for Rejuvenation and Urban Transformation (AMRUT) was launched on 25th June 2015 in selected 500 cities and towns across the country. The mission focuses on the development of basic infrastructure, in the selected cities and towns, in the sectors of water supply, sewerage and septage management, stormwater drainage, green spaces and parks, and non-motorized urban transport. A set of Urban Reforms and Capacity Building have been included in the mission.

This mission has been subsumed under AMRUT 2.0, which was launched on 01st October 2021 for a period of five years, i.e., from the financial year 2021-22 to the financial year 2025-26. It is designed to provide universal coverage of water supply through functional taps to all households in all the statutory towns in the country and coverage of sewerage/septage management in 500 cities covered in the first phase of the AMRUT scheme.

PMAY: There is a significant thrust on providing housing for all under the Pradhan Mantri Awaas Yojna (PMAY) by the government and the scheme has been getting steady allocation under the union budget. Further, the sustained efforts in sanctioning and completing a substantial number of houses under both PMAY-Urban and PMAY-Gramin schemes demonstrate the government's commitment to promoting affordable housing and improving living conditions for individuals and families across the country.

The table below shows the budgetary allocation trend:

Table 7: Scheme-Wise Allocation Towards Infrastructure in FY24 (Rs Million)

Description	FY22	FY23	FY24	FY 25[BE]
Pradhan Mantri Awas Yojna (PMAY)	9,00,000	7,71,000	7,96,000	8,07,000
Urban Rejuvenation Mission: AMRUT and Smart Cities	1,39,000	1,53,000	1,60,000	1,04,000

Source: Union Budget 2023-24 Analysis

- **Bharatmala** and **Sagarmala** projects were introduced in 2017 by the Government of India. Bharatmala is a flagship highway development program. The project is part of a larger initiative to enhance road infrastructure across the country. It aims to optimize the efficiency of freight and passenger movement by developing and expanding the national highway network. It focuses on improving connectivity, reducing travel time, and promoting economic growth. The project is expected to reduce logistics costs, improve transportation efficiency, and boost economic development by providing better connectivity between key economic areas. As of October 2023, about 26,350 km length of projects have been awarded and 14,783 km are constructed.

Whereas the Sagarmala Programme is a comprehensive initiative aimed at transforming India's maritime sector and harnessing the potential of its coastline. It was launched to promote port-led development and unlock the economic benefits of the maritime industry. Sagarmala focuses on modernizing existing ports, building new ports, and improving connectivity between ports and the hinterland. The project aims to enhance efficiency in cargo and passenger movement through coastal and inland water transport. This project further seeks to reduce logistics costs, create employment opportunities, attract investments, and stimulate economic development in coastal regions. Moreover, it aims to make maritime logistics more efficient and environmentally sustainable.

- **National High-Speed Rail Corporation Limited (NHSRCL)** is a government-owned company in India responsible for the implementation of high-speed rail projects. The most prominent project undertaken by NHSRCL is the **Mumbai-Ahmedabad High-Speed Rail (MAHSR) corridor**, commonly known as the Bullet Train project. It was incorporated on February 12, 2016. The project involves collaboration with Japan as it utilizes the Shinkansen technology, known for its safety and efficiency, through a loan agreement with the Japan International Cooperation Agency (JICA). The high-speed rail corridor is expected to boost economic development along the route, create job opportunities, and improve connectivity between major cities.

- **Jal Jeevan Mission (JJM)** is a Central Government initiative undertaken by Ministry of JAL SHAKTI. It aims to ensure piped water access to every household in India. The initiative was launched on 15th August 2019 by the Prime Minister of India. The program is implemented in partnership with States to assure tap water supply in adequate quantity, prescribed quality, adequate pressure, on a regular and long-term basis in all rural households and public institutions, which includes anganwadi, schools, ashramshalas, public/ community health centres, sub-centres, wellness centres, community centres, gram panchayat buildings, etc., by the year 2024.

  Under JJM, 30% weightage was assigned for difficult terrains which inter alia include areas under Desert Development Programme (DDP) and Drought Prone Area Programme (DPAP) while allocating the fund, to prioritize the coverage in these areas. Further, provisions have been made in the operational guidelines for planning and implementation of bulk water transfer from long distances and regional water supply schemes for ensuring tap water supply in drought-prone & water-scarce areas/ areas with inadequate rainfall or dependable ground water sources. In addition, provisions have also been made for source recharging, viz. dedicated bore well recharge structures, rain water recharge, rejuvenation of existing water bodies, etc., in convergence with other schemes such as the Mahatma Gandhi National Rural Employment Guarantee Act 2005 (MGNREGA), Integrated Watershed Management Programme (IWMP), 15th Finance Commission tied grants to Rural Local Bodies (RLB)/ Panchayat Raj Institutions (PRI), State schemes, Corporate Social Responsibility funds, etc.

  For villages in water-scarce areas, in order to save the precious fresh water, states are also being encouraged to plan new water supply scheme with dual piped water supply system, i.e. supply of fresh water in one and treated grey/ waste water in another pipe for non-potable/ gardening/ toilet flushing use. Moreover, the households in these areas are to be encouraged to use the faucet aerators that save a significant amount of water, in multiple taps that they may be using inside their house.

Outlook

India stands out as the fastest-growing economy globally. It is estimated to emerge as the third-largest economy globally by 2027. The infrastructure sector continues to play a major role, with 3.5% of gross domestic product contribution and ₹ 5,29,62,000 million in investments between Fiscal 2024 to Fiscal 2028. Road construction is amongst the critical sub-segments for infrastructure development, economic growth, and employment creation. The key challenges in the infrastructure sector are regulatory and policy risks, funding challenges, land acquisition, and environmental clearances. Whereas the key growth drivers for the infrastructure sector are rapid urbanisation, higher budgetary outlay towards infrastructure, and smart city projects.

Some of the highlights associated with growth drivers include:

- In roads, there are over 45,000 km (including 5,000 km with specialized structures such as elevated roads, tunnels, bridges, etc.) currently under consideration for awards, and NHAI anticipates awarding approximately 5,000 km annually through BOT and EPC, presenting a substantial opportunity for infrastructure construction players in India. Additionally, continuous bidding for third-party O&M enables opportunities with projects worth Rs 77,210 million currently in the pipeline.

- India currently has 874.13 km of operational metro lines including regional rapid transit systems (RRTS). It is proposed to be expanded to 1,700.00 Km across 27 cities by 2025 and subsequently to 50 cities. The investment is expected to grow at a CAGR of 5-10% in the range of ₹ 65,00,000 million to ₹ 67,00,000 million from FY24 to FY28.

- Investments in the Water Supply and Sanitation (WSS) sector have increased at a CAGR of 32.48% from ₹ 3,62,000 million in FY20 to ₹ 8,41,750 million in FY23. Furthermore, from FY24 to FY28, investments are estimated to grow at a CAGR of 10-12% and be in the range of ₹ 37,00,000 million to ₹ 41,00,000 million.

- Currently, in India, 149 airports are carrying ~ 327.00 million passengers annually. The opportunity for EPC players in the airport sector would be driven by the new planned airport of ~ 20 in Tier II and III cities and the expansion plan in the existing major busy airports mainly in Metro cities.

In recent years, the government has taken several steps to accelerate infrastructure development, wherein, the key focus areas are transportation, energy, smart cities, water, social infrastructure, and digital infrastructure. There have also been efforts to attract foreign investors in the infrastructure sector through policy reforms. However, infrastructure projects are often expensive and have a long gestation period. To address this issue alongside fundraising and generating returns, the government is continuously striving to create a favourable operating environment for its players.

Accordingly, national and state-level agencies like the National Highways Authority of India (NHAI), state-level bodies, and private sector companies (both domestic and international), are actively participating in infrastructure development. With the growing population, the long-term need for robust infrastructure is necessary for economic development. This generates the need for massive investments in the development and modernization of infrastructure facilities which will cater to the growing demand and ensure competitiveness in the global market.

Overview of the Hydropower Construction Industry in India

Power is one of the most critical components for infrastructure development and the economic growth of any country. India's power generation sources range from conventional sources such as coal, lignite, natural gas, oil, nuclear and hydropower to viable unconventional sources such as wind, solar, agricultural and household waste. The existence and development of adequate power infrastructure are essential for the sustained growth of the Indian economy.

Electricity generation in India increased from 1,237 BU in FY19 to 1,618 BU in FY23, implying a compounded annual growth rate (CAGR) of 6.9. Whereas electricity generation increased by about 9% y-o-y to 1,047 BU in November'23.

Thermal power forms the largest power source in the country with about 75% of the electricity consumed being generated from thermal power plants. Renewable Energy Sources (RES) including solar, wind, and hydro are rapidly gaining share and their contribution has increased from 19.1% in FY19 to 23% in FY23.

Indian Power Sector

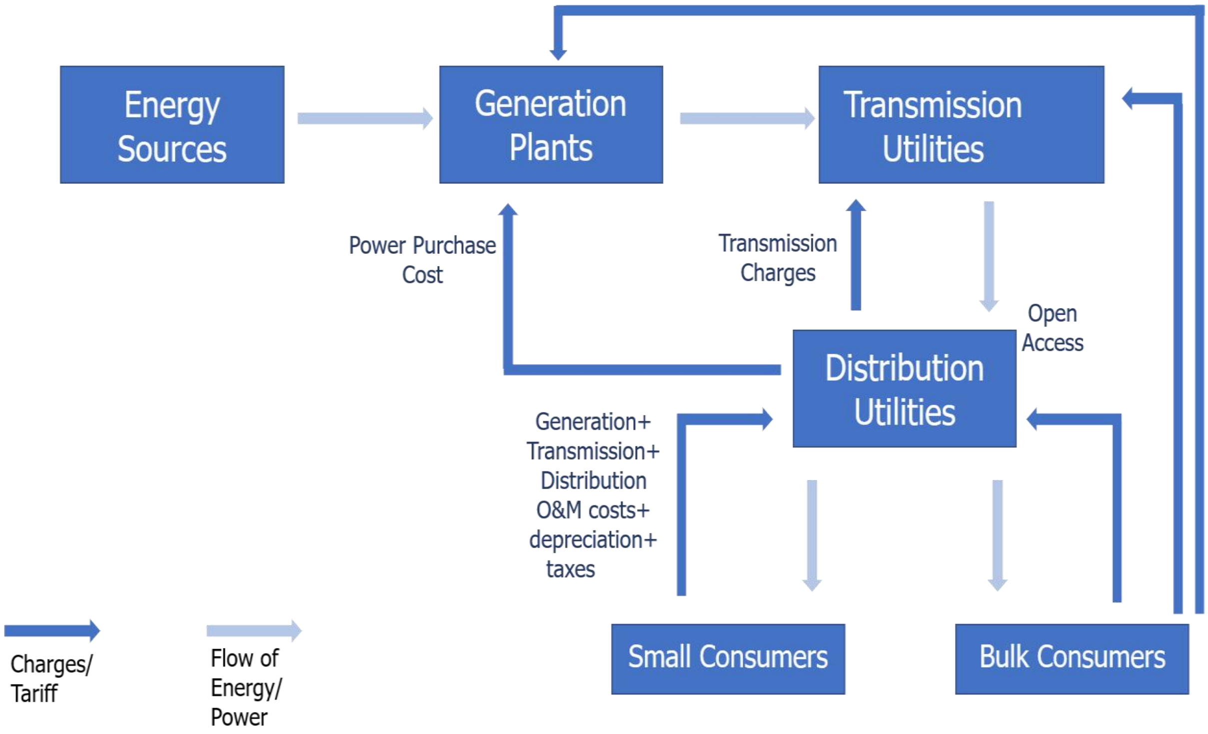
India stands 4th globally in Renewable Energy Installed Capacity (including Large Hydro), 4th in Wind Power capacity, and 4th in Solar Power capacity (as per REN21 Renewables 2022 Global Status Report).

The power industry is divided into three segments:

- Generation
- Transmission
- Distribution

The structure of the power industry is depicted in the figure below.

Structure of Power Sector in India

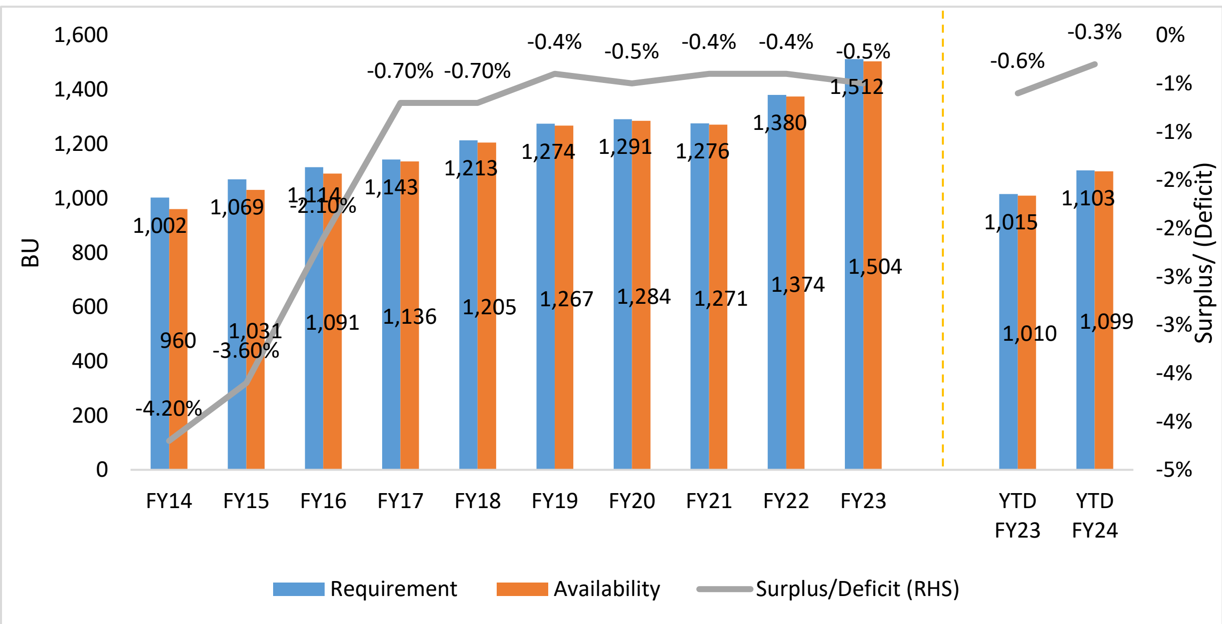


Source: CareEdge Research

Power Demand, Supply, and Deficit in India

In India, power demand has been on the rise in the past decade, except during FY21 due to COVID-19. COVID-19-induced lockdown and restrictions have led to lower demand and generation of electricity since the pandemic curtailed commercial and business activities. As a result, the first half of FY21 witnessed a decline in power demand. However, with the gradual reopening of the economy despite localized lockdowns, the power demand has continued to gradually rise over the past 2 years.

Power Supply Position in India



Source: Power Ministry, CEA, CareEdge Research

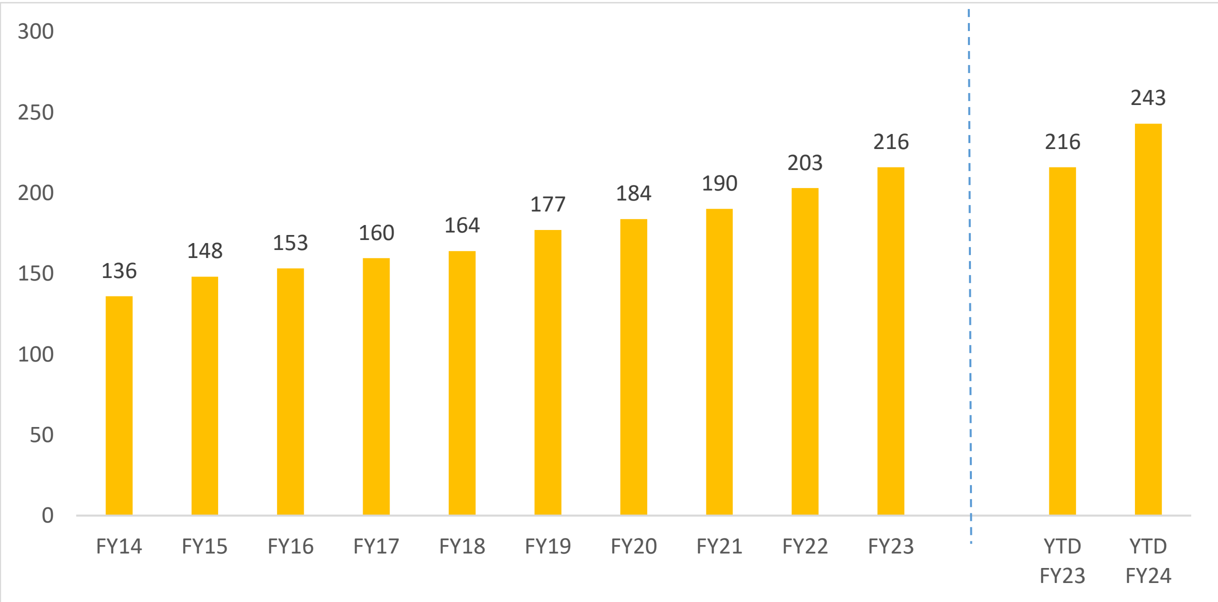
Note: YTD is the year-to-date consisting of data from April to November for the respective period

Further, the electricity requirement has grown from 1,002 BU in FY14 to 1,512 BU in FY23. There has been a continuous deficit between electricity requirement and availability of around 0.5%-4.2% between FY14 and FY23. During April-November 2023, the electricity demand stood at 1,103 BU, an increase of 9% y-o-y, while the deficit was 0.3%.

However, the peak demand not met was around 6 GW in FY14 and the average energy not supplied was around 42,428 MU. The peak demand not met and energy not supplied have been on a downward trend since and substantially decreased to 2.475 GW and 5,787 MU, respectively, in FY22. However, in FY23, due to high power demands, the peak demand not met was 8.6 GW and energy not supplied increased to 5,057 MU. Whereas during April-November 2023, the peak demand not met was 3.340 GW and the energy not supplied was 2,980 MU.

Moreover, peak energy demand grew at a CAGR of 4.7% from 136 GW in FY14 to 216 GW in FY23, while peak supply grew at a CAGR of 5.3% over the same time period. There was a 10% y-o-y increase in the power requirement by the country in FY23. The peak power demand was the highest ever at 243 GW in April-November 2023, due to higher temperatures during the summer season compared to the previous year. The Central Electricity Authority (CEA) estimates India's power requirement to grow to reach 817 GW by 2030.

All India Peak Demand



Source: Power Ministry, CEA, CareEdge Research
Note: YTD is the year-to-date consisting of data from April to November for the respective period

Introduction- Hydropower Industry Projects - Major and Minor

Hydroelectric power is electricity produced from generators driven by turbines that convert the potential energy of falling water from rivers, rivulets, artificially created storage dams or canal drops into mechanical energy. Hydropower projects are classified as large and small hydro projects based on their sizes and in India. Hydropower plants of 25MW or below capacity are classified as small hydro and come under the purview of the Ministry of New and Renewable Energy (MNRE).

India has the fifth-largest installed hydroelectric power capacity in the world. India's installed utility-scale hydroelectric capacity was 47 GW as of September 2023, accounting for 11% of the country's total power-generating capacity. At a 60% load factor, India's hydroelectric power potential is projected to be 148 GW.

Government-owned companies produce 92.5% of hydropower generated in India including National Hydroelectric Power Corporation (NHPC), Northeast Electric Power Company (NEEPCO), Satluj Jal Vidyut Nigam (SJVNL), THDC India, and NTPC. With the growth of hydroelectric power in the Himalayan mountain ranges and Northeast India, private sector participation is projected to increase as well. Hydropower plants have also been built by Indian firms in Bhutan, Nepal, Afghanistan, etc.

Small Hydro

MNRE is in charge of constructing Small Hydro Power (SHP) Projects, which are hydropower projects with a capacity of up to 25 MW. These projects can meet the electricity needs of rural and inaccessible locations in a decentralized way while also generating jobs for locals.
The projected potential of small, mini, and micro hydel projects in India is 21,135 MW[2] as of June 2021, with 7,135 locations around the nation. Around half of this potential is in the hilly states of India mainly Arunachal Pradesh, Himachal Pradesh, Jammu & Kashmir, and Uttarakhand. As of September 2023, the total installed capacity of small hydropower is 4,983 MW.

Large Hydro

A hydropower plant classified as large hydropower which has a capacity greater than thirty megawatts (MW). Big hydropower facilities use the force of falling or flowing water to create mechanical and electrical energy in order to produce electricity.

Large hydro projects with a capacity of more than 25 MW were earlier not recognized as renewable energy, but through the Hydro Policy, it was recognized as renewable in 2019. The large hydro projects would, however, not be eligible for any differential treatment for statutory clearances like forest clearances, environmental clearances, National Board of Wildlife clearance, any related assessment and study, etc., available for small hydro projects.

Key Concepts

Lake Tapping Process
The process of lake tapping helps create streams for irrigation, drinking water availability, and hydropower. The double lake tapping method used in the Koyna Hydroelectric Project is unique in Asia. The procedure entails:

- Excavating a shaft to the water conductor tunnel's bottom at the reservoir or lake's side.
- Digging a tunnel beneath the lake to access its bottom via an inlet
- Leaving a rock plug in the break-through Exploding the plug to link the lake to the planned water source
- Filling the head surge tank immediately with water from the reservoir
- Vertically lowering the water using four pressure shafts

Surge Shaft

In a hydroelectric plant, a structure known as a surge shaft is found at the headrace tunnel or pipe's end. It is employed in hydropower schemes to safeguard the headrace structures.

Perched on the Satluj River in the Indian state of Himachal Pradesh, the Rampur Hydroelectric Power Plant (RHEP) generates 412MW of electricity generated by Satluj Jal Vidyut Nigam. This will mitigate the impact of water hammering from pressure tunnels and shield upstream tunnels from high-pressure spikes.

Tower Belt System

The implementation of the Tower Belt System, a conveyor belt concreting system, in place of the traditional usage of dumpers. This electricity-powered system is essential for moving aggregate from the crushing plant to the batching plant.

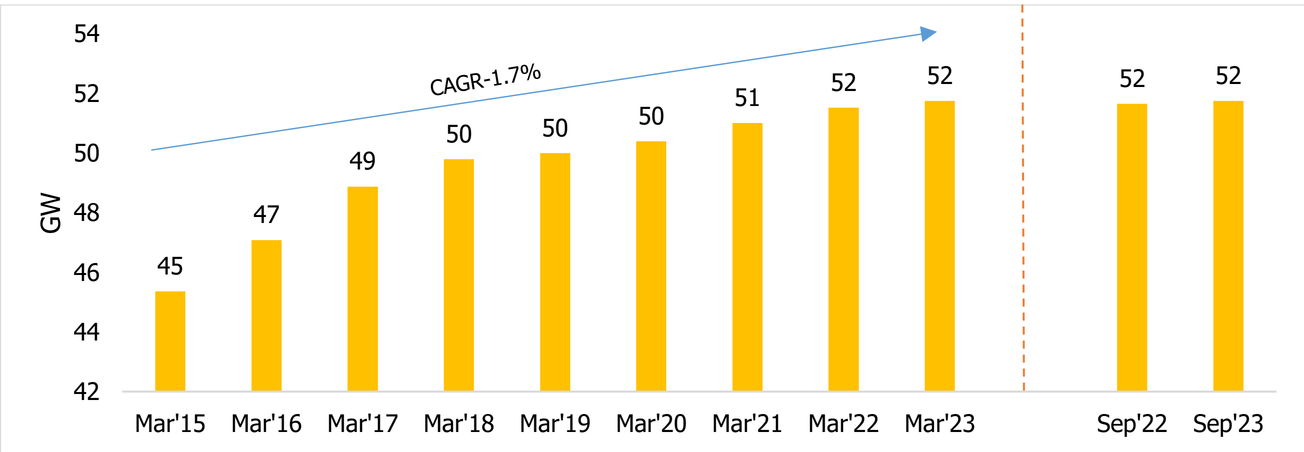
Furthermore, by effectively transporting concrete from the batching plant to the dam—a task that was previously completed with transit mixers or dumpers—the Tower Belt System lowers diesel consumption and boosts overall efficiency.

[2] Source: MNRE

Overview of Trend in Hydropower Capacity Generation in India and Expected Rise in Capacities

From FY15 to FY23, only 6.4 GW of hydropower capacity was added, representing a CAGR of a mere 1.7%. The sector has been suffering from project delays caused by complex planning procedures, land acquisition & settlement problems, long-term financing, etc. The government has been providing support to hydro power with the help of budgetary support towards the cost of enabling infrastructure along with significant reforms like Hydro Project Policy 2008 to encourage private sector participation.

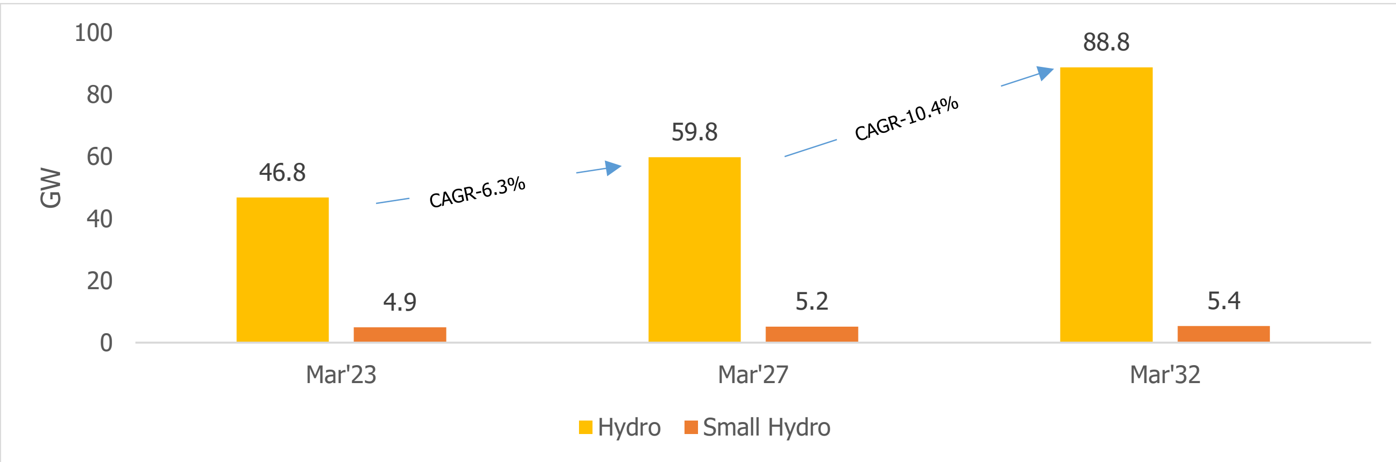
Trend in Hydro Power Installations



Source: CEA, CareEdge Research

The hydropower capacity is expected to grow at a CAGR of 6.3% from FY23 to FY27, reaching 59.8 GW while in FY32, the installed capacity is expected to reach 88.8 GW. For small hydro, the installed capacity is expected to remain in the range of 4.8 GW to 5.4 GW.

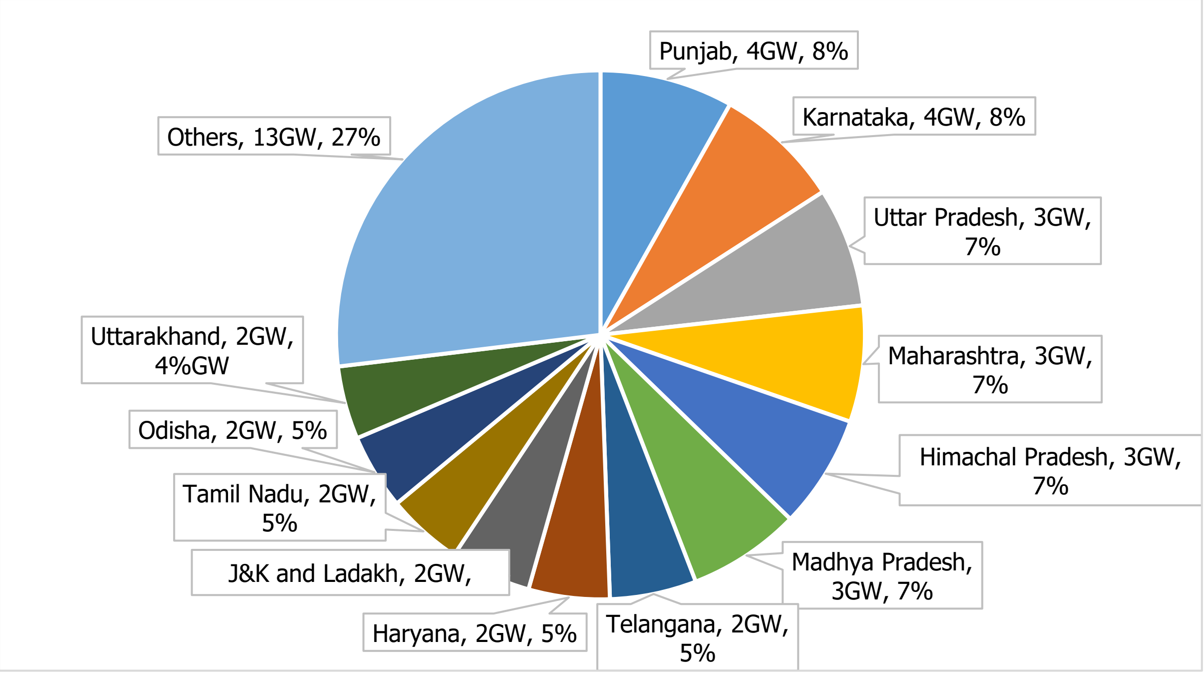
Hydro Power Projections (Including PSP)



Source: National Electricity Plan Vol-1 (March 2023), CareEdge Research

The state-wise distribution of hydropower is shown below. The states of Punjab, Karnataka, and Uttar Pradesh have the highest share of installed capacity at 8%, 8%, and 7%, respectively, followed by other states like Maharashtra, Himachal Pradesh, Madhya Pradesh, Telangana, Haryana, Jammu and Kashmir, Tamil Nadu, etc.

State-Wise Distribution of Hydropower as of September 2023



Source: CEA, CareEdge Research
Note: The above data excludes small hydro

Rise in Hydropower Construction Investments

There are roughly 19 GW of hydroelectric power (HEP) projects that have been approved by CEA but have not yet been put into construction. Whereas another 18 GW HEP projects are in the survey and investigation stage as of December 7, 2023.

Based on the 20th Electric Power Survey (EPS) Demand forecasts, the National Electricity Plan (NEP) document projects that the electrical energy requirement and peak power demand for all of India will be 277.2 GW and 1907.8 BU in 2026–2027 and 366.4 GW and 2473.8 BU in 2031-2032. The impact resulting from greater use of electric vehicles, solar roof installation, the production of green hydrogen, the Saubhagya plan, etc., is included in the energy requirement and peak demand.

Further, the estimated installed capacity for 2026–2027 is 609,591 MW, based on generation planning studies completed as part of the preparation of the National Electricity Plan for the years 2022–2027. This amount consists of 273,038 MW of conventional capacity and 336,553 MW of renewable capacity (large hydro: 52,446 MW, small hydro: 5,200 MW, pump storage plants (PSP projects): 7446 MW), with the remaining amount coming from solar, wind, etc. The estimated total fund requirement for generation capacity expansion for the years 2022–2027 is ₹ 1,45,41,880 Million, and for the years 2027–2032 is ₹ 1,90,64,060 Million, out of which the fund requirement in the hydro segment stands at ₹ 12,97,770 million.

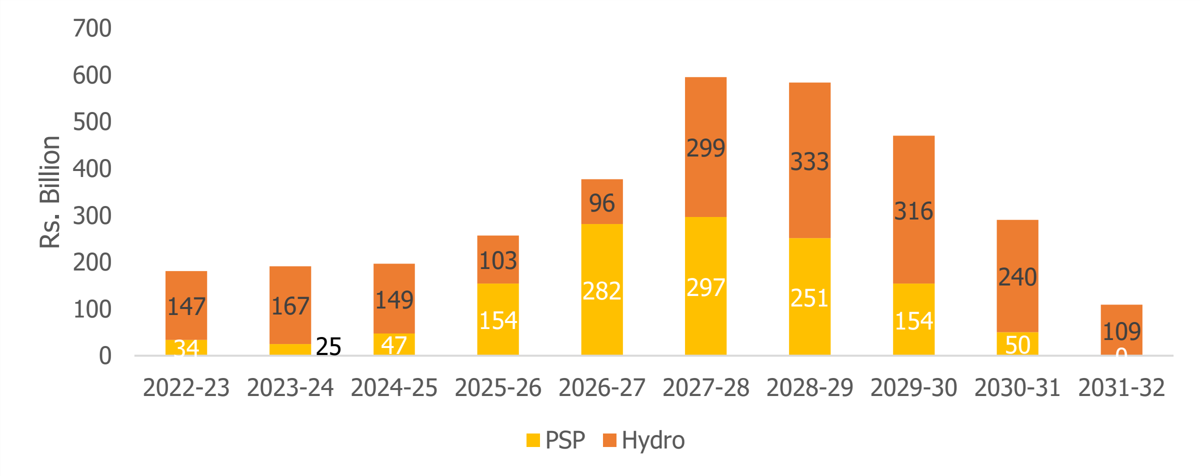
Table 8: Fund requirement for Generation projects (mode-wise) during 2027-2032 (₹ Million)

	FY28	FY29	FY30	FY31	FY32	Total
Hydro	2,99,000	3,33,070	3,16,390	2,40,100	1,09,210	12,97,770

Source: CEA

The capacity expansion targets translate into investment opportunities for PSP and hydropower of ₹ 5,42,030 million and ₹ 6,61,500 million between FY23–27 and ₹ 7,52,400 million and ₹ 12,97,770 million between FY28–32, respectively.

Investment Opportunity in Hydropower Projects (Including Pumped Hydro Storage)



Source: National Electricity Plan Vol-1 (March 2023), CareEdge Research
Note: Investments pertain to capacity additions targeted up to FY32. Investments towards capacities which will be commissioned beyond FY32 are not included.

Pipeline of Major Companies-

Company	Project Details
NHPC	NHPC has inked an MOU with the Investment Board of Nepal at Kathmandu, Nepal on 18.08.2022 for development of 750 MW West Seti and 450 MW SR-6 hydroelectric projects.
	NHPC signed MoU with GPCL, Govt. of Gujarat; to invest ₹ 4,000 crores in 750 MW Kuppa Pumped Hydro Storage Project. The MoU aims to contribute towards the national objective of clean and green energy, i.e. attainment of 500 GW of renewable energy capacity by 2030 and "Net Zero" target by 2070".
	Dibang (12X240) Arunachal Pradesh- Hydropower cum flood moderation schemeHydropower cum flood moderation scheme. Expected commissioning schedule- FY31-32 (Q4)
SJVN	Five 5,097 MW hydropower projects—3,097 MW Etalin, 680 MW Attunli, 500 MW Emini, 420 Amulin, and 400 MW Mihumdon—have been given to SJVN by the Arunachal Pradesh government. The projects are located on the Dibang River's tributaries.
NEEPCO	An agreement was inked by NEEPCO, a 100 percent NTPC subsidiary, with the Arunachal Pradesh government to develop 2620 MW of hydropower projects.

Source: Company's Site

Overview of Key Ministries and Government Entities Involved in Hydropower Construction Value Chain

In India, the Electricity Act of 2003 governs the generation, transmission, distribution, exchange, and use of electricity. It also establishes a complex system of bodies to administer the Electricity Act's functions. The Electricity Act, among other things, delicensed all generation activities except hydropower.

Table 9: Regulatory Capabilities of Different Bodies

	Centre	State/Private
Policy	Ministry of Power	State Government
Plan	CEA	
Regulations	CERC; MNRE	SERC
System Operations	National Load Dispatch Centre, Regional Load Dispatch Centre	State Load Dispatch Centre

	Centre		State/Private		
Generation	Central Generation Stations, MNRE, Department of Atomic Energy		State Gencos	Captive and Co-Generation Plants, Independent Power Producers	Private Licensees in Ahmedabad, Kolkata, Mumbai, Surat, Delhi, Noida, etc.
Transmission	Central Transmission Utility (PGCIL)	Transmission Licensee	State Transmission Utility	Transmission Licensee	
Distribution	-		State Distribution Company		Private Discoms
Trading	Trading Licensee	Power Exchanges	Bilateral Markets		
Appeal	Appellate Tribunal (APTEL)				

Electricity generation, distribution, and transmission are regulated and overseen by regulatory bodies at the federal and state levels. They are self-contained entities with responsibilities outlined in the Electricity Act. Furthermore, a few of the public sector undertakings include NTPC Limited, NHPC, PFC, Power Grid, and THDC India Limited.

Overview of Key Projects in the Hydropower Sector in India

There are various hydropower projects at early development stages in the country. Details of the projects **under construction (above 25 MW)** are as follows:

S. No.	Name of the Scheme	Sector	District	Cap. Under Execution (MW)	River/ Basin
Andhra Pradesh					
1.	Polavaram (APGENCO/ Irrigation Dept., A.P.)	State	East & West Godavari	960.00	Godavari/ EFR
2.	Lower Sileru Extension (APGENCO)	State	Alluri Sitharamaraju	230.00	Sileru/ Godavari
3.	Pinnapuram (Greenko AP01 IREP Private Limited)	Private	Kurnool	1200.00	Pennar Basin/EFR
	Sub-total: Andhra Pradesh			**2390.00**	
Arunachal Pradesh					
4.	Subansiri Lower (NHPC)	Central	Lower Subansiri	2000.00	Subansiri/ Brahmaputra
5.	Dibang Multipurpose Project (NHPC)	Central	Lower Dibang Valley	2880.00	Dibang / Brahmaputra
	Sub-total: Arunachal Pradesh			**4880.00**	
Assam					
6.	Lower Kopli (APGCL)	State	Dima Hasao & Karbi Anglong	120.00	Kopili/ Brahmaputra
	Sub-total: Assam			**120.00**	

S. No.	Name of the Scheme	Sector	District	Cap. Under Execution (MW)	River/ Basin
Himachal Pradesh					
7.	Parbati St. II (NHPC)	Central	Kullu	800.00	Parbati/Beas/Indus
8.	Luhri-I (SJVN)	Central	Kullu/Shimla	210.00	Satluj/Indus
9.	Dhaulasidh (SJVN)	Central	Hamirpur/ Kangra	66.00	Beas/Indus
10.	Sunni Dam (SJVN)	Central	Shimla/Mandi	382.00	Satluj
11.	Uhl-III (BVPCL)	State	Mandi	100.00	Uhl/Beas/ Indus
12.	Shongtong Karcham (HPPCL)	State	Kinnaur	450.00	Satluj/ Indus
13.	Chanju-III (HPPCL)	State	Chamba	48.00	Chanju Nallah
14.	Tidong-I (Statkraft IPL)	Private	Kinnaur	150.00	Tidong/ Satluj/Indus
15.	Kutehr (JSW Energy Ltd)	Private	Chamba	240.00	Ravi/ Indus
16.	Tangnu Romai (TRPG)	Private	Shimla	44.00	Pabbar/Tons/ Yamuna/ Ganga
	Sub-total: Himachal Pradesh			**2490.00**	
Jammu & Kashmir					
17.	Pakal Dul (CVPPL)	Central	Kishtwar	1000.00	Marusadar/ Chenab / Indus
18.	Kiru (CVPPL)	Central	Kishtwar	624.00	Chenab/ Indus
19	Ratle (RHEPPL / NHPC)	Central	Kishtwar	850.00	Chenab/ Indus
20.	Kwar (CVPPPL)	Central	Kishtwar	540	Chenab/ Indus
21.	Parnai (JKSPDC)	State	Poonch	37.50	Jhelum/ Indus
22.	Lower Kalnai (JKSPDC)	State	Kishtwar	48.00	Chenab/ Indus
	Sub-total: Jammu & Kashmir			**3099.50**	
Kerela					
23.	Pallivasal (KSEB)	State	Idukki	60.00	Mudirapuzha/ Periyar/

S. No.	Name of the Scheme	Sector	District	Cap. Under Execution (MW)	River/ Basin
					Baypore Periyar/ WFR
24.	Thottiyar (KSEB)	State	Idukki	40.00	Thottiyar/ Periyar/ / Baypore Periyar/ WFR
25.	Mankulam (KSEB)	State	Idukki	40.00	Melachery
	Sub-total: Kerala				
Madhya Pradesh					
26.	Maheshwar (SMHPCL)	Private	Khargone & Khandwa	400.00	Narmada/CIRS
	Sub-total: Maharashtra			**400.00**	
Maharashtra					
27.	Koyna Left Bank (WRD,MAH)	State	Satara	80.00	Koyna/ Krishna/EFR
	Sub-total: Maharashtra			**80.00**	
Punjab					
28.	Shahpurkandi (PSPCL/ Irrigation Deptt., Pb.)	State	Pathankot	206.00	Ravi/ Indus
	Sub-total: Punjab			**206.00**	
Sikkim					
29.	Teesta St. VI NHPC	Central	South Sikkim	500.00	Teesta/Brahma putra
30.	Rangit-IV (NHPC)	Central	West Sikkim	120.00	Rangit/ Teesta/ Brahmaputra
31.	Bhasmey (Gati Infrastructure)	Private	East Sikkim	51.00	Rangpo/ Teesta/ Brahmaputra
32.	Rangit-II (Sikkim Hydro)	Private	West Sikkim	66.00	Greater Rangit/ Teesta/ Brahmaputra
33.	Panan (Himagiri)	Private	North Sikkim	300.00	Rangyongchu/ Teesta/ Brahmaputra
	Sub-total: Sikkim			**1,037.00**	
Tamil Nadu					
34.	Kundah Pumped Storage Phase-I,II&III)	State	Nilgiris	500.00	Kundah/ Bhavani/ C auvery/EFR
	Sub-total: Tamil Nadu			**500.00**	
Uttarakhand					
35.	Vishnugad Pipalkoti (THDC)	Central	Chamoli	444.00	Alaknanada/ Ganga

S. No.	Name of the Scheme	Sector	District	Cap. Under Execution (MW)	River/ Basin
36.	Naitwar Mori (SJVNL)	Central	Uttarkashi	60.00	Tons/Yamuna/ Ganga
37.	Tapovan Vishnugad (NTPC)	Central	Chamoli	520.00	Dhauliganga / Alaknanada & /Ganga
38.	Tehri PSS (THDC)	Central	Tehri Garhwal	1000.00	Bhilangna/ Bhagirathi/ Ganga
39.	Lakhwar Multipurpose Project (UJVNL)	State	Dehradun & Tehri Garhwal	300.00	Dhauliganga / Alaknanada & Ganga
40.	Lata Tapovan (NTPC)	Central	Chamoli	171.00	Mandakini/ Alaknanda Ganga
41.	Phata Byung (LANCO)	Private	Rudraprayag	76.00	Mandakini/ Alaknanda Ganga
	Sub-total: Uttarakhand			**2571.00**	
West Bengal					
42.	Rammam-III (NTPC)	Central	Darjeeling	120.00	
	Sub-total: West Bengal			**120.00**	
Total				**18,033.50**	

Source: PIB- July, 2023

Overview of Pump Storage Projects

Pumped hydro storage is where water is pumped uphill into a reservoir and released to power turbines when needed. They play an important part in meeting peak power requirements and maintaining system stability in the power system. The pumped storage technology is a long-term technically proven, cost-effective, highly efficient, and flexible way of energy storage at a large scale.
There are already 4745.6 MW of PSPs installed in the nation, and another 1500 MW of capacity is being built.

PSP growth in the nation has been sluggish for a number of reasons, such as the lengthy gestation period, location-dependent capacity, need for environmental clearance, etc.

The two related gravity dams collectively referred to as Ghatghar Dam were constructed in India initially utilizing roller-compacted concrete. They are located in Maharashtra, India's Ahmednagar district's Ghatghar village. The hydroelectric power plant with a pumped storage capacity of 250 MW is created by both dams, with an upper and lower reservoir.

The PSP potential in India has been identified as 96,529 MW as per the Central Electricity Authority. The Western region has the highest PSP potential of 37,845 MW. The following projects are **under construction** as of December 2023:

S. No.	Name of Project	State	River Basin	IC (MW)	Tentative year of Commissioning
1	Tehri PSS	Uttarakhand	Ganga	1000	2024-25
2	Pinnapuram	Andhra Pradesh	Pennar	1200	2024-25
3	Kundah PSP Ph-I, II & III	Tamil Nadu	Cauvery	500	2024-25
4	Koyna Left Bank*	Maharashtra	Krishna	80	2027-28
Total				**2,780**	

Source: PIB

Note: Construction activities at Koyna Left Bank are currently stalled.

To achieve the Government of India's commitment of 500 GW of installed capacity from non-fossil fuel sources by 2030, become energy independent by 2047, and achieve net zero emissions by 2070, hydro-pumped storage projects are necessary. Accordingly, 39 Hydro PSPs of 47 GW are being pursued to be commissioned by 2029-30.

Various steps have been taken by the government in order to ensure that Pumped Storage Projects (PSPs) get commissioned on a fast track for accelerating the growth of the renewable energy sector of India.

These include:

- Revamped process for approval of pumped storage projects
- Single window clearance
- Speeding up environmental clearance
- Compressed timelines for approval of DPRs

The Central government issued a waiver of ISTS charges for PSP and Battery Energy Storage Systems (BESS) projects in order to promote the commissioning and optimum utilization of storage projects on 21st June 2021. The scheme also waived transmission charges for the trading of electricity generated/supplied from Solar, Wind, PSP and BESS in the Green Term Ahead Market (GTAM) and the Green Day Ahead Market (GDAM) till 30.06.2023.

The Inter-State Transmission System (ISTS) charges for power supplied from Hydro PSP or BESS projects shall be levied gradually as follows:

i) 25% of Short-Term Open Access (STOA) charges for initial 5 years of operation.
ii) After 5 years, the charges will be increased in steps of 25% every 3rd year to reach 100% of STOA charges from the 12th year onwards.

Overview of Key Growth Drivers and Challenges for the Segment

Demand Drivers:

- **Rising Energy Demand**

India has a considerable hydro potential, and hence, it can play a key role in reducing the carbon footprint of the power sector. As per the assessment carried out by the Central Electricity Authority in 1978-87, the total potential of hydropower is 84,044 MW at 60% load factor, from a total of 845 identified hydro-electric schemes, which would result in an installed capacity of 1,48,701 MW.

From the total potential of 1,48,701 MW, above 25 MW installed capacity potential is around 1,45,320 MW. As of May 2023, the hydroelectric potential of the country is given below:

Table 10: Status of Hydro Electric Potential (Above 25 MW)

		Indus	Ganga	Central Indian River System	West Flowing Rivers of Peninsular India	East Flowing Rivers of Peninsular India	Brahmaputra	All India
Identified Capacity as per	1978-87	33,028	20,252	3,868	8,997	13,775	65,400	145,320
	2017-23	32,322	15,591	4,498.5	7,002	11,269	62,727	133,410
Capacity in Operation	MW	14,637	5,687	3,160	5,684	8,249	4,687	42,105
	%	45	36	70	81	73	7.5	32
Construction held up	MW	48	291	400	0	0	417	1156
	%	0	2	9	0	0	0.6	1

Source: CEA, CareEdge Research

- **Focus to Increase % Share of Renewable Energy Contribution**

To meet the country's energy demand at a faster pace and achieve the targeted 500 GW of renewable energy, there needs to be an increased focus on hydropower generation. As a result, the development of mega hydro projects is essential.

- **Abundance of Water Resources in India**

India has an abundance of hydropower-producing water resources. When rivers in India flow down from their source mountains, they have a good potential for hydropower.

Challenges:

- **Construction Time**

The growth of the hydropower sector has been slow due to delays in project execution. This involves problems like the long gestation period of hydroelectric power plants, remote locations, unpredictable geology, delays in environmental clearances, and local resistance.

- **Rise in Energy Prices in India**

The tariff for hydropower is higher than that of other renewable like solar and wind. Hence, it becomes a challenge for the hydropower sector. The cost of building roads & bridges and ferrying the construction equipment can be significant as most projects are located on hills, thereby bringing the tariff of the hydro projects on an upward trajectory.

- **Environmental Approvals**

Most hydro projects in India are in the north and northeastern part of the country barring a few small projects in central and southern India. Whereas projects on the Himalayan rivers have been damaged by floods and landslides. This has led to huge losses of lives and infrastructure. There has been critique on the construction of hydro projects in the Himalayan mountains highlighting environmental damage. Massive floods in Uttarakhand in 2013 caused 5000 deaths and damaged homes and hydropower projects. There have been many similar incidents since then.

- **Comparison Among Other Renewable Energy Sources**

Amongst the renewable energy sources, solar is the least expensive technology on a per MW basis. This is followed by wind and hydropower projects. In comparison with the coal-based thermal power plants, capital cost for most of the renewable power plants is lower.

Further, the construction timeline of solar capacities is significantly lower as compared to coal-based plants and other renewables, thereby resulting in relatively earlier project completion and commencement of cashflows as well as returns.

Table 11: Cost Comparison of Solar with other energy sources

Resource	CapEx (₹/MW)	O&M Fixed Cost	Construction Time (Years)
Solar	45 million	1% of Capex	0.5
Coal	83.4 million	₹ 19.54 lakh per MW	4
Hydro	60-200 million	2.5% of Capex	5 to 8
Wind (Onshore)	60-80 million	1% of Capex	1.5
Wind (Offshore)	137 million	1% of Capex	1.5
Biomass	90 million	2% of Capex	3

Note: All Capex figures are on an actual basis at the cost level of 2021-22.

The CapEx of hydro is considered as per the project cost details furnished by the respective developers for state and private sector plants

Source: National Electricity Plan (NEP) March 2023, CareEdge Research

- **High Initial Cost**

Even though hydroelectricity generation is considered to be economical compared to other power sources, the upfront cost of setting up a hydropower plant is substantial alongside the considerable requirement of resources, time, and effort to build. According to the National Electricity Plan Vol-1 by CEA, the CapEx of hydropower projects is ₹ 60 million to 200 million per MW with a construction time requirement of 5-8 years, which is the highest among all other renewable power. The O&M fixed cost is also high at 2.5% of capex per MW.

3.9 Key Government Initiatives for the Hydropower Sector

Previously, the government had considered hydro projects up to 25 MW as renewable but now the Government of India has formally recognized large hydropower as renewable in 2019.

The Ministry of Power has constituted several committees to suggest ways and means to promote pumped storage hydropower (PSH) and form a framework for development, policy, and regulatory aspects. The Draft Guidelines to Promote Development of Pumped Storage Projects was issued in February 2023, which recognized PSPs as invaluable for the grid.

The Hydro Policy was notified by the government in March 2019. The salient features of the policy are as follows:

- **Declaring Large Hydro Projects as Renewable Energy Sources**
  Large hydro projects with a capacity of more than 25 MW were earlier not recognized as renewable energy, but through the Hydro Policy, it was recognized as renewable in 2019. The large hydro projects would, however, not be eligible for any differential treatment for statutory clearances like forest clearances, environmental clearances, the National Board of Wildlife Clearance, any related assessment and study, etc., available for small hydro projects.

- **Hydro Power Obligation (HPO)**
  Hydro Power Obligation was given a separate category within the non-solar RPO. These would cover all large hydro projects commissioned after the notification and the untied capacity of the commissioned projects. The non-solar RPO for other renewable sources has remained unchanged since the introduction of HPO.

- **Tariff Rationalization Measures**
  Tariff rationalization measures were introduced to bring down the hydropower tariffs. The measures include providing flexibility to the developers to determine the tariff by loading of tariff after increasing the project life to 40 years, increasing the debt repayment period to 18 years, and introducing an escalating tariff of 2%. Further –
- Budgetary support for funding flood moderation component of hydropower on a case-to-case basis
- Budgetary support for cost funding for infrastructure, i.e., roads and bridges limited to ₹ 15 million per MW for up to 200 MW projects and ₹ 10 million per MW for above 200 MW projects.

3.10 Focus on water conservation and management projects, environment protection

- **Water Conservation and Management Projects**

Hydropower provides benefits other than electricity generation, such as flood control, irrigation support, water conservation and clean drinking water.

By using impoundment hydropower, reservoirs are created that provide boating, swimming, and fishing as leisure activities. To enable the general people to benefit from these opportunities, the majority of hydroelectric installations are obliged to grant some level of public access to the reservoir.

- **Environment Protection**

Hydropower is a low-carbon, clean energy source that can contribute to climate change mitigation and environmental sustainability. Hydropower facilities do not produce waste heat or gasses, which contribute significantly to air pollution, global warming, and acid rain. In addition to being devoid of harmful pollutants like mercury, hydropower produces no sulphur or nitrogen oxides, which can lead to acidic precipitation.
Hydroelectric power, when integrated into our energy and water management systems, can help us achieve a more sustainable and prosperous future.

Outlook

There has been a subdued increase in the installed hydropower capacity due to various challenges like hydropower projects being site-specific, lengthy processes for detailed project reports, environmental clearances, geological surprises, etc. Accordingly, to meet the country's energy demand at a faster pace and achieve the targeted 500 GW of renewable energy, there needs to be an increased focus on hydropower generation. As a result, the development of mega hydro projects is essential.

Furthermore, the hydropower capacity is expected to grow at a CAGR of 6.3% from FY23 to FY27, reaching 59.8 GW by FY27. While in FY32, the installed capacity is expected to reach 88.8 GW.

Overview of the Irrigation Industry in India

Agriculture plays a crucial role in India's economy. Wherein irrigation is vital for ensuring consistent agricultural productivity. India has an extensive network of irrigation infrastructure, including canals, tanks, wells, and lift irrigation systems. Whereas the majority of India's arable land relies on rainfall, making irrigation essential for mitigating the impact of unpredictable weather conditions.

Introduction to Irrigation Industry Projects

Major Irrigation Projects: Projects that have a Cultivable Command Area (CCA)[3] of more than 10,000 hectares are termed major irrigation projects. Major irrigation projects consist of huge water reservoirs, flow diversion structures, and a large network of canals for the entire region. Before the Fifth Five-Year Plan, irrigation schemes were classified on the basis of investments needed to be implemented. Post the Fifth Five-Year Plan, India has adopted the command area-based system for the purpose of classification. Some examples of major irrigation projects are the Bhakra Nangal, Beas Project, Indira Gandhi Canal, Kosi Project, Hirakud Project, Tungabhadra Project, Nagarjuna Project, Damodar Valley Project, etc.

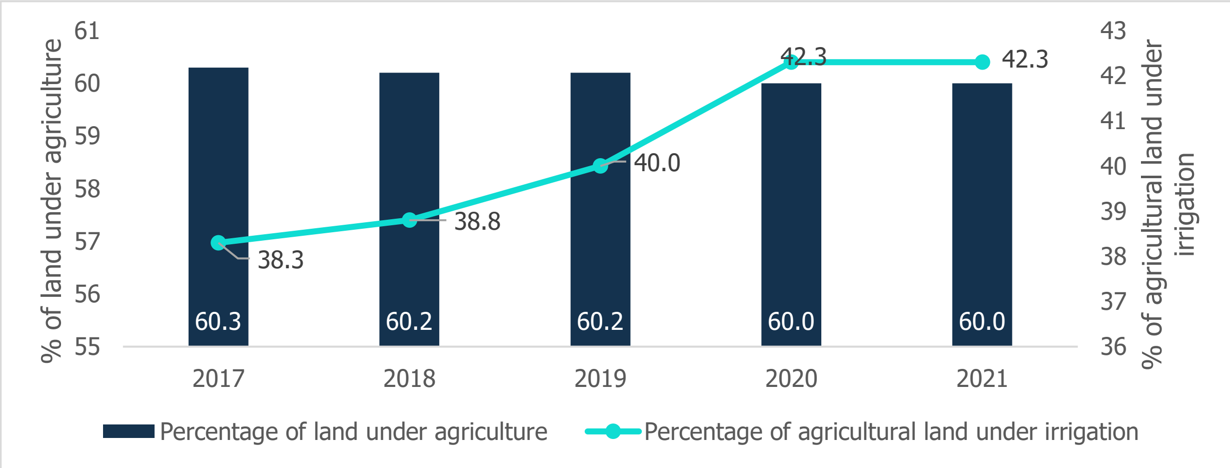
Minor Irrigation Projects: Projects that have a CCA of 2,000 hectares or less are known as minor irrigation projects. Some examples of minor irrigation projects are dug wells, dug-cum-bore wells, borings, private shallow tube wells, filter points, and deep tube wells.

Agricultural Land and Irrigation

[3] Cultivable Command Area is the area which can be irrigated from a scheme and is fit for cultivation.

The percentage of land under agriculture is constant over the years as seen in the chart below because the land area cannot change exponentially and remains more or less the same. However, on the other hand, the percentage of agricultural land under irrigation has been increasing over the years to ensure an adequate supply of water usage during times of below-average rainfall.

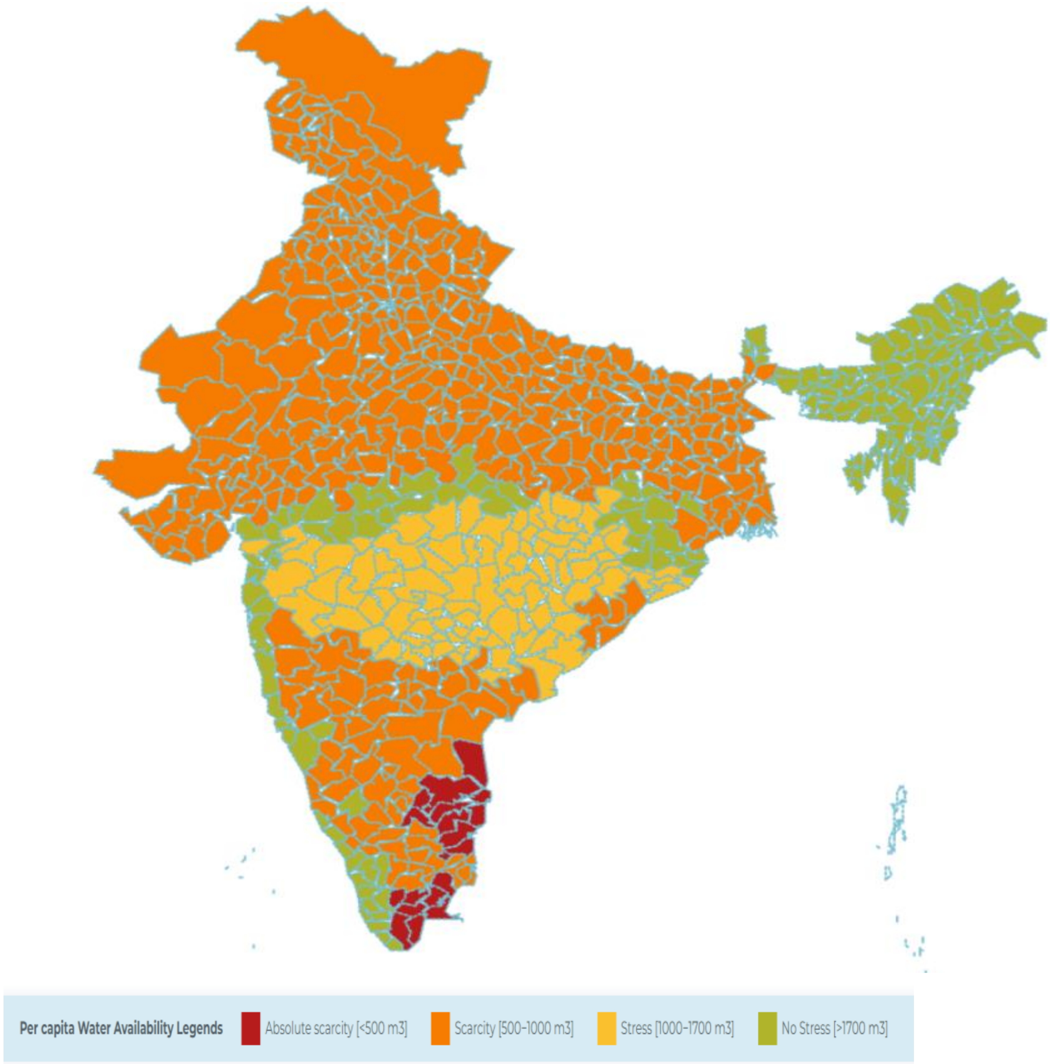
Percentage of Land Under Agriculture and Percentage of Agricultural Land Under Irrigation



Source: World Bank

Moreover, India has around 4% of the world's fresh water. Out of which, around 80% is used in agriculture. Water reservoirs and water bodies are the major sources of irrigation. The water body levels are highly dependent on rainfall. Given the erratic rainfall and high dependency on rainfall, the availability of water for agriculture is low.

Per Capita Water Availability - 2025

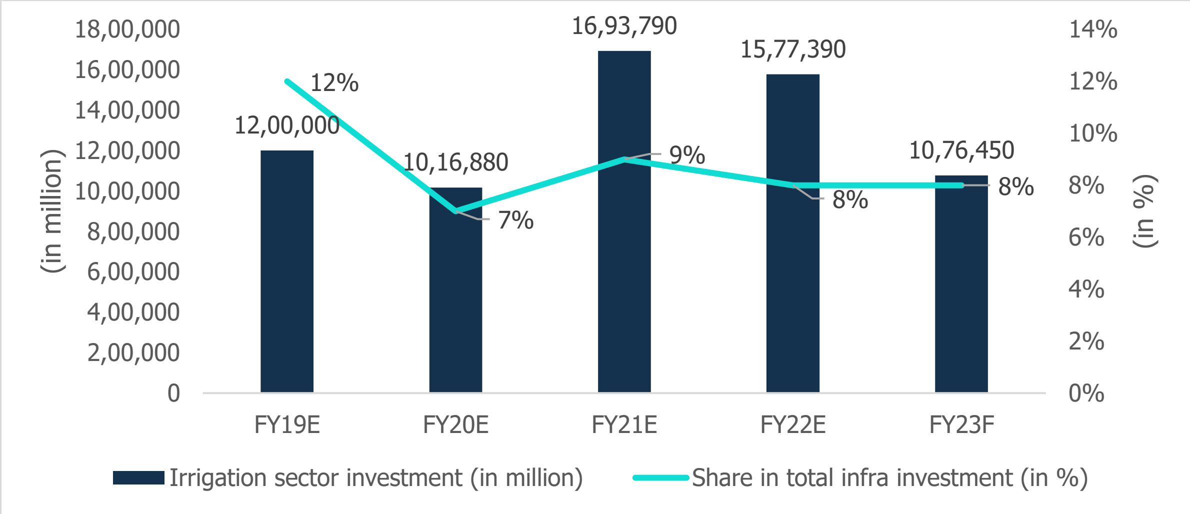


Source: NITI Aayog

Rise in Irrigation Investments in India

Investment in irrigation directly impacts the agriculture and rural economy in the country. A major proportion of India's population is dependent on agriculture and allied activities as livelihood and it is critical to reduce the uncertainty owing to dependence of agriculture on rains. Investments in irrigation can have significant and far-reaching impacts on agricultural productivity, rural development, and overall economic growth.

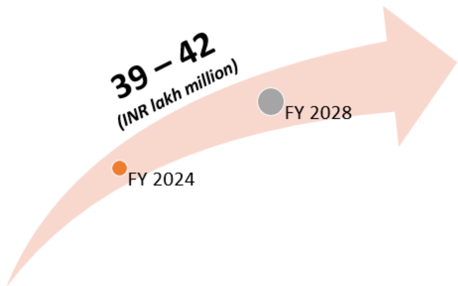
Irrigation Sector Investment and Share in Total Infrastructure Investment



Source: National Infrastructure Pipeline
Note: 'E' stands for Estimate

The investment in the irrigation sector has marginally decreased at a CAGR of 2.7% from ₹ 12,00,000 million in FY19 to ₹ 10,76,450 million in FY23E. This is majorly on account of the pandemic and the funds being diverted to other infra facilities such as hospitals. However, the investment increased during the pandemic and the government's continuous focus in the form of centrally sponsored schemes and initiatives will continue to support the growth in coming years.

Estimated Irrigation Investments in India



Furthermore, from FY24 to FY28, the investment in the irrigation sector is estimated to be in the range of ₹ 39 lakh million to ₹ 42 lakh million.

Major Irrigation Projects

Some of the major and medium irrigation projects slated for implementation with financial assistance under the Pradhan Mantri Krishi Sinchayee Yojana-Accelerated Irrigation Benefit Programme are:

Table 12: Major and Medium Irrigation Projects Under Implementation

Sr. No	State	Project
1	Andhra Pradesh	Gundlakamma Project
2		Tadipudi LIS
3		Thotapally Project
4		Musurumilli Project
5		Pushkara LIS
6		Yerracalva Project

Sr. No	State	Project
7		Tarakaram Teerta Sagaram Project
8	Assam	Dhansiri Project
9		Borolia Project
10	Bihar	Durgawati Project
11		Punpun Project
12	Chhattisgarh	Kelo Project
13	Goa	Tillari Project
14	Gujarat	Sardar Sarovar Project
15	Jharkhand	Subernarekha Multipurpose Project
16	Karnataka	Upper Tunga Irrigation Project
17		NLBC System Project (New)
18	Kerala	Muvattupuzha Project
19		Karapuzha Project
20	Madhya Pradesh	Omkareshwar Project Canal Phase-II (RBC km. 9.70 to km 65.50)
21		Omkareshwar Project Canal Phase-III (RBC km. 65.50 to km 142)
22		Bargi Diversion Project Phase – II (km. 63 to km 104)
23		Indira Sagar Project Canal Phase - III (km. 143 to km. 206)
24		Pench Project
25		Indira Sagar Project Canal Phase - IV (km. 206 to km. 243)
26		Bargi Diversion Project Phase – III (km. 104 to km 154)
27		Bargi Diversion Project Phase – IV (km. 154 to km 197)
28	Maharashtra	Tillari Project
29		Waghur Project
30		Lower Wardha Project
31		Bembla Project
32		Tarali Project
33		Arjuna Project
34		Aruna Project
35		Krishna Koyana Lift Project
36		Gadnadi Project
37		Sangola Branch Canal Project
38		Morna (Gureghar) Project
39		Lower Pedhi Project
40		Wang Project
41		Nardave (Mahamadwadi) Project
42		Kudali Project
43		Upper Pen Ganga Project
44		Gosikhurd Project

Sr. No	State	Project
45	Manipur	Thoubal Project
46	Odisha	Subernarekha Project
47		Anandpur Barr. Ph.-I / Integrated Anandpur Barr. Project
48		Kanupur Project
49	Telangana	Palemvagu Project
50		Peddavagu @ Neelwai Project
51		SRSP St.II
52		Sri Komaram Bheem Project
53		Rajiv Bheema L.I. Scheme
54		Peddavagu Project @ Jagannathpur
55		Indiramma Flood Flow Canal Project
56		J. Chokha Rao LIS
57	Uttar Pradesh	Arjun sahayak Project
58		Madhya Ganga canal PH-II
59		Saryu Nahar Pariyojana
60	UT - Ladakh	Prakachik Khows Canal Project

Source: PIB, Ministry of Jal Shakti

Overview of Key Ministries and Government Entities Involved in Irrigation Construction Value Chain

The Ministry of Water Resources assumes a nodal role as regards all matters concerning India's water resources.

The Central Ground Water Board (CGWB), a subordinate office of the Ministry of Water Resources, GoI, is the National Apex Agency entrusted with the responsibilities of providing scientific inputs for the management, exploration, monitoring, assessment, augmentation, and regulation of groundwater resources of the country. CGWB was established in 1970 by renaming the Exploratory Tube Wells Organization under the Ministry of Agriculture, GoI. It was merged with the Ground Water Wing of the Geological Survey of India in 1972.

Department of Water Resources, River Development and Ganga Rejuvenation now the "Ministry of Jal Shakti"/ "Jal Shakti Mantralaya" has two departments, i.e., the Department of Water Resources, River Development and Ganga Rejuvenation (Jal Sansadhan, Nadi Vikas Aur Ganga Sanrakshan Vibhag) and the Department of Drinking Water and Sanitation (Peya Jal Aur Swachhata Vibhag).

As per the Ministry of Jal Shakti's publication, water being a state subject, steps for augmentation, conservation, and efficient management of water resources are primarily undertaken by the respective state governments. In order to supplement the efforts of the state governments, the central government provides technical and financial assistance to them through various schemes and programmes.

The government alongside the states are implementing the Jal Jeevan Mission – Har Ghar Jal. This program aims at providing potable water in adequate quantity of prescribed quality on a regular and long-term basis to every rural household, through tap water connection, by 2024 with an estimated outlay of ₹3,600 Billion. The water sources inter alia include groundwater, surface water (river, reservoir, lake, pond, springs, etc.), and rainwater stored in small tanks.

Key Growth Drivers

- **Growing Focus on Expanding Irrigated Land**

The GoI has been focused on increasing the share of irrigated land to increase the efficient use of water resources and improve crop yield. In 2022-23, 73 million hectares out of the 141 million hectares of gross sown area, which is 52%, had access to irrigation. Whereas in 2016, only 41% of the gross sown area had access to irrigation.

The increasing irrigation is on account of various programmes and projects implemented by the GoI. These are:

— The Pradhan Mantri Krishi Sinchai Yojana (PMKSY) and the Accelerated Irrigation Benefit Programme (AIBP), under which ₹11,505 crore was released between 2017-18 and 2021-23;
— Har Khet Ko Paani-Surface Minor Irrigation (₹4,000 crore);
— PMKSY-groundwater projects (₹ 787 crore).

In Madhya Pradesh, 21 prioritised irrigation projects have been identified under PMKSY-AIBP. Of these, 17 projects have been completed, increasing the state's irrigation cover by 16%.

Of the total irrigation infrastructure expansion, micro irrigation facilities through sprinklers and drip systems were installed in 8 million hectares in the country. Whereas, of the total irrigated area in the country, 40% is currently watered through canal networks, while 60% is through groundwater, which in several states has plunged to severely depleted levels.

- **High Dependence on Rainfall**

Natural water resources like rivers, lakes, or reservoirs are dependent on rainfall. Adequate rainfall is essential to maintain water levels in these sources, ensuring a continuous supply for irrigation. Rainfall contributes to the recharge of groundwater, which is a crucial source for many irrigation systems, especially in regions where farmers extract water from wells or aquifers.

Furthermore, given the erratic rainfall and high dependence on rainfall prevalent in our country, it is crucial to build more irrigation construction projects and store the water to ensure water adequacy. Also, the lack of rainfall can result in drought, hampering the crop yield and causing food shortages.

- **Irrigation's Crucial Contribution to Agricultural Output**

Irrigation is of paramount importance in agriculture for multiple reasons. The most important is improving the crop yield. Providing the right amount of water at the right time supports healthy plant development, flowering, and fruiting, leading to higher productivity and improved agricultural output.

Further, irrigation allows farmers to extend the growing season beyond natural rainfall periods. This is particularly beneficial for regions with short or irregular rainy seasons, enabling multiple cropping cycles and more efficient use of arable land.

Moreover, irrigation supports better nutrient absorption by plants, as water facilitates the movement of essential nutrients in the soil. Additionally, efficient irrigation systems, such as drip irrigation or precision irrigation, help optimize water use by delivering water directly to the root zone. This reduces water wastage, minimizes runoff, and enhances the overall sustainability of agricultural practices.

Key Challenges

- **Land Acquisition and Ownership Concerns**

Securing land for irrigation projects is complex and involves negotiations with multiple landowners. There are issues related to land ownership, disputes, and legal complexities, which can impede and delay construction activities.

- **Climate Change and Unpredictable Weather Patterns**

Climate change introduces uncertainties in weather patterns, affecting the availability and distribution of water. Unpredictable weather events, such as droughts or floods, can impact the effectiveness of irrigation systems and pose operational challenges.

- **Limited Financial Resources**

The funding required for irrigation construction is very substantial. Limited funding, both from governments and private investors, can hinder the implementation of essential infrastructure.

- **Construction Costs**

The construction of irrigation systems, especially large-scale projects, requires substantial financial resources. Post construction, maintenance is also crucial to ensure optimal functionality. The maintenance expenses are high and inadequate maintenance leads to system failures and reduced efficiency, further raising operational costs.

- **Regulatory Frameworks**

Inconsistent or unclear policies and regulations related to water usage and land management can create uncertainties for investors and project developers. A stable and supportive regulatory environment is crucial for the growth of the irrigation construction sector.

- **Environmental Concerns**

The construction and operation of irrigation infrastructure may have environmental implications, including habitat disruption, water quality issues, and soil degradation. Meeting environmental regulations and ensuring sustainable practices can add complexity and costs to projects.

Key Government Initiatives

- **Pradhan Mantri Krishi Sanchayee Yojana (PMKSY) - Accelerated Irrigation Benefit Programme (PMKSY-AIBP)**

Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) was launched in the year 2015-16, with an aim to enhance physical access to water on farms and expand cultivable areas under assured irrigation in order to improve on-farm water use efficiency, introduce sustainable water conservation practices, etc. GoI has approved the implementation of PMKSY during 2021-26 with an overall outlay of ₹ 93,068.56 crore (central assistance of ₹ 37,454 crore).

The Accelerated Irrigation Benefits Programme (AIBP) component of PMKSY is for the creation of irrigation potential through major and medium irrigation projects. To date, 53 projects have been completed under PMKSY-AIBP and an additional irrigation potential of 25.14 lakh hectares has been created. Six projects have been included after the AIBP component of PMKSY 2.0 since 2021-22. Jamrani Dam Multipurpose Project is the seventh project to be included in the list.

- **PMKSY- Command Area Development & Water Management**

The programme was launched in 1974-75 and was restructured and renamed as Command Area Development and Water Management (CADWM) Programme in 2004. The main objective of the programme is to enhance the utilisation of irrigation potential created and improve agricultural productivity sustainably. During the XII Plan, the CADWM programme has been implemented pari-passu with the Accelerated Irrigation Benefits Programme (AIBP). The programme is being implemented under Pradhan Mantri Krishi Sinchai Yojana (PMKSY) - Har Khet Ko Pani from 2015-16. The ongoing CADWM programme has now been restricted to the implementation of CAD works of 99 prioritized AIBP projects.

- **PMKSY- Har Khet Ko Pani: Surface Minor Irrigation (SMI)**

The Surface Minor Irrigation schemes (with irrigation potential less than 2000 ha) were included in AIBP for providing central assistance since 1999-2000 for special category states.

The other special areas were, namely, the drought-prone area programme (DPAP), tribal, desert development programme (DDP), flood-prone, left-wing extremism-affected areas, and the Koraput, Balangir and Kalahandi (KBK) region of Odisha.

- **PMKSY- Per Drop More Crop**

In 2015-16, under PMKSY, a centrally sponsored micro-irrigation scheme was administered by the Department of Agriculture, Cooperation & Farmers Welfare. The scheme aims to solve water-related issues by systematically increasing the efficient use of water and conserving/freeing up water for other productive uses.
Micro irrigation includes drip irrigation (a method of irrigating at the root level with the usage of emitters fitted on pipes) and sprinkler irrigation (a method of irrigating wherein water is sprinkled under pressure into the air with the usage of nozzles).

Overview of Key Technological Trends in the Irrigation Sector

Micro-Irrigation

Micro-irrigation has been prioritized in the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) with the goal of expanding irrigation coverage ('Har Khet Ko Pani') and improving water use efficiency ('Per Drop More Crop') to improve various water development and management activities. For instance, under the Pradhan Mantri Krishi SinchayeeYojana (PMKSY) for 2021-26, there has been an outlay allocation of ₹93,068 Crore which would benefit about 22 lakh farmers.

Whereas the Ministry of Jal Shakti got the major chunk from this year's budget outlay as Finance Minister Nirmala Sitharaman allocated Rs 98,418 crore in the interim budget for 2024-25 with its flagship Jal Jeevan Mission getting a 71% share.

- **Increasing Adoption of Technology**

The increasing adoption of technology in irrigation is transforming traditional agricultural practices. These trends will help in enhancing water management efficiency, reduce wastage, and improve crop yields. Whereas the use of sensors and automated irrigation practices allows farmers to monitor crops from anywhere.

Further, technologies like nanotechnology-based irrigation, artificial intelligence & machine learning, satellite imaging, robotics, drones, etc., can be used to track multiple data points and help farmers identify irrigation needs based on location and weather conditions.

Drones are equipped with thermal sensors, which enable them to detect dry field areas that require irrigation. The use of irrigation drones is an emerging technique that can be brought to the fore to implement smart irrigation in India.

- **Encouraging the Use of Treated Wastewater**

Treated wastewater is expected to reduce greenhouse gas (GHG) emissions significantly. Thus, state governments are encouraging the use of treated wastewater. It is being explored in some states through an underground pipeline conveyance system.

- **Emphasis on Solar Pumps**

Solar pumps have proven to be a feasible and non-polluting source of energy for agricultural users. The Government of India launched the Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM), to provide energy and water security to farmers and reduce the use of diesel in the farm sector. Accordingly, the replacement of existing diesel pumps with solar pumps is expected to reduce irrigation costs significantly. Solar pumps are thus emerging as viable, non-polluting sources of power for agricultural consumers. The scheme has been extended till 2026 for ease of implementation.

Outlook

By 2025, the Government of India (GoI) aims to increase the total irrigated land to 85 million hectares and reduce the dependence on rains to improve the farmer's income and consumption levels. Accordingly, under the Pradhan Mantri Krishi Sinchai Yojana (PMKSY), various schemes are implemented like Per Drop More Crop, Accelerated Irrigation Benefits Programme, Integrated Watershed Management Program, and Har Khet ko Pani. This is expected to boost the developments in the irrigation sector.

Moreover, the GoI has identified three priority links under the National Perspective Plan (NPP). Whereas 30 identified interlink projects are already under various stages of project preparation as of 2023. River interlinking will lead to increased overall area under the irrigation, domestic, and industrial water supply. Thus, government support is evaluated to substantially contribute to India's irrigation sector growth.

Tunnelling Industry in India

Overview of the Tunnelling Industry in India

Tunnel construction in India has picked up pace in the last decade given factors like upgrading the water supply & sewerage system, expanding the road & rail network, and constructing underground crude oil storage. Tunnel development was initially undertaken by the railway sector. However, the maximum number of tunnels have been developed in the hydropower sector.

India has more than 2,500 km of completed tunnel length[4]. In the past few years, tunnel development has consistently received a push with high CapEx toward infrastructure development across various segments. Accordingly, expansion in hydropower capacity, underground rail metro projects, Bharatmala, Chardham Connectivity, AMRUT, and the Smart Cities Mission are expected to provide ample opportunities to tunnel contractors and consultants in the coming years. Also, most upcoming tunnel projects are of longer lengths, larger diameters, and even higher contract values, which is reflected in tunnelling project size with a substantial increase.

Furthermore, the growing complexity of tunnel construction in the Himalayan and peninsular regions has necessitated the use of new & advanced materials. Also, this segment faces challenges with respect to geological complexities and inadequate investigation of ground & soil conditions, which may lead to the failure of tunnelling projects.
Over the years, the tunnelling sector is expected to offer multifold opportunities across sectors with 19 road tunnels with a length of 31.92 km under bidding and 78 road tunnel projects with a length of 348.18 km under the planning stage. This holds immense opportunities for engineering, procurement and construction contractors, consultants, technology & equipment providers, construction material suppliers, etc., over the long term.

In terms of the method/technique of tunnel construction, the drill-and-blast method (DBM) continues to be the dominant mode of tunnelling, especially in the Himalayan region and the Western Ghats. Mechanised/Advanced tunnelling techniques such as tunnel boring machines (TBMs) are being used extensively for tunnelling activities in congested urban areas.

Also, TBMs have predominantly been deployed for the construction of tunnels in the metro rail sector. Another method of tunnelling with increasing acceptance is micro-tunnelling or the trenchless construction method. It is used to install pipelines beneath highways, railways, runways, harbours, rivers, and environmentally sensitive areas.

Table 13: Completed Tunnels:

Name of tunnel	Description
Sela Tunnel Project	The tunnel project comprises of two tunnels of length 1km and 1.5km each. The construction is completed and the inauguration will take place in March 2024.
Rewa Sidhi	It is located on NH24 in Madhya Pradesh with a length of 2.28 km and is a six-lane tunnel and was inaugurated in December 2022.
Baramulla Rail Link (USBRL) Project	It has completed construction of the 3,209-meter-long Tunnel T-1, which connects Katra and Reasi Stations, marking a remarkable achievement in the Himalayan region in December 2023.

Table 14: Under Construction Tunnels:

Sector	Name of tunnel	Length of tunnel (in km)
Railways	Jammu-Udhampur-Katra-Qazigund-Baramulla	42.64

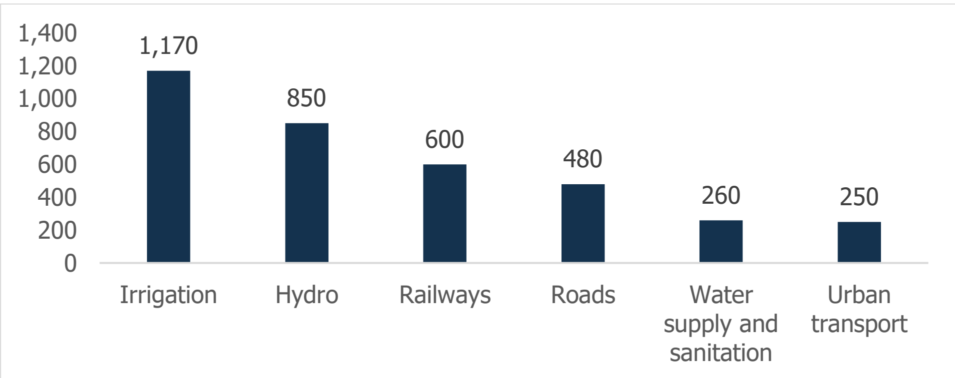
[4] Basis the projects tracked by India Infrastructure Research

	Mumbai-Ahmedabad High Speed Rail Corridor	26.20
Urban Transport	Chennai Metro Rail Project Phase-II (under planning)	12.00
	Chennai Metro Rail Project Phase-II (under planning)	9.00
Irrigation	Wainganga-Nalganga Link (under planning)	480.00
	Krishna (Satpewadi)-Nira (Somanathali) link canal (Part IV of Upper Krishna-Bhima Intra-State Link Project) (under planning)	95.40
Roads	Bhenda Hera-Moondiya Eight-Lane Tunnel Project (under planning)	59.62
	Dehradun-Tehri Tunnel Project (under planning)	20.00
Water Supply & Sanitation	Khadakwasla Dam-Fursungi Water Tunnel	34.00
	Koyna-Mumbai City Intra State Link	17.95
Hydro	Luhri Hydro Electric Project Stage I	38.00
	Parbati Hydro Electric Project Stage II	31.54

Source: CareEdge Research; India Infrastructure Research

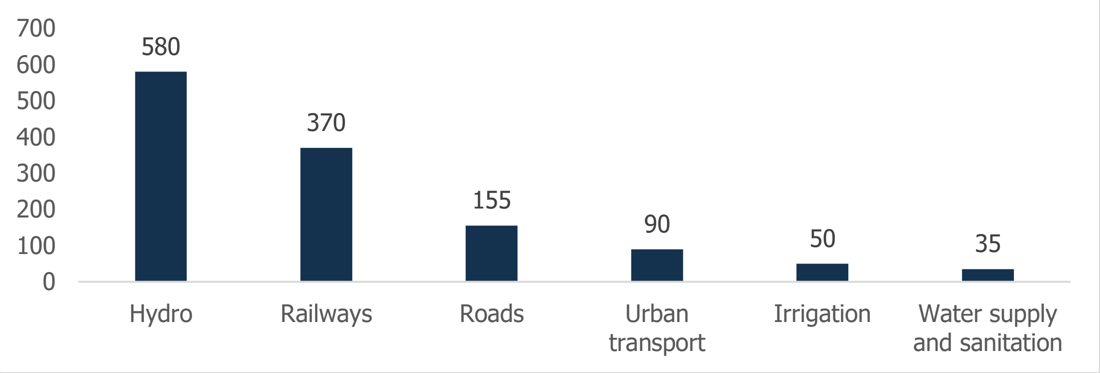
There are currently 34 tunnel projects on National Highways (NHs) across the country, with 26 of them in the Himalayan region. The irrigation sector has the highest number of upcoming tunnels followed by the hydro sector in the near-to-medium term in terms of length (in km).

Sector-Wise Upcoming Tunnel Length (in Km)



Source: CareEdge Research, India Infrastructure Research

Sector-Wise Upcoming (No. of Tunnels)



Source: CareEdge Research, India Infrastructure Research

With regard to the number of upcoming tunnels, the hydro sector has the highest number of tunnels under construction followed by railways.

A. Techniques of Tunnel Construction

Tunnel construction involves various techniques and methods, depending on factors such as geological conditions, the purpose of the tunnel, and the available technology.

- **Drill and Blast Method (DBM)**
  This method is suitable for a wide range of geological conditions. However, this is primarily used in hard rock tunnelling. It involves drilling holes into the rock and filling them with explosives and blasting the rock to create a tunnel.

- **Mass block blasting**
  It is a technique used in tunnel construction to excavate large sections of rock efficiently. It involves drilling a series of boreholes into the rock face, placing explosive charges within these holes, and then detonating them simultaneously to fracture and loosen the rock mass. It results in reduced usage of explosives enabling the excavation of larger area in a comparatively shorter time frame. in This method is particularly suitable for tunnels in hard rock formations where mechanical excavation methods may be slower or less practical.

- **Roller Compacted Concrete (RCC)**
  It is a versatile and cost-effective construction technique commonly used in tunnel construction for various applications, including linings, invert construction, and tunnel plugs. Unlike conventional concrete, RCC is a dry-mix concrete that is placed and compacted using specialized equipment, typically vibratory rollers.

- **New Austrian Tunnelling Method (NATM) or Sequential Excavation Method (SEM)**
  This is a versatile method and involves excavation of small sections at a time followed by providing immediate support using shotcrete and rock bolts.

  - **Key projects where NATM is deployed:** Sela Tunnel, Delhi Metro Phase III Corridors I, II and III, Delhi Metro Phase II, Mumbai Metro Line 3, Pune Metro, and Lucknow Metro Phase 1

- **Tunnel Boring Machine (TBM)**

  TBMs are massive machines that bore through the ground using a rotating cutter head. These are most effective in soft ground conditions and can be used for various tunnel sizes. They reduce disturbance to the surrounding environment and are faster than traditional methods.

  - **Key projects where TBM is deployed:** AMT – II tunnel, Jaipur Metro (Phase I), Delhi Metro, Chennai

    Metro (Phase I), Delhi-Ghaziabad-Meerut RRTS, and Mumbai Metro Line 3

- **Micro-Tunnelling**

  Micro-tunnelling uses a remotely controlled boring machine to create small–diameter tunnels. This method is widely used in urban areas for utility installations.

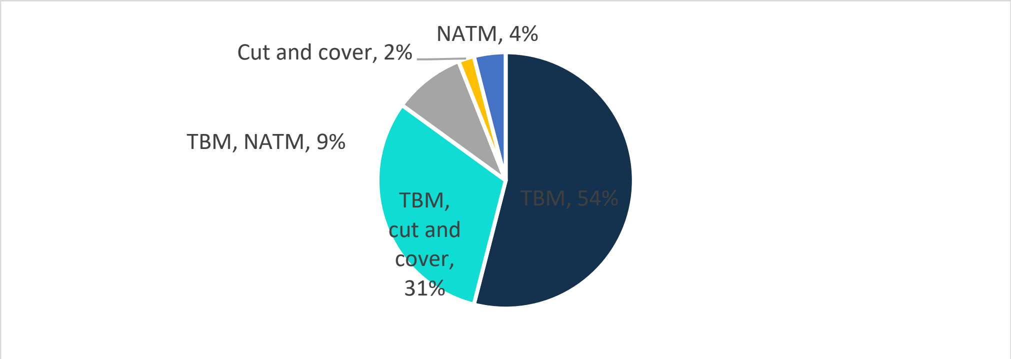
- **Horizontal Directional Drilling**

  Horizontal Directional Drilling (HDD) is a trenchless method used for the installation of pipelines, conduits, and cables beneath various obstacles, including roads, rivers, and buildings. While HDD is not typically used for traditional tunnel construction, it can be considered a form of underground construction that shares some similarities with tunneling techniques. HDD is commonly used for the installation of utility lines, but its principles can be adapted for certain tunneling applications.

- **Cut and Cover Method**
  A trend is excavated and the tunnel is constructed within the trench before being covered again. This method is suitable for the construction of shallow tunnels in areas with soft soil or rock.

  - **Key projects where cut and cover is deployed:** Mumbai Metro Line 3 (cut and cover method and NATM), Kolkata Metro Expansion Project, and Delhi Metro Rail Project - Phase IV (TBM and cut and cover), for the underground section of Najafgarh to Dhansa Delhi metro, both cut and cover and NATM methods are being used.

Share of Construction Methods (In Terms of Length [Km]) – 2023



Source: CareEdge Research, India Infrastructure Research

TBM has the highest share in the construction methods used. Currently, 43 km of metro rail tunnels are being excavated through this method. In terms of number, 168 TBMs have been deployed/planned to be deployed for the construction of underground metro tunnels across key metro projects such as Delhi, Mumbai, Chennai, Kolkata, Jaipur, Pune, Ahmedabad, Patna, and Lucknow (the North-South corridor).

Technological Trends in the Tunnelling Industry

- **New Austrian Tunnelling Method (NATM)**

  NATM is a flexible and adaptive approach that emphasizes continuous monitoring and adjustment during the construction process. Before construction begins, a thorough geological and geotechnical investigation is conducted to understand the ground conditions. The tunnel is excavated in small sections. After each drift is excavated, immediate support measures are applied to stabilize the tunnel face. Once the excavation is complete, a final lining is applied to provide long-term stability and structural support to the tunnel. This technique is widely applied in transportation tunnels, hydroelectric projects and underground facilities.

- **Finite Element Method (FEM)**

  The Finite Element Method (FEM) is a numerical technique widely used in engineering and geotechnical applications, including tunnelling. It allows engineers to analyse complex structures and systems by dividing them into smaller, more manageable elements.

- **Earth Pressure Balancing Tunnel Boring Machine (EPB TBM)**

  The Earth Pressure Balance (EPB) Tunnel Boring Machine (TBM) is a type of tunnelling equipment specifically designed for excavating tunnels in soft ground conditions, such as clay, silt, and other cohesive soils. The EPB TBM is known for its ability to balance the pressure at the tunnel face, allowing for stable excavation without significant ground settlement.

The use of a support medium (slurry or foam) in EPB TBMs helps control groundwater inflow, making it suitable for tunnelling beneath water tables or in areas with high groundwater levels. EPB TBMs are commonly used in urban areas for the construction of tunnels for metro systems, sewage conveyance, and other infrastructure projects.

- **Use of Steel Fibre Reinforced Concrete (SFRC) in Tunnel Lining instead of Reinforced Cement Concrete (RCC)**

  The use of Steel Fibre Reinforced Concrete (SFRC) in tunnel lining offers several advantages compared to traditional Reinforced Cement Concrete (RCC). SFRC is a composite material that incorporates steel fibre to enhance the concrete's mechanical properties. The addition of steel fibres in concrete improves its tensile strength, toughness, and ductility.

  Additionally, it aids in controlling and limiting the propagation of cracks within the concrete, reducing the risk of water ingress and enhancing the durability of the tunnel lining. This is important for maintaining the long-term integrity of the structure.

- **Use of Non-Destructive Testing Method for Assessing Geological Formation and Material Testing**
  Non-destructive testing (NDT) methods play a crucial role in the assessment of geological formations and material testing in tunnelling. These techniques allow engineers and geologists to gather valuable information about the subsurface conditions, rock properties, and structural integrity of the tunnel lining without causing any damage to the materials.

  Some of the common non-destructive testing methods used are:

  - **Electrical Resistivity Tomography (EMT):** ERT measures the electrical resistivity of subsurface materials. It is effective in identifying variations in geological formations, detecting water-bearing zones, and assessing the overall stability of the ground.

  - **Ground Penetrating Radar (GPR):** GPR is a geophysical method that uses radar pulses to image the subsurface. It is useful for mapping geological formations, detecting voids, and assessing the condition of tunnel linings.

  - **Seismic Refraction and Reflection Surveys:** Seismic surveys involve sending seismic waves into the ground and analysing their reflections to determine subsurface characteristics. These surveys are valuable for assessing rock density, identifying faults, and estimating rock quality.

  - **Ultrasonic testing (UT):** Ultrasonic testing involves the use of high-frequency sound waves to assess the integrity of concrete and rock. It can be used for evaluating the quality of tunnel linings and detecting defects such as cracks and voids.

  - **Borehole imaging:** Borehole imaging tools use cameras or other sensors to capture images of the borehole walls. These images provide valuable information about rock fractures, bedding planes, and other geological features.

The usage of non-destructive testing methods in tunnelling provides real-time and detailed information about the subsurface conditions and the quality of tunnel structures. This information is crucial for ensuring the safety, stability, and longevity of tunnelling projects.

Outlook

Many new tunnelling projects are in the pipeline, which is expected to create opportunities for contractors, technology, and other such equipment providers. Similarly, the schemes and programmes of the government are expected to boost the infrastructure capabilities in the country, thereby providing impetus to the tunnelling sector.

Subsequently, over the coming years, the tunnelling sector is expected to offer multi-fold opportunities across sectors. For instance, 19 road tunnels with a length of 31.92 km are under bidding and 78 road tunnel projects with a length of 348.18 km are under the planning stage.

Competitive Landscape

Business Overview

Name of the Company	Business Overview
Patel Engineering Limited	Patel Engineering Limited, founded in 1949 and headquartered in Mumbai, is a civil engineering construction segment company. With over seven decades of experience, the company has constructed various heavy civil engineering works such as dams, bridges, tunnels, roads, piling works, and industrial structures. The company has a significant presence in various high-margin, technology-intensive sectors like hydro, tunnelling, irrigation, water supply, urban infrastructure, and transport. Its outstanding execution of projects has resulted in the successful completion of over 250 projects. Patel Engineering Limited is majorly involved in the hydropower, irrigation and tunnelling segments which constitute around 90% of the company's order book as of Dec'23. In addition, the company has valuable non-core assets. Moreover, it is one of the fastest-growing infrastructure and construction companies amongst its peers in terms of revenue CAGR (FY21-23) mentioned in this report . The company has worked on 15,000+ MW of Hydro projects, constructed 87+ dams, and built 1,200+ Km of road. Also, they have worked on more than 300 Km in Tunnelling with 5.5+ Lakhs Acre in Irrigation since inception. Furthermore, Patel Engineering Limited has an order book of ₹ 1,91,347 million. Of which, 61.09% of order book comes from hydroelectric followed by Irrigation, Tunnel, Roads, and Others at 21.01%, 11.06%, 2.98%, and 3.86%, respectively, as of Dec '23.
ITD Cementation India Limited	ITD Cementation India Limited is an Indian construction company. With a heritage extending over eight decades, the company has been engaged in diverse sectors such as transportation, marine, buildings, and industrial infrastructure. Recognized for its unwavering dedication to excellence, innovation, and environmental responsibility, ITD Cementation India Limited has successfully delivered landmark structures including bridges, highways, ports, airports, and buildings nationwide. The company has an order book of ₹ 2,08,250 million. Of which the highest share is accounted in Urban Infra and Roads while ~10% of its order book of hydro, dams, tunnels, and irrigation as of Dec '23.
HCC India Limited	Hindustan Construction Company (HCC) Limited, an infrastructure construction and development company based in India, was established in 1926. The company has a diverse portfolio that includes the construction of highways, bridges, tunnels, dams, and hydropower projects, among others. HCC has a strong presence in both the public and private sectors, executing projects across various states in India and internationally. HCC has experience in a wide range of sectors, including transportation, energy, water resources, and urban infrastructure. The company has an order book of ₹ 1,11,650 million. Of which, ~28% of its orderbook is in Hydro as of Dec'23.
Simplex Infrastructure Limited	Simplex Infrastructure Limited, founded in 1924, is one of the largest and oldest construction companies in India, known for its expertise in executing a wide range of infrastructure projects both domestically and internationally.

Name of the Company	Business Overview
	Simplex has grown into a prominent player in the construction industry, with operations spanning various sectors including transportation, energy, urban infrastructure, and industrial projects. The company has an order book of ₹ 39,176 million, where urban infra, building, and housing hold the maximum share and only around 19% of the order book is from overall power transmission, which includes thermal and hydro majorly as of FY23.
GMR Power & Urban Infra Limited	GMR Power and Urban Infra Limited (GMRPUI) is a subsidiary of GMR Group, an infrastructure conglomerate in India. GMR Group has interests in various sectors including airports, energy, highways, and urban infrastructure. GMRPUI is involved in the development, operation, and maintenance of power generation projects, including thermal, hydro, and renewable energy projects. The company has a diversified portfolio of power projects across India, contributing to the country's energy security and sustainability goals. In addition to power projects, GMRPUI engages in urban infrastructure initiatives such as urban renewal projects, transportation infrastructure development, and smart city projects.
Vishnu Prakash R Punglia Limited (VPRPL)	Vishnu Prakash R Punglia Limited (VPRPL), established in 1986, is an infrastructure development company. The company has vast experience in executing major infrastructure projects for the central and state governments, local bodies, public sector companies, World Bank projects, and private bodies across more than 12 states and union territories in India. The company is into the construction of dams, reservoirs, railways, tunnelling and roadways with major operations in Northern and western parts of India.
Afcons Pvt. Ltd.	Afcons Infrastructure Limited is an infrastructure construction company in India. Since 1959, Afcons has delivered over 350 infrastructure projects. Afcons has a global footprint and has executed projects in various countries across Asia, Africa, and the Middle East. Afcons has grown into a diversified infrastructure company, undertaking projects across various sectors such as transportation, energy, marine, and industrial infrastructure. The company is known for its complex engineering and construction projects, including bridges, highways, tunnels, metro rail systems, ports, and airports. The company has an order book of ₹ 3,68,000 million as of FY23.

Table 15: Key Projects

Name of the Company	Key Projects Completed
Patel Engineering Limited	• Kameng Hydro Electric Project • Sawra Kuddu Hydro Electric Project • Rampur Hydro Electric Project • Parbati Hydro Electric Project • Raichur Solar Transmission Lines • SRSP Flood Flow Canal Project • Ralco Dam • MCGM Water Tunnelling Project (Powai to Ghatkopar) • Veravalli Mumbai Tunnel Project
ITD Cementation India Limited	• Mansi Dam • Umtru Hydro • Ganga Expressway, Uttar Pradesh

Name of the Company	Key Projects Completed
	• Pamban Bridge, Tamil Nadu • Banglore Underground Metro Package RT 04 • Chennai Metro Package UG 01, 02 • Kaleshwaram Irrigation Project • Tunnel T9-T10 Sikkim
HCC India Limited	• Kishanganga Hydro Power Project, Jammu & Kashmir • Pare Hydro Power Project, Arunachal Pradesh • Sainj Hydro Power Project, Himachal Pradesh • Teesta Low Dam Hydro Power Project - Stage VI, West Bengal • JCR Devadula Lift Irrigation Scheme Phase II, Telangana • Polavaram - Right Main Canal, Andhra Pradesh • JCR Devadula Lift Irrigation Scheme Phase I, Telangana
Simplex Infrastructure Limited	• 2x1000MW NPP, Kudankulam, Kanyakumari • Lalbaug Flyover, Mumbai • Airport Terminal-Udaipur • Fabrication & Erection-Kukurhati RC Tower, Raichak • Tunnel Work at Bhasmey HEP • Mahanadi River Bridge, Cuttack
GMR Power & Urban Infra Limited	• Hyderabad Vijayawada Project • Ambala Chandigarh Project • Chennai ORR Project • Pochanpalli Project • Rajahmundry Power Plant (Andhra Pradesh) • Bajoli Holi (Himachal Pradesh)
Vishnu Prakash R Punglia Limited (VPRPL)	• Water Supply Project Gwalior • Hareda Regional Water Supply, Gujarat • Bulk Water Supply Project Pali • Construction of 2 Nos. Two Lane ROBs (including approaches & LHS) Rani Khimel of Madar • Mags for Pinaka At Jassai, Rajasthan
Afcons Pvt. Ltd.	• Rohtang Tunnel • KRCL Tunnel- Sangaldan • East West Metro, Kolkata • AI Awir Road Project

Source: Company Filings.

Benchmarking Based on Profitability Parameters

- Patel Engineering has seen the second-highest CAGR growth of 45.14% from FY21-FY23. It grew from ₹ 19,948 million in FY21 to ₹ 42,020 million in FY23 whereas average growth amongst peers was at 27.75%. VPRPL has seen the highest growth in the same time frame of 52.66%.

- The 9M FY24 figures ending Dec'23 of Patel Engineering have seen a growth of 19.17% when compared with 9M FY23 figures where average growth amongst peers was at 4.05%.

Table 16: Revenue of Peer Companies

Revenue (₹ Million)	FY21	FY22	FY23	9M FY24	CAGR (FY21-FY23)
Patel Engineering Limited	19,948	33,803	42,020	32,009	45.14%
ITD Cementation India Limited	27,277	38,090	50,909	54,602	36.61%

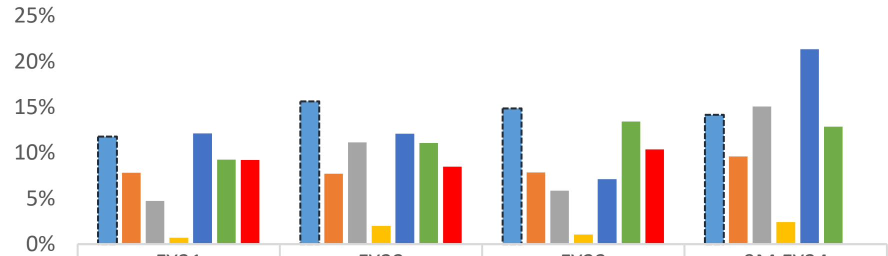
HCC India Limited	82,484	1,06,683	98,566	52,336	9.31%
Simplex Infrastructure Limited	22,000	20,468	18,738	10,277	-7.71%
GMR Power & Urban Infra Limited	27,332	41,018	55,247	28,545	42.17%
Vishnu Prakash R Punglia Limited (VPRPL)	5,014	7,856	11,684	8,167	52.66%
Afcons	93,756	1,10,190	1,26,374	-	16.10%

Source: Company Filings.

- Patel Engineering had the highest EBITDA margin for FY23 at 14.87% amongst peers – the 3-year average of FY21-FY23 of Patel Engineering has the best EBITDA margins at 14.08% whereas the average stands at 8.77%.

- In 9M FY24, Patel Engineering has the third-best EBITDA margin at 14.14% after GMR Power & Urban Infra Ltd which has a margin of 21.34% and HCC India at 15.07%. The margins have increased with strong revenue growth and declining finance costs of the company.

EBITDA Margin (%)



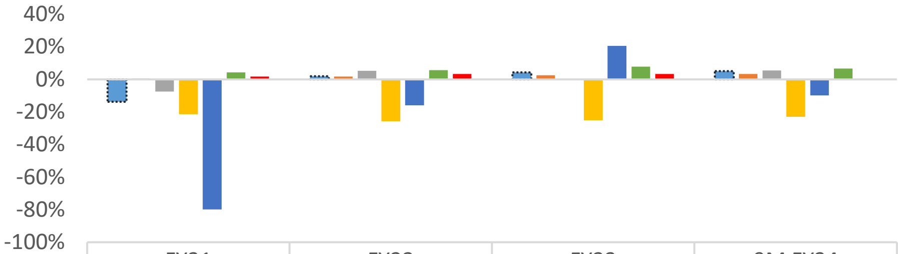
	FY21	FY22	FY23	9M FY24
Patel Engineering	11.76%	15.61%	14.87%	14.14%
ITD Cementation India	7.80%	7.69%	7.86%	9.61%
HCC India	4.74%	11.13%	5.85%	15.07%
Simplex Infrastructure	0.71%	1.99%	1.04%	2.42%
GMR Power & Urban Infra Ltd	12.11%	12.08%	7.11%	21.34%
VPRPL	9.23%	11.06%	13.40%	12.86%
Afcons	9.20%	8.50%	10.37%	-

Source: Company Filings.

- In FY23, Patel Engineering's Profit after tax margin was the third-highest among its peers at 4.26% supported by the increasing revenue from operations along with decreasing interest expenses. The average of peers for FY23 was at 1.85% and GMR Power & Urban Infra Limited reported a 20.62% margin due to one exceptional item gain.

- However, in 9M FY24, Patel Engineering had the third-best PAT margin at 5.02% with VPRPL being the highest at 6.74%. Whereas GMR Power & Urban Infra Limited reported a negative 9.87% PAT margin. The average PAT margin for 9M FY24 was at negative 2.05%.

Profit After Tax Margin (%)



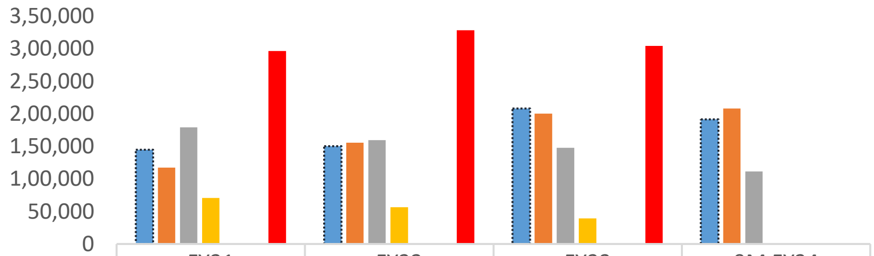
	FY21	FY22	FY23	9M FY24
Patel Engineering	-13.68%	2.04%	4.26%	5.02%
ITD Cementation India	0.58%	1.82%	2.45%	3.38%
HCC India	-7.40%	5.36%	-0.27%	5.41%
Simplex Infrastructure	-21.33%	-25.75%	-25.13%	-22.96%
GMR Power & Urban Infra Ltd	-79.92%	-15.88%	20.62%	-9.87%
VPRPL	4.30%	5.71%	7.76%	6.74%
Afcons	1.81%	3.25%	3.25%	-

Source: Company Filings

- Patel Engineering has the second-best order book amongst its peers at ₹ 2,08,067 million as of FY23 and ₹ 1,91,347 million as of Dec '23, being the third-best as of 9M FY24. This shows that Patel Engineering has a large chunk of upcoming projects in line.

- Patel Engineering's order book has increased by 43.8% from FY21 to FY23 from ₹ 1,44,668 million to ₹ 2,08,067 million in FY23.

Order Book (In ₹ Millions)



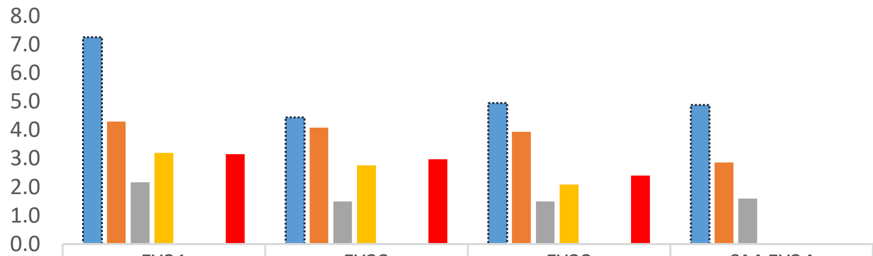
	FY21	FY22	FY23	9M FY24
Patel Engineering	1,44,668	1,50,115	2,08,067	1,91,347
ITD Cementation India	1,17,320	1,55,480	2,00,440	2,08,250
HCC India	1,79,140	1,59,670	1,47,720	1,11,650
Simplex Infrastructure	70,494	56,606	39,176	-
GMR Power & Urban Infra Ltd	-	-	-	-
VPRPL	-	-	-	-
Afcons	2,96,080	3,28,050	3,04,060	-

Source: Company Filings.

- Patel Engineering has the best Order Book/ Revenue ratio amongst its peers at 4.88x as of Dec'23 and 4.95x as of FY23, which shows that Patel Engineering has a large chunk of upcoming projects in line.

- The average ratio of peers was 2.87x, 2.25x, and 2.13x from FY21-FY23, respectively. Whereas Patel Engineering had 7.25x, 4.44x and 4.95x from FY21-FY23.

Order Book/ Revenue Ratio



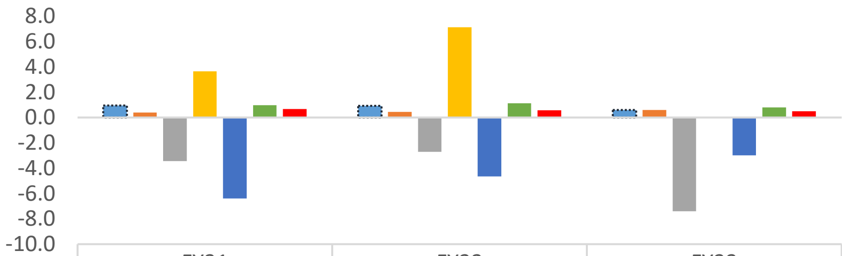
	FY21	FY22	FY23	9M FY24
Patel Engineering	7.25	4.44	4.95	4.88
ITD Cementation India	4.30	4.08	3.94	2.86
HCC India	2.17	1.50	1.50	1.60
Simplex Infrastructure	3.20	2.77	2.09	-
GMR Power & Urban Infra Ltd	-	-	-	-
VPRPL	-	-	-	-
Afcons	3.16	2.98	2.41	-

Source: Company Filings. Do note GMR Power & Urban Infra and VPRPL do not disclose Order Book details

- Patel Engineering’s debt has declined from ₹ 2,262 crores in FY22 to ₹ 1,752 crores in FY23. This corresponds to the growth levels in equity in the same period from ₹ 2,455 crores to ₹ 2,976 crores.

- Several companies have negative equity which leads to a negative debt-to-equity ratio. However, Patel Engineering has a consistently declining debt-to-equity ratio from FY21 to FY23.

Debt-to-Equity Ratio (x)

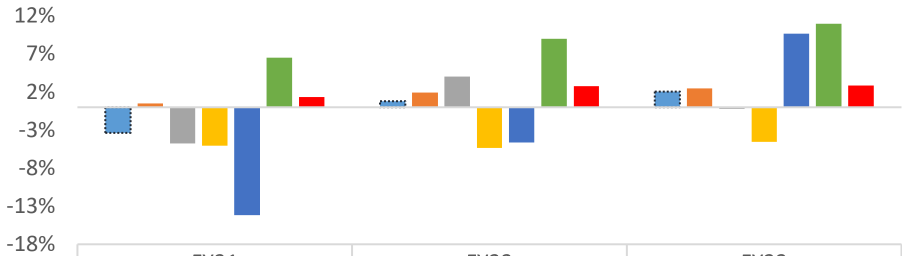


	FY21	FY22	FY23
Patel Engineering	0.95	0.92	0.59
ITD Cementation India	0.38	0.45	0.58
HCC India	-3.44	-2.72	-7.41
Simplex Infrastructure	3.64	7.13	-
GMR Power & Urban Infra Ltd	-6.39	-4.66	-2.99
VPRPL	0.98	1.11	0.80
Afcons	0.67	0.58	0.49

Source: Company Filings.
Excluded Simplex Infrastructure Limited due to very High debt-to-equity ratio.

- In FY23, Patel Engineering was the fifth-highest amongst its peers with the best ROA ratio. Patel Engineering has consistently improved the ratio from negative 3.37% in FY21 to 2.04% in FY23.
- GMR Power & Urban Infra had a 9.65% ratio in FY23 due to one exceptional gain item which increased the profitability of the company.

Return on Assets (%)



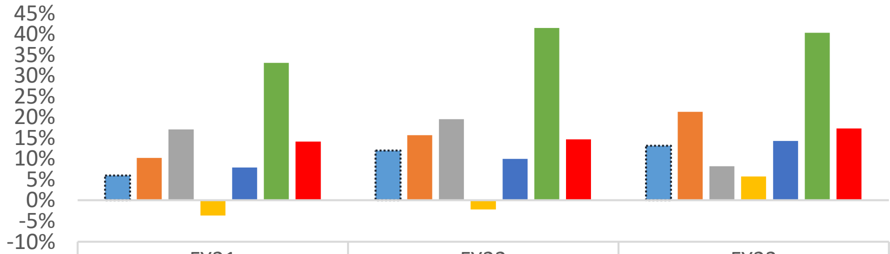
	FY21	FY22	FY23
Patel Engineering	-3.37%	0.81%	2.04%
ITD Cementation India	0.50%	1.92%	2.49%
HCC India	-4.77%	4.02%	-0.20%
Simplex Infrastructure	-5.04%	-5.34%	-4.54%
GMR Power & Urban Infra Ltd	-14.17%	-4.63%	9.65%
VPRPL	6.51%	9.01%	10.98%
Afcons	1.36%	2.76%	2.87%

Source: Company Filings.

- Patel Engineering's Return on Capital Employed (ROCE) has improved consistently 5.94% in FY21 to 13.51% in FY23. Whereas the average has gone up from 12.09% in FY21 to 17.17% in FY23.

- VPRPL has the best ROCE ratio due to a low base effect and higher EBIT levels among peers.

Return on Capital Employed (%)



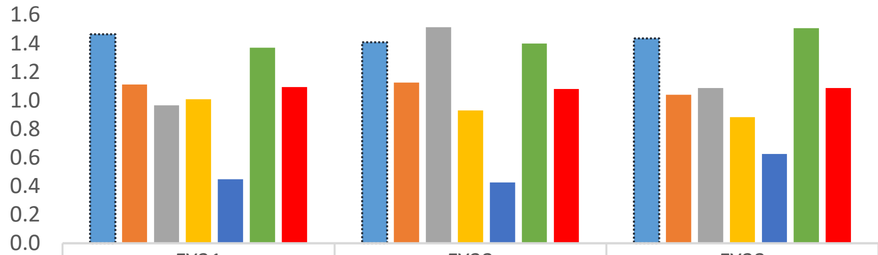
	FY21	FY22	FY23
Patel Engineering	5.94%	11.94%	13.15%
ITD Cementation India	10.22%	15.68%	21.31%
HCC India	17.08%	19.53%	8.18%
Simplex Infrastructure	-3.66%	-2.19%	5.68%
GMR Power & Urban Infra Ltd	7.87%	9.98%	14.31%
VPRPL	33.07%	41.44%	40.29%
Afcons	14.15%	14.66%	17.28%

Source: Company Filings.

- Patel Engineering has the second-best ratio amongst its peers at 1.44x as of FY23. It is a well above-average ratio which shows that Patel Engineering has enough liquid assets to cover its short-term liabilities.

- The average current ratio of peers was at 1.07x, 1.13x, and 1.10x from FY21-FY23, respectively, whereas Patel Engineering had 1.46x, 1.41x, and 1.44x from FY21-FY23. VPRPL has the highest ratio at 1.51x as of FY23.

Current Ratio (x)



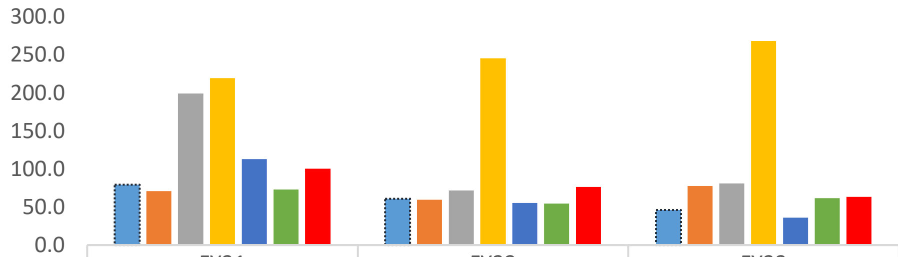
	FY21	FY22	FY23
Patel Engineering	1.46	1.41	1.44
ITD Cementation India	1.11	1.13	1.04
HCC India	0.97	1.51	1.09
Simplex Infrastructure	1.01	0.93	0.88
GMR Power & Urban Infra Ltd	0.45	0.43	0.63
VPRPL	1.37	1.40	1.51
Afcons	1.09	1.08	1.09

Source: Company Filings

- Patel Engineering has a better-than-average debtor ratio amongst peers at 77.49 days compared with the average of 94.98 days as of FY23.

- Patel Engineering's debtor days have improved from 160.24 days in FY21 to 77.49 days in FY23. GMR Power & Urban Infra Ltd has the best debtor days as of FY23 whereas VPRPL has the best average days of 62.98 from FY21-FY23.

Debtor Days



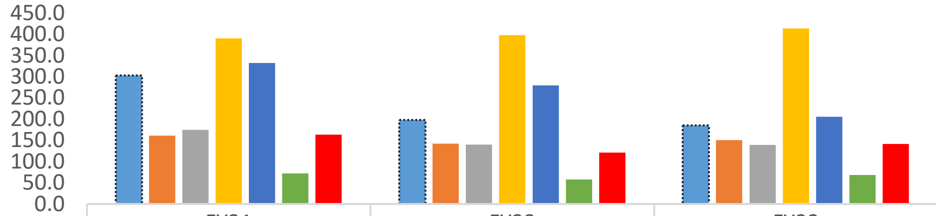
	FY21	FY22	FY23
Patel Engineering	79.34	60.68	46.16
ITD Cementation India	71.03	59.59	77.45
HCC India	199.21	71.51	80.75
Simplex Infrastructure	219.45	245.28	267.95
GMR Power & Urban Infra Ltd	112.81	55.43	35.99
VPRPL	72.87	54.30	61.77
Afcons	100.25	76.32	63.44

Source: Company Filings

- Patel Engineering has creditor days of 185.03 days as of FY23 where the average amongst peers stands at 186.21 days. VPRPL has the best creditor days of 68.20 days in FY23.

- Patel Engineering has improved from FY21 to FY23, which has seen a significant drop from 302.62 days to 185.03 days. VPRPL has an average of 66.07 days from FY21-23 whereas Patel Engineering has an average of 228.45 days in the same timeframe.

Creditor Days



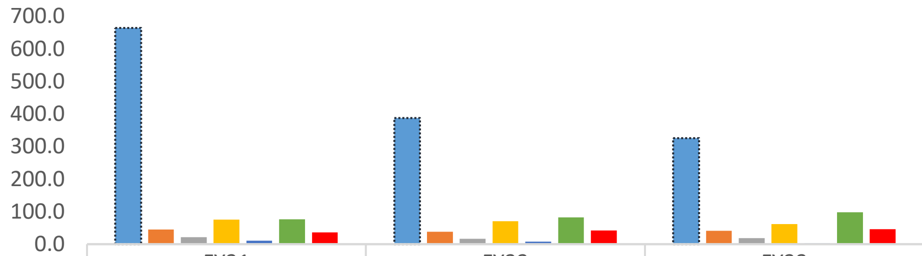
	FY21	FY22	FY23
Patel Engineering	302.62	197.70	185.03
ITD Cementation India	161.25	142.06	150.43
HCC India	174.88	139.93	139.21
Simplex Infrastructure	389.97	397.52	413.38
GMR Power & Urban Infra Ltd	332.20	279.59	205.72
VPRPL	72.19	57.82	68.20
Afcons	163.18	121.31	141.47

Source: Company Filings

- Patel Engineering has a very high inventory days ratio of 325.18 days as of FY23 where the average amongst peers stands at 84.81 days. GMR Power & Urban Infra Ltd has the best inventory days of 3.32 days in FY23.

- Patel Engineering has improved from FY21 to FY23, which has seen a significant drop from 664.26 days to 325.18 days. GMR Power & Urban Infra Ltd has an average of 7.30 days from FY21-23 whereas Patel Engineering has an average of 459.05 days in the same timeframe.

Inventory Days



	FY21	FY22	FY23
Patel Engineering	664.26	387.71	325.18
ITD Cementation India	45.13	38.35	41.37
HCC India	21.22	16.59	18.16
Simplex Infrastructure	75.30	70.37	62.19
GMR Power & Urban Infra Ltd	10.82	7.75	3.32
VPRPL	76.69	82.15	97.64
Afcons	36.53	42.08	45.80

Source: Company Filings

Parameter	Formula
EBITDA	Depreciation + Finance Cost+ Profit (Loss) before exceptional item and tax- Other Income
EBITDA Margin	EBITDA/ Revenue from operations
PAT Margin	PAT/ Revenue from operations
Debt	Long term Borrowings + Short term Borrowings
Debt to Equity	Debt/ Total Equity
Non-Core Assets	Long term+ Short term other financial assets
Return on Equity	PAT/ Total Equity
Return on Assets	PAT/ Total Assets
Return on Capital Employed	EBIT/ (Total Assets- Current Liabilities)
Non-Core Assets to Total Assets	Non-Core Assets/ Total Assets
Current Ratio	Current Assets/ Current Liabilites
Debtor Days	(Debtors/ Revenue from operations)*365
Creditor Days	(Creditors/ Total Expenses)*365
Inventory Days	(Inventory/Revenue from operations)*365

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 17 for a discussion of the risks and uncertainties in relation to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking \ statements. Also read "Risk Factors" on page 47, for a discussion of certain factors that may affect our business, financial condition or results of operations.

In this section, unless the context otherwise indicates or implies, "we", "us" and "our" refer to our Company together with our Subsidiaries and Joint Ventures, and references to "our Company" are to Patel Engineering Limited only.

Unless otherwise stated, the financial information used in this section is derived from the Audited Consolidated Financial Statements as at and for the year ended March 31, 2023, March 31, 2022 and March 31, 2021 and the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements for period ended on December 31, 2023 and December 31, 2022. References to "Fiscal Year" in this section is as at and for the year ended March 31.

*Unless otherwise indicated, industry and market data used in this section has been derived from the report titled "Industry Report on Indian Infrastructure" dated March 18, 2024 (the "**CARE Report**"), prepared and issued by CARE Analytics and Advisory Private Limited. There are no parts, data or information (which may be relevant for the proposed issue), that has been left out or changed in any manner. Unless otherwise indicated, financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year. For more information, see "Risk Factors – Certain sections of this Placement Document contain information from the CARE Report which we commissioned and purchased and any reliance on such information for making an investment decision in this Issue is subject to inherent risks." beginning on page 63. Also see, "Industry and Market Data" beginning on page 16.*

Overview

Our Company was incorporated in 1949 and over the last seven decades, we have evolved as a construction company specializing in the hydro power generation and irrigation segments. We are engaged in the construction of dams, bridges, tunnels, roads, piling works, industrial structures and other kinds of heavy civil engineering works and have executed a variety of infrastructure projects in the hydro power, irrigation and water supply, urban infrastructure and transportation segments primarily as civil contractors. We have presence in various technology intensive areas like hydro, irrigation and water supply, urban infrastructure and transport especially in tunnels and underground works for hydroelectric and transportation projects. Since incorporation, we have been involved in over 15,000 MW hydropower projects, construction of over 87 dams, 300 kms of tunnelling works, more than 4,000 meter of shaft boring works, over 1200 kms of roads and irrigated over 0.55 million acres.

We are an ISO 9001: 2015, ISO 14001:2015 and ISO 45001:2018 certified Company with access to international licensors & contractors which makes us an ideal engineering solutions partner for a wide spectrum of services covering a variety of industries. Our experience, technological abilities and financial strength have given us the ability to bid for large infrastructure projects.

The vision of our Company is to deliver comprehensive and effective solutions to clients through our profound experience and technological prowess, while continuously creating opportunities and value for stake holders and society.

The mission of our Company is to be the pioneers in the industry and a market driven organization known for its commitment towards excellence, quality, performance and reliability.

Currently, our construction business undertakes:

- Hydro power projects including dams, tunnels, power-houses and barrages;
- Irrigation and water supply projects including dams, weirs and pump houses;
- Urban infrastructure projects & others including sewerage, micro tunnelling and horizontal directional drilling and pipelines; and

- Transportation projects including roads, bridges, flyovers and tunnels for railways.

As on December 31, 2023, the size of our order book is ₹ 191,346.87 million including the projects wherein we have been categorised as lowest bidder ("**Order Book**"). Majority of our Order Book comprises of projects which are awarded by Central / State Governments or other Government undertakings/ Public Sector Undertakings.

The following table sets forth the segment wise breakup of our Order Book as on December 31, 2023.

Segment	Number of Projects	Order Book Value *(In ₹ million)*
Hydroelectric	15	116,891.16
Irrigation	17	40,204.00
Tunnel	6	21,165.46
Road	5	5,702.08
Others	5	7,384.16
Total	**48**	**191,346.87**

The following table sets forth the client wise breakup of our Order Book as on December 31, 2023:

Client	Number of Projects	Order Book Value *(In ₹ million)*
Central Government / PSU's	17	118,520.47
State Government Departments	29	66,484.21
International	2	6,342.20
Total	**48**	**191,346.87**

For Fiscals 2023, 2022 and 2021, our consolidated revenue from operation was ₹ 42,019.71 million, ₹33,802.89 million and ₹19,947.93 million, respectively. For Fiscals 2023, 2022 and 2021, our net profit/(loss) after tax and share in profit / (loss) in Joint Ventures/Associates was ₹ 1,834.81 million, ₹ 718.49 million and ₹ (2,907.47) million, respectively. Further, for the nine months period ended December 31, 2023 and December 31, 2022, our consolidated revenue from operations was ₹32,009.29 million and ₹ 26,860.83 million, respectively and the net profit/(loss) after tax and share in profit/(loss) in Joint Ventures/Associates from continuing operations was ₹1,618.64 million and ₹695.54 million, respectively.

The following table sets forth certain financial information on a consolidated basis as of the dates and for the periods indicated:

(In ₹ million, except as otherwise stated)

Particular	Fiscal 2021	Fiscal 2022	Fiscal 2023	December 31, 2023
Financial Position				
Share Capital	465.45	479.23	773.62	773.62
Reserves & Surplus	22,730.21	23,357.13	28,105.95	29,456.20
Shareholders Funds	**23,195.66**	**23,836.36**	**28,879.57**	**30,229.82**
Minority Interest	612.90	714.11	878.20	(72.04)
Loan Funds	22,663.89	22,616.12	17,521.28	19,547.76
Total Funds Employed	**46,472.46**	**47,166.59**	**47,279.05**	**49,705.54**
Fixed Assets (Net)	13,611.47	14,633.28	15,887.08	15,160.84
Investments	678.90	816.08	1,242.26	1,277.74
Deferred Tax Assets (Net)	2,002.80	1,973.68	2,137.18	1,953.63
Net Current & Non-Current Assets	30,179.29	29,743.55	28,012.53	31,313.33
Total Application of Funds	**46,472.46**	**47,166.59**	**47,279.05**	**49,705.54**
Operating results				
Revenue from Operations	19,947.93	33,802.89	42,019.71	32,009.29
Other Income	1,091.35	1,162.06	1,203.53	577.21

Particular	Fiscal 2021	Fiscal 2022	Fiscal 2023	December 31, 2023
Total Income	**21,039.28**	**34,964.95**	**43,223.24**	**32,586.50**
Total Operating Expenditure	**17,601.56**	**28,525.73**	**35,770.95**	**27,482.11**
Operating EBITDA	2,346.37	5,277.16	6,248.76	4,527.18
EBITA Margin (%)	11.76%	15.61%	14,87%	14.14%
Profit/(Loss) before tax	(3,438.12)	1,120.02	2,326.89	2,150.19
Net profit/(loss) after tax and share in profit /(loss) in joint ventures / associates	(2,907.47)	718.49	1,834.81	1,618.64
Non-Controlling Interest	119.85	98.49	162.85	53.94
Net Profit for Owner	(2,982.04)	547.57	1,548.06	1,407.29
Net Profit Margin (%)	(14.95)%	1.62%	3.68%	4.40%
Equity Share Data				
Diluted Earnings per Share (₹)	(6.78)	1.49	2.23	2.02
Number of Shares	465,453,024	479,230,494	773,617,228	773,617,228

Our Competitive Strengths

We believe we have the following competitive strengths:

Seven decades of experience and an established track record

The execution of infra projects, and in particular, hydro power projects, requires a significant amount of technical expertise and skill in execution. In the seven decades that we have been in existence, we have been involved in the execution of various dams and tunnelling in India and abroad. We believe that we have demonstrated our ability to operate in challenging conditions and terrains, including hilly and forest areas, which gives us an advantage in winning new bids. Our engineering expertise and dam construction capabilities enable us to undertake large-scale and complex projects. We believe our consistent track record in execution of such projects pre-qualifies us for bidding for new projects since typically pre-qualification for bidding is dependent on the past experience of execution of similar projects and financial strength. We believe that these strengths have played a key role in enabling us to secure construction contracts of various dam projects in overseas markets including execution of several projects in countries like the US, Chile, Greece, Qatar, Bhutan and Nepal.

Some of the key projects which have been executed by us include the following:

Hydro Power / Tunnelling	Irrigation	Transportation	Urban Infrastructure
Parbati Hydro Electro Project	Polavaram Project (Right Main Canal), Andhra Pradesh	Krishnagiri - Vaniyambadi NH-46, Tamil Nadu	Construction of various water tunneling projects, Maharashtra
Tuirial Hydro Electro Project	Jawahar Lift Irrigation Project, Andhra Pradesh	4 laning NH-7 Krishnagiri - Vaniyambadi NH-46, Tamil Nadu from Madurai to Kanyakumari, Tamil Nadu	Dam for Shillong Water Supply, Meghalaya
USBRL - T2	Bhima Lift Irrigation Project, Andhra Pradesh	Hathipali - Hosur (NH-7), Tamil Nadu	Sewage Treatment Plant, Maharashtra
Srisailam Left Bank Hydro Power Station	Indira Sagar Project, Andhra Pradesh	Nellore - Kaveli NH-5, Andhra Pradesh	Indoor Sports Stadium, Surat, Gujarat
Teesta Hydro Electro Project	Vamsudhara Project Phase-I, Andhra Pradesh	Construction of High Altitude Roads along Indo-China border in the state of Jammu & Kashmir - Karzok to Chumar - Package – I & 2	Microtunneling and Pipe Jacking for Water Supply & Sewerage, Maharashtra

Hydro Power / Tunnelling	Irrigation	Transportation	Urban Infrastructure
Ghatghar Hydro Electric Project	SRSP Flood Flow Canal Project, Andhra Pradesh	Road from Ramwadi to New PMC Limit under JNNURM Project	BYTCO Hospital, Nashik
Koyna HEP	PLGC Canal, Uttar Pradesh	Four laning of NH-37, Nagaon to Dharamtul & Nagaon Bypass, Assam	Mantalia – Tourist Facility at Jammu & Kashmir
Kameng HEP	Kalwakurty Lift Irrigation Project, Andhra Pradesh	Four Lane Sangrur- Punjab/ Haryana border Section of NH – 71 (Phase –I)	Conference Center cum Secretariat Complex for the Royal Government of Bhutan

We were awarded the Best Infrastructure Company of the Year – Railway Development at the ET – Ascent – 21st Global Edition and 6th India Edition – 2023 Awards. We are also in the process of constructing the Sela Pass Tunnel project which is one of the longest bi-lane tunnels in the world, at an altitude of around 13,000 feet located in Arunachal Pradesh *(Source: CARE Report)*. The said project is being executed for Border Roads Organization (BRO) and the tunnel once commissioned will provide all-weather connectivity and seamless transportation to and from the region of Tawang, Arunachal Pradesh.

We have the capability to partner with various other companies both Indian and international which gives us an ability in winning and executing large and complex construction projects in India, and in some instances can aid or is an explicit pre-qualification requirement to qualify for the competitive bidding process.

Additionally, partnerships with international companies provides access to specific technical expertise, and helps to reduce the risks associated with key projects. We have selectively formed joint ventures with international EPC companies to bid for projects sharing domain expertise and qualification criteria.

Further, our core strengths in the construction of civil infrastructure projects, coupled with our established track record of delivering across sectors, provides us with the skill-sets to facilitate our ventures into roads, transmission assets etc. We expect to benefit from our extensive experience and relationships in these sectors.

Advanced technologies for our operating segments

There are various technologies for managing projects such as Mass block blasting, Roller Compacted Concrete, Micro tunnelling and Horizontal Directional Drilling, Double Lake Tap, New Austrian Tunnelling Method, Application of Finite Element Method, Use of Non – Destructive Testing Method for assessment of geological formation and material testing, Earth Pressure Balancing Tunnel Boring Machine, Tower Belt System etc. A brief description of various technologies is given below:

- **Mass block blasting** - This method reduces the use of explosives and enables excavation in a larger area in a shorter time as compared to the traditional bench blasting method. *(Source: CARE Report)*

- **Roller Compacted Concrete (RCC)** - It is a versatile and cost-effective construction technique commonly used in tunnel construction for various applications, including linings, invert construction, and tunnel plugs. Unlike conventional concrete, RCC is a dry-mix concrete that is placed and compacted using specialized equipment, typically vibratory rollers**.** We believe that this technology has enhanced our competitiveness.

- **Micro tunnelling and Horizontal Directional Drilling** – Micro-tunnelling uses a remotely controlled boring machine to create small–diameter tunnels. This method is widely used in urban areas for utility installations. Horizontal Directional Drilling ("HDD") is a trenchless method used for the installation of pipelines, conduits, and cables beneath various obstacles, including roads, rivers, and buildings. While HDD is not typically used for traditional tunnel construction, it can be considered a form of underground construction that shares some similarities with tunnelling techniques. *(Source: CARE Report)*

- **Lake Tapping Process** - The process of lake tapping helps create streams for irrigation, drinking water availability, and hydropower. The double lake tapping method was used in the Koyna Hydroelectric Project. *(Source: CARE Report)* We believe; this know-how was one of the factors in a repeat order for work on the Koyna Project.

- **New Austrian Tunnelling Method (NATM) -**This is a versatile method and involves excavation of small sections at a time followed by providing immediate support using shotcrete and rock bolts. NATM is a flexible and adaptive approach that emphasizes continuous monitoring and adjustment during the construction process. Before construction begins, a thorough geological and geotechnical investigation is conducted to understand the ground conditions. The tunnel is excavated in small sections. After each drift is excavated, immediate support measures are applied to stabilize the tunnel face. Once the excavation is complete, a final lining is applied to provide long-term stability and structural support to the tunnel. This technique is widely applied in transportation tunnels, hydroelectric projects and underground facilities. *(Source: CARE Report)*

- **Application of Finite Element Method (FEM) method -** The Finite Element Method (FEM) is a numerical technique widely used in engineering and geotechnical applications, including tunnelling. It allows engineers to analyse complex structures and systems by dividing them into smaller, more manageable elements. *(Source: CARE Report*)

- **Use of Non – Destructive Testing Method for assessment of geological formation and material testing -**Non-destructive testing (NDT) methods play a crucial role in the assessment of geological formations and material testing in tunnelling. These techniques allow engineers and geologists to gather valuable information about the subsurface conditions, rock properties, and structural integrity of the tunnel lining without causing any damage to the materials. *(Source: CARE Report)*

- **Earth Pressure Balancing Tunnel Boring Machine (TBM) for tunnelling -** The Earth Pressure Balance (EPB) Tunnel Boring Machine (TBM) is a type of tunnelling equipment specifically designed for excavating tunnels in soft ground conditions, such as clay, silt, and other cohesive soils. The EPB TBM is known for its ability to balance the pressure at the tunnel face, allowing for stable excavation without significant ground settlement. The use of a support medium (slurry or foam) in EPB TBMs helps control groundwater inflow, making it suitable for tunnelling beneath water tables or in areas with high groundwater levels. EPB TBMs are commonly used in urban areas for the construction of tunnels for metro systems, sewage conveyance, and other infrastructure projects. *(Source: CARE Report)*

- **Use of steel Fibre Reinforced Concrete in tunnel lining instead of RCC (Reinforced Cement Concrete) -** The use of Steel Fibre Reinforced Concrete (SFRC) in tunnel lining offers several advantages compared to traditional Reinforced Cement Concrete (RCC). SFRC is a composite material that incorporates steel fibre to enhance the concrete's mechanical properties. The addition of steel fibres in concrete improves its tensile strength, toughness, and ductility. Additionally, it aids in controlling and limiting the propagation of cracks within the concrete, reducing the risk of water ingress and enhancing the durability of the tunnel lining. This is important for maintaining the long-term integrity of the structure. *(Source: CARE Report)*

- **Tower Belt System -** The implementation of the Tower Belt System, a conveyor belt concreting system, in place of the traditional usage of dumpers. This electricity-powered system is essential for moving aggregate from the crushing plant to the batching plant. Furthermore, the Tower Belt System effectively moves concrete from the batching plant to the dam. This was formerly accomplished with transit mixers or dumpers, which used less diesel and improved efficiency all around. *(Source: CARE Report)*

Reputed clientele and brand

Majority of our customers are Central and/or State Governmental Bodies and Public Sector Undertakings. The projects undertaken by us are adequately funded through Central Government of India, State Governments and other Public Sector Undertakings. It may be further noted in this regard that we have historically secured repeat orders from our existing clients.

We have been present in the industry for more than seven decades and have executed some marquee projects which has given recognition to our Company and established "Patel" as a reputed brand. We are one of the fastest-growing infrastructure and construction companies amongst our peers in terms of revenue CAGR (FY21-23). *(Source: CARE Report, our peers include ITD Cementation India Limited, HCC India Limited, Simplex Infrastructure Limited, GMR Power & Urban Infra Limited, Vishnu Prakash R Punglia Limited and Afcons Private Limited, please see "**Our Business - Competition**" on page 211*

We support our clients from project inception, to the commissioning of the fully operational facility and our network of local offices enables us to offer our clients the dual advantage of a strong local presence and broad geographic reach.

Experienced management team and competent work force

Our experienced Board of Directors sets strategies, oversees management, and overlooks the interests of shareholders and stakeholders.

For further details on our Board of Directors, see "*Board of Directors and Senior Management*" on page 213. As at December 31, 2023, we employed 4,565 full-time employees in India

Additionally, we enter into contracts with subcontractors to engage workmen on a contract labour basis from time to time. We believe that a large pool of engineering and technical workers is essential for the efficient and effective execution of our projects. Therefore, we have hired a highly experienced staff with expertise and skill sets. We are also committed to enhance the skill sets and knowledge base of our employees and will continue to invest in training to ensure that they are well prepared to execute challenging projects.

Ownership of critical capital equipment

The execution of projects especially in the hydro power, tunnel and irrigation sectors is time-consuming, resource intensive and technically complex. We believe, efficient management of capital equipment is a critical element of project delivery, quality and cost management. Accordingly, we have, over the years, acquired a large number of critical capital equipment required for our operations. As of December 31, 2023, we owned approximately ₹10,824.44 million worth of equipment and vehicles, including critical capital equipment like top belt, tele belt, rocket boomers, Tunnel Boring Machines ("**TBM**"), road header, slip form pavers, boom placers, high output batching plants and construction vehicles.

Our own critical equipment base enhances our ability to bid for projects at competitive prices while maintaining our desired margins on account of the substantial savings in hire charges for equipment of similar functionality, in addition to ensuring on-time availability of such equipment in good working condition. Access to a wide range of equipment facilitates us to better meet the varied requirements of our clients and has enabled us to develop strong refurbishment capabilities and in-house fabrication facilities. Further, we often have projects under execution in nearby locations and therefore equipment can be used across multiple sites for multiple projects. We believe that access to advanced technology provides a critical competitive advantage in our industry, particularly, for the execution of large-scale projects.

Well-positioned to take advantage of the Government's increased focus on hydro power, tunnel and irrigation

As per CARE Industry report, to meet the country's energy demand at a faster pace and achieve the targeted 500 GW of renewable energy, there needs to be an increased focus on hydropower generation. As a result, the development of mega hydro projects is essential. *(Source: CARE Report)* Furthermore, the hydropower capacity is expected to grow at a CAGR of 6.3% from FY23 to FY27, reaching 59.8 GW by FY27. While in FY32, the installed capacity is expected to reach 88.8 GW. *(Source: CARE Report)* Also for Pumped Hydropower storage ("**PSP**"), potential in India has been identified as 96,529 MW as per the Central Electricity Authority. 39 Hydro PSPs of 47 GW are being pursued to be commissioned by 2029-30. *(Source: CARE Report)*

In the irrigation sector, by 2025, the Government of India (GoI) aims to increase the total irrigated land to 85 million hectares and reduce the dependence on rains to improve the farmer's income and consumption levels. Accordingly, under the Pradhan Mantri Krishi Sinchai Yojana (PMKSY), various schemes are implemented like Per Drop More Crop, Accelerated Irrigation Benefits Programme, Integrated Watershed Management Program, and Har Khet ko Pani. This is expected to boost the developments in the irrigation sector. *(Source: CARE Report)* GoI has approved the implementation of PMKSY during 2021-26 with an overall outlay of ₹93,068.56 crore (central assistance of ₹ 37,454 crore). *(Source: CARE Report)* Further, the Ministry of Jal Shakti got the major chunk from this year's budget outlay as Finance Minister allocated ₹ 98,418 crore in the interim budget for 2024-25 with its flagship Jal Jeevan Mission getting a 71% share. *(Source: CARE Report)*

In the past few years, tunnel development has consistently received a push with high CapEx toward infrastructure development across various segments. Accordingly, expansion in hydropower capacity, underground rail metro projects, Bharatmala, Chardham Connectivity, AMRUT, and the Smart Cities Mission are expected to provide ample opportunities to tunnel contractors and consultants in the coming years. *(Source: CARE Report)*

We believe that our track record of execution of hydropower projects, irrigation projects and projects undertaken in the tunnelling sector will help us to continue to bid for new projects that are expected in these sectors.

Efficient working capital and receivable management

We have put in place a monitoring system for our working capital management. We have enhanced focus on bidding for well-funded projects with reputed clients. We believe this results in efficient working capital management. In the future, we will endeavor to take self-funded projects, i.e. which can be funded through advances received from clients, which advance would be recovered through project billings, and hence, need of minimum additional fund based limits to be taken from lenders.

Our Business Strategies

We intend to pursue the following business strategies in order to increase our revenue and also improve our profitability.

Further consolidating our position in the engineering and construction segment

We intend to leverage our experience in the hydro power and irrigation projects by bidding for projects in which the Government of India will invest funds. As of December 31, 2023, hydro power and irrigation projects contributed an amount of ₹ 1,57,095.16 million representing around 82.10% of our Order Book. We will continue to focus and endeavour to augment these core business segments of our Company.

Minimizing credit risk

We intend to continue bidding for projects that are funded by the Central or State Governments. The advantage of bidding for projects that have guaranteed funding by the multilateral agencies is that these agencies regularly monitor the progress of the projects and ensure timely completion and payment to the contractors. In addition, since these segments are critical for the growth of the economy and are of strong socio-political importance, their funding is generally provided for by budgetary allocations of Central or State Governments. This typically results in a lower default risk. We intend to bid for future projects taking into consideration the reputation of the client or its funding partner.

Focus on high value projects to benefit from economies of scale

We intend to bid for projects of a minimum size of approximately ₹3,000 million, taking into account comparable benchmark industry margins. Our aim is to raise our benchmark execution capability in terms of the size and value of the projects we execute. However, there may be exceptions to these preferences for bidding, including when:

- the project is innovative; or
- it allows us to improve our skill set; or
- it provides us with an entry into a new geographic area.

Since we are also committed to improving the scope and variety of our operations, especially in our core areas, the above projects would enhance our pre-qualification skills and hence may be attractive for that reason as well.

We plan to bid selectively for engineering, procurement and construction projects and other large value technically complex projects including hydro power, tunnelling, water pipeline, irrigation projects, road projects and urban infrastructure projects. We intend to continue to pursue such projects due to better margins and believe that it provides us an edge over others in the industry, being our core strength.

Diversification of revenue base

We are committed to diversifying our revenue base while being selective in our choice of areas of operation and client base. We seek to diversify our revenue base both geographically, with projects in various countries like Nepal, etc. and by business segment, with projects in the hydro power, tunnelling, irrigation, urban infrastructure and road sectors. We are also keen to take up water pipeline and railway tunnel projects which typically have a lower turnaround time and would enable us to complete the projects and generate revenue faster.

Using our technological capabilities to improve efficiency and margins

We have access to technologies which enable us to build RCC dams and micro tunnelling projects. We intend to focus on projects that would use the above technology as we believe this will further improve efficiency and consequently lead to higher margins.

Pursuing growth through selective acquisition of companies with niche technology, strong pre-qualification criteria or domain knowledge

In conjunction with our organic growth strategies, we intend to pursue strategic acquisitions, we intend to continue to look for acquisition opportunities in companies that equip us with complementary skills like niche technology, strong pre-qualification skills or domain knowledge. We intend to continue to explore advancements in technology both domestically and internationally and acquire these to improve project efficiency.

Monetization of non-core assets

We have continued to reduce our debt by monetizing non-core assets. We have sold various real estate assets and have merged our real estate and other land holding of subsidiaries with our Company. We have also sold beneficial interest in various arbitration awards and claims to reduce the overall debt of our Company and also by withdrawing arbitration award funds under Niti Aayog guidelines**.** Owing to these efforts, our debt stands reduced from ₹22,663.89 million as on March 31, 2021 to ₹19,547.76 million as on December 31, 2023. We shall continue to focus on further reduction of debt by sale of non-core assets and certain land parcels.

Further, we are exploring monetization of receivables under other existing claims and awards under the Central Government's scheme of 'Vivad se Vishwas II' which is a voluntary settlement scheme to resolve long-standing contractual disputes involving government agencies, specifically for disputes where the arbitral award is under challenge in a court of law.

Settlement of claims and realization thereof

Due to the complex nature of the industry in which we operate, there are bound to be various claims raised on our customers on account of additional costs, changes in the scope of work and increased timelines on account of the nature, complexity and length of the projects that we undertake. These claims are generally settled through arbitration. Upon receipt of final arbitration award in respect of a claim, the current judicial framework in India permits the same to be challenged in the courts of India and the same can be appealed upto Supreme Court, which can result in substantial delay in realization of such claims. Our management team is tasked with pursuing mutually agreeable settlements with our customers and shortening the time from when we pursue a claim to when we either settle such claim or receive an arbitration award to quicken the receipt of payment for claims and reduce the need to take claims to court. Further, we also explore withdrawal of funds of Arbitration awards under Niti Aayog or from court against adequate security pending final settlement of such awards and hence improving the liquidity position of the Company. The Company has filed for various settlement amounts under the Vivad Se Vishwas scheme which was launched for the settlement of pending disputes related to Government contracts which were under on-going arbitration. We expect to realize some of these arbitration awards through this scheme and/or release few bank guarantees which were given earlier for part release of arbitration awards earlier. Receipts from this scheme will help us lighten the balance sheet and also augment working capital requirement for upcoming fresh orders.

Our Business Segments

Engineering and Construction Segment

A. Hydro power

India has the fifth-largest installed hydroelectric power capacity in the world. *(Source: CARE Report)* India's installed utility-scale hydroelectric capacity was 47 GW as of September 2023, accounting for 11% of the country's total power-generating capacity *(Source: CARE Report)*. At a 60% load factor, India's hydroelectric power potential is projected to be 148 GW. *(Source: CARE Report)*

The hydropower capacity is expected to grow at a CAGR of 6.3% from FY23 to FY27, reaching 59.8 GW while in FY32, the installed capacity is expected to reach 88.8 GW. For small hydro, the installed capacity is expected to remain in the range of 4.8 GW to 5.4 GW. *(Source: CARE Report)*

There are roughly 19 GW of hydroelectric power (HEP) projects that have been approved by CEA but have not yet been put into construction. Whereas another 18 GW HEP projects are in the survey and investigation stage as of December 7, 2023. *(Source: CARE Report)*

The PSP potential in India has been identified as 96,529 MW as per the Central Electricity Authority. The Western region has the highest PSP potential of 37,845 MW. *(Source: CARE Report)*

To achieve the Government of India’s commitment of 500 GW of installed capacity from non-fossil fuel sources by 2030, become energy independent by 2047, and achieve net zero emissions by 2070, hydro-pumped storage projects are necessary. Accordingly, 39 Hydro PSPs of 47 GW are being pursued to be commissioned by 2029-30. *(Source: CARE Report)*

Various steps have been taken by the government in order to ensure that Pumped Storage Projects (PSPs) get commissioned on a fast track for accelerating the growth of the renewable energy sector of India. *(Source: CARE Report)*

We have been present in the high technology civil engineering and construction segments such as hydro power. We are one of the fastest-growing infrastructure and construction companies amongst our peers in terms of revenue CAGR (FY21-23). *(Source: CARE Report, our peers include ITD Cementation India Limited, HCC India Limited, Simplex Infrastructure Limited, GMR Power & Urban Infra Limited, Vishnu Prakash R Punglia Limited and Afcons Private Limited,* *please see “**Our Business - Competition**” on page 213.*

Our technological skills, experience, equipment and manpower enable us to execute complex projects including those involving tunnelling in varied geology and difficult terrain.

Our core competency lies in the construction of civil structures such as dams, powerhouses, surge chambers, intake structures, head race tunnels and similar structures for hydro power projects.

Civil construction projects are usually split into two or three contracts (called “lots” in the industry) and involve structures such as power houses, dams, tunnels (diversion, head race and tail race), desilting chambers, intake structures, hydro mechanical works (sluice gates, spillways etc) and electromechanical works. We provide services including civil works of various project components, installation of plant and project management (including quality control, environmental management and safety services). We provide construction services for one or more “lots” in hydro power projects.

Whilst we typically do not bid for electromechanical work, successful contractors for electro mechanical jobs work closely with us for the supply and installation of their services as part of an entire package. In EPC contracts, we ensure that the electromechanical scope of the package is sub-contracted to the selected party. The selection of that party is sometimes the responsibility of the department which has invited tenders for the project. However, we may be responsible for ensuring that the sub-contractor of the electromechanical scope installs the equipment in the civil works which we undertake.

For some of the key projects which have been executed by us please see "***Our Competitive Strengths - Seven decades of experience and an established track record***" page 195.

Scope of hydro power projects

A civil contract for a hydro power project is typically executed in 4 to 6 years. We generally execute our projects in this segment directly but sub-contract routine, less complex work to other contractors. Our scope in any hydro power project may include some or all the items listed below. The decision to undertake some or all these activities depends on the complexity, geological conditions, demographical and geographical conditions of the area, access to the project site, political environment, technical and financial stipulations laid in the contract, the gestation period and margins. However, the client specifies the scope of work during the bidding stage. Since each project is unique, the scope of work varies.

a) ***Diversion tunnel****:* It is a structure designed to divert all or a portion of the flow of a river from its natural course so as to enable construction of the dam in the original river course. Typically, projects have river diversion arrangement by tunnel.

b) ***Dam Construction****:* A dam is a barrier that impounds water in a hilly terrain to harness water potential to generate hydro power. Based on structure and material used, dams are classified as concrete gravity dams, masonry dams and rock fill dam.

c) ***Power house****:* A power house is an industrial facility for the generation of electric power utilizing gravitational potential energy.

   At the centre of the power station is a generator, a rotating machine that converts mechanical energy into electrical energy by fall of water on turbine blades.

d) ***Desilting arrangement****:* A desilting chamber is a structure usually built-in concrete to remove silt particles of river water by process of decantation before water is discharged into the powerhouse. We construct open or underground desilting chambers which are executed concurrently with other structures.

e) ***Head race tunnel/Tail race tunnel****:* Head race tunnel is an underground passageway for water to be conveyed from the dam to the power house.

f) ***Surge shafts/Intake structures/Trash racks:*** Surge shaft is a structure provided at the end of headrace tunnel or pipe to account for water hammering effect in the pipe at its downstream. Surge shaft is considered to be an important component of Hydropower projects especially for those involving headrace pressure tunnels.

B. Irrigation and Water Supply

The GoI has been focused on increasing the share of irrigated land to increase the efficient use of water resources and improve crop yield. In 2022-23, 73 million hectares out of the 141 million hectares of gross sown area, which is 52%, had access to irrigation. Whereas in 2016, only 41% of the gross sown area had access to irrigation. *(Source: CARE Report)*

Micro-irrigation has been prioritized in the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) with the goal of expanding irrigation coverage ('Har Khet Ko Pani') and improving water use efficiency ('Per Drop More Crop') to improve various water development and management activities. For instance, under the Pradhan Mantri Krishi SinchayeeYojana (PMKSY) for 2021-26, there has been an outlay allocation of ₹93,068 Crore which would benefit about 22 lakh farmers. *(Source: CARE Report)*

Whereas the Ministry of Jal Shakti got the major chunk from this year's budget outlay as Finance Minister allocated Rs 98,418 crore in the interim budget for 2024-25 with its flagship Jal Jeevan Mission getting a 71% share. *(Source: CARE Report)*

By 2025, the Government of India (GoI) aims to increase the total irrigated land to 85 million hectares and reduce the dependence on rains to improve the farmer's income and consumption levels. Accordingly, under the Pradhan Mantri Krishi Sinchai Yojana (PMKSY), various schemes are implemented like Per Drop More Crop, Accelerated Irrigation Benefits Programme, Integrated Watershed Management Program, and Har Khet ko Pani. This is expected to boost the developments in the irrigation sector. *(Source: CARE Report)*

Furthermore, from FY24 to FY28, the investment in the irrigation sector is estimated to be in the range of ₹ 39 lakh million to ₹ 42 lakh million. *(Source: CARE Report)*

Our activities typically include impounding reservoirs and constructing pump stations, water conducting systems and canals. We have also undertaken EPC and/or LSTK execution of lift-irrigation projects, primarily in the state of Telangana, Andhra Pradesh and Maharashtra. For some of our completed projects, please see "***Our Competitive Strengths - Seven decades of experience and an established track record"*** page 195.

Scope of Irrigation Projects

An irrigation project is typically executed in three to four years.

a) ***Impounding the reservoir:*** In this, a reservoir is built around the water source. This activity is done to ensure a steady supply of stationary water. However, where the water resource is naturally shielded, there is no need for impounding.

b) ***Constructing the pump station:*** We initially construct the civil structure for the pump station. The pumps and the electrical equipment (including installation) are outsourced to or bought from original equipment manufacturers. We then construct the civil structure for the industrial building around the pump station.

c) ***Constructing the water conducting system:*** We construct a tunnel to lead the water from the pump station to a place where it can be distributed through canals. This activity can often be highly complex depending on the geography and geology of the location.

d) ***Constructing the canal/open channel:*** Once the water is pumped through the water conducting system, it is fed by canals to different areas.

For some of the key projects which have been executed by us, please see "***Our Competitive Strengths - Seven decades of experience and an established track record"*** page 195.

We are planning to undertake all the activities in the irrigation projects that we have bid for so far either independently, as in the Kalwakurthy and Bhima projects, or as a joint venture in the other projects, so as to offer complete irrigation turnkey solutions.

C. Transportation

Our focus on transportation includes roads, bridges and railway and road tunnel contracts both in India and abroad. For some of the key projects which have been executed by us, please see "***Our Competitive Strengths - Seven decades of experience and an established track record"*** page 195.

Scope of Transportation Projects:

a) ***Roads:*** Construction and widening of national highways/state highways/NHAI roads consisting of bitumen or concrete roads.
b) ***Ancillary Structures:*** Construction of major/minor bridges/culverts, cross- drainages, earthen embankments.
c) ***Tunnels:*** Construction of rail/road tunnels.

D. Underground / Tunelling Works:

Tunnel construction in India has picked up pace in the last decade given factors like upgrading the water supply & sewerage system, expanding the road & rail network, and constructing underground crude oil storage. Tunnel development was initially undertaken by the railway sector. However, the maximum number of tunnels have been developed in the hydropower sector. *(Source: CARE Report)*

In the past few years, tunnel development has consistently received a push with high CapEx toward infrastructure development across various segments. Accordingly, expansion in hydropower capacity, underground rail metro projects, Bharatmala, Chardham Connectivity, AMRUT, and the Smart Cities Mission are expected to provide ample opportunities to tunnel contractors and consultants in the coming years. *(Source: CARE Report)*

Over the years, the tunnelling sector is expected to offer multifold opportunities across sectors with 19 road tunnels with a length of 31.92 km under bidding and 78 road tunnel projects with a length of 348.18 km under the planning stage. This holds immense opportunities for engineering, procurement and construction contractors. *(Source: CARE Report)*

As per CARE Industry report, there are around 1,170 kms of tunnels to come up in the irrigation sector, around 850 kms in the hydropower sector, 600 kms in railway sector and around 480 kms in the road sector.

Many new tunnelling projects are in the pipeline, which is expected to create opportunities for contractors, technology, and other such equipment providers. Similarly, the schemes and programmes of the government are expected to boost the infrastructure capabilities in the country, thereby providing impetus to the tunnelling sector. *(Source: CARE Report)*

For some of the key projects which have been executed by us, please see "***Our Competitive Strengths - Seven decades of experience and an established track record***" page 195.

D. Urban Infrastructure & Other Projects

In urban infrastructure, we focus on micro tunnelling, sewage pipelines, rehabilitation of pipelines using Glass Reinforced Polymers ("**GRP Lining**") and waste water treatment.

We also undertake underground trenchless works and foundations, underwater dredging, including drilling and blasting, bridges, specialized sewer rehabilitation works, water mains and drainage systems and other heavy civil works. One of our business focuses is on structural metal fabrication for civil and marine engineering, building work, prefabricated metal building, prototype mechanical construction, transport infrastructure construction and inland waterway construction.

For some of the key projects which have been executed by us, please see "***Our Competitive Strengths - Seven decades of experience and an established track record***" page 195.

We have also undertaken civil construction work for various marine engineering projects including the construction of ports, jetties and dredging activities such as an impounded wet dock at Mazgaon dock at Mumbai, Bhadrachalam river bridge in the state of Andhra Pradesh, and the rock bund in Mumbai. Our projects also include projects involving the construction of thermal power plants, industrial structures, leisure complexes and urban infrastructure such as Talcher thermal power project in the state of Orissa and the Surat lignite power project in Gujarat. We have also completed Bytco Hospital in Nashik, tourist centre at Mantalai (Jammu & Kashmir), Construction of Submarine Section Assembly Workshop with Office Building and its Ancillary Structures at Mazgaon Dock at Mumbai.

Other Business Segment

A. Power Generation

Our Company, through our subsidiaries had acquired land in Nagapattinam, Tamil Nadu for setting up a thermal power plant. Further, we had also started development of a 144 MW Hydro Power Plant in Gongri, Arunachal Pradesh. As a part of our revised business strategy to focus on our key strength and core business of EPC and civil construction, we have currently shelved the plans for development of power plants.

B. Road Construction

Our Company has completed two BOT (annuity based) projects in road sector in Karnataka and Andhra Pradesh. Details of our annuity based BOT projects in the road sector are as below:

The consortium consisting of our Company and KNR Constructions Limited was awarded a concession in September 2006 to expand an existing two-lane expressway to a four-lane on the NH 7 highway in the state of Karnataka. A special purpose vehicle, Patel KNR Infrastructure Private Limited ("**PKIPL**"), was incorporated to undertake the 60.40 km stretch annuity road between Andhra Pradesh-Karnataka border and Avathi village. The project is being developed on a BOT basis. Under the concession agreement, PKIPL is entitled to receive fixed semi-annual payments from NHAI, for a period of 20 years, commencing from 180 days of PKIPL entering into the concession agreement. The yearly annuity for the project is ₹658.80 million. Our stake in the project is 60.00%. The work commenced in September 2006 and has been completed.

The consortium consisting of our Company and KNR Constructions Limited was awarded a concession in September 2007 to expand an existing two-lane expressway to a four-lane on the Nagpur – Hyderabad section on the NH 7 highway in the state of Andhra Pradesh. A special purpose vehicle, Patel KNR Heavy Infrastructure Private Limited ("**PKHIPL**"), was incorporated to undertake the 53.02 km stretch annuity road between Islam Nagar and Kadtal. The project is being developed on a BOT basis. Under the concession agreement, PKHIPL is entitled to receive fixed semi-annual payments from NHAI for a period of 20 years, commencing from 180 days of PKHIPL entering into the concession agreement. The yearly annuity for the project is ₹887.40 million**.**

Further, we have a 32% stake in ACP Tollways Private Limited which has developed a road project for the state of Uttar Pradesh, between Varanasi and Shakti Nagar. The project was commenced in 2015.

Real Estate Development

Historically, we have been involved, as civil contractors, in real estate projects in India and abroad, such as the Centaur Juhu Beach Hotel, the Doha General Post Office and the wholesale market project in Qatar.

We have legal and/or beneficial ownership of land in India in various states, including the lands acquired for thermal power plants. We are looking for monetizing the real estate through sale / Joint Development.

Our Order Book

The following table sets forth the segment wise breakup of our Order Book as on December 31, 2023.

(in ₹ million)

Segment	Number of Projects	Order Book Value
Hydroelectric	15	116,891.16
Irrigation	17	40,204.00
Tunnel	6	21,165.46
Road	5	5,702.08
Others	5	7,384.16
Total	**48**	**191,346.87**

The following table sets forth the client wise breakup of our Order Book as on December 31, 2023:

(in ₹ million)

Client	Number of Projects	Order Book Value
Central Government / PSU's	17	1,18,520.47
State Government Departments	29	66,484.21
International	2	6,342.20
Total	**48**	**1,91,346.87**

The following table sets forth the project completion wise breakup of our Order Book as on December 31, 2023:

Completion Stage	**Number of Projects**	**Order Book Value** *(In ₹ million)*
Below 10%	12	71,172.89
10% - 30%	10	61,379.86
30% - 50%	6	19,369.46

Completion Stage	Number of Projects	Order Book Value *(In ₹ million)*
50% - 70%	10	26,633.13
70% - 90%	5	10,217.97
90% - 100%	5	2,573.56
Total	**48**	**191,346.87**

As on December 31, 2023, our Company has been executing projects in 14 States in India apart from an International presence in Nepal. The following table sets forth the State wise break up of our Order Book as on December 31, 2023:

State	Number of Projects	Order Book Value *(In ₹ million)*
Jammu & Kashmir	7	59,252.35
Madhya Pradesh	9	31,491.95
Maharashtra	13	22,983.08
Himachal Pradesh	3	19,049.93
Arunachal Pradesh	2	18,296.23
Sikkim	1	11,296.31
Karnataka	3	5,186.76
Nagaland	1	3,903.18
West Bengal & Sikkim	1	2,795.15
Assam & Arunachal Pradesh	1	3,945.32
Tamil Nadu	2	2,845.68
Rajasthan	1	2,404.36
Bihar	1	845.42
Chhattisgarh	1	708.97
Total	**46**	**185,004.67**

Country	Number of Projects	Order Book Value *(In ₹ million)*
Nepal	**2**	**6,342.20**

Following are some key projects under execution:

Hydro power –

- Subansiri HEP, Arunachal Pradesh
- Dibang Multipurpose Project, Arunachal Pradesh
- Kiru HEP – Jammu & Kashmir
- Luhri HEP – Himachal Pradesh
- Arun – III HEP - Nepal
- Teesta HEP – Sikkim
- Kwar HEP – Jammu & Kashmir

Tunnel –

- KRCL T-2 – Jammu & Kashmir
- Ircon T-15 – Jammu & Kashmir
- Ircon T-7 – West Bengal & Sikkim
- Amarmahal to Trombay Underground Tunnel – Mumbai
- PVPG Tunnel Project – Mumbai
- CIDCO – Water Tunnel Project – Maharashtra

Irrigation –

- Sleemanabad Carrier Canal – Madhya Pradesh
- Morand & Ganjal Dam

- Khalwa Micro Lift Irrigation
- Jiagoan Lift Irrigation Project – Maharashtra
- Parbati Irrigation Project Tumkur Branch Canal Irrigation Project – Package 1, 3 and 5 – Karnataka.
- Sher Irrigation Project
- Krishna Marathwada Irrigation Project – Scheme 1 and 2 – Maharashtra

Transportation

- Selapass Road and Tunnel
- Katraj Kondwa Road
- Up-gradation – Pimpla junction
- Construction of New BG Line – Yevatmal for RVNL

Urban Infrastructure

- RVNL Project – Chattisgarh
- Amarmahal to Trombay Tunnel
- Hindoli - Nainwa Water Supply Project
- PVPG Tunnel

Our Business Process

Securing a contract

- Projects in the hydro power, irrigation and water supply and transportation areas are mainly taken up by Central or State Governments or PSUs. The selection of contractors and award of works are carried out on a competitive bidding basis.

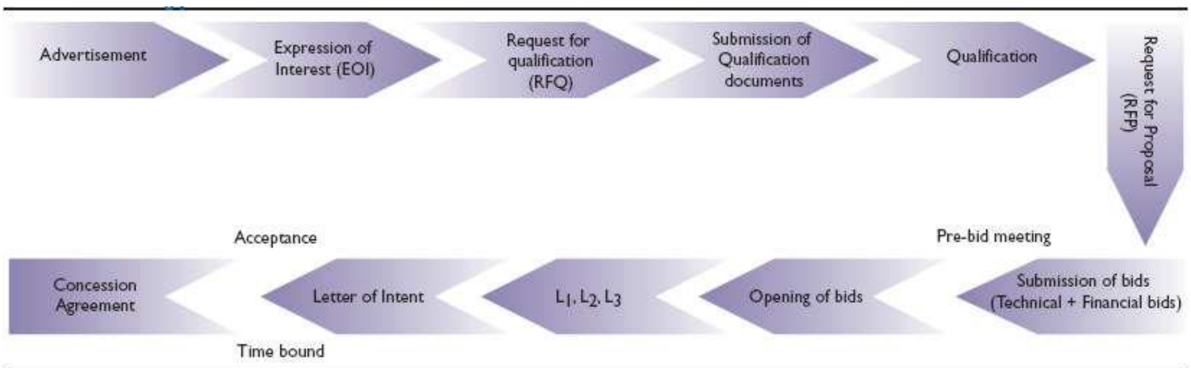
- Projects in these sectors are of a large size and their execution requires experience of execution of works of similar nature as well as strong financial capabilities (minimum net worth and turnover). Clients will generally pre-qualify the contractors based on these criteria.

- Generally, only pre-qualified parties are allowed to bid for the project. Bidding is always techno-commercial in nature. Technical proposals of the parties are evaluated. Thereafter the price bids of those parties, whose technical proposals are acceptable, are opened.

- The work is awarded to the L1 bidder, who is then given the letter award after final negotiations

- The bidder is given some time to formally accept the contract. Mobilization and project execution begin after the signing of the contract.

Bidding Process



Pre-qualification

Pre-qualification criteria can be broadly classified as (a) Technical qualification and (b) Financial qualification.

a) ***Technical qualification:*** Technical pre-qualification criteria for a particular project depend on the following: (i) magnitude of projects undertaken; (ii) quantum of projects undertaken; (iii) equipment deployment potential; and (iv) sum of work completed over a specific period.

b) ***Financial qualification:*** Financial pre-qualification criteria for a particular project depend on the following: (i) minimum net worth; (ii) net cash accruals; and (iii) turnover and profitability.

Business development and tendering

We procure and enter into contracts primarily through a competitive bidding process. Potential projects are usually advertised for on the websites of clients and in leading newspapers. Our Company has separate divisions for business development and tendering.

Strategic and business development decisions relating to submission of tenders for projects are taken by the Registered Office in Mumbai. However, our branch offices in Hyderabad, Kolkata and New Delhi and disseminate information daily to the Registered Office. The Hyderabad office is responsible for the entire business in South India other than decisions relating to submission of tenders for projects.

Our personnel heading business development are assisted by a team of skilled engineers who have knowledge about the market, local information and environment in the construction space and have themselves executed projects in different construction sectors.

We receive information regarding tenders from leading newspapers, industry publications and websites.

Prospective projects are short-listed by management on the basis of criteria such as:

- Size of the project;
- Contract amount;
- Margins expected;
- Quality of the client;
- Financial strength of the client;
- Competition;
- Amount of the mobilization advance available;
- Our Order Book position at the time of the bid; and
- Technical parameters like terrain and other conditions.

We have a dedicated estimation team responsible for evaluating projects and submitting bids. The estimation team includes highly qualified and experienced engineers with diverse skill sets. These skill-sets include purchasing, contract execution, geological estimation, quantity survey and cost estimation. The evaluation of the bid includes onsite assessments in conjunction with senior site engineers.

The order value for a typical hydro power or irrigation contract is subject to change due to variations in the scope of work required by the client or a difference in the estimated levels of the BOQ by the client.

Project Execution

Upon signing the contract, a detailed construction program with the aid of software is prepared to link and monitor the various activities involved. Based on this program resource allocation is made and a monthly cash flow is prepared. Concurrently, a controlled estimate is prepared by the project manager for assessing monthly expenses.

Post award of the contract, the client hands over the site to our Company for mobilization activities that includes movement of construction equipment and establishment of logistical facilities such as construction of site infrastructure like site camps, temporary office, warehouse and workshops. The procurement of materials and establishment of vendors is finalized by our purchase department. This process is supported by our sub-contractors for different categories of work.

Overall progress of work is controlled by our project-monitoring cell from the site office which reports to the Registered Office.

Type of Contracts

We enter into the following types of contracts:

(A) EPC contracts

EPC contracts entail engineering design, procurement of materials, construction of the super structure and the post construction maintenance. EPC contracts are further classified into:

- EPC contracts with cost escalation providing for variation in the prices of key raw materials (namely, steel, cement and fuel costs) and are reimbursed to us by the client. Typically, our EPC contracts have cost escalation clauses.

- EPC contracts without cost escalation

(B) Item-rate contracts or percentage rate contracts

Item-rate contracts: The bidding for these projects is on the price per unit of each of the BOQ items. Therefore, any escalation in the quantity of actual BOQ items as against the amount tendered will be compensated to us at the rates which we have bid at the tender stage.

Percentage rate contracts: In a percentage rate contract, the bidder has to bid a price per unit for each of the BOQ items within a certain percentage of the base price quoted by the department. EPC and item-rate contracts can be drafted either with or without cost escalation clauses. The client supplies all the information such as design, drawings and BOQ and we are responsible for the execution of the project based on the above provided information and technical stipulations laid by the client at our quoted rates for each respective item.

(C) Lump Sum Turnkey basis (LSTK)

LSTK involves implementing the project on an EPC basis for a lump sum fee. LSTK projects are those projects where the contract value payable to the contractor is fixed irrespective of any changes in the BOQ items. Unlike item-rate contracts, where any variation in the BOQ quantities are reimbursed by the client at the price bid at in that tender, in an LSTK project the onus of the contractor is to ensure that cost does not exceed the lump sum amount payable to him and the margins are also made on the work executed.

Advances, Retention Money and Bank Guarantees

Advances

On allotment of the contract, we are provided with a mobilization advance, which can range from 10-15% of the project cost in order to enable us to mobilize labour, material and equipment. The advances are paid to the contractor in instalments, depending upon the utilization of funds already disbursed. The advances may be interest free or interest bearing with the interest rate ranging between 10-14%. The advances are recovered by the client from interim payments at fixed percentage or as agreed.

Retention money

The client may retain 5-10% of interim payments out of each interim bill raised by us to ensure that the work performed during the period is not at a variance with contractual specifications. The payment is released after the client has verified that the work has been implemented as provided for in the contract. The retention money may be replaced by a bank guarantee to the client.

Bank guarantees ("BG") are provided for various purposes, including the purposes set forth below:

- *Earnest Money Deposit BG*

This is also called "Tender EMD" and submitted along with the tender, if required.

- *Performance Guarantee BG*

This is given after the contract is awarded either at the time of or prior to signing of the contract. Generally, it varies from 3 to 5 % of the project cost.

- *Contract Advance BG*

This is furnished against the advance payment given by the client before the project has reached a billable stage.

- *Retention Money BG*

In order to release the retention money held by the client, the contractor provides a bank guarantee to the client for release of the same.

Equipment

We own a comprehensive inventory of advanced heavy construction equipment, which can be mobilized within a short span of time. This gives us an added advantage in this competitive market.

In addition to the normal equipment required for any heavy civil construction work, we own certain specialized equipment such as:

- Top Belt
- Tele belt
- Road Header
- Tunnel boring machines (TBMs);
- Micro tunnelling equipment;
- Two Boom hydraulic drill rig.
- Hydraulic Crawler Drill
- High capacity Batching Plant
- Shotcrete Machine with Robo arm
- Concrete Pump
- Boom Placer
- Transit Mixers
- Earth Moving equipment
- High capacity dumpers;
- Tower Cranes
- Tyre Mounted cranes of different capacities
- Raise climber;
- Aggregate Processing Plant of different capacities.
- Chilling and Ice Plant
- Diesel Generating sets of different capacities
- Permeation grouting equipment. And
- Other support services equipment

We have a fully-fledged central workshop at Panvel, Rishikesh, Bagha in Jammu & Kashmir and Tipi in Arunachal Pradesh for overhauling and maintaining old and used equipment post project completion. Maintenance of our equipment for high and continuous productivity is important. Initially, after we buy any new and specialized equipment, we use manufacturer's technicians to train our people on operation and maintenance of a specific piece of equipment. We normally establish well-equipped workshops at all our sites; however, we carry out major overhauling at our central workshop.

Employees

As at December 31, 2023, we employed 4,565 full-time employees in India

Our Company is managed by a team of qualified key management personnel with sound technical and managerial experience. We endeavour to recruit talent which is a mix of both seasoned professionals from the industry and from institutes/regional engineering colleges. This diverse mix fosters a dynamic environment conducive to innovation and growth.

We operate on a performance management system, to bring in meritocracy and to cultivate a performance-driven culture, we have implemented variable pay which is linked to performance metrics.

To foster a culture of employee appreciation and recognition, we have initiated a reward & recognition program. This program aims to promote and reward exceptional achievements of employees, acknowledging their contributions towards organizational success, thus reinforcing a positive work environment.

Health, Safety and Environment

We regard 'health and safety' at work as a matter of high priority. We strive to ensure that all project sites are safe working environments for our workers and take preventive action to reduce the likelihood of accidents that lead to loss of life, injury to personnel, loss or damage to property.

Hygienic and safe conditions are sought to be ensured by deploying safety officers and inspectors who are responsible for maintaining the safe and healthy working environment. Safety audits are one of the precautionary measures which help to identify the potential health and safety hazards.

We are an environmentally conscious organization and recognize the need to manage and regulate business activities in an environmentally sensitive manner. We are committed to promoting protection and improvement of the environment by implementing effective management systems and taking appropriate measures to avoid threats to the ecological system.

Risk Management Policies

Our contracts expose us to significant construction and cash flow risks. To mitigate these risks, we have developed a risk management system that includes screening the project during the bidding stage. This involves an analysis of the quality of the client, the contract value and nature of competition and efficient project management. Our Company has also adopted a Risk Management Policy which has been designed to lay down a framework for risk assessment and risk management procedures. Risk management policy and processes enable us to proactively manage uncertainty and changes in the internal and external environment which limit negative impacts and optimize business performance, promote confidence amongst various stakeholders and meet the overall growth objective. The company's risk management plan mainly consists of a series of systematic processes and guidelines which assist the company to identify, assess, control the risks, and monitor and manage risks.

Competition

We operate in a competitive atmosphere. Most large-scale power and infrastructure contracts are awarded by the Central Government and various State Governments, which require a competitive bidding process and pre-qualification of contractors to ensure the technical ability to implement such projects. Although there are many qualified competitors in certain market sectors, there are only a few Indian engineering and construction companies with the requisite capacity and experience to complete large construction works on demanding schedules. Some of our competitors are ITD Cementation India Limited, HCC India Limited, Simplex Infrastructure Limited, GMR Power & Urban Infra Limited, Vishnu Prakash R Punglia Limited and Afcons Private Limited. *(Source: CARE Report)*

Among companies that qualify for a given project, competition is primarily based on price. As a result, the bidding processes for power and infrastructure-related contracts awarded by the Central and State Governments continue to be very competitive.

Information Technology

Our robust Information Technology solutions at our project sites provide real time data accessibility and communication facilitating smarter productivity, sustainability and a better end-to-end employee experience. This integrated, reliable network and a digital first approach helps in removing barriers and helps in making productivity easier in order for our team can focus where work happens, including all our hydro power and tunnelling projects in the most remote areas of the Himalayas.

We have successfully implemented the latest Cloud Solution by SAP and the platform helped connect remote sites, providing scalability, increased the speed and accuracy of information and lowered total cost of ownership. The SAP system enables us to track raw materials and components supplied to us, which also enables us to track the progress and status of our projects, monitor the efficiency of our workers and allocate work among our construction teams.

We are focused on improving our internal systems and processes and upgrading our IT systems to reduce manual intervention by implementing IoT Solutions and improve the productivity, reliability and efficiency of our business and operations therefore maximizing asset utilization in our construction activities.

Insurance

Our significant insurance policies consist of a comprehensive coverage for risks relating to standard fire and special perils and group personal accidents. In addition, we have obtained separate insurance coverage for personnel related risks, motor vehicle risks and marine cargo.

Further, we are required to insure our various ongoing projects, pursuant to the contracts entered into with our clients. We have procured contractors all risk (CAR) insurance policies for this purpose.

Properties

Our Registered Office is located at Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India. In addition, we have three branch offices in Kolkata, Hyderabad and New Delhi.

Intellectual Property

Our trademarks and are duly registered under class 37 in India.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Board of Directors

The composition of our Board is governed by the provisions of the Companies Act, 2013, the rules prescribed thereunder, the SEBI Listing Regulations and the Articles. In accordance with the Articles, our Company shall not have less than three Directors and more than fifteen Directors, unless otherwise determined by the Company in General Meeting. As of the date of this Placement Document, our Company has (seven) Directors, comprising of (three) Executive Directors which includes (one) Managing Director, (two) Whole-time Directors (four) Non-Executive Directors which includes (four) Independent Directors (including one woman Independent Director).

The following table sets forth details regarding our Board as of the date of this Placement Document:

Name, date of birth, address, occupation, nationality, term and DIN	Age	Designation
Rupen Patel **Date of Birth:** August 22, 1966 **Address**: A. K. Patel Bungalow, 5-D Dadabhai Road, Near Arya Samaj, Santacruz (W), Mumbai – 400 054, Maharashtra, India. **Occupation**: Business **Nationality**: Indian **Term**: April 1, 2024 to March 31, 2029 **DIN**: 00029583	57 years	Chairman and Managing Director
Kavita Shirvaikar **Date of Birth:** June 1, 1972 **Address**: Flat No. 1212/B-3, Lok Gaurav Complex, LBS Marg, Near 247 Park, Tagore Nagar, Vikhroli West, Mumbai - 400 083, Maharashtra, India. **Occupation:** Service **Nationality**: Indian **Term**: April 1, 2022 to March 31, 2027 **DIN**: 07737376	51 years	Whole-time Director and Chief Financial Officer
Tirth Nath Singh **Date of Birth:** October 26, 1971 **Address:** Plot No. 44/45, A/702, Sector 15, CBD Belapur, Navi Mumbai, Thane – 400614, Maharashtra, India. **Occupation:** Service **Nationality:** Indian **Term:** November 3, 2023 to November 2, 2026	52 years	Whole-time Director - Projects & Corporate Affairs

Name, date of birth, address, occupation, nationality, term and DIN	Age	Designation
DIN: 08760833		
Ashwin Parmar **Date of Birth:** November 4, 1960 **Address:** 48, Pankaj Mansion, opp Podar Hospital, Worli Naka, Worli, Mumbai – 400018, Maharashtra, India **Occupation:** Professional **Nationality:** Indian **Term:** April 20, 2023 to April 19, 2026 **DIN:** 00055591	63 years	Non - Executive Independent Director
Kuppusubramanian Ramasubramanian **Date of Birth:** May 10, 1942 **Address:** C – 301, Nav Jyotirling CHS, Filmcity Road, Malad East, Mumbai – 400 097, Maharashtra, India. **Occupation**: Business **Nationality:** Indian **Term**: September 20, 2019 to September 19, 2024 **DIN**: 01623890	81 years	Non - Executive Independent Director
Sunanda Rajendran **Date of Birth:** September 05, 1961 **Address**: 601/A, Krishna CHS Limited, Nilkantha Vihar, Vidyavihar East, Mumbai – 400 089, Maharashtra, India **Occupation**: Business **Nationality:** Indian **Term**: March 24, 2023 to March 23, 2026 **DIN**: 00381885	62 years	Non – Executive Independent Director
Shambhu Singh **Date of Birth:** December 28, 1959 **Address**: Flat 703, Janaki Apartments, Plot No 7, Sector-22, Dwarka, South West Delhi – 110077, Delhi, India **Occupation**: Professional **Nationality:** Indian **Term**: March 1, 2024 to February 28, 2027	64 years	Non – Executive Independent Director

Name, date of birth, address, occupation, nationality, term and DIN	Age	Designation
DIN: 01219193		

Brief Profiles of our Directors

Rupen Patel, aged 57 years, is the Chairman and Managing Director of our Company. He holds a bachelor's degree in Commerce from Mumbai University and master's in Business Administration from Babson College, USA. He has over 27 years of experience in the construction and infrastructure industry. He is responsible for looking after the overall operations of the Company.

Kavita Shirvaikar, aged 51 years, is the Whole-time Director and Chief Financial Officer of our Company. She is a member of The Institute of Chartered Accountants of India and the Institute of Cost and Works accountants of India. She has also won the 'Recognition of Excellence' for 'exceptional calibre and contribution to the world of finance' from the 9.9 Media Group in 2016, 2017 and 2018, the Best Woman CFO (in Small Cap) category award, 2023, the CFO of the Year Award, 2023 at the Star of the Industry Awards and the Best CFO, Infrastructure Award 2024 at the India CFO Awards. She has experience in the fields of finance and accountancy. She is responsible for all aspects of finance, accounting and financial reporting of our Company. Prior to being appointed as our Whole-time Director and Chief Financial Officer, she has served as the Vice President Finance and as the Joint Chief Financial Officer of our Company. She has also served as the General Manager – Corporate Finance at Suzlon Energy Limited.

Tirth Nath Singh is the Whole-Time Director of our Company. He has been associated with our Company since 2022. He holds a bachelor's degree in civil engineering from North Maharashtra University (Jalgaon). He has over 26 years of experience in the construction and infrastructure industry. He was elevated from the position of Head-Projects to Whole Time Director – Projects & Corporate Affairs. He has been instrumental in steering landmark projects of the Company viz Subansiri, Teesta, Shongtong Hydro Power, and Parbati to their successful culmination. He currently oversees operations in our Company. He has previously been associated with Shapoorji Pallonji, Tata Group's JUSCO, Hindustan Construction Company Limited, SU Toll Road Private Limited, a SPV promoted by Reliance Infrastructure Limited.

Ashwin Parmar is an Independent Director of our Company. He has been associated with our Company since as an Independent Director since 2023. He was also associated with the Company for 15 years and was holding the position of Vice President and was further elevated to the position of Whole Time Director of the Company from April 01, 2014 to April 04, 2016. He holds a bachelor's degree in Civil Engineering from V.J. Technical Institute, Mumbai University and Post Graduate Diploma in Construction Management from National Institute of Construction Management and Research (NICMAR), Bombay. He has over 30 years of experience in construction and infrastructure industry. He has previously been associated with ITD Cementation Limited.

Kuppusubramanian Ramasubramanian is an Independent Director of our Company. He has been associated with our Company since 2014. He has over 35 years of experience in Central Banking. He has previously been associated with Reserve Bank of India. He retired from Reserve Bank of India as a General Manager.

Sunanda Rajendran is an Independent Director of our Company. She has been associated with our Company since March 2022. She holds a Bachelor's degree in Commerce and Honorary Doctorate in Trade and Commerce. She has over 37 years of experience in trade and commerce industry. She is associated with Indo Arab Chamber of Commerce & Industries, Indo African Chamber of Commerce & Industries, etc.

Shambhu Singh is an Independent Director of our Company. He has been associated with our Company since March 2023. He holds a Master's degree in (Economics) from Patna University. He is a retired IAS Officer and has over 35 years of experience in various government organisations.

Relationship with other Directors

None of our Directors are related to each other.

Borrowing powers of our Board

Pursuant to a resolution of our Shareholders which was passed by postal ballot pursuant to notice dated July 23, 2014, the results whereof were declared on September 9, 2014, our Board, or any committee thereof as may be authorised by our Board in this behalf, has been authorised to borrow from time to time, any sum or sums of money for the purposes of our Company, upon such terms and conditions and with or without security, in Indian / foreign currency, as our Board or any committee thereof as may be authorised by our Board in this regard may think fit, notwithstanding that the money or monies to be so borrowed by our Company (apart from temporary loans obtained or to be obtained from time to time from the bankers of our Company in the ordinary course of business) together with the sums already borrowed, may exceed the aggregate of the paid-up share capital and free reserves of our Company, provided however that the sums so borrowed and remaining outstanding on account of principal shall not, at any time, exceed ₹ 90,000 million or the aggregate of the paid-up capital and free reserves of our Company, whichever is higher.

Interest of our Directors

Our Directors may be deemed to be interested to the extent of the remuneration and fees payable to them for attending meetings of our Board or committees thereof, as well as to the extent of reimbursement of expenses payable to them and benefits or any stock options to which they may be entitled to as per their terms of appointment, and the Whole-Time Directors of our Company may be deemed to be interested to the extent of remuneration paid to them for services rendered. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of the applicable law.

Except for Rupen Patel, who is one of the Promoters of our Company, none of our Directors have any interest in the promotion of our Company.

Our Directors may also be regarded as interested in any Equity Shares, if any held by them and to the extent of any dividend payable to them and other distributions or benefits in respect of the Equity Shares held by them. Our Directors may also be regarded as interested in the Equity Shares held by or subscribed by and allotted to, their relatives or the companies, firms, HUFs, and trusts in which they are interested as directors, members, partners, karta, trustees, etc.

Except as provided in "*Related Party Transactions*" beginning on page 46, there have been no related party transactions between the Company and any of the Directors during the three Fiscals immediately preceding the date of this Placement Document. Further, except as provided in "*Related Party Transactions*" beginning on page 46, our Company has neither availed of any loans from, nor extended any loans to the Directors which are currently outstanding.

Except as provided in "*Related Party Transactions*" on page 46, our Company has not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Placement Document, in which any of the Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For further details relating to contracts, agreements or arrangements entered into by our Company during the last three Fiscals, in which the Directors are interested directly or indirectly and for payments made to them in respect of such contracts, agreements or arrangements and for other interest of Directors in respect to the related party transactions, during the last three Fiscals, see "*Related Party Transactions*" on page 46.

Shareholding of Directors

As per our Articles, our Directors are not required to hold any qualification shares.

Except as disclosed below, none of our Directors hold Equity Shares in our Company as of the date of this Placement Document.

Name of the Director	Designation	Number of Equity Shares	Percentage (%) shareholding
Rupen Patel	Chairman and Managing Director	30,785,933	3.98
Kavita Shirvaikar	Whole-time Director and Chief Financial Officer	288,180	0.04
Ashwin Parmar	Non – Executive Independent Director	25,908	Negligible

Terms of Appointment of Whole-Time Directors

Rupen Patel

Rupen Patel is the Chairman and Managing Director of our Company. The following is a description of the current terms of appointment of Rupen Patel:

Particulars	Details
Salary	Not exceeding ₹ 6 crore per annum
Perquisites	Not exceeding 2 crore per annum • Housing: reimbursement of furniture & furnishing expenses etc., House maintenance viz. expenses incurred for utilization of gas, electricity, water, furnishing and repairs, maintenance and renovation expenses. • Medical Reimbursement: Expenses incurred for the Chairman and Managing Director and his family*. * family includes spouse, children and parents • Holiday Package: in addition to leave travel (LTA), a return holiday package (including accommodation) by first / business class with family or reimbursement of the expenses incurred by the Managing Director on such travel / accommodation. • Club Membership: Subscription / Reimbursement of membership fee for maximum 3 clubs including admission and annual membership fee. • Education Allowance: In case of children studying in India or outside India, the Company shall directly pay to the Institutions the amount of donation, fees, tuition fees etc. on actual or reimburse the same, for a maximum of two children. Rupen Patel shall be allowed to retain any benefits received as Director or Member of such Associate, Subsidiaries and/ or Joint Ventures of the Company as and when the Board of Directors of the Company assigns duties to him to perform on such Associate, Subsidiaries and/or Joint Ventures.
Additional Remuneration	Performance incentive/bonus not exceeding ₹ 2 crore per annum.

Kavita Shirvaikar

Kavita Shirvaikar is a Whole-time Director and Chief Financial Officer of our Company. The following is a description of the current terms of appointment of Kavita Shirvaikar:

Particulars	Details
Salary	Not exceeding ₹ 30.00 million per annum
Perquisites	• Furnished accommodation or house rent allowance, coverage under medical /accident insurance, leave travel allowance, contribution to provident fund, payment of gratuity and such other perquisites and allowance as per the Company rules. • In addition to leave travel, she shall be eligible for return holiday package (in India or outside India (including accommodation) once a year with her family* or the Company shall reimburse the expenses incurred by her on such travel/accommodation. *family includes spouse, child and dependent parents • Subscription or reimbursement of membership fees subject to maximum of 2 clubs. • Payment /reimbursement of insurance coverage availed for her dependent parents.

Particulars	Details
	• In case of her child studying in India or outside India, the Company shall directly pay to the institution/college, the amount of educational fees/tuition fees on actual or reimburse the same. • Kavita Shirvaikar will also be entitled to stock options as may be decided from time to time as per employees stock option scheme of the Company. • Kavita Shirvaikar shall be allowed to retain any benefits received as Director or Member of such Associate, Subsidiaries and/or Joint Ventures of the Company as and when the Board of Directors of the Company assigns duties to her to perform on such Associate, Subsidiaries and/ or Joint Ventures. • For the purpose of calculation of the above ceiling, perquisites and allowance will be evaluated as per Income-tax rules wherever applicable. In the absence of any such rules, the perquisites and allowances will be evaluated as per actual cost. Provisions of use of Company's car for official duty, telephone at residence including payment of local calls and long distance official calls shall not be included in the perquisites and allowances for the purpose of calculating the said limit.
Additional Remuneration	Incentive/Performance linked incentive not exceeding ₹ 10 million per annum

Tirth Nath Singh

Tirth Nath Singh is the Whole-time Director of our Company. The following is a description of the current terms of appointment of Tirth Nath Singh:

Particular	Details
Salary	Not exceeding ₹ 20.00 million per annum
Perquisites	Not exceeding ₹ 5.00 million per annum
Additional Remuneration	Performance incentive/Bonus not exceeding ₹ 2.50 million per annum

Remuneration paid to Executive Directors

The following tables set forth the details of remuneration (inclusive of salary, perquisites and performance linked remuneration, if any) paid by our Company to the Executive Directors of our Company for Fiscal 2024, Fiscal 2023 and Fiscal 2022:

(In ₹ million)

S. No.	Name of the Director	Fiscal 2024	Fiscal 2023	Fiscal 2022
(1)	Rupen Patel	49.18	42.25	28.04
(2)	Kavita Shirvaikar	28.52	21.74	21.32
(3)	Sunil D.Sapre[1]	7.49	13.60	12.71
(4)	Tirth Nath Singh[2]	5.75	-	-

1. Sunil D. Sapre ceased to be Whole Time Director w.e.f. October 13, 2023
2. Tirth Nath Singh was appointed as Whole Time Director w.e.f. November 3, 2023.

Remuneration of the Non- Executive Directors

Our Non- Executive Directors are entitled to receive sitting fees besides reimbursement of actual traveling and other expenses incurred for attending such meetings. Our Non – Executive Directors are entitled to receive ₹ 50,000 per meeting for attending every Board Meeting as well as Audit Committee Meeting and ₹25,000 per meeting for other Committee Meetings.

The following tables set forth the details of sitting fees paid by our Company to the Non-Executive Directors of our Company for Fiscal 2024, Fiscal 2023 and Fiscal 2022:

(In ₹ million)

S. No.	Name of the Director	Fiscal 2024	Fiscal 2023	Fiscal 2022
(1)	Kuppusubramanian Ramasubramanian	0.73	1.08	0.65
(2)	Geetha Sitaraman[1]	-	-	0.50

(3)	Barendra Kumar Bhoi[2]	0.33	0.75	0.25
(4)	Sunanda Rajendran[3]	0.30	0.40	-
(5)	Shambhu Singh[4]	0.25	-	-
(6)	Ashwin Kumar Ramanlal Parmar[5]	0.35	-	-

(1) Geetha Sitaraman ceased to be Independent Director w.e.f. March 25, 2022.
(2) Barendra Kumar Bhoi ceased to be Independent Director w.e.f. August 13, 2023.
(3) Sunanda Rajendran was appointed as Independent Director w.e.f. March 24, 2022.
(4) Shambhu Singh was appointed as Independent Director w.e.f. March 1, 2023.
(5) Ashwin Parmar was appointed as Independent Director w.e.f. April 20, 2023.

Prohibition by SEBI or Other Governmental Authorities

Neither our Company, nor our Directors or Promoters are debarred from accessing capital markets under any order or direction made by SEBI or any other governmental authority.

None of the Directors of the companies with which they are or were associated as promoters, directors or persons in control have been debarred from accessing the capital market under any order or direction passed by SEBI or any other governmental authority.

Key Managerial Personnel

Key Managerial Personnel are permanent employees of our Company. In addition to the Executive Directors and the Chief Financial Officer, the details of our other Key Managerial Personnel in terms of the Companies Act and the SEBI ICDR Regulations as on the date of this Placement Document are set forth below:

Name	Designation
Shobha Shetty	Company Secretary and Compliance Officer

Shobha Shetty is the Company Secretary and Compliance Officer of our Company. She has been associated with our Company since 2003. She holds a bachelor’s degree in Commerce from University of Mumbai. She is also a qualified Company Secretary from the Institute of Company Secretaries of India. She has over 20 years of experience in secretarial matters.

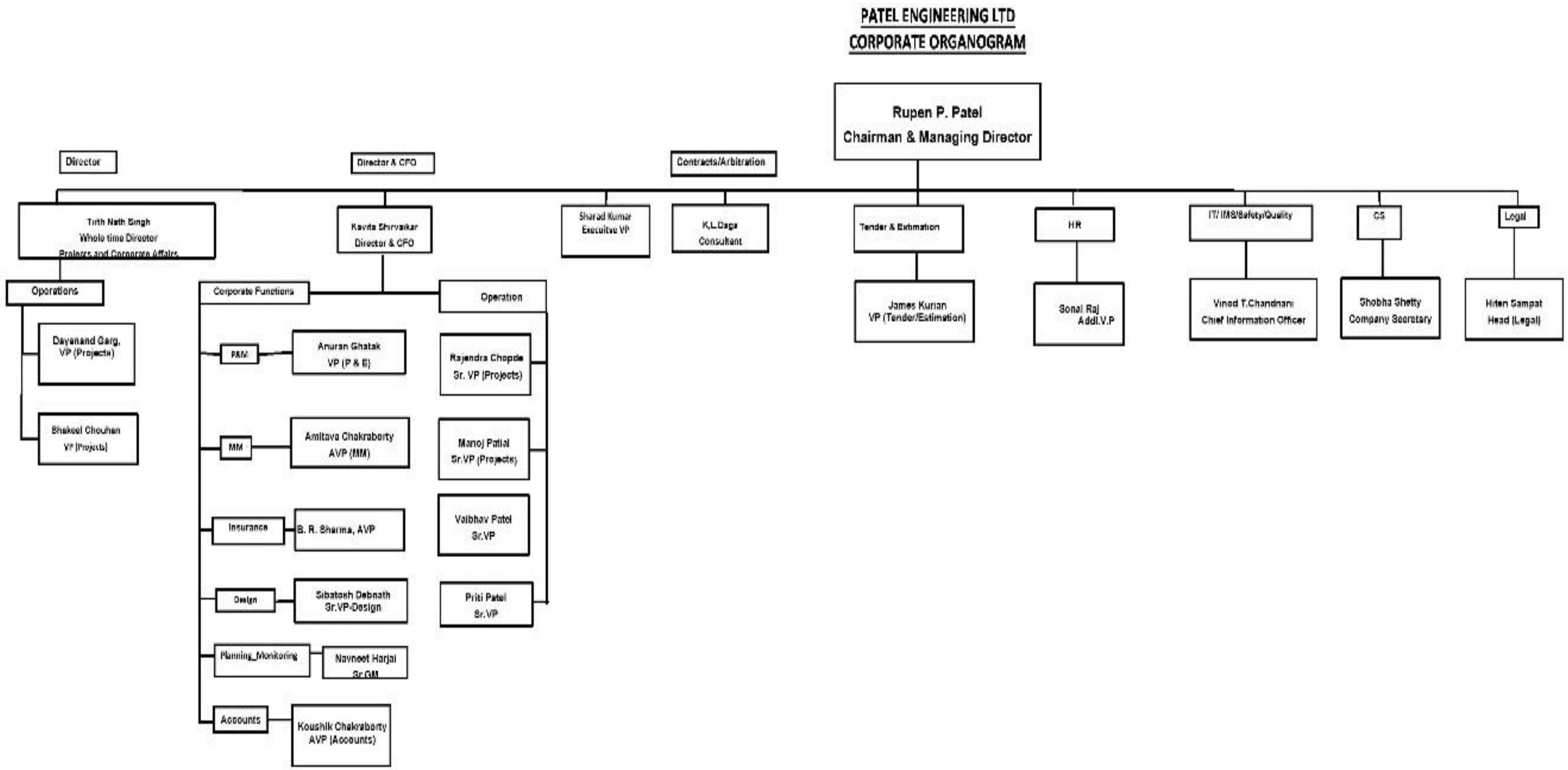
Members of Senior Management

Except for Kishan Lal Daga and Hiten Girish Sampat, the members of Senior Management are permanent employees of our Company. In addition to the Executive Directors, the Chief Financial Officer and the Company Secretary and Compliance Officer of our Company, the details of our members of Senior Management, as on the date of this Placement Document are set forth below:

Name	Designation	Date of Joining
Sharad Kumar	Senior Vice President (Operations)	February 1, 2018
Priti Patel	Senior Vice President (Business Development)	August 1, 2015
Vinod Chandnani	Chief Information Officer	March 13, 2017
Anuran Ghatak	Vice President (P&E)	January 1, 2021
Sonal Raj	Additional Vice President (Human Resources)	November 07, 2022
Baldev Raj Sharma	Additional Vice President (Insurance)	June 1, 1976
Amitava Chakraborty	Additional Vice President (Material Management)	February 9, 2022
Kishan Lal Daga	Head – International Claims and Legal	November 1, 2005
James Kurian	Vice President (Tendering and Estimation)	September 12, 2011
Sibatosh Debnath	Senior Vice President (Design & Engineering)	February 21, 2023
Hiten Girish Sampat	General Counsel	July 1, 2023

Organisational Chart of our Company

Set forth below is the organisational structure of our Company, including our Board, Key Managerial Personnel and Senior Management:



Relationship between Key Managerial Personnel and members of Senior Management

None of our Key Managerial Personnel and members of our Senior Management are related either to each other or to the Directors.

Interest of Key Managerial Personnel and members of Senior Management

Other than as disclosed under "Board of Directors and Senior Management – *Interest of our Directors*", our Key Managerial Personnel and members of the Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits or stock options to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business. Our Key Managerial Personnel and members of Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in our Company, if any.

None of our Key Managerial Personnel and members of Senior Management have been paid any consideration of any nature from our Company, other than their remuneration.

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Managerial Personnel and members of Senior Management was selected as member of senior management.

Corporate Governance

Our Company is in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations, the Companies Act, 2013 and the SEBI ICDR Regulations, in respect of corporate governance, including constitution of our Board and committees thereof. The corporate governance framework is based on an effective independent Board, and constitution of our Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Committees of our Board of Directors

Our Board has constituted statutory committees, which function in accordance with the relevant provisions of the Companies Act, 2013 and the SEBI Listing Regulations and applicable circulars or directions. The statutory committees of our Board are: (i) Audit Committee; (ii) Nomination and Remuneration Committee; (iii) Stakeholders' Relationship Committee; (iv) Risk Management Committee; (v) Corporate Social Responsibility Committee; (vi) Committee of Directors and (vii) Allotment Committee

The following table sets forth details of members of the aforesaid committees, as on the date of this Placement Document:

Committee	Name and Designation of Members
Audit Committee	Ramasubramanian Kuppusubramanian (Chairperson) Rupen Patel (Member) Ashwin Parmar (Member)
Nomination and Remuneration Committee	Ramasubramanian Kuppusubramanian (Chairperson) Rupen Patel (Member) Ashwin Parmar (Member) Sunanda Rajendran (Member)
Stakeholders Relationship Committee	Ramasubramanian Kuppusubramanian (Chairperson) Kavita Shirvaikar (Member) Ashwin Parmar (Member)
Risk Management Committee	Ramasubramanian Kuppusubramanian (Chairperson) Kavita Shirvaikar (Member) Koushik Chakraborty (Member)
Corporate Social Responsibility Committee	Ramasubramanian Kuppusubramanian (Chairperson) Kavita Shirvaikar (Member) Ashwin Parmar (Member)
Committee of Directors	Rupen Patel (Member)

Committee	Name and Designation of Members
	Kavita Shirvaikar (Member) Tirth Nath Singh (Member)
Allotment Committee	Rupen Patel (Member) Kavita Shirvaikar (Member) Tirth Nath Singh (Member)

Shareholding of Key Managerial Personnel and members of Senior Management

Except as disclosed below, none of our Key Managerial Personnel and members of Senior Management hold Equity Shares in our Company as of the date of this Placement Document.

Name of the Key Managerial personnel / Member of Senior Management	Designation	Number of Equity Shares	Percentage (%) shareholding
Rupen Patel	Chairman and Managing Director	30,785,933	3.98
Kavita Shirvaikar	Whole Time Director and Chief Financial Officer	288,180	0.04
Shobha Shetty	Company Secretary and Compliance Officer	7,000	Negligible
Sharad Kumar	Senior Vice President (Operations)	2,100	Negligible
Priti Patel	Senior Vice President (Business Development)	100	Negligible
Anuran Ghatak	Vice President (Plant and Equipment)	50	Negligible
Baldev Raj Sharma	Additional Vice President (Insurance)	6,000	Negligible
Kishan Lal Daga	Head – International Claims and Legal	200	Negligible
James Kurian	Vice President (Tender and Estimation)	200	Negligible

Other Confirmations

None of our Directors, Promoters or Key Managerial Personnel or members of Senior Management have any financial or other material interest in the Issue.

Neither our Company, nor the Directors or Promoters are identified as wilful defaulters or fraudulent borrowers by any bank or financial institution or consortium thereof, in accordance with the guidelines on Wilful Defaulters or Fraudulent Borrowers issued by the RBI.

None of our Promoters or Directors have been declared as a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

None of our Directors, Promoters, Key Managerial Personnel or Senior Management of our Company intend to subscribe to the Issue.

No change in control of our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

The SEBI Insider Trading Regulations applies to our Company and our employees and requires our Company to implement a code of practices and procedures for fair disclosure of unpublished price sensitive information and conduct for the prevention of insider trading. Our Company has implemented a code of conduct for prevention of insider trading in accordance with the SEBI Insider Trading Regulations.

Related Party Transactions

For details in relation to the related party transactions entered into by our Company during Fiscals 2021, 2022 and 2023 and the nine months ended December 31, 2023, see "***Financial Information***" and "***Related Party Transactions***" beginning on pages 284 and 46, respectively.

ORGANISATIONAL STRUCTURE OF OUR COMPANY

Board of Directors

Corporate History

Our Company was incorporated as 'Patel Engineering Company Limited', a public limited company under the Indian Companies Act, VII of 1913, pursuant to a certificate of incorporation issued by the Registrar of Companies, Maharashtra at Mumbai on April 2, 1949. Pursuant to a resolution of our Shareholders dated September 30, 1999, the name of our Company was changed to 'Patel Engineering Limited' and a fresh certificate of incorporation was issued by the RoC on December 9, 1999.

Our Company's CIN is L99999MH1949PLC007039

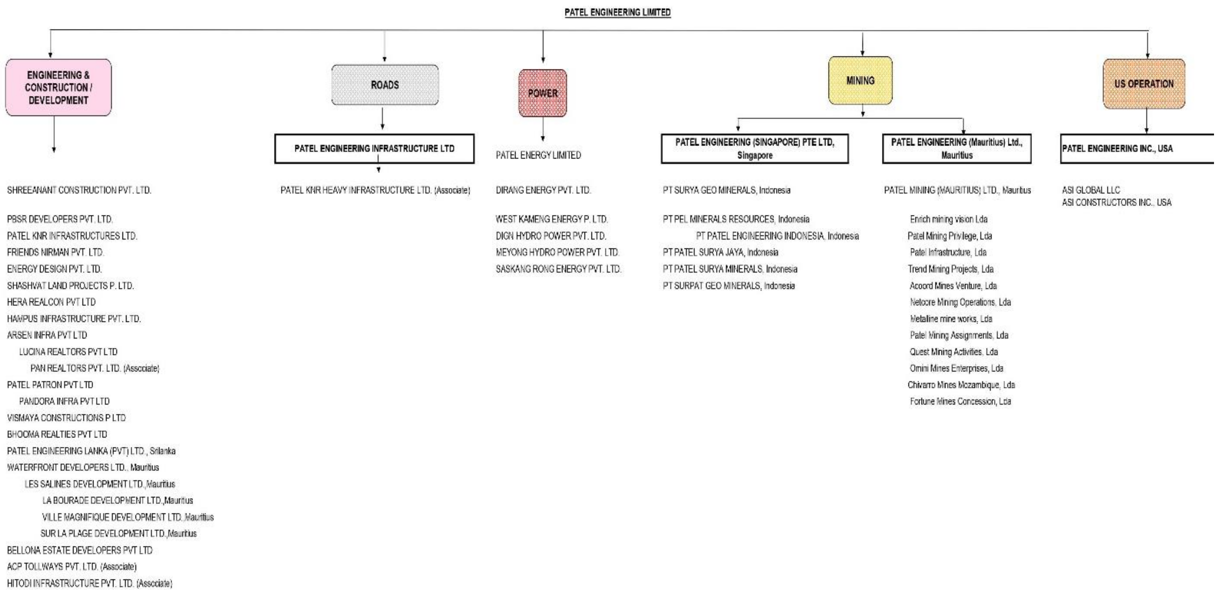
The Registered Office of our Company is located at Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India.

The Equity Shares have been listed been listed and traded on the BSE since 1986 and on the NSE since 2005.

Organizational Structure

As of the date of this Placement Document, we have 52 Subsidiaries, including step-down subsidiaries, of which 22 are Indian subsidiaries and 30 are foreign subsidiaries. For further details, see "*Definitions and Abbreviations*" and "*Financial Information*" beginning on pages 21 and 284, respectively.

Our organisational structure is set forth below.



Holding company

As on date of this Placement document, our Company does not have any holding company.

Associate company and Joint Venture

As on the date of this Placement document, our Company has 4 associate companies and 44 joint ventures.

As on the date of this Placement Document, our Company does not have any material subsidiaries.

SHAREHOLDING PATTERN OF OUR COMPANY

Shareholding pattern of our Company as on March 31, 2024

The following table sets forth the details regarding the equity shareholding pattern of our Company as on March 31, 2024

Category	Category of Shareholder	Number of Shareholders	Number of fully paid up Equity Shares held	Total number of shares held	Shareholder as a % of total number of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights	Total as a % of Total Voting Rights	No. of Shares Pledged or otherwise encumbered		No. of equity shares held in dematerialized form
								No. (a)	As a % of total Shares held (b)	
(A)	Promoter and Promoter Group	6	304,917,712	304,917,712	39.41	304,917,712	39.41	270,363,109	88.67	304,917,712
(B)	Public	259,598	431,605,276	431,605,276	55.79	431,605,276	55.79		0.00	431,176,118
(C)	Non Promoter – Non Public	1	37,094,240	37,094,240	0.00	37,094,240	4.79		0.00	37,094,240
(C1)	Shares underlying DRs				0.00		0.00		0.00	
(C2)	Shares held by Employee Trusts	1	37,094,240	37,094,240	4.79	37,094,240	4.79		0.00	37,094,240
	Total	**259,605**	**773,617,228**	**773,617,228**	**100.00**	**773,617,228**	**100.00**	**270,363,109**	**34.95**	**773,188,070**

Notes: Mr. Pravin Patel and Ms. Sonal Patel are immediate relatives of Promoters. However, they have been reclassified from Promoters shareholder to Public shareholders with effect from January 11, 2019. Hence classified under "Public Shareholders under Relatives of promoters (other than immediate relatives of promoters disclosed under Promoter and Promoter Group category)" in compliance with SEBI Circular no. SEBI/HO/CFD/PoD-1/P/CIR/2022/92 dated June 30, 2022

Statement showing shareholding pattern of our Promoters and Promoter Group

The following table sets forth the details regarding the equity shareholding pattern of our Promoters and Promoter Group as on March 31, 2024

Category	Category of Shareholder	Entity Type	Nos. of Shareholders	No. of fully paid up equity shares held	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)As a % of (A+B+C2)	No. of Shares Pledged or otherwise encumbered		Number of equity shares held in dematerialized form
							No.(a)	As a % of total Shares held(b)	
A1)	**A1) Indian**								
(a)	**Individuals/Hindu undivided Family**		**4**	**32,315,833**	**32,315,833**	**4.18**	**30,785,933**	**95.27**	**32,315,833**
	Patel Rupen Pravin	Promoter	1	30,785,933	307,85,933	3.98	30,636,033	99.51	30,785,933
	Alina Rupen Patel	Promoter Group	1	1,290,000	1,290,000	0.17	0	0.00	1,290,000
	Patel Chandrika Pravin*	Promoter Group	1	149,900	149,900	0.02	149,900	100.00	149,900
	Ryan Rupen Patel	Promoter Group	1	90,000	90,000	0.01	0	0.00	90,000
	Any Other (specify)		**2**	**272,601,879**	**272,601,879**	**35.24**	**239,577,176**	**87.89**	**272,601,879**
	Raahitya Constructions Private Limited	Promoter	1	232,406,527	232,406,527	30.04	199,381,824	85.79	232,406,527
	Praham India LLP	Promoter	1	40,195,352	40,195,352	5.20	40,195,352	100	40,195,352
	Sub Total A1		**6**	**304,917,712**	**304,917,712**	**39.41**	**270,363,109**	**88.67**	**304,917,712**
A2)	**A2) Foreign**					**0.00**		**0.00**	
	A=A1+A2		**6**	**304,917,712**	**304,917,712**	**39.41**	**270,363,109**	**88.67**	**304,917,712**

**Patel Chandrika Pravin expired on January 22, 2023, since these shares are pledged against loan availed by Patel Engineering Limited, the same is pending transfer to the nominee Ryan Rupen.*

Statement showing shareholding pattern of the public Shareholders

The following table sets forth the details regarding the equity shareholding pattern of the public Shareholders as on March 31, 2024

Category	Category and name of the Shareholders	No. of Shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
B1)	**Institutions**							
B2)	**Institutions (Domestic)**							
	Alternate Investment Funds	1	1,05,000	1,05,000	0.01	1,05,000	0.01	1,05,000
	Banks	6	31,522,515	31,522,515	4.07	31,522,515	4.07	31,522,515
	Bank of Baroda	1	10,225,000	10,225,000	1.32	10,225,000	1.32	10,225,000
	Mutual Funds	2	6,51,623	6,51,623	0.08	6,51,623	0.08	6,51,623
	Insurance Companies	3	2,492,957	2,492,957	0.32	2,492,957	0.32	2,492,957
	NBFCs registered with RBI	1	1,000	1,000	0.00	1,000	0.00	1,000
	Sub Total B1	**13**	**34,773,095**	**34,773,095**	**4.49**	**34,773,095**	**4.49**	**34,773,095**
B3)	**Institutions (Foreign)**							
	Foreign Portfolio Investors Category I	66	23,208,398	23,208,398	3.00	23,208,398	3.00	23,208,398
	Foreign Portfolio Investors Category II	5	2,841,374	2,841,374	0.37	2,841,374	0.37	2,841,374
	Sub Total B2	**71**	**26,049,772**	**26,049,772**	**3.37**	**26,049,772**	**3.37**	**26,049,772**
B4)	**Central Government / State Government(s) / President of India**							
	State Government / Governor	1	100	100	0.00	100	0.00	100
	Sub Total B3	1	100	100	0.00	100	0.00	100
B5)	**Non-Institutions**	0	0		0.00		0.00	
	Directors and their relatives (excluding independent directors and nominee directors)	1	288,180	288,180	0.04	288,180	0.04	288,180
	Key Managerial Personnel	1	7,000	7,000	0.00	7,000	0.00	7,000

Category	Category and name of the Shareholders	No. of Shareholders	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	No. of Voting Rights	Total as a % of Total Voting right	No. of equity shares held in dematerialized form
	Relatives of promoters (other than 'immediate relatives' of promoters disclosed under 'Promoter and Promoter Group' category)	2	391,300	391,300	0.05	391,300	0.05	391,300
	Investor Education and Protection Fund (IEPF)	1	361,282	361,282	0.05	361,282	0.05	361,282
	Resident Individuals holding nominal share capital up to ₹ 2 lakhs	251704	245,455,310	245,455,310	31.73	245,455,310	31.73	245,026,152
	Resident Individuals holding nominal share capital in excess of ₹ 2 lakhs	86	64,601,341	64601,341	8.35	64,601,341	8.35	64,601,341
	Anil Vishanji Dedhia	1	12,313,000	12,313,000	1.59	12,313,000	1.59	12,313,000
	Non Resident Indians (NRIs)	**2,432**	**90,84,284**	**90,84,284**	**1.17**	**90,84,284**	**1.17**	**90,84,284**
	Bodies Corporate	**772**	**34,865,862**	**34,865,862**	**4.51**	**34,865,862**	**4.51**	**34,865,862**
	Kedia Securities Private Limited	1	12,000,000	12,000,000	1.55	12,000,000	1.55	12,000,000
	Any Other (specify)	**4,514**	**15,727,750**	**15,727,750**	**2.03**	**15,727,750**	**2.03**	**15,727,750**
	Trusts	4	95,450	95,450	0.01	95,450	0.01	95,450
	LLP	74	1,578,425	1,578,425	0.20	1,578,425	0.20	1,578,425
	HUF	4,428	14,032,726	14,032,726	1.81	14,032,726	1.81	14,032,726
	Clearing Member	8	21,149	21,149	0	21,149	0	21,149
	Sub Total B4	**2,59,513**	**370,782,309**	**370,782,309**	**47.93**	**370,782,309**	**47.93**	**370,353,151**
	B=B1+B2+B3+B4	**2,59,598**	**431,605,276**	**431,605,276**	**55.79**	**431,605,276**	**55.79**	**431,176,118**

Statement showing shareholding pattern of the non – Promoter – non-public Shareholder:

The following table sets forth the details regarding the equity shareholding pattern of the non- Promoter- non- public Shareholders as on March 31, 2024

Category	Category of the Shareholders	No. of Shareholder	No. of fully paid up equity shares held	Total no. shares held	Shareholding % calculated as per SCRR, 1957 As a % of (A+B+C2)	Number of equity shares held in dematerialized form
C1)	**Custodian/DR Holder**					
C2)	**Employee Benefit Trust**					
	Employee Benefit Trust	1	37,094,240	37,094,240	4.79	37,094,240
	Patel Engineering Employees Welfare Trust	1	37,094,240	37,094,240	4.79	37,094,240
	Sub Total C2	**1**	**37,094,240**	**37,094,240**	**4.79**	**37,094,240**
	C= C1+C2	**1**	**37,094,240**	**37,094,240**	**4.79**	**37,094,240**

ISSUE PROCEDURE

The following is a summary intended to present a general outline of the procedure relating to the Bidding, payment of Application Amount, Allocation and Allotment of the Equity Shares. The procedure followed in the Issue may differ from the one mentioned below, and Bidders are assumed to have apprised themselves of the same from our Company or the Book Running Lead Manager. Prospective Bidders are advised to inform themselves of any restrictions or limitations that may be applicable to them and are required to consult their respective advisers in this regard. Eligible QIBs that applied in the Issue were required to confirm and have been deemed to have represented to our Company, the Book Running Lead Manager and their respective directors, officers, agents, employees, counsels, shareholders, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Book Running Lead Manager and their respective directors, officers, employees, counsels, agents, affiliates, and representatives accept no responsibility or liability for advising any Eligible QIBs on whether such Eligible QIB was eligible to acquire the Equity Shares. Also see "Selling Restrictions" and "Transfer Restrictions" beginning on pages 247 and 255, respectively.

Our Company, the Book Running Lead Manager and their respective directors, officers, agents, advisors, shareholders, employees, counsels, affiliates and representatives are not liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Bidders are advised to make their independent investigations and satisfy themselves that they are eligible to apply. Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs are required to satisfy themselves that their Bids would not result in triggering an open offer under the SEBI Takeover Regulations and shall be solely responsible for compliance with all the applicable provisions of the SEBI Takeover Regulations, the SEBI Insider Trading Regulations, and other applicable laws.

Qualified Institutions Placement

THE ISSUE IS MEANT ONLY FOR ELIGIBLE QIBS ON A PRIVATE PLACEMENT BASIS AND IS NOT AN OFFER TO THE PUBLIC OR TO ANY OTHER CLASS OF INVESTORS.

The Preliminary Placement Document and this Placement Document have not been filed as a prospectus with the RoC and, no Equity Shares will be offered in India or overseas to the public or any members of the public or any other class of investors, other than Eligible QIBs.

The Issue is being made to Eligible QIBs in reliance upon Chapter VI of the SEBI ICDR Regulations and Section 42 and any other applicable provisions of the Companies Act, 2013 and rules thereunder, through the mechanism of a QIP. Under Chapter VI of the SEBI ICDR Regulations and Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, our Company, being a listed company in India, may issue Equity Shares to Eligible QIBs, provided that certain conditions are met by such Company. Some of these conditions are set out below:

- our Shareholders have passed a special resolution approving the Issue. Such special resolution *inter alia* must specify (a) that the allotment of Equity Shares is proposed to be made pursuant to a qualified institutions placement and (b) the relevant date for the QIP;

- the explanatory statement to the notice to our Shareholders for convening the extraordinary general meeting must disclose, among other things, the particulars of the issue including the date of passing the board resolution, the kind of securities being offered and the price at which they are offered, amount which the company intends to raise by way of such securities and the material terms of raising such securities, proposed issue schedule, the purpose or objects of offer, the contribution made by the promoters or directors either as part of the offer or separately in furtherance of the objects, and the basis or justification for the price (including premium, if any) at which the offer or invitation is being made;

- under Regulation 172(1)(b) of the SEBI ICDR Regulations, the Equity Shares of the same class of our Company, which are proposed to be allotted through the Issue are listed on the recognized Stock Exchanges, for a period of at least one year prior to the date of issuance of notice of extraordinary general meeting to our Shareholders to pass the above-mentioned special resolution; except for Equity Shares allotted during the preceding one year from the date of this Placement Document. For details, please see the section titled "*Capital Structure*" beginning on page 84;

- invitation to apply in the Issue must be made through a private placement offer-cum-application letter (i.e., this Placement Document) and an Application Form serially numbered and addressed specifically to the Eligible QIBs to whom the Issue is made either in writing or in electronic mode, within 30 days of recording the name of such person in accordance with applicable law; the allotments with respect to any earlier offer or invitation made by our Company shall have been completed;

- in accordance with the SEBI ICDR Regulations, issuance and allotment of Equity Shares shall be made only in dematerialized form;

- our Company shall not make any subsequent qualified institutions placement until the expiry of two weeks from the date of this Issue;

- our Company shall have completed allotments with respect to any offer or invitation made by our Company, however, our Company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed;

- our Promoters and Directors are not fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018 and the SEBI ICDR Regulations; and

- an offer to Eligible QIBs will not be subject to a limit of 200 persons. Prior to circulating the private placement offer-cum-application letter (i.e., the Preliminary Placement Document and the Application Form), our Company must prepare and record a list of Eligible QIBs to whom the offer will be made. The qualified institutions placement must be made only to such Eligible QIBs whose names are recorded by the issuer prior to the invitation to subscribe;

- our Company acknowledges that the offering of securities by issue of public advertisements or utilisation of any media, marketing or distribution channels or agents to inform the public about the Issue is prohibited;

- the Directors are not declared as 'Fraudulent Borrower' by the lending Banks or financial institution or consortium, in terms of RBI master circular dated July 1, 2016

At least 10% of the Equity Shares issued pursuant to this Issue to Eligible QIBs shall be available for Allocation to Mutual Funds, provided that, if this portion or any part thereof to be allotted to Mutual Funds remains unsubscribed, it may be allotted to other Eligible QIBs.

Bidders were not allowed to withdraw or revise downwards their Bids after the Issue Closing Date.

Additionally, there is a minimum pricing requirement under the SEBI ICDR Regulations. The floor price of the equity shares issued under the QIP is not less than the average of the weekly high and low of the closing prices of the issuer's equity shares of the same class quoted on the stock exchanges during the two weeks preceding the Relevant Date as calculated in accordance with Chapter VI of the SEBI ICDR Regulations. The "Relevant Date" referred to above means the date of the meeting in which the Board or duly authorised committee thereof decides to open the Issue and "stock exchange", for the purposes of determination of price, means any of the recognized stock exchanges on which the Equity Shares of the same class are listed and on which the highest trading volume in such Equity Shares has been recorded during the two weeks immediately preceding the Relevant Date. Further, in accordance with the special resolution of our Shareholders passed on March 8, 2024 at the extraordinary general meeting, our Company offered a discount of 5% on the Floor Price in accordance with the SEBI ICDR Regulations.

The Equity Shares will be Allotted within 365 days from the date of our Shareholder's resolution approving the Issue, being March 8, 2024 at the extraordinary general meeting and within 60 days from the date of receipt of Application Amount from the Successful Bidders failing which our Company shall refund the Bid Amount in accordance with applicable laws. For details of refund of Application Amount, see the section titled "*Pricing and Allocation – Designated Date and Allotment of Equity Shares*" in the chapter titled "*Issue Procedure*" beginning on page 230.

The subscription to the Equity Shares offered pursuant to the Issue must be made by Eligible QIBs on the basis of the Preliminary Placement Document and this Placement Document, which shall contain all material information required under applicable law including the information specified in Schedule VII of SEBI ICDR Regulations and the requirements prescribed under PAS Rules and Form PAS-4. The Preliminary Placement Document and this Placement Document are private documents provided to only select Eligible QIBs through serially numbered copies and are required to be placed on the website of the concerned Stock Exchanges and of our Company with a disclaimer to the effect that it is in connection with an issue to Eligible QIBs and no offer is being made to the public or to any other category of investors. Please note that if you do not receive a serially numbered copy of the Preliminary Placement Document addressed to you, you may not rely on the Preliminary Placement Document or this Placement Document uploaded on the website of the Stock Exchanges or our Company for making an application to subscribe to Equity Shares pursuant to the Issue with a disclaimer to the effect that it is in connection with an offer to Eligible QIBs and no offer is being made to the public or to any other category of investors. Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

The minimum number of allottees with respect to a QIP shall not be less than:

- two, where the issue size is less than or equal to ₹2,500 million; and
- five, where the issue size is greater than ₹2,500 million.

No single Allottee shall be Allotted more than 50% of the Issue Size.

Eligible QIBs that belong to the same group or that are under common control shall be deemed to be a single Allottee for the purpose of the Issue. For details of what constitutes "same group" or "common control", see "*Bid Process - Application Form*" in the chapter titled "***Issue Procedure***" beginning on page 230.

Equity Shares being Allotted pursuant to the Issue shall not be sold for a period of one year from the date of Allotment, except on the floor of a recognized stock exchange. In addition, purchasers of the Equity Shares Allotted pursuant to the Issue shall comply with the resale restrictions set forth in the sections titled, "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 247 and 255, respectively. Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirements. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States, and may not be offered, sold or delivered in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any applicable U.S. state securities laws. The Equity Shares offered in the Issue are being offered and sold only outside the United States in "offshore transactions", as defined in and in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made. The Equity Shares are transferable only in accordance with the restrictions described under "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 247 and 255, respectively

The Equity Shares issued pursuant to this Issue have not been and will not be registered, listed, or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Our Company has filed a draft of the Preliminary Placement Document and this Placement Document with each of the Stock Exchanges. Our Company has received in-principle approvals from each of the Stock Exchanges under Regulation 28(1)(a) of the SEBI Listing Regulations for the listing of the Equity Shares on the BSE and NSE on April 22, 2024.

We shall also make the requisite filings with the RoC within the stipulated time periods as required under the Companies Act, 2013 and the PAS Rules.

Issue Procedure

1. On the Issue Opening Date, our Company and the Book Running Lead Manager have circulated serially numbered copies of the Preliminary Placement Document and the serially numbered Application Form,

either in electronic or physical form, to identified Eligible QIBs and the Application Form have been specifically addressed to each such Eligible QIB. In terms of Section 42(3) of the Companies Act, 2013, our Company shall maintain records of the Eligible QIBs in the form and manner as prescribed under the PAS Rules, to whom the Preliminary Placement Document and the serially numbered Application Form have been dispatched or circulated, as the case may be. The list of Eligible QIBs to whom the Preliminary Placement Document and Application Form was delivered will be determined by our Company in consultation with the Book Running Lead Manager, at their sole discretion.

2. **Unless a serially numbered Preliminary Placement Document along with the serially numbered Application Form, which included the details of the bank account wherein the Application Amount is to be deposited, were addressed to a particular Eligible QIB, no invitation to make an offer to subscribe shall be deemed to have been made to such Eligible QIB.** Even if such documentation were to come into the possession of any person other than the intended recipient, no offer or invitation to offer shall be deemed to have been made to such person and any application that does not comply with this requirement shall be treated as invalid.

3. Eligible QIBs were required to submit the Application Form, including any revisions thereof along with the Application Amount and a copy of the PAN card or PAN allotment letter, during the Issue Period to the Book Running Lead Manager. Application Form were signed physically or digitally, if required under applicable law in the relevant jurisdiction applicable to each Eligible QIB and as permitted under such applicable law. An Eligible QIB were required to submit an unsigned copy of the Application Form, as long as the Application Amount was paid along with submission of the duly signed Application Form within the Issue Period. Once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and the Application Form was unsigned, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB is authorised to do so.

4. Eligible QIBs were required to submit an Application Form, including any revisions thereof, along with the Application Amount transferred to the Escrow Account specified in the Application Form and a copy of the PAN card or PAN allotment letter and/or any other documents mentioned in the Application Form, during the Bid/ Issue Period to the Book Running Lead Manager.

5. Bidders were required to indicate the following in the Application Form:

- full official name of the Bidder to whom Equity Shares are to be Allotted, complete address, email id, PAN details (if applicable), phone number and bank account details;
- number of Equity Shares Bid for;
- price at which they were agreeable to subscribe to the Equity Shares and the aggregate Application Amount for the number of Equity Shares Bid for;
- details of the beneficiary account maintained by the Depository Participant to which the Equity Shares should be credited pursuant to the Issue;
- Equity Shares held by the Bidder in our Company prior to the Issue; and
- a representation that it is outside the United States acquiring the Equity Shares in an “offshore transaction” as defined in, and in reliance on, Regulation S, and it has agreed to certain other representations set forth in the Preliminary Placement Document and in the Application Form.

NOTE*: Eligible FPIs were required to indicate their SEBI FPI registration number in the Application Form. The Bids made by the asset management companies or custodian of Mutual Funds were specifically required to state the names of the concerned schemes for which the Bids were made. In case of a Mutual Fund, a separate Bid were made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund were not required to be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid were made. Application by various* *schemes or funds of a Mutual Fund were required to be treated as one application from the Mutual Fund. Bidders are advised to ensure that any single Bid from them did not exceed the investment limits or maximum number of Equity Shares that could be held by them under applicable laws.*

6. Eligible QIBs were required to make the entire payment of the Application Amount for the Equity Shares Bid for, along with the Application Form, only through electronic transfer to the Escrow Account opened in the name of "*Patel Engineering Ltd –QIP - Escrow Account*" with the Escrow Bank, within the Bid/Issue Period as specified in the Application Form sent to the respective Bidders. Please note that any payment of Application Amount for the Equity Shares was required to be made from the bank accounts of the relevant Bidders and our Company shall keep a record of the bank account from where such payment has been received. No payment was required to made in the Issue by the Bidders in cash. Application Amount payable on Equity Shares to be held by joint holders was required to be paid from the bank account of the person whose name appears first in the Application Form. Until Allotment, and the filing of return of Allotment by our Company with the RoC, or receipt of final listing and trading approvals from the Stock Exchanges, whichever is later, Application Amount received for subscription of the Equity Shares shall be kept by our Company in a separate bank account with a scheduled bank and shall be utilised only for the purposes permitted under the Companies Act, 2013. Notwithstanding the above, in the event (a) any Bidder was not Allocated Equity Shares in the Issue, (b) the number of Equity Shares Allotted to a Bidder was lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, (c) the Application Amount has been arrived at using an indicative price higher than the Issue Price, or (d) any Eligible QIB lowers or withdraws their Bid after submission of the Application Form but on or prior to the Issue Closing Date, the excess Application Amount will be refunded to the same bank account from which it was remitted, in the form and manner set out in "*Refunds*" in the chapter titled "*Issue Procedure*", beginning on page 230.

7. Once a duly completed Application Form was submitted by a Bidder, whether signed or not, and the Application Amount is transferred to the Escrow Account, such Application Form constituted an irrevocable offer and the Bid could not be withdrawn or revised downwards after the Bid/ Issue Closing Date. In case of an upward revision before the Bid/ Issue Closing Date, an additional amount was required to be deposited towards the Application Amount in the Escrow Account along with the submission of such revised Bid. The Bid/ Issue Closing Date has been notified to the Stock Exchanges and the Eligible QIBs have been given notice of such date after receipt of the Application Form.

8. The Bids made by asset management companies or custodians of Mutual Funds were required to specifically state the names of the concerned schemes for which the Bids were made. In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund would not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made. Application by various schemes or funds of a Mutual Fund were required to be treated as one application from the Mutual Fund. Bidders were advised to ensure that any single Bid from them could not exceed the investment limits or maximum number of Equity Shares that could be held by them under applicable laws.

9. Upon receipt of the duly completed Application Form, whether signed or not and the Application Amount in the Escrow Account, on or before the Bid/ Issue Closing Date, our Company has, in consultation with the Book Running Lead Manager determined the final terms, including the Issue Price of the Equity Shares to be issued pursuant to the Issue and Allocation. Upon such determination, the Book Running Lead Manager, on behalf of our Company, sent the serially numbered CAN and the Preliminary Placement Document to the Successful Bidders. The dispatch of a CAN, and the Preliminary Placement Document (when dispatched) to a Successful Bidder shall be deemed a valid, binding and irrevocable contract for the Successful Bidders to subscribe to the Equity Shares Allocated to such Successful Bidders at an aggregate price equivalent to the product of the Issue Price and Equity Shares Allocated to such Successful Bidders. The CAN contains details such as the number of Equity Shares Allocated to the Successful Bidders, Issue Price and the aggregate amount received towards the Equity Shares Allocated. In case of Bids being made on behalf of the Eligible QIB where the Application Form is unsigned, it was assumed that the person submitting the Application Form and providing necessary instructions for transfer of the Application Amount to the Escrow Account, on behalf of the Eligible QIB was authorised to do so. The Issue Closing Date has been notified to the Stock Exchanges and the Eligible QIBs have been given notice of such date after receipt of the Application Form. **Please note that the Allocation has been at the absolute discretion of our Company in consultation with the Book Running Lead Manager.**

10. The Bidder acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company was required to disclose the names of proposed allottees and the percentage of their post-Issue shareholding in the Preliminary Placement Document and consented to such disclosure, if any Equity Shares are allocated to it.

11. Upon determination of the Issue Price and before Allotment of Equity Shares to the Successful Bidders, the Book Running Lead Manager, shall, on our behalf, send a serially numbered Placement Document either in electronic form or through physical delivery to each of the Successful Bidders who have been Allocated Equity Shares pursuant to dispatch of a serially numbered CAN.

12. Upon dispatch of the serially numbered Placement Document, our Company shall Allot Equity Shares as per the details in the CANs sent to the Successful Bidders. Our Company will inform the Stock Exchanges of the details of the Allotment.

13. After passing the resolution passed by the Board or its committee approving the Allotment and prior to crediting the Equity Shares into the beneficiary account of the Successful Bidders maintained by the Depository Participant, as specified in the records of the depositories or as indicated in their respective Application Form, our Company shall apply to the Stock Exchanges for listing approvals in respect of the Equity Shares Allotted pursuant to the Issue.

14. After receipt of the listing approvals of the Stock Exchanges, our Company shall credit the Equity Shares Allotted pursuant to this Issue into the beneficiary accounts of the respective Allottees.

15. Our Company will then apply for the final trading approvals from the Stock Exchanges.

16. The Equity Shares that would have been credited to the beneficiary account with the Depository Participant of the Successful Bidders shall be eligible for trading on the Stock Exchanges only upon the receipt of final trading and listing approvals from the Stock Exchanges.

17. As per applicable law, the Stock Exchanges will notify the final listing and trading approvals, which are ordinarily available on their websites, and our Company may communicate the receipt of the listing and trading approvals to those Eligible QIBs to whom the Equity Shares have been Allotted. Our Company and the Book Running Lead Manager shall not be responsible for any delay or non-receipt of the communication of the final trading and listing permissions from the Stock Exchanges or any loss arising from such delay or non-receipt. Investors are advised to apprise themselves of the status of the receipt of the permissions from the Stock Exchanges or our Company.

Eligible Qualified Institutional Buyers

Only Eligible QIBs as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, and not otherwise restricted from participating in the Issue under the applicable law, were required to be considered as Eligible QIBs. However, with respect to FPIs, only Eligible FPIs applying under Schedule II of the FEMA Rules have been considered as Eligible QIBs. FVCIs were not permitted to participate in the Issue. Currently, QIBs, who are eligible to participate in the Issue and also as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations, are set forth below:

- alternate investment funds registered with SEBI;
- Eligible FPIs;
- insurance companies registered with Insurance Regulatory and Development Authority of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- insurance funds set up and managed by the Department of Posts, India;
- multilateral and bilateral development financial institutions; (which are resident in India)
- Mutual Funds registered with SEBI;
- pension funds with minimum corpus of ₹25 crore registered with the Pension Fund Regulatory and Development Authority established under section 3(1) of the Pension Fund Regulatory and Development Authority Act, 2013;
- provident funds with minimum corpus of ₹25 crore;
- public financial institutions; as defined under Section 2(72) of the Companies Act
- scheduled commercial banks;

- state industrial development corporations;
- the National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government published in the Gazette of India;
- venture capital funds registered with SEBI; and
- systemically important non-banking financial companies.

Allotments made to VCFs and AIFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. VCFs and AIFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.

ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE UNDER SCHEDULE II OF FEMA RULES IN THIS ISSUE. ELIGIBLE FPIS WERE PERMITTED TO PARTICIPATE IN THE ISSUE SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF THE FPIS DID NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. FVCIS WERE NOT PERMITTED TO PARTICIPATE IN THIS ISSUE.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means common ownership of more than fifty per cent or common control) is not permitted to exceed 10% of our post-Issue Equity Share capital. Further, in terms of the FEMA Rules, the total holding by each FPI including its investor group shall be below 10% of the total post- Issue paid-up Equity Share capital of our Company on a fully diluted basis. Eligible FPIs may invest in such number of Equity Shares in the Issue such that (i) the individual investment of the FPI in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis, and (ii) the aggregate investment by FPIs in our Company does not exceed the sectoral cap applicable to our Company on a fully diluted basis.

In case the holding of an FPI including its investor group increases to 10% or more of the total post-Issue paid-up equity capital, on a fully diluted basis, the FPI including its investor group is required to divest the excess holding within five trading days from the date of settlement of the trades resulting in the breach. In the event that such divestment of excess holding is not done within the above prescribed time, the total investment made by such FPI together with its investor group will be re-classified as FDI as per procedure specified by SEBI and the FPI and its investor group will be prohibited from making any further portfolio investment in the Company under the SEBI FPI Regulations. However, in accordance with Regulation 22(4) of the SEBI FPI Regulations, the FPIs who are: (a) appropriately regulated public retail funds; (b) public retail funds where the majority is owned by appropriately regulated public retail fund on look through basis; or (c) public retail funds and investment managers of such foreign portfolio investors are appropriately regulated, the aggregation of the investment limits of such FPIs having common control, shall not be applicable.

Two or more subscribers of ODIs having a common beneficial owner shall be considered together as a single subscriber of the ODI. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and ODI investments held in the underlying company.

Pursuant to the SEBI Circular dated April 5, 2018 (Circular No: IMD/FPIC/CIR/P/2018/61), our Company has appointed NSDL as the designated depository to monitor the level of FPI/NRI shareholding in our Company on a daily basis and once the aggregate foreign investment of a company reaches a cut-off point, which is 3% below the overall limit a red flag shall be activated. SEBI however, pursuant to its Circular dated May 17, 2018 (Circular No: SEBI/HO/IMD/FPIC/CIR/P/2018/81), directed that this system of monitoring foreign investment limits in Indian listed companies be made operational with effect from June 1, 2018. The depository is then required to inform the Stock Exchanges about the activation of the red flag. The Stock Exchanges are then required to issue the necessary circulars/ public notifications on their respective websites. Once a red flag is activated, the FPIs must trade cautiously, because in the event that there is a breach of the sectoral cap, the FPIs will be under an obligation to disinvest the excess holding within five trading days from the date of settlement of the trades.

As per the circular issued by SEBI on November 5, 2019, these investment restrictions shall also apply to subscribers of P-Notes. Two or more subscribers of P-Notes having a common beneficial owner shall be considered together as a single subscriber of the P-Note. In the event an investor has investments as a FPI and as a subscriber of P-Notes, these investment restrictions shall apply on the aggregate of the FPI and P-Note investments held in the underlying company.

Further, the aggregate limit of all FPIs investments, with effect from April 1, 2020, is up to the sectoral cap applicable to the sector in which the Company operates. Eligible FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. The existing aggregate investment limit for FPIs in the Company is 100% of the paid up capital of the Company.

In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Restriction on Allotment.

Pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations, no Allotment shall be made pursuant to the Issue, either directly or indirectly, to any Eligible QIB being a promoter, or any person related to, the promoter. QIBs, which have all or any of the following rights, shall be deemed to be persons related to the promoter:

- rights under a shareholders' agreement or voting agreement entered into with the promoters or members of the promoter group;

- veto rights; or

- a right to appoint any nominee director on the board of the Issuer.

Provided, however, that an Eligible QIB which does not hold any Equity Shares in our Company and which has acquired the aforesaid rights in the capacity of a lender shall not be deemed to be related to the promoter.

Our Company, the Book Running Lead Manager and their respective shareholders, employees, counsel, officers, directors, representatives, agents, advisors or affiliates shall not be liable for any amendment or modification or change to applicable laws or regulations, which may occur after the date of this Placement Document. Eligible QIBs were advised to make their independent investigations and satisfy themselves that they are eligible to apply.

Eligible QIBs were advised to ensure that any single application from them did not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Placement Document. Further, Eligible QIBs were required to satisfy themselves that their Bids would not result in triggering a tender offer under the SEBI Takeover Regulations and ensure compliance with applicable laws.

A minimum of 10% of the Equity Shares offered in the Issue shall be Allotted to Mutual Funds. In case of undersubscription in such portion, such portion or part thereof may be Allotted to other Eligible QIBs.

Note: Affiliates or associates of the Book Running Lead Manager who are Eligible QIBs may participate in the Issue in compliance with applicable laws.

Bid Process

Application Form

Eligible QIBs could only use the serially numbered Application Forms (which are addressed to them) supplied by our Company and the Book Running Lead Manager in either electronic form or by physical delivery for the purpose of making a Bid (including revision of a Bid) in terms of the Preliminary Placement Document and this Placement Document. By making a Bid (including the revision thereof) for Equity Shares through Application Forms and pursuant to the terms of this Placement Document, the Eligible QIB were deemed to have made all the following representations and warranties and the representations, warranties and agreements made under "***Notice to Investors***", "***Representations by Investors***" and "***Selling Restrictions***" beginning on pages 1, 4 and 247, respectively:

1. Each Eligible QIB confirms that it is a QIB in terms of Regulation 2(1)(ss) of the SEBI ICDR Regulations and is not excluded under Regulation 179(2)(b) of the SEBI ICDR Regulations, has a valid and existing registration under the applicable laws in India (as applicable) and is eligible to participate in this Issue;

2. Each Eligible QIB confirms that it is not a Promoter and is not a person related to the Promoter(s), either directly or indirectly and its Application Form does not directly or indirectly represent the Promoter(s) or members of the Promoter Group or persons related to the Promoter(s);

3. Each Eligible QIB confirms that it has no rights under a shareholders' agreement or voting agreement with the Promoters or members of the Promoter Group, no veto rights or right to appoint any nominee director on the Board other than those acquired in the capacity of a lender not holding any Equity Shares which shall not be deemed to be a person related to the Promoters;

4. Each Bidder confirms that in the event it is resident outside India, it is an Eligible FPI, having a valid and existing registration with SEBI under the applicable laws in India or a multilateral or bilateral development financial institution, and is eligible to invest in India under applicable law, including the FEMA Rules, as amended, and any notifications, circulars or clarifications issued thereunder, and has not been prohibited by SEBI or any other regulatory authority, from buying, selling, dealing in securities or otherwise accessing the capital markets and is not an FVCI;

5. Each Eligible QIB acknowledges that it has no right to withdraw or revise its Bid downwards after the Bid / Issue Closing Date;

6. Each Bidder confirms that if Equity Shares are Allotted through this Issue, it shall not, for a period of one year from Allotment, sell such Equity Shares otherwise than the floor of a recognised Stock Exchange;

7. Each Eligible QIB confirms that the Eligible QIB is eligible to Bid and hold Equity Shares so Allotted together with any Equity Shares held by it prior to the Issue, if any. Each Eligible QIB further confirms that the holding of the Eligible QIB, does not and shall not, exceed the level permissible as per any applicable regulations applicable to the Eligible QIB;

8. Each Eligible QIB confirms that its Bids would not eventually result in triggering a tender offer under the SEBI Takeover Regulations;

9. The Eligible QIB agrees that it will make payment of its Application Amount along with submission of the Application Form within the Issue Period. Each Eligible QIB agrees that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Application Amount has been transferred to the Escrow Account, such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Bid/Issue Closing Date;

10. The Eligible QIB agrees that although the Application Amount is required to be paid by it along with the Application Form within the Issue Period in terms of provisions of the Companies Act, 2013, our Company reserves the right to Allocate and Allot Equity Shares pursuant to this Issue on a discretionary basis in consultation with the Book Running Lead Manager. The Eligible QIB further acknowledges and agrees that the payment of Application Amount does not guarantee Allocation and/or Allotment of Equity Shares Bid for in full or in part;

11. The Eligible QIB acknowledges that in terms of the requirements of the Companies Act, 2013, upon Allocation, our Company will be required to disclose names as "*proposed Allottees*" and percentage of post-Issue shareholding of the proposed Allottees in this Placement Document and such QIB consents of such disclosure, if any Equity Shares are Allocated to it. However, the Eligible QIB further acknowledges and agrees that, disclosure of such details as "*proposed Allottees*" in this Placement Document will not guarantee Allotment to them, as Allotment in the Issue shall continue to be at the sole discretion of our Company, in consultation with the Book Running Lead Manager;

12. The Eligible QIB confirms that the number of Equity Shares Allotted to it pursuant to the Issue, together with other Allottees that belong to the same group or are under common control, shall not exceed 50% of the Issue. For the purposes of this representation:

    a. Eligible QIBs "*belonging to the same group*" shall mean entities where (a) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (b) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (c) there is a common director, excluding nominee and Independent Directors, amongst an Eligible QIB, its subsidiary(ies) or holding company and any other Eligible QIB; and

b. 'Control' shall have the same meaning as is assigned to it by Regulation 2(1)(e) of the SEBI Takeover Regulations;

13. The Eligible QIBs acknowledge that no Allocation shall be made to them if the price at which they have Bid for in the Issue is lower than the Issue Price.

14. Each Eligible QIB confirms that it shall not undertake any trade in the Equity Shares credited to its beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchanges.

15. Each Eligible FPI, confirms that it will participate in the Issue only under and in conformity with Schedule II of FEMA Rules. Further, each Eligible FPI acknowledges that Eligible FPIs may invest in such number of Equity Shares such that the individual investment of the Eligible FPI or its investor group (multiple entities registered as FPIs and directly or indirectly, having common ownership of more than fifty per cent or common control) in our Company does not exceed 10% of the post-Issue paid-up capital of our Company on a fully diluted basis. The Bidder confirms that it, individually or together with its investor group, is not restricted from making further investments in our Company through the portfolio investment route, in terms of Regulation 22(3) of the SEBI FPI Regulations.

16. A representation that such Bidder is outside the United States, is acquiring the Equity Shares in an "offshore transaction" under Regulation S and is not an affiliate of the Company or the Book Running Lead Manager or a person acting on behalf of such an affiliate

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India and the FDI Policy, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy.

ELIGIBLE QIBS WERE REQUIRED TO PROVIDE THEIR NAME, COMPLETE ADDRESS, EMAIL ID, PHONE NUMBER, BANK ACCOUNT DETAILS, BENEFICIARY ACCOUNT DETAILS, PAN, DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. ELIGIBLE QIBS WERE REQUIRED TO ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THEIR BENEFICIARY ACCOUNT IS HELD.

IF SO, REQUIRED BY THE BOOK RUNNING LEAD MANAGER, THE ELIGIBLE QIBS SUBMITTING A BID, ALONG WITH THE APPLICATION FORM, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO THE BOOK RUNNING LEAD MANAGER TO EVIDENCE THEIR STATUS AS AN "ELIGIBLE QIB" AS DEFINED HEREINABOVE.

IF SO REQUIRED BY THE BOOK RUNNING LEAD MANAGER, ESCROW BANK OR ANY STATUTORY OR REGULATORY AUTHORITY IN THIS REGARD, INCLUDING AFTER ISSUE CLOSURE, THE ELIGIBLE QIBS SUBMITTING A BID AND/OR BEING ALLOTTED EQUITY SHARES IN THE ISSUE, WERE ALSO REQUIRED TO SUBMIT REQUISITE DOCUMENT(S) TO FULFILL THE APPLICABLE KNOW YOUR CUSTOMER (KYC) NORMS

Demographic details such as address and bank account will be obtained from the Depositories as per the Depository Participant account details provided in the Application Form. However, for the purposes of refund of all or part of the Application Amount submitted by the Bidder, the bank details as mentioned in the Application Form from which the Application Amount shall be remitted for the Equity Shares applied for in the Issue, will be considered.

The submission of an Application Form and payment of the Application Amount pursuant to the Application Form by a Bidder shall be deemed a valid, binding and irrevocable offer for such Bidder and becomes a binding contract on a Successful Bidder upon issuance of the CAN and this Placement Document (when dispatched) by our Company (by itself or through the Book Running Lead Manager) in favour of the Successful Bidder.

Submission of Application Form

All Application Forms were required to be duly completed with information including the number of Equity Shares applied for along with payment and a copy of the PAN card or PAN allotment letter. Additionally, the Application Form were required to include details of the relevant Escrow Account into which the Application Amounts were required to be deposited. The Application Amount were required to be deposited in the Escrow Account as is specified in the Application Form and the Application Form were required to be submitted to the Book Running Lead Manager either through electronic form or through physical delivery at the following address:

Name	Address	Contact Person	Website and Email	Phone (Telephone)
Motilal Oswal Investment Advisors Limited	Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai 400 025, Maharashtra, India	Kunal Thakkar / Sankita Ajinkya	Website: www.motilaloswalgroup.com Email: project.burgeon@motilaloswal.com	+91 22 7193 4380

The Book Running Lead Manager were not required to provide any written acknowledgement of the receipt of the Application Form and the Application Amount.

Bidders Bidding in the Issue were required to pay the entire Application Amount along with the submission of the Application Form, within the Issue Period.

Payment of Application Amount

Our Company has opened the "*Patel Engineering Ltd-QIP-Escrow Account*" with the Escrow Bank, in terms of the arrangement among our Company, the Book Running Lead Manager and the Escrow Bank. Bidders will be required to deposit the entire Application Amount payable for the Equity Shares applied for through the Application Form submitted by it in accordance with the applicable laws.

Note: Payments were made only through electronic fund transfer. Payments through cheques or demand draft or cash shall be rejected. If the payment is not made favouring the "*Patel Engineering Ltd-QIP-Escrow Account*" account within the Issue Period stipulated in the Application Form, the Application Form of the QIB is liable to be cancelled.

Pending Allotment, our Company undertakes to utilise the amount deposited in "*Patel Engineering Ltd-QIP-Escrow Account*" only for the purposes of (i) adjustment against Allotment of Equity Shares in the Issue; or (ii) repayment of Application Amount if our Company is not able to Allot Equity Shares in the Issue. Notwithstanding the above, in the event a Bidder were not Allocated Equity Shares in the Issue, or the number of Equity Shares Allocated to a Bidder, is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, the excess Application Amount will be refunded to the same bank account from which Application Amount was remitted, in the form and manner set out in "*Refunds*" in the chapter titled "*Issue Procedure*" beginning on page 230.

Permanent Account Number or PAN

Each Bidder should mention its PAN allotted under the Income Tax Act, 1961 in the Application Form and enclose a copy of the PAN card or PAN allotment letter along with the Application Form, to the extent applicable. Applications without this information will be considered incomplete and are liable to be rejected. Bidders should not submit the GIR number instead of the PAN as the Application Form is liable to be rejected on this ground.

Bank Account Details

Each Bidder were required to mention the details of the bank account from which the payment of Application Amount was made along with confirmation that such payment has been made from such account.

Pricing and Allocation

Build-up of the Book

The Eligible QIBs shall submit their Bids (including any revision thereof) through the Application Forms within the Issue Period to the Book Running Lead Manager. Such Bids cannot be withdrawn or revised downwards after the Issue Closing Date. The book shall be maintained by the Book Running Lead Manager.

Price Discovery and Allocation

Our Company, in consultation with the Book Running Lead Manager, shall determine the Issue Price, which shall be at or above the Floor Price. However, our Company offered a discount of 5% on the Floor Price in terms of Regulation 176 of the SEBI ICDR Regulations as approved by our Shareholders through a resolution dated March 8, 2024.

After finalisation of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and filing the same with the Stock Exchanges as the Placement Document.

Method of Allocation

Our Company were required to determine the Allocation in consultation with the Book Running Lead Manager on a discretionary basis and in compliance with Chapter VI of the SEBI ICDR Regulations.

Bids received from the Eligible QIBs at or above the Issue Price were required to be grouped together to determine the total demand. The Allocation to all such Eligible QIBs were made at the Issue Price. Allocation to Mutual Funds for up to a minimum of 10% of the Issue Size were required to be undertaken subject to valid Bids being received at or above the Issue Price.

In case of cancellations or default by the Bidders, our Company in consultation with Book Running Lead Manager have the right to reallocate the Equity Shares at the Issue Price among existing or new Bidders at their sole and absolute discretion subject to the applicable laws.

THE DECISION OF OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER IN RESPECT OF ALLOCATION IS FINAL AND BINDING ON ALL BIDDERS. BIDDERS MAY NOTE THAT ALLOCATION OF EQUITY SHARES WAS AT THE SOLE AND ABSOLUTE DISCRETION OF OUR COMPANY, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGER AND ELIGIBLE QIBS MAY NOT RECEIVE ANY ALLOCATION EVEN IF THEY HAVE SUBMITTED VALID APPLICATION FORMS AND PAID THE ENTIRE APPLICATION AMOUNT AT OR ABOVE THE ISSUE PRICE WITHIN THE ISSUE PERIOD. NEITHER OUR COMPANY NOR THE BOOK RUNNING LEAD MANAGER ARE OBLIGED TO ASSIGN ANY REASON FOR ANY NON-ALLOCATION.

CAN

Based on receipt of the serially numbered Application Forms and Application Amount, our Company, in consultation with the Book Running Lead Manager, in their sole and absolute discretion, have decided the Successful Bidders to whom the serially numbered CAN has been dispatched, pursuant to which the details of the Equity Shares Allocated to them, the Issue Price and the Application Amount for the Equity Shares Allocated to them has been notified to such Successful Bidders. The CAN also includes details of amount to be refunded, if any, to such Bidders. Additionally, the CAN includes the probable Designated Date, being the date of credit of the Equity Shares to the Successful Bidders' account, as applicable to the respective Bidder.

The Successful Bidders have also been sent a serially numbered Placement Document (which will include the names of the proposed Allottees along with the percentage of their post-Issue Shareholding in our Company) either in electronic form or by physical delivery.

The dispatch of the serially numbered CAN and this Placement Document (when dispatched), to the Eligible QIBs shall be deemed a valid, binding and irrevocable contract for the Eligible QIBs to furnish all details that may be required by the Book Running Lead Manager. Subsequently, our Board will approve the Allotment of the Equity Shares to the Allottees in consultation with the Book Running Lead Manager.

Eligible QIBs are advised to instruct their Depository Participant to accept the Equity Shares that may be Allotted to them pursuant to the Issue.

By submitting the Application Form, an Eligible QIB would have deemed to have made the representations and warranties as specified in "*Notice to Investors*" beginning on page 1 and further that such Eligible QIB shall not undertake any trade on the Equity Shares credited to its Depository Participant account pursuant to the Issue until such time as the final listing and trading approval is issued by Stock Exchanges.

Designated Date and Allotment of Equity Shares

Subject to the satisfaction of the terms and conditions of this Placement Agreement, our Company will ensure that the Allotment of the Equity Shares is completed by the Designated Date provided in the CAN.

The Equity Shares in the Issue will be issued, and Allotment shall be made only in dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act, 2013 and the Depositories Act. However, no transfer of securities of listed companies in physical form is permitted as per Regulation 40 of the SEBI Listing Regulations.

Our Company, at its sole discretion, reserves the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Following the Allotment and credit of Equity Shares into the Successful Bidders' beneficiary demat accounts maintained with the Depository Participant, as indicated in the respective Application Form, our Company will apply for final trading and listing approvals from the Stock Exchanges.

Pursuant to a circular dated March 5, 2010 issued by the SEBI, Stock Exchanges are required to make available on their websites the details of those Allottees in Issue who have been allotted more than 5% of the Equity Shares offered in the Issue, viz, the names of the Allottees, and number of Equity Shares Allotted to each of them, pre and post Issue shareholding pattern of our Company along with this Placement Document. Our Company shall make the requisite filings with the RoC within the stipulated period as required under the Companies Act, 2013 and the PAS Rules. Further, as required in terms of the PAS Rules, names of the proposed Allottees and the percentage of their post-Issue shareholding in our Company will be disclosed in this Placement Document.

The Escrow Bank shall release the monies lying to the credit of the Escrow Account to our Company upon receipt of notice from the Book Running Lead Manager and the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and after filing return of Allotment under Form PAS-3 with the RoC.

After finalization of the Issue Price, our Company has updated the Preliminary Placement Document with the Issue details and filing the same with the Stock Exchanges as this Placement Document.

Refunds

In the event that the number of Equity Shares Allocated to a Bidder is lower than the number of Equity Shares applied for through the Application Form and towards which Application Amount has been paid by such Bidder, or Equity Shares are not Allocated to a Bidder for any reasons, or a Bidder withdraws the Bid prior to the Issue Closing Date, any excess Application Amount paid by such Bidder will be refunded to the same bank account from which the Application Amount was remitted, in the form and manner set out in the Refund Intimation. The Refund Amount will be transferred to the relevant Bidders within two Working Days from the issuance of the CAN.

In the event that Equity Shares have been Allocated to Successful Bidders and our Company is unable to issue and Allot the Equity Shares offered in the Issue or on cancellation of the Issue, within 60 days from the date of receipt of the Application Amount, our Company shall repay the Application Amount within 15 days from expiry of 60 days, failing which our Company shall repay that money with interest at such rate and in such manner as prescribed under the Companies Act, 2013. We, at our sole discretion, reserve the right to cancel the Issue at any time up to Allotment without assigning any reason whatsoever.

Other Instructions

Right to Reject Applications

Our Company, in consultation with the Book Running Lead Manager, could reject Bids, in part or in full, without assigning any reason whatsoever. The decision of our Company in consultation with the Book Running Lead

Manager in relation to the rejection of Bids is final and binding. In the event the Bid is rejected by our Company, the Application Amount paid by the Bidder shall be refunded to the same bank account from which the Application Amount was remitted by such Bidder. For further details, see "*Bid Process*" – "*Refund*" in the chapter titled "*Issue Procedure*" beginning on page 230.

Equity Shares in dematerialized form with NSDL or CDSL

The Allotment of the Equity Shares in this Issue shall be only in dematerialised form (i.e., not in physical certificates but be fungible and be represented by the statement issued through the electronic mode).

An Eligible QIB applying for Equity Shares to be issued pursuant to the Issue were required to have at least one beneficiary account with a Depository Participant of either NSDL or CDSL prior to making the Bid. Equity Shares Allotted to a Successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Successful Bidder, as indicated in the Application Form.

Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. The Stock Exchanges have electronic connectivity with NSDL and CDSL.

The trading of the Equity Shares to be issued pursuant to the Issue would be in dematerialised form only for all QIBs in the demat segment of the respective Stock Exchanges.

Our Company and the Book Running Lead Manager will not be responsible or liable for the delay in the credit of Equity Shares to be issued pursuant to the Issue due to errors in the Application Form or otherwise on the part of the Bidders.

Release of Funds to our Company

The Escrow Bank shall not release the monies lying to the credit of the "*Patel Engineering Ltd-QIP-Escrow Account*" account to our Company until receipt of notice from the Book Running Lead Manager, the trading and listing approvals of the Stock Exchanges for Equity Shares offered in the Issue and filing of return of Allotment under Form PAS-3 with the RoC.

PLACEMENT

Placement Agreement

The Book Running Lead Manager has entered into the Placement Agreement dated April 22, 2024 with our Company, pursuant to which the Book Running Lead Manager have agreed, subject to certain conditions, to manage the Issue and to act as placement agents in connection with the proposed Issue and subject to certain conditions procure subscription to Equity Shares to be placed with the Eligible QIBs, pursuant to Chapter VI of the SEBI ICDR Regulations, Section 42 of the Companies Act, 2013 read with Rule 14 of the PAS Rules, to the extent applicable, as amended and other applicable provisions of the Companies Act and the rules made thereunder. The Placement Agreement contains customary representations, warranties and indemnities from our Company, and it is subject to satisfaction of certain conditions and subject to termination in accordance with the terms contained therein.

The Preliminary Placement Document and this Placement Document has not been, and will not be, registered as a prospectus with the RoC and, no Equity Shares offered pursuant to the Issue, will be offered in India or overseas to the public or any members of the public or any other class of prospective investors, other than Eligible QIBs.

No assurance can be given as to the liquidity or sustainability of the trading market for such Equity Shares, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which holders of the Equity Shares will be able to sell their Equity Shares. The Equity Shares offered hereby have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares offered in this Issue are being offered and sold outside the United States in "offshore transactions" as defined in, and in reliance on Regulation S and the applicable laws of the jurisdiction where such offers, and sales are made. For further information, see "*Selling Restrictions*" and "*Transfer Restrictions*" beginning on pages 247 and 255, respectively.

Applications shall be made to list the Equity Shares issued pursuant to the Issue and admit them to trading on the Stock Exchanges.

In connection with the Issue, the Book Running Lead Manager (or its affiliates) may, for their own account, subscribe to the Equity Shares or enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares to be offered pursuant to the Issue at the same time as the offer and sale of the Equity Shares, or in secondary market transactions. These transactions may comprise a substantial portion of the Issue and no specific disclosure have been made of such positions. The Affiliates of the Book Running Lead Manager may purchase Equity Shares and be Allotted Equity Shares for proprietary purposes and not with a view to distribute or in connection with the issuance of P-Notes. For further details, see "*Offshore Derivative Instruments*" beginning on page 10.

From time to time, the Book Running Lead Manager, and its affiliates have been engaged in or may in the future engage in transactions with and perform services, including but not limited to investment banking, advisory, banking, trading services for our Company, its Subsidiaries, its group companies, affiliates and the shareholders of our Company, as well as to their respective affiliates, pursuant to which fees and commissions have been paid or will be paid to the Book Running Lead Manager and its affiliates.

Lock-up

Under the Placement Agreement, our Company undertakes that it will not, for a during the period commencing on the date hereof and ending 90 days after the date of allotment of the Equity Shares under the Placement (the "**Lock-up Period**"), without the prior written consent of the Book Running Lead Manager, do the following:

1. directly or indirectly, offer, issue, contract to issue, lend, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of, any of the Equity Shares or any securities convertible into or exercisable for the Equity Shares, or

2. enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Equity Shares or

any securities convertible into or exercisable or exchangeable for the Equity Shares (regardless of whether any of the transactions described in clause (a) or (b) is to be settled by the delivery of the Equity Shares or such other securities, in cash or otherwise), or

3. enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of an issue, offer, sale or deposit of the Equity Shares in any depository receipt facility, or

4. publicly announce any intention to enter into any transaction falling within 1 to 3 above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Equity Shares in any depository receipt facility or publicly announce any intention to enter into any transaction falling within 1 to 3 above.

In addition, our Company agrees that, without the prior written consent of the Book Running Lead Manager, we shall not, during the Lock-up Period, make any demand for or exercise any right with respect to, the registration of any shares or any other securities of the Company substantially similar to the Equity Shares, including, but not limited to options, warrants or other securities that are convertible into, exercisable or exchangeable for, or that represent the right to receive Shares or any such substantially similar securities, whether now owned or hereinafter acquired.

However, the foregoing restriction shall not be applicable to the (i) the issuance of the Equity Shares pursuant to the Issue; (ii) the issuance of the Equity Shares pursuant to the conversion of equity warrants and grant of options under the PEL ESOP 2007 and PEL GEBS 2015, and (iii) any transaction required by law or an order of a court of law or a statutory authority.

Promoter's lock-up

to encourage the Book Running Lead Manager to enter into the Placement Agreement and continue their efforts in connection with the Placement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, our Company hereby agrees, without the prior written consent of the Book Running Lead Manager (which such consent shall not be unreasonably withheld), we will not, for a period commencing on the date hereof and ending 90 days after the date of allotment of the Equity Shares under the Placement (the "**Lock-up Period**"), without the prior written consent of the Book Running Lead Manager, do the following:

(a) directly or indirectly, issue, offer, lend, sell, contract to sell, pledge, encumber, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, make any short sale, or otherwise transfer or dispose of, any Promoter and Promoter Group Shares (as defined herein below), including but not limited to any options or warrants to purchase any Promoter and Promoter Group Shares, or any securities convertible into or exercisable for, or that represent the right to receive, any Promoter and Promoter Group Shares or file any registration statement under the Securities Act with respect to any of the foregoing (regardless of whether any of the transactions described in this clause (a) is to be settled by the delivery of the Promoter and Promoter Group Shares or such other securities, in cash or otherwise); or

(b) enter into any swap or other agreement or any transaction that transfers, in whole or in part, directly or indirectly, any of the economic consequences associated with the ownership of any of the Promoter and Promoter Group Shares or any securities convertible into or exercisable or exchangeable for any of the Promoter and Promoter Group Shares (regardless of whether any of the transactions described in this clause (b) is to be settled by the delivery of the Promoter and Promoter Group Shares or such other securities, in cash or otherwise); or

(c) deposit any of the Promoter and Promoter Group Shares, or any securities convertible into or exercisable or exchangeable for the Promoter and Promoter Group Shares or which carry the rights to subscribe for or purchase the Promoter Shares, with any depositary in connection with a depositary receipt facility; or

(d) publicly announce any intention to enter into any transaction falling within (a) to (c) above or enter into any transaction (including a transaction involving derivatives) having an economic effect similar to that of a sale or deposit of the Promoter and Promoter Group Shares in any depositary receipt facility or publicly announce any intention to enter into any transaction falling within (a) to (c) above, provided, however, that the foregoing restrictions shall not apply to:

(i) any sale, transfer or disposition of any of the Promoter and Promoter Group Shares by the undersigned with prior notice to the Book Running Lead Manager to the extent such sale, transfer or disposition is required by Indian law; and

(ii) any bona fide pledge or non-disposal undertaking of any of the Promoter and Promoter Group Shares held by the undersigned as collateral for loans on normal commercial terms entered or to be entered into in the ordinary course of business of the undersigned, the Company or transfer of any of the Promoter Shares to any third party pursuant to the invocation of any pledge in relation to the Promoter and Promoter Group Shares.

(iii) any inter group transfer made to any entities promoted by the Promoter ("**Promoter Group Entities**"), subject to compliance with applicable laws and subject to observance by the transferee Promoter Group Entities of the foregoing restrictions on transfer of Promoter Shares until the expiry of the Lock-up Period.

SELLING RESTRICTIONS

The distribution of this Placement Document or any offering material and the offering, sale or delivery of Equity Shares in this Issue is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Placement Document or any offering material are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restriction. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. This Issue is being made only to Eligible QIBs through a QIP, in reliance upon Chapter VI of the SEBI ICDR Regulations and the Companies Act.

General

The Issue is being made only to Eligible QIBs. The distribution of this Placement Document or any offering material and the offer and sale of the Equity Shares offered in the Issue is restricted by law in certain jurisdictions. This Placement Document may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised. No action has been taken or will be taken that would permit the offer and sale of the Equity Shares offered in the Issue to occur in any jurisdiction other than India, or the possession, circulation or distribution of this Placement Document or any other material relating to the Issue in any jurisdiction where action for such purpose is required, except in India. Accordingly, the Equity Shares may not be offered or sold, directly or indirectly, and neither this Placement Document nor any offering materials or advertisements in connection with the Equity Shares may be distributed or published in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. Therefore, persons who may come into possession of this Placement Document are advised to consult with their own legal advisors as to what restrictions may be applicable to them and to observe such restrictions.

Each purchaser of the Equity Shares in this Issue will be deemed to have made the representations, warranties, acknowledgments and agreements as described in this section and under "*Notice to Investors*", "*Representations by Investors*" and "*Transfer Restrictions*" beginning on pages 1, 4 and 255, respectively.

Republic of India

This Placement Document may not be distributed directly or indirectly in India or to residents of India and any Equity Shares may not be offered or sold directly or indirectly in India to, or for the account or benefit of, any resident of India except as permitted by applicable Indian laws and regulations, under which an offer is strictly on a private and confidential basis and is limited to Eligible QIBs and is not an offer to the public. This Placement Document has not been and will not be registered as a prospectus with the RoC and will not be circulated or distributed to the public in India or any other jurisdiction and will not constitute a public offer in India or any other jurisdiction.

Bahrain

All marketing and offering of the Equity Shares in the Issue has been made and will be made outside the Kingdom of Bahrain. This Placement Document and the Equity Shares that shall be offered pursuant to this Placement Document have not been registered, filed, approved or licensed by the Central Bank of Bahrain ("**CBB**"), the Bahrain Bourse, the Ministry of Industry, Commerce and Tourism ("**MOICT**") or any other relevant licensing authorities in the Kingdom of Bahrain.

The CBB, the Bahrain Bourse and the MOICT of the Kingdom of Bahrain takes no responsibility for the accuracy of the statements and information contained in this Placement Document, nor shall they have any liability to any person, investor or otherwise for any loss or damage resulting from reliance on any statements or information contained herein. This Placement Document is only intended for Accredited Investors as defined by the CBB and the Equity Shares offered by way of private placement may only be offered in minimum subscriptions of USD 100,000 (or equivalent in other currencies). No invitation to the public in the Kingdom of Bahrain to subscribe to the Equity Shares is being made and this Placement Document will not be issued to, passed to, or made available to the public generally in the Kingdom of Bahrain. The CBB has not reviewed, nor has it approved this Placement

Document and any related offering documents or the marketing thereof in the Kingdom of Bahrain. The CBB is not and will not be responsible for the performance of the Equity Shares.

Cayman Islands

No offer or invitation to subscribe for Equity Shares may be made to the public in the Cayman Islands to subscribe for any of the Equity Shares but an invitation or offer may be made to sophisticated persons (as defined in the Cayman Islands Securities Investment Business Law (the "**SIBL**"), high net worth persons (as defined in the SIBL) or otherwise in accordance with the SIBL. This Placement Document does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

Dubai International Financial Centre

This Placement Document relates to an Exempt Offer in accordance with the Markets Rules Module of the Dubai Financial Services Authority ("**DFSA**") Rulebook. This Placement Document is intended for distribution only to persons of a type specified in the Markets Rules Module. It must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The DFSA has not approved this Placement Document nor taken steps to verify the information set forth herein and has no responsibility for this Placement Document. The securities to which this Placement Document relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the securities offered should conduct their own due diligence on the securities. If you do not understand the contents of this Placement Document you should consult an authorized financial advisor.

In relation to its use in the DIFC, this Placement Document is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the securities may not be offered or sold directly or indirectly to the public in the DIFC.

European Economic Area

In relation to each Member State of the European Economic Area (each a "**Member State**"), no Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member State, all in accordance with the Prospectus Regulation), except that offers of Equity Shares may be made to the public in that Member State at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a qualified investor as defined under the Prospectus Regulation;

- to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation), subject to obtaining the prior consent of Lead Managers for any such offer; or

- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Equity Shares shall result in a requirement for the publication by the Company or the Lead Managers of a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this section, the expression an "offer of Equity Shares to the public" in relation to any Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares.

Except for each person who is not a qualified investor and who has notified the Lead Managers of such fact in writing and has received the consent of the Lead Managers in writing to subscribe for or purchase Equity Shares in the Issue, each person in a Relevant State who acquires Equity Shares in the Issue or to whom any offer is made shall be deemed to have represented that it is a "qualified investor" as defined in the Prospectus Regulation.

In the case of any Equity Shares being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Equity Shares subscribed for or acquired by it in the Issue have not been subscribed for or acquired on a non-discretionary basis on behalf of, nor have they been subscribed for or acquired with a view to their offer or resale to persons in circumstances which may give rise to an offer of any Equity Shares to the public other than their offer or resale in a Relevant State to qualified investors (as so defined) or in circumstances in which the prior consent of the Lead Managers has been obtained to each such proposed offer or resale.

Our Company, the Lead Managers and their affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

Hong Kong

The Equity Shares have not been offered or sold and will not be offered or sold in Hong Kong, by means of any document, other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Equity Shares, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO has been or will be issued, whether in Hong Kong or elsewhere.

Japan

The Equity Shares offered hereby have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "**Financial Instruments and Exchange Act**"). The Placement Document is not an offer of shares for sale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used in the Placement Document means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Republic of Korea

The Equity Shares have not been and will not be registered under the Financial Investments Services and Capital Markets Act of Korea and the decrees and regulations thereunder (the "**FSCMA**"), and the Equity Shares have been and will be offered in Korea as a private placement under the FSCMA. None of the Equity Shares may be offered, sold or delivered directly or indirectly, or offered or sold to any person for re-offering or resale, directly or indirectly, in Korea or to any resident of Korea except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the Foreign Exchange Transaction Law of Korea and the decrees and regulations thereunder (the "**FETL**"). Furthermore, the purchaser of the Equity Shares shall comply with all applicable regulatory requirements (including but not limited to requirements under the FETL) in connection with the purchase of the Equity Shares. By the purchase of the Equity Shares, the relevant holder thereof will be deemed to represent and warrant that if it is in Korea or is a resident of Korea, it purchased the Equity Shares pursuant to the applicable laws and regulations of Korea.

Kuwait

This document and does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy, the Equity Shares in the State of Kuwait. The Equity Shares have not been licensed for offering, promotion, marketing, advertisement or sale in the State of Kuwait by the Capital Markets Authority or any other relevant Kuwaiti government agency. The offering, promotion, marketing, advertisement or sale of the Equity Shares in State of Kuwait on the basis of a private placement or public offering is, therefore, prohibited in accordance with Law No. 7 of 2010 and the Executive Bylaws for Law No. 7 of 2010, as amended, which govern the issue, offer, marketing and sale of financial services/products in the State of Kuwait. No private or public offering of the Equity Shares is or will be made in the State of Kuwait, and no agreement relating to the sale of the Equity Shares will be concluded in the State of Kuwait and no marketing or solicitation or inducement activities are being used to offer or market the Equity Shares in the State of Kuwait.

Malaysia

No approval from the Securities Commission of Malaysia has been applied for or will be obtained for the offer or invitation in respect of the Issue under the Capital Markets and Services Act 2007. Neither has a prospectus been nor will be registered with the Securities Commission of Malaysia in connection with the Issue in Malaysia. Accordingly, this Placement Document or any amendment or supplement hereto or any other offering document in relation to the Issue may not be distributed in Malaysia directly or indirectly for the purpose of any offer of the Equity Shares. The Equity Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 of the Malaysian Capital Markets and Services Act and no person may offer for subscription or purchase any of the Equity Shares directly or indirectly to anyone in Malaysia.

Mauritius

The public of the republic of Mauritius is not invited to subscribe for the interests offered hereby. This memorandum relates to a private placement and does not constitute an offer to the public in Mauritius to subscribe for the interests offered hereby. the interests are only being offered to a limited number of sophisticated investors meeting the eligibility criteria. no regulatory approval has been sought for the offer in Mauritius and it must be distinctly understood that the Mauritius financial services commission does not accept any responsibility for the financial soundness of or any representations made in connection with the issue. The memorandum is for the use only of the named addressee and should not be given or shown to any other person.

Qatar (excluding the Qatar Financial Centre)

This Placement Document did not, and was not intended to, constitute an invitation or an offer of securities in the State of Qatar (including the Qatar Financial Centre) and accordingly should not be construed as such. The Equity Shares have not been, and shall not be, offered, sold or delivered at any time, directly or indirectly, in the State of Qatar. Any offering of the Equity Shares shall not constitute a public offer of securities in the State of Qatar.

By receiving this document, the person or entity to whom it has been provided to understands, acknowledges and agrees that: (a) neither this Placement Document nor the Equity Shares have been registered, considered, authorised or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority or any other authority or agency in the State of Qatar; (b) neither the Company nor the Lead Managers are authorised or licensed by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Financial Centre Regulatory Authority, or any other authority or agency in the State of Qatar, to market or sell the Equity Shares within the State of Qatar; (c) this Placement Document may not be provided to any person other than the original recipient and is not for general circulation in the State of Qatar; and (d) no agreement relating to the sale of the Equity Shares shall be consummated within the State of Qatar.

No marketing of the Equity Shares has been or will be made from within the State of Qatar and no subscription to the Equity Shares may or will be consummated within the State of Qatar. Any applications to invest in the Equity Shares shall be received from outside of Qatar. This Placement Document shall not form the basis of, or be relied on in connection with, any contract in Qatar. The persons representing the Lead Managers are, by distributing this document, not advising individuals resident in the State of Qatar as to the appropriateness of investing in or purchasing or selling securities or other financial products. Nothing contained in this Placement Document is intended to constitute investment, legal, tax, accounting or other professional advice in, or in respect of, the State of Qatar.

Qatar and Qatar Financial Centre

Nothing in this Placement Document is intended to constitute, shall be treated as constituting or shall be deemed to constitute, any offer or sale of securities in the State of Qatar or in the Qatar Financial Centre or the inward marketing of securities or an attempt to do business, as a bank, an investment company or otherwise in the State of Qatar or in the Qatar Financial Centre other than in compliance with any laws applicable in the State of Qatar or in the Qatar Financial Centre governing the issue, offering and sale of securities under the laws of the State of Qatar and the Qatar Financial Centre.

This Placement Document and any underlying instruments or securities have not been and will not be filed with, reviewed or approved by the Qatar Central Bank, the Qatar Financial Markets Authority, the Qatar Exchange or any other relevant Qatar governmental body or securities exchange. The Company has not been authorised or licenced by any Qatari governmental body or regulator to market, offer or sell the Equity Shares in the State of Qatar or in the Qatar Financial Centre.

This Placement Document is strictly private and confidential. This Placement Document is provided on an exclusive basis to the specifically intended recipient of such document, upon that person's request and initiative, and for the recipient's personal use only. It is being distributed to a limited number of qualified investors and must not be provided to any person other than the original recipient. It is not for general circulation in the State of Qatar or the Qatar Financial Centre and may not be reproduced or used for any other purpose. Any distribution of this document by the recipient to third parties in the State of Qatar or the Qatar Financial Centre is not authorised and shall be at the liability of such recipient.

Recourse against the Company and/or its affiliates may be limited or difficult and may have to be pursued in a jurisdiction outside the State of Qatar and/or the Qatar Financial Centre.

Saudi Arabia

This Placement Document may not be distributed in the Kingdom of Saudi Arabia except to such persons as are permitted under the Rules on the Offer of Securities and Continuing Obligations issued by the Capital Market Authority ("**CMA**"). The CMA does not make any representation as to the accuracy or completeness of this Placement Document and expressly disclaims any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this Placement Document. Prospective purchasers of the Equity Shares offered hereby should conduct their own due diligence on the accuracy of the information relating to the Equity Shares. If you do not understand the contents of this Placement Document, you should consult an authorised financial adviser.

Singapore

This Placement Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Placement Document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of Equity Shares may not be circulated or distributed, nor may the Equity Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Equity Shares are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(i) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
(ii) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Equity Shares pursuant to an offer made under Section 275 of the SFA except:

(a) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
(b) where no consideration is or will be given for the transfer;
(c) where the transfer is by operation of law;
(d) as specified in Section 276(7) of the SFA; or
(e) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Notification under Sections 309B(1)(a) and 309B(1)(c) of the SFA: We have determined, and hereby notify all relevant persons (as defined in Section 309A of the SFA) that the Equity Shares are: (A) prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and (B) Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment: Notice on Recommendations on Investment Products).

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Company has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Equity Shares are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Sultanate of Oman

The information contained in this Placement Document does not constitute a public offer of securities in Oman as contemplated by the Oman Commercial Companies Law (Sultani Decree 18/2019, as amended) or Article 3 of the Capital Market Authority Law (Sultani Decree 80/98, as amended). This Placement Document will only be made available to investors in Oman in accordance with the provisions of Article 139 of the Executive Regulations of the Capital Markets Law (Capital Markets Law Decision No. 1/2009, as amended) (the "**Executive Regulations**") by an entity duly licenced by the Capital Market Authority of Oman to market non-Omani securities in Oman.

This Placement Document is strictly private and confidential. It is being provided to a limited number of sophisticated investors solely to enable them to decide whether or not to invest in the Equity Shares outside of Oman, upon the terms and subject to the restrictions set out herein and may not be reproduced or used for any other purpose or provided to any person other than the original recipient. Additionally, this Placement Document is not intended to lead to the making of any contract within the territory or under the laws of Oman.

This Placement Document has not been (and will not be) filed with the Capital Market Authority of Oman (except in accordance with Article 139 of the Executive Regulations) or any other regulatory authority in Oman and the Capital Market Authority of Oman neither assumes responsibility for the accuracy and adequacy of the statements and information contained in this Placement Document nor shall have any liability to any person for damage or loss resulting from reliance on any statements or information contained herein.

Switzerland

The Equity Shares may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("**FinSA**") and no application has or will be made to admit the Equity Shares to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Placement Document nor any other offering or marketing material relating to the Equity Shares constitutes a prospectus pursuant to the FinSA, and neither this Placement Document nor any other offering or marketing material relating to the Equity Shares may be publicly distributed or otherwise made publicly available in Switzerland.

The Equity Shares may, however, be offered in Switzerland to professional clients within the meaning of the FinSA, without any public offer and only to investors who do not purchase the Equity Shares with the intention to distribute them to the public. The investors will be individually approached from time to time. This Placement Document may only be used by those investors to whom it has been handed out in connection with the Offer described herein and may neither directly nor indirectly be distributed or made available to other persons without our express consent.

United Arab Emirates (excluding the Dubai International Financial Centre)

This Placement Document does not constitute or contain an offer of securities to the general public in the UAE. No offering, marketing, promotion, advertising or distribution (together, "Promotion") of this document or the Equity Shares may be made to the general public in the United Arab Emirates (the "**UAE**") unless: (a) such Promotion has been approved by the UAE Securities and Commodities Authority (the "**SCA**") and is made in accordance with the laws and regulations of the UAE, including SCA Board of Directors' Chairman Decision no. (3/R.M.) of 2017 (the "**Promotion and Introduction Regulations**"), and is made by an entity duly licensed to conduct such Promotion activities in the UAE; or (b) such Promotion is conducted by way of private placement made: (i) only to "Qualified Investors" (excluding "**High Net Worth Individuals**") (as such terms are defined in the Promotion and Introduction Regulations); or (ii) otherwise in accordance with the laws and regulations of the UAE; or (c) such Promotion is carried out by way of reverse solicitation only upon an initiative made in writing by an investor in the UAE. None of the SCA, the UAE Central Bank, the UAE Ministry of Economy or any other regulatory authority in the UAE has reviewed or approved the contents of this document nor does any such entity accept any liability for the contents of this document.

United Kingdom

No Shares have been offered or will be offered pursuant to the Offering to the public in the United Kingdom prior to the publication of a prospectus in relation to the Shares which is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provisions in Article 74 (transitional provisions) of the Prospectus Amendment etc (EU Exit) Regulations 2019/1234, except that it may make an offer to the public in the United Kingdom of any Shares at any time:

(a) to any legal entity which is a qualified investor as defined under Article 2 of the UK Prospectus Regulation;
(b) to fewer than 150 natural or legal persons (other than qualified investors as defined under Article 2 of the UK Prospectus Regulation), subject to obtaining the prior consent of the Lead Managers for any such offer; or
(c) in any other circumstances falling within Article 1(4) of the UK Prospectus Regulation,

provided that no such offer of the Shares shall require the Company or any Lead Managers to publish a prospectus pursuant to Article 3 of the UK Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation. For the purposes of this provision, the expression an "offer to the public" in relation to the Shares in the United Kingdom means the communication in any form and by any means of sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for any Shares and the expression "UK Prospectus Regulation" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018.

The Placement Document may not be distributed or circulated to any person in the United Kingdom other than to (i) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Financial

Promotion Order"); and (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Financial Promotion Order (all such persons together being referred to as "relevant persons"). The Placement Document is directed only at relevant persons. Other persons should not act on the Placement Document or any of its contents. The Placement Document is confidential and is being supplied to you solely for your information and may not be reproduced, redistributed or passed on to any other person or published, in whole or in part, for any other purpose.

United States of America

The Equity Shares have not been and will not be registered under the U.S. Securities Act, or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in '*offshore transactions*', as defined in and in reliance on Regulations S and the applicable laws of the jurisdiction where such offers and sales are made. For further information, see "*Transfer Restrictions and Purchaser Representations*" on page 255.

Other Jurisdictions

The distribution of this Placement Document and the offer and sale of the Equity Shares may be restricted by law in certain jurisdictions. Persons into whose possession this Placement Document comes are required to inform themselves about, and to observe, any such restrictions to the extent applicable.

TRANSFER RESTRICTIONS

Due to the following restrictions, investors are advised to consult legal counsel prior to purchasing Equity Shares or making any resale, pledge or transfer of Equity Shares.

Pursuant to Chapter VI of the SEBI ICDR Regulations, any resale of Equity Shares Allotted in the Issue, except on the Stock Exchanges, is not permitted for a period of one year from the date of Allotment. Investors are advised to consult legal counsels prior to making any resale, pledge, or transfer of our Equity Shares. In addition to the above, Allotments made to Eligible QIBs, including VCFs and AIFs, in the Issue may be subject to lock-in requirements, if any, under the rules and regulations that are applicable to them. For more information, see "*Selling Restrictions*" beginning on page 247.

Purchaser Representations and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws.

By accepting delivery of this Placement Document, submitting a bid to purchase the Equity Shares and/or accepting delivery of Equity Shares, you will be deemed to have represented and agreed to our Company and the Book Running Lead Managers as follows:

- It is authorised to consummate the purchase of the Equity Shares in compliance with all applicable laws and regulations and will comply with all laws, regulations and restrictions (including the selling restrictions contained in this Placement Document) which may be applicable in its jurisdiction and it has obtained or will obtain any consent, approval or authorization required for it to purchase and accept delivery of Equity Shares, and it acknowledges and agrees that none of our Company or the Book Running Lead Manager and their respective affiliates shall have any responsibility in this regard.

- It acknowledges (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer acknowledges) that the Equity Shares are being issued in "offshore transactions" as defined in, and in reliance on, Regulation S, and such Equity Shares have not been and will not be registered under the U.S. Securities Act.

- It certifies that either (A) it is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares and is located outside the United States (within the meaning of Regulation S), and it has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States, or (B) it is a broker-dealer acting on behalf of its customer and its customer has confirmed to it that (i) such customer is, or at the time the Equity Shares are purchased will be, the beneficial owner of the Equity Shares, (ii) such customer is located outside the United States (within the meaning of Regulation S), and (iii) such customer has not purchased the Equity Shares for the account or benefit of any person in the United States or entered into any arrangement for the transfer of the Equity Shares or an economic interest therein to any person in the United States.

- It is aware of the restrictions of the offer, sale and resale of the Equity Shares pursuant to Regulation S.

- It agrees (or it is a broker-deal acting on behalf of a customer that has confirmed to it that such customer agrees) that neither it, nor any of its affiliates, nor any person acting on its behalf, will make any "directed selling efforts" as defined in Regulation S. It acknowledges and agrees that it is not purchasing any Equity Shares as a result of any "directed selling efforts" as defined in Regulation S

- It understands and agrees (or if it is a broker-dealer acting on behalf of a customer, its customer has confirmed to it that such customer understands and agrees) that the Equity Shares are being offered in a transaction not involving any public offering in the United States within the meaning of the U.S. Securities Act, that the Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Equity Shares, such Equity Shares may be offered, resold, pledged or otherwise transferred in compliance with the U.S. Securities Act and other applicable securities laws only outside the United States in a transaction complying with the provisions of Rule 903 or Rule 904 of Regulation S or in a transaction otherwise exempt from the registration requirements of the U.S. Securities Act and, in each case, in accordance with all applicable securities laws of the states of the United States and any other jurisdictions in which such offers or sales are made.

- It is a sophisticated investor and has such knowledge and experience in financial, business and investments as to be capable of evaluating the merits and risks of the investment in the Equity Shares. It is experienced in investing in private placement transactions of securities of companies in a similar stage of development and in similar jurisdictions. It and any accounts for which it is subscribing to the Equity Shares (i) are each able to bear the economic risk of the investment in the Equity Shares, (ii) will not look to our Company or the Book Running Lead Manager for all or part of any such loss or losses that may be suffered, (iii) are able to sustain a complete loss on the investment in the Equity Shares, (iv) is seeking to subscribe to the Equity Shares in this Issue for investment purposes and not with a view to resell or distribute them and it has no reason to anticipate any change in its circumstances, financial or otherwise, which may cause or require any sale or distribution by it of all or any part of the Equity Shares, (v) have no need for liquidity with respect to the investment in the Equity Shares, and (vi) have no reason to anticipate any change in its or their circumstances, financial or otherwise, which may cause or require any sale or distribution by it or them of all or any part of the Equity Shares. It acknowledges that an investment in the Equity Shares involves a high degree of risk and that the Equity Shares are, therefore, a speculative investment. It is seeking to subscribe to the Equity Shares in this Issue for its own investment and not with a view to distribution.

- It has been provided access to the Preliminary Placement Document and will be provided access to this Placement Document which it has read in its entirety.

- It agrees to indemnify and hold our Company and the Book Running Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations and warranties. It will not hold our Company or the Book Running Lead Manager liable with respect to its investment in the Equity Shares. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Where it is subscribing to the Equity Shares for one or more managed accounts, it represents and warrants that it is authorised in writing, by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- It agrees that any resale or other transfer, or attempted resale or other transfer, of the Equity Shares made other than in compliance with the above-stated restrictions shall not be recognised by our Company.

It acknowledges that our Company and the Book Running Lead Manager and their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations or agreements is no longer accurate, it will promptly notify our Company and the Book Running Lead Manager. It agrees that the terms and provisions of the foregoing acknowledgements, representations and agreements shall inure to the benefit of and any document incorporating such acknowledgements, representations and agreements shall be enforceable by our Company, its successors and its permitted assigns, and the terms and provisions hereof shall be binding on its permitted successors in title, permitted assigns and permitted transferees. It understands that these acknowledgments, representations and undertakings are required in connection with United States securities laws and irrevocably authorizes our Company to produce these acknowledgments, representations and undertakings (or any document incorporating them) to any interested party in any administrative or legal proceedings or official enquiry with respect to the matters covered herein.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the respective websites of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company or the Book Running Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organized securities trading. In 1875, the first stock exchange was established in Mumbai. BSE and NSE are the significant stock exchanges in India in terms of the number of listed companies, market capitalisation and trading activity.

Indian Stock Exchanges

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. On October 3, 2018, SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulation) (Stock Exchanges and Clearing Corporations) Regulations, 2018 (the "**SCR (SECC) Regulations**"), which regulate *inter alia* the recognition, ownership and governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SCR (SECC) Regulations along with various rules, byelaws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations and guidelines concerning minimum disclosure requirements by listed companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatization and Demutualization) Scheme 2005 of SEBI, with effect from August 19, 2005, BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from February 3, 2017.

NSE

NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced in June 2000.

Listing and delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, 2013 the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by SEBI including the SEBI ICDR Regulations and the SEBI Listing Regulations, as well as pursuant to the listing agreements entered into by the company with the Stock Exchanges. The SCRA & SCRR empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter. SEBI also has the power to amend the SEBI Listing Regulations and byelaws of the stock exchanges in India, to overrule a stock exchange's governing body and withdraw recognition of a recognized stock exchange.

Delisting of equity shares from the stock exchanges, whether by way of a compulsory or a voluntary delisting, is governed by the provisions of the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, as amended (the "**Delisting Regulations**"). Following a compulsory delisting of equity shares, a company, its whole-time directors, its promoters, person(s) responsible for ensuring compliance with the securities laws and the companies promoted by any of them cannot directly or indirectly access the securities market or seek listing of any equity shares for a period of 10 years from the date of such delisting. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

Minimum Level of Public Shareholding

All listed companies (except exempted public sector undertakings) are required to maintain a minimum public shareholding of 25%. In this regard, SEBI has provided several mechanisms to comply with this requirement. Where the public shareholding in a listed company falls below 25% at any time, such company shall bring the public shareholding to 25% within a maximum period of 12 months from the date of such the public shareholding having fallen below the 25% threshold. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirements. Our Company is in compliance with this minimum public shareholding requirement.

Insider Trading Regulations

The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended (the "**Insider Trading Regulations**") have been notified on January 15, 2015 and came into effect on May 15, 2015, by SEBI to amongst other things, prohibit and penalize insider trading in India and prohibit dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**").

The Insider Trading Regulations also impose certain restrictions on the communication of UPSI relating to a company or securities listed or proposed to be listed. In terms of the Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. It also provides disclosure obligations for promoters, employees and directors, with regard to their shareholding in the company, and the changes therein. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the Insider Trading Regulations.

The Insider Trading Regulations define the term "unpublished price sensitive information" to mean any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of its securities and ordinarily includes but not restricted to information relating to the following: (a) financial results; (b) dividends; (c) change in capital structure; (d) mergers, de-mergers, acquisitions, de-listings, disposals and expansion of business and such other transactions; and (e) changes in key managerial personnel. Further, in terms of the Insider Trading Regulations, "generally available information" is defined as information that is accessible to the public on a non-discriminatory basis. An "insider" means any person who is i) a connected person; or ii) in possession of or having access to unpublished price sensitive information. The term "connected person" means any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity, including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the company or holding any position, including a professional or business relationship between himself and the company, whether temporary or permanent, that allows such person, directly or indirectly, to have access to unpublished price sensitive information or is reasonably expected to allow such access.

The Insider Trading Regulations make it compulsory for listed companies and certain other entities (including fiduciaries and intermediaries) that are required to handle UPSI in the course of business operations to establish (i) an internal code of practices and procedures for fair disclosure of UPSI; (ii) an internal code to regulate, monitor and report trading by designated persons and immediate relatives of designated persons; and (iii) a policy for procedures to be adopted by a company in case of any leak of UPSI. There are also initial and continuing shareholding disclosure obligations under the Insider Trading Regulations.

The board of directors of all listed companies are required to formulate and publish on the company's website a code of procedure for fair disclosure of UPSI along with a code of conduct for its employees for compliances with the SEBI Insider Trading Regulations. Further, the board of directors or head(s) of the listed entities are required to maintain a structured digital database containing, inter alia, the nature of UPSI, the names of such persons who have shared the UPSI and the names of persons with whom such UPSI is shared under the SEBI Insider Trading Regulations.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10%, 15% and 20%. These circuit breakers, when triggered, bring about a coordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of BSE or the NIFTY 50 of NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

Settlement

The stock exchanges in India operate on a trading day plus two, or T+2 rolling settlement system. At the end of the T+2 period, obligations are settled with buyers of securities paying for and receiving securities, while sellers transfer and receive payment for securities. For example, trades executed on a Monday would typically be settled on a Wednesday.

Further, in accordance with the circular dated September 7, 2021, issued by SEBI, at any time on or after January 1, 2022, a Stock Exchanges may choose to offer T+1 settlement cycle after giving an advance notice of at least one month.

Trading Hours

Trading on both BSE and NSE normally occurs from Monday to Friday between 9:15 a.m. IST and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9.00 a.m. IST to 9.15 a.m. IST that has been introduced). BSE and NSE are closed on public holidays.

Internet-Based Securities Trading and Security Trading using Wireless Technology Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. This permits clients throughout the country to trade using brokers' internet trading systems. Stock brokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated under applicable law. NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of NSE.

Trading Procedure

In order to facilitate smooth transactions, BSE replaced its open outcry system with BSE online trading facility in 1995. This 100% automated screen-based trading in securities was put into practice nationwide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work. In the year 2014, BSE introduced its new generation trading platform BOLT Plus. NSE has a fully automated trading system called NEAT, which operates on strict time/price priority besides enabling efficient trade.

Depositories

The Depositories Act, 1996 provides a legal framework for the establishment of depositories to record ownership details and effect transfers in electronic book-entry form. Further, SEBI has framed the Securities and Exchange

Board of India (Depositories and Participants) Regulations, 2018 in relation to, among other things, the formation and registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies under Indian law are governed by the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (the "**SEBI Takeover Regulations**") in relation to substantial acquisition of shares and takeovers. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding that a person or entity (along with persons acting in concert with such person or entity) has in the listed Indian company, which give rise to certain obligations on the part of the acquirer. Acquisition of shares or voting rights up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions (direct or indirect, along with persons acting in concert with such acquirer) crossing particular thresholds may result in the acquirer having to make an open offer for the shares of the target company.

Buy-back

A company may buy-back its shares subject to compliance with the requirements of Section 68 of the Companies Act, 2013, as amended and the SEBI (Buy-back of Securities) Regulations 2018, as amended. Under Section 68 of the Companies Act, 2013, as amended, a company may buy-back its shares out of its free reserves or securities premium account or the proceeds of the issue of any shares or other specified securities, other than proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

DESCRIPTION OF THE EQUITY SHARES

The following is the information relating to the Equity Shares including a brief summary of certain provisions of the Memorandum of Association and Articles of Association and the Companies Act, 2013. The prospective investors are urged to read the Memorandum of Association and Articles of Association carefully, and consult with their advisers, as the Memorandum of Association and Articles of Association and applicable Indian law, and not this summary, govern the rights attached to the Equity Shares.

Share Capital

The authorised share capital of our Company is ₹ 10,754.30 million comprising of 9,954,300,000 Equity Shares and ₹ 800,000,000 Preference Shares (of face value of ₹1 each). As on the date of the Preliminary Placement Document, the issued, subscribed and paid-up capital of our Company is ₹773.62 million comprising of 773,617,228 Equity Shares (of face value of ₹1 each). The Equity Shares are listed on BSE and NSE.

Dividends and Reserve

Under Indian law, a company pays dividends upon a recommendation by its board of directors and approval by a majority of its shareholders at the annual general meeting of its shareholders. The shareholders have the right to decrease but not increase the dividend amount recommended by the board of directors. Dividends are generally declared as a percentage of par value (on per share basis) and distributed and paid to shareholders. The Companies Act, 2013 provides that shares of the same class of a company must receive equal dividend treatment. These distributions and payments are required to be paid to or claimed by shareholders within 30 days of the date of declaration of dividend. The Companies Act, 2013 states that any dividends that remain unpaid or unclaimed after that period are to be transferred to a special bank account within seven days from the date of expiry of the period of 30 days. Any dividend amount that remains unclaimed for seven years from the date of such transfer is to be transferred by the company to a fund, called the Investor Education and Protection Fund, created by the Government of India.

The Articles of Association of our Company provide that the Board may set aside, out of the profits of the Company, such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applied for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, think fit. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the Equity Shares of the Company.

Capitalisation of profits

In addition to permitting dividends to be paid out of current or retained earnings as described above, the Companies Act permits the board of directors of a company to issue fully paid up bonus shares to its members out of (a) the free reserves of our company, (b) the securities premium account, or (c) the capital redemption reserve account. However, a company may capitalize its profits or reserves for issue of fully paid up bonus shares, provided: (a) its authorized by articles, (b) it has been, on the recommendation of the board of directors, approved by the Shareholders in a general meeting, (c) it has not defaulted in payment of interest or principal in respect of public deposits or debt securities issued by it, (d) it has not defaulted on payment of statutory dues, (e) there are no partly paid shares. The issue of bonus shares once declared cannot be withdrawn.

Any issue of bonus shares by a listed company would be subject to the SEBI ICDR Regulations. The relevant SEBI ICDR Regulations prescribe that no company shall make a bonus issue of equity shares if it has outstanding fully or partly convertible debt instruments at the time of making the bonus issue, unless it has made reservation of the equity shares in the same class in favour of the holders of the outstanding convertible debt instruments in proportion to the convertible part thereof and the equity shares reserved for the holders of fully or partly convertible debt instruments shall be issued at the time of conversion of such convertible debt instruments on the same terms or same proportion on which the bonds were issued. Further, for issuance of such bonus shares, a company should not have defaulted in the payment of interest or principal in respect of fixed deposits and interest on existing debentures or principal on redemption of such debentures. The declaration of bonus shares in lieu of a dividend cannot be made. The bonus issuance shall be made out of free reserves built out of genuine profits or share premium collected in cash only. The reserves created by revaluation of fixed assets cannot be capitalised.

Further, a company should have sufficient reason to believe that it has not defaulted in respect of the payment of statutory dues of the employees, such as contributions to provident funds, gratuities and/or bonuses.

The Articles of Association of our Company provide that the Company may resolve to apply the securities premium account and the capital redemption reserve account or any other permissible reserve account in paying up of unissued Equity Shares to be issued to the Shareholders of the Company as fully paid bonus shares.

Alteration of share capital

Under the provisions of the Companies Act, 2013, a company may increase its share capital by issuing new shares on such terms and with such rights as it, by action of its shareholders in a general meeting may determine. The board of directors of a company is entitled to make private placement and preferential issue of equity shares, debentures, preference shares or any other instruments to such class of persons as the board of directors may deem fit.

According to Section 62(1)(a) of the Companies Act 2013, such new shares shall be offered to existing shareholders in proportion to the amount paid-up on those shares at that date. The offer shall be made by notice specifying the number of shares offered and the date (being not less than 15 days and not exceeding 30 days from the date of the offer or as may be permitted by applicable law) within which the offer, if not accepted, will be deemed to have been declined. After such date, the board may dispose of the shares offered in respect of which no acceptance has been received which shall not be disadvantageous to the Shareholders. The offer is deemed to include a right exercisable by the person concerned to renounce the shares offered to him in favour of any other person. Under the provisions of Section 62(1)(c) of the Companies Act, 2013, new shares may be offered to any persons whether or not those persons include existing shareholders, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to such conditions as may be prescribed, and a special resolution to that effect is passed by our shareholders in a general meeting. Further, the Companies (Share Capital and Debentures) Rules, 2014 prescribe that price of shares to be issued on preferential basis by a listed company need not be determined by the valuation report of the registered valuer.

In accordance with the Articles of Association and the provisions of the Companies Act, 2013, the Company may issue the following kinds of shares: (a) Equity share capital: (i) with voting rights; and/or (ii) with differential rights as to dividend, voting or otherwise in accordance with the Companies Act, 2013; and (b) Preference share capital. Further, subject to the provisions of the Companies Act, 2013 and the Articles of Association, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par (subject to the compliance with the provision of the Companies Act, 2013) or at a discount and at such time as they may from time to time think fit and with sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. The Board may issue and allot shares of the Company as payment in full or in part, for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in the acquisition and/or in the conduct of its business; and any shares which may be so allotted may be issued as fully paid up shares and if so issued shall be deemed as fully paid up shares. Subject to the provisions of the Companies Act, 2013, the Company in its general meetings may, by an ordinary resolution, from time to time: (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares; (b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination; (c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced Share shall be the same as it was in the case of the Share from which the reduced Share Is derived; or; (d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of share capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this article shall not be deemed to be a reduction of share capital within the meaning of the Companies Act, 2013. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

General meetings

There are two types of general meetings of shareholders: (i) AGM; and (ii) EGM. A company must hold its AGM within six months after the expiry of each Fiscal provided that not more than 15 months shall elapse between the AGM and next one, unless extended by the RoC at its request for any special reason for a period not exceeding three months. The board of directors of the company may convene an EGM when necessary or at the request of shareholders in accordance with the Companies Act, 2013.

As per the provisions of the Companies Act, 2013 and the Articles of Association, all general meetings other than annual general meeting shall be called extraordinary general meeting. No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business. The quorum for a general meeting shall be as provided in Section 103 of the Companies Act, 2013. The Chairperson of the Company shall preside as Chairperson at every general meeting of the Company.

Voting rights

Every member present in person shall have one vote on a show of hands, and on poll, the member present in person or by proxy shall have one vote for each Share of our Company held by him, subject to any rights or restrictions for the time being attached to any class or classes of Shares. Any member entitled to attend and vote at a general meeting may do so either personally or through his duly constituted attorney or through another person as a proxy on his behalf, for that meeting.

The instrument appointing a proxy is required to be lodged with the Company at least 48 hours before the time of the meeting. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death of the principal or revocation of the proxy or transfer of the share in respect of which the vote is given provided no intimation in writing of the death, revocation or transfer shall have been received at the registered office of our Company before the general meeting.

No member is entitled to exercise any voting rights at any meeting of our Company in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which our Company has exercised any right of lien.

Transfer of shares

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by SEBI. These regulations provide the regime for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are subject to securities transaction tax (levied on and collected by the stock exchanges on which such equity shares are sold), however, are exempt from stamp duty. Our Company has entered into an agreement for such depository services with the Depositories. SEBI requires that the shares for trading and settlement purposes be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange. The registrar and transfer agent shall maintain a register in which every transfer or transmission of shares will be entered. In addition to complying with the Companies Act, 2013 and the other applicable laws, the Company is also required to comply with the provisions of the SEBI Listing Regulations for effecting the transfer of shares. In terms of the SEBI Listing Regulations, except in case of transmission or transposition of Equity Shares, requests for effecting transfer of shares shall not be processed unless the shares are held in dematerialized form with a depository and that transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. The Equity Shares shall be freely transferable, subject to applicable laws.

Buy-back

Our Company may buy back its own shares or other specified securities subject to the provisions of the Companies Act and any related guidelines issued in connection therewith.

Directors

The Articles of Association provide that the number of Directors on the Board shall not be less than 3 and not more than 15, unless otherwise determined by the Company in a General Meeting.

Winding up

Our Articles of Association provide that subject to the provisions of the Companies Act, 2013 and the Rules made thereunder, if the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Companies Act, 2013, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not. For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

TAXATION

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

To,

The Board of Directors
Patel Engineering Limited
Patel Estate SV Road
Jogeshwari (West), Mumbai - 400102
Maharashtra, India
(Referred as the "Company")

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi, Mumbai - 400 025
Maharashtra, India
(Referred as the "Book Running Lead Manager" or "BRLM")

Dear Sirs/Madams,

Sub: Qualified institutions placement of equity shares of face value of ₹1 each ("Equity Shares") under Chapter VI of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations") and applicable provisions of the Companies Act, 2013, and the rules framed thereunder, each as amended (the "Companies Act, 2013") by Patel Engineering Limited (the "Company", and such qualified institutions placement, the "Issue")

1. This certificate is issued in accordance with our engagement letter dated March 10, 2024 with the Company in relation to the Issue.

2. We, the current statutory auditors of the Company, namely, M/s. Vatsaraj & Co., Chartered Accountants, (Firm Registration Number: 111327W), have been requested by the Company to provide confirmation for possible tax benefits to the Company and its shareholders in context of the Issue of Equity Shares in accordance with the SEBI ICDR Regulations and applicable provisions of the Companies Act, 2013.

3. The accompanying statement in **Annexure – 1** contains the summary of possible tax benefits available to the Company and its shareholders under the direct tax and indirect tax laws presently in force in India, including the Income-tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, the Customs Act, 1962, the Customs Tariff Act, 1975 and the Foreign Trade Policy 2023, each as amended (collectively the "**Indian Taxation Laws**") and the rules, regulations, circulars and notifications issued in connection with the Indian Taxation Laws, each as amended by the Finance Act, 2024 and as applicable to the assessment year 2025-26 relevant to the financial year 2024-25. There are no material subsidiaries of the Company, as identified as per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended. Several of these benefits are dependent on the Company and its shareholders, as the case may be, fulfilling the conditions prescribed under the relevant provisions of the Indian Taxation Laws. Hence, the ability of the Company and its shareholders to derive the possible tax benefits is dependent upon their fulfilling such conditions, if any, which are based on business imperatives the Company, its shareholders, and/or the face in the future, the Company and its shareholders may or may not choose to fulfil such conditions for availing special tax benefits.

4. This certificate of possible special tax benefits is required as per Schedule VII (18) of the SEBI ICDR Regulations. While the term 'tax benefits' has not been defined under the SEBI ICDR Regulations, it is assumed that with respect to tax benefits available to the Company and its shareholders, the same would include those benefits as enumerated in the Annexure - 1. Any benefits under the Indian Taxation Laws other than those specified in the Annexure - 1 are considered to be general tax benefits available to the Company and its shareholders, and therefore not covered within the ambit of the Statement. Further, any benefits available under any other Laws within or outside India, except for those specifically mentioned in the Annexure - 1, have not been examined and covered by the Statement.

Management's Responsibility

5. The preparation of Annexure-1 is the responsibility of the Management of the Company. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and presentation of the Statement, and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

6. The Management is also responsible for ensuring that the Company complies with the requirements of the SEBI ICDR Regulations, the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note"), the Companies Act, 2013 and other applicable guidelines.

Auditor's Responsibility

7. We conducted our examination of the Annexure-1 in accordance with the Guidance Note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

8. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and other Assurance and Related Services Engagements.

9. Our engagement was undertaken in accordance with the Standard on Related Services (SRS) 4400, "Engagements to Perform Agreed-Upon Procedures regarding Financial Information", issued by the Institute of Chartered Accountants of India and it neither constitutes an audit nor a review in accordance with generally accepted auditing standards in India.

10. We are also responsible to communicate any changes, intimated to us by the management, in the information as stated in this certificate to the BRLM and legal counsel in writing until the date when the Equity Shares proposed to be issued pursuant to the Issue commence trading on the relevant Stock Exchanges. In the absence of any such communication from us until the Equity Shares proposed to be issued pursuant to the Issue commence trading on the relevant Stock Exchanges, the BRLM and the legal advisor, can assume that there is no change to the information as stated in this certificate.

Opinion

11. We certify that the attached Annexure -1 prepared by the Company presents, in all material respects, the possible special tax benefits available as of the date of this certificate, to the Company and its shareholders, under the Regulatory Framework.

12. The Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue. Further, we shall in no way be liable or responsible to any shareholder or subscriber for placing reliance upon the contents of the Statement. Also, any tax information included in this written communication was not intended or written to be used, and it cannot be used by the Company or the investor, for the purpose of avoiding any penalties that may be imposed by any regulatory, governmental taxing authority or agency. Neither we are suggesting nor advising the investors to invest money based on the statement. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

13. We do not express any opinion or provide any assurance on whether:

    - The Company and its shareholders will continue to obtain these benefits in the future;
    - The conditions prescribed for availing the benefits have been/would be met; and
    - The revenue authorities/courts will concur with the views expressed herein.

14. The contents of the enclosed Annexure-1 are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. We have relied upon the information and documents of the Company being true, correct, and complete and have not audited or tested them. Our view, under no circumstances, is to be considered as an audit opinion under any regulation or law. No assurance is given that the revenue authorities/ courts will concur with the views expressed herein. Our Firm or any of our partners or affiliates, shall not be responsible for any loss, penalties, surcharges, interest or additional tax or any tax or non-tax, monetary or non-monetary, effects or liabilities (consequential, indirect, punitive or incidental) before any authority / otherwise within or outside India arising from the supply of incorrect or incomplete information of the company.

Restriction on Use

15. We consent to the inclusion of the above information or any extract thereof in the Placement Documents to be filed by the Company with the BSE Limited and the National Stock Exchange of India Limited ("**Stock Exchanges**"), or any other authority and such other documents as may be prepared in connection with the Issue.

16. The aforesaid information may be relied upon by the Company, BRLM and legal counsels appointed in connection with the Issue and may be submitted to the Stock Exchanges and any other regulatory or statutory authority in respect of the Issue and for the records to be maintained by the BRLM in connection with the Issue.

17. We also authorise BRLM to deliver this letter to SEBI, the Stock Exchanges or any other governmental or regulatory authority as may be required or in seeking to establish a defence in connection with, or to avoid, any actual, potential or threatened legal, arbitral or regulatory proceeding or investigation.

For M/s. Vatsaraj & Co.
Chartered Accountants
Firm Registration Number: 111327W
Peer Review Number: 016237

CA Nitesh K Dedhia
Partner
Membership Number: 114893
Place: Mumbai
Date:
UDIN:
Enclosure: Annexure -1

cc:
Legal Counsel to Issue
M/s. Crawford Bayley & Co.
Advocates and Solicitors
State Bank Buildings,
N.G. N. Vaidya Marg,
Fort, Mumbai 400 023

Annexure – 1

Statement of possible tax benefits available to the Company and its shareholders under the applicable tax laws in India

1. List of Direct and Indirect Tax Laws ("Tax Laws"):

Sl. No.	Details of tax laws
1	Income Tax Act, 1961 and Income Tax Rules, 1962 ("**the Act**")
2	The Central Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 along with the Central Goods and Services Tax Rules, 2017, The Integrated Goods and Services Tax Rules, 2017 and the applicable State Goods and Services Tax Rules, 2017
3	The Custom Act, 1962, the Custom Tariff Act, 1975 and its relevant Rules
4	The Foreign Trade Policy 2023, the Handbook of Procedures and its relevant Rules

2. Statement of possible tax benefits available to the Company and its shareholders under the applicable direct and indirect tax laws in India ("Tax Laws")

I. Under the Income Tax Laws.

1. Special tax benefits available to the Company and its Subsidiaries under the Act

A. Lower corporate tax rate under Section 115BAA

The Company is eligible to exercise the above option to compute corporate tax at a reduced rate of 25.17% (22% plus surcharge of 10% and cess of 4%) provided it does not avail specified exemptions/incentives (e.g. deduction under Section 10AA, 32(1) (iia), 33ABA, 35(2AB), 80-IA etc.). However, the company has not yet exercised the above option for lower corporate tax rate due to availability of MAT credit as on the date of this report.

B. Deductions from Gross Total income

Section 80IA - Deduction in respect of undertaking/s engaged in development/maintenance of Infrastructure Facility.

Subject to fulfilment of prescribed conditions, the Company is entitled to claim deduction, under the provisions of Section 80IA of the Act, from the Gross Total Income of an amount equal to hundred percent of the profits and gains derived from eligible undertaking/s, engaged in the development/maintenance of Infrastructure Facility. The benefit period is ten consecutive assessment years out twenty assessment years beginning from the year in which the eligible undertaking develops begins to operate the facility.

Section 80JJAA - Deduction in respect of employment of new employees

Subject to fulfilment of prescribed conditions, the Company and the Material Subsidiaries are entitled to claim deduction, under the provisions of Section 80JJAA of the Act, of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided

Section 80M – Deduction in respect of inter-corporate dividends

Where the Company or Material Subsidiaries receives any such dividend during a Financial Year and also, distributes dividend to its shareholders before the aforesaid date, as may be relevant to the said Financial Year, it shall be entitled to the deduction under Section 80M of the Act

2. Special tax benefits available to Shareholders

Taxability of dividend income from shares of the Company

A). For resident shareholders:

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as income from other sources at tax rate applicable to such shareholder. The shareholder is eligible to claim deduction of interest expense wholly and exclusively incurred for earning of such dividend income under section 57 of the Act. However, such deduction is restricted to 20 per cent of dividend received. Further, in case of a shareholder being a company, deduction in respect of dividends received from the Company shall be available under section 80M of the Act, to the extent such dividend is distributed by it on or before one month before the date one month prior to the due date of filing return of income for such year.

B). For non-resident shareholders

Dividend income earned on shares of the Company will be taxable in the hands of shareholders as income from other sources at 20% (plus applicable surcharge & cess) by virtue of section 115A. The shareholder is not eligible to claim deduction of any expenditure under section 57 of the Act as the rate of tax prescribed under section 115A applies to the gross amount of dividend income earned by such non-resident.

Further, in case of a non-resident shareholder having a permanent establishment or fixed base in India, and such dividend income is linked to, attributable to, or arises from such permanent establishment or fixed base in India, the income may be taxed as the business income of the non-resident shareholder. The rate of tax would depend upon the nature of the shareholder, for example, a foreign company would be subject to tax at 40% plus surcharge & cess.

Additionally, in the case of non-residents who are residents of a country with whom India has entered into an Agreement referred to under section 90 of the Act (i.e. a Double Tax Avoidance Agreement), the rates prescribed under such Agreement, if more beneficial than the rates prescribed in the Act, would apply instead of the aforementioned rates. In order to take recourse to the beneficial provisions of such Agreement, the non-resident shareholder will have to demonstrate and prove their bona fides and eligibility to be covered under the provisions of the said Agreement.

Foreign companies are not eligible to take the benefit of section 80M of the Act

C). For Shareholder who are Mutual Funds:

Under section 10(23D) of the Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

D). For Investment Funds:

Income of an Investment Fund, being any fund established or incorporated in India in the form of a Trust, Company, Limited Liability Partnership or a body corporate which has been granted a certificate of registration is granted under and is regulated under SEBI (Alternative Investment Funds Regulations), 2012 as Category I or Category II Alternate Investment Fund, other than the income chargeable under the head profits and gains of business and profession, shall be exempt from tax under 10(23FBA).

As per Section 115UB of the Act, any income derived by a person from his investment in an Investment Fund covered under section 10(23FBA), other than that proportion which is of the same nature as profits and gains of business and profession, would be taxable in the hands of the person making such investment in the same manner as if it were the income accruing or arising to or received by such person had the investments made by the Investment Fund been made directly by him.

II. Under the Indirect Tax Laws.

1. Special tax benefits available to the Company

As represented by the management, there are no special tax benefits available to the Company under The Central Goods and Services Tax Act, 2017, The Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 along with the Central Goods and Services Tax Rules, 2017, The Integrated Goods and Services Tax Rules, 2017, the applicable State Goods and Services Tax Rules, 2017. The Custom Act, 1962, the Custom Tariff Act, 1975 and its relevant Rules and The Foreign Trade Policy 2023, the Handbook of Procedures and its relevant Rules.

2. Special tax benefits available to Shareholders

As represented by the management, the shareholders of the Company are not required to discharge any GST on transaction in securities of the Company. Securities are excluded from the definition of Goods as defined u/s 2(52) of the Central Goods and Services Tax Act, 2017 as well from the definition of services as defined u/s 2(102) of the Central Goods and Services Tax Act, 2017. Accordingly, transactions in the security of the Company may not attract GST.

Apart from above, the shareholders of the Company are not eligible for any possible special tax benefits under the provisions of the GST Acts, Custom Act, Customs Tariff Act as amended by the Finance Act, 2024 and Foreign Trade Policy including the relevant rules, regulations, notifications, and circulars issued there under.

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LEGAL PROCEEDINGS

We are involved in various legal proceedings from time to time, mostly arising in the ordinary course of business. These legal proceedings are primarily in the nature of tax disputes, criminal and civil proceedings, which are pending before various adjudicating forums.

*In terms of our Company's "Policy for Determination of Materiality of Events/information" ("**Materiality Policy**") framed in accordance with Regulation 30 of the SEBI Listing Regulations, there are no outstanding litigations involving our Company that have been disclosed to the Stock Exchanges, and accordingly, there is no such outstanding litigation involving our Company that requires disclosure in this Placement Document.*

*However, solely for the purpose of the Issue, our Company has disclosed in this section, to the extent applicable (i) all outstanding criminal proceedings involving our Company, our Subsidiaries, our Directors and our Promoters; (ii) all outstanding actions by statutory or regulatory authorities against our Company, our Subsidiaries, our Directors and our Promoters;(iii) outstanding civil proceedings by and against our Company, our Subsidiaries, our Promoters and our Directors which involves an amount equivalent to or above ₹91.70 million, which is 5% of average of profit after tax of the Audited Consolidated Financial Statements for the Fiscals 2021, 2022 and 2023("**Materiality Threshold**"); (iv) consolidated disclosure of the direct and indirect tax matters involving the Company and our Subsidiaries; and (v) any other outstanding litigation involving our Company , our Subsidiaries, our Directors and our Promoters wherein the amount involved cannot be determined or is below the Materiality Threshold, but an adverse outcome of which could materially and adversely affect the reputation, operations or financial position of our Company.*

Except as disclosed in the Placement Document (i) There is no litigation or legal action pending or taken by any ministry or department of the government or a statutory authority against any of our Promoters during the last three years immediately preceding the year of circulation of this Placement Document and no directions have been issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (ii) there are no inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 in the last three years immediately preceding the year of circulation of this Placement Document involving our Company or our Subsidiaries, nor are there any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or our Subsidiaries; (iii) there are no defaults in repayment of (a) statutory dues; (b) debentures and interests thereon; (c) deposits and interests thereon; and (d) loan obtained from any bank or financial institution and interest thereon by our Company, as of the date of this Placement Document; (iv) there are no material frauds committed against us in the last three years; (v) there are no defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder; (vi) there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations; or (vii) there are no reservations, qualifications or adverse remarks of auditors in the last five Fiscal Years immediately preceding the year of circulation of this Placement Document.

It is clarified that for the purposes of the above, pre-litigation notices received by any of our Company, our Subsidiaries, our Directors and/or our Promoters from third parties (excluding statutory / regulatory /governmental authorities or notices threatening criminal action) shall, not be considered as litigation proceedings till such time that any of our Company, our Subsidiaries, our Directors and/or our Promoters, are impleaded as parties in any such litigation proceedings before any court, tribunal or governmental authority, or is notified by any governmental, statutory or regulatory authority of any such proceeding that may be commenced.

Capitalised terms used herein shall, unless otherwise specified, have the meanings ascribed to such terms in this section.

1. Litigation involving our Company

Material civil proceedings involving our Company

A. Civil Proceedings filed by our Company

1. Our Company has filed a commercial suit bearing no. 11 of 2016 against M/s. Ace – Links ("**Ace**") and its Managing Partner, Danish Merchant (together, the "**Defendants**") before the High Court of Judicature at Bombay ("**High Court**"). The matter arises out of an investment of ₹ 600 million agreed to be made by our

Company in a stage-wise manner from time to time vide memorandums of understanding dated November 3, 2008 and August 17, 2009 respectively, in a slum rehabilitation project for roughly 360 slum dwellers and free saleable area of around 70,000 square feet to be undertaken by Ace in Nariman Point, Mumbai. Our Company has alleged to non-payment of certain dues and has prayed for, inter alia, a direction to the Defendants to pay to our Company 18% of the profits with interest, and a preliminary decree under Order XII Rule 6 of the Code of Civil Procedure, 1908 in respect of a debt of ₹395 million and an amount of ₹ 212.72 million, being profits with interest at 18% on the aforementioned project. The matter is transferred to the commercial division by order dated January 19, 2017 and renumbered as commercial suit bearing no. 11 of 2016, which is presently pending before the High Court of Judicature at Bombay.

2. Our Company has filed an Original Petition No. 12 of 2011 against National Insurance Company Limited ("**Respondent**") before the National Consumer Disputes Redressal Commission at New Delhi towards deficient services of the Respondent and the loss suffered by our Company amounting to ₹ 527.47 million under the Contractors All Risk Insurance Policy bearing no. 360800/44/05/560000010 ("**Policy**") purchased by our Company from the Respondent. Our Company suffered loss of machinery, equipment materials and tools amounting to ₹ 527.47 million which was covered under the said Policy due to floods occurred between July 26 and 27, 2007. Our Company has alleged that despite of repeated reminders the Respondent has failed to settle the claims made by our Company. Our Company has accordingly prayed for an order directing the Respondent to pay an amount of ₹527.47 million towards the losses suffered by our Company. The matter is currently pending.

3. Our Company has filed an Original Petition No. 176 of 2010 against National Insurance Company Limited ("**Respondent**") before the National Consumer Disputes Redressal Commission at New Delhi towards deficient services of the Respondent and the loss suffered by our Company amounting to ₹ 181.33 million under the Contractors All Risk Insurance Policy bearing no. 360800/44/05/560000010 ("**Policy**") purchased by our Company from the Respondent. Our Company suffered loss of machinery, equipment materials and tools amounting to ₹ 527.47 million which was covered under the said Policy due to landslides occurred between April 22, 2006 and March 5, 2007. Our Company has alleged that despite of repeated reminders the Respondent has failed to settle the claims made by our Company. Our Company has accordingly prayed for an order directing the Respondent to pay an amount of ₹181.33 million towards the losses suffered by our Company. The matter is currently pending.

4. Our Company initiated arbitration proceedings against NHPC Limited ("**NHPC**") under the contract for the construction of civil works (Lot TL-I) for the Teesta Low Dam Hydroelectric Project, Stage-III, which was awarded to our Company by NHPC. Our Company alleged, inter alia, that throughout the execution of the project, our Company faced numerous difficulties, disruptions and hindrances due to lapses on the part of NHPC and that our Company suffered losses due to the improper planning and faulty instructions given by NHPC. Our Company raised claims aggregating to ₹ 811.47 million and USD 17,319 plus interest. Our Company also prayed for a mandatory injunction directing NHPC to issue a certificate of completion and final acceptance certificate towards the project. An arbitral award was passed by the arbitral tribunal on February 20, 2023 awarding an amount of ₹467.72 million with interest and direction to NHPC to issue certificate of completion and final acceptance certificate. NHPC has filed an application being case no. ARB/32/2023 before the Commercial Court at Faridabad, Haryana ("**Court**") challenging whole arbitration award. An application being case no. ARB/41/2023 partly challenging the arbitration award has been filed by our Company. The matters are presently pending before the Court.

5. Our Company has filed a First Appeal No. 51 of 2022 under section 37 of the Arbitration and Conciliation Act, 1996 ("**Act**") read with section 13 of the Commercial Courts Act, 2015 against NTPC Limited ("**Respondent**") before the Delhi High Court ("**Court**") partly challenging the order dated October 26, 2021 passed by the Delhi High Court and partly setting aside the arbitral award dated January 14, 2020. The proceeding arose between our Company and the Respondent under the Contract Agreement dated November 30, 2006 for construction of Penstock and Power House Package and Power House Package for Loharinag Pala HE Project (4*150 MW) ("**Contract**"). Our Company has alleged that the works on the Contract could not be completed due to the suspension orders communicated by the Respondent on July 29, 2009 to our Company. Accordingly, our Company invoked the arbitration clause under the Contract for the losses suffered by our Company under the said contract and the Arbitral Tribunal had vide its order dated January14, 2020 ("**Award**") allowed claim of ₹ 579.30 million plus post-award interest of 12% in favour of our Company. The said award was challenged by the Respondent in OMP (COMM) No.504 of 2020 before the said Court and the said Court vide its order October 21, 2021 ("**Order**") set aside the grant of pre-award interest which was granted to our Company in the said award. Our Company has in the present appeal has

prayed to set aside the said order. The Respondent has further filed a cross appeal bearing no. FAO (COMM) 10 of 2022 against our Company challenging the said order, upholding part of the arbitral award dated January 14, 2020. The matters are currently pending.

6. NTPC Limited ("**NTPC**") has filed an arbitration appeal bearing no. FAO (OS) 128 of 2017 against our Company, before the High Court of Delhi at New Delhi ("**High Court**") under section 37 of the Arbitration and Conciliation Act, 1996. The matter arises out of the contract for construction and execution of civil works in Penstock and Powerhouse Package for Loharinag Pala Hydro Electric Power Project, awarded in favour of our Company. Pursuant to certain payment related disputes, arbitration proceedings were initiated and subsequently, the arbitral award dated June 16, 2014 ("**Award**") was passed allowing the claims raised by our Company amounting to ₹ 128.20 million plus € 26,875, along with interest thereon. NTPC filed an application against our Company aggrieved by the Award, before the High Court under section 34 of the Arbitration and Conciliation Act. The High Court, *vide* its order dated February 8, 2017 dismissed the application upholding the Award. NTPC has prayed in the present appeal *inter alia* to set aside the order dated February 8, 2017 passed by the High Court. The matter is presently pending before the High Court.

7. Our Company has filed a petition against Acron Developers Private Limited under section 34 of the Arbitration and Conciliation Act, 1996 ("**Act**") before the High Court of Bombay to set aside the arbitral order dated February 1, 2020 passed by the Arbitral Tribunal "**Award**". The dispute arose between our Company and the Respondent with regards to the RCC and architectural finish package contract dated November 11, 2010 ("**Contract**"). Acron Developers Private Limited ("**Acron**") invoked the arbitration clause under the Contract on account of non-payment of certain amounts due to Acron under the Contract. The Arbitral Tribunal has passed an award for an amount of ₹ 265.60 million plus 18% interest till date of payment along with cost of ₹38.20 million to Acron. Our Company has challenged the said Award under section 34 of Arbitration and Conciliation Act in the petition December 10, 2020 bearing reference number CARBP 26/2021 and prayed to set aside the said Award. The matter is currently pending.

8. PEL Power Limited (Merged with our Company vide order dated July 22, 2022 passed by the National Company Law Tribunal, Hyderabad bearing no. CP(CAA) NO. 43/220/HDB/2021) has filed DFR No. 2305 of 2019 ("**Appeal**") against Central Electricity Regulatory Commission ("**Respondent No. 1**") and Power Grid Corporation of India Limited ("**Respondent No. 2**" along with Respondent No. 1 be referred to as "**Respondents**") before the Appellate Tribunal of Electricity, New Delhi challenging the order dated March 8, 2019 passed in CERC Petition No. 92/MP/2019 whereby Respondent No. 1 had directed Respondent No. 2 to work out relinquishment charges against our Subsidiary Company and the corresponding relinquishment charges of ₹ 901.4 million worked out by Respondent No. 2 against our Subsidiary Company. Our Subsidiary Company has prayed for setting aside the said order and a direction for quashing of the relinquishment charges amounting to ₹ 901.4 million worked out by Respondent No. 2 against our Subsidiary Company. The matter is currently pending.

9. Our Company had initiated arbitration proceedings against The Republic of Mozambique (State) (**"Respondents"**) bearing case no. 2020-21 against bilateral treaty between two countries under UNCITRAL before the Permanent Court of Arbitration (PCA), Netherlands. The dispute arises out Respondents failure to fulfil fundamental legal obligations and assurances that formed the basis of our Company's decision to invest in developing and operating a rail corridor spanning approximately 500 km that was to link Moatize in the mineral-rich Tete province to Macuse, where our Company planned to construct a new port along the Zambezia coast (the "Project"). The matter is disposed off because in the opinion of the Tribunal they do not have Jurisdiction on this matter under bilateral treaty between two countries. Government of Mozambique has simultaneously started another arbitration against us bearing case no. 25334/JPA/AJP under the rules of the International court of arbitration of international chamber of commerce. Part hearing is completed and the case pending for further decision.

10. **Project Name: Kameng HE Project**

Package II contract under Kameng Hydro Electric Project (660 MW)

Our Company has filed an arbitration application bearing Commercial Arbitration Case no. 12 of 2018 against North East Electric Power Corporation Limited ("**NEEPC**"), before the Commercial Court, East Khasi Hills District, Meghalaya at Shillong ("**Commercial Court**") under section 34 of the Arbitration and Conciliation Act, 1996 ("**Act**"). The matter arises out of the Package II contract under Kameng Hydro Electric Project (660 MW), Arunachal Pradesh awarded by NEEPC to our Company for conducting civil works tenga dam, river diversion, tenga intake and head race tunnel from RD 4400M to 11600M +/- 500M on either side (i.e. second half of bichom tenga portion and first half of tenga kimi portion). Pursuant to dispute between the Parties relating to the revision of rates, arbitration proceedings were initiated by our Company and subsequently, the arbitral award dated August 9, 2018 ("**Award**") was passed allowing our Company to revise the rates on all Bill of Quantity items and the benefit of the revision of rates was restricted to 50%. Our Company has filed an application against NEEPC aggrieved by the Award, before the Commercial Court and have prayed in the present appeal, *inter alia*, for setting aside the Award only to the limited extent with respect to the restriction of 50% imposed by the arbitrator in the Award. NEEPC has on July 29, 2019 filed a reply in respect to the appeal filed by our Company before the Commercial Court.

Further, NEEPC aggrieved by the Award has also filed an application against our Company bearing Commercial Arbitration Case no. 10 of 2018 before the Commercial Court and have prayed in their appeal, *inter alia*, for setting aside the whole Award. Our Company has withdrawn its application to remit the matter back to Arbitral Tribunal and the matters are currently pending.

Package III contract under Kameng Hydro Electric Project (660 MW)

Our Company has filed an arbitration application bearing Commercial Arbitration Case no.13 of 2018 against North East Electric Power Corporation Limited ("**NEEPC**"), before the Commercial Court, East Khasi Hills District, Meghalaya at Shillong ("**Commercial Court**") under section 34 of the Arbitration and Conciliation Act, 1996 ("**Act**"). The matter arises out of the Package III contract under Kameng Hydro Electric Project (660 MW), Arunachal Pradesh awarded by NEEPC to our Company for conducting civil works for head race tunnel, surge shaft pressure tunnels, power house and tail race tunnel. Pursuant to dispute between the Parties relating to the revision of rates, arbitration proceedings were initiated by our Company and subsequently, the arbitral award dated August 9, 2018 ("**Award**") was passed allowing our Company to revise the rates on all Bill of Quantity items and the benefit of the revision of rates was restricted to 50%. Our Company has filed an application against NEEPC aggrieved by the Award, before the Commercial Court and have prayed in the present appeal, *inter alia*, for setting aside the Award only to the limited extent with respect to the restriction of 50% imposed by the arbitrator in the Award.

Whereas NEEPC aggrieved by the Award has also filed an application against our Company bearing Commercial Arbitration Case no. 11 of 2018 before the Court of Judge Commercial Court, East Khasi Hills, at Shillong ("**Court of Judge Commercial Court**") and have prayed in their appeal, *inter alia*, for setting aside the whole Award. Our Company has filed a reply in respect to the appeal filed by NEEPC before the Court of Judge Commercial Court. Our Company has withdrawn its application to remit the matter back to Arbitral Tribunal. The matters are presently pending before the respective courts.

11. Our Company has filed Regular Civil Suit no. 170 of 2017 against the State of Maharashtra and the Government of Maharashtra ("**Respondent**") in the District Court of Satara. The matter arose with respect contract dated October 3, 2007 ("**Contract**"). In accordance with the terms of the Contract, our Company had issued two separate guarantees in favour of the Respondents which were renewed from time to time. Our Company was to commence the work under the Contract, immediately. However, a delay was caused by the Respondents on account of the site not being completely handed over to our Company. Our Company was unable to complete the work tendered on account of such delay pursuant to which the Respondents threatened to invoke the bank guarantees in case of non-completion of the work order. The District Court of Satara has vide order dated April 6, 2017, granted temporary injunction on invocation of bank guarantees and directed the Respondent to maintain status quo which was vacated pursuant to a subsequent order dated November 27, 2021 passed by the District Court at Satara. The case number was changed from Regular Civil Suit no. 170 of 2017 to Special Civil Suit 17 of 2019 and subsequently Commercial Suit no. 17 of 2022. The matter is pending before the District Court of Satara.

12. Our Company filed appeal 15 of 2022 against the order dated November 27, 2021 passed by the District Court of Satara in Special Civil Suit 17 of 2019 to restraint the Respondent from encashing bank guarantees amounting to ₹75.30 million. On January 10, 2022 while disposing of I.A. number. 104 of 2022 in said appeal, the High Court of Judicature of Bombay, issued notice to the Respondent and also directed that in the meanwhile, the ad-interim order dated August 6, 2017 passed by the District Court of Satara shall continue to operate till the next date. The ad-interim relief granted to our Company has since been continuing. The matter is currently pending.

13. Our Company has filed original civil suit no. 1952 of 2003 against M/s United Real Estate & Builders Private Limited before the High Court of Judicature at Bombay ("**Court**"). Pursuant to a memorandum of understanding dated March 30, 1995 between our Company and the Defendant (**MoU**"), the Defendant agreed to develop a portion of the plot consisting of lands bearing CTS No. 220/1, 220/9, 220/10, 220/20 AND 511/1 admeasuring to 29985.90 square meters. Pursuant to the supplemental MoU between our Company and the Defendant dated March 4, 1997, the plots bearing 220/1 and 511/1 were taken back by the Company. On account of non-payment of amount of ₹91.10 million, our Company has filed the present suit seeking declaration of title and possession of land in dispute, namely, CTS No.220/9, 220/10 and 220/20 or in the alternative damages of amounting to ₹91.00 million The matter is currently pending before the Court.

14. Patel-KNR Infrastructure Private Limited (a subsidiary of our Company) has filed an execution application bearing no. OMP (ENF.) (COMM.) 38/2024 against National Highways Authority of India ("**NHAI**") before High Court of Delhi, for execution of the award dated April 7, 2023 ("**Award**"). The matter arises out of contract for design, construction, development, finance, operation and maintenance of Km. 463.600 (AP/Karnataka Border) to Km. 524.000 (Avathi Village), and (ii) improvement, operation, maintenance of Km. 524.000 to 527.000 (Nandhill Crossing) and KM. 535 (Devanahhill village) to Km. 539 (Meenukunte Village) of NH-7 in the State of Karnataka under North-south Corridor (NHDP) Phase II on BOT (Annuity basis) – Package No. NS-2/BOT/KNT-1 – Ref_ 3 awarded in favour of our Company. Pursuant to certain disputes arisen between the parties, arbitration proceedings were initiated and subsequently, the Award was passed allowing certain claims raised by our Company amounting to ₹168.51 million along with interest thereon. The matter is currently pending.

15. **Project Name: Tuirial Hydroelectric Project – Reference II**

Lot-I-Civil Works of Division Tunnels

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-1 dated February 22, 2002, of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. As per the demand of the Tuirial Compensation Claimant's Association, NEEPCO was to pay crop compensation in instalments to the local farmers of the site of the project. However, since NEEPCO failed to make payments of the second instalment of crop compensation, the Tuirial Compensation Claimant's Association called an indefinite bandh on June 9, 2004 and road blockade around the site of the project to press their demand for payment of the second instalment of crop compensation. Bandh was finally lifted on August 13, 2004. However, due to no go-ahead signal from competent authority work was suspended till January 13, 2011. Our Company has raised an aggregate claim of ₹ 727.30 million, due to inter alia, losses incurred due to the aforesaid suspension of the project, rental charges on plant, equipment and vehicles rendered idle at the project site, wages paid to idle manpower, premium paid on insurance policies etc. The arbitration proceedings are presently in progress

Lot-II-Civil Works of Dam & Spillway

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-II dated October 22, 2002, of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. As per the demand of the Tuirial Compensation Claimant's Association, NEEPCO was to pay crop compensation in instalments to the local farmers of the site of the project. However, since NEEPCO failed to make payments of the second instalment of crop compensation, the Tuirial Compensation Claimant's Association called an indefinite bandh on June 9, 2004 and road blockade around the site of the project to press their demand for payment of the second instalment of crop compensation. Bandh was finally lifted on August 13, 2004. However, due to no go-ahead signal from competent authority work was suspended till January 13, 2011. Our Company has raised an aggregate claim of ₹ 357.90 million, due to inter alia, losses incurred due to the aforesaid suspension of the project, rental charges on plant, equipment and vehicles rendered idle at the project site, wages paid to idle manpower, premium paid on insurance policies etc. The arbitration proceedings are presently in progress

Lot-III-Civil Works of Dam & Spillway

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-III dated March 20, 2003, of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. As per the demand of the Tuirial Compensation Claimant's Association, NEEPCO was to pay crop compensation in instalments to the local farmers of the site of the project. However, since NEEPCO failed to make payments of the second instalment of crop compensation, the Tuirial Compensation Claimant's Association called an indefinite bandh on June 9, 2004 and road blockade around the site of the project to press their demand for payment of the second instalment of crop compensation. Bandh was finally lifted on August 13, 2004. However, due to no go-ahead signal from competent authority work was suspended till January 13, 2011. Our Company has raised an aggregate claim of ₹ 129.00 million, due to inter alia, losses incurred due to the aforesaid suspension of the project, rental charges on plant, equipment and vehicles rendered idle at the project site, wages paid to idle manpower, premium paid on insurance policies etc. The arbitration proceedings are presently in progress

Lot- Road work 17.6 km

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Road Project 17.6 Km dated December 22, 2003 of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. As per the demand of the Tuirial Compensation Claimant's Association, NEEPCO was to pay crop compensation in instalments to the local farmers of the site of the project. However, since NEEPCO failed to make payments of the second instalment of crop compensation, the Tuirial Compensation Claimant's Association called an indefinite bandh on June 9, 2004 and road blockade around the site of the project to press their demand for payment of the second instalment of crop compensation. Bandh was finally lifted on August 13, 2004. However, due to no go-ahead signal from competent authority work was suspended till January 13, 2011. Our Company has raised an aggregate claim of ₹ 122.00 million, due to inter alia, losses incurred due to the aforesaid suspension of the project, rental charges on plant, equipment and vehicles rendered idle at the project site, wages paid to idle manpower, premium paid on insurance policies etc. The arbitration proceedings are presently in progress.

16. **Project Name: Tuirial Hydroelectric Project – Reference III**

Lot-I-Civil Works of Division Tunnels,

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-I dated February 22, 2002, of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. All these claims belong to prolongation of the Contract period and cost associated for the same, Refund of BOCW Cess deducted from various RA Bills. Our Company has raised an aggregate claim of ₹ 450.00 million, due to inter alia, losses incurred due to the prolongation of the Project, rental charges on plant, equipment and vehicles rendered idle at the project site, wages paid to idle manpower, premium paid on insurance policies etc. The arbitration proceedings are presently in progress.

Lot-II-Civil Works of Dam & Spillway,

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-II dated October 22, 2002, of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. All these claims belong to prolongation of the Contract period and cost associated for the same, Refund of BOCW Cess deducted from various RA Bills and Explorations of Maucher Quarry. Our Company has raised an aggregate claim of ₹ 2750.00 million, due to inter alia, losses incurred due to the prolongation of the Project, rental charges on plant, equipment and vehicles rendered idle at the project site, wages paid to idle manpower, premium paid on insurance policies etc. The arbitration proceedings are presently in progress.

Lot-III Power House and TRT,

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-III dated 20 March 2003 of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. All these claims belong to prolongation of the Contract period and cost associated for the same, Refund of BOCW Cess deducted from various RA Bills. Our Company has raised an aggregate claim of ₹ 850.00 million, due to inter alia, losses incurred due to the prolongation of the Project, rental charges on plant, equipment and vehicles rendered idle at the project site, wages paid to idle manpower, premium paid on insurance policies etc. The arbitration proceedings are presently in progress.

17. **Project Name: Tuirial Hydroelectric Project – Reference IV**

Lot-I-Civil Works of Division Tunnels

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-1 dated February 22, 2002, of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. The current Arbitration Proceeding is about deciding matters related to Pre and Post Award Interest on the Arbitration Award decided in our favour under Reference -I. Our Company has raised an aggregate claim of ₹ 608.00 million, due to inter alia, interest on Pre and Post Award Amount under Ref-I. The arbitration proceedings are presently in progress.

Lot-II-Civil Works of Dam & Spillway

Our Company has initiated arbitration proceedings against NEEPCO Limited ("**NEEPCO**") in relation to the disputes arising out of the contracts Lot-II dated October 22, 2002, of Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. The current Arbitration Proceeding is about deciding matters related to Pre and Post Award Interest on the Arbitration Award decided in our favour under Reference -I. Our Company has raised an aggregate claim of ₹ 374.00 million, due to inter alia, interest on Pre and Post Award Amount under Ref-I. The arbitration proceedings are presently in progress.

18. **Project Name: Shongtong HEP Ref-I**

EPC Contract of 450 MW Shongtong Karcham Hydro Electric Project

Our Company has initiated arbitration proceedings against Himachal Pradesh Power Corporation Ltd ("**HPPCL**") in relation to the disputes arising out of the contracts dated August 3, 2012, Shongtong Karcham HEP, Himachal Pradesh awarded to our Company by HPPCL. The current Arbitration Proceeding is about deciding matters related to financial implications due to the increase in minimum wages by Government of Himachal Pradesh. Our Company has raised an aggregate claim of ₹ 260.00 million, due to inter alia, extra expenses incurred due to an increase in minimum wages. The arbitration proceedings are presently in progress.

B. Civil Proceedings filed against our Company

1. B.T. Patil and Sons Belgaum (Construction) Private Limited ("**BTP**") and M/s. SBP and Co., Engineers and Contractors ("**SBP**") (together, "**Appellants**") have filed two appeals bearing numbers COMAP/34/2016 and COMAP/16/2016 respectively against our Company, before the High Court of Judicature (Division Bench) at Bombay ("**High Court**") under section 37 of the Arbitration and Conciliation Act, 1996. The matter arises out of the Koyna Hydro Electric Project Stage – IV awarded in favour of our Company. The Appellants, being sister concerns of each other, had been appointed as sub-contractors. Due to the alleged non-payment of certain amounts by our Company to the Appellants, disputes arose between the parties and the Appellants initiated arbitration proceedings against our Company. Two arbitral awards dated January 25, 2010 each, as corrected by order dated February 22, 2010 (together, "**Awards**"), were passed allowing the claims raised by the Appellants amounting to ₹ 830.98 million along with interest thereon. Our Company filed an application against the Appellants aggrieved by the said arbitral awards, before the High Court under section 34 of the Arbitration and Conciliation Act. The High Court *vide* its order dated January 8, 2016 ("**Order**") disposed of the application and set aside the Awards, thereby dismissing the Appellants' claims. Accordingly, the Appellants have prayed in their present appeals under Section 37 of the Arbitration and Conciliation Act, 1996 for setting aside of the Order. The matters are presently pending before the High Court.

2. H.P. Power Corporation Limited ("**Petitioner**") has filed a CARBC No. 1 of 2022 against our Company under section 34 of the Arbitration and Conciliation Act, 1996 ("**Act**") before the High Court of Himachal Pradesh at Shimla challenging the award dated September 30, 2021 ("**Award**") passed by the Arbitral Tribunal. The matter arises out of a contract executed between the Petitioner and our Company for construction of Diversion Barrage Power Intake, Desanding Arrangements and Gates and Hoisting Arrangements complete in all respects of Sawra Kuddu HEP (111 MW) located in District Shimla of Himachal Pradesh. Pursuant to certain disputes arising out of the said Contract, arbitration proceedings was initiated and subsequently, the Award was passed allowing claims amounting to ₹ 627.14 million along with interest at the rate of 8% per annum in favour of our Company. Accordingly, the Petitioner has filed the

present petition and has prayed to quash and set aside the Award and claims allowed in favour of our Company. The matter is currently pending.

3. Continental Casualty Company and Western Surety Company ("**Plaintiffs**") have filed a case no. 1:2019cv03631 against our Company, Patel Engineering (Inc.) (Our Subsidiary), Sonal Patel (Sister of our Promoter Rupen Patel), ASI Construction Inc. and others ("**Defendants**") before the US District Court for the District of Colorado towards failure of payment of surety bonds issued by Sonal on behalf of ASI Constructors Inc. Sonal had given personal indemnity in respect of Surety Bonds issued by the Plaintiffs on behalf of ASI Contractors Inc. towards executing infrastructure projects in USA. Since ASI Contractors Inc. was unable to make payments to its vendors and sureties companies after sale of its business, the Plaintiffs have filed the present suit for recovery of loss incurred against the Defendants. The Plaintiff have alleged that since Our Company and Our Subsidiary had invested in ASI Contractors Inc. through Sonal and since Sonal had provided personal indemnity to the Plaintiffs on behalf of surety bonds issued by the Plaintiffs on behalf of ASI Contractors Inc., Our Company and Our Subsidiary along with Sonal are liable to indemnify the Plaintiffs for the said loss. Our Company has filed a Motion to dismiss the Plaintiffs claims since Our Company and Our Subsidiary are not a party to the Personal Indemnity provided by Sonal to the Plaintiffs. The matter is currently stayed till the Motion to Dismiss Petition is cleared and settled.

4. The Surat Municipal Corporation ("**SMC**") has filed an application under Section 34 of the Arbitration and Conciliation Act, 1996 ("**Act**") against our Company before the High Court of Gujarat at Ahmedabad ("**Court**"). The matter arose out of a work order for construction of an indoor stadium in Surat. On account of delay in construction work which lead to overhead expenses, additional burden of interest and labour cost to be borne by our Company, our Company invoked arbitration proceedings pursuant to which an award was passed by a sole arbitrator in favour of our Company on June 21, 2005 ("**Award**"). The SMC has filed the present application to set aside the Award, seeking relief to declare the Award as null and void and the matter is presently pending before the High Court and is reserved for order.

5. Sayed Taher, Syeda Begum, Syed Shafi and Alampally have each filed individual suits against our Company before the Civil Judge at Vikarabad. The individual suits each pertain to the partition and perpetual injuction of certain properties bearing Sy No. 354/RU and 360/RU, Sy. Nos. 338, 330/RU, Sy. Nos. 330, 354, 360/UU, 338/UU and y. No. 348/AA/1 respectively, located at Yenkathala village in Vikarabad district, Telangana. The aggregate value of the properties amounts to ₹ 240 million. The Petitioners have approached the Civil Judge at Vikarabad to seek an order to restraint our Company from possessing the properties. The concerned matters are pending before the Civil Judge at Vikarabad.

6. As on date of this Placement Document, there are three applications before NCLT Mumbai against our Company. One such application is filed under Section 7 of the Insolvency and Bankruptcy Code, 2018 by State Bank of India and two such applications are filed under Section 9 of the Insolvency and Bankruptcy Code, 2018 by High Ground Enterprise Limited and Credible Engineering Construction Projects Limited respectively. The three applications are pending before the National Company Law Tribunal Mumbai. The aggregate amount claimed by the Creditors is approximately ₹849.78 million.

Criminal Proceedings involving our Company

A. Criminal Matters filed by our Company

1. Our Company has filed 5 complaints against Jain Granites and Projects India Limited ("**Accused**") before Metropolitan Magistrate Court Andheri under section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheques issued by the Accused in the course of Business. The aggregate amount involved in these matters is approximately ₹ 268.90 million. The Metropolitan Magistrate *vide* order dated May 24, 2017 convicted the accused. The Accused appealed against the aforesaid order dated May 24, 2017 before the Sessions Court at Dindoshi. The appeals filed by the Accused are pending for hearing before the Sessions Court at Dindoshi.

2. Deputy Collector and Tahasildar, Serilingampally Mandal, Ranga Reddy District ("**Deputy Collector**") has written a complaint to the Station House Officer, Raidurgham Police Station, Cyderabad against our Company alleging that our Company has encroached upon Government and though the land was resumed and fenced our Company again tried to encroach the land by removing Government sign boards. Based on the complaint received from the Deputy Collector an FIR bearing no. 589 of 2013 ("**FIR**") has been

registered by Raidurgam Police Station dated October 22, 2013 under section 4(1), 5(1) of the A.P. Land Grabbing (Protection) Act, 1982. Our Company has filed a Criminal Writ Petition bearing no. 622 of 2014 before the High Court of Andhra Pradesh at Hyderabad against the State of Andhra Pradesh and the Deputy Collector for quashing of the said FIR. The matter is currently pending.

B. Criminal Matters filed against our Company

1. An FIR No. RC0042022A0005 of 2022 has been filed by CBI, ACB, Jammu ("**Complainant**") against Navin Kumar Choudhary ("**Accused No. 1**"), MS Babu ("**Accused No. 2**"), MK Mittal ("**Accused No. 3**"), Arun Kumar Mishra ("**Accused No. 4**"), Our Company ("**Accused No. 5**") and others (others collectively with Accused no. 1 to 5 be referred to as "**Accused**") under section 120-B of J&K State Ranbir Penal Code read with section 5(1)(d) and 5(2) of the J&K Prevention of Corruption Act, 2006. The complaint arose out of the allegations of malpractices in award of contract in respect of civil works of Kiru Hydroelectric Power Project ("**Contract**"). The Complainant has alleged that Accused No. 1 to 4 have not followed the due process of the tendering and have wrongfully awarded the said contract to our Company. The matter is currently pending.

2. The Forest Range Officer filed complaint with reference SCC/979/2019 under the Indian Forest Act against Patel Engineering through Silloo Patel, D.G. Patel and Sunil Desai alleging non-construction of the required road as per the approved plans. The matter is currently pending before the Vadgaon Maval Court.

Actions taken by statutory or regulatory authorities against our Company

As on date of this Placement Document, there are no actions taken by statutory or regulatory authorities against our Company.

Tax proceedings involving our Company

We have set out below claims relating to direct and indirect taxes involving our Company giving details of number of cases and total amount involved in such claims:

Nature of case	Number of cases	Amount Involved (in ₹ million)
Direct Tax	46	3,728.79
Indirect Tax	26	2,046.58

2. Litigation involving our Subsidiaries

Material civil proceedings involving our Subsidiaries

A. Civil Proceedings filed by our Subsidiaries

Except as disclosed in "***Civil Proceedings filed by our Company"***, there are no outstanding material civil proceedings by our Subsidiaries.

B. Civil Proceedings filed against our Subsidiaries

Except as disclosed in "***Civil Proceedings filed against our Company"***, there are no outstanding material civil proceedings against our Subsidiaries**.**

Criminal proceedings involving our Subsidiaries

A. Criminal Matters filed by our Subsidiaries

As on the date of this Placement Document, there are no outstanding criminal matters against our Subsidiaries.

B. Criminal Matters filed against our Subsidiaries

As on the date of this Placement Document, there are no outstanding criminal proceedings against our

Subsidiaries.

Actions taken by statutory or regulatory authorities against our Subsidiaries

As on the date of this Placement Document, there are no pending actions taken by statutory or regulatory authorities against our Subsidiaries.

Tax proceedings involving our Subsidiaries

Nature of case	Number of cases	Amount Involved (in ₹ million)
Direct Tax	20	734.09
Indirect Tax	1	1.60

3. Litigation involving our Directors

Material civil proceedings involving our Directors

A. Civil Proceedings filed by our Directors

As on the date of this Placement Document, there are no outstanding material civil proceedings by our Directors.

B. Civil Proceedings filed against our Directors

As on the date of this Placement Document, there are no outstanding material civil proceedings against our Directors.

Criminal proceedings involving our Directors

A. ***Criminal Matters filed by our Directors***

As on the date of this Placement Document, there are no outstanding criminal proceedings by our Directors.

B. ***Criminal Matters filed against our Directors***

An FIR No. 52 of 2021 has been filed by the Office of the Assistant Commissioner of Police, Delhi ("**Complainant**") against our directors, Rupen Patel, Kavita Shirvaikar, Kuppusubramanian Ramasubramanian, Tirth Nath Singh under section 41-A of the Code of Criminal Procedure, 1973. The complaint has been filed with respect to an investigation related to the residential project '*Neotown*' which is being undertaken by M/s Patel Advance JV, in which Rupen Patel is a partner. The matter is currently pending.

Actions taken by statutory or regulatory authorities against our Directors

As on the date of this Placement Document, there are no pending actions taken by statutory or regulatory authorities against our Directors.

4. Litigation involving our Promoters

Material civil proceedings involving our Promoters

A. Civil Proceedings filed by our Promoters

As on the date of this Placement Document, there are no outstanding material civil proceedings by our Promoters.

B. Civil Proceedings filed against our Promoters

As on the date of this Placement Document, there are no outstanding material civil proceedings against our Promoters.

Criminal proceedings involving our Promoters

A. Criminal Matters filed by our Promoters

As on the date of this Placement Document, there are no outstanding criminal proceedings by our Promoters.

*B. **Criminal Matters filed against our Promoters***

Except as disclosed in "***Criminal Matters filed against our Directors***", there are no outstanding criminal proceedings against our Promoters as on the date of this Placement Document.

Actions taken by statutory or regulatory authorities against our Promoters

As on the date of this Placement Document, there are no pending actions taken by statutory or regulatory authorities against our Promoters

5. Inquiries, inspections, or investigations under the Companies Act initiated or conducted in the last three years

There have been no inquiries, inspections or investigations initiated or conducted against our Company or our Subsidiaries under the Companies Act, 1956 or the Companies Act, 2013 in the last three years immediately preceding the year of issue of this Placement Document, nor have there been any prosecutions filed (whether pending or not), fines imposed, compounding of offences in the last three years immediately preceding the year of this Placement Document involving our Company or our Subsidiaries.

6. Details of acts of material frauds committed against our Company in the last three years, if any, and if so, the action taken by our Company

Except as disclosed in "*Criminal Matters filed by our Subsidiaries"*, there have been no material frauds committed against our Company in the last three years preceding the date of this Placement Document:

7. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of statutory dues; debentures and interests thereon; deposits and interest thereon; and loan from any bank or financial institution and interest thereon

Our Company has no dues payable to holders of any debentures and interest thereon, deposits and interest thereon and loans and interest thereon from any bank or financial institution. Further, our company has no outstanding default in repayment of statutory dues except as given below:

S. No.	Details	Name of the Entity	Relationship	Amount involved in the default (in ₹ millions)	Duration of the default	As on March 31, 2024 (in ₹ millions)
1	Service tax	Shreeanant Construction Private Limited	Subsidiary	18.42	More than 3 years	18.42

8. Details of defaults in annual filing of our Company under the Companies Act, 2013 and the rules made thereunder

As on the date of this Placement Document, our Company has not made any default in filings of our Company under the Companies Act, 2013 and the rules made thereunder.

9. Details of significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operation.

As on date of this Placement Document, there are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operation.

STATUTORY AUDITORS

In term of the provisions of Section 139 of the Companies Act, 2013, M/s. Vatsaraj & Co., Chartered Accountants, Chartered Accountants, were appointed as our Company's Statutory Auditors pursuant to a resolution passed by our Shareholders at the AGM held on August 26, 2022 for a period of five years, from Fiscal 2023 to Fiscal 2027.

Our Statutory Auditors have audited the Annual Consolidated Financial Statements which are included in this Placement Document in "*Financial Information*" beginning on page 284.

The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been subjected to limited review by our Statutory Auditors and are included in this Placement Document in "*Financial Information*" on page 284.

The Unaudited Consolidated Financial Results have been subjected to limited review by our Statutory Auditors and are included in this Placement Document in "*Financial Information*" on page 284.

T. P. Ostwal & Associates LLP, Chartered Accountants have audited the audited consolidated financial statements for Fiscal 2022 and 2021. The audited consolidated financial statements and the audit report thereon issued by T. P. Ostwal & Associates LLP, Chartered Accountants is included in this Placement Document in "*Financial Statements*" on page 284.

FINANCIAL INFORMATION

INDEPENDENT AUDITOR'S REVIEW REPORT ON UNAUDITED SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Report to,
The Allotment Committee of the Board of Directors
Patel Engineering Limited

Introduction

1. We have reviewed the accompanying Unaudited Special Purpose Condensed Interim Consolidated Financial Statements of Patel Engineering Limited ('the Parent'), which includes joint operations and its subsidiaries (the parent and its subsidiaries together referred as 'the group'), which includes the Group's share of profit/loss in its associates, comprising the Unaudited Special Purpose Condensed Interim Consolidated Balance Sheet as at 31st December 2023 and the related Unaudited Special Purpose Interim Condensed Consolidated Statement of Profit and Loss (including other comprehensive income), the Unaudited Special Purpose Condensed Interim Consolidated Statement of Cash Flows and the Unaudited Special Purpose Condensed Interim Consolidated Statement of Changes in Equity for the nine month then ended and selected explanatory notes thereon (collectively, the "Unaudited Special Purpose Condensed Interim Consolidated Financial Statements") as required solely for the purpose for raising funds through issuing of equity share to qualified institution buyers in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018, as amended ("SEBI ICDR Regulations"), and other applicable laws. The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been prepared on the basis and for the purpose stated in Note 1.1 (a) ("Basis of Preparation") of the selected explanatory notes.

Management Responsibility

2. The Parent Company's management and Board of Directors is responsible for the preparation and presentation of the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements on the basis and for the purpose stated in Note 1.1 (a) of the selected explanatory notes, which have been approved by the Allotment Committee, Committee of the Board of Directors in their meeting dated 22nd April, 2024. The Parent Company's Board of Directors and respective board of directors of the companies included in the group are responsible for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent and design, implementation and maintenance of adequate internal control, that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements on the basis and for the purpose stated in Note 1.1 (a) of the selected explanatory notes and are free from material misstatement, whether due to fraud or error.

Auditors Responsibility

3. Our responsibility is to express a conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements. We conducted our review in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of the Parent Company's personnel responsible for financial and accounting matters

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (the "Act") and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Emphasis of Matters:

5. The Auditor of the subsidiary Dirang Energy Private Limited ('DEPL'), without modifying their conclusion have drawn attention to the project of DEPL has temporarily stopped. However, based on the management estimate to get a favourable order from the competent authority and on adequate net worth and financial support from the Parent, the financial statements of the DEPL have been prepared on a going concern basis for the reasons stated. Our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements is not modified in respect of the above matter.

6. The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements of the Group for the period ended 31st December, 2023 included the financial statements of the subsidiaries Hera Realcon Private Limited, Shreeanant Construction Private Limited and Energy Design Private Limited, wherein their auditors, without qualifying their conclusions have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis. Our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements is not modified in respect of the above matter.

7. **The Unaudited Special Purpose Condensed Interim Consolidated Financial Statements includes the financial statements/ information of the following entities:**

Subsidiaries:

Water Front Developers (Consolidated), Patel Engineering Infrastructure Limited (Consolidated), Friends Nirman Private Limited, Bhooma Realities Private Limited, Shashvat Land Projects Private Limited, Vismaya Constructions Private Limited, Patel Patron Private Limited(Consolidated),Energy Design Private Limited, Shreeanant Construction Private Limited, Hampus Infrastructure Private Limited, PBSR Developers Private Limited, Hera Realcon Private Limited, Arsen Infra Private Limited (Consolidated), Patel KNR Infrastruture Limited, Patel Engineering Mauritius Limited (Consolidated), Patel Engineering Inc (Consolidated), Patel Engineering Singapore Pte Limited (Consolidated), Patel Engineering Lanka Limited, Patel Energy Limited, Dhirang Energy Private Limited, West Kameng Energy Private Limited, Digin Hydro Power Private Limited, Meyong Hydro Power Private Limited, Saskang Rong Energy Private Limited, Bellona Estate Developers Limited (w.e.f Aug 28, 2023).

Jointly Controlled Entities:

CICO Patel JV, Patel Sew JV, KNR Patel JV, Patel KNR JV, PEL-PPCL-HCPL JV, Patel V Arks JV, Patel - V Arks - Percision JV, Patel SOMA JV, Patel VI JV, Onycon Enterprises,

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CICO Patel JV, Patel Sew JV, KNR Patel JV, Patel KNR JV, PEL-PPCL-HCPL JV, Patel V Arks JV, Patel - V Arks - Percision JV, Patel SOMA JV, Patel VI JV, Onycon Enterprises, Patel Avantika Deepika BHEL JV, AGE Patel JV, Patel Michigan JV, Patel UEIPL JV, Patel-Gond Project JV, Patel Parbati JV, HES Suthaliya JV, NEC-PEL- JV, Patel-RBG JV, Patel-SA JV, Era Patel Advance Kiran JV, Patel APCO JV, Era Patel Advance JV, PEL-ISC-Prathmesh JV, ISC Projects-PEL JV, Patel Siddhivinayak JV, Patel -Civet-Chaitra Micro(KA) JV, VPRPL - PEL JV, Mokharbardi Micro Irrigation JV, D K Joint Venture LLP, Jai Sai Construction PEL JV, PEL-PC JV, VKMCPL-PEL JV, PEL- Civet Project JV, DBL-PEL JV, VIDPL LIS1 JV,

Associate Company:
Hitodi Infrastructure Limited, ACP Tollways Private Limited, Patel Advance JV (Partnership Firm)

8. The accompanying Unaudited Special Purpose Condensed Interim Consolidated Financial Statements includes the interim reviewed financial information/ financial statements in respect of:

   i. The real estate division of the Parent included in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements of the Group whose interim financial statements reflect total assets of Rs. 4,584.99 million as at 31st December, 2023, total revenues of Rs. 76.54 million, total net Profit after tax of Rs. 72.00 million and total comprehensive income of Rs 72.00 million and net cash inflows of Rs. 0.09 million for the period April 01st, 2023 to 31st December, 2023 as considered in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements which have been reviewed by the branch auditor.

   ii. 28 joint operations whose interim financial statements/information reflect Group's Share in total assets of Rs. 4,088.72 million as at 31st December, 2023, total revenue of Rs. 8,733.16 million, total profit after tax of Rs. 11.18 million and total comprehensive income of Rs. 11.18 million for the period 01st April, 2023 to 31st December, 2023, as considered in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements which have been reviewed by their respective independent auditors.

   iii. 21 subsidiaries, whose financial statements and other information reflects net total assets of Rs. 8,985.91 million as at 31st December, 2023, total revenues of Rs. 2,752.87 million, total net profit/(loss) after tax of Rs. 332.03 million and total comprehensive income of Rs. 528.16 million and net cash outflows of Rs. (190.80) million for the period 01st April, 2023 to 31st December, 2023, as considered in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements. These financial statements have been reviewed by their respective independent auditors.

   The independent auditors' reports on interim financial results/ statements and other financial information of these entities referred in paragraph 8 above have been furnished to us by the Management and our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements, in so far as it relates to the amounts and disclosures in respect of these entities is based solely on the report of such auditors and the procedures performed by us as stated in paragraph 3 above.

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9. The accompanying Unaudited Special Purpose Condensed Interim Consolidated Financial Statements includes unaudited interim financial statements and other Unaudited financial information in respect of:

   i. 7 unincorporated joint operations whose interim financial results reflect Group's share in total assets of Rs. 232.06 million as at 31st December, 2023, total revenues of Rs. 3.65 million, total net Profit after tax of Rs (0.04) million and total comprehensive income of Rs. (0.04) million for the period 01st April, 2023 to 31st December, 2023 as considered in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements whose interim financial statements and other financial information have not been reviewed by auditors.

   ii. 4 subsidiaries whose interim financial statements reflect total assets of Rs. 284.46 million as at 31st December, 2023, total revenues of Rs. 9.52 million, total Profit after tax of Rs. (205.13) million and total comprehensive income of Rs. (235.89) million for and net cash inflows of Rs (2.28) million for the period 01st April 2023 to 31st December 2023, as considered in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements whose interim financial statements and other financial information which have not been reviewed by auditors.

   iii. 3 associates whose interim financial Statements/information reflect the Group's share in Net Profit of Rs. 14.02 million and total Comprehensive Income of Rs. 14.02 million for the period from 01st April, 2023 to 31st December, 2023 as considered in the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements whose interim financial statements and other financial information which have not been reviewed by auditors.

   The unaudited interim financial statements and other financial information of these joint operations, subsidiaries and associates have not been reviewed by their auditors and have been approved and furnished to us by the Management and our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements, in so far as it relates to the affairs of these joint operations, subsidiaries and associates is based solely on such unaudited interim financial statements and other financial information. According to the information and explanations given to us by the Management, this interim financial statements/financial information are not material to the Group.

   Our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements in respect of matters stated in paragraph 8 and paragraph 9 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial statements and financial information certified by the Management.

Conclusion

10. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 8 above and management certified financial statements as referred to in paragraph 9 above, nothing has come to our attention that causes us to believe that the accompanying Unaudited Special Purpose Condensed Consolidated Interim Financial Statements has not been prepared, in all material aspects, in accordance with the basis set out in Note 1.1 (a) of the selected explanatory notes.

VATSARAJ & CO. CHARTERED ACCOUNTANTS FRN 111327W

Other matters

11. We had issued an unmodified conclusion on the Statement of Unaudited Consolidated Financial Results for the quarter and nine month ended 31 December 2023 ("Statement of Unaudited Standalone Financial Results"), vide our Limited Review Report dated 12th February, 2024.

    Our conclusion on the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements is not modified in respect of above matters.

Restriction on Us

12. Without modifying our conclusion, we draw attention to Note 1.1 (a) of the selected explanatory notes, which explains that the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been prepared solely for the purpose for raising funds through issuing of equity share to qualified institution buyers in accordance with Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulation, 2018, as amended ("SEBI ICDR Regulations"), as amended and other applicable laws and for inclusion in preliminary placement document and placement document.

For Vatsaraj & Co.
Chartered Accountants
Firm Registration No: 111327W

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

NDedhia

CA Nitesh K Dedhia
Partner
M. No. 114893
UDIN: 24114893BKCMUY7627
Mumbai, 22nd April, 2024

PATEL ENGINEERING LIMITED

Patel

Special Purpose Condensed Interim Consolidated Balance sheet as on December 31, 2023

	Notes	As At December 31, 2023 Rs. Million Unaudited	As At March 31, 2023 Rs. Million Audited
I. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	11,700.55	11,904.59
(b) Capital work-in-progress		2,905.27	2,944.44
(c) Intangible assets		9.16	12.16
(d) Goodwill on consolidation		252.61	252.61
(e) Right to use assets		293.26	142.09
(f) Financial assets			
(i) Investments	3	1,277.74	1,354.13
(ii) Trade receivables	4	3,353.03	3,606.79
(iii) Loans	5	871.28	887.94
(iv) Other financial assets	6	7,973.41	6,166.75
(g) Deferred tax assets (net)	7	1,953.63	2,073.52
(h) Current tax assets (net)	8	599.49	886.97
(i) Other non current assets	9	2,456.73	2,094.79
Total non current assets		33,646.16	32,326.77
2 Current assets			
(a) Inventories	10	38,872.91	36,762.97
(b) Financial assets			
(i) Trade receivables	4	5,037.38	5,038.74
(ii) Cash and cash equivalents	11	1,182.02	2,083.01
(iii) Other bank balances	12	-	-
(iv) Loans	5	31.94	59.58
(v) Other financial assets	6	1,553.18	1,355.49
(c) Current tax assets (net)	8	60.22	78.40
(d) Other current assets	9	7,922.28	6,972.88
(e) Assets classified as held for sale	13	-	2,893.08
Total current assets		54,659.93	55,244.15
TOTAL ASSETS		88,306.09	87,570.92
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	773.62	773.62
(b) Other equity		29,456.20	28,105.94
Equity attributable to owners of the parent		30,229.82	28,879.56
Non-controlling interests		-72.04	878.20
Total equity		30,157.78	29,757.76
2 Liabilities			
Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	5,886.90	5,324.96
(ii) Lease liabilities	16	63.85	78.19
(iii) Trade payables	17		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,452.16	6,182.16
(iv) Other financial liability	18	2,191.66	2,042.57
(b) Provisions	19	165.80	163.55
(c) Other non current liabilities	20	4,346.45	5,710.50
(d) Deferred revenue	21	38.57	78.92
Total non current liabilities		18,145.39	19,580.85
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	13,660.86	12,082.80
(ii) Lease liabilities	16	215.05	92.67
(iii) Trade payables	23		
a) Total outstanding dues of micro enterprises and small enterprises		54.68	93.81
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		18,851.91	14,942.40
(iv) Other financial liabilities	24	242.65	259.33
(b) Provisions	19	57.71	50.57
(c) Other current liabilities	25	6,920.06	9,734.94
(d) Liabilities for assets classified as held for sale	26	-	975.79
Total current liabilities		40,002.92	38,232.31
TOTAL EQUITY AND LIABILITIES		88,306.09	87,570.92
Summary of significant accounting policies	1		

The notes referred to above form an integral part of the Special Purpose Condensed Interim Consolidated Financial Statement

As per our report of even date

For Vatsaraj & Co.
Firm Regn No: 111327W
Chartered Accountants

CA Nitesh K. Dedhia
Partner
Membership No. 114893
Place : Mumbai
Date : April 22, 2024

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

For Patel Engineering Ltd.

Kavita Shirvaikar
Whole Time Director & Chief Financial Officer
DIN : 07737376

PATEL ENGINEERING LIMITED

Special Purpose Condensed Interim Consolidated Statement of Profit and Loss for the period ended December 31, 2023

		Notes	December 31, 2023 Rs. Million Unaudited	December 31, 2022 Rs. Million Audited
I.	**Revenue from operations**	27	32,009.29	26,860.83
II.	**Other income**	28	577.21	896.32
III.	**Total income (I + II)**		**32,586.50**	**27,757.15**
IV.	**Expenses:**			
	Cost of construction	29	23,324.76	19,508.08
	Employee benefits expense	30	2,707.84	2,369.65
	Finance costs	31	2,690.07	3,084.66
	Depreciation and amortization expense	2	685.85	601.84
	Other expenses	32	1,449.51	1,056.99
	Total expenses		**30,858.03**	**26,621.22**
V.	**Profit before exceptional items and tax (III-IV)**		**1,728.47**	**1,135.93**
VI.	**Exceptional items**	33	(421.72)	77.56
VII.	**Profit before tax (V - VI)**		**2,150.19**	**1,058.37**
VIII.	**Tax expense:**			
	(1) Current tax		603.79	348.40
	(2) Tax adjustments for earlier years		(45.54)	3.39
	(2) Deferred Tax		(14.71)	39.33
IX.	**Profit for the year (VII-VIII)**		**1,606.65**	**667.25**
X.	**Share in profit/ (loss) in associates (net)**		**11.99**	**28.29**
XI.	**Net profit after tax and share in profit /(loss) in joint ventures / associates from continuing operations**		**1,618.64**	**695.54**
XII.	Profit from discontinued operations before tax after non controlling interest		**(119.73)**	**269.77**
	Tax Expense (including Deferred Tax) on Discontinued Operations		-	**121.61**
	Profit from discontinued operations after tax and non controlling interest		**(119.73)**	**148.16**
XIII.	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		(37.72)	**(153.49)**
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.04	**4.42**
XIV.	**Total other comprehensive income**		**(37.68)**	**(149.07)**
XV.	**Total comprehensive income for the year (XI+XII+XIV)(comprising profit /(loss) and other comprehensive income for the year)**		**1,461.23**	**694.63**
XVI.	**Non Controlling Interest**		**53.94**	**(9.77)**
XVII.	**Owners of the parent (XV- XVI)**		**1,407.29**	**704.40**
XVIII.	**Earnings per equity share from continued operations:**			
	(1) Basic	35	2.02	1.41
	(2) Diluted		2.02	1.19
XIX.	**Earnings per equity share from discontinued operations:**			
	(1) Basic		(0.15)	0.30
	(2) Diluted		(0.15)	0.30
	Summary of significant accounting policies	1		

The notes referred to above form an integral part of the Special Purpose Condensed Interim Consolidated Financial Statement

As per our report of even date

For Vatsaraj & Co.
Firm Regn No: 111327W
Chartered Accountants

CA Nitesh K. Dedhia
Partner

Membership No. 114893
Place : Mumbai
Date : April 22, 2024

PATEL ENGINEERING LTD. Mumbai.

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

For Patel Engineering Ltd.

Kavita Shirvaikar
Whole Time Director & Chief Financial Officer
DIN : 07737376

PATEL ENGINEERING LTD.

Special Purpose Condensed Interim Consolidated Cash Flow Statement for the period ended December 31, 2023

	December 31, 2023	December 31, 2022
	Rs. Million Unaudited	Rs. Million Unaudited
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit after tax	1,498.91	843.70
Adjustment for:		
Depreciation/ amortisation	685.85	601.84
Tax expenses	543.54	391.12
Finance charges	2,690.07	3,084.66
Non cash gain from discontinoued operation	(58.66)	-
Interest income and dividend received	(372.33)	(536.57)
Foreign exchange gain	(27.95)	(145.89)
Provision for leave salary	(0.53)	(21.54)
Provision for gratuity	9.93	(9.75)
Share in associates	11.99	28.29
Profit on Award income	(528.88)	-
Provision for impairment	9.85	-
Profit on sale of assets	(2.52)	(10.89)
Excess credit written back	(125.64)	-
Irrecoverable debts and advances written off (net)	271.83	66.34
Transferred of discontinuoued operation (net)	938.33	
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,543.78	4,291.31
Adjustment for changes in:		
Trade and other receivables	(1,481.01)	(260.66)
Inventories	(3,081.14)	(530.54)
Trade and other payables (excluding income tax)	1,715.11	1,220.66
Cash from operations	2,696.73	4,720.77
Direct tax paid (net)	(164.62)	(589.70)
NET CASH FROM OPERATING ACTIVITIES (A)	2,532.11	4,131.07
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / adjustments of fixed assets (including capital work-in-progress and capital advances)	(1,040.59)	(982.87)
Sale of fixed assets	99.57	100.37
Decrease / (increase) in loans to JV/ associates	58.94	92.67
Remeasurement of assets held for sale	-	-
Sale / (purchase) of investments & marketable securities	62.01	(216.42)
Purchase of investments & marketable securities	-	-
Increase in other bank balances	-	-
Interest and dividend received	114.17	99.63
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(705.89)	(906.62)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	(0.00)	342.30
Proceeds from borrowings including cash credit limit	1,154.81	1,567.39
Replacement of Contractee advance with new term loan	(2,520.00)	-
Term loan for replacement of Contractee advance	2,520.00	-
Repayment of borrowings including cash credit limit	(1,515.55)	(2,788.28)
Finance charges paid	(2,394.42)	(2,815.32)
NET CASH USED IN FINANCING ACTIVITIES (C)	(2,755.17)	(3,693.90)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(928.95)	(469.45)
Opening balance of cash and cash equivalents	2,083.01	2,605.78
Balance of cash and cash equivalents	1,154.07	2,136.33

Notes to cash flow statement

a) Cash and cash equivalents

Cash on hand and balance with banks	1,182.02	2,282.22
Effect of exchange rate changes	(27.95)	(145.89)
Closing cash and cash equivalents as restated	1,154.07	2,136.33

b) Cash flow statement has been prepared under the indirect method as set out in IndAS - 7 specified under Section 133 of the Companies Act, 2013.

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai

c) Reconciliation of liabilities arising from financing activities

Rs. Million

December 31, 2023	Opening balance as on 01.04.2023	Cash inflow / (outflow)	Non - cash changes	Closing balance as on 31.12.2023
Borrowings (including short term borrowing, long term borrowing & current maturity) & lease liability	17,578.62	2,159.26	88.78	19,826.65
	17,578.62	**2,159.26**	**88.78**	**19,826.65**

December 31, 2022	Opening balance as on 01.04.2022	Cash inflow / (outflow)	Non - cash changes	Closing balance as on 31.12.2022
Borrowings (including short term borrowing, long term borrowing & current maturity) & lease liability	22,918.40	(1,220.89)	124.90	21,822.41
	22,918.40	**(1,220.89)**	**124.90**	**21,822.41**

For Vatsaraj & Co.
Firm Regn No: 111327W
Chartered Accountants

CA Nitesh K. Dedhia
Partner
Membership No. 114893
Place : Mumbai
Date : April 22, 2024

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

For Patel Engineering Ltd.

Kavita Shirvaikar
Whole Time Director & Chief Financial Officer
DIN : 07737376

PATEL ENGINEERING LIMITED

Special Purpose Condensed Interim Consolidated Statement of Change in Equity for the period ended December 31, 2023

Patel
Since 1949

(A) EQUITY SHARE CAPITAL

Particulars	Number of shares	Rs. Million
Equity shares of Re 1/- each issued, subscribed and paid		
As at 31 March 2022	47,92,30,494	479.23
Issue of equity shares	29,43,86,734	294.39
As at 31 March 2023	**77,36,17,228**	**773.62**
Issue of equity shares	-	-
As at 31 December 2023	**77,36,17,228**	**773.62**

(B) OTHER EQUITY

Rs. Million

Particulars	Equity component of compound financial instruments	Reserves and surplus										
		Capital reserve	Capital reserve on amalgamation	General reserve	Securities premium	Debenture redemption reserve	Foreign currency monetary item translation difference	Capital redemption reserve	Surplus in the statement of profit and loss	Total equity attributable to equity holders	Non - controlling interest	Total equity attributable to equity holders
As at March 31, 2022	-	277.57	(0.23)	3,000.62	15,129.83	30.64	301.94	300.00	4,317.39	23,357.76	714.11	24,071.87
'- Profit for the year - from Continuing operation	-	-	-	-	-	-	-	-	705.31	705.31	(9.77)	695.54
'- Profit for the year - from Discontinuing operation									148.16	148.16	143.02	291.18
- Other comprehensive income for the year	-	-	-	-	-	-	(151.07)	-	2.00	(149.07)	-	(149.07)
- Adjustment during the year	-	-	-		-	-	-	-	-	-	(3.21)	(3.21)
- Adjustment on account of consolidation of joint venture	-	-	-	-	-	-	-	-	91.24	91.24	-	91.24
- Issued during the year	-	-	-	-	305.79	-	-	-	-	305.79	-	305.79
- Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-
As at December 31, 2022	-	277.57	(0.23)	3,000.62	15,435.62	30.64	150.87	300.00	5,264.10	24,459.20	844.15	25,303.35
As at March 31, 2023	-	277.57	(0.23)	3,000.62	18,240.12	30.64	168.70	300.00	6,088.52	28,105.94	878.20	28,984.15
'- Profit for the year - from Continuing operation	-	-	-	-	-	-	-	-	1,564.70	**1,564.70**	53.94	**1,618.64**
'- Loss for the year - from Discontinuing operation									(119.73)	**(119.73)**		**(119.73)**
- Other comprehensive income for the year	-	-	-	-	-	-	(33.78)	-	(3.90)	**(37.68)**	-	**(37.68)**
- Adjustment during the year	-	-	-	-	-	-	-	-	-	-	(23.60)	**(23.60)**
- Discontinued operation impact	-	-	-	(187.98)	-	-	-	-	130.95	**(57.03)**	(980.59)	**(1,037.62)**
As at December 31, 2023	-	277.57	(0.23)	2,812.64	18,240.12	30.64	134.92	300.00	7,660.54	29,456.20	(72.04)	29,384.16

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Capital reserve : The Company recognizes reserve on investment in partnership firm.

Capital reserve on amalgamation : As per IND AS 103 read with appendix C, difference between the purchase consideration and net book value shall be accounted as capital reserve.

General reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to earlier provision of the Companies act, 1956. Mandatory transfer to general reserve is not required under the Act.

Securities premium: Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, equity related expenses like underwriting costs, etc.

Debenture redemption reserve: The Company is required to create a debenture redemption reserve out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Act.

Stock option outstanding account: The Company has share option schemes under which options to subscribe for the Company's shares have been granted to certain employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Capital redemption reserve: The company has recognised capital redemption reserve on buyback of preference shares from its retained earning. The amount in capital redemption reserve is equal to nominal amount of preference share bought back.

Surplus in the statement of profit and loss: Retained earning are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders

Foreign currency monetary item translation difference : Exchange difference on translating the financial statement of foreign operations.

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NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

NOTE : 1

1.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance and Basis of preparation

The Special Purpose Condensed Interim Consolidated Financial Statements as at and for the nine-month ended 31 December 2023 have been prepared on an accrual and going concern basis in accordance with Indian Accounting Standards (Ind AS)-34 'Interim Financial Reporting' as prescribed in the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and notified under section 133 of the Companies Act, 2013 (the "Act") and should be read in conjunction with the Group last annual consolidated financial statements as at and for the year ended 31 March 2023 (last audited annual financial statements). The Accounting policies and practices (i.e recognition and measurement principles) applied for the preparation of the special purpose financial statements are consistent with those adopted in the financial statements for the previous financial year ended March 31, 2023 except otherwise permitted under Ind AS 34.

These Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been prepared for limited purpose of facilitating the company to meet the requirements of the relevant regulations in relation to the proposed fund raise as approved by the Board of Directors of the Company in their meeting held on February 12, 2024 and by the Shareholders on March 8, 2024, in accordance with the provisions of the Companies Act, 2013, as amended (the "Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.

Certain comparative figures included in Unaudited Special Purpose Condensed Interim Consolidated Financial Statements have been reclassified to make them comparable to the classification in the corresponding Unaudited Special Purpose Condensed Interim Consolidated Financial Statements as at and for the nine months ended 31 December 2023. The comparative figures have not been adjusted to reflect adjusting events after 12 February 2024, as these are intended to be read in conjunction with the comparative figures in the said Special Purpose Condensed Interim Consolidated Balance Sheet, Special Purpose Condensed Interim Consolidated Statement of Profit and Loss and Special Purpose Condensed Interim Consolidated Statement of Cash Flows.

These special purpose condensed interim Consolidated financial statements of the Company were approved by allotment committee of the Board of Directors in their meeting held on April 22, 2024.

b) Functional and Presentation Currency

Items included in the Special Purpose Condensed Interim Standalone Financial Statement of the company are measured using the currency of the primary economic environment in which the entity operates ("functional currency").

The Special Purpose Condensed Interim Consolidated Financial Statement are presented in Indian Rupees and all values are rounded to the nearest millions (Rupees 000,000), except where otherwise indicated. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

c) Principles of consolidation

(i) The Special Purpose Condensed Interim Consolidated Financial Statement include the accounts of Patel Engineering Ltd. and its subsidiaries, associates and joint ventures.

(ii) The financial statements of joint ventures are consolidated to the extent of the Company's or its subsidiaries share in joint venture.

(iii) The financial statements of the Company including joint operations and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses fully eliminating material intra group balances and intra group transactions. Associate entities are consolidated as per the equity method.

(iv) Goodwill arising out of consolidation of financial statements of subsidiaries and joint ventures are tested for impairment at each reporting date.

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The Special Purpose Condensed Interim Consolidated Financial Statement have been prepared by the Company in accordance with the requirements of Ind AS –110 "Consolidated Financial Statements", Ind AS -111 "Joint Arrangements" and Ind AS 28 "Investment in Associates and Joint Ventures", issued by the Ministry of Corporate Affairs.

Notes to these Special Purpose Condensed Interim Consolidated Financial Statement are intended to serve as a means of informative disclosure and a guide to better understanding. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosure.

d) Current / non-current classification

The Group as required by Ind AS 1 presents assets and liabilities in the balance sheet based on current / non-current classification.

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

The Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of its assets and liabilities, as it is not possible to identify the normal operating cycle.

e) Method of accounting

The Group maintains its accounts on accrual basis. Subsidiaries outside India maintain its accounts based on generally accepted accounting standards of their respective countries.

f) Critical accounting estimates and judgements

The preparation of Special Purpose Condensed Interim Consolidated Financial Statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the Special Purpose Condensed Interim Consolidated Financial Statement and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation
- Estimation of useful life of property, plant and equipment and intangibles
- Estimation of total contract revenue and costs for revenue recognition
- Estimation of recognition of deferred taxes
- Estimation of impairment of financial assets (i.e. expected credit loss on trade receivables)
- Estimation of provision and contingent liabilities

g) Property, plant and equipment

Property, plant and equipment (PPE) are stated at net of recoverable taxes, trade discount and rebates less accumulated depreciation and accumulated impairment losses, if any.

Such cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Property, plant and equipment costing Rs. 5,000 or less are not capitalized and charged to the consolidated statement of profit and loss.

Machinery Spares that meet the definition of PPE are capitalised.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably.

The carrying amount of an items of PPE are derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

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NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

h) **Intangible assets**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation / amortisation and impairment loss, if any.

Such cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably.

i) **Depreciation**

Depreciation on the property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II to the Act. Depreciation on property, plant and equipment, which are added/disposed-off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The estimated useful lives are as follows:

Assets	Estimated useful life
Factory building/ building	28/60 years
Machinery/ ship	8 ½ years
Motor cars/ motor truck	8 years
Furniture/ electrical equipments	6 years
Office equipments	5 years
Computer / software	3 years

Depreciation on leasehold land will be amortized after commencement of operation of the power house. It will be amortized over the useful life of the lease.

Michigan Engineers Private Limited and Shreeanant Constructions Private Limited provide depreciation on written down value method and based on useful life of the assets as prescribed in schedule II of the Companies Act, 2013 and in onsite Michigan JV and Michigan Savitar Consortium as specified in the income tax act.

The estimated useful life of Patel Michigan JV - motor car - 10 years, motor truck - 6 years, office equipments - 5 years, container - 3 years.

For overseas subsidiaries depreciation is provided based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies, local laws and are in line with the industry practices. These entities follow straight line method of depreciation spread over the useful life of each individual asset. It is practically not possible to align rates of depreciation of such subsidiaries with those of the domestic entities.

Intangible assets

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Computer software	3 years

j) **Impairment of non-financial assets**

The carrying amount of assets/cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized in the consolidated statement of profit and loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

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NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

k) **Inventories**

The stock of land, construction materials, stores, spare parts, embedded goods and fuel is valued at cost (on weighted average basis), or net realizable value, whichever is lower and work in progress of construction contracts at contract rate. Cost includes expenditures incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

Work in progress in respect of project development and buildings held as stock-in-trade are valued at cost or net realizable value, whichever is lower.

Project work in progress is valued at contract rates and site mobilization expenditure of incomplete contracts is stated at lower of cost or net realizable value.

l) **Recognition of income and expenditure**

Revenue toward satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criterias is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or
2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

i) **Construction revenue**

The company constructs various infrastructure projects on behalf of clients. Under the terms of the contracts, where the company is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done; revenue is recognised over a period of time. The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. This is achieved by estimating total revenue including claims / variations and total cost till completion of the contract and the profit is recognised in proportion to the value of work done when the outcome of the contract can be estimated reliably. Revenue also includes claims / variations when it is highly probable of recovery based on estimate and assessment of each item by the management based on their judgement of recovery. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

The company becomes entitled to invoice customers for construction based on achieving a series of performance related milestones. When a particular milestone is achieved, the customer is sent a statement of work completed assessed by expert. Previously recognised contract asset for any work performed is reclassified to trade receivables at the point at which it is invoiced to the customer. Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract. Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration. When the outcome of a construction contract can not be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Revenue from trading and consultancy service are recognises when it transfers control of a product or service to a customer.

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ii) **Revenue from Real estate development contracts**

The company constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before or after construction of the residential properties begins. Under the terms of the contracts, the company is contractually restricted from redirecting the properties to another customer and does not have an enforceable right to payment for work done. Revenue from construction of real estate properties is therefore recognised at a point of time.

Revenue from building development is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

m) **Foreign currency transaction / translations**

Transactions in foreign currency including acquisition of property, plant and equipment are recorded in the functional currency (Indian rupee) by applying to the foreign currency amount, at the prevailing exchange rates between the functional currency and foreign currency on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date exchange rates are recognised in profit or loss.

Revenue transactions at the foreign branch/projects are translated at average rate. Property, plant and equipment are translated at rate prevailing on the date of purchase. Net exchange rate difference is recognized in the statement of profit and loss. Depreciation is translated at rates used for respective assets.

However, Michigan Engineers Private Limited opted to recognize the exchange differences in the statement of profit and loss.

Revenue items of overseas subsidiaries are translated into Indian rupees at average rate and all other monetary/non monetary items are translated at closing rate. Net exchange rate difference is recognized as foreign exchange translation reserve.

n) **Financial instrument:**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(I) Financial asset:

Initial recognition and measurement :

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through the statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement :

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

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NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

(a) Financial asset measured at amortized cost :

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the consolidated statement of profit and loss. The Group while applying above criteria has classified the following at amortized cost:

(a) Trade receivables

(b) Investment in subsidiaries

(c) Loans

(d) Other financial assets

(b) Financial assets measured at fair value through other comprehensive income :

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the consolidated statement of profit and loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the consolidated statement of profit and loss.

(c) Financial assets at fair value through profit or loss (FVTPL) :

Financial asset are measured at fair value through profit and loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Consolidated statement of profit and loss.

Equity instruments

All investments in equity instruments classified under financial assets are initially measured at fair value , the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

De-recognition of financial assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the consolidated statement of profit and loss.

Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Lease receivables

(c) Trade receivables or any contractual right to receive cash or another financial asset

(d) Loan commitments which are not measured at FVTPL

(e) Financial guarantee contracts which are not measured at FVTPL

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NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

(II) Financial liability

Initial recognition and measurement :

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement :

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the consolidated statement of profit and loss.

Financial liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The Group is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount and fair value of the liabilities shall be recognized in the consolidated statement of profit and loss.

o) **Financial derivative and hedging transactions**

In respect of financial derivative and hedging contracts, gain / loss are recognized on mark-to-market basis and charged to the consolidated statement of profit and loss along with underlying transactions.

p) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Special Purpose Condensed Interim Consolidated Financial Statement is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 – leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – inventories or value in use in Ind AS 36 – impairment of assets.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the Special Purpose Condensed Interim Consolidated Financial Statement on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

q) **Employee benefits**

Short term employee benefits :

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contribution towards provident fund/family pensions are made to the recognized funds, where the Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans :

Provision for incremental liability in respect of gratuity and leave encashment is made as per independent actuarial valuation on projected unit credit method made at the year-end.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense /(income) on the net defined liability /(assets) is computed by applying the discount rate, used to measure the net defined liability /(asset). Net interest expense and other expenses related to defined benefit plans are recognized in consolidated statement of profit and loss.

r) **Taxation**

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

Current tax:

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

s) **Provisions, contingent liabilities and contingent assets**

The Group recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote , no provision or disclosure is made.

Contingent assets are disclosed where an inflow of economic benefits is probable.

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t) Employees stock option plan

Compensation expenses under "employee stock option plan" representing excess of fair price of the shares on the date of grant of option over the exercise price of option is amortized on a straight-line basis over the vesting period.

u) Borrowing cost

Borrowing costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to consolidated statement of profit and loss as incurred.

v) Leases

As per IND AS 116

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, group's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

w) Business combinations

Business combinations have been accounted for using the acquisition method as per Ind AS 103.

The cost of an acquisition is measured at the fair value of the asset transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred.

Business combinations between entities under common control are accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

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NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

x) **Earning per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

y) **Preliminary and preoperative expenses**

In respect of certain subsidiaries preliminary and preoperative expenses are written off commencement of operation.

z) **Non-current assets held for sale and discontinued operation**

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

aa) **Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of financial statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting policies, changes in accounting estimates and errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

Note : 2

PROPERTY, PLANT AND EQUIPMENT AS AT DECEMBER 31, 2023

Rs. Million

Particulars	Gross block						Depreciation						Net book value	
	As at April 1, 2023	Addition	Deduction/ retirement	Sub total	Foreign currency fluctuation	As at December 31, 2023	As at April 1, 2023	For the year	Deduction	Sub total	Foreign currency fluctuation	As at December 31, 2023	As at December 31, 2023	As at March 31, 2023
TANGIBLE ASSETS														
Land	6,545.81	3.84		6,549.65	-	6,549.65	-	-	-	-	-	-	6,549.65	6,545.81
Building	766.66	(0.00)	-	766.66	0.70	767.36	196.36	12.38	-	208.74	0.72	209.46	557.90	570.30
Plant and equipment	8,623.49	470.00	129.19	8,964.30	(3.96)	8,960.34	4,454.16	520.94	25.41	4,949.69	(0.12)	4,949.57	4,010.77	4,169.32
Lease plant and equipment				-		-				-		-	-	-
Furniture and fixtures	70.02	3.10	-	73.12	(0.28)	72.84	61.66	1.81	-	63.47	(0.28)	63.19	9.65	8.36
Vehicles	1,624.35	54.28	5.11	1,673.52	(0.09)	1,673.43	1,155.85	82.09	4.98	1,232.96	(0.09)	1,232.87	440.56	468.51
Lease vehicle				-		-				-		-	-	-
Office equipments	31.38	5.99	-	37.37	(0.05)	37.32	25.28	1.85	-	27.13	(0.05)	27.08	10.24	6.10
Others	34.66			34.66		34.66	29.26	0.63	-	29.89		29.89	4.77	5.40
Electric equipment	181.07	10.60	0.99	190.68		190.68	78.86	17.83	0.12	96.57		96.57	94.11	102.21
Computer equipments	112.47	8.57	-	121.04	(0.36)	120.68	83.90	14.25	-	98.15	(0.36)	97.79	22.89	28.57
Container	-	-		-		-	-	-	-	-		-	-	-
Total	17,989.92	556.38	135.29	18,411.00	(4.04)	18,406.96	6,085.32	651.78	30.51	6,706.59	(0.18)	6,706.41	11,700.55	11,917.53
RIGHT TO USE														
Building	22.00	2.95	-	24.95		24.95	13.49	3.98	-	17.47		17.47	7.48	8.51
Land	3.15	-	-	3.15		3.15	2.12	0.70		2.82		2.82	0.33	1.03
Plant and equipment	490.26	176.12	-	666.38		666.38	363.19	23.06	-	386.25		386.25	280.13	127.07
Electric equipment		1.01		1.01		1.01		0.01		0.01		0.01	1.00	-
Vehicles	12.06			12.06		12.06	6.58	1.16		7.74		7.74	4.32	5.48
Total	527.47	180.08	-	707.55	-	707.55	385.38	28.91	-	414.29	-	414.29	293.26	129.15
Less : Transferred to capital WIP								-	-	-				
TOTAL PPE AND RIGHT TO USE	18,517.39	736.46	135.29	19,118.55	(4.04)	19,114.51	6,470.70	680.69	30.51	7,120.88	(0.18)	7,120.70	11,993.81	12,046.69
INTANGIBLE ASSETS														
Computer software	64.54	2.15	-	66.69	-	66.69	52.38	5.15	-	57.53	-	57.53	9.16	12.16
Goodwill	252.61	-	-	252.61	-	252.61	-	-	-	-	-	-	252.61	252.61
Total	317.15	2.15	-	319.30	-	319.30	52.38	5.15	-	57.53	-	57.53	261.77	264.77
Capital Work-In-Progress	2,944.44	105.82	147.13	2,903.14	2.13	2,905.27	-	-	-	-	-	-	2,905.27	2,944.44
GROSS TOTAL	21,778.97	844.43	282.42	22,340.98	(1.91)	22,339.07	6,523.08	685.84	30.51	7,178.41	(0.18)	7,178.23	15,160.84	15,255.90

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

PATEL ENGINEERING LIMITED
PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2023

Rs. Million

	Gross block						Depreciation						Net book value	
Particulars	As at April 1, 2022	Addition	Deduction/ retirement	Sub total	Foreign currency fluctuation	As at March 31, 2023	As at April 1, 2022	For the year	Deduction	Sub total	Foreign currency fluctuation	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
TANGIBLE ASSETS														
Land	6,545.81	-	-	6,545.81	-	6,545.81	-	-	-	-	-	-	6,545.81	6,545.81
Building	481.89	281.55	-	763.44	3.22	766.66	187.62	5.56	-	193.17	3.19	196.36	570.30	294.28
Plant and equipment	7,427.54	1,505.06	313.13	8,619.47	4.02	8,623.49	4,084.08	600.50	230.60	4,453.98	0.18	4,454.16	4,169.33	3,343.46
Lease Plant and equipment				-		-				-		-	-	-
Furniture and fixtures	99.32	1.78	31.21	69.89	0.13	70.02	90.48	2.25	31.20	61.53	0.13	61.66	8.36	8.84
Vehicles	1,592.83	157.20	125.81	1,624.22	0.13	1,624.35	1,183.15	93.98	121.41	1,155.72	0.13	1,155.85	468.50	409.68
Lease Vehicle				-		-				-		-	-	-
Office equipments	66.85	1.01	36.59	31.27	0.11	31.38	59.47	2.29	36.59	25.17	0.11	25.28	6.10	7.38
Others	34.66			34.66		34.66	28.71	0.55	-	29.26		29.26	5.40	5.95
Electric equipment	152.54	57.92	29.39	181.07		181.07	88.42	19.16	28.72	78.86		78.86	102.21	64.12
Computer equipments	149.44	16.81	53.89	112.36	0.11	112.47	118.55	19.09	53.85	83.79	0.11	83.90	28.57	30.89
Container	-	-		-		-	-	-	-	-		-	-	-
Total	16,550.88	2,021.33	590.02	17,982.19	7.72	17,989.92	5,840.48	743.36	502.37	6,081.47	3.85	6,085.32	11,904.59	10,710.40
RIGHT TO USE														
Building	18.80	3.20	-	22.00	-	22.00	2.95	10.53	-	13.49	-	13.49	8.51	15.84
Land	3.15	-	-	3.15		3.15	1.06	1.06		2.12		2.12	1.03	2.09
Plant and equipment	490.26	-	-	490.26	-	490.26	315.89	47.30	-	363.19	-	363.19	127.07	174.37
Vehicles	12.06			12.06	-	12.06	5.12	1.46		6.58	-	6.58	5.48	6.94
Total	524.27	3.20	-	527.47	-	527.47	325.02	60.35	-	385.38	-	385.38	142.09	199.24
Less : Trfd to capital WIP								-	-	-				
TOTAL PPE AND RIGHT TO USE	17,075.15	2,024.53	590.02	18,509.66	7.72	18,517.39	6,165.50	803.71	502.37	6,466.85	3.85	6,470.70	12,046.68	10,909.64
INTANGIBLE ASSETS														
Computer Software	64.61	8.63	8.71	64.54	-	64.54	55.81	5.28	8.71	52.38	-	52.38	12.16	8.80
Goodwill	252.61	-	-	252.61	-	252.61	-	-	-	-	-	-	252.61	252.61
TOTAL	317.22	8.63	8.71	317.15	-	317.15	55.81	5.28	8.71	52.38	-	52.38	264.77	261.41
Capital Work-In-Progress	2,823.77	107.09	0.13	2,930.73	13.71	2,944.44	-	-	-	-	-	-	2,944.44	2,823.77
TOTAL	20,216.14	2,140.25	598.85	21,757.53	21.43	21,778.97	6,221.31	808.99	511.08	6,519.23	3.85	6,523.08	15,255.89	13,994.82

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

Patel

NOTE : 3
INVESTMENT
NON- CURRENT INVESTMENTS

	December 31, 2023 Rs. Million	March 31, 2023 Rs. Million
Other equity investments at cost- unquoted		
In joint ventures	8.25	8.02
In associates		
Other investments (accounted under equity method)		
10,006,000 shares (10,006,000) of Patel KNR Heavy Infrastructures Ltd., face value Rs.10/- per share	319.86	321.89
52,600 shares (52,600) of Pan Realtors Pvt. Ltd. face value Rs. 10/- per share	-	-
5,000 shares (5,000) of PLS Pvt. Ltd., face value LKR 10/- per share	2.82	2.74
8,495,040 shares (8,495,040) of ACP Tollways Pvt. Ltd., face value Rs. 100/- per share (includes goodwill of Rs. 2.77 million)	194.62	180.70
2,40,19,600 shares (2,40,19,600) of Hitodi Infrastructure Pvt. Ltd. face value Rs. 10/- per share	-	-
	517.30	505.34
Investment in government securities [IV]	0.12	0.12
Investment by joint venture	76.00	76.00
Investment in partnership firms [V]	-	-
Investment in equity instruments (at FVTPL, Unquoted)		
173,398 shares (1,73,398) of Michighan Engineers Pvt. Ltd., face value Rs. 10/- per share	170.52	111.86
Investment in mutual funds (At FVTPL, quoted)	515.87	660.73
Total	1,288.06	1,362.07
Less : provision for impairment [III]	10.32	7.94
TOTAL NON -CURRENT INVESTMENT	1,277.74	1,354.13

I. Aggregated amount of unquoted investments as at December 31, 2023 Rs. 761.88 million (March 31, 2023 Rs. 693.40 million).

II. Aggregated amount of quoted investments as at December 31, 2023 Rs. 515.87 million, market value Rs. 515.87 million (March 31, 2023 Rs. 660.73 million, market value Rs. 660.73 million)

III. Aggregated amount of impairment in value of investments as at December 31, 2023 Rs. 10.16 million (March 31, 2023 Rs. 7.94 million).

IV. Includes investment in national saving certificates, in the name of directors, lodged with project authorities.

NOTE : 4
TRADE RECEIVABLES

		Non-current		Current	
		December 31, 2023 Rs. Million	March 31, 2023 Rs. Million	December 31, 2023 Rs. Million	March 31, 2023 Rs. Million
Unsecured, considered good unless otherwise stated					
Receivables outstanding for a period exceeding six months					
Considered good		3,293.45	3,499.87	3,424.71	3,334.02
Considered doubtful		-	-	5.12	668.17
		3,293.45	3,499.87	3,429.83	4,002.19
Less : provision for doubtful debts		-	-	5.12	668.17
	(A)	3,293.45	3,499.87	3,424.71	3,334.02
Other receivables					
Considered good	(B)	59.58	106.92	1,612.67	1,704.72
	(A+B)	3,353.03	3,606.79	5,037.38	5,038.74

I There is no trade receivable due from any director or any officer of the company, either severally or jointly with any other person, or form any firms or private companies in which any director is a partner, a director or a member.

II Trade receivables, except receivables on account of claims awarded in arbitration in favour of the group, are non-interest bearing and are generally on term of 30 to 90 days.

III Trade receivables are net of advances received against arbitration awards/claims of Rs. 4,921.64 millions (March 31, 2023 Rs. 4,887.40 millions).

NOTE : 5
LOANS

	Non-current		Current	
	December 31, 2023 Rs. Million	March 31, 2023 Rs. Million	December 31, 2023 Rs. Million	March 31, 2023 Rs. Million
Balance in loan / current account with associates / joint ventures / partnership firms				
Unsecured, considered good	871.28	887.94	31.94	59.58
Balance which have significant increase in credit risk	87.09	88.01	25.98	-
	958.37	975.95	57.92	59.58
Less: provision for impairment	87.09	88.01	25.98	-
	871.28	887.94	31.94	59.58

Above loan / current account balance fully pertaining to related parties as identify under IND AS 24.

NOTE : 6
OTHER FINANCIAL ASSETS

	Non-current		Current	
	December 31, 2023 Rs. Million	March 31, 2023 Rs. Million	December 31, 2023 Rs. Million	March 31, 2023 Rs. Million
Cash and bank balance				
- On fixed deposits accounts with scheduled banks*	2,254.72	2,068.94	-	-
Deferred finance cost	31.97	70.31	-	-
Secured deposit				
Unsecured, considered good	2,268.43	2,260.10	1,413.99	1,216.97
Accrued interest	1,911.68	1,762.34	22.51	21.84
Others	1,506.61	5.06	116.68	116.68
	7,973.41	6,166.75	1,553.18	1,355.49

* Includes amount given towards margin money and earnest money deposits

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

Patel

NOTE : 7
DEFERRED TAX ASSETS

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Defferred Tax Assets (net)	1,953.63	2,073.52

NOTE : 8
CURRENT TAX ASSETS (NET)

	Non-current		Current	
	December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Advance tax (net)[1]	599.49	886.97	60.22	78.40
	599.49	886.97	60.22	78.40

[1] Advance tax which is net of provision for tax Rs. 0.65 million (March 31, 2023 Rs. 21.98 million).

NOTE : 9
OTHER ASSETS

	Non-current		Current	
	December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Capital advance				
Secured, considered good				
Unsecured, considered good	234.42	185.89	-	-
Security deposit				
Unsecured, considered good	1.21	1.20	-	-
Doubtful	16.76	16.76		
Advance recoverable				
Secured, considered good				
Unsecured, considered good	314.97	179.14	4,377.20	4,081.10
Doubtful	207.04	207.00	274.08	27.30
Prepaid expenses	307.32	228.65	473.13	597.74
Balance with statutory authorities	730.76	745.75	2,635.46	2,127.88
Accrued interest	-	-	0.01	0.02
Preoperative and preliminary expenses	791.75	706.15	-	-
Advance to suppliers	27.79	-	5.60	5.17
Other advances	47.47	46.82	119.12	17.05
Receivable on account of sale of long term investments	-	-	51.88	51.88
Non trade receivables	-	-	206.89	56.50
Advances to employees	1.04	1.19	52.99	35.54
	2,680.53	2,318.55	8,196.36	7,000.18
Less: allowance for doubtful advances	223.80	223.76	246.78	-
Less: provision for impairment	0.00	-	27.30	27.30
	2,456.73	2,094.79	7,922.28	6,972.88

NOTE : 10
INVENTORIES *

	Current	
	December 31, 2023	March 31, 2023
(At lower of cost or net realizable value)	Rs. Million	Rs. Million
Stock of land	3,329.13	3,289.04
Stores, embedded goods and spare parts etc.	4,409.30	2,463.55
(includes stores in transit Rs. 121.82 million (March 31, 2023 Rs 182.67 million)		
Work-in-progress	31,134.48	31,010.38
	38,872.91	36,762.97

*(As technically valued and certified by the management)

NOTE : 11
CASH AND CASH EQUIVALENTS

	Current	
	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Balance with banks		
- On current accounts with scheduled banks	861.60	1,231.73
- On current accounts with non scheduled banks	0.50	-
- On fixed deposits accounts with scheduled banks	291.52	826.04
-On fixed deposits accounts with foreign banks	24.56	21.35
- Foreign currency in hand	2.10	2.48
Cash on hand	1.74	1.41
	1,182.02	2,083.01

NOTE : 12
OTHER BANK BALANCES

Deposits with maturity more than 3 months but less than 12 months	-	-
Balances with bank for unpaid dividend	-	-
	-	-

NOTE : 13
ASSETS CLASSIFIED AS HELD FOR SALE

	Current	
	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Assets from discontinued operations		
Michighan Engineers Pvt Ltd	-	2,893.08
Less : provision for impairment	-	-
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	-	2,893.08

VATSARAJ & CO.
FRN 111327W
CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD.
Mumbai.

NOTE : 14
SHARE CAPITAL AND OTHER EQUITY
A) SHARE CAPITAL

		December 31, 2023		March 31, 2023	
		No. of shares	Rs. Million	No. of shares	Rs. Million
a)	**Authorized**				
	Equity shares of Re. 1/- each	9,95,43,00,000	9,954.30	9,95,43,00,000	9,954.30
	Zero coupon optionally convertible preference shares of Re 1/- each*	80,00,00,000	800.00	80,00,00,000	800.00
	Preference shares of Rs.10,000,000 each	-	-	-	-
b)	**Issued, subscribed and fully paid up**				
	Equity shares of Re. 1/- each	77,36,17,228	773.62	77,36,17,228	773.62
		77,36,17,228	773.62	77,36,17,228	773.62

c) **Terms / rights attached to equity shares**

The Company has only one class of shares referred to as equity shares of Re. 1/- each. Each holder of equity shares is entitled to the same rights in all respects.

d)	**Reconciliation of equity shares outstanding at the beginning and at end of the year**	No. of shares	Rs. Million	No. of shares	Rs. Million
	Outstanding at the beginning of the year	77,36,17,228	773.62	47,92,30,494	479.23
	Add :- issued during the year	-	-	29,43,86,734	294.39
	Outstanding at the end of the year	77,36,17,228	773.62	77,36,17,228	773.62

e) **Share held by each shareholder more than 5%**
Equity shares

Name of the shareholder	No. of Shares	% holding	No. of Shares	% holding
i) Raahitya Constructions Pvt. Ltd. (erstwhile Patel Corporation LLP)	23,24,06,527	30.04	23,24,06,527	30.04
ii) Praham India LLP	4,01,95,352	5.20	4,01,95,352	5.20

f) During the financial year 2019-20, Company had made prefential allotment of 53,99,66,397 fully paid-up OCPS to a promoter of the Company pursuant to a contract without payment being received in cash. Out of the above in 2019-20, 37,32,72,000 OCPS were converted into 2,06,00,000 equity shares at a price of Rs. 18.12 /- (including security premium of Rs 17.12/-). Balance 16,66,94,397 OCPS has converted in previous year (financial year 20-21) into 91,99,470 equity shares.

Further, during the financial year 2021-22, company has made prefential allotment of 1,37,77,470/- (March 31, 2023 4,80,75,262/-) fully paid-up shares at a price of Rs. 14.78/- (including security premium of Rs. 13.78/-) to a lender of the subsidiary pursuant to a one time settlement contract without payment being received in cash.

g) **Shares reserved under options**
In pursuant to the scheme of Sustainable Structuring of Stressed Assets (S4A scheme), company has converted debt into 0.01% Optionally Convertible Debentures (OCD) with a 7% IRR. Detailed note related to outstanding option and term of conversion/redemption of OCD has given under the head of Borrowings.

h) **Shareholding of promoters and promoters group**
Shares held by promoters and promoters group as defined under the Companies Act 2013 at the end of the year

	Promoters name	December 31, 2023			March 31, 2023		
		No. of shares	% of total shares	% changes during the period	No. of shares	% of total shares	% changes during the year
i	Mr. Rupen Patel	3,07,85,933	3.98	-	3,07,85,933	3.98	(11.24)
ii	Raahitya Constructions Pvt. Ltd.	23,24,06,527	30.04	-	23,24,06,527	30.04	25.40
iii	Praham India LLP	4,01,95,352	5.20	-	4,01,95,352	5.20	-
iv	Ms. Alina Rupen Patel	12,90,000	0.17	-	12,90,000	0.17	-
v	Ms. Chandrika Patel	1,49,900	0.02	-	1,49,900	0.02	-
vi	Mr. Ryan Rupen Patel	90,000	0.01	-	90,000	0.01	-
	Total	30,49,17,712	39.41	-	30,49,17,712	39.41	14.16

I) **Share issued during the previous year**
During the previous year ended as on Mar 31, 2023, the allotment committee of the Company on July 25, 2022 allotted 2,39,61,525 equity shares of face value Re. 1/- each for cash at par aggregating to Rs. 2,39,61,525 to Patel Engineering Employee Welfare Trust under Patel Engineering Employees' Stock Option Plan 2007 and on September 9, 2022, allotted 1,25,52,800 equity shares of face value Re. 1/ each at issue price of Rs. 25.36 per share (including a premium of Rs 24.36 per share) aggregating to Rs. 31,83,39,008 to a category I registered FPI by way of on preferencial allotment and money raised through private placement offer letter have been applied for the stated purpose under the private placement offer letter.

Further, the Company had issued and allotted 25,78,72,409 equity shares, by way of Rights issue to the existing shareholders of the Company, of the face value Re. 1/- each at the price of Rs. 12.60 per equity share (including a premium of Rs. 11.60 per share) aggregating to Rs. 3,249.19 million. The utilisations of the money raised through Rights issue are in term of the Letter of offer. As on March 31, 2023, an amount of Rs 529.50 Million was pending utilisation, kept in a separate bank account / temporary invested in fixed deposit and same has been fully utilised during the period for the purposes stated in the said Letter of Offer.

B) OTHER EQUITY - Refer statement of change in equity for details disclosure.

NOTE : 15
BORROWINGS

		Non-current portion		Current Maturities	
		December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
I	Secured loans				
a)	Debentures [1]	3,657.66	4,625.35	1,058.81	724.30
b)	Term loans				
	- From bank [2]	531.03	599.61	98.43	411.77
	- From others [3]	1,698.21	100.00	983.74	328.00
II	Unsecured loans				
	- From related parties	-	-		
	Amount disclosed under "other financial liabilities" in note no. 22	-	-	(2,140.98)	(1,464.07)
		5,886.90	5,324.96	-	-

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1 Debentures

a) LIC - 11.30% NCD (ISIN INE244B07144) : 11.30% secured redeemable non convertible debentures was allotted on September 17, 2012 for a period of 10 years. These debentures have a face value of Rs. 1.0 million each aggregating to Rs. Nil (P.Y. Rs. 238.00 million). These NCDs along with the OCDs issued to LIC of Rs. 708.30 million (P.Y. Rs. 708.30 million) is secured against charge on certain land held as stock in trade of the Company and its subsidiaries. The above debentures are listed on The National Stock Exchange of India Ltd.

b) During F.Y. 18, S4A (Scheme for Sustainable Structuring of Stressed Assets) of RBI for Debt resolution plan was approved and implemented by the lenders of the company by virtue of which their debts (including the interest accrued thereon) on the reference date of August 8, 2017 was split into Part A debt which was serviceable from the reference date and PART B Debt, which was converted into 0.01% Optionally Convertible Debentures (OCD) with a 7% IRR repayable over a period of 10 years commencing from the 6th year. Further in FY 19, Implementation from LIC (Life Insurance Corporation of India) & GIC (General Insurance Corporation of India) was completed as per the scheme and Units of OCD under Part B Debt was issued by the company. As part of the above S4A scheme, lenders of the company had converted Part B debt from Working Capital Term Loan (WCTL) , Working Capital facilities (CC) , Non Convertible Debentures (NCD) & Short Term Loans (STL) facilities into various tranches of Optionally Converted Debentures (OCD). The tranche wise details of OCD allotment and their outstanding details as on December 31, 2023 are as follows -

Tranche 1. (WCTL) Rs. 863.40 million (P.Y. Rs. 908.11 million) ,Tranche 2 (CC) Rs. 2,091.09 million (P.Y. Rs. Rs. 2,212.38 m million), Tranche 3 (GIC OCD) Rs. 43.90 million (P.Y Rs. 43.90 million), Tranche 7 (LIC) Rs. 708.30 million (P.Y. Rs. 708.30 million) & Tranche 9. (STL) Rs. 9.93 million (P.Y. Rs. 9.93 million). These debentures have a face value of Rs. 1000 each aggregating to Rs.3,706.70 million as on December 31, 2023 (P.Y. Rs.3,882.62 million) and outstanding liabilities on these debenture under IND AS 109 is Rs. 2,751.06 million (P.Y. Rs. 3,369.25 million) as on December 31, 2023.

The OCD's carry a coupon rate of 0.01% p.a. payable annually on March 31 every year, with a yield to maturity (YTM) of 7% p.a. payable at the time of maturity, payable from the reference date August 8, 2017 (for Tranches 1,2,3,7,9) and the original repayment schedule for repayment is over a period of 10 years as follows -

at the end of 6th year from reference date, i.e. August 8, 2023 - 5%, end of 7th year, i.e. August 8, 2024 - 20%, end of 8th year, i.e. August 8, 2025 - 25%, end of 9th year, i.e. August 8, 2026 - 25% and end of 10th year, i.e. August 8, 2027 - 25%. For Tranche 3 (GIC) the OCD units were credited effective July 1, 2018 & Tranche 7 (LIC) the OCD Units were credited effective December 17, 2018, with Moratorium of 5 Years and balance payable in 5% in Year 6, 20% in Year 7, 25% each in Year 8 ,Year 9 & Year 10, from their effective credit date along with the yield to maturity of 7% p.a.

Tranche 1 is secured against the same security as for WCTL - refer note 15 - 2 a) below in term loan banks, working capital term loan note,
Tranche 2 is secured against the same security as for CC - refer note 22 - 2) below in working capital demand loan note, Tranche 3 is secured against charge on certain property held as fixed assets of the company and subservient charge on all the property, plant and equipment of the company. Tranche 7 is secured against the same security as for NCD earlier which were issued to LIC - refer note 15 - 1a) above.
Tranche 1 & Tranche 2 are also secured by pledge of 93,50,927 shares (P.Y. 93,50,927 shares) of the Company held by promoters and Mr. Pravin Patel of the company and pledge of 49% holding of the company in Hitodi Infrastructure Pvt. Ltd. The said OCDs are also secured by personal guarantees of Mr. Rupen Patel . These securities are also for Part A Debt.
Tranche 9 is secured against the same security as for bank STL - refer note 22 - 1) below in short term loans note.

c) 9.57% secured redeemable non convertible debentures was allotted by Patel KNR Infrastructure Limited ('PKIL') on April 2, 2010 for a period of 17 years. These debentures have a face value of Rs. 1.0 million each aggregating to Rs. 1,256.10 million including Rs. 349.50 millions in current maturity. These NCDs is secured against entire, present and future, movable and immovable assets of the PKIL. The above debentures are listed on The National Stock Exchange of India.

d) As per section 71 read with rule 18 of companies share capital and debentures rules, 2014 and amendment thereof, PKIL has made adequate fixed deposit/investment for debenture issued by them and maturing in next financial year.

2 Term loan banks

a) Term loan includes working capital term loan(WCTL) secured by a first pari passu charge on the receivables more than 180 days, retention deposit, stock of land, immovable property and mortgage over certain lands owned by subsidiary companies, corporate guarantee and pledge of 30% shareholding of subsidiaries owning real estate lands. Mr. Rupen Patel, promoter in their personal capacity and Mr. Muthu Raj to the extent of the value of the property owned by them, has provided personal guarantees for WCTL. Also there is a charge on escrow accounts of Company, wherein cash flows will be deposited from real estate projects to be developed/monetized by respective companies, pledge of 93,50,927 shares (P.Y. 93,50,927 shares) shares of the Company held by promoters and Mr. Pravin Patel and 49% share holding of Hitodi Infrastructures Pvt. Ltd. held by the Company. The WCTL Term loans were repayable over 1 to 4 years starting F.Y. 2020 to F.Y. 2023. In F.Y. 20-21, due to covid 19 pandemic, the lenders had invoked one time restructuring (OTR) which has been implemented in F.Y. 21-22 by the lenders and all principal repayments have been shifted by 2 years, accordingly, the balance WCTL is repayable till F.Y. 24 . Also, the lenders had sanctioned and disbursed FITL (Funded Interest Term Loan) on the said debt from March 1, 2021 upto March 31, 2022. The rates of Interest for these loans vary between 10%- 11.50% (floating) linked to Monitoring Institution's base rate.

b) Term loan of Rs. 94.19 million (March 31, 2023 Rs. 123.42 million) was taken during the financial year 2021-22 and carries interest MCLR (1 Year) + 1% p.a subject a maximum of 9.25% p.a. The loan is repayable starting in 48 monthly instalment post moratorium period 12 months from the date of first disbursement. The loan is secured by second charge over the current assets of the PBSR including receivables of the PBSR. The charge to cover escrow account established / to be established for the project under PBSR. Second charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

3 From others

a) The term loan of Rs. 1,698.21 million (P.Y. Rs. 100.11 million) includes loans from financial institutions on equipment's, secured against the said equipment's. These loans carried an interest rate of average between 13%-14% on an average, with a repayment period of 3-8 years . This term loan also includes inter corporate deposits with an average rate of interest of 14%-15% with maturity period of 1-3 yrs. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company. It incudes project specific funding by financial institution from earmarked non fund based limit , this loans carried an interest rate of average between 10%-11.50% on an average.

NOTE : 16
LEASE LIABILITY

	Non-current		Current	
	December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Lease liability	63.85	78.19	215.05	92.67
	63.85	78.19	215.05	92.67

NOTE : 17
TRADE PAYABLES

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Trade creditors	506.10	467.92
Piece rate wages payable	1,946.01	2,591.04
Provisions - others	2,358.61	2,177.37
Capital creditors	641.44	945.83
	5,452.16	6,182.16

NOTE : 18
OTHER FINANCIAL LIABILITIES

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Retention deposits (contractually to be refunded after 1 year from completion of work)	27.20	30.35
Interest accrued but not due on borrowings	2,164.46	2,012.22
	2,191.66	2,042.57

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NOTE : 19
PROVISIONS

	Non-current		Current	
	December 31, 2023	March 31, 2023	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Provision for employee benefits				
Provision for gratuity	23.94	23.35	44.80	35.47
Provision for leave entitlements	141.86	140.20	12.91	15.10
	165.80	163.55	57.71	50.57

NOTE : 20
OTHER NON CURRENT LIABILITY

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Contractee advances	3,736.20	4,763.38
Deposits	114.02	291.47
Other liability	496.23	655.65
	4,346.45	5,710.50

NOTE : 21
DEFERRED REVENUE

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Deferred revenue	38.57	78.92
	38.57	78.92

NOTE : 22
BORROWINGS

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
I **Secured loans**		
Short term loans		
- From bank [1]	-	-
- From others	277.00	277.00
Loans repayable on demand		
- From bank [2]	10,466.93	9,536.57
II **Unsecured loans**		
- From others [3]	75.00	75.00
- From related parties	700.95	730.15
Current maturities of long-term debt	2,140.98	1,464.08
	13,660.86	12,082.80

1 **Short term loan**

a) Includes short term loans from others at interest rate of 15.00% due for rollover in next financial year. FITL has been sanctioned for these loans from March 1, 2021 upto March 31, 2022. The rates of Interest for these loans vary between 10%- 11.50% (floating) linked to Monitoring Institution's base rate. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company.

2 **Loans repayable on demand**

a) Includes cash credit and working capital demand loan from various banks. These loans have been given against first pari passu hypothecation of stocks, spare parts, book debts, work in progress & guarantees except specifically charged to any other lenders; secured against pledge of 93,50,927 shares (P.Y. 93,50,927 shares) of the company held by promoters and Mr. Pravin Patel and 49% share holding of Hitodi Infrastructures Pvt. Ltd. held by the Company. It also has second charge on receivable above 180 days, subservient charge over plant & machinery except specifically charged to any lenders and over certain immovable properties and right over residual cash flow's from sale of real estate charged to WCTL lenders. FITL has been sanction for the loans from March 2021 up to March 31, 2022.
Terms of repayment:
Cash credit- yearly renewal, rate of interest ranges between 10.35%-12.31% p.a. (P.Y. 10.35%-12.31% p.a.)

b) Loan of Rs. 135.83 million (March 31, 2023 Rs. 224.18 million) was taken during the financial year 2016-17 and carries interest MCLR (1 Year) + 2.75% p.a. The loan is secured by pari passu charge over the current assets of the PBSR including receivables of the PBSR. The charge to cover escrow account established / to be established for the project. First pari-pasu charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

3 **Unsecured loan**

It includes short term inter corporate payables to related parties of Rs. 700.95 million (March 31, 2023 Rs. 730.15 million) and other Rs. 75.00 millions (March 31, 2023 Rs. 75.00 million).

NOTE : 23
TRADE PAYABLES

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Total outstanding dues of micro enterprises and small enterprises	54.68	93.81
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Trade creditors	7,830.74	6,117.53
Piece rate wages payable	5,502.01	4,646.48
Provisions - others	5,519.16	4,178.39
	18,906.59	15,036.21

NOTE : 24
OTHER FINANCIAL LIABILITIES

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Interest accrued but not due on borrowings	63.40	101.65
Interest accrued and due on borrowings	8.69	16.12
Unpaid dividend	-	-
Deposits	169.10	141.32
Others	1.46	0.24
	242.65	259.33

The group has transferred Nil (March 31, 2023 Nil) to Investor Education & Protection Fund as at December 31, 2023.

NOTE : 25
OTHER CURRENT LIABILITIES

	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
(a) **Other liabilities**		
Contractee advances	4,094.68	7,594.43
Other payables		
Payable to employees	570.86	576.92
Other liabilities	1,652.13	1,014.13
(b) **Balance in current account**		
(i)With subsidiaries, associates	0.17	0.17
(ii)With joint ventures	602.22	549.29
	6,920.06	9,734.94

NOTE : 26
LIABILITIES FOR ASSETS CLASSIFIED AS HELD FOR SALE

	Current	
	December 31, 2023	March 31, 2023
	Rs. Million	Rs. Million
Liabilities from discontinued operations		
Michighan Engineers Pvt Ltd	-	975.79
TOTAL	-	975.79

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NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

NOTE : 27
REVENUE FROM OPERATIONS

		December 31, 2023	December 31, 2022
		Rs. Million	Rs. Million
(a)	Revenue/turnover	27,329.32	27,553.91
	Add: increase/(decrease) in work-in-progress	3,905.86	(1,347.15)
	Sale of goods	-	-
	Total turnover	31,235.19	26,206.76
(b)	Other operating income		
	Lease and service charges	0.29	-
	Share of profit from partnership firm	-	-
	Miscellaneous operating income	773.81	654.08
		32,009.29	26,860.83

Disaggregation of revenue on the basis of	December 31, 2023	December 31, 2022
	Rs. Million	Rs. Million
Primary geographical market wise		
Domestic	29,080.53	24,447.46
International	2,928.76	2,413.37
Major product / service lines wise	**Business Segments**	
EPC	32,009.53	26,489.24
Real estate	(0.24)	371.59
Others	-	-
Timing of revenue recognition wise		
At a point in time	773.86	1,025.67
Over period of time	31,235.42	25,835.17

NOTE : 28
OTHER INCOME

	December 31, 2023	December 31, 2022
	Rs. Million	Rs. Million
Gain on sale of assets (net)	2.52	10.89
Gain on sale of investments (net)	-	-
Other non operating income	135.99	186.14
Interest income	372.33	536.57
Net gain on foreign currency translation	27.95	145.89
Excess credit written back	38.41	16.83
	577.21	896.32

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

NOTE : 29
COST OF CONSTRUCTION

	December 31, 2023	December 31, 2022
	Rs. Million	Rs. Million
Stores, embedded goods and spare parts *		
Inventories at the beginning of the year	2,463.55	2,421.10
Add : purchase (net)	7,517.71	6,368.90
	9,981.26	8,790.00
Less : inventories at the end of the year	4,409.30	2,312.72
Consumption of stores and spares	5,571.96	6,477.28
Purchase of land / development rights	-	-
Piece rate expenses (net)	12,140.91	10,496.29
Repairs to machinery	69.28	45.77
Transportation, hire etc.	1,104.89	1,213.35
Power, electricity and water charges	417.89	443.23
Project development cost	0.04	46.36
Technical consultancy fees	133.89	109.36
Other construction costs	3,885.90	676.43
	23,324.76	19,508.08

* Stores, embedded goods and spares etc., consumed include materials issued to sub contractors.

NOTE : 30
EMPLOYEE BENEFITS EXPENSE

	December 31, 2023	December 31, 2022
	Rs. Million	Rs. Million
Salaries, wages and bonus	2,437.93	2,073.31
Contribution to provident and other funds	119.39	139.10
Employee stock option (ESOP)	-	0.44
Staff welfare expenses	150.52	156.80
	2,707.84	2,369.65

NOTE : 31
FINANCE COSTS

	December 31, 2023	December 31, 2022
	Rs. Million	Rs. Million
Interest expense	2,180.29	2,550.86
Other borrowing costs	509.78	533.80
	2,690.07	3,084.66

VATSARAJ & CO. ★ CHARTERED ACCOUNTANTS ★ FRN 111327W

PATEL ENGINEERING LTD. Mumbai.

NOTES TO SPECIAL PURPOSE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

NOTE : 32
OTHER EXPENSES

	December 31, 2023	December 31, 2022
	Rs. Million	Rs. Million
Other administrative costs		
Rent	**54.82**	56.68
Repairs and maintenance - building	**0.01**	0.02
Insurance	**221.06**	217.03
Rates and taxes	**160.91**	132.20
Advertisement and selling expenses	**4.80**	14.68
Travelling and conveyance	**74.02**	55.08
Directors fees	**1.67**	2.05
Auditor's remuneration		
Audit fees	4.76	4.74
Limited review	0.60	-
Certification	0.56	0.05
Taxation and other services	0.63	-
	6.55	**4.79**
Communication expenses	**15.08**	12.16
Printing and stationery	**13.76**	13.25
Legal and consultancy charges	**359.96**	237.06
Loss on sale of asset discarded	**0.36**	0.01
Irrecoverable debts written off / provided	**247.03**	5.60
Net loss on foreign currency translation	-	
Other expenses	**289.48**	306.37
	1,449.51	**1,056.99**

NOTE : 33
EXCEPTIONAL ITEMS :

	December 31, 2023	December 31, 2022
	Rs. Million	Rs. Million
Reversal of provision made for future loss[a]	-	-653.3
Provision for doubtful trade receivable[b]	-	663.05
Loss on recognition of revenue[c]	**159.75**	-
Receipt of award[d]	**(528.88)**	-
Provision for impairment on loan and advances[e]	**9.85**	-
Irrecoverable debts written off[f]	**24.80**	-
Excess credit written back[g]	**(87.23)**	67.81
	(421.72)	**77.56**

a) On substantial completion of the project, the group has reversed the provision made for future loss.

b) During the previous period, group has negotiated with the JDA partner for settlement of balance consideration which is accounted as receivable under IND AS against lump sum payment and recognized the provision for balance amount.

c) A loss on recogniation of revenue incurred on flats of a project under development, completed in current period, which were sold before completion of the Project but remained unregistered till end of the period.

d) During the period, group has received a favorable award from International Arbitration Tribunal against the investment made by the company in the Mauritius project via Waterfront Development Limited ('WDL' 'SPV') through investment and loan made to SPV.

e) Provision made for impairment based on indication of diminution in value of advance to a firm / associates / entity.

f) Based on internal and external information, group has assessed the recoverability of non-financials assets and provide impairment if the carrying value of assets is more than recoverable amount & assets whose recoverability deteriorate has written off the irrecoverable amount.

g) Based on internal and external information company has reversed the provision made earlier.

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PATEL ENGINEERING LTD. Mumbai.

34 **Details of subsidiaries, associates and joint ventures, which are consolidated:**

A) Wholly owned (100%) subsidiaries:

1. Energy Design Pvt. Ltd.
2. Patel Engineering Inc.
3. Patel Engineering (Mauritius) Ltd.
4. Patel Engineering Singapore Pte. Ltd.
5. Patel Engineering Infrastructure Ltd.
6. Vismaya Constructions Pvt. Ltd.
7. Friends Nirman Pvt. Ltd.
8. Shreeanant Construction Pvt. Ltd.
9. Patel Patron Pvt. Ltd.
10. Bhooma Realties Pvt. Ltd.
11. Pandora Infra Pvt. Ltd. (Till 28th March 2023)
12. Patel Engineering Lanka Pvt. Ltd.
13. Shashvat Land Projects Pvt. Ltd.
14. Dirang Energy Pvt. Ltd. (DEPL)
15. West Kameng Energy Pvt. Ltd.
16. Digin Hydro Power Pvt. Ltd.
17. Meyong Hydro Power Pvt. Ltd.
18. Saskang Rong Energy Pvt. Ltd.
19. Hampus Infrastructure Pvt. Ltd.
20. Arsen Infra Pvt. Ltd.
21. Patel KNR Infrastructures Ltd.
22. PBSR Developers Pvt. Ltd.
23. Waterfront Developers Ltd.

B) Other subsidiaries:

Name of subsidiaries	% holding
1. Welspun Michigan Engineers Ltd. (Till May 25, 2023) (Formally know as Michigan Engineers Pvt. Ltd)	51.00%
2. Hera Realcon Pvt. Ltd.	97.30%
3. Patel Energy Ltd.	99.99%
4. Bellona Estate Developers Limited (W.e.f Aug 28, 2023)	92.92%

C) Joint ventures:

The principal place of business of all these joint ventures is in India and they are engaged in construction business.

Name of joint ventures	% of share	Name of joint ventures	% of share
1. Patel Michigan JV	10.00%	22. DK JV	51.00%
2. CICO Patel JV	99.90%	23. PATEL-SA JV	75.00%
3. Patel SEW JV	60.00%	24. Era Patel Advance Kiran JV	47.06%
4. PATEL -KNR J.V.	50.00%	25. Patel APCO JV	50.00%
5. KNR - PATEL J.V.	49.00%	26. Era Patel Advance JV	30.00%
6. PATEL - SOMA J.V	50.00%	27. Patel – Siddhivinayak JV	51.00%
7. Patel – V Arks JV	65.00%	28. PATEL -CIVET-CHAITRA Micro(KA) JV	51.00%
8. Patel VI JV	51.00%	29. Dibang Power (Lot 4) Consortium	50.00%
9. Patel – Avantika – Deepika – BHEL	52.83%	30. VPRPL - PEL JV	51.00%
10. Patel – V Arks - Precision	60.00%	31. Mokhabardi Micro Irrigation Project JV	51.00%
11. Age Patel JV	49.00%	32. PEL-PC JV	80.00%
12. PEL - UEIPL JV	60.00%	33. PEL-CIVET Project JV	51.00%
13. PEL-PPCPL-HCPL JV	51.00%	34. Jai Sai Construction JV	60.00%
14. Onycon Enterprises	60.00%	35. VIDPL LISI JV	51.00%
15. PEL-Gond JV	45.00%	36. PATEL SA JV	51.00%
16. HES Shuthaliya JV	45.00%	37. VKMCPL-PEL JV	35.00%
17. PEL-Parbati JV	52.00%	38. DBL-PEL JV	35.00%
18. NEC-PEL- JV	45.00%	39. Raj Path Nira JV	40.00%
19. PEL - Ghodke	51.00%	40. Raj Infra Deoghar JV	40.00%
20. PEL-ISC-PRATHMESH JV	50.00%		
21. ISC Projects-PEL JV	49.00%		

D) Hitodi Infrastructure Pvt. Ltd., Patel advance JV, ACP Tollways Pvt. Ltd. and PAN Realtors Pvt. Ltd. (w.e.f. 4th January, 2015) has been consolidated as per equity method in accordance with Ind AS 28 "investment in associates and joint ventures".

E) As the Group no longer has any control over ASI Constructors Inc., a step-down subsidiary, as per Ind AS 110, the assets and liabilities of the subsidiary has been derecognised in F.Y. 2017-18.

F) Bellona Estate Developers Ltd. (BEDL) are committed to a sale plan involving loss of control of a associates shall classify as the disposal group (comprising the assets that are to be disposed of and directly related liabilities). It shall be measured in accordance with the requirements of Ind AS 105 and presented in the consolidated financial statements as disposal group till August 27, 2023. Subsequently, after disposal of BEDL assets, company has acquired the additional shares and it is consolidated as a subsidiay.

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35 **EARNING PER SHARE (EPS)**

	As on December 31, 2023 Rs. Million	As on December 31, 2022 Rs. Million
Net profit as per the Special Purpose Condensed Interim consolidated statement of profit and loss available for shareholders for both basic and diluted EPS of Re. 1/- each (from Continuoing operation)	1,564.70	705.31
Net profit as per the Special Purpose Condensed Interim consolidated statement of profit and loss available for shareholders for both basic and diluted EPS of Re. 1/- each (from discontinuoing operation)	(119.73)	148.16
Weighted average number of equity shares for basic EPS (in No)	77,36,17,228	50,03,38,252
Add: weighted average potential equity shares		
- On issue of optionally convertible debentures	9,08,48,194	28,05,58,922
Weighted average number of equity shares for diluted EPS (in No)	86,44,65,422	78,08,97,174
Face value of share Rs.	1	1
Earning per share from continuoing operation (basic) Rs.	2.02	1.41
Earning per share from continuoing operation (diluted) Rs.	2.02	1.19
Earning per share from discontinuoing operation (basic) Rs.	(0.15)	0.30
Earning per share from discontinuoing operation (diluted) Rs.	(0.15)	0.30

36 **RELATED PARTY DISCLOSURE**

Related party disclosures, as required by Ind AS 24, 'Related Party Disclosures', are given below:

A. Name of related parties and nature of relationship :-

Direct associates:

1 ACP Tollways Pvt. Ltd.
2 Raichur Sholapur Transmission Company Pvt. Ltd. (till 9/11/2022)
3 Bellona Estate Developers Ltd. (Till Aug 28, 2023)
4 Hitodi Infrastructure Pvt. Ltd. (Formally known as Hitodi Infrastructure Ltd.)

Associate of Patel Engineering Infrastructure Ltd.

1 Patel KNR Heavy Infrastructure Ltd.

Associate of Lucina Realtors Private Limited

1 PAN Realtors Pvt. Ltd.

Joint ventures: (refer note 33 (c)

Partnership

1. Patel Advance JV

Others

1. Raahitya Constructions Pvt. Ltd.
2. Praham India LLP

B. Key management personnel (KMP)

Mr. Rupen Patel	Chairman and Managing Director
Mr. Sunil Sapre (Till Oct 13, 2023)	Whole Time Director
Ms. Kavita Shirvaikar	Whole Time Director and Chief Financial Officer
Mr. Tirth Nath Singh (from Nov 3, 2023)	Whole Time Director Projects and Corporate Affairs
Ms. Shobha Shetty	Company Secretary

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C. Transaction with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.

Rs. Million

Particular	Associates/joint operations / partnership/others	
	As on Dec 2023	As on Dec 2022
- Investment in equity / preference shares	1.10	-
- Misc receipt	1.02	1.71
- Loans/advances given & Current account movement	96.11	6.60
- Loans / advances recovered / adjusted	26.50	42.76
`- Interest expesnes	-	28.74
- Reimbursement of expenses from	-	1.02
- Sundry balances written off	-	15.17
- Sundry balances written back	-	-
- Purchase of financial assets	-	123.10
- Provision for doubtful debt	-	-
- Other operating income	132.55	34.52
`-Provision / (Reversal) for impairment of investment	1.10	-
`-Provision / (Reversal) for impairment of loans and advances	(87.91)	-
- Sale of asset	-	-
- Loan taken	5.60	1,058.32
- Purchase of goods	-	-
- Sale of service	427.17	414.74
- Sale of materials	-	-
- Decrease/(Increase) in Corporate Guarantee exposure	3,109.30	-
- Repayment of loan	29.89	3.48

Outstanding Balances	Associates/ joint operations / partnership/others	
	As on Dec 2023	As on Mar 2023
- Corporate guarantee outstanding as at the end of the year	296.68	3,405.98
- Bank guarantee outstanding as at the end of the year	92.36	92.36
- Outstanding balance included in current/ non current assets	986.49	922.33
- Outstanding balance included in current / non current liabilities	1,487.07	1,452.64

D. Disclosures of material transactions with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.

Rs. Million

Particular	Name of the Company	Dec-23	Dec-22
- Investment in equity / preference shares	Bellona Estate Developers Ltd.	1.10	-
- Misc receipt	NEC PEL JV	0.99	0.99
	Patel Michigan JV	-	0.72
- Loans/advances given & current account movement	Patel Sew JV	80.07	5.77
	Bellona Estate Developers Ltd.	13.78	0.82
- Loans / advances recovered / adjusted	Raichur Solapur Transmission Company Pvt. Ltd.	-	30.34
	Patel Sew JV	26.36	12.43
- Interest expenses	Raahitya Constructions Pvt. Ltd.	-	28.74

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- Reimbursement of expenses	Raichur Solapur Transmission Company Pvt. Ltd.	-	1.02
- Sundry balances written off	Raichur Solapur Transmission Company Pvt. Ltd.	-	14.36
- Purchase of financial assets	Patel KNR JV	-	120.45
- Other operating income	Hitodi Infrastructure Pvt. Ltd	26.77	-
	DBL PEL JV	14.99	-
	Patel KNR JV	-	6.14
	PEL Civit Project JV	13.43	-
	NEC PEL JV	64.49	16.47
	VPRPL-PEL JV	-	11.91
- Provision / (Reversal) for impairment of investment	Bellona Estate Developers Ltd.	1.10	-
- Provision / (Reversal) for impairment of loans and advances	Bellona Estate Developers Ltd.	(87.91)	-
- Sale of assets	Patel Sew JV	-	-
- Loan taken	Raahitya Constructions Private Limited	-	1,050.00
	Hitodi Infrastructure Pvt. Ltd	5.60	8.32
- Sale of service	Patel Sew JV	341.47	414.74
	PEL PC JV	85.70	-
- Decrease/(Increase) in Corporate Guarantee exposure	Patel Sew JV	34.91	-
	Bellona Estate Developers Ltd.	3,074.39	-
- Repayment of loan	Hitodi Infrastructure Pvt. Ltd	29.89	3.48

E. Details of transactions relating to persons referred in item (B) above.

Rs. Million

Particular	As on Dec 31, 2023	As on Dec 31, 2022
Managerial remuneration	65.93	54.08
Contribution to provident fund	3.61	3.16
ESOP	-	0.44
	As on Dec 31, 2023	**As on Mar 31, 2023**
Outstanding balance payable	3.78	7.13
Outstanding balance receivable	-	4.05

37 SEGMENT REPORTING

Based on the "management approach" as defined in Ind AS 108 – operating segments, the Chairman and Managing Director / Chief Financial Officer evaluates the Group's performance and allocate resources based on an analysis of various performance indicators by business segment. Accordingly information has been presented along these segments. The accounting principles used in the preparation of the consolidated financial statement are consistently applied in individual segment to prepare segment reporting.

Primary segment : Rs. Million

Particulars	As at December 31, 2023			
	Business segments			
	Civil Construction	Real estate	Others	Total
Segment revenue	32,009.53	(0.24)	-	32,009.29
Segment results - Continuoing operation	1,793.42	(50.78)	(2.17)	1,740.46
Segment results - Discontinuoing operation	(119.73)	-	-	(119.73)

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Rs. Million

Particulars	As at December 31, 2022			
	Business segments			
	Civil Construction	Real estate	Others	Total
Segment revenue	26,489.24	371.59	-	26,860.83
Segment results - Continuoing operation	904.16	250.21	9.85	1,164.22
Segment results - Discontinuoing operation	269.77	-	-	269.77

Geographical segment :

Rs. Million

Particulars	As at December 31, 2023		
	Within India	Outside India	Total
Revenue	29,080.53	2,928.76	32,009.29

Rs. Million

Particulars	As at December 31, 2022		
	Within India	Outside India	Total
Revenue	24,447.46	2,413.37	26,860.83

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

Rs. Million

Particulars	As at December 31, 2023	As at December 31, 2022
Revenue from top customer	4,466.86	3,585.31
Revenue from top five customers	13,670.50	12,676.84

38 Confirmation letters have been sent in respect of sundry debtors / loans and advances / sundry creditors of which certain confirmations have been received which are accordingly accounted and reconciled. The remaining balances have been shown as per books of accounts and are subject to reconciliation adjustments, if any. In the opinion of the Management, the realizable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the balance sheet. In respect of subsidiaries, debit and credit balances are subject to confirmation from creditors, debtors, sub contractors and loans/advances/deposits. The management does not expect any material difference affecting the consolidated financial statements for the year.

39 **Contingent liabilities**

(a) Commitment for capital expenditure is Rs. 327.21 million (As on March 31, 2023 Rs 1218.38 million), advance paid Rs. 154.76 million (As on March 31, 2023 Rs. 144.43 million). The Group is under commitment to construct specific area for land owner.

(b) Counter indemnities given to banks and others in respect of secured guarantees on behalf of subsidiaries and others given by them in respect of contractual commitments in the ordinary course of business is Rs. 22,206.38 million (As on March 31, 2023 Rs. 21,464.50 million) (including customs Rs. 42.88 million (As on March 31, 2023Rs. 42.88 million). Corporate guarantees / letter of credit on behalf of subsidiaries and others is Rs. 296.68 million (As on March 31, 2023 Rs. 4,220.85 million). Net off share of JV partner & provisions already considered in books.

(c) Service tax and GST liability that may arise on matters in appeal Rs. 1,721.07 million (As on March 31, 2023 Rs. 1,476.33 million) and advance paid Rs. Nil (As on March 31, 2023 Rs. 9.45 million). Out of the above, Rs. 760.19 million (As on March 31, 2023 Rs. 760.19 million) is contractually recoverable from the clients.

(d) Sales tax Rs. 60.40 million (As on March 31, 2023 Rs 73.67 million) (advance paid Rs. 0.20 million (As on March 31, 2023 Rs. 0.20 million)), cess Rs. 122.64 million (As on March 31, 2023 Rs. 122.64 million), custom duty Rs. 16.49 million (As on March 31, 2023 Rs. 16.49 million) (advance paid Rs. 8.46 million (As on March 31, 2023 Rs. 8.46 million)).

(e) Income tax liability that may arise on matters in appeal Rs. 5,252.18 million (As on March 31, 2023 Rs. 3,435.28 million).

(f) Provident fund liability that may arise on matter in appeal Rs. 15.79 million (As on March 31, 2023 Rs. 15.79 million) and advance paid Rs. 14.63 million (As on March 31, 2023 Rs. 14.63 million)

(g) The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business, including certain litigation for land acquired by it for construction purpose, the impact of which is not quantifiable. These case are pending with various courts and are scheduled for hearings. After considering the circumstances, management believes that these case will not adversely effect its consolidated financial statement.

(h) A part of the immovable property belonging to the Group has been offered as shortfall undertaking in form of security in favour of a bank against credit facilities availed by strategic partners.

(i) In respect of Shreeanant Construction Pvt. Ltd., a SLP was filed in the supreme court by the state government of Arunachal Pradesh against the judgement of the Hon'ble Guwahati High Court in favour of the M/s Patel Engineering Ltd. abolishing the Arunachal Pradesh goods taxation act, 2005 as it was unconstitutional in nature. Still the matter is pending before the supreme court and hearings are going on. But in case of adverse judgement M/s Patel Engineering Ltd. will transfer entry tax liability of Ka HEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.

A writ petition was filed by M/s Patel Engineering Ltd. in the Guwahati high court challenging the validity of newly enacted Arunachal Pradesh entry tax act,2010. The Hon'ble court has granted interim stay on the payment of entry tax subject to the furnishing of bank guarantee of the equivalent amount. Hence the management is presently not paying entry tax on import of goods from outside of Arunachal Pradesh rather M/s Patel Engineering Ltd. has offered bank guarantee of the same value. The matter is still pending and final judgement is yet to be delivered. But in case of adverse judgement the contractee M/s Patel Engineering Ltd. will transfer entry tax liability of KaHEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.

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40 Category -wise classification of financials instruments

Rs. Million

	Non current		Current	
	As at Dec 31, 2023	As at March 31, 2023	As at Dec 31, 2023	As at March 31, 2023
Financial assets measured at FVTPL				
Investment	686.39	772.59		
Financial assets measured at amortized cost				
Investments	591.35	581.54	-	-
Trade receivables	3,353.03	3,606.79	5,037.38	5,038.74
Loans	871.28	887.94	31.94	59.58
Deferred finance cost	31.97	70.31	-	-
Other assets	7,941.44	6,096.45	1,553.18	1,355.49
Cash and cash equivalents	-	-	1,182.02	2,083.01
Other bank balances	-	-	-	-

Rs. Million

	Non current		Current	
	As at Dec 31, 2023	As at March 31, 2023	As at Dec 31, 2023	As at March 31, 2023
Financial liabilities measured at amortized cost				
Borrowings	5,886.90	5,324.96	13,660.86	12,082.80
Lease liabilities	63.85	78.19	215.05	92.67
Trade payables	5,452.16	6,182.16	18,906.59	15,036.21
Other financial liabilities	2,191.66	2,042.57	242.65	259.33

41 Fair value measurements

i) The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities :

As at December 31, 2023

Rs. Million

Financial asset measured at FVTPL	Fair value as at December 31, 2023	Fair value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	686.39	515.87	170.52	-

As at March 31, 2023

Rs. Million

Financial asset measured at FVTPL	Fair value as at March 31, 2023	Fair value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	772.59	660.73	111.86	-

ii) **Financial instrument measured at amortized cost**

The carrying amount of financial assets and liabilities measured at amortized cost in the consolidated financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

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42 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st December, 2023, the Group has only one class of equity shares and has moderate debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt divided by total capital.

Rs. Million

Particulars	As at Dec 31, 2023	As at March 31, 2023
Total debt	19,547.76	17,407.76
Total equity	30,229.82	28,879.56
Total debt to total equity ratio (gearing ratio)	0.65	0.60

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements.

43 a) Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

b) Figure in brackets indicates amounts pertaining to previous year.

As per our attached Report of even date
For Vatsaraj & Co.
Firm Regn No: 111327W
Chartered Accountants

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

For Patel Engineering Ltd.

K.M.S

Kavita Shirvaikar
Whole Time Director & Chief Financial Officer
DIN : 07737376

N.Dedhia

CA Nitesh K. Dedhia
Partner
Membership No. 114893
Place : Mumbai
Date : April 22, 2024

Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

Review report to
The Board of Directors
Patel Engineering Limited

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **Patel Engineering Limited** ('the Parent'), which includes joint operations and its subsidiaries (the Parent and its subsidiaries together referred to as 'the Group'), and its associates for the quarter ended December 31, 2023 and for the period from April 01, 2023 to December 31, 2023, ('the Statement') attached herewith, being submitted by the Parent company pursuant to the requirements of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Listing Regulations') .

2. This Statement, which is the responsibility of the Parent's company's management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 'Interim Financial Reporting' ('Ind AS 34'), prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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We also performed procedures in accordance with the Circular No. CIR/CFD/CMD1/44/2019 dated March 29, 2019 issued by the Securities and Exchange Board of India under Regulation 33 (8) of the Listing Regulations, to the extent applicable.

4. **Emphasis on Matter**
The Auditor of the subsidiary Dirang Energy Private Limited ('DEPL'), without modifying their conclusion have drawn attention to the project of DEPL has temporarily stopped. However, based on the management estimate to get a favorable order from the competent authority and on adequate net worth and financial support from the Parent, the financial statements of the DEPL have been prepared on a going concern basis for the reasons stated. Our conclusion on the Statement is not modified in respect of the above matters.

5. The Statement includes the results of the following entities:
Subsidiaries:
Water Front Developers (Consolidated), Patel Engineering Infrastructure Limited (Consolidated), Friends Nirman Private Limited, Bhooma Realities Private Limited, Shashvat Land Projects Private Limited, Vismaya Constructions Private Limited, Patel Patron Private Limited(Consolidated),Energy Design Private Limited, Shreeanant Construction Private Limited, Hampus Infrastructure Private Limited, PBSR Developers Private Limited, Hera Realcon Private Limited, Arsen Infra Private Limited (Consolidated), Patel KNR Infrastruture Limited, Patel Engineering Mauritius Limited (Consolidated), Patel Engineering Inc (Consolidated), Patel Engineering Singapore Pte Limited (Consolidated), Patel Engineering Lanka Limited, Patel Energy Limited, Dhirang Energy Private Limited, West Kameng Energy Private Limited, Digin Hydro Power Private Limited, Meyong Hydro Power Private Limited, Saskang Rong Energy Private Limited, Bellona Estate Developers Limited.

Jointly Controlled Entities
CICO Patel JV, Patel Sew JV, KNR Patel JV, Patel KNR JV, PEL-PPCL-HCPL JV, Patel V Arks JV, Patel - V Arks - Percision JV, Patel SOMA JV, Patel VI JV, Onycon Enterprises, Patel Avantika Deepika BHEL JV, AGE Patel JV, Patel Michigan JV, Patel UEIPL JV, Patel-Gond Project JV, Patel Parbati JV, HES Suthaliya JV, NEC-PEL- JV, PEL-Ghodke JV, Patel-SA JV, Era Patel Advance Kiran JV, Patel APCO JV, Era Patel Advance JV, PEL-ISC-Prathmesh JV, ISC Projects-PEL JV, Patel Siddhivinayak JV, Patel -Civet-Chaitra Micro(KA) JV, VPRPL - PEL JV, Mokharbardi Micro Irrigation JV, D K Joint Venture LLP, PEL-PC JV, Jai Sai Construction PEL JV , DBL PEL JV , VIDPL LIS 1 JV , VKMCPL-PEL JV , Patel-Civet Projects JV

Associate Company
Hitodi Infrastructure Limited, ACP Tollways Private Limited, Patel Advance JV (Partnership Firm)

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6. The accompanying Statement includes the interim reviewed financial results/financial information in respect of:
   i. The real estate division of the Group included in the Statement of the Group whose interim financial results reflect total revenues of Rs. 35.01 Million and Rs. 76.54 Million, total net Profit after tax of Rs. 40.24 Million and Rs 72.00 Million and total comprehensive income of Rs. 40.24 Million and Rs. 72.00 Million for Quarter ended December 31, 2023 and for the period from April 01, 2023 to December 31, 2023 respectively, as considered in the Statement which have been reviewed by the Branch auditor.

   ii. 28 joint operations whose interim financial results reflect the Group's share in total revenues of Rs. 3,559.97 Million and Rs. 8,733.16 Million, total net profit after tax of Rs. 9.35 Million and Rs 11.18 Million and total comprehensive income of Rs. 9.35 Million and Rs. 11.18 Million for Quarter ended December 31, 2023 and for the period from April 01, 2023 to December 31, 2023 respectively, as considered in the statement which have been reviewed by their respective auditors.

   iii. 21 subsidiaries, whose interim financial results and other information reflects total revenues of Rs 1,820.32 Million and Rs. 2,752.87 Million, total net profit/(loss) after tax of Rs. 269.79 Million and Rs. 332.03 Million and total comprehensive income of Rs. 478.93 Million and Rs. 528.16 Million for the quarter ended December 31, 2023 and for the period from April 01, 2023 to December 31, 2023 respectively, as considered in the Statement. These interim financial results have been reviewed by their respective independent auditors.

   The independent auditors' reports on interim financial results and other financial information of these entities referred in paragraph 6 above have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures in respect of these entities is based solely on the report of such auditors and the procedures performed by us as stated in paragraph 3 above.

7. The accompanying Statement includes unaudited interim financial results and other unaudited financial information in respect of:
   i 7 unincorporated joint operations whose interim financial results reflect the Group's share in total revenues of Rs. NIL Million and Rs. 3.65 Million, total net loss after tax of Rs. (0.03) Million and Rs (0.04) Million and total comprehensive income of Rs. (0.03) Million and Rs. (0.04) Million for quarter ended December 31, 2023 and for the period April 01, 2023 to December 31, 2023 respectively as considered in the statement.

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ii. 4 subsidiaries whose interim financial results reflect total revenues of Rs. 0.84 Million and Rs. 9.52 Million, total loss after tax of Rs. (178.69) Million and Rs. (205.13) Million and total comprehensive income of Rs. (178.85) Million and Rs. (235.89) Million for the quarter ended December 31, 2023 and for the period from April 1, 2023 to December 31, 2023 as considered in the Statement.

iii. 3 associates whose interim financial results reflect the Group's share of Net Profit of Rs. 4.68 Million and Rs. 14.02 Million and total Comprehensive Income of Rs. 4.68 Million and Rs. 14.02 Million for the quarter ended December 31, 2023 and for the period from April 01, 2023 to December 31, 2023 respectively, as considered in the Statement.

The unaudited interim financial results and other financial information of these joint operations, subsidiaries and associates have not been reviewed by their auditors and have been approved and furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the affairs of these joint operations, subsidiaries and associates is based solely on such unaudited interim financial results and other financial information. According to the information and explanations given to us by the Management, these interim financial results /information are not material to the Group.

Our conclusion on the Statement in respect of matters stated in paragraph 6 and paragraph 7 above is not modified with respect to our reliance on the work done and the reports of the other auditors and the financial results and financial information certified by the Management.

8. The Consolidated Financial results of the Group for the quarter ended December 31, 2023 include the financial results of the subsidiaries Hera Realcon Private Limited, Shreeanant Construction Private Limited and Energy Design Private Limited, wherein their auditors, without qualifying their conclusions have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.

9. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of other auditors referred to in paragraph 5 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with recognition and measurement principles laid down in the aforesaid Indian Accounting Standard specified under Section 133

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of the Companies Act, 2013, as amended, read with relevant rules issued thereunder and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of the Listing Regulations, including the manner in which it is to be disclosed, or that it contains any material misstatement.

For Vatsaraj & Co.
Chartered Accountants
Firm Registration No: 111327W

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

Dr. CA B. K. Vatsaraj
Partner
M. No. 039894
UDIN: 24039894BKHIAD9083
Mumbai, 12th February, 2024

PATEL ENGINEERING LTD.
Regd. Office : Patel Estate Road, Jogeshwari (W) , Mumbai- 400 102
CIN:L99999MH1949PLC007039

Patel

STATEMENT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED DECEMBER 31, 2023

Rs in Millions

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2023 Unaudited	30.09.2023 Unaudited	31.12.2022 Unaudited	31.12.2023 Unaudited	31.12.2022 Unaudited	31.03.2023 Audited
1. Revenue from operations	10,610.05	10,213.13	9,546.30	32,009.29	26,860.83	38,911.47
2. Other income	151.14	247.84	260.51	577.21	896.32	1,149.37
3. Total income	**10,761.19**	**10,460.97**	**9,806.81**	**32,586.50**	**27,757.15**	**40,060.84**
4. Expenses						
a) Cost of material consumed	1,614.30	1,592.89	2,074.87	5,571.96	6,477.27	9,057.05
b) Cost of construction	5,969.15	5,926.95	4,760.14	17,752.80	13,030.81	19,430.52
c) Employee benefits expense	894.52	922.31	871.30	2,707.84	2,369.65	3,260.29
d) Finance cost	889.15	916.77	1,053.26	2,690.07	3,084.66	4,122.22
e) Depreciation	231.16	234.35	207.13	685.85	601.84	808.99
f) Other expenses	711.20	370.31	438.64	1,449.51	1,056.99	1,547.96
Total expenses	**10,309.48**	**9,963.58**	**9,405.34**	**30,858.03**	**26,621.22**	**38,227.03**
5. Profit before exceptional items and tax (3-4)	451.71	497.39	401.47	1,728.47	1,135.93	1,833.81
6. Exceptional item [(income)/expense] (refer note no. 3)	(369.10)	6.59	67.82	(421.72)	77.56	8.14
7. Profit before tax (5-6)	820.81	490.80	333.65	2,150.19	1,058.37	1,825.67
8. Tax expense / (Credit) :						
a) Current (net)	271.42	99.63	(116.67)	603.79	348.40	719.58
b) Earlier years	(44.68)	0.01	3.39	(45.54)	3.39	(184.36)
c) Deferred	(91.80)	10.42	208.29	(14.71)	39.33	(146.59)
9. Profit for the period (7-8)	685.87	380.74	238.64	1,606.65	667.25	1,437.04
10. Share in profit / (loss) in associates (net)	2.43	(4.16)	(66.46)	11.99	28.29	46.79
11. Net profit after tax and share in profit/(loss) in associates from continued operations (9+10)	688.30	376.58	172.18	1,618.64	695.54	1,483.83
12. Profit / (Loss) from discontinued operations before tax after non controlling interest	-	-	128.84	(119.73)	269.77	328.94
Tax Expense (including Deferred Tax) on Discontinued Operations	-	-	57.63	-	121.61	150.23
Profit from discontinued operations after tax and non controlling interest	-	-	71.21	(119.73)	148.16	178.71
13. Other comprehensive income (OCI)						
A (i) Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit pl	11.19	(42.80)	(53.25)	(37.72)	(153.49)	(124.00)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	-	-	0.04	4.42	0.04
14. Total other comprehensive income / (expense) for the year	11.19	(42.80)	(53.25)	(37.68)	(149.07)	(123.96)
15. Total comprehensive income and other comprehensive income for the year (11 + 12 + 14)	699.49	333.78	190.14	1,461.23	694.63	1,538.58
16. Non controlling interest	(2.94)	11.80	(4.68)	53.94	(9.77)	(9.50)
17. Owners of the parent (15 - 16)	702.43	321.98	194.82	1,407.29	704.40	1,548.08
18. Paid up equity share capital (Face value of Re 1 each)	773.62	773.62	515.74	773.62	515.74	773.62
19. Other equity (Excluding revaluation reserves)				29,456.21	23,553.06	28,105.94
20. Earnings per share from continued operations						
a) Basic (not annualised)	0.89	0.46	0.35	2.02	1.41	2.85
b) Diluted (not annualised)	0.87	0.46	0.32	2.02	1.19	2.03
21. Earnings per share from discontinued operations						
a) Basic (not annualised)	-	-	0.14	(0.15)	0.30	0.34
b) Diluted (not annualised)	-	-	0.14	(0.15)	0.30	0.34
See accompanying notes to the financial results						

Notes :

1. Patel Engineering Limited (the "Company" or "Holding Company") and its subsidiaries are together referred to as the "Group" in the following notes.
The above consolidated financial results have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as prescribed under section 133 of the Compnies Act, 2013 read with the Companies (Indian Accounting Standards) Rules as amended from time to time. The above results were reviewed by the Audit Committee and approved and taken on record by the Board at their respective meetings held on February 12, 2024.

2. Financial results of the overseas subsidiaries are translated into Indian Rupees using the average exchange rates prevailing during the period and other monetary/ non monetary items are translated at closing rate. Net exchange rate difference is recognized as Foreign Exchange Translation Reserve.

3. Exceptional items include -
i) a net income of Rs. 528.88 million after adjusting estimated costs towards funding of arbitration/court proceedings, recognised by the Company on receipt of an award from an international arbitral tribunal.
ii) a loss of Rs. 159.75 million incurred on flats of a project under development, completed in current quarter, which were sold before completion of the Project but remained unregistered till end of the quarter.

4. The Consolidated results of the Group has three reportable business segments, "Civil Construction", "Real Estate" and "Others."

5. The previous figures have been regrouped / rearranged/recasted/reformatted wherever necessary for the purpose of comparision.

PATEL ENGINEERING LTD. Mumbai.

For Patel Engineering Ltd.

Kavita Shirvaikar
Whole Time Director & Chief Financial Officer
DIN : 07737376

Place : Mumbai
Date : February 12, 2024

PATEL ENGINEERING LTD.
Regd. Office : Patel Estate Road, Jogeshwari (W), Mumbai- 400 102
CIN:L99999MH1949PLC007039

CONSOLIDATED SEGMENT REPORTING

Primary Segment :

Rs in Millions

PARTICULARS	QUARTER ENDED			NINE MONTHS ENDED		YEAR ENDED
	31.12.2023	30.09.2023	31.12.2022	31.12.2023	31.12.2022	31.03.2023
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Segment revenue						
Civil Construction	10,629.73	10,235.48	9,371.64	32,009.53	26,489.24	38,479.89
Real Estate	(19.68)	(22.35)	174.66	(0.24)	371.59	431.58
Others	-	-	-	-	-	-
Total segment revenue	**10,610.05**	**10,213.13**	**9,546.30**	**32,009.29**	**26,860.83**	**38,911.47**
Segment Result						
Civil Construction - Continued operation	489.99	508.93	111.86	1,793.41	904.16	1,814.06
Civil Construction - discontinued operation	-	-	-	(119.73)	269.77	328.94
Real Estate	(30.49)	(22.00)	221.03	(50.78)	250.21	63.35
Others	(5.36)	6.30	2.01	(2.17)	9.85	3.19
Total segment result (before exceptional items)	**454.14**	**493.23**	**334.90**	**1,620.73**	**1,433.99**	**2,209.54**
Segment Assets						
Civil Construction						74,021.47
Real Estate						10,165.28
Other						3,384.17
Total segment assets						**87,570.92**
Segment Liabilities						
Civil Construction						54,608.17
Real Estate						3,138.45
Other						66.53
Total segment liabilities						**57,813.15**
Geographical Segment :						
Segment revenue						
Within India	9,765.94	8,970.49	8,674.33	29,080.53	24,447.46	35,026.43
Outside India	844.11	1,242.64	871.97	2,928.76	2,413.37	3,885.04
Total segment revenue	**10,610.05**	**10,213.13**	**9,546.30**	**32,009.29**	**26,860.83**	**38,911.47**
Non current assets						
Within India						31,527.51
Outside India						799.26
Total non current assets						**32,326.77**

For Patel Engineering Ltd.

PATEL ENGINEERING LTD. Mumbai.

K. m

Kavita Shirvaikar
Whole Time Director & Chief Financial Officer
DIN : 07737376

Place : Mumbai
Date : February 12, 2024

INDEPENDENT AUDITORS' REPORT

To The Members of Patel Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Patel Engineering Limited which include unincorporated joint operations (hereinafter referred to as "the holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the Consolidated Balance Sheet as at 31st March 2023, the Consolidated Statement of Profit and Loss (including the of Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year then ended, and Notes to Consolidated Financial statements, including a summary of significant accounting policies and other explanatory information, (hereinafter referred to as "Consolidated Financial Statement"). These also include financials of the Real Estate Division Branch of the company for the year ended on that date audited by the branch auditor of the Company's branch located at Mumbai.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid Consolidated Financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at 31st March, 2023, and its consolidated profit including other comprehensive income, the consolidated statement of changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statement in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI), together with the ethical requirements that are relevant to our audit of the Consolidated Financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

We believe that the audit evidence obtained by us along with the consideration of reports of the other auditors referred to in paragraph (1) of the "Other Matters" section below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

Emphasis of Matter

We draw attention to

1. The independent Branch Auditors of Patel Engineering Limited (Real Estate Division) ("the Division"), have without qualifying their audit report dated 15th May, 2023 on the financial statements of the Division for the year ended March 31, 2023 have drawn attention regarding cost incurred by Group through Les Salines Development Limited ('LSDL', 'a Step-down subsidiary of Waterfront Developers') for development of real estate project at Mauritius,

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where notice dated 4th June 2015 was received from Government of Mauritius for the termination of lease agreement entered on 11th December, 2009 with LSDL. In this case the process of arbitration with the Government of Mauritius has been completed during the year and management of the branch is expecting the favorable order for the same.
Our opinion is not modified in respect of this matter.

2. The Consolidated Financial Statement of the Group for the year ended March 31, 2023 include the financial statements of the subsidiaries, Hera Realcon Private Limited, Shreeanant Construction Private Limited and Energy Design Private Limited, wherein their auditors, without qualifying their opinion have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.
Our opinion is not modified in respect of this matter.
3. The Independent Auditors of Dirang Energy Private Limited ('DEPL'), have without qualifying their audit report dated April 19, 2023 on the financial statements for the year ended March 31, 2023 have drawn attention to Note No. 15(10) of the Dirang Energy Private Limited ('DEPL') which indicates that the project of the DEPL has been temporarily stopped. However, based on the management estimate to get a favorable order from the competent authority and on adequate net worth and financial support from holding company, the financial statements of the DEPL have been prepared on a going concern basis for the reasons stated in the said note.
Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement in our professional judgment and based on the consideration of reports of other auditors on separate financial statement of components audited by them, were of most significance in our audit of the Consolidated Financial Statements for the financial year ended 31st March, 2023. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Consolidated Financial Statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Consolidated Financial Statements.

Sr No	Key Audit Matter	Auditors Response
1	**Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of**	**Principal Audit Procedures** Our audit approach consisted testing of the design and operating effectiveness of the

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	adoption of Ind AS 115 "Revenue from Contracts with Customers"
	The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
	Refer notes 1. k and 26 to the Consolidated Financial Statements
		internal controls and substantive testing as follows:
		• Evaluated the design of internal controls relating to implementation of the revenue accounting standard.
		• Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, performance and inspection of evidence in respect of operation of these controls.
		• Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the revenue accounting standard
		• Selected a sample of continuing and new contracts and performed the following procedures:
		  • Read, analyzed and identified the distinct performance obligations in these contracts.
		  • Compared these performance obligations with that identified and recorded by the Company.
		  • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation
		  • Samples in respect of revenue recorded for time and material contracts were tested using a combination of customer acceptances, subsequent invoicing

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		and historical trend of collections and disputes. • Performed analytical procedures for reasonableness of revenues disclosed.
2	**Accounting of contract work-in-progress for engineering construction projects** The company recognized contract revenue and contract costs from contract work-in-progress for engineering construction projects by reference to the stage of completion of the contract activity at the end of each reporting period. The stage of completion is measured by reference to work performed. The accounting for such engineering construction projects is complex due to high level of estimation in determining the costs to complete. This is due to the nature of the operations, which may be impacted by the technological complexity of projects, the precision of cost estimation during the budgeting process and the actual progress of each project during the financial year. Accordingly, the accounting of contract work-in progress for engineering construction projects is identified as a key audit matter. Refer notes 1.j and 10 to the Consolidated Financial Statements.	**Principal Audit Procedures** Our audit procedures included the following: • Review of contract terms and conditions and the contractual sums and substantiated project revenues and costs incurred against underlying supporting documents. • Perused customers and subcontractor correspondences and discussed the progress of the projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contractual costs. • Analyzed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year
3	**Valuation of claims under settlement** The Company has certain significant open legal proceedings under arbitration for various complex matters with the Clients and other parties, continuing from earlier years, which are as under: • Non acceptance of certain work by the client. • Cost overruns in certain contracts. • Reimbursement of the cost incurred by the company for the client. Due to complexity involved in these litigation matters, the recognition of claims/variations are included in revenues when it is highly probable of recovery	**Principal Audit Procedures** Our audit procedures included the following: • Assessing the procedures implemented by the Company to identify and gather the risks it is exposed to. • Obtaining an understanding of the risk analyses performed by the Company, with the relating supporting documentation, and studying written statements from internal and external legal experts, where applicable. • Discussion with the management on the development in these litigations during the year ended 31st March, 2023.

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	based on estimate and assessment of each item by the management based on their experience of recovery. Refer notes 1 k and 26, 41 to the Consolidated Financial Statements	• Obtaining representation letter from the management on the assessment of these matters as per SA 580 (revised) – written representations.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. Such Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Consolidated Financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibility of Management for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the Financial position, Financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the Companies included in the group and of its associates are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates 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 Consolidated Financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the Respective Board of Directors s of the Companies included in the Group and of its associates are responsible for assessing the ability of the respective entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group and of its associates are responsible for overseeing the company's financial reporting process of the Group and of its associates.

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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS Financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal Financial controls with reference to Financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and of its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the business activities with the Group and of its associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statement of such entities included in the Consolidated Financial Statements of which we are the independent auditor.

Materiality is the magnitude of misstatements in the Consolidated Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in

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evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the Consolidated Financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. We did not audit the financial statements and other financial information in respect of:
   i. The division whose financial statements reflect total assets of Rs 4,507.85 Million as at March 31, 2023, total revenue of Rs 191.62 Million, total profit/(loss) after tax of Rs (530.45) Million and total comprehensive income of Rs (530.45) Million for the year ended March 31, 2023
   ii. 20 unincorporated joint operations, whose financial results reflect total assets of Rs 2,797.73 Million as at March 31, 2023, Company's Share in total revenue of Rs 7,425.38 Million, total profit/(loss) after tax of Rs 114.29 Million and total comprehensive income of Rs 114.29 Million for the year ended March 31, 2023.
   iii. 21 subsidiaries, whose financial statements reflect net total assets of Rs 11,619.04 Million as at March 31, 2023, total revenues of Rs 2,882.05 Million, total net profit/(loss) after tax of Rs (145.28) Million, total comprehensive income of Rs (244.61) Million and net cash inflows amounting to Rs (219.04) Million for the year ended March 31, 2023.

   These Ind AS financial statement of the entities mentioned in (i) to (iii) and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these branch and joint operations, and our report in terms of sub-section (3) and (11) of Section 143 of the Act including report on other information, in so far as it relates to the aforesaid branch, joint operations and subsidiaries is based solely on the report(s) of such other auditors.

2. The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of:
   i. 11 unincorporated joint operations whose financial results reflect total assets of Rs 617.39 Million as at March 31, 2023, Company's Share in total revenue is Rs 1,668.87 Million, total

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Profit/(loss) after tax of Rs (2.06) Million and total comprehensive income of Rs (2.06) Million for the year ended March 31, 2023.

ii. 4 subsidiaries, whose financial statements reflect net total assets of Rs 576.63 Million as at March 31, 2023, total revenues of Rs 12.93 Million, total net profit/(loss) after tax of Rs (4.25) Million, total comprehensive income of Rs (94.90) Million and net cash outflow amounting to Rs (0.55) Million for the year ended March 31, 2023.

iii. 3 associates, whose financial statements/financial information's reflect Groups share of net profit after tax of Rs 46.79 Million and total comprehensive income of Rs 46.79 Million for the year ended March 31, 2023.

These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of this joint operation, subsidiaries and associates and our report in terms of sub-section (3) and (11) of Section 143 of the Act including report on other information in so far as it relates to the aforesaid joint operations, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above 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 work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

3. The comparative financial information of the Group for the year ended 31st March, 2023, prepared in accordance with Ind AS, have been taken from the merged financial statements certified by us dated 29th October 2022 for which we have relied upon the audited financial statements of the group audited by other auditors and respective auditors of the merged subsidiaries. These financial statements have been restated under Ind AS 103 to give effect to the orders of the National Company Law Tribunal (NCLT) Mumbai divisional bench dated 16th June 2022 and NCLT Hyderabad divisional bench dated 22nd July 2022. As a result, the previous year figures in the Consolidated Financial Statements will not match with the previous year published Consolidated financial statements that were audited by the other auditor who have expressed an unmodified opinion on the previous year Consolidated financial statements vide their report dated 23rd May, 2022.

Our opinion on the Consolidated Financial Statements is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matter specified in paragraph 3(xxi) of CARO 2020.
2. As required by Section 143(3) of the Act, we further report, to the extent applicable, that

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a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes 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 Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;
d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act;
e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiaries and associates incorporated in India, none of the directors of the Group's companies and its associates incorporated in India, is disqualified as on March 31, 2023 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 with reference to these Financial Statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B" to this report;
g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures, incorporated in India, the managerial remuneration for the year ended March 31, 2023 has been paid/ provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act; and
h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Group has disclosed the impact of pending litigations as at 31st March, 2023 on its financial position in its Consolidated Financial statements to the extent determinable/ ascertainable. –Refer Note 47 to the Consolidated Financial Statements.
   ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund during the year
   iv. (a) The respective management of the company, its subsidiaries and associate companies which are company incorporated in India whose financial statements have been audited under the act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kinds of funds) by the Company or any of such subsidiaries and associates to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether , directly or indirectly lend or invest in other persons or

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entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries and associates ("Ultimate Beneficiaries") or provide any guarantee, security or the like to or on behalf of the ultimate Beneficiaries.

(b) The respective management of the company, its subsidiaries and associate companies which are company incorporated in India whose financial statements have been audited under the act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, no funds have been received by the Company or any of such subsidiaries and associates from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any such subsidiaries and associates shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding party ("ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on such audit procedures as considered reasonable and appropriate in the circumstances performed by us and those performed by other auditors of subsidiary and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice, that has caused us pr the other auditor to believe that the representations under sub-clause iv(a) and iv (b) contain any material mis-statement.

v. During the year no dividend is declared or paid by the holding company, its Subsidiaries Company and associates.

i) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the Financial year ended 31st March 31, 2023.

For Vatsaraj& Co.
Chartered Accountants
FRN: 111327W

Dr CA B.K. Vatsaraj
Partner
M. No.:039894
UDIN: 23039894BGZCSO8790
Mumbai, 15th May, 2023

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

Annexure A to the Independent Auditors' Report on Consolidated Financial Statements of Patel Engineering Limited as on 31st March 2023, referred to in paragraph 1 under "Report on Other Legal and Regulatory requirement" section of our report of even date, we report the following:

With respect to the matters specified in clause (xxi) of paragraph (3) and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Holding Company, we report that in respect of those companies where audits have been completed under section 143 of the Act, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements except for the following:

Sr No	Name of the Company	CIN	Relationship with the Holding Company	Clause number of the CARO report which is qualified or adverse
1	Patel Engineering Limited	L99999MH1949PLC007039	Holding Co.	i(c), vii(b)
2	Michigan Engineers Private Limited	U45300MH1973PTC016515	Subsidiary	vii(b), xiv(b)
3	Friends Nirman Private Limited	U70101MH2004PTC308856	Subsidiary	Xvii
4	Bhooma Realities Private Limited	U45400MH2007PTC171064	Subsidiary	Xvii
5	Shashvat Land Projects Private Limited	U70102MH2007PTC171886	Subsidiary	Xvii
6	Energy Design Private Limited	U72900MH2009PTC193475	Subsidiary	Xvii
7	Shreeanant Construction Private Limited	U45200MH2005PTC158079	Subsidiary	vii(a) &(b), xvii
8	Hampus Infrastructure Private Limited	U74999MH2018PTC374634	Subsidiary	Xvii

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9	PBSR Developers Private Limited	U45209TG2012PTC078886	Subsidiary	vii(b), xvii
10	Hera Realcon Private Limited	U70109MH2007PTC166825	Subsidiary	Xvii
11	Patel Energy Ltd	U70100MH1996PLC102612	Subsidiary	xviii
12	Dirang Energy Pvt Ltd	U40101MH2008PTC330438	Subsidiary	xvii
13	Saskang Rong Energy Pvt Ltd	U40108MH2008PTC185929	Subsidiary	vii(b)

For Vatsaraj& Co.
Chartered Accountants
FRN: 111327W

VATSARAJ & CO. ★ FRN 111327W ★ CHARTERED ACCOUNTANTS

Dr CA B.K. Vatsaraj
Partner
M. No.:039894
UDIN: 23039894BGZCSO8790
Mumbai, 15th May, 2023

ANNEXURE B to Independent Auditors' Report on the Consolidated Financial Statement of Patel Engineering Limited.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act, referred to in paragraph 2(f) under "Report on Other Legal and Regulatory requirement" section of our report of even date.

In conjunction with our audit of the Consolidated Financial Statements of Patel Engineering Limited (hereinafter referred to as the "Holding Company") which includes joint operations as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company which includes joint operations and its subsidiaries and its associates, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, and associates, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to the Consolidated Financial Statements based on the criteria established by the respective 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 ("the Guidance Note"). 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 the 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiaries and associates which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. 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 with reference to the Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls based on the assessed risk. The procedures selected

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depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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 with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated 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 Consolidated Financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company, its subsidiaries, and its associates, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls with reference to the Consolidated Financial Statements were operating effectively as at March 31, 2023, based on the internal control with reference to the Consolidated Financial Statements criteria established by the Holding Company considering the essential components of internal control stated in the guidance note.

VATSARAJ & CO. ★ FRN 111327W ★ CHARTERED ACCOUNTANTS

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, in so far as it relates to 1 branch and 21 subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and branch incorporated in India

For Vatsaraj& Co.
Chartered Accountants
FRN: 111327W

Dr CA B.K. Vatsaraj
Partner
M. No.:039894
UDIN: 23039894BGZCSO8790
Mumbai, 15th May, 2023

PATEL ENGINEERING LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2023

	Notes	As At March 31, 2023 Rs. Million	As At March 31, 2022 Rs. Million
I. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	12,497.32	11,305.74
(b) Capital work-in-progress		2,944.44	2,826.38
(c) Intangible assets		12.48	9.31
(d) Goodwill on consolidation		282.00	282.00
(e) Right to use assets		150.85	208.00
(f) Financial assets			
(i) Investments	3	1,242.26	816.08
(ii) Trade receivables	4	3,606.79	4,935.47
(iii) Loans	5	887.94	766.19
(iv) Other financial assets	6	6,228.73	5,726.65
(g) Deferred tax assets (net)	7	2,137.18	1,973.68
(h) Current tax assets (net)	8	940.01	554.50
(i) Other non current assets	9	2,133.04	2,113.05
Total non current assets		33,063.04	31,517.05
2 Current assets			
(a) Inventories	10	37,435.33	35,905.95
(b) Financial assets			
(i) Trade receivables	4	5,313.74	5,619.27
(ii) Cash and cash equivalents	11	2,112.25	2,605.78
(iii) Other bank balances	12	9.27	7.15
(iv) Loans	5	60.08	106.08
(v) Other financial assets	6	2,278.84	1,950.13
(c) Current tax assets (net)	8	7.09	125.58
(d) Other current assets	9	7,220.16	7,265.01
(e) Assets classified as held for sale	13	-	-
Total current assets		54,436.76	53,584.95
TOTAL ASSETS		87,499.80	85,102.00
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	773.62	479.23
(b) Other equity		28,105.95	23,357.76
Equity attributable to owners of the parent		28,879.57	23,836.99
Non-controlling interests		878.20	714.11
Total equity		29,757.77	24,551.10
2 Liabilities			
Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	5,354.71	7,607.14
(ii) Lease liabilities	16	81.84	191.83
(iii) Trade payables	17		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		6,182.15	5,771.25
(iv) Other financial liability	18	2,235.73	1,912.39
(b) Provisions	19	175.89	148.54
(c) Other non current liabilities	20	5,710.50	6,821.76
(d) Deferred revenue	21	78.92	64.73
Total non current liabilities		19,819.74	22,517.64
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	12,166.57	15,008.99
(ii) Lease liabilities	16	97.30	110.45
(iii) Trade payables	23		
a) Total outstanding dues of micro enterprises and small enterprises		93.81	96.84
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		15,425.10	13,141.20
(iv) Other financial liabilities	24	259.33	220.08
(b) Provisions	19	51.49	59.68
(c) Other current liabilities	25	9,828.69	9,396.02
Total current liabilities		37,922.29	38,033.26
TOTAL EQUITY AND LIABILITIES		87,499.80	85,102.00
Summary of significant accounting policies	1		

The notes referred to above form an integral part of these financial statements
As per our report of even date

For Vatsaraj & Co.
Firm Regn No: 111327W
Chartered Accountants

Dr CA B. K. Vatsaraj
Partner
Membership No. 039894
Place : Mumbai
Date : May 15, 2023

For and on behalf of Board

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

Shobha Shetty
Company Secretary
Mem. No: F10047

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

		Notes	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million
I.	Revenue from operations	26	42,019.71	33,803.05
II.	Other income	27	1,203.53	1,162.06
III.	Total income (I + II)		43,223.24	34,965.11
IV.	Expenses:			
	Cost of construction	28	30,614.22	24,440.50
	Employee benefits expense	29	3,407.69	2,665.24
	Finance costs	30	4,184.23	4,195.27
	Depreciation and amortization expense	2	933.03	818.99
	Other expenses	31	1,749.04	1,419.99
	Total expenses		40,888.21	33,539.99
V.	Profit/(loss) before exceptional items and tax (III-IV)		2,335.03	1,425.12
VI.	Exceptional items	32	8.14	304.94
VII.	Profit/(loss) before tax (V - VI)		2,326.89	1,120.18
VIII.	Tax expense:			
	(1) Current tax		873.05	382.32
	(2) Tax adjustments for earlier years		(184.57)	1.57
	(2) Deferred Tax		(149.61)	47.54
IX.	Profit/(loss) for the year (VII-VIII)		1,788.02	688.75
X.	Share in profit in associates (net)		46.79	32.23
XI.	Net profit/(loss) after tax and share in profit /(loss) in joint ventures / associates		1,834.81	720.98
XII.	Other comprehensive income			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		(123.94)	(76.85)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		0.04	4.42
XIII.	Total other comprehensive income		(123.90)	(72.43)
XIV.	Total comprehensive income for the year (XI+XIII) (comprising profit /(loss) and other comprehensive income for the year)		1,710.91	648.55
XV.	Minority interest		162.85	98.49
XVI.	Owners of the parent (XIV- XV)		1,548.06	550.06
XVII.	Earnings per equity share:			
	(1) Basic	37	3.19	1.51
	(2) Diluted		2.23	1.49
	Summary of significant accounting policies	1		

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

As per our report of even date

For Vatsaraj & Co.
Firm Regn No: 111327W
Chartered Accountants

Dr CA B. K. Vatsaraj
Partner

Membership No. 039894
Place : Mumbai
Date : May 15, 2023

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

Rupen Patel
Chairman & Managing Director
DIN : 00029583

PATEL ENGINEERING LTD. Mumbai.

Shobha Shetty
Company Secretary
Mem. No: F10047

For and on behalf of Board

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit after tax	1,834.81	720.98
Adjustment for:		
Depreciation/ amortisation	933.03	818.99
Tax expenses	538.86	431.44
Finance charges	4,184.23	4,195.27
Interest income and dividend received	(595.75)	(589.12)
Foreign exchange loss/ (gain)	(108.67)	(118.67)
Provision for leave salary	23.59	28.78
Provision for gratuity	(4.43)	(4.29)
Share in associates	46.79	32.23
Share in JV	89.82	(108.94)
Provision for impairment	251.19	224.64
Profit on sale of assets	(21.21)	(5.13)
Excess credit written back	(397.62)	(161.28)
Irrecoverable debts and advances written off (net)	23.14	169.06
ESOP compensation expenses	-	0.44
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	6,797.77	5,634.38
Adjustment for changes in:		
Trade and other receivables	1,213.38	(2,761.45)
Inventories	(1,712.76)	211.78
Trade and other payables (excluding income tax)	1,581.51	2,869.75
Cash from operations	7,879.90	5,954.47
Direct tax paid	(954.18)	(812.19)
NET CASH FROM OPERATING ACTIVITIES (A)	6,925.72	5,142.28
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / adjustments of fixed assets (including capital work-in-progress and capital advances)	(1,834.37)	(1,583.04)
Sale of fixed assets	110.79	149.21
Decrease / (increase) in loans to JV/ associates	(97.75)	144.54
Remeasurement of assets held for sale	-	1.00
Sale / purchase of investments & marketable securities	(49.87)	(103.61)
Purchase of investments & marketable securities	(490.59)	-
Increase in other bank balances	119.29	84.42
Interest and dividend received	69.64	100.97
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(2,172.86)	(1,206.51)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	3,157.49	(0.00)
Proceeds from borrowings including cash credit limit	110.75	2,724.73
Repayment of borrowings including cash credit limit	(5,246.66)	(2,920.33)
Finance charges paid	(3,376.65)	(3,202.28)
NET CASH USED IN FINANCING ACTIVITIES (C)	(5,355.07)	(3,397.88)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(602.21)	537.89
Opening balance of cash and cash equivalents	2,605.78	1,949.22
Balance of cash and cash equivalents	2,003.57	2,487.11

Notes to cash flow statement

a) Cash and cash equivalents

Cash on hand and balance with banks	2,112.25	2,605.78
Effect of exchange rate changes	(108.67)	(118.67)
Closing cash and cash equivalents as restated	2,003.57	2,487.11

b) Cash flow statement has been prepared under the indirect method as set out in IndAS - 7 specified under Section 133 of the Companies Act, 2013.

c) Reconciliation of liabilities arising from financing activities

Rs. Million

March 31, 2023	Opening balance	Cash flow	Non - cash changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity) & lease liability	22,918.40	(5,135.91)	(82.06)	17,700.43
	22,918.40	(5,135.91)	(82.06)	17,700.43

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

March 31, 2022	Opening balance	Cash flow	Non - cash changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity) & lease liability	22,961.98	(195.60)	152.02	22,918.40
	22,961.98	(195.60)	152.02	22,918.40

For and on behalf of Board

As per our attached report of even date
For Vatsaraj & Co.

Firm Regn No: 111327W
Chartered Accountants

Dr CA B. R. Vatsaraj
Partner
Membership No. 039894
Place : Mumbai
Date : May 15, 2023

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Shobha Shetty
Company Secretary
Mem. No: F10047

PATEL ENGINEERING LTD. Mumbai.

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

(A) EQUITY SHARE CAPITAL

Particulars	Number of shares	Rs. Million
Equity shares of Re 1/- each issued, subscribed and paid		
As at 31 March 2021	46,54,53,024	465.45
Issue of equity shares	1,37,77,470	13.78
As at 31 March 2022	47,92,30,494	479.23
Issue of equity shares	29,43,86,734	294.39
As at 31 March 2023	77,36,17,228	773.62

(B) OTHER EQUITY

Rs. Million

Particulars	Equity component of compound financial instruments	Reserves and surplus											
		Capital reserve	Capital reserve on amalgamation	General reserve	Securities premium	Debenture redemption reserve	Stock option outstanding account	Foreign currency monetary item translation difference	Capital redemption reserve	Surplus in the statement of profit and loss	Total equity attributable to equity holders	Non - controlling interest	Total equity attributable to equity holders
As at March 31, 2021	-	277.57		3,000.62	14,939.98	30.64	1.56	385.61	300.00	3,794.24	22,730.21	612.90	23,343.12
Business combination (note no 57)			(0.23)							(1.63)	(1.86)		(1.86)
Restated balance as at April 1, 2021	-	277.57	(0.23)	3,000.62	14,939.98	30.64	1.56	385.61	300.00	3,792.61	22,728.35	612.90	23,341.26
- Profit for the year	-	-		-	-	-	-	-	-	622.49	622.49	98.49	720.98
- Other comprehensive income for the year	-	-		-	-	-	-	(83.67)	-	11.24	(72.43)	-	(72.43)
- Adjustment during the year	-	-		-	-	-	-	-	-	-	-	2.72	2.72
- Adjustment on account of consolidation of joint venture	-	-		-	-	-	-	-	-	(108.94)	(108.94)	-	(108.94)
- Adjustment on account fluctuation in foreign exchange	-	-		-	-	-	-	-	-	-	-	-	-
- Issued during the year	-	-		-	189.85	-	-	-	-	-	189.85	-	189.85
- Issue of equity shares	-	-		-	-	-	-	-	-	-	-	-	-
- Stock option	-	-		-	-	-	(1.56)	-	-	-	(1.56)	-	(1.56)
As at March 31, 2022	-	277.57	(0.23)	3,000.62	15,129.83	30.64	-	301.94	300.00	4,317.39	23,357.76	714.11	24,071.87
- Profit for the year	-	-	-	-	-	-	-	-	-	1,671.96	1,671.96	162.85	1,834.81
- Other comprehensive income for the year	-	-	-	-	-	-	-	(133.24)	-	9.34	(123.90)	-	(123.90)
- Adjustment during the year	-	-	-	-	(2.81)	-	-	-	-	-	(2.81)	1.24	(1.57)
- Adjustment on account of consolidation of joint venture	-	-	-	-	-	-	-	-	-	89.83	89.83	-	89.83
- Adjustment on account fluctuation in foreign exchange	-	-	-	-	-	-	-	-	-	-	-	-	-
- Issued during the year	-	-	-	-	3,113.11	-	-	-	-	-	3,113.11	-	3,113.11
- Issue of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-
- Stock option	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2023	-	277.57	(0.23)	3,000.62	18,240.13	30.64	-	168.70	300.00	6,088.52	28,105.95	878.20	28,984.15

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

Capital reserve : The Company recognizes reserve on investment in partnership firm.

Capital reserve on amalgamation : As per IND AS 103 read with appendix C, difference between the purchase consideration and net book value shall be accounted as capital reserve.

General reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to earlier provision of the Companies act, 1956. Mandatory transfer to general reserve is not required under the Act.

Securities premium: Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, equity related expenses like underwriting costs, etc.

Debenture redemption reserve: The Company is required to create a debenture redemption reserve out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Act.

Stock option outstanding account: The Company has share option schemes under which options to subscribe for the Company's shares have been granted to certain employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Capital redemption reserve: The company has recognised capital redemption reserve on buyback of preference shares from its retained earning. The amount in capital redemption reserve is equal to nominal amount of preference share bought back.

Surplus in the statement of profit and loss: Retained earning are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders

Foreign currency monetary item translation difference : Exchange difference on translating the financial statement of foreign operations.

PATEL ENGINEERING LTD. Mumbai.

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

NOTE : 1

1.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

Patel Engineering Ltd. ('the Company') has prepared consolidated financial statements to provide the financial information of its activities along with its subsidiaries, associates and joint ventures as a single entity. They are collectively referred as "Group" herein.

The consolidated financial statements of the group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and amendment thereof issued by Ministry of Corporate Affaires in exercise of the power conferred by section 133 of the Companies Act 2013 and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the company.

These consolidated financial statement have been approved for issue by Board of Directors at their meeting held on May 15, 2023.

b) Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, on a going concern basis and accrual method of accounting, except for certain financial assets and liabilities as specified in defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS. The accounting policies applied are consistent with those used in the previous year, except otherwise stated.

The consolidated financial statements are presented in Indian Rupees and all values are rounded to the nearest millions (Rupees 000,000), except where otherwise indicated. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

c) Principles of consolidation

(i) The consolidated financial statements include the accounts of Patel Engineering Ltd. and its subsidiaries, associates and joint ventures.

(ii) The financial statements of joint ventures are consolidated to the extent of the Company's or its subsidiaries share in joint venture.

(iii) The financial statements of the Company including joint operations and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses fully eliminating material intra group balances and intra group transactions. Associate entities are consolidated as per the equity method.

(iv) Goodwill arising out of consolidation of financial statements of subsidiaries and joint ventures are tested for impairment at each reporting date.

The consolidated financial statement have been prepared by the Company in accordance with the requirements of Ind AS –110 "Consolidated Financial Statements", Ind AS -111 "Joint Arrangements" and Ind AS 28 "Investment in Associates and Joint Ventures", issued by the Ministry of Corporate Affairs.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosure.

d) Current / non-current classification

The Group as required by Ind AS 1 presents assets and liabilities in the balance sheet based on current / non-current classification.

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

The Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of its assets and liabilities, as it is not possible to identify the normal operating cycle.

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e) **Method of accounting**

The Group maintains its accounts on accrual basis. Subsidiaries outside India maintain its accounts based on generally accepted accounting standards of their respective countries.

f) **Critical accounting estimates and judgements**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The areas involving critical estimates or judgements are:

- Estimation of defined benefit obligation
- Estimation of useful life of property, plant and equipment and intangibles
- Estimation of total contract revenue and costs for revenue recognition
- Estimation of recognition of deferred taxes
- Estimation of impairment of financial assets (i.e. expected credit loss on trade receivables)
- Estimation of provision and contingent liabilities
- Estimation on discounting of lease liability on application of Ind AS 116

g) **Property, plant and equipment**

Property, plant and equipment (PPE) are stated at net of recoverable taxes, trade discount and rebates less accumulated depreciation and accumulated impairment losses, if any.

Such cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Property, plant and equipment costing Rs. 5,000 or less are not capitalized and charged to the consolidated statement of profit and loss.

Machinery Spares that meet the definition of PPE are capitalised.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably.

The carrying amount of an items of PPE are derecognised on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss.

f) **Intangible assets**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated depreciation / amortisation and impairment loss, if any.

Such cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the cost can be measured reliably.

h) **Depreciation**

Depreciation on the property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II to the Act. Depreciation on property, plant and equipment, which are added/disposed-off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.

The estimated useful lives are as follows:

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Assets	Estimated useful life
Factory building/ building	28/60 years
Machinery/ ship	8 ½ years
Motor cars/ motor truck	8 years
Furniture/ electrical equipments	6 years
Office equipments	5 years
Computer / software	3 years

Depreciation on leasehold land will be amortized after commencement of operation of the power house. It will be amortized over the useful life of the lease.

Michigan Engineers Private Limited and Shreeanant Constructions Private Limited provide depreciation on written down value method and based on useful life of the assets as prescribed in schedule II of the Companies Act, 2013 and in onsite Michigan JV and Michigan Savitar Consortium as specified in the income tax act.

The estimated useful life of Patel Michigan JV - motor car - 10 years, motor truck - 6 years, office equipments - 5 years, container - 3 years.

For overseas subsidiaries depreciation is provided based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies, local laws and are in line with the industry practices. These entities follow straight line method of depreciation spread over the useful life of each individual asset. It is practically not possible to align rates of depreciation of such subsidiaries with those of the domestic entities.

Intangible assets

The Group amortises intangible assets with a finite useful life using the straight-line method over the following periods:

Computer software	3 years

i) **Impairment of non-financial assets**

The carrying amount of assets/cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized in the consolidated statement of profit and loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

j) **Inventories**

The stock of land, construction materials, stores, spare parts, embedded goods and fuel is valued at cost (on weighted average basis), or net realizable value, whichever is lower and work in progress of construction contracts at contract rate. Cost includes expenditures incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated cost necessary to make the sale.

Work in progress in respect of project development and buildings held as stock-in-trade are valued at cost or net realizable value, whichever is lower.

Project work in progress is valued at contract rates and site mobilization expenditure of incomplete contracts is stated at lower of cost or net realizable value.

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k) **Recognition of income and expenditure**

Revenue toward satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The Group satisfies a performance obligation and recognises revenue over time, if one of the following criterias is met:

1. The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs; or

2. The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

3. The Group's performance does not create an asset with an alternative use to the Group and the entity has an enforceable right to payment for performance completed to date.

i) **Construction revenue**

The company constructs various infrastructure projects on behalf of clients. Under the terms of the contracts, where the company is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done; revenue is recognised over a period of time. The percentage-of-completion of a contract is determined by the proportion that contract costs incurred for work performed upto the reporting date bear to the estimated total contract costs. This is achieved by estimating total revenue including claims / variations and total cost till completion of the contract and the profit is recognised in proportion to the value of work done when the outcome of the contract can be estimated reliably. Revenue also includes claims / variations when it is highly probable of recovery based on estimate and assessment of each item by the management based on their judgement of recovery. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

The company becomes entitled to invoice customers for construction based on achieving a series of performance related milestones. When a particular milestone is achieved, the customer is sent a statement of work completed assessed by expert. Previously recognised contract asset for any work performed is reclassified to trade receivables at the point at which it is invoiced to the customer. Advances received from customers in respect of contracts are treated as liabilities and adjusted against progress billing as per terms of the contract. Progress payments received are adjusted against amount receivable from customers in respect of the contract work performed.

Significant judgment is required to evaluate assumptions related to the amount of net contract revenues, including the impact of any performance incentives, liquidated damages, and other forms of variable consideration. When the outcome of a construction contract can not be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or the Company.

Revenue from trading and consultancy service are recognises when it transfers control of a product or service to a customer.

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ii) **Revenue from Real estate development contracts**

The company constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before or after construction of the residential properties begins. Under the terms of the contracts, the company is contractually restricted from redirecting the properties to another customer and does not have an enforceable right to payment for work done. Revenue from construction of real estate properties is therefore recognised at a point of time.

Revenue from building development is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

l) **Foreign currency transaction / translations**

Transactions in foreign currency including acquisition of property, plant and equipment are recorded in the functional currency (indian rupee) by applying to the foreign currency amount, at the prevailing exchange rates between the functional currency and foreign currency on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary items denominated in foreign currency at prevailing reporting date exchange rates are recognised in profit or loss.

Revenue transactions at the foreign branch/projects are translated at average rate. Property, plant and equipment are translated at rate prevailing on the date of purchase. Net exchange rate difference is recognized in the statement of profit and loss. Depreciation is translated at rates used for respective assets.

However, Michigan Engineers Private Limited opted to recognize the exchange differences in the statement of profit and loss.

Revenue items of overseas subsidiaries are translated into indian rupees at average rate and all other monetary/non monetary items are translated at closing rate. Net exchange rate difference is recognized as foreign exchange translation reserve.

m) **Financial instrument:**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(I) Financial asset:

Initial recognition and measurement :

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through the statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset. However, trade receivables that do not contain a significant financing component are measured at transaction price. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement :

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

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(a) Financial asset measured at amortized cost :

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the consolidated statement of profit and loss. The Group while applying above criteria has classified the following at amortized cost:

(a) Trade receivables

(b) Investment in subsidiaries

(c) Loans

(d) Other financial assets

(b) Financial assets measured at fair value through other comprehensive income :

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the consolidated statement of profit and loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the consolidated statement of profit and loss.

(c) Financial assets at fair value through profit or loss (FVTPL) :

Financial asset are measured at fair value through profit and loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Consolidated statement of profit and loss.

Equity instruments

All investments in equity instruments classified under financial assets are initially measured at fair value , the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

De-recognition of financial assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the consolidated statement of profit and loss.

Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Lease receivables

(c) Trade receivables or any contractual right to receive cash or another financial asset

(d) Loan commitments which are not measured at FVTPL

(e) Financial guarantee contracts which are not measured at FVTPL

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(II) Financial liability

Initial recognition and measurement :

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement :

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the consolidated statement of profit and loss.

Financial liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The Group is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount and fair value of the liabilities shall be recognized in the consolidated statement of profit and loss.

n) **Financial derivative and hedging transactions**

In respect of financial derivative and hedging contracts, gain / loss are recognized on mark-to-market basis and charged to the consolidated statement of profit and loss along with underlying transactions.

o) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 – leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – inventories or value in use in Ind AS 36 – impairment of assets.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

p) **Employee benefits**

Short term employee benefits :

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contribution towards provident fund/family pensions are made to the recognized funds, where the Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans :

Provision for incremental liability in respect of gratuity and leave encashment is made as per independent actuarial valuation on projected unit credit method made at the year-end.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense /(income) on the net defined liability /(assets) is computed by applying the discount rate, used to measure the net defined liability /(asset). Net interest expense and other expenses related to defined benefit plans are recognized in consolidated statement of profit and loss.

q) Taxation

The tax expenses for the period comprises of current tax and deferred income tax. Tax is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the Other Comprehensive Income. In which case, the tax is also recognised in Other Comprehensive Income.

Current tax:

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. Deferred tax assets are recognised to the extent it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax losses can be utilised. The carrying amount of Deferred tax liabilities and assets are reviewed at the end of each reporting period.

r) **Provisions, contingent liabilities and contingent assets**

The Group recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote , no provision or disclosure is made.

Contingent assets are disclosed where an inflow of economic benefits is probable.

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s) **Employees stock option plan**

Compensation expenses under "employee stock option plan" representing excess of fair price of the shares on the date of grant of option over the exercise price of option is amortized on a straight-line basis over the vesting period.

t) **Borrowing cost**

Borrowing costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to consolidated statement of profit and loss as incurred.

u) Leases

As per IND AS 116

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, group's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

v) **Business combinations**

Business combinations have been accounted for using the acquisition method as per Ind AS 103.

The cost of an acquisition is measured at the fair value of the asset transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred.

Business combinations between entities under common control are accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

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w) **Earning per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

x) **Preliminary and preoperative expenses**

In respect of certain subsidiaries preliminary and preoperative expenses are written off commencement of operation.

y) **Non-current assets held for sale and discontinued operation**

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

z) **Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of financial statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting policies, changes in accounting estimates and errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its financial statements.

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Note : 2

PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2023

Rs. Million

Particulars	Gross block						Depreciation						Net book value	
	As at April 1, 2022	Addition	Deduction/ retirement	Sub total	Foreign currency fluctuation	As at March 31, 2023	As at April 1, 2022	For the year	Deduction	Sub total	Foreign currency fluctuation	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
TANGIBLE ASSETS														
Land[1]	6,703.94			6,703.94	-	6,703.94	-	-	-	-	-	-	6,703.94	6,703.94
Building[2]	517.75	281.55	-	799.30	3.22	802.52	208.82	10.63	-	219.45	3.19	222.64	579.88	308.93
Plant and equipment	8,423.26	1,614.50	326.91	9,710.85	4.02	9,714.87	4,669.50	715.20	242.86	5,141.84	0.18	5,142.02	4,572.85	3,753.76
Lease plant and equipment				-		-				-		-	-	-
Furniture and fixtures	101.22	2.51	31.32	72.41	0.13	72.54	91.95	2.40	31.28	63.07	0.13	63.20	9.34	9.27
Vehicles[3]	1,617.76	167.43	127.99	1,657.20	0.13	1,657.33	1,201.55	95.81	123.25	1,174.11	0.13	1,174.24	483.09	416.21
Lease vehicle				-		-				-		-	-	-
Office equipments	69.73	1.73	36.69	34.77	0.11	34.88	61.33	2.95	36.67	27.61	0.11	27.72	7.16	8.40
Others[4]	34.66			34.66		34.66	28.72	0.55	-	29.27		29.27	5.39	5.94
Electric equipment	152.54	57.92	29.39	181.07		181.07	88.41	19.16	28.72	78.85		78.85	102.22	64.13
Computer equipments	151.42	17.85	54.18	115.09	0.11	115.20	120.19	19.58	54.12	85.65	0.11	85.76	29.44	31.23
Container	11.54	1.00		12.54		12.54	7.60	0.93	-	8.53		8.53	4.01	3.94
Total	17,783.82	2,144.49	606.48	19,321.83	7.72	19,329.55	6,478.07	867.21	516.90	6,828.38	3.85	6,832.23	12,497.32	11,318.69
RIGHT TO USE														
Building	32.50	3.20	-	35.70		35.70	7.90	10.54	-	18.44		18.44	17.26	24.60
Land	3.15	-	-	3.15		3.15	1.06	1.06		2.12		2.12	1.03	2.09
Plant and equipment	490.26	-	-	490.26		490.26	315.89	47.30	-	363.19		363.19	127.07	174.37
Vehicles	12.06			12.06		12.06	5.12	1.46		6.58		6.58	5.48	6.94
Total	537.97	3.20	-	541.17	-	541.17	329.97	60.36	-	390.33	-	390.33	150.85	195.05
Less : Transferred to capital WIP								-	-	-				
TOTAL PPE AND RIGHT TO USE	18,321.79	2,147.69	606.48	19,863.00	7.72	19,870.72	6,808.04	927.57	516.90	7,218.71	3.85	7,222.56	12,648.17	11,513.75
INTANGIBLE ASSETS														
Computer software	69.64	8.63	8.71	69.56	-	69.56	60.33	5.47	8.71	57.08	-	57.08	12.48	9.31
Goodwill	282.00	-	-	282.00	-	282.00	-	-	-	-	-	-	282.00	282.00
Total	351.64	8.63	8.71	351.56	-	351.56	60.33	5.47	8.71	57.08	-	57.08	294.48	291.31
Capital Work-In-Progress	2,826.38	107.09	2.74	2,930.73	13.71	2,944.44	-	-	-	-	-	-	2,944.44	2,826.38
GROSS TOTAL	21,499.81	2,263.41	617.92	23,145.29	21.43	23,166.72	6,868.37	933.04	525.61	7,275.80	3.85	7,279.65	15,887.09	14,631.44

PATEL ENGINEERING LTD. Mumbai.

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

1 Title deeds of immovable property not held in the name of the Company:

Rs. Million

Particulars	Description of items of property	Gross carrying value	Title deed held in the name of	Whether title deed holder is a promoters, director or relative of promoters / director / employee of promoters or director	Property held since which date	Reason for not being held in the name of company
Property Plant & Equipment	Land	6,044.22	PEL Power Limited, Jayshe Gas Power Pvt Ltd, Patel Energy Assignment Pvt Ltd, Patel Energy Operations Pvt Ltd, Patel Energy Projects Pvt ltd, Patel Thermal Energy Projects Pvt ltd, PEL Port Pvt ltd	Step-down subsidiaries company (merged entities) of Patel Engineering Limited	FY 2021-22	These land is acquired through merger order given by Competent authority and the same is in process of transferring in the name of the company.
Property Plant & Equipment	Land & Building	183.34	PEL Power Limited			
Property Plant & Equipment	Land	7.64	PEL Power Limited			
Property, plant & equipment	Land	8.02	Mr. Muthuraj	Employee	FY 2009-10	Ownership of asset by directors / officials of the Company was permitted as per Companies act. The land was purchased accordingly.
Property, plant & equipment	Land	23.71	Mrs. Silloo Yezdi Patel	Ex-director	FY 2001-02	
Property, plant & equipment	Land	4.07	Mr. Rupen Pravin Patel	Director	FY 2000-01	

2 a) Building includes building [gross block - Rs. 615.07 million (P.Y. Rs. 330.30 million), accumulated depreciation Rs. 119.80 million (P.Y. Rs. 112.22 million)] and factory building [gross block - Rs. 187.45 million (P.Y. Rs. 187.45 million), accumulated depreciation Rs. 102.90 million (P.Y. Rs. 96.60 million)]

b) Includes Rs. 0.0083 million (Rs. 0.0083 million) being the value of 165 shares (P.Y. 165 shares) and share deposits in Co-operative Societies

3 Includes assets costing Rs. 539.40 million (Rs. 37.12 million) not commissioned/erected/put to use.

Rs. Million

4 Vehicles includes	Gross block 2022-23	Gross block 2021-22	Acc dep. 2022-23	Acc dep. 2021-22
Motor car	340.67	335.40	247.96	255.17
Motor truck	1,325.42	1,290.79	930.26	948.39
Motor cycle	3.29	3.62	2.55	3.06

Rs. Million

4 Others include	Gross block 2022-23	Gross block 2021-22	Acc dep. 2022-23	Acc dep. 2021-22
Ship	0.06	0.06	0.06	0.06
Rails and trolley	34.60	34.60	29.20	28.65

5 Capital work-in-progress (CWIP) ageing schedule

Rs. Million

Particulars	Amount in CWIP for a period of Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Project in progress	158.15	2.01	0.69	1,095.27	1,256.11
Project temporary suspended*	0.28	0.30	87.11	1,600.65	1,688.33

* Company is in process of negotiation with the client for revival of the projects and expect that estimated realisation from the project shall be whether through sale on as and whereas basis or execution of project upon revival, is more than the carrying value of the assets. Therefore, expected completion schedule and cost cannot be ascertained at this juncture.

Patel Engineering Ltd. Mumbai.

Vatsaraj & Co. FRN 111327W Chartered Accountants

PATEL ENGINEERING LIMITED
PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2022

Rs. Million

Particulars	Gross block							Depreciation							Net book value	
	As at April 1, 2021	Business combination	Addition	Deduction/ retirement	Sub total	Foreign currency fluctuation	As at March 31, 2022	As at April 1, 2021	For the year	Impairment	Deduction	Sub total	Foreign currency fluctuation	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
TANGIBLE ASSETS																
Land[1]	2,464.45	4,213.81	25.68	-	6,703.94	-	6,703.94	-	-	-	-	-	-	-	6,703.94	6,678.26
Building[2]	623.34		6.07	113.13	516.28	1.47	517.75	208.85	12.33		13.74	207.44	1.38	208.82	308.93	414.49
Plant and equipment[3]	7,490.30		1,319.03	386.17	8,423.16	0.10	8,423.26	4,397.27	624.77		352.63	4,669.41	0.09	4,669.50	3,753.76	3,093.03
Furniture and fixtures	95.44		6.05	0.34	101.15	0.07	101.22	90.20	1.74		0.06	91.88	0.07	91.95	9.27	5.24
Vehicles[4]	1,392.70		241.75	16.76	1,617.69	0.07	1,617.76	1,143.70	73.24		15.46	1,201.48	0.07	1,201.55	416.21	249.00
Office equipments	63.27		6.42	0.01	69.68	0.05	69.73	59.30	1.98		-	61.28	0.05	61.33	8.40	3.97
Others[5]	40.07		5.28	10.69	34.66	-	34.66	28.98	1.08		1.34	28.72	-	28.72	5.94	11.09
Electric equipment	113.44		39.41	0.31	152.54	-	152.54	77.65	10.95		0.19	88.41	-	88.41	64.13	35.79
Computer equipments	132.93		18.80	0.37	151.36	0.06	151.42	105.82	14.67		0.36	120.13	0.06	120.19	31.23	27.11
Container	11.35		0.19	-	11.54	-	11.54	6.54	1.06		-	7.60	-	7.60	3.94	4.81
Total	12,427.29	4,213.81	1,668.68	527.78	17,782.00	1.82	17,783.82	6,118.31	741.82	-	383.78	6,476.35	1.72	6,478.07	11,318.69	10,522.79
RIGHT TO USE[6]																
Building	3.69		28.81	-	32.50	-	32.50	2.30	5.60		-	7.90	-	7.90	24.60	1.38
Land			3.15	-	3.15		3.15		1.06			1.06		1.06	2.09	-
Plant and equipment	468.90		21.49	0.13	490.26	-	490.26	249.97	65.97		0.05	315.89	-	315.89	174.37	218.93
Vehicles	12.06				12.06	-	12.06	3.66	1.46			5.12	-	5.12	6.94	8.40
Total	484.65	-	53.45	0.13	537.97	-	537.97	255.93	74.09	-	0.05	329.97	-	329.97	195.05	228.71
Less : Trfd to capital WIP									2.50		-	2.50				
TOTAL PPE AND RIGHT TO USE	12,911.94	4,213.81	1,722.13	527.91	18,319.97	1.82	18,321.79	6,374.24	813.41	-	383.83	6,806.32	1.72	6,808.04	11,513.75	10,751.50
INTANGIBLE ASSETS																
Computer Software	61.12		8.52	-	69.64	-	69.64	57.25	3.08		-	60.33	-	60.33	9.31	3.87
Goodwill	283.86	(1.86)	-	-	282.00	-	282.00	-	-		-	-	-	-	282.00	282.00
TOTAL	344.98	(1.86)	8.52	-	351.64	-	351.64	57.25	3.08	-	-	60.33	-	60.33	291.31	285.87
Capital Work-In-Progress	6,786.06	(3,982.85)	2.61	(5.40)	2,811.22	15.16	2,826.38	-	-		-	-	-	-	2,826.38	2,803.22
TOTAL	20,042.98	229.10	1,733.26	522.51	21,482.83	16.98	21,499.81	6,431.49	816.49	-	383.83	6,866.65	1.72	6,868.37	14,631.44	13,840.59

Notes

1 Title deeds of immovable property not held in the name of the Company:

Rs. Million

Particulars	Description of items of property	Gross carrying value	Title deed held in the name of	Whether title deed holder is a promoters, director or relative of promoters / director / employee of promoters or director	Property held since which date	Reason for not being held in the name of company
Property, plant & equipment	Land	6,044.22	PEL Power Limited, Jayshe Gas Power Pvt Ltd, Patel Energy Assignment Pvt Ltd, Patel Energy Operations Pvt Ltd, Patel Energy Projects Pvt ltd, Patel Thermal Energy Projects Pvt ltd, PEL Port Pvt ltd	Step-down subsidiaries company of Patel Engineering Limited	FY 2021-22	Entities are part of merger scheme and they will merge with the Company on receipt of merger order from competent authority
Property, plant & equipment	Land & building	183.34	PEL Power Limited			
Property, plant & equipment	Land	7.64	PEL Power Limited			
Property, plant & equipment	Land	8.02	Mr. Muthuraj	Employee	FY 2009-10	Ownership of asset by directors / officials of the Company was permitted as per Companies act. The land was purchased accordingly.
Property, plant & equipment	Land	23.71	Mrs. Silloo Yezdi Patel	Ex-director	FY 2001-02	
Property, plant & equipment	Land	4.07	Mr. Rupen Pravin Patel	Director	FY 2000-01	

2 a) Building includes building [gross block - Rs. 330.30 million (P.Y. Rs. 440.38 million), accumulated depreciation Rs. 112.22 million (P.Y. Rs. 118.54 million)] and factory building [gross block - Rs. 187.45 million (P.Y. Rs. 182.96 million), accumulated depreciation Rs. 96.60 million (P.Y. Rs. 90.31 million)]

b) Includes Rs. 0.0083 million (Rs. 0.0083 million) being the value of 165 shares (P.Y. 165 shares) and share deposits in Co-operative Societies

3 Includes assets costing Rs 37.12 Million (P.Y. Rs. 37.37 million) not commissioned/erected/put to use.

4

Rs. Million

Vehicles includes	Gross block 2021-22	Gross block 2020-21	Acc dep. 2021-22	Acc dep. 2020-21
Motor car	335.40	318.54	255.17	237.73
Motor truck	1,290.79	1,082.59	948.39	906.79
Motor cycle	3.62	3.62	3.06	2.81

5

Rs. Million

Others include	Gross block 2021-22	Gross block 2020-21	Acc dep. 2021-22	Acc dep. 2020-21
Ship	0.06	0.06	0.06	0.06
Rails and trolley	34.60	40.01	28.65	28.91

6 Capital work-in-progress (CWIP) ageing schedule

Rs. Million

Particulars	Amount in CWIP for a period of: Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Project in progress	55.93	0.69	124.42	957.14	1,138.18
Project temporary suspended*	0.30	87.11	442.97	1,157.83	1,688.20

* Company is in process of negotiation with the client for revival of the projects and expect that estimated realisation from the project shall be whether through sale on as and whereas basis or execution of project upon revival, is more than the carrying value of the assets. Therefore, expected completion schedule and cost cannot be ascertained at this juncture.

VATSARAJ & CO. ★ FRN 111327W ★ CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

Patel

NOTE : 3

INVESTMENT

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
NON- CURRENT INVESTMENTS		
- In equity instrument at cost, unquoted		
20,207 shares (20,207) of ASI Constructors INC. par value US $ 0.0099 per share	-	-
- In preference instruments at cost, unquoted		
59,375 shares (59,375) of ASI Const. Inc, Par value US$ 100 per share	-	-
Other equity investments at cost- unquoted		
In joint ventures	8.02	8.25
In associates		
Other investments (accounted under equity method)		
Nil (26,672,000) of Raichur Sholapur Transmission Company Ltd., face value Rs. 10/- per share	-	111.13
10,006,000 shares (10,006,000) of Patel KNR Heavy Infrastructures Ltd., face value Rs.10/- per share	321.89	306.10
52,600 shares (52,600) of Pan Realtors Pvt. Ltd. face value Rs. 10/- per share	-	-
5,000 shares (5,000) of PLS Pvt. Ltd., face value LKR 10/- per share	2.74	2.82
8,495,040 shares (8,495,040) of ACP Tollways Pvt. Ltd., face value Rs. 100/- per share (includes goodwill of Rs. 2.77 million)	180.70	150.00
2,40,19,600 shares (2,40,19,600) of Hitodi Infrastructure Pvt. Ltd. face value Rs. 10/- per share	(0.00)	(0.00)
	505.33	570.05
Investment in government securities [IV]	0.12	0.14
Investment by joint venture	76.00	76.00
Investment in partnership firms [V]	-	-
Investment in mutual funds (At FVTPL, quoted)	660.73	169.89
Total	1,250.20	824.33
Less : provision for impairment [III]	7.94	8.25
TOTAL NON -CURRENT INVESTMENT	1,242.26	816.08

I. Aggregated amount of unquoted investments as at March 31, 2023 Rs. 581.53 million (P.Y. Rs. 646.18 million).

II. Aggregated amount of quoted investments as at March 31, 2023 Rs. 660.73 million, market value Rs. 660.71 million (P.Y. Rs. 168.89 million, market value Rs. 168.89 million).

III. Aggregated amount of impairment in value of investments as at March 31, 2023 Rs. 7.94 million (P.Y. Rs. 8.25 million) (also refer note 13).

IV. Includes investment in national saving certificates, in the name of directors, lodged with project authorities.

NOTE : 4

TRADE RECEIVABLES

		Non-current		Current	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
Unsecured, considered good unless otherwise stated					
Receivables outstanding for a period exceeding six months					
Considered good		3,499.87	3,550.91	3,609.02	4,137.42
Considered doubtful		-	-	5.12	4.96
		3,499.87	3,550.91	3,614.14	4,142.38
Less : provision for doubtful debts		-	-	5.12	4.96
	(A)	3,499.87	3,550.91	3,609.02	4,137.42
Other receivables					
Considered good	(B)	106.92	1,384.56	1,704.72	1,481.85
	(A+B)	3,606.79	4,935.47	5,313.74	5,619.27

I There is no trade receivable due from any director or any officer of the company, either severally or jointly with any other person, or form any firms or private companies in which any director is a partner, a director or a member.

II Trade receivables, except receivables on account of claims awarded in arbitration in favour of the group, are non-interest bearing and are generally on term of 30 to 90 days.

III Trade receivables are net of advances received against arbitration awards/claims of Rs. 4,887.40 millions (P.Y. Rs. 3,400.51 millions).

IV Trade receivable ageing schedule

Particulars	Outstanding for following periods from due date of payment						Total
	Less than 6 months	6 months to 1 years	1-2 years	2-3 years	More than 3 years	Not due / unbilled receivable	
As on March 31, 2023							
Undisputed trade receivable - considered good	1,170.60	696.05	983.31	869.21	1,449.18	3,749.90	8,918.25
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	4.85	-	4.85
Undisputed trade receivables - credit impaired	-	-	-	-	2.39	663.05	665.44
	1,170.60	696.05	983.31	869.21	1,456.42	4,412.95	9,588.54
Less: allowance for doubtful debts	-	-	-	-	4.96	663.05	668.01
Total receivable	1,170.60	696.05	983.31	869.21	1,451.47	3,749.90	8,920.53
As on March 31, 2022							
Undisputed trade receivable - considered good	2,054.56	674.05	699.14	1,039.72	1,406.73	4,678.26	10,552.46
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	4.85	-	4.85
Undisputed trade receivables - credit impaired	-	-	-	-	2.39	-	2.39
	2,055	674	699	1,040	1,414	4,678	10,560
Less: allowance for doubtful debts					4.96		4.96
Total receivable	2,054.56	674.05	699.14	1,039.72	1,409.01	4,678.26	10,554.74

NOTE : 5

LOANS

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Balance in current account with associates / joint ventures / partnership firms				
Unsecured, considered good	887.94	766.19	60.08	106.08
Balance which have significant increase in credit risk	88.01	101.06	-	3.51
	975.95	867.25	60.08	109.59
Less: provision for impairment	88.01	101.06	-	3.51
	887.94	766.19	60.08	106.08

Above loan/current account balance fully pertaining to related parties as identify under IND AS 24.

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

Patel

NOTE : 6
OTHER FINANCIAL ASSETS

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Cash and bank balance				
- On fixed deposits accounts with scheduled banks*	2,130.92	1,784.60	-	-
Deferred finance cost	70.31	56.83	-	-
Secured deposit				
Unsecured, considered good	2,260.10	2,410.56	2,089.27	1,781.55
Accrued interest	1,762.34	1,422.12	21.84	37.07
Others	5.06	52.54	167.73	131.51
	6,228.73	5,726.65	2,278.84	1,950.13

* Includes amount given towards margin money and earnest money deposits

NOTE : 7
DEFERRED TAX ASSETS

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Retaled to depreciation on property, plant and equipment	52.80	28.71
Carry forward of an unused tax credit	620.98	620.98
Other disallowances under the income tax act	1,463.40	1,323.99
	2,137.18	1,973.68

Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Deferred income tax liability		
Timing difference on tangible and intangible assets depreciation and amortization	(7.10)	(29.26)
Others	(0.05)	(0.46)
Deferred income tax asset		
Disallowances on account of income tax act	1,395.21	1,320.35
Timing difference on tangible and intangible assets depreciation and amortisation	59.90	57.97
Carry forward of an unused tax credit	620.98	620.98
Other	68.24	4.11
Total deferred tax assets (net)	2,137.18	1,973.68

NOTE : 8
CURRENT TAX ASSETS (NET)

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Advance tax (net)[1]	940.01	554.50	7.09	125.58
	940.01	554.50	7.09	125.58

1 Includes advance tax which is net of provision for tax Rs. 72.99 million (P.Y. Rs. 21.98 million).

2 A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Profit / loss before income tax	2,326.89	1,120.18
Income tax expense calculated at 34.944%	813.11	391.43
Effect of expenses not allowed for tax purpose	335.07	4.96
Effect of income not considered for tax purpose	(276.37)	(2.00)
Others	(183.33)	(10.50)
	688.47	383.89

NOTE : 9
OTHER ASSETS

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Capital advance				
Secured, considered good				
Unsecured, considered good	224.14	232.98	-	-
Security deposit				
Unsecured, considered good	1.20	-	-	-
Doubtful	16.76	16.76		-
Advance recoverable				
Secured, considered good				
Unsecured, considered good	179.14	180.74	4,081.10	4,293.89
Doubtful	207.00	464.71	27.30	27.30
Prepaid expenses	228.65	208.68	657.85	473.25
Balance with statutory authorities	745.75	881.42	2,269.21	2,058.01
Accrued interest	-	-	0.02	-
Preoperative and preliminary expenses	706.15	606.50	-	-
Advance to suppliers	-	-	44.09	75.52
Other advances	46.82	1.50	23.39	247.02
Receivable on account of sale of long term investments	-	-	51.88	51.88
Non trade receivables	-	-	56.50	31.06
Advances to employees	1.19	1.23	36.12	34.38
	2,356.80	2,594.52	7,247.46	7,292.31
Less: allowance for doubtful advances	223.76	481.47	-	-
Less: provision for impairment	-	-	27.30	27.30
	2,133.04	2,113.05	7,220.16	7,265.01

NOTE : 10
INVENTORIES *

	Current	
	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
(At lower of cost or net realizable value)		
Stock of land	3,289.04	3,604.08
Stores, embedded goods and spare parts etc. (includes stores in transit Rs. 182.67 million (P.Y. Rs 37.75 million)	2,727.27	2,421.10
Work-in-progress	31,419.02	29,880.77
	37,435.33	35,905.95

*(As technically valued and certified by the management)

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

NOTE : 11
CASH AND CASH EQUIVALENTS

	Current	
	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Balance with banks		
- On current accounts with scheduled banks	1,241.65	2,268.28
- On fixed deposits accounts with scheduled banks	840.42	306.46
-On fixed deposits accounts with foreign banks	21.35	21.35
- Foreign currency in hand	2.48	0.33
Cash on hand	6.34	9.36
	2,112.25	2,605.78

NOTE : 12
OTHER BANK BALANCES

Deposits with maturity more than 3 months but less than 12 months	9.27	7.15
Balances with bank for unpaid dividend	-	-
	9.27	7.15

NOTE : 13
ASSETS CLASSIFIED AS HELD FOR SALE

	Current	
	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Investment		
2,50,000 shares (2,50,000) of Bellona Estate Developers Ltd., face value Rs. 10/- per	-	-
Less : provision for impairment	-	-
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	-	-

NOTE : 14
SHARE CAPITAL AND OTHER EQUITY
A) SHARE CAPITAL

	March 31, 2023		March 31, 2022	
	No. of shares	Rs. Million	No. of shares	Rs. Million
a) **Authorized**				
Equity shares of Re. 1/- each	9,95,43,00,000	9,954.30	2,75,00,00,000	2,750.00
Zero coupon optionally convertible preference shares of Re 1/- each*	80,00,00,000	800.00	80,00,00,000	800.00
Preference shares of Rs.10,000,000 each	-	-	-	-

* Pursuant to the merger scheme under section 230 to section 232 of the Companies act, 2013, which has been sanctioned by the National Company Law Tribunal, Mumbai Bench and Hyderabad Bench ('NCLT'), 14 subsidiaries of the Company has been merged with the company and the authorised share capital of these subsidiaries is added to the authorised share capital of the Company w.e.f appointed date i.e. April 1, 2021

	March 31, 2023		March 31, 2022	
b) **Issued, subscribed and fully paid up**				
Equity shares of Re. 1/- each	77,36,17,228	773.62	47,92,30,494	479.23
	77,36,17,228	773.62	47,92,30,494	479.23

c) **Terms / rights attached to equity shares**

The Company has only one class of shares referred to as equity shares of Re. 1/- each. Each holder of equity shares is entitled to the same rights in all respects.

d) **Reconciliation of equity shares outstanding at the beginning and at end of the year**	No. of shares	Rs. Million	No. of shares	Rs. Million
Outstanding at the beginning of the year	47,92,30,494	479.23	46,54,53,024	465.45
Add :- issued during the year	29,43,86,734	294.39	1,37,77,470	13.78
Outstanding at the end of the year	77,36,17,228	773.62	47,92,30,494	479.23

e) **Share held by each shareholder more than 5%**

Equity shares **Name of the shareholder**	No. of Shares	% holding	No. of Shares	% holding
i) Raahitya Constructions Pvt. Ltd. (erstwhile Patel Corporation LLP)	23,24,06,527	30.04	18,53,31,924	38.67
ii) Praham India LLP	4,01,95,352	5.20	4,01,95,352	8.39
iii) Mr. Rupen Pravin Patel	3,07,85,933	3.98	3,46,85,933	7.24

f) During the financial year 2019-20, Company had made prefential allotment of 53,99,66,397 fully paid-up OCPS to a promoter of the Company pursuant to a contract without payment being received in cash. Out of the above in 2019-20, 37,32,72,000 OCPS were converted into 2,06,00,000 equity shares at a price of Rs. 18.12 /- (including security premium of Rs 17.12/-). Balance 16,66,94,397 OCPS has converted in previous year (financial year 20-21) into 91,99,470 equity shares.

Further, during the financial year 2021-22, company has made prefential allotment of 1,37,77,470/- (P.Y. 4,80,75,262/-) fully paid-up shares at a price of Rs. 14.78/- (including security premium of Rs. 13.78/-) to a lender of the subsidiary pursuant to a one time settlement contract without payment being received in cash.

g) **Shares reserved under options**

In pursuant to the scheme of Sustainable Structuring of Stressed Assets (S4A scheme), company has converted debt into 0.01% Optionally Convertible Debentures (OCD) with a 7% IRR. Details note related to outstanding option and term of conversion/redemption of OCD has given under the head of Borrowings.

h) **Shareholding of promoters**

Shares held by promoters as defined under the Companies Act 2013 at the end of the year

	Promoters name	March 31, 2023			March 31, 2022		
		No. of shares	% of total shares	% changes during the year	No. of shares	% of total shares	% changes during the year
i	Mr. Rupen Patel	3,07,85,933	3.98	(11.24)	3,46,85,933	7.24	-
ii	Raahitya Constructions Pvt. Ltd.	23,24,06,527	30.04	25.40	18,53,31,924	38.67	-
iii	Praham India LLP	4,01,95,352	5.20	-	4,01,95,352	8.39	-
iv	Ms. Alina Rupen Patel	12,90,000	0.17	-	12,90,000	0.27	-
v	Ms. Chandrika Patel	1,49,900	0.02	-	1,49,900	0.03	-
vi	Mr. Ryan Rupen Patel	90,000	0.01	-	90,000	0.02	-
	Total	30,49,17,712	39.41	14.16	26,17,43,109	54.62	-

I) **Share issued during the year**

During the year, the allotment committee of the Company on July 25, 2022 allotted 2,39,61,525 equity shares of face value Re. 1/- each for cash at par aggregating to Rs. 2,39,61,525 to Patel Engineering Employee Welfare Trust under Patel Engineering Employees' Stock Option Plan 2007 and on September 9, 2022, allotted 1,25,52,800 equity shares of face value Re. 1/- each @ issue price of Rs. 25.36 per share (including a premium of Rs 24.36 per share) aggregating to Rs. 31,83,39,008 to a category I registered FPI by way of on preferencial allotment and money raised through private placement offer letter have been applied for the stated purpose under the private placement offer letter.

Further, the Company has issued and allotted 25,78,72,409 equity shares, by way of Rights issue to the existing shareholders of the Company, of the face value Re. 1/- each at the price of Rs. 12.60 per equity share (including a premium of Rs. 11.60 per share) aggregating to Rs. 3,249.19 million. The utilisations of the money raised through Rights issue are in term of the Letter of offer. As on Mar 31, 2023, an amount of Rs 529.30 Million is pending utilisation, kept in a separate bank account / temporary invested in fixed deposit and shall utilised for the purposes stated in the said Letter of Offer

B) OTHER EQUITY - Refer statement of change in equity for details disclosure.

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Patel

NOTE : 15

BORROWINGS

		Non-current portion		Current Maturities	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rs. Million	Rs. Million	Rs. Million	Rs. Million
I	Secured loans				
a)	Debentures [1]				
b)	Term loans	4,625.35	5,230.57	724.30	1,391.00
	- From bank [2]				
	- From others [3]	629.36	1,553.68	443.41	1,170.22
II	Unsecured loans	100.00	572.89	328.00	237.85
	- From related parties				
	Amount disclosed under "other financial liabilities" in note no. 22	-	250.00	(1,495.71)	(2,799.07)
		-	-		
		5,354.71	7,607.14	-	-

1 Debentures

a) LIC - 11.30% NCD (ISIN INE244B07144) ; 11.30% secured redeemable non convertible debentures was allotted on September 17, 2012 for a period of 10 years. These debentures have a face value of Rs. 1.0 million each aggregating to Rs. 238.00 million (P.Y. Rs.1,138.00 million). These NCDs along with the OCDs issued to LIC of Rs. 708.30 million (P.Y. Rs. 708.30 million) is secured against charge on certain land held as stock in trade of the Company and its subsidiaries. The above debentures are listed on The National Stock Exchange of India Ltd.

b) During F.Y. 18, S4A (Scheme for Sustainable Structuring of Stressed Assets) of RBI for debt resolution plan was approved and implemented by the lenders of the company by virtue of which their debts (including the interest accrued thereon) on the reference date of August 8, 2017 was split into Part A debt which was serviceable from the reference date and Part B Debt, which was converted into 0.01% optionally convertible debentures (OCD) with a 7% IRR repayable over a period of 10 years commencing from the 6th year. Further in F.Y. 19, implementation from LIC (Life Insurance Corporation of India) & GIC (General Insurance Corporation of India) was completed as per the scheme and units of OCD under Part B Debt was issued by the company. As part of the above S4A scheme, lenders of the company had converted Part B debt from working capital term loan (WCTL) , working capital facilities (CC) , non convertible debentures (NCD) & short term loans (STL) facilities into various tranches of optionally converted debentures (OCD). The tranche wise details of OCD allotment and their outstanding details as on March 31, 2023 are as follows -
Tranche 1. (WCTL) Rs. 908.11 million (P.Y. Rs. 1,190.73 million) ,Tranche 2 (CC) Rs. 2,212.38 million (P.Y. Rs. 2,215.05 m million), Tranche 3 (GIC OCD) Rs. 43.90 million (P.Y Rs. 43.90 million), Tranche 7 (LIC) Rs. 708.30 million (P.Y. Rs. 708.30 million) & Tranche 9. (STL) Rs. 9.93 million (P.Y. Rs. 9.93 million). These debentures have a face value of Rs. 1000 each aggregating to Rs.3,882.62 million as on March 31, 2023 (P.Y. Rs. 4,167.89 million) and outstanding liabilities on these debenture under IND AS 109 is Rs. 3,369.25 million (P.Y. Rs. 4,805.17 million) as on March 23.

The OCD's carry a coupon rate of 0.01% p.a. payable annually on March 31 every year, with a yield to maturity (YTM) of 7% p.a. payable at the time of maturity, payable from the reference date August 8, 2017 (for Tranches 1,2,3,7,9) and the original repayment schedule for repayment is over a period of 10 years as follows -

at the end of 6th year from reference date, i.e. August 8, 2023 - 5%, end of 7th year, i.e. August 8, 2024 - 20%, end of 8th year, i.e. August 8, 2025 - 25%, end of 9th year, i.e. August 8, 2026 - 25% and end of 10th year, i.e. August 8, 2027 - 25%. For Tranche 3 (GIC) the OCD units were credited effective July 1, 2018 & Tranche 7 (LIC) the OCD Units were credited effective December 17, 2018, with moratorium of 5 Years and balance payable in 5% in year 6, 20% in year 7, 25% each in year 8, year 9 & year 10, from their effective credit date along with the yield to maturity of 7% p.a.

Tranche 1 is secured against the same security as for WCTL - refer note 15 - 2 a) below in term loan banks, working capital term loan note,
Tranche 2 is secured against the same security as for CC - refer note 22 - 2) below in working capital demand loan note, Tranche 3 is secured against charge on certain property held as fixed assets of the company and subservient charge on all the property, plant and equipment of the company. Tranche 7 is secured against the same security as for NCD earlier which were issued to LIC - refer note 15 - 1a) above.
Tranche 1 & Tranche 2 are also secured by pledge of 93,50,927 shares (P.Y. 93,50,927 shares) of the Company held by promoters and Mr. Pravin Patel of the company and pledge of 49% holding of the company in Hitodi Infrastructure Pvt. Ltd. The said OCDs are also secured by personal guarantees of Mr. Rupen Patel . These securities are also for Part A debt.
Tranche 9 is secured against the same security as for bank STL - refer note 22 - 1) below in short term loans note.

c) 9.57% secured redeemable non convertible debentures was allotted by Patel KNR Infrastructure Limited ('PKIL') on April 2, 2010 for a period of 17 years. These debentures have a face value of Rs. 1.0 million each aggregating to Rs. 1,563.40 million including Rs. 307.30 millions in current maturity. These NCDs is secured against entire, present and future, movable and immovable assets of the PKIL. The above debentures are listed on The National Stock Exchange of India.

d) As per section 71 read with rule 18 of companies share capital and debentures rules, 2014 and amendment thereof, PKIL has made adequate fixed deposit/investment for debenture issued by them and maturing in next financial year.

2 Term loan banks

a) Term loan includes working capital term loan(WCTL) secured by a first pari passu charge on the receivables more than 180 days, retention deposit, stock of land, immovable property and mortgage over certain lands owned by subsidiary companies, corporate guarantee and pledge of 30% shareholding of subsidiaries owning real estate lands. Mr. Rupen Patel, promoter in their personal capacity and Mr. Muthu Raj to the extent of the value of the property owned by them, has provided personal guarantees for WCTL. Also there is a charge on escrow accounts of Company, wherein cash flows will be deposited from real estate projects to be developed/monetized by respective companies, pledge of 93,50,927 shares (P.Y. 93,50,927 shares) shares of the Company held by promoters and Mr. Pravin Patel and 49% share holding of Hitodi Infrastructures Pvt. Ltd. held by the Company. The WCTL Term loans were repayable over 1 to 4 years starting F.Y. 2020 to F.Y. 2023. In F.Y. 20-21, due to Covid 19 pandemic, the lenders had invoked one time restructuring (OTR) which has been implemented in F.Y. 21-22 by the lenders and all principal repayments have been shifted by 2 years, accordingly, the balance WCTL is repayable from F.Y. 23 to F.Y. 25. Also, the lenders had sanctioned and disbursed FITL (funded interest term loan) on the said debt from March 1, 2021 upto March 31, 2022. The rates of Interest for these loans vary between 10%- 11.50% (floating) linked to Monitoring Institution's base rate.

b) Term loan of Rs. 29.76 million (P.Y. Rs. 16.00 million) secured by hypothecation of specified motor vehicles acquired under the said loans. Interest rate ranging from 8.75% to 11.70% and repayment is over in 1-5 years. Included the top up of INR 57 million and secured by Hypothecation of TBM machine. Repayment is over 1-5 years.

c) Term loan of Nil (P.Y. Nil) was taken during the financial year 2016-17 and carries interest MCLR (1 Year) + 2.75% p.a. The loan is repayable starting from January, 2019 in 14 quarterly instalment. The loan is secured by pari passu charge over the current assets of the PBSR Developers Pvt. Ltd. ('PBSR') including receivables of the PBSR. The charge to cover escrow account established / to be established for the project under PBSR. First pari-pasu charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

d) Term loan of Rs. 123.42 million (P.Y. Rs. 155.90 million) was taken during the financial year 2021-22 and carries interest MCLR (1 Year) + 1% p.a subject a maximum of 9.25% p.a. The loan is repayable starting in 48 monthly instalment post moratorium period 12 months from the date of first disbursement. The loan is secured by second charge over the current assets of the PBSR including receivables of the PBSR. The charge to cover escrow account established / to be established for the project under PBSR. Second charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

3 From others

a) The term loan of Rs. 100.00 million (P.Y. Rs. 572.89 million) includes loans from financial institutions on equipment's, secured against the said equipment's. These loans carried an interest rate of average between 13%-14% on an average, with a repayment period of 3-5 years . This term loan also includes inter corporate deposits with an average rate of interest of 14%-15% with maturity period of 1-3 yrs. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company. It incudes project specific funding by financial institution from earmarked non fund based limit , this loans carried an interest rate of average between 10%-11% on an average.

4 From related parties

It includes unsecured long term inter corporate loan payables to promoters of the company of Nil (P.Y. Rs. 250.00 million).

NOTE : 16

LEASE LIABILITY

	Non-current		Current	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million	Rs. Million	Rs. Million
Lease liability	81.84	191.83	97.30	110.45
	81.84	191.83	97.30	110.45

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NOTE : 17
TRADE PAYABLES*

	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Trade creditors	467.91	741.49
Piece rate wages payable	2,591.04	2,549.97
Provisions - others	2,177.37	1,969.00
Capital creditors	945.83	510.79
	6,182.15	5,771.25

*Ageing of trade payable is given under note no 58

NOTE : 18
OTHER FINANCIAL LIABILITIES

	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million
Retention deposits (contractually to be refunded after 1 year from completion of work)	223.51	245.11
Interest accrued but not due on borrowings	2,012.22	1,667.28
	2,235.73	1,912.39

NOTE : 19
PROVISIONS

	Non-current		Current	
	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million
Provision for employee benefits (refer note 34)				
Provision for gratuity	33.69	34.89	35.91	39.14
Provision for leave entitlements	142.20	113.65	15.58	20.54
	175.89	148.54	51.49	59.68

NOTE : 20
OTHER NON CURRENT LIABILITY

	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million
Contractee advances	4,763.38	5,909.40
Deposits	291.47	181.52
Other liability	655.65	730.84
	5,710.50	6,821.76

NOTE : 21
DEFERRED REVENUE

	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million
Deferred revenue	78.92	64.73
	78.92	64.73

NOTE : 22
BORROWINGS

	March 31, 2023 Rs. Million	March 31, 2022 Rs. Million
I **Secured loans**		
Short term loans		
- From bank [1]	-	-
- From others	277.00	262.41
Loans repayable on demand		
- From bank [2]	9,588.71	11,098.63
II **Unsecured loans**		
- From others[3]	75.00	100.00
- From related parties	730.15	748.88
Current maturities of long-term debt	1,495.71	2,799.07
	12,166.57	15,008.99

1 **Short term loan**

a) Includes short term loans from others at interest rate of 15.00% due for rollover in next financial year. FITL has been sanctioned for these loans from March 1, 2021 upto March 31, 2022. The rates of Interest for these loans vary between 10%- 11.50% (floating) linked to Monitoring Institution's base rate. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company.

2 **Loans repayable on demand**

a) Includes cash credit and working capital demand loan from various banks. These loans have been given against first pari passu hypothecation of stocks, spare parts, book debts, work in progress & guarantees except specifically charged to any other lenders; secured against pledge of 93,50,927 shares (P.Y. 93,50,927 shares) of the company held by promoters and Mr. Pravin Patel and 49% share holding of Hitodi Infrastructures Pvt. Ltd. held by the Company. It also has second charge on receivable above 180 days, subservient charge over plant & machinery except specifically charged to any lenders and over certain immovable properties and right over residual cash flow's from sale of real estate charged to WCTL lenders. FITL has been sanction for the loans from March 2021 up to March 31, 2022.
Terms of repayment:
Cash credit- yearly renewal, rate of interest ranges between 10.35%-12.31% p.a. p.a. (P.Y. 10%-12.85% p.a.)

b) i) Includes cash credit of Rs. 10.64 million (P.Y. Nil) is secured by first pari passu charge on the movable and immovable assets of the company except the assets specifically charged for project/lease based finance. Interest rate 13% to 14%.
ii) Includes cash credit & working capital demand loan of Rs. 41.49 million (P.Y. Nil) is secured by first pari passu charge on the current assets and movable fixed assets (including plant & machinery) of the company except for the assets specifically charged against relevant term loans. Additionally secured by first pari passu charge on the office bearing no. F-27, commerce centre and personal guarantee of Managing Director of MEPL. Interest rate 14% to 15%.
iii) Above cash credit borrowings are further secured by corporate guarantee of the Holding company i.e. Patel Engineering Ltd.
iv) Includes overdraft of Nil (P.Y. Rs. 0.38 million) is secured against the fixed deposit. Interest rate ranging from 6.5% to 7%

c) Loan of Rs. 224.18 million (P.Y. Rs. 256.04 million) was taken during the financial year 2016-17 and carries interest MCLR (1 Year) + 2.75% p.a. The loan is secured by pari passu charge over the current assets of the PBSR including receivables of the PBSR. The charge to cover escrow account established / to be established for the project. First pari-pasu charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

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3 **Unsecured loan**
It includes short term inter corporate payables to related parties of Rs. 730.15 million (P.Y. Rs. 748.88 million) and other Rs. 750.00 millions (P.Y. Rs. 100.00 million).

NOTE : 23
TRADE PAYABLES

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Total outstanding dues of micro enterprises and small enterprises (refer note no 42)	93.81	96.84
Total outstanding dues of creditors other than micro enterprises and small enterprises		
Trade creditors	6,600.23	5,206.06
Piece rate wages payable	4,646.48	3,532.93
Provisions - others	4,178.39	4,402.21
	15,518.91	13,238.04

*Ageing of trade payable is given under note no 58

NOTE : 24
OTHER FINANCIAL LIABILITIES

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Interest accrued but not due on borrowings	101.65	105.76
Interest accrued and due on borrowings	16.12	30.96
Unpaid dividend	-	-
Deposits	141.32	83.29
Others	0.24	0.07
	259.33	220.08

The group has transferred Nil (P.Y. Nil) to Investor Education & Protection Fund as at March 31, 2023.

NOTE : 25
OTHER CURRENT LIABILITIES

		March 31, 2023	March 31, 2022
		Rs. Million	Rs. Million
(a)	**Other liabilities**		
	Contractee advances	7,596.98	7,542.09
	Other payables		
	Payable to employees	576.92	558.13
	Other liabilities	1,105.33	724.16
(b)	**Balance in current account**		
	(i)With subsidiaries, associates	0.17	0.17
	(ii)With joint ventures	549.29	571.47
		9,828.69	9,396.02

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NOTE : 26

REVENUE FROM OPERATIONS

		March 31, 2023	March 31, 2022
		Rs. Million	Rs. Million
(a)	Revenue/turnover	39,444.51	32,491.89
	Add: increase/(decrease) in work-in-progress	1,744.06	(171.41)
	Sale of goods	0.24	1.10
	Total turnover	41,188.81	32,321.58
(b)	Other operating income		
	Lease and service charges	0.86	0.96
	Share of profit from partnership firm	-	0.68
	Miscellaneous operating income	830.04	1,479.83
		42,019.71	33,803.05

Disaggregation of revenue on the basis of	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Primary geographical market wise		
Domestic	38,134.67	31,378.70
International	3,885.04	2,424.34
Major product / service lines wise	Business Segments	Business Segments
EPC	41,588.13	33,462.89
Real estate	431.58	334.87
Others	-	5.28
Timing of revenue recognition wise		
At a point in time	1,262.72	1,817.44
Over period of time	40,756.99	31,985.61

NOTE : 27

OTHER INCOME

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Gain on sale of assets (net)	20.91	5.13
Gain on sale of investments (net)	0.30	-
Other non operating income	337.26	287.86
Interest income	595.75	589.12
Net gain on foreign currency translation	108.67	118.67
Excess credit written back	140.64	161.28
	1,203.53	1,162.06

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NOTE : 28

COST OF CONSTRUCTION

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Stores, embedded goods and spare parts *		
Inventories at the beginning of the year	2,421.10	1,941.57
Add : purchase (net)	10,183.32	9,005.82
	12,604.42	10,947.39
Less : inventories at the end of the year	2,727.27	2,421.10
Consumption of stores and spares	9,877.15	8,526.29
Purchase of land / development rights	-	0.14
Piece rate expenses (net)	16,477.99	12,342.47
Repairs to machinery	60.50	50.63
Transportation, hire etc.	1,698.29	1,317.05
Power, electricity and water charges	693.30	597.39
Project development cost	31.80	26.64
Technical consultancy fees	170.15	202.83
Other construction costs	1,605.04	1,377.06
	30,614.22	24,440.50

* Stores, embedded goods and spares etc., consumed include materials issued to sub contractors.

NOTE : 29

EMPLOYEE BENEFITS EXPENSE

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Salaries, wages and bonus	3,019.10	2,398.51
Contribution to provident and other funds (refer note no. 34)	188.65	106.35
Employee stock option (ESOP) (refer note no. 35)	-	0.44
Staff welfare expenses	199.94	159.94
	3,407.69	2,665.24

NOTE : 30

FINANCE COSTS

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Interest expense	3,404.68	3,409.39
Other borrowing costs	779.55	785.88
	4,184.23	4,195.27

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NOTE : 31

OTHER EXPENSES

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Other administrative costs		
Rent	83.69	70.24
Repairs and maintenance - building	0.02	-
Insurance	299.33	160.68
Rates and taxes	187.12	206.42
Advertisement and selling expenses	24.19	4.59
Travelling and conveyance	87.72	51.08
Directors fees	2.59	1.57
Auditor's remuneration		
Audit fees	7.09	6.83
Limited review	0.80	0.90
Certification	4.49	0.24
Taxation and other services	0.06	0.06
	12.44	8.03
Communication expenses	18.04	15.19
Printing and stationery	21.57	15.93
Legal and consultancy charges	409.69	383.11
Loss on sale of asset discarded	0.58	24.48
Irrecoverable debts written off / provided	9.21	88.76
Other expenses	592.85	389.91
	1,749.04	1,419.99

NOTE : 32

EXCEPTIONAL ITEMS :

	March 31, 2023	March 31, 2022
	Rs. Million	Rs. Million
Reversal of provision made for future loss[a]	(653.30)	-
Provision for doubtful trade receivable[b]	663.05	-
Loss on sale of investment[c]	67.81	-
Provision for impairment on loan and advances[d]	-	69.08
Irrecoverable debts written off[e]	187.56	235.86
Excess credit written back[f]	(256.98)	-
	8.14	304.94

a) On substantial completion of the project, company has reversed the provision made for future loss.

b) During the current year, company has negotiated with the JDA partner for settlement of balance consideration which is accounted as receivable under IND AS against lump sum payment and recognized the provision for balance amount.

c) Excess amount over and above loan and investment has written off during the year.

d) Provision made for impairment based on indication of diminution in value of advance to a firm / associates.

e) Based on internal and external information, group has assessed the recoverability of non-financials assets including land in stock and provide impairment if the carrying value of assets is more than recoverable amount & assets whoes recoverability deteriorate has written off the irrecoverable amount.

f) Based on internal and external information company has reversed the provision made earlier,

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33 **Details of subsidiaries, associates and joint ventures, which are consolidated:**

A) **Wholly owned (100%) subsidiaries:**

1. Energy Design Pvt. Ltd.
2. Patel Engineering Inc.
3. Patel Engineering (Mauritius) Ltd.
4. Patel Engineering Singapore Pte. Ltd.
5. Patel Engineering Infrastructure Ltd.
6. Vismaya Constructions Pvt. Ltd.
7. Friends Nirman Pvt. Ltd.
8. Shreeanant Construction Pvt. Ltd.
9. Patel Patron Pvt. Ltd.
10. Bhooma Realties Pvt. Ltd.
11. Pandora Infra Pvt. Ltd.
12. Patel Engineering Lanka Pvt. Ltd.
13. Shashvat Land Projects Pvt. Ltd.
14. Dirang Energy Pvt. Ltd. (DEPL)
15. West Kameng Energy Pvt. Ltd.
16. Digin Hydro Power Pvt. Ltd.
17. Meyong Hydro Power Pvt. Ltd.
18. Saskang Rong Energy Pvt. Ltd.
19. Hampus Infrastructure Pvt. Ltd.
20. Apollo Buildwell Pvt. Ltd. (till February 16, 2022)
21. Arsen Infra Pvt. Ltd.
22. PBSR Developers Pvt. Ltd.
23. Lucina Realtors Pvt. Ltd.
24. Waterfront Developers Ltd.
25. Patel KNR Infrastructures Ltd.
26. Naulo Nepal Hydro Electric Pvt. Ltd. (Till February 22, 2022)

B) **Other subsidiaries:**

Name of subsidiaries	% holding
1. Michigan Engineers Pvt. Ltd.	51.00%
2. Hera Realcon Pvt. Ltd.	97.30%
3. Patel Energy Ltd.	99.99%

C) **Joint ventures:**

The principal place of business of all these joint ventures is in India and they are engaged in construction business.

Name of joint ventures	% of share	Name of joint ventures	% of share
1. Patel Michigan JV	10.00%	18. NEC-PEL- JV	45.00%
2. CICO Patel JV	99.90%	19. PEL - Ghodke	51.00%
3. Patel SEW JV	60.00%	20. PEL-ISC-PRATHMESH JV	50.00%
4. PATEL -KNR J.V.	50.00%	21. ISC Projects-PEL JV	49.00%
5. KNR – PATEL J.V.	49.00%	21. DK JV	51.00%
6. PATEL – SOMA J.V	50.00%	23. PATEL-SA JV	75.00%
7. Patel – V Arks JV	65.00%	24. Era Patel Advance Kiran JV	47.06%
8. Patel VI JV	51.00%	25. Patel APCO JV	50.00%
9. Patel – Avantika – Deepika – BHEL	52.83%	26. Era Patel Advance JV	30.00%
10. Patel – V Arks - Precision	60.00%	27. Patel – Siddhivinayak JV	51.00%
11. Age Patel JV	49.00%	28. PATEL -CIVET-CHAITRA Micro(KA) JV	51.00%
12. PEL - UEIPL JV	60.00%	29. PEL-RAMAN JV	35.00%
13. PEL-PPCPL-HCPL JV	51.00%	30. VPRPL - PEL JV	51.00%
14. Onycon Enterprises	60.00%	31. Mokhabardi Micro Irrigation Project JV	51.00%
15. PEL-Gond JV	45.00%	32. PEL-PC JV	80.00%
16. HES Shuthaliya JV	45.00%		
17. PEL-Parbati JV	52.00%		

D) Hitodi Infrastructure Pvt. Ltd., ACP Tollways Pvt. Ltd. and PAN Realtors Pvt. Ltd. (w.e.f. 4th January, 2015) has been consolidated as per equity method in accordance with Ind AS 28 "investment in associates and joint ventures".

E) As the Group no longer has any control over ASI Constructors Inc., a step-down subsidiary, as per Ind AS 110, the assets and liabilities of the subsidiary has been derecognised in F.Y. 2017-18.

F) Bellona Estate Developers Ltd. are committed to a sale plan involving loss of control of a associates shall classify as the disposal group (comprising the assets that are to be disposed of and directly related liabilities). It shall be measured in accordance with the requirements of Ind AS 105 and presented in the consolidated financial statements as disposal group.

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34 EMPLOYEE BENEFITS

I Brief description of the plans

The Group provides long-term benefits in the nature of provident fund and gratuity to its employees. In case of funded schemes, the funds are recognized by the income tax authorities and administered through appropriate authorities/insurers. The Group's defined contribution plans are provident fund, employee state insurance and employees' pension scheme (under the provisions of the employees' provident funds and miscellaneous provisions act, 1952) since the Group has no further obligation beyond making the contributions. The Group's defined benefit plans include gratuity benefit to its employees, which is funded through the Life Insurance Corporation of India. The employees of the Group are also entitled to leave encashment and compensated absences as per the Group's policy. The provident fund scheme additionally requires the Group to guarantee payment of specified interest rates, any shortfall in the interest income over the interest obligation is recognized immediately in the consolidated statement of profit and loss as actuarial loss. Any loss / gain arising out of the investment with the plan is also recognized as expense or income in the period in which such loss / gain occurs.

II Disclosures for defined benefit plan based on actuarial reports as on March 31, 2023 and March 31, 2022:

(i) Expenses recognized in the statement of profit and loss : Rs. Million

	Gratuity (funded)	Gratuity (non - funded)
Current service cost	28.19 (20.82)	6.64 (7.08)
Interest cost (net)	9.11 (6.45)	2.56 (2.10)
Net actuarial (gain) / losses	(4.45) (3.92)	(9.08) (-3.05)
Total expenses recognized in the statement of profit and loss	**32.86** **(31.19)**	**0.12** **(6.13)**

(ii) Reconciliation of the present value of defined benefit obligation and the fair value of assets (amount recognized in balance sheet):

Present value of funded obligation as at the year end	(183.79) (-163.48)	(35.08) (-36.30)
Fair value of plan assets as at the year end	84.37 (37.43)	- -
Funded liability recognized in the balance sheet	**(99.43)** **(-126.05)**	**(35.08)** **(-36.30)**

(iii) Changes in defined benefit obligation :

Liability at the beginning of the year	163.48 (191.76)	36.30 (32.14)
Interest cost	11.82 (9.47)	2.56 (2.10)
Current service cost	28.19 (20.82)	6.64 (7.08)
Benefit paid	(15.65) (-9.98)	(1.82) (-0.61)
Actuarial (gains) / losses on obligations	(4.04) (48.60)	(8.59) (-4.41)
Liability at the end of the year	**183.79** **(163.48)**	**35.08** **(36.31)**

(iv) Changes in the fair value of plan assets:

Fair value of plan assets at the beginning of the year	37.43 (44.43)	- -
Expected return on plan assets	2.71 (3.02)	- -
Contributions by the employer	59.48 -	- -
Benefit paid	(15.65) (-9.98)	- -
Actuarial gain on plan assets	0.41 (-0.05)	- -
Fair value of plan assets at the end of the year	84.37 (37.43)	- -
Total actuarial gain to be recognized	**(4.45)** **(48.55)**	- -

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(v) **Actual return on plan assets**

Expected return on plan assets	2.71 (3.02)	- -
Actuarial gain on plan assets	0.41 (-0.05)	- -
Actuarial gain on plan assets	**3.11** **(2.97)**	- -

(vi) The Group expects to contribute Rs. 95.09 million (P.Y. Rs. 81.05 million) to gratuity funded plan in F.Y. 2023-24.

(vii) **Percentage of each category of plan assets to total fair value of plan assets:**

Insurer managed funds	100% 100%	- -

(viii) **Sensitivity analysis for significant assumption is as below :**

Discount rate	7.56% (7.23%)	7.50% (7.25%)
Rate of increase in compensation levels	5.50% (5.50%)	5.50% (5.50%)
Expected rate of return on plan assets	7.56% (7.23%)	- -
Attrition rate	4.00% (4.00%)	4.00% (4.00%)
Average age of retirement (years)	62 (60)	60 (60)

(ix) **Experience adjustments**

On plan obligation (gain) / loss	0.96 (3.44)	(7.71) (-2.99)
On plan asset (loss) / gain	0.41 (-0.05)	- -

(x) **Expected employer's contribution in future years**

1 years	19.87 (29.09)	1.72 (2.93)
Between 2 to 5 years	50.72 (42.75)	12.40 (11.74)
Beyond 5 years	333.31 (242.86)	75.89 (77.74)
The weighted average duration of the defined benefit plan obligation at the end of the reporting period (years)	10 (9)	13 (13)

(x) Figure in brackets indicates amounts pertaining to previous year.

III **Defined contribution plan -:**

Amount recognised as an expense and included in the note no. 29 as contribution to provident and other funds Rs. 188.65 million (P.Y. Rs. 106.35 million)

35 SHARE BASED PAYMENTS (IND AS 102)

In term of the approval of nomination and remuneration committee (NRC), the company on February 14, 2018 has granted 2,00,000 option under the group existing ESOP plan. The aforesaid grant is made under "Patel Engineering Employees Stock Option Plan" dated August 14, 2015 and in accordance with the provision of SEBI (Share Based Employee Benefits), Regulation 2014.

a) **Employee stock option scheme**

Particulars	ESOP scheme
Number of option granted	2,00,000
Vesting plan	4 years (25% every year after 1 year from date of grant)
Exercise period	6 months from the date of vesting
Grant date	February 14, 2018
Exercise price (Rs. per option)	1
Weighted average Fair value on the date of grant option (in Rs. per shares)	79.86
Method of settlement	Equity

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b) Movement of option granted

Particulars	As at March 31, 2023	As at March 31, 2022
	Nos.	Nos.
Outstanding at the beginning of the year	-	25,000
Grant during the year	-	-
Excercised during the year	-	25,000
Cancelled during the year	-	-
Lapsed during the year	-	-
Outstanding at the end of the year	-	-
Exercisable at the end of the year	-	-
Weighted average life of options	NA	NA

c) **Fair valuation:**
The fair value on the grant date is determined using "black scholes merton model", which takes into account exercise price, term of the option, share price at grant date and expected price volatility of the underlying shares, expected dividend yield and risk free interest rate for the term of the option. No options were granted during the year. Weighted average fair value of the options granted previous year Rs. 79.86

The key assumptions in the black scholes merton model for calculating fair value as on the date of grant is below:

i)	Share price at grant date	Rs 80.70/-
ii)	Weighted average exercise price	Rs 1/-.
iii)	Grant date	February 14, 2018
iv)	Vesting period	4 years (25% every year after 1 year from date of grant)
v)	Expected price volatility of Company's share	50%
vi)	Expected dividend yield	Nil
vii)	Weighted average risk free interest rate	7.02%
viii)	Option life	Vesting period + exercise period

36 LEASE

Disclosure as per IND AS 116

Amount recognised under statement of profit and loss

Particulars	2022-23	2021-22
Depreciation	60.36	74.09
Interest on lease liability	31.01	37.80
Expenses related to short term Leases	83.69	70.24
Total expenses	**175.06**	**182.13**

37 EARNING PER SHARE (EPS)

	2023 Rs. Million	2022 Rs. Million
Net profit as per the consolidated statement of profit and loss available for shareholders for both basic and diluted EPS of Re. 1/- each	1,834.81	720.98
Weighted average number of equity shares for basic EPS (in No)	52,46,25,625	47,52,29,365
Add: weighted average potential equity shares		
- On issue of optionally convertible debentures	35,59,40,628	21,19,06,025
Weighted average number of equity shares for diluted EPS (in No)	88,05,66,253	68,71,35,390
Face value of share Rs.	1	1
Earning per share (basic) Rs.	3.19	1.51
Earning per share (diluted) Rs.	2.23	1.49

38 RELATED PARTY DISCLOSURE

Related party disclosures, as required by Ind AS 24, 'Related Party Disclosures', are given below:

A. Name of related parties and nature of relationship :-

Direct associates:

1 ACP Tollways Pvt. Ltd.
2 Raichur Sholapur Transmission Company Pvt. Ltd. (till 9/11/2022)
3 Bellona Estate Developers Ltd. (BEDL)
4 Hitodi Infrastructure Pvt. Ltd. (Formally known as Hitodi Infrastructure Ltd.)

Associate of Patel Engineering Infrastructure Ltd.

1 Patel KNR Heavy Infrastructure Ltd.

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Associate of Lucina Realtors Private Limited

1 PAN Realtors Pvt. Ltd.

Joint ventures: (refer note 33 (c)

Partnership

1. AHCL PEL (Retired w.e.f 31.3.2022)
2. Patel Advance JV

Others

1. Raahitya Constructions Pvt. Ltd.
2. Praham India LLP

B. Key management personnel (KMP)

Mr. Rupen Patel	Chairman and Managing Director
Mr. Sunil Sapre	Whole Time Director
Ms. Kavita Shirvaikar	Whole Time Director and Chief Financial Officer
Ms. Shobha Shetty	Company Secretary

C. Transaction with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.

Rs. Million

Particular	Associates/joint operations / partnership/others	
	2022-23	2021-22
- Misc receipt	32.19	4.73
- Loans/advances given & Current account movement	7.45	221.29
- Loans / advances recovered / adjusted	140.78	255.56
- Corporate guarantee outstanding as at the end of the year	3,405.98	4,064.73
- Bank guarantee outstanding as at the end of the year	92.36	249.42
- Outstanding balance included in current/ non current assets	922.33	925.41
- Outstanding balance included in current / non current liabilities	1,452.64	1,077.08
- Interest income	-	4.30
- Reimbursement of expenses from	1.90	4.04
- Sundry balances written off	14.36	0.47
- Sundry balances written back	-	-
- Purchase of financial assets	123.10	-
- Provision for doubtful debt	-	5.11
- Other operating income	43.19	67.41
-Provision for impairment of investment	240.20	155.59
-Provision for impairment of loans and advances	0.89	14.63
- Sale of asset	-	0.06
- Loan taken	1,063.10	250.00
- Purchase of goods		12.86
- Sale of service	585.05	131.79
- Sale of materials	-	0.13
- Decrease/(Increase) in Corporate Guarantee exposure	658.75	1,634.30
- Repayment of loan	1,309.17	-

D. Disclosures of material transactions with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.

Rs. Million

Particular	Name of the Company	2022-23	2021-22
- Mise receipt	Patel Michigan JV	30.34	1.23
	Patel Sew JV	-	2.09
	NEC PEL JV	-	1.41
- Loans/advances given & current account movement	Raichur Solapur Transmission Company Pvt. Ltd.	-	0.00
	Patel Sew JV	7.38	56.22
	Patel Advance JV	-	160.91
- Loans / advances recovered / adjusted	Raichur Solapur Transmission Company Pvt. Ltd.	30.34	-
	Patel Sew JV	65.44	193.62
	Patel Michigan JV	45.00	36.67
- Interest income	Patel Sew JV	-	0.04
	Raichur Solapur Transmission Company Pvt. Ltd.	-	4.26

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- Reimbursement of expenses	Hitodi Infrastructure Ltd	-	3.80
	Bellona Estate Developers Ltd.	0.89	-
	Patel Sew JV	-	0.13
	Patel KNR JV	-	0.11
	Raichur Solapur Transmission Company Pvt. Ltd.	1.02	-
- Sundry balances written off	Bellona Estate Developers Ltd.	-	0.47
	Raichur Solapur Transmission Company Pvt. Ltd.	14.36	-
- Purchase of financial assets	Patel KNR JV	120.45	-
- Provision for doubtful debts	Raichur Solapur Transmission Company Pvt. Ltd.	-	5.11
- Other operating income	Hitodi Infrastructure Pvt. Ltd	-	34.50
	Patel Ghodke Joint venture	-	20.28
	VPRPL-PEL JV	14.89	12.63
	Patel KNR JV	6.14	-
	NEC PEL JV	20.78	-
- Provision for impairment of investment	Raichur Solapur Transmission Company Pvt. Ltd.	-	155.59
	Hitodi Infrastructure Pvt. Ltd	240.20	-
- Provision for impairment of loans and advances	Raichur Solapur Transmission Company Pvt. Ltd.	-	14.63
	Bellona Estate Developers Ltd.	0.89	
- Sale of assets	Patel Sew JV	-	0.06
- Loan taken	Raahitya Constructions Private Limited	1,050.00	250.00
	Hitodi Infrastructure Pvt. Ltd	13.10	-
- Purchase of goods	Patel Sew JV	-	12.86
- Sale of service	Patel Sew JV	574.46	131.79
- Sale of materials	Patel Sew JV		0.13
- Decrease/(Increase) in Corporate Guarantee exposure	Raichur Solapur Transmission Company Pvt. Ltd.	697.53	-
	Patel Sew JV	(3.70)	5.07
	Bellona Estate Developers Ltd.	-	1,525.38
- Repayment of loan	Raahitya Constructions Private Limited	1,300.00	-
	Hitodi Infrastructure Pvt. Ltd	9.17	

E. Details of transactions relating to persons referred in item (B) above.

Rs. Million

Particular	2022-23	2021-22
Managerial remuneration	78.06	61.75
Salary and contribution to provident fund	4.22	3.61
ESOP	-	0.44
Outstanding balance payable	7.13	16.80
Outstanding balance receivable	4.05	4.05

39 SEGMENT REPORTING

Based on the "management approach" as defined in Ind AS 108 – operating segments, the Chairman and Managing Director / Chief Financial Officer evaluates the Group's performance and allocate resources based on an analysis of various performance indicators by business segment. Accordingly information has been presented along these segments. The accounting principles used in the preparation of the consolidated financial statement are consistently applied in individual segment to prepare segment reporting.

Primary segment :

Rs. Million

Particulars	As at March 31, 2023			
	Business segments			
	EPC	Real estate	Others	Total
Segment revenue	41,588.13	431.58	-	42,019.71
Segment results	2,315.27	63.35	3.19	2,381.82
Segment assets	73,950.34	10,165.28	3,384.17	87,499.80
Segment liabilities	54,537.05	3,138.45	66.53	57,742.03
Addition to fixed assets	2,211.96	25.47	25.98	2,263.41
Segment depreciation	931.84	0.38	0.82	933.04

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Rs. Million

Particulars	As at March 31, 2022			
	Business segments			
	EPC	Real estate	Others	Total
Segment revenue	33,462.89	334.87	5.28	33,803.04
Segment results	1,222.54	233.46	1.34	1,457.34
Segment assets	70,903.32	11,532.09	2,666.62	85,102.03
Segment liabilities	55,748.57	4,718.92	83.45	60,550.94
Addition to fixed assets	1,730.64	-	2.61	1,733.25
Segment depreciation	815.75	0.39	2.85	818.99

Geographical segment :

Rs. Million

Particulars	As at March 31, 2023		
	Within India	Outside India	Total
Revenue	38,134.67	3,885.04	42,019.71
Non current assets	32,263.78	799.26	33,063.04

Rs. Million

Particulars	As at March 31, 2022		
	Within India	Outside India	Total
Revenue	31,378.70	2,424.34	33,803.04
Non current assets	30,695.33	821.72	31,517.06

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

Rs. Million

Particulars	As at March 31, 2023	As at March 31, 2022
Revenue from top customer	5,135.37	5,125.47
Revenue from top five customers	17,649.57	15,584.99

40 Confirmation letters have been sent in respect of sundry debtors / loans and advances / sundry creditors of which certain confirmations have been received which are accordingly accounted and reconciled. The remaining balances have been shown as per books of accounts and are subject to reconciliation adjustments, if any. In the opinion of the Management, the realizable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the balance sheet. In respect of subsidiaries, debit and credit balances are subject to confirmation from creditors, debtors, sub contractors and loans/advances/deposits. The management does not expect any material difference affecting the consolidated financial statements for the year.

41 Arbitration awards received in favour of the Group amounting to Nil (P.Y. Rs. 1413.63 million) is accounted for as construction receipts.

42 The Group has Rs. 93.81 million (P.Y. Rs. 97.12 million) due to trade payable and other payable under the micro small and medium enterprise development act, 2006, as at March 31, 2023. The principal amount due to the suppliers under the Act is Rs. 73.16 million (P.Y. Rs 82.04 million). The interest accrued and due to the suppliers on the above amount is Rs. 19.95 million (P.Y. Rs. 14.59 million). Payment made to the suppliers (other than interest) beyond appointed day during the year is Rs. 2.50 million (P.Y. Rs. 2.82 million). Interest paid to the suppliers under the act is Nil (P.Y. Nil). Interest due and payable to the suppliers under the act towards payments already made is Rs. 0.70 million (P.Y. Rs. 0.51 million). Interest accrued and remaining unpaid at the end of the accounting year is Rs. 20.65 million (P.Y. Rs. 15.09 million). The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure u/s 23 of the MSMED Act, 2006 is Rs. 18.68 million (P.Y. Rs. 13.25 million).

The above information as required to be disclosed under the micro, small and medium enterprises development act 2006 and has been determined to the extent such parties had been identified on the basis of information available with the Company and relied upon by the auditors.

43 Ministry Of Coal (MOC) after keeping the request for change in location of the proposed power plant from Bhavnagar area to Pipavav area with in Gujarat State pending for 16 months declined it after the LOA expired. Consequent upon the expiry of Letter Of Assurance (LoA), South Eastern Coal Limited (SEC) invoked and encashed three Bank Guarantees aggregating to Rs.196.64 millions issued as Commitment Guarantees against LOA. Patel Energy Limited has filed a writ petition at Delhi High Court challenging the decision of MOC refusing to approve the change of location of the said power plant, and also for quashing the unlawful invocation of bank guarantee by SEC and has sought a further direction that the change of location be approved and the LOA be extended in view of the delay by MOC. In the mean time Patel Energy Limited has represented the matter to the Honorable Minister for Power & Coal and CEA recommended the case to be reviewed and the SLC directed that the case be put up on file for review in Ministry of Coal. The matter is under process in Ministry of Coal. The petition in Delhi High Court was last heard on September 22, 2017 and the same is posted for final hearing on August 11, 2016. Patel Energy Limited is confident that requisite clearance shall be obtained and hence the accounts of the Patel Energy Limited is continued to be complied on "going concern" basis.

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44 Derivative transactions :

Foreign currency exposure that are not hedged by derivative instruments as on March 31, 2023 amounting to Rs. 2008.24 million (P.Y. Rs. 1462.54 million).

Foreign currency exposure outstanding at

Rs. Million

Particulars	March 31, 2023		March 31, 2022	
	Amount in foreign currency	Amount in functional currency	Amount in foreign currency	Amount in functional currency
Assets				
Trade receivable				
EURO	0.39	34.99	0.38	31.54
NPR	116.42	72.76	219.30	137.06
USD	0.60	49.10	0.59	44.97
Security deposit				
EURO	0.03	3.06	0.03	2.87
JPY	36.22	22.37	36.22	22.47
NPR	411.85	257.41	78.11	48.82
USD	0.00	0.06	0.00	0.06
Inventories				
NPR	3,065.10	1,915.69	2,408.95	1,505.59
Interest accrued				
EURO	0.01	0.70	0.01	0.56
NPR	0.74	0.46	2.28	1.42
Cash and bank balance				
LKR	0.03	0.01	0.04	0.01
MUR	0.00	0.01	0.00	0.01
NPR	89.52	55.95	365.56	228.47
USD	-	-	-	-
Advance to contractor /suppliers				
NPR	1,168.88	730.55	1,871.01	1,169.38
Loan and interest thereon to group companies				
LKR	-	-	-	-
MUR	43.63	78.61	41.60	70.09
NPR	-	-	5.61	3.51
USD	21.17	1,739.65	20.57	1,554.64
Fixed assets				
NPR	783.61	489.75	920.19	575.12
Other advance				
MUR	2.85	5.14	2.85	4.80
NPR	305.45	190.90	225.10	140.69
Liability				
Security deposit				
NPR	(24.13)	(15.08)	(32.13)	(20.08)
Advance from contrator				
EURO	(4.40)	(352.29)	(5.33)	(426.83)
NPR	(1,908.92)	(1,193.07)	(3,086.75)	(1,929.22)
USD	(0.07)	(4.55)	(0.07)	(4.55)
Trade payable				
EURO	(1.92)	(166.90)	(1.86)	(154.36)
NPR	(2,424.20)	(1,515.12)	(2,088.71)	(1,305.44)
SGD	-	-	-	-
USD	(0.17)	(13.96)	(1.87)	(141.20)
Other liability				
NPR	(600.54)	(375.34)	(152.69)	(95.43)
USD	(0.03)	(2.63)	(0.03)	(2.42)

45 The Group's pending litigations comprise of claims by or against the Group primarily by the customers / contractors / suppliers, etc. and proceedings pending with tax and other government authorities. The Group has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its consolidated financial results. In respect of litigations, where the management assessment of a financial outflow is probable, the Group has made adequate provision of Rs. 29.38 million (P.Y. Rs. 29.38 million) and appropriate disclosure for contingent liabilities is given.

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46 The Group has invested in step down subsidiary, Le Salines Development Ltd ("LSDL") undertaken a construction project in Mauritius in the year 2009-10 . LSDL had signed a lease agreement with Ministry of Housing and Land Development (MOHL)Government of Mauritius (GOM) on December 11, 2009 for development of a real estate development project called NEOTOWN in Mauritius in the year 2009-10 and incurred cost of Rs. 971.20 million (P.Y. Rs. 893.46 million). Subsequently all of a sudden on February 11, 2015 GOM had verbally informed about the termination of lease agreement between LSDL and MOHL without assigning any reason. Formal communication was received by LSDL on June 4, 2015 about the termination of lease from the GOM. Management was of the view that as per the agreement lease cannot be terminated on the grounds of clause mentioned in the termination letter. In this regard a notice had been sent to MOHL government of Mauritius on July 1, 2016 by LSDL contesting wrongful termination.. The Group did not receive any reply to this letter. The Group has invoked an arbitration under promotion and protection of investment treaty signed between India and Mauritius against GOM and the group is confident of getting compensation from GOM.

47 **Contingent liabilities**

(a) Commitment for capital expenditure is Rs. 1218.38 million (P.Y. Rs 875.25 million), advance paid Rs. 144.43 million (P.Y. Rs. 91.83 million). The Group is under commitment to construct specific area for land owner.

(b) Counter indemnities given to banks and others in respect of secured guarantees, etc. on behalf of subsidiaries and others given by them in respect of contractual commitments in the ordinary course of business is Rs. 21464.50 million (P.Y. Rs. 18,032.60 million) (including customs Rs. 42.88 million (P.Y.Rs. 42.88 million). Corporate guarantees / letter of credit on behalf of subsidiaries and others is Rs. 4220.85 million (P.Y. Rs. 4,751.85 million). Net off share of JV partner & provisions already considered in books.

(c) Service tax liability that may arise on matters in appeal Rs. 1476.33 million (P.Y. Rs. 1,467.03 million) and advance paid Rs. 9.45 million (P.Y. Rs. 9.45 million). Out of the above, Rs. 760.19 million (P.Y. Rs. 760.19 million) is contractually recoverable from the clients.

(d) Sales tax Rs. 73.67 million (P.Y. Rs 73.67 million) (advance paid Rs. 0.20 million (P.Y. Rs. 0.20 million)), cess Rs. 122.64 million (P.Y. Rs. 122.64 million), custom duty Rs. 16.49 million (P.Y. Rs. 16.49 million) (advance paid Rs. 8.46 million (P.Y. Rs. 8.46 million)).

(e) Income tax liability that may arise on matters in appeal Rs. 3,435.28 million (P.Y. Rs. 3,530.76 million).

(f) Provident fund liability that may arise on matter in appeal Rs. 15.79 million (P.Y. Rs. 14.35 million) and advance paid Rs. 14.63 million (P.Y. Rs. 14.35 million)

(g) The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business, including certain litigation for land acquired by it for construction purpose, the impact of which is not quantifiable. These case are pending with various courts and are scheduled for hearings. After considering the circumstances, management believes that these case will not adversely effect its consolidated financial statement.

(h) A part of the immovable property belonging to the Group shown under inventories has been offered as security in favour of a bank against credit facilities availed by a strategic partner.

(i) The Group has provided a "cost overrun undertaking" for its associates Bellona Estate Developers Ltd. to its lenders.

(j) On Settlement with a vendor, Group has given flats of Rs. 50.00 million (P.Y. Rs. 50.00 million) against his outstanding due & also given assurance that if re-sell price of that flat is lower than settlement price then company will compensate that differences.

(k) In respect of Shreeanant Construction Pvt. Ltd., a SLP was filed in the supreme court by the state government of Arunachal Pradesh against the judgement of the Hon'ble Guwahati High Court in favour of the M/s Patel Engineering Ltd. abolishing the Arunachal Pradesh goods taxation act, 2005 as it was unconstitutional in nature. Still the matter is pending before the supreme court and hearings are going on. But in case of adverse judgement M/s Patel Engineering Ltd. will transfer entry tax liability of Ka HEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.

A writ petition was filed by M/s Patel Engineering Ltd. in the Guwahati high court challenging the validity of newly enacted Arunachal Pradesh entry tax act,2010. The hon'ble court has granted interim stay on the payment of entry tax subject to the furnishing of bank guarantee of the equivalent amount. Hence the management is presently not paying entry tax on import of goods from outside of Arunachal Pradesh rather M/s Patel Engineering Ltd. has offered bank guarantee of the same value. The matter is still pending and final judgement is yet to be delivered. But in case of adverse judgement the contractee M/s Patel Engineering Ltd. will transfer entry tax liability of KaHEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.

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48 Additional information as required under schedule III to the companies act, 2013, of enterprises consolidated as subsidiaries / associates / joint ventures:

	Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit and loss	
		As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
	Parent				
	Patel Engineering Ltd.	98.95%	28,577.51	100.68%	1,558.53
	Subsidiaries				
	Indian				
1	Arsen Infra Pvt. Ltd.	0.01%	1.69	-0.01%	(0.15)
2	Hera Realcon Pvt. Ltd. - (97.13%)	0.00%	(1.20)	0.00%	(0.06)
3	PBSR Developers Pvt. Ltd.	-0.87%	(251.91)	-13.04%	(201.94)
4	Patel Engineering Infrastructure Ltd.	1.14%	330.52	1.02%	15.79
5	Friends Nirman Pvt. Ltd.	0.07%	21.30	-0.02%	(0.34)
6	Patel Patron Pvt. Ltd.	0.66%	191.84	0.95%	14.64
7	Shashvat Land Projects Pvt. Ltd.	-0.10%	(28.28)	-0.04%	(0.58)
8	Vismaya Constructions Pvt. Ltd.	0.38%	108.37	2.04%	31.53
9	Bhooma Realties Pvt. Ltd.	-0.25%	(72.95)	-0.15%	(2.27)
10	Energy Design Pvt. Ltd.	-0.24%	(69.75)	-0.01%	(0.13)
11	Shreeanant Construction Pvt. Ltd.	-0.19%	(54.82)	-0.46%	(7.12)
12	Michigan Engineers Pvt. Ltd.	6.93%	2,001.20	22.73%	351.85
13	Hampus Infrastructure Pvt. Ltd.	0.00%	(0.36)	0.00%	(0.04)
14	Patel KNR Infrastructure Ltd	1.67%	482.44	-1.38%	(21.39)
15	Dirang Energy Pvt. Ltd.	2.44%	704.27	-0.06%	(0.91)
16	West Kameng Energy Pvt. Ltd.	0.00%	0.10	0.00%	-
17	Digin Hydro Power Pvt. Ltd.	0.00%	0.10	0.00%	-
18	Meyong Hydro Power Pvt. Ltd.	0.00%	0.73	0.00%	-
19	Saskang Rong Energy Pvt. Ltd.	0.02%	4.78	0.00%	-
20	Patel Energy Ltd	0.58%	167.64	0.00%	-
	Foreign				
1	Patel Engineering Inc.	0.31%	90.15	0.47%	7.22
2	Patel Engineering (Mauritius) Ltd.	-1.19%	(343.94)	-2.53%	(39.15)
3	Patel Engineering (Singapore) Pte. Ltd.	-2.86%	(826.90)	-4.04%	(62.47)
4	Waterfront Developers Ltd.	-2.22%	(642.26)	-4.63%	(71.62)
5	Patel Engineering Lanka Ltd.	-0.04%	(11.04)	-0.03%	(0.50)
	Non-controlling interest	3.04%	878.20	10.52%	162.85
	Associate (as per proportionate consolidation/Investment as per the equity method)				
1	ACP Tollways Pvt. Ltd.	0.63%	180.70	1.98%	30.71
2	Hitodi Infrastructure Ltd.	0.00%	-	0.00%	-
3	Patel Advance JV	1.79%	517.52	0.02%	0.29

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49 Category -wise classification of financials instruments

Rs. Million

	Non current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial assets measured at FVTPL				
Investment	660.73	169.89		
Financial assets measured at amortized cost				
Investments	581.53	646.18	-	-
Trade receivables	3,606.79	4,935.47	5,313.74	5,619.27
Loans	887.94	766.19	60.08	106.08
Deferred finance cost	70.31	56.83	-	-
Other assets	6,158.42	5,669.83	2,278.84	1,950.13
Cash and cash equivalents	-	-	2,112.25	2,605.78
Other bank balances	-	-	9.27	7.15

Rs. Million

	Non current		Current	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Financial liabilities measured at amortized cost				
Borrowings	5,354.71	7,607.14	12,166.57	15,008.99
Lease liabilities	81.84	191.83	97.30	110.45
Trade payables	6,182.15	5,771.25	15,518.91	13,238.04
Other financial liabilities	2,235.73	1,912.39	259.33	220.08

50 Fair value measurements

i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities :

As at March 31, 2023

Rs. Million

Financial asset measured at FVTPL	Fair value as at March 31, 2023	Fair value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	660.73	660.73	-	-

As at March 31, 2022

Rs. Million

Financial asset measured at FVTPL	Fair value as at March 31, 2022	Fair value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	169.89	169.89	-	-

ii) Financial instrument measured at amortized cost

The carrying amount of financial assets and liabilities measured at amortized cost in the consolidated financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

51 Financial risk management

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

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The Group is exposed to market risk, credit risk and liquidity risk. The board of directors ('Board') oversee the management of these financial risks through its risk management committee. The risk management policy of the Company formulated by the risk management committee, states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Group's financial performance.

The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the consolidated financial results, cash flows and financial position of the Group.

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's total debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With other variables held constant, the Group's profit before tax is affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows :

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in interest rate	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
+50 basis point	(136.19)	(136.38)	(88.60)	(88.72)
-50 basis point	136.19	136.38	88.60	88.72

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

Rs. Million

Currency	Liabilities		Assets	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
EURO	519.19	581.19	38.75	34.97
JPY	-	-	22.37	22.47
LKR	-	-	0.01	0.01
MUR	-	-	83.76	74.90
NPR	3,098.62	3,603.09	3,713.48	4,062.98
USD	21.14	148.17	1,788.81	1,599.66

The above table represents total exposure of the Group towards foreign exchange denominated liabilities (net). The details of unhedged exposures are given as part of note no. 44

Sensitivity analysis

The Group is mainly exposed to changes in USD & EURO, as NPR is to be repaid at fixed rate; hence the Group is not exposed to any exchange rate fluctuation. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD & EURO against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

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Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in EURO rate	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
+5%	24.02	(27.31)	15.63	(17.77)
-5%	(24.02)	27.31	(15.63)	17.77

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in USD rate	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
+5%	88.72	72.57	57.71	47.21
-5%	(88.72)	(72.57)	(57.71)	(47.21)

c) Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

Price sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in price of investment measured at FVTPL with other variables held

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in Price of investment measured at FVTPL	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
+5%	33.04	8.49	21.49	5.53
-5%	(33.04)	(8.49)	(21.49)	(5.53)

2) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from joint ventures.

Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Group mainly consists of the government promoted entities having a strong credit worthiness. Whenever required, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, third party report, financial condition, ageing of accounts receivable and the Group's historical experience for customers.

3) Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Rs. Million

Particulars	Less than 1 year	1 - 5 years	More than 5 years	Total
At 31st March, 2023				
Borrowings*	12,166.57	5,166.66	188.05	17,521.28
Lease liability	97.30	81.84	-	179.15
Trade payables	15,518.91	6,182.15	-	21,701.06
Other financial liability	259.33	2,159.20	76.53	2,495.05
At 31st March, 2022				
Borrowings*	15,008.99	6,030.44	1,576.71	22,616.13
Lease liability	110.45	191.83		302.28
Trade payables	13,238.04	5,771.25	-	19,009.29
Other financial liability	220.08	1,281.68	630.72	2,132.47

*Borrowing which is less than 1 years includes the rollover nature credit facility like cash credit, working capital demand loan & overdraft facility

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52 **Capital management**

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2023, the Group has only one class of equity shares and has moderate debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt divided by total capital.

Rs. Million

Particulars	As at March 31, 2023	As at March 31, 2022
Total debt	17,521.28	22,616.13
Total equity	28,879.57	23,836.99
Total debt to total equity ratio (gearing ratio)	0.61	0.95

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements.

53 In Patel Advance JV partnership firm, company is having fixed capital of Rs. 0.05 million. In the firm, partnership sharing has been as follows: the Company 49% (P.Y. 49%), Advance Construction Co. Pvt. Ltd. 3% (P.Y. 3%) & Broadcast Lawgical Networks (OPC) Pvt. Ltd. 48% (P.Y. 48%).

54 During the year group has made a political contribution of Rs. 130.00 million (P.Y. Nil) to political parties.

55 The code on social security, 2020 ("the Code") has been approved by the indian parliament. The effective date of the code and related rules are yet to be notified. The impact of the changes, if any, will be assessed and recognised post notification of the relevant provisions.

56 **Relationship with struck-off companies**

There are no transactions with the companies whose name are struck off under section 248 of the companies act, 2013 or section 560 of the companies act, 1956 during the year ended March 31, 2023.

57 **Disclosure pursuant to IND AS 103 "Business combination"**

The Following, a wholly owned subsidiaries, are merged with the Company under a scheme of amalgamation approved by National Company Law Tribunal, Hyderabad on July 22, 2022 and National Company Law Tribunal, Mumbai on June 16, 2022. The merger is effective from the appointed date April 01, 2021.

a) Patel Energy Resources Ltd.	b) PEL Power Ltd.
c) PEL Port Private Ltd.	d) Patel Energy Projects Pvt. Ltd.
e) Patel Energy Assignment Pvt. Ltd.	f) Patel Energy Operation Pvt. Ltd.
g) Jayshe Gas Power Pvt. Ltd.	h) Patel Thermal Energy Pvt. Ltd.
i) Patel Hydro Power Pvt. Ltd.	j) Zeus Minerals Trading Pvt. Ltd.
k) Patel Concrete and Quarries Pvt. Ltd.	l) Patel Land Ltd.
m) Patel Engineers Pvt. Ltd.	n) Phedra Projects Pvt. Ltd.

No fresh shares are issued to effect the merger of above wholly owned subsidiaries of the Company. Further the merger is accounted using pooling of interest method, involving the following:

a. The assets and liabilities of of above wholly owned subsidiaries are reflected at their carrying amounts. No adjustments are made to reflect the fair values, or recognise any new asset or liability.

b. The balance of retained earnings appearing in the financial statements of above wholly owned subsidiaries are aggregated with the corresponding balance appearing in the financial statements of the Company.

c. The excess of amount of investment by the Company in above wholly owned subsidiaries over the share capital of the respective merged subsidiaries are treated as capital reserve in Company's financial statements and the same is presented separately from other capital reserves under statement of changes in equity.

d. Restating the financials of the Company from April 01, 2021.

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58 Ageing of trade payable

Particulars	Outstanding for following periods from due date of payment					Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled / not due	
As on March 31, 2023						
(i) MSME	55.02	2.98	11.17	4.00	20.66	**93.83**
(ii) Others	8,662.34	659.60	739.72	1,403.85	10,093.17	**21,558.69**
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv)Disputed dues - others	0.05	-	1.32	11.33	35.84	**48.55**
Total	**8,717.41**	**662.58**	**752.21**	**1,419.19**	**10,149.68**	**21,701.06**
As on March 31, 2022						
(i) MSME	63.76	12.90	5.39	0.20	14.58	**96.84**
(ii) Others	6,613.22	1,110.15	588.36	944.56	9,591.72	**18,848.01**
(iii) Disputed dues — MSME	-	-	-	-	-	-
(iv)Disputed dues - others	0.03	1.32	4.41	17.57	41.11	**64.44**
Total	**6,677.01**	**1,124.38**	**598.16**	**962.33**	**9,647.41**	**19,009.29**

59 Additional regulatory information required by schedule III to the companies act, 2013

i) The Group does not have has any benami property held in its name. No proceedings have been initiated on or are pending against the Group for holding benami property under the benami transactions (prohibition) act, 1988 (45 of 1988) and rules made thereunder.

ii) The Group does not have any charges or satisfaction of charges which is yet to be registered with registrar of companies beyond the statutory period.

iii) The Group has not traded or invested in crypto currency or virtual currency during the year.

iv) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the intermediary shall:

a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or

b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

v) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the funding party (ultimate beneficiaries) or

b) Provide any guarantee, security or the like on behalf of the ultimate beneficiaries to third parties

vi) There is no income surrendered or disclosed as income during the year in tax assessments under the income tax act, 1961 (such as search or survey), that has not been recorded in the books of account.

60 Key financials ratio

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% Variance	Reason for variance
Current ratio	Total current assets	Total current liabilities	1.44	1.41	2%	
Debt-equity ratio	Total debt	Total equity	0.61	0.95	-36%	Due to robust Company performance, speedy realisation of receivable, monetisation of non core assests, liquidity has improved. Further right issue has additionally boost the working capital and help us to prepaid the debt obligation
Debt service coverage ratio	Earning before depreciation interest and taxes	Interest +current maturity of LTD payable in current year	1.07	1.35	-21%	

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Return on equity ratio	Profit after tax	Total equity for parent	6.35%	3.02%	110%	Due to robust Group performance and operation efficiencies, EBITDA, profit after tax has increased.
Inventory turnover ratio*	NA	NA	NA	NA	NA	
Trade receivable turnover ratio	Revenue from operation	Average of opening and closing of current debtors	7.69	6.79	13%	
Trade payable turnover ratio	Cost of materials consumed	Average of opening and closing of current trade payable	1.65	1.65	0%	
Net capital turnover ratio	Revenue from operation	Working capital (current assets - current liabilities)	2.54	2.17	17%	
Net profit ratio	Profit after tax including associates	Revenue from operation	4.37%	2.13%	105%	Due to robust Group performance and operation efficiencies, EBITDA, profit after tax has increased.
Return on capital employed	Profit before interest, tax and exceptional items	Average capital employed (total equity + total debt)	13.79%	11.92%	16%	
Return on investment	Profit available to equity shareholder	Equity attributable to owners of the parent	5.36%	2.31%	132%	Due to robust Group performance and operation efficiencies, net profit for equity shareholder has increased.

*Considering the nature of industry in which the Group is operating, Inventory turnover ratio is not material.

58 a) Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.
b) Figure in brackets indicates amounts pertaining to previous year.

For and on behalf of Board

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

As per our attached Report of even date
For Vatsaraj & Co.
Firm Regn No: 111327W
Chartered Accountants

VATSARAJ & CO. FRN 111327W CHARTERED ACCOUNTANTS

PATEL ENGINEERING LTD. Mumbai.

Dr CA B. K. Vatsaraj
Partner
Membership No. 039894
Place : Mumbai
Date : May 15, 2023

Shobha Shetty
Company Secretary
Mem. No: F10047

Sunil Sapre
Director
DIN : 05356483

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INDEPENDENT AUDITORS' REPORT

To the Members of Patel Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Patel Engineering Limited which includes joint operations ("hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its associates, which comprise the Consolidated Balance Sheet as at March 31, 2022, the Consolidated Statement of Profit and Loss (including other comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, (hereinafter referred to as "the Consolidated Financial Statements"). These also include financials of the Real Estate Division Branch of the company for the year ended on that date audited by the branch auditor of the Company's branch located at Mumbai.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, and its associates as at March 31, 2022, their consolidated profit including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group and its associates in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI), together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

Emphasis of Matter

We draw attention to

1. The independent Branch Auditors of Patel Engineering Ltd (Real Estate Division), have without qualifying their audit report dated May 23, 2022 on the financial statements for the year ended March 31, 2022 have drawn attention with respect to Note No. 47 regarding cost incurred by the Group through Le Salines development Ltd ('LSDL') for development of real estate project at Mauritius, , where notice dated 04th June, 2015 was received from Government of Mauritius for the termination of Lease Agreement entered on 11th December, 2009 with LSDL (a step down subsidiary

of Waterfront Developers Limited). In this case the process of Arbitration has been initiated with the Government of Mauritius.

Our opinion is not modified in respect to this matter.

2. The Consolidated Financial Statements of the Group for the year ended March 31, 2022 include the financial statements of the subsidiaries Hera Realcon Private Limited, Shreeanant Construction Private Limited and Energy Design Private Limited, (not significant subsidiaries), wherein their auditors, without qualifying their opinion have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.

Our opinion is not modified with respect to this matter.

3. The Independent Auditors of Patel Energy Resources Limited, have without qualifying their audit report dated April 26, 2022 on the Consolidated financial statements for the year ended March 31, 2022 have drawn attention to Note No. 15(11) of the Dirang Energy Private Limited ('DEPL') which indicates that the project of the DEPL has been temporarily stopped. However, based on the management estimate to get a favourable order from the competent authority and on adequate net worth and financial support from holding company, the financial statements of the DEPL have been prepared on a going concern basis for the reasons stated in the said note.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	***Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"*** The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the appropriateness of the basis used to measure revenue recognized over a period. Additionally, the revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining	***<u>Principal Audit Procedures</u>*** Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and determination of transaction price. We carried out a combination of procedures involving enquiry and observation, performance and inspection of evidence in respect of operation of

	performance obligations will be satisfied subsequent to the balance sheet date. Refer Notes 1.k and 26 to the Consolidated Financial Statements.	these controls. • Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the revenue accounting standard • Selected a sample of continuing and new contracts and performed the following procedures: • Read, analyzed and identified the distinct performance obligations in these contracts. • Compared these performance obligations with that identified and recorded by the Company. • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation • Samples in respect of revenue recorded for time and material contracts were tested using a combination of customer acceptances, subsequent invoicing and historical trend of collections and disputes. • Performed analytical procedures for reasonableness of revenues disclosed.
2	***Accounting of contract work-in-progress for engineering construction projects*** The company recognized contract revenue and contract costs from contract work-in-progress for engineering construction projects by reference to the stage of completion of the contract activity at the end of each reporting period. The stage of completion is measured by reference to work performed. The accounting for such engineering construction projects is complex due to high level of estimation in determining the costs to complete. This is due to the nature of the operations, which may be impacted by the technological complexity of projects, the precision of cost estimation during the budgeting process and the actual progress of each project during the financial year. Accordingly, the accounting of contract work-in	***Principal Audit Procedures*** Our audit procedures included the following: • Review of contract terms and conditions and the contractual sums and substantiated project revenues and costs incurred against underlying supporting documents. • Perused customers and subcontractor correspondences and discussed the progress of the projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contractual costs. • Analyzed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year.

	progress for engineering construction projects is identified as a key audit matter. Refer Notes 1.j and 10 to the Consolidated Financial Statements.	
3	***Valuation of Claims under settlement*** The Company has certain significant open legal proceedings under arbitration for various complex matters with the Clients and other parties, continuing from earlier years, which are as under: • Non acceptance of certain work by the client. • Cost overrun in certain contracts. • Reimbursement of the cost incurred by the company for the client. Due to complexity involved in these litigation matters, the recognition of claims / variations are included in revenues when it is highly probable of recovery based on estimate and assessment of each item by the management based on their experience of recovery Refer Notes 1.k, 42 to the Consolidated Financial Statements	***Principal Audit Procedures*** Our audit procedures included the following: • Assessing the procedures implemented by the Company to identify and gather the risks it is exposed to. • Obtaining an understanding of the risk analyses performed by the Company, with the relating supporting documentation, and studying written statements from internal and external legal experts, where applicable. • Discussion with the management on the development in these litigations during the year ended March 31, 2021. Obtaining representation letter from the management on the assessment of these matters as per SA 580 (revised) – Written representations.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the "Other Information". The Other Information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. Such Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and of its associates in accordance with the Ind AS and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates 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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the Companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group and of its associates are responsible for overseeing the company's financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Holding Company has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and of its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the business activities with the Group and of its associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statement of such entities included in the Consolidated Financial Statements of which we are the independent auditor.

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

1. We did not audit the financial statements and other financial information in respect of:

i. the real estate division whose financial statements reflect total assets of Rs. 5,002.35 Million as at March 31, 2022, total revenue of Rs. 229.55 Million, total profit (net) after tax of Rs. 190.20 Million and total comprehensive income (net) of Rs. 190.20 Million for the year ended March 31, 2022

ii. 21 joint operations, whose financial results reflect total assets of Rs. 2,160.97 Million as at March 31, 2022, Group's Share in total revenue after elimination of Rs. 3,326.81 Million, total profit (net) after tax of Rs. 108.48 Million and total comprehensive income (net) of Rs. 108.95 Million for the year ended March 31, 2022

iii. 23 subsidiaries, whose financial statements reflect net total assets of Rs. 17,380.05 Million as at March 31, 2022, total revenues of Rs. 4,970.97 Million, total net profit after tax of Rs. 67.67 Million, total comprehensive income (net) of Rs. 32.41 Million and net cash inflows amounting to Rs. 94.24 Million for the year ended March 31, 2022

iv. 1 associate, whose financial statements reflect Group's share of net profit after tax of Rs. 136.74 Million for the year ended March 31, 2022

These Ind AS financial statements of the entities mentioned in (i) to (iv) and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these branch, joint operations, subsidiaries and associate and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, joint operations, subsidiaries and associate is based solely on the reports of such other auditors.

2. The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of:

i. 9 unincorporated joint operations whose financial results reflect total assets of Rs. 212.68 Million as at March 31, 2022, Group's Share in total revenue after elimination of inter-company revenue, is Rs. NIL Million, total Profit (net) after tax of Rs. NIL Million and total comprehensive income (net) of Rs. NIL Million for the year ended March 31, 2022

ii. 4 subsidiaries, whose financial statements reflect net total assets of Rs. 529.15 Million as at March 31, 2022, total revenues of Rs. 26.77 Million, total net profit after tax of Rs. 10.65 Million, total comprehensive income of Rs. (35.19) Million and net cash inflows amounting to Rs. 4.87 Million for the year ended March 31, 2022

iii. 4 associates, whose financial statements reflect Groups share of net loss after tax of Rs. (104.51) Million for the year ended March 31, 2022

These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these joint operations, subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid joint operations subsidiaries and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above 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 work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("CARO 2020"), 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", a statement on the matter specified in paragraph 3(xxi) of CARO 2020.

2. 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 purposes of our audit;

b) In our opinion, proper books of account as required by law 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 (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements;

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act;

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiaries and associates incorporated in India, none of the directors of the Group's companies and its associates incorporated in India, is disqualified as on March 31, 2022 from being appointed as a director in terms of Section 164 (2) of the Act;

f) With respect to the adequacy and the operating effectiveness of the internal financial controls with reference to these Consolidated Financial Statements, refer to our separate Report in "Annexure B" to this report;

g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures, incorporated in India, the managerial remuneration for the year ended March 31, 2022 has been paid/provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act; and

h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 48 to the Consolidated Financial Statements,

ii. The Group does not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There was no amount which was required to be transferred to the Investor Education and Protection Fund during the year.

iv. (a) The respective Managements of the Company and its subsidiaries, and associate companies which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company or any of such subsidiaries and associates to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company or any of such subsidiaries and associates ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The respective Managements of the Company and its subsidiaries, and associates which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries and associates respectively that, to the best of their knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company or any of such subsidiaries from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company or any of such subsidiaries and associates shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditor's notice that has caused us or the other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.

v. There is no dividend declared and paid during the year by the Holding Company, its subsidiary companies and associates.

For T. P. Ostwal & Associates LLP
Chartered Accountants
Firm Registration No. 124444W/W100150

T. P. Ostwal
Partner
Membership Number: 030848
UDIN: 22030848AJKFOQ4841

T. P. OSTWAL & ASSOCIATES LLP
Suite # 1306-1307, Lodha Supremus Senapati Bapat Marg Lower Parel (W), Mumbai - 13.
Chartered Accountants

Place: Mumbai
Date: May 23, 2022

Annexure A to Independent Auditors' Report on the Consolidated Financial Statements of Patel Engineering Limited

(Referred to in paragraph 1 under "Report on Other Legal and Regulatory requirement" section of our report of even date)

With respect to the matters specified in clause (xxi) of paragraph (3) and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("CARO"/ "the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the CARO reports issued by us and the auditors of respective companies included in the consolidated financial statements to which reporting under CARO is applicable, as provided to us by the Management of the Holding Company, we report that in respect of those companies where audits have been completed under section 143 of the Act, there are no qualifications or adverse remarks by the respective auditors in the CARO reports of the said companies included in the consolidated financial statements except for the following:

Sr. No.	Name of the Company	CIN	Relationship with the Holding Company	Clause number of the CARO report which is qualified or adverse
1	Patel Engineering Limited	L99999MH1949PLC007039	Holding Co.	i(c), vii(a), vii(b), xvii
2	Shreeanant Construction Pvt Ltd.	U45200MH2005PTC158079	Subsidiary	vii (a), vii(b), xvii
3	PBSR Developers Pvt Ltd	U45209TG2012PTC078886	Subsidiary	vii(b), xvii
4	Friends Nirman Pvt. Ltd.	U70101MH2004PTC308856	Subsidiary	xvii
5	Zeus Mineral Trading Private Limited	U51909MH2007PTC167522	Subsidiary	xvii
6	Patel Concrete & Quarries Pvt. Ltd.	U14200MH2008PTC178210	Subsidiary	xvii
7	Patel Lands Limited	U70100MH2010PLC207028	Subsidiary	xvii
8	Energy Design Private Limited	U72900MH2009PTC193475	Subsidiary	xvii
9	Bhooma Realties Pvt Ltd.	U45400MH2007PTC171064	Subsidiary	xvii
10	Shashvat Land Projects Pvt. Ltd.	U70102MH2007PTC171886	Subsidiary	xvii
11	Pandora Infra Pvt. Ltd.	U45201MH2006PTC164318	Subsidiary	xvii
12	Hampus Infrastructure Pvt Ltd	U74999MH2018PTC374634	Subsidiary	xvii
13	Hera Realcon Pvt Ltd	U70109MH2007PTC166825	Subsidiary	xvii
14	Michigan Engineers Pvt. Ltd.	U45300MH1973PTC016515	Subsidiary	vii (b)
15	Patel KNR Infrastructures Limited	U45201MH2006PLC162856	Subsidiary	vii (b), xvii, xx

For T. P. Ostwal & Associates LLP
Chartered Accountants
Firm Registration No. 124444W/W100150

T. P. Ostwal
Partner
Membership Number: 030848
UDIN: 22030848AJKFOQ4841
Place: Mumbai
Date: May 23, 2022

T. P. OSTWAL & ASSOCIATES LLP Suite # 1306-1307, Lodha Supremus Senapati Bapat Marg Lower Parel (W), Mumbai - 13 Chartered Accountants

Annexure B to Independent Auditors' Report on the Consolidated Financial Statements of Patel Engineering Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act 2013
(Referred to in paragraph 2(f) under "Report on Other Legal and Regulatory requirement" section of our report of even date)

In conjunction with our audit of the Consolidated Financial Statements of Patel Engineering Limited (hereinafter referred to as the "Holding Company") which includes joint operations as of and for the year ended March 31, 2022, we have audited the internal financial controls with reference to the consolidated financial statements of the Holding Company which includes joint operations and its subsidiaries and its associates, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls
The respective Board of Directors of the Holding Company, its subsidiaries, and associates, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls with reference to the Consolidated Financial Statements based on the criteria established by the respective 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 ("the Guidance Note"). 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 the 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 Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' Responsibility
Our responsibility is to express an opinion on the Company's internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, its subsidiaries and associates which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to the Consolidated Financial Statements. 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 with reference to the Consolidated Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls with reference to the Consolidated Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal controls 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.

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 with reference to the Consolidated Financial Statements.

Meaning of Internal Financial Controls with reference to the Consolidated Financial Statements
A company's internal financial control with reference to the Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of

Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to the Consolidated Financial Statements includes those policies and procedures that

i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated 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
iii. 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 Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls with reference to the Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to the Consolidated Financial Statements, 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 with reference to the Consolidated Financial Statements to future periods are subject to the risk that the internal financial controls with reference to the Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company, its subsidiaries, and its associates, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls with reference to the Consolidated Financial Statements and such internal financial controls with reference to the Consolidated Financial Statements were operating effectively as at March 31, 2022, based on the internal control with reference to the Consolidated Financial Statements criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to the Consolidated Financial Statements of the Holding Company, in so far as it relates to 1 branch, 23 subsidiaries and 1 associate, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and branch incorporated in India.

For T. P. Ostwal & Associates LLP
Chartered Accountants
Firm Registration No. 124444W/W100150

T. P. Ostwal
Partner
Membership Number: 030848
UDIN: 22030848AJKFOQ4841

T. P. OSTWAL & ASSOCIATES LLP
Suite # 1306-1307, Lodha Supremus, Senapati Bapat Marg, Lower Parel (W), Mumbai - 13.
Chartered Accountants

Place: Mumbai
Date: May 23, 2022

PATEL ENGINEERING LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2022

	Notes	As At March 31, 2022 Rs. Million	As At March 31, 2021 Rs. Million
I. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	11,513.74	6,537.69
(b) Capital work-in-progress		2,826.38	6,786.06
(c) Intangible assets		9.31	3.87
(d) Goodwill on consolidation		283.86	283.86
(e) Financial assets			
(i) Investments	3	816.08	678.90
(ii) Trade receivables	4	4,935.47	4,420.83
(iii) Loans	5	766.19	704.41
(iv) Other financial assets	6	1,902.60	1,367.34
(f) Deferred tax assets (net)	7	1,973.68	2,002.80
(g) Current tax assets (net)	8	554.50	130.98
(h) Other non current assets	9	5,937.10	6,618.17
Total non current assets		31,518.91	29,534.91
2 Current assets			
(a) Inventories	10	35,905.80	36,302.81
(b) Financial assets			
(i) Trade receivables	4	5,619.27	4,336.35
(ii) Cash and cash equivalents	11	2,605.78	1,949.22
(iii) Other bank balances	12	7.15	10.88
(iv) Loans	5	106.08	297.37
(v) Other financial assets	6	718.89	775.01
(c) Current tax assets (net)	8	123.25	120.42
(d) Other current assets	9	8,496.26	7,428.05
(e) Assets classified as held for sale	13	-	116.00
Total current assets		53,582.48	51,336.11
TOTAL ASSETS		85,101.39	80,871.02
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	479.23	465.45
(b) Other equity		23,357.13	22,730.21
Equity attributable to owners of the parent		23,836.36	23,195.66
Non-controlling interests		714.11	612.90
Total equity		24,550.47	23,808.56
2 Liabilities			
Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	7,607.14	7,533.37
(ii) Lease liabilities	16	191.83	270.84
(iii) Trade payables	17		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		5,771.28	4,779.22
(iv) Other financial liability	18	1,912.39	1,478.17
(b) Provisions	19	148.54	119.96
(c) Other non current liabilities	20	6,821.76	7,727.71
(d) Deferred revenue	21	64.73	68.01
Total non current liabilities		22,517.67	21,977.28
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	22	15,008.98	15,130.52
(ii) Lease liabilities	16	110.45	27.25
(iii) Trade payables	23		
a) Total outstanding dues of micro enterprises and small enterprises		96.84	45.62
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		13,141.20	12,050.97
(iv) Other financial liabilities	24	220.08	288.21
(b) Provisions	19	59.68	63.77
(c) Other current liabilities	25	9,396.02	7,478.84
Total current liabilities		38,033.25	35,085.18
TOTAL EQUITY AND LIABILITIES		85,101.39	80,871.02
Summary of significant accounting policies	1		

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

As per our report of even date

For and on behalf of Board

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

For T.P.Ostwal & Associates LLP
Firm Regn No:124444W/W100150
Chartered Accountants

T.P.Ostwal
Partner
Membership No. 030848
Place : Mumbai
Date : May 23, 2022

Shobha Shetty
Company Secretary
Mem. No: F10047

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022

		Notes	March 31, 2022 Rs. Million	March 31, 2021 Rs. Million
I.	**Revenue from operations**	26	33,802.89	19,947.93
II.	**Other income**	27	1,162.06	1,091.35
III.	**Total income (I + II)**		**34,964.95**	**21,039.28**
IV.	**Expenses:**			
	Cost of construction	28	24,440.50	14,589.99
	Employee benefits expense	29	2,665.24	2,013.32
	Finance costs	30	4,195.27	4,013.92
	Depreciation and amortization expense	2	818.99	720.25
	Other expenses	31	1,419.99	998.26
	Total expenses		**33,539.99**	**22,335.74**
V.	**Profit/(loss) before exceptional items and tax (III-IV)**		**1,424.96**	**(1,296.46)**
VI.	**Exceptional items**	32	304.94	2,141.66
VII.	**Profit/(loss) before tax (V - VI)**		**1,120.02**	**(3,438.12)**
VIII.	**Tax expense:**			
	(1) Current tax		384.65	110.48
	(2) Tax adjustments for earlier years		1.57	1.49
	(2) Deferred tax		47.54	(820.83)
IX.	**Profit/(loss) for the year (VII-VIII)**		**686.26**	**(2,729.26)**
X.	**Share in profit / (loss) in associates (net)**		**32.23**	**(178.21)**
XI.	**Net profit/(loss) after tax and share in profit /(loss) in associates (IX+X)**		**718.49**	**(2,907.47)**
XII.	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		(76.85)	40.86
	(ii) Income tax relating to items that will not be reclassified to profit or loss		4.42	4.42
XIII.	**Total other comprehensive income**		**(72.43)**	**45.28**
XIV.	**Total comprehensive income for the year (XI+XIII) (comprising profit /(loss) and other comprehensive income for the year)**		**646.06**	**(2,862.19)**
XV.	**Minority interest**		**98.49**	**119.85**
XVI.	**Owners of the parent (XIV- XV)**		**547.57**	**(2,982.04)**
XVII.	**Earnings per equity share:**			
	(1) Basic	37	1.51	(6.78)
	(2) Diluted		1.49	(6.78)
	Summary of significant accounting policies	1		

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

As per our report of even date

For T.P.Ostwal & Associates LLP
Firm Regn No:124444W/W100150
Chartered Accountants

T.P.Ostwal
Partner

Membership No. 030848
Place : Mumbai
Date : May 23, 2022

For and on behalf of Board

Rupen Patel
Chairman &
Managing Director
DIN : 00029583

Shobha Shetty
Company Secretary
Mem. No: F10047

Kavita Shirvaikar
Chief Financial
Officer & Director
DIN : 07737376

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) after tax	718.49	(2,907.47)
Adjustment for:		
Depreciation/ amortisation	818.99	720.25
Tax Expenses	433.77	(708.85)
Finance charges	4,195.27	4,013.92
Interest income and dividend received	(589.12)	(590.84)
Foreign exchange loss/ (gain)	(118.67)	31.39
Provision for leave salary	28.78	11.05
Provision for gratuity	(4.29)	43.08
Share in associates	32.23	174.17
Share in Joint venture	(108.94)	(61.84)
Provision for impairment	224.64	769.35
Profit on sale of assets	(5.13)	(4.80)
Excess credit written back	(161.28)	(783.56)
Irrecoverable debts and advances written off	169.06	2,052.25
ESOP compensation expenses	0.44	1.08
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	5,634.24	2,759.19
Adjustment for changes in:		
Trade and other receivables	(2,416.26)	1,632.55
Inventories	211.94	(1,409.79)
Trade and other payables (excluding income tax)	2,755.51	1,027.25
Cash from operations	6,185.43	4,009.20
Direct tax paid	(812.19)	(122.16)
NET CASH FROM OPERATING ACTIVITIES (A)	5,373.24	3,887.04
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / adjustments of fixed assets (including capital work in progress and capital advances)	(1,814.00)	(1,334.76)
Sale of fixed assets	149.21	197.22
Decrease in loans to JV/ associates	144.54	31.33
Remeasurement of assets held for sale	1.00	196.12
Purchase of investments	(103.61)	90.72
Increase in other bank balances	84.42	48.31
Interest and dividend received	100.97	839.86
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(1,437.47)	68.79
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of shares	(0.00)	(0.00)
Proceeds from long term borrowings	2,724.74	1,968.80
Repayment of long term borrowings	(2,920.33)	(1,575.08)
Finance charges paid	(3,202.28)	(3,501.42)
NET CASH USED IN FINANCING ACTIVITIES (C)	(3,397.87)	(3,107.71)
Net increase in cash and cash equivalents (A+B+C)	537.90	848.12
Opening balance of cash and cash equivalents	1,949.22	1,132.49
Balance of cash and cash equivalents	2,487.11	1,980.61

Notes to cash flow statement

a) Cash and cash equivalents

Cash on hand and balance with banks	2,605.78	1,949.22
Effect of exchange rate changes	(118.67)	31.39
Closing cash and cash equivalents as restated	2,487.11	1,980.61

b) Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 specified under section 133 of the Companies Act, 2013.

T. P. OSTWAL & ASSOCIATES LLP * CA *

PATEL ENGINEERING LTD. Mumbai.

c) Reconciliation of liabilities arising from financing activities

Rs. Million

March 31, 2022	Opening balance	Cash flow	Non - cash changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity & lease liability)	22,961.98	(195.59)	152.01	22,918.40
	22,961.98	**(195.59)**	**152.01**	**22,918.40**

March 31, 2021	Opening balance	Cash flow	Non - cash changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity & lease liability)	23,421.58	393.72	(853.32)	22,961.98
	23,421.58	**393.72**	**(853.32)**	**22,961.98**

For and on behalf of Board

As per our attached Report of even date
For T.P.Ostwal & Associates LLP

Firm Regn No:124444W/W100150
Chartered Accountants

T.P.Ostwal
Partner
Membership No. 030848
Place : Mumbai
Date : May 23, 2022

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Shobha Shetty
Company Secretary
Mem. No: F10047

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

(A) EQUITY SHARE CAPITAL

Particulars	Number of shares	Rs. Million
Equity shares of Re 1 each issued, subscribed and paid		
As at 31 March 2020	40,81,78,292	408.18
Issue of equity shares	5,72,74,732	57.27
As at 31 March 2021	**46,54,53,024**	**465.45**
Issue of equity shares	1,37,77,470	13.78
As at 31 March 2022	**47,92,30,494**	**479.23**

(B) OTHER EQUITY

Rs. Million

Particulars	Equity component of compound financial instruments	Reserves and surplus										
		Capital reserve	General reserve	Securities premium	Debenture redemption reserve	Stock option outstanding account	Foreign currency monetary item translation difference	Capital redemption reserve	Surplus in the statement of profit and loss	Total equity attributable to equity holders	Non - controlling interest	Total equity attributable to equity holders
As at March 31, 2020	**166.69**	277.57	3,000.62	14,120.00	-	12.93	297.48	300.00	6,886.48	25,061.78	330.98	25,392.76
- Profit for the year	-	-	-	-	-	-	-	-	(3,027.33)	(3,027.33)	119.85	(2,907.47)
- Other comprehensive income for the year	-	-	-	-	-	-	88.12	-	(42.84)	45.28	-	45.28
- Adjustment during the year	-	-		-	-	-	-	-	(1.13)	(1.13)	162.07	160.93
- Adjustment on account of consolidation of joint venture	-	-	-	-	-	-	-	-	(61.84)	(61.84)	-	(61.84)
- Adjustment on account fluctuation in foreign exchange	-	-	-	-	30.64	-	-	-	32.92	63.56	-	63.56
- Issued during the year	(166.69)	-	-	-	-	-	-	-	-	(166.69)	-	(166.69)
- Issue of equity shares	-	-	-	819.97	-	-	-	-	-	819.97	-	819.97
- Stock option	-	-	-	-	-	(11.37)	-	-	7.98	(3.39)	-	(3.39)
As at March 31, 2021	-	277.57	3,000.62	14,939.98	30.64	1.56	385.61	300.00	3,794.23	22,730.21	612.90	23,343.11
- Profit for the year	-	-	-	-	-	-	-	-	620.00	620.00	98.49	718.49
- Other comprehensive income for the year	-	-	-	-	-	-	30.57	-	(103.00)	(72.43)	-	(72.43)
- Adjustment during the year	-	-		-	-	-	-	-	-	-	2.72	2.72
- Adjustment on account of consolidation of joint venture	-	-	-	-	-	-	-	-	(108.94)	(108.94)	-	(108.94)
- Issued during the year	-	-	-	189.85	-	-	-	-	-	189.85	-	189.85
- Stock option	-	-	-	-	-	(1.56)	-	-	-	(1.56)	-	(1.56)
As at March 31, 2022	-	277.57	3,000.62	15,129.83	30.64	0.00	416.18	300.00	4,202.29	23,357.13	714.11	24,071.24

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022

Capital reserve : The Company recognizes reserve on investment in partnership firm.

General reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provision of Companies Act, 1956. Mandatory transfer to general reserve is not required under the Company Act, 2013 and amendment thereof.

Securities premium: Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, equity related expenses like underwriting costs, etc.

Debenture redemption reserve: The Group is required to create a debenture redemption reserve out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Act.

Stock option outstanding account: The Company has share option schemes under which options to subscribe for the Company's shares have been granted to certain employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Capital redemption reserve: The Company has recognised Capital Redemption Reserve on buyback of preference shares from its retained earning. The amount in capital redemption reserve is equal to nominal amount of preference share bought back.

Surplus in the statement of profit and loss: Retained earning are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders

Foreign currency monetary item translation difference : Exchange difference on translating the financial statement of foreign operations.

PATEL ENGINEERING LTD. Mumbai.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

NOTE : 1

1.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

Patel Engineering Ltd. ('the Company') has prepared consolidated financial statements to provide the financial information of its activities along with its subsidiaries, associates and joint ventures as a single entity. They are collectively referred as "Group" herein.

The consolidated financial statements of the group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as specified under section 133 of the Companies Act, 2013 read together with the Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and amendment thereof issued by Ministry of Corporate Affaires in exercise of the power conferred by section 133 of the Companies Act 2013 and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the company.

These consolidated financial statement have been approved for issue by Board of Directors at their meeting held on May 23, 2022.

b) Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, on a going concern basis and accrual method of accounting, except for certain financial assets and liabilities as specified in defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS. The accounting policies applied are consistent with those used in the previous year, except otherwise stated.

The consolidated financial statements are presented in Indian Rupees and all values are rounded to the nearest millions (Rupees 000,000), except where otherwise indicated. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

c) Principles of consolidation

(i) The consolidated financial statements include the accounts of Patel Engineering Ltd. and its subsidiaries, associates and joint ventures.

(ii) The financial statements of joint ventures are consolidated to the extent of the Company's or its subsidiaries share in joint venture.

(iii) The financial statements of the Company including joint operations and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses fully eliminating material intra group balances and intra group transactions. Associate entities are consolidated as per the equity method.

(iv) Goodwill arising out of consolidation of financial statements of subsidiaries and joint ventures are tested for impairment at each reporting date.

The consolidated financial statement have been prepared by the Company in accordance with the requirements of Ind AS –110 "Consolidated Financial Statements", Ind AS -111 "Joint Arrangements" and Ind AS 28 "Investment in Associates and Joint Ventures", issued by the Ministry of Corporate Affairs.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosure.

d) Current / non-current classification

The Group as required by Ind AS 1 presents assets and liabilities in the balance sheet based on current / non-current classification.

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

The Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of its assets and liabilities, as it is not possible to identify the normal operating cycle.

PATEL ENGINEERING LTD. Mumbai.

e) **Method of accounting**

The Group maintains its accounts on accrual basis. Subsidiaries outside India maintain its accounts based on Generally Accepted Accounting Standards of their respective countries.

f) **Critical accounting estimates and judgements**

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The areas involving critical estimates or judgements are:

- Measurement of defined benefit obligation
- Estimation of useful life of property, plant and equipment and intangibles
- Recognition of deferred taxes
- Estimation of impairment
- Estimation of provision and contingent liabilities

g) **Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs till the date of acquisition/ installation of the assets and improvement thereon less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Property, plant and equipment costing Rs. 5,000 or less are not capitalized and charged to the consolidated statement of profit and loss.

Machinery spares that meet the definition of PPE are capitalised.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The carrying amount of an items of PPE are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

h) **Depreciation**

As per the Schedule II of the Companies Act 2013, effective April 01, 2014, the management has internally reassessed the useful lives of assets to compute depreciation wherever necessary, to conform to the requirements of the Companies Act, 2013 which is:

Assets	**Estimated useful life**
Factory building/ building	28/60 years
Machinery/ ship	8 ½ years
Motor cars/ motor truck	8 years
Furniture/ electrical equipment's	6 years
Office equipment's	5 years
Computer / software	3 years

Depreciation on leasehold land will be amortized after commencement of operation of the power house. It will be amortized over the useful life of the lease.

PATEL ENGINEERING LTD. Mumbai.

Michigan Engineers Private Limited and Shreeanant Constructions Private Limited provide depreciation on written down value method and based on useful life of the assets as prescribed in schedule II of the Companies Act, 2013 and in onsite Michigan JV and Michigan Savitar Consortium as specified in the Income tax Act.

The estimated useful life of Patel Michigan JV - motor car - 10 years, motor truck - 6 years, office equipment's - 5 years, container - 3 years.

For overseas subsidiaries depreciation is provided based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies, local laws and are in line with the industry practices. These entities follow straight line method of depreciation spread over the useful life of each individual asset. It is practically not possible to align rates of depreciation of such subsidiaries with those of the domestic entities.

i) **Impairment of non-financial assets**

The carrying amount of assets/cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized in the consolidated statement of profit and loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

j) **Inventories**

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost (on weighted average basis), or net realizable value, whichever is lower and work in progress of construction contracts at contract rate. Work in progress in respect of project development and buildings held as stock-in-trade are valued at cost or net realizable value, whichever is lower.

k) **Recognition of income and expenditure**

i) The company constructs various infrastructure projects on behalf of clients. Under the terms of the contracts, the company is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue is therefore recognised over a period of time on a cost to cost method, i.e. based on the stage of completion at the balance sheet date, billing schedules at agreed contract terms with the client on a progressive completion basis. This is achieved by estimating total revenue including claims / variations and total cost till completion of the contract and the profit is recognised in proportion to the value of work done when the outcome of the contract can be estimated reliably. Revenue also includes claims / variations when it is highly probable of recovery based on estimate and assessment of each item by the management based on their judgment of recovery. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

The company becomes entitled to invoice customers for construction based on achieving a series of performance related milestones. When a particular milestone is achieved, the customer is sent a statement of work completed assessed by expert. Previously recognised contract asset for any work performed is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the company recognises a contract liability for the difference.

Revenue from trading and consultancy service are recognises when it transfers control of a product or service to a customer.

PATEL ENGINEERING LTD. Mumbai.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

ii) The company constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before or after construction of the residential properties begins. Under the terms of the contracts, the company is contractually restricted from redirecting the properties to another customer and does not have an enforceable right to payment for work done. Revenue from construction of Real Estate properties is therefore recognised at a point of time.

Revenue from building development is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

l) **Foreign currency transaction/translations**

Transactions in foreign currency including acquisition of property, plant and equipment are recorded in the functional currency (Indian Rupee) by applying to the foreign currency amount, at the prevailing exchange rates between the functional currency and foreign currency on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Exchange differences arising out of payment/restatement of long term liabilities relating to property, plant and equipment are capitalized and in other cases amortized over the balance period of such long term monetary items. The unamortized balance is carried in the balance sheet as " foreign currency monetary items translation difference account" as a separate line item under " other equity".

Revenue transactions at the foreign branch/projects are translated at average rate. Property, plant and equipment are translated at rate prevailing on the date of purchase. Net exchange rate difference is recognized in the statement of profit and loss. Depreciation is translated at rates used for respective assets.

However, Michigan Engineers Private Limited opted to recognize the exchange differences in the statement of profit and loss.

Revenue items of overseas subsidiaries are translated into Indian rupees at average rate and all other monetary/non monetary items are translated at closing rate. Net exchange rate difference is recognized as foreign exchange translation reserve.

m) **Financial instrument:**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(I) Financial asset:

Initial recognition and measurement :

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through the statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement :

For the purpose of subsequent measurement financial assets are classified as measured at:

- Amortized cost
- Fair value through profit and loss (FVTPL)
- Fair value through other comprehensive income (FVTOCI).

PATEL ENGINEERING LTD. Mumbai.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

(a) Financial asset measured at amortized cost :

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the consolidated statement of profit and loss. The Group while applying above criteria has classified the following at amortized cost:

(a) Trade receivables

(b) Investment in subsidiaries

(c) Loans

(d) Other financial assets

(b) Financial assets measured at fair value through other comprehensive income :

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the consolidated statement of profit and loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the consolidated statement of profit and loss.

(c) Financial assets at fair value through profit or loss (FVTPL) :

Financial asset are measured at fair value through profit and loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Consolidated statement of profit and loss.

Equity instruments

All investments in equity instruments classified under financial assets are initially measured at fair value , the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

De-recognition of financial assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the consolidated statement of profit and loss.

Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are debt instruments and are measured at FVTOCI.

(c) Lease receivables under Ind AS 17.

(d) Trade receivables or any contractual right to receive cash or another financial asset

(e) Loan commitments which are not measured at FVTPL

(f) Financial guarantee contracts which are not measured at FVTPL

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(II) Financial liability

Initial recognition and measurement :

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement :

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the consolidated statement of profit and loss.

Financial liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The Group is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount and fair value of the liabilities shall be recognized in the consolidated statement of profit and loss.

n) **Financial derivative and hedging transactions**

In respect of financial derivative and hedging contracts, gain / loss are recognized on mark-to-market basis and charged to the consolidated statement of profit and loss along with underlying transactions.

o) **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of assets.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

p) **Employee benefits**

Short term employee benefits :

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contribution towards provident fund/family pensions are made to the recognized funds, where the Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans :

Provision for incremental liability in respect of gratuity and leave encashment is made as per independent actuarial valuation on projected unit credit method made at the year-end.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense /(income) on the net defined liability /(assets) is computed by applying the discount rate, used to measure the net defined liability /(asset). Net interest expense and other expenses related to defined benefit plans are recognized in consolidated statement of profit and loss.

q) **Taxation**

Current tax:

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. Deferred tax assets are recognized only to the extent there is virtual certainty of realization in future.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

r) **Provisions, contingent liabilities and contingent assets**

The Group recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote , no provision or disclosure is made.

Contingent assets are disclosed where an inflow of economic benefits is probable.

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s) **Employees stock option plan**

Compensation expenses under "Employee Stock Option Plan" representing excess of fair price of the shares on the date of grant of option over the exercise price of option is amortized on a straight-line basis over the vesting period.

t) **Borrowing cost**

Borrowing costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to consolidated statement of profit and loss as incurred.

u) **Leases**

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, group's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

v) **Business combinations**

Business combinations have been accounted for using the acquisition method as per Ind AS 103.

The cost of an acquisition is measured at the fair value of the asset transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred.

Business combinations between entities under common control are accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

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w) **Earning per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

x) **Preliminary and preoperative expenses**

In respect of certain subsidiaries preliminary and preoperative expenses are written off commencement of operation.

y) **Non-current assets held for sale and discontinued operation**

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

z) **Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1, 2022, as below:

Ind AS 103 – Reference to Conceptual Framework

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The company does not expect the amendment to have any significant impact on its financial statements.

Ind AS 16 – Proceeds before intended use

The amendments specifies that excess of sales proceeds of items produced over the cost of testing, if any shall not be recognized in the profit or loss but deducted from the directly attributable costs considered as part of cost of an item of property, plant and equipment. The company does not expect the amendment to have any significant impact on its financial statements.

Ind AS 37 – Onerous Contracts - Costs of Fulfilling a Contract

The amendments specify that that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the company does not expect the amendment to have any significant impact on its financial statements.

Ind AS 41 – Agriculture – Fair Value measurement

The amendment aligns the fair value measurement in Ind AS 41 with requirements of Ind AS 113 – Fair Value Measurement to use internally consistent cash flows and discount rates and enables preparers to determine whether to use pre-tax or post tax cash flows and discount rates for the most appropriate fair value measurement. The company does not expect the amendment to have any significant impact on its financial statements.

Ind AS 109 – Annual Improvements to Ind AS (2021)

The amendment clarifies which fees an entity includes when it applies the '10 percent' test of Ind AS 109 in assessing whether to derecognise a financial liability. The company does not expect the amendment to have any significant impact on its financial statements.

PATEL ENGINEERING LTD. Mumbai.

Note : 2

PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2022

Rs. Million

Particulars	Gross block						Depreciation						Net book value	
	As at April 1, 2021	Addition	Deduction/ retirement	Sub total	Foreign currency fluctuation	As at March 31, 2022	As at April 1, 2021	For the year	Deduction	Sub total	Foreign currency fluctuation	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
TANGIBLE ASSETS														
Land[1]	2,464.45	4,239.48	-	6,703.93	-	6,703.93	-	-	-	-	-	-	6,703.93	2,464.45
Building[2]	623.34	6.07	113.13	516.28	1.47	517.75	208.85	12.33	13.74	207.44	1.38	208.82	308.93	414.49
Plant and equipment[3]	7,490.30	1,319.03	386.17	8,423.16	0.10	8,423.26	4,397.27	624.77	352.63	4,669.40	0.09	4,669.49	3,753.77	3,093.03
Furniture and fixtures	95.44	6.05	0.34	101.15	0.07	101.22	90.20	1.74	0.06	91.88	0.07	91.95	9.27	5.24
Vehicles[4]	1,392.70	241.75	16.76	1,617.69	0.07	1,617.76	1,143.70	73.24	15.46	1,201.48	0.07	1,201.55	416.21	249.00
Office equipment's	63.27	6.42	0.01	69.68	0.05	69.73	59.30	1.98	-	61.28	0.05	61.33	8.40	3.97
Others[5]	40.07	5.28	10.69	34.66	-	34.66	28.98	1.08	1.34	28.72	-	28.72	5.94	11.09
Electric equipment	113.44	39.41	0.31	152.54	-	152.54	77.65	10.95	0.19	88.41	-	88.41	64.13	35.79
Computer equipment's	132.93	18.80	0.37	151.36	0.06	151.42	105.82	14.67	0.36	120.13	0.06	120.19	31.23	27.11
Container	11.35	0.19	-	11.54	-	11.54	6.54	1.06	-	7.60	-	7.60	3.94	4.81
Total	12,427.29	5,882.48	527.78	17,781.99	1.82	17,783.81	6,118.31	741.82	383.78	6,476.34	1.72	6,478.06	11,305.74	6,308.99
RIGHT TO USE														
Building	3.69	28.81	-	32.50		32.50	2.30	5.60	-	7.90		7.90	24.60	1.38
Land		3.15	-	3.15		3.15		1.06		1.06		1.06	2.09	-
Plant and equipment	468.90	21.49	0.13	490.26		490.26	249.97	65.97	0.05	315.90		315.90	174.36	218.93
Vehicles	12.06			12.06		12.06	3.66	1.46		5.12		5.12	6.94	8.40
Total	484.65	53.45	0.13	537.97	-	537.97	255.93	74.09	0.05	329.98	-	329.98	207.99	228.71
Less : Transferred to Capital WIP								-	-	-				
TOTAL TANGIBLE ASSETS AND RIGHT TO USE	12,911.94	5,935.93	527.91	18,319.96	1.82	18,321.77	6,374.24	815.91	383.83	6,806.32	1.72	6,808.04	11,513.73	6,537.70
INTANGIBLE ASSETS														
Computer software	61.12	8.52	-	69.64	-	69.64	57.25	3.08	-	60.33	-	60.33	9.31	3.87
Goodwill	283.86	-	-	283.86	-	283.86	-	-	-	-	-	-	283.86	283.86
Total	344.98	8.52	-	353.50	-	353.50	57.25	3.08	-	60.33	-	60.33	293.17	287.73
Capital Work-In-Progress	6,786.06	2.61	3,977.45	2,811.22	15.16	2,826.38	-	-	-	-	-	-	2,826.38	6,786.06
GROSS TOTAL	20,042.98	5,947.06	4,505.36	21,484.68	16.98	21,501.65	6,431.49	818.99	383.83	6,866.65	1.72	6,868.37	14,633.28	13,611.49

PATEL ENGINEERING LTD. Mumbai.

1 Title deeds of immovable property not held in the name of the Company:

(In Million)

Particulars	Description of items of property	Gross carrying value	Title deed held in the name of	Whether title deed holder is a promoters, director or relative of promoters / director / employee of	Property held since which date	Reason for not being held in the name of company
Property Plant & Equipment	Land	6,360.91	PEL Power Limited, Jayshe Gas Power Pvt Ltd, Patel Energy Assignment Pvt Ltd, Patel Energy Operations Pvt Ltd, Patel Energy Projects Pvt ltd, Patel Thermal Energy Projects Pvt ltd, PEL Port Pvt ltd	Step-down subsidiaries company of Patel Engineering Limited	FY 2021-22	Entities are part of merger scheme and they will merge with the Company on receipt of merger order from competent authority
Property Plant & Equipment	Land	8.02	Mr. Muthuraj	Employee	FY 2009-10	Ownership of asset by directors / officials of the Company was permitted as per Companies act. The land was purchased accordingly.
Property Plant & Equipment	Land	23.71	Mrs. Silloo Yezdi Patel	Ex-director	FY 2001-02	
Property Plant & Equipment	Land	4.07	Mr. Rupen Pravin Patel	Director	FY 2000-01	

2 a) Building includes building [gross block - Rs. 349.16 million (P.Y. Rs. 444.07 million), accumulated depreciation Rs. 119.47 million (P.Y. Rs. 120.84 million)] and factory building [gross block - Rs. 187.45 million (P.Y. Rs. 182.96 million), accumulated depreciation Rs. 96.60 million (P.Y. Rs. 90.37 million)]

b) Includes Rs. 0.0083 million (Rs. 0.0083 million) being the value of 165 shares (P.Y. 165 shares) and share deposits in Co - operative Societies

3 Includes assets costing Nil (PY Rs. 37.37 million) not commissioned/erected/put to use, Nil (P.Y. Nil) towards exchange rate difference.

Rs. Million

4 Vehicles includes	Gross block 2021-22	Gross block 2020-21	Acc dep. 2021-22	Acc dep. 2020-21
Motor car	335.40	318.54	255.17	237.73
Motor truck	1,290.79	1,082.59	948.39	906.79
Motor cycle	3.62	3.62	3.06	2.81

Rs. Million

5 Others include	Gross block 2021-22	Gross block 2020-21	Acc dep. 2021-22	Acc dep. 2020-21
Ship	0.06	0.06	0.06	0.06
Rails and trolley	34.60	40.01	28.65	28.91

6 Capital work in progress (CWIP) ageing schedule

Rs. Million

Particulars	Amount in CWIP for a period of: Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Project in progress	55.93	0.69	124.42	957.14	1,138.18
Project temporary suspended*	0.30	87.11	442.97	1,157.83	1,688.20

* Company is in process of negotiation with the client for revival of the projects and expect that estimated realisation from the project shall be whether through sale on as and whereas basis or execution of project upon revival, is more than the carrying value of the assets. Therefore, expected completion schedule and cost cannot be ascertained at this juncture.

PATEL ENGINEERING LTD. Mumbai.

PATEL ENGINEERING LIMITED
PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2021

Rs. Million

Particulars	Gross Block						Depreciation						Net Book Value	
	As at April 1, 2020	Addition	Deduction/ retirement	Sub total	Foreign currency fluctuation	As at March 31, 2021	As at April 1, 2020	For the year	Deduction	Sub total	Foreign currency fluctuation	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
TANGIBLE ASSETS														
Land[1]	2,590.38	1.32	124.68	2,467.02	(2.57)	2,464.45	-	-	-	-	-	-	2,464.45	2,590.38
Building[2]	621.65	0.65	(1.12)	623.42	(0.08)	623.34	195.08	13.66	(0.43)	209.18	(0.33)	208.85	414.49	426.57
Plant and equipment[3]	5,997.21	1,541.73	48.81	7,490.13	0.17	7,490.30	3,953.30	461.03	17.23	4,397.10	0.17	4,397.27	3,093.03	2,043.91
Furniture and fixtures	95.77	1.19	1.65	95.31	0.13	95.44	90.13	1.58	1.64	90.07	0.13	90.20	5.24	5.64
Vehicles[4]	1,302.12	84.34	(6.11)	1,392.57	0.13	1,392.70	1,055.71	85.45	(2.41)	1,143.57	0.13	1,143.70	249.00	246.42
Office equipment's	62.69	0.99	0.49	63.19	0.08	63.27	57.98	1.72	0.48	59.22	0.08	59.30	3.97	4.71
Others[5]	40.07	-	-	40.07	-	40.07	28.09	0.89	-	28.98	-	28.98	11.09	11.98
Electric equipment	92.42	21.66	0.64	113.44	-	113.44	70.40	7.89	0.64	77.65	-	77.65	35.79	22.02
Computer equipment's	118.57	15.26	1.01	132.82	0.11	132.93	97.66	9.05	1.00	105.71	0.11	105.82	27.11	20.90
Container	9.77	1.58	-	11.35	-	11.35	5.42	1.12	-	6.54	-	6.54	4.81	4.35
Total	10,930.65	1,668.72	170.04	12,429.32	(2.03)	12,427.29	5,553.77	582.40	18.15	6,118.02	0.29	6,118.31	6,308.99	5,376.87
RIGHT TO USE[6]														
Building	83.79	0.13	80.24	3.69	-	3.69	22.96	19.47	40.12	2.30	-	2.30	1.38	60.83
Plant and equipment	469.46	-	0.55	468.90	-	468.90	132.32	117.80	0.15	249.97	-	249.97	218.93	337.14
Vehicles	12.06			12.06	-	12.06	2.20	1.46		3.66	-	3.66	8.40	9.86
Total	565.31	0.13	80.80	484.65	-	484.65	157.48	138.72	40.27	255.94	-	255.94	228.71	407.83
Less : Trfd to capital WIP								2.50	-	2.50				
TOTAL TANGIBLE ASSETS AND RIGHT TO USE	11,495.96	1,668.85	250.84	12,913.97	(2.03)	12,911.94	5,711.25	718.62	58.42	6,373.95	0.29	6,374.24	6,537.70	5,784.70
INTANGIBLE ASSETS														
Computer software	59.48	1.64	-	61.12	-	61.12	55.62	1.63	-	57.25	-	57.25	3.87	3.86
Goodwill	283.86	-	-	283.86	-	283.86	-	-	-	-	-	-	283.86	283.86
TOTAL	343.34	1.64	-	344.98	-	344.98	55.62	1.63	-	57.25	-	57.25	287.73	287.72
Capital Work-In-Progress	11,408.35	55.50	4,670.95	6,792.90	(6.84)	6,786.06	-	-	-	-	-	-	6,786.06	11,408.35
TOTAL	23,247.65	1,725.99	4,921.79	20,051.85	(8.87)	20,042.98	5,766.87	720.25	58.42	6,431.20	0.29	6,431.49	13,611.49	17,480.77

Patel Since 1949

Notes

1 Title deeds of immovable property not held in the name of the Company:

Rs. Million

Particulars	Description of items of property	Gross carrying value	Title deed held in the name of	Whether title deed holder is a promoters, director or relative of promoters / director / employee of promoters or director	Property held since which date	Reason for not being held in the name of company
Property Plant & Equipment	Land	23.71	Mrs. Silloo Yezdi Patel	Ex-director	FY 2001-02	Ownership of asset by Directors / officials of the Company was permitted as per Companies act. The land was purchased accordingly.
Property Plant & Equipment	Land	4.07	Mr. Rupen Pravin Patel	Director	FY 2000-01	

2 a) Building includes building [gross block - Rs. 444.07 million (P.Y. Rs. 441.09 million), accumulated depreciation Rs. 120.84 million (P.Y. Rs. 105.08 million)] and factory building [gross block - Rs. 182.96 million (P.Y. Rs. 182.96 million), accumulated depreciation Rs. 90.37 million (P.Y. Rs. 75.91 million)]

b) Includes Rs. 0.0083 million (P.Y. Rs. 0.0083 million) being the value of 165 shares (P.Y. 165 shares) and share deposits in Co - operative Societies

3 Includes assets costing Rs 37.37 million (P.Y. Rs. 18.81 million) not commissioned/erected/put to use, Nil (P.Y. Nil) towards exchange rate difference.

Rs. Million

4

Vehicles includes	Gross block 2020-21	Gross block 2019-20	Acc dep. 2020-21	Acc dep. 2019-20
Motor car	318.54	290.46	237.73	214.34
Motor truck	1,082.59	1,020.21	906.79	841.01
Motor cycle	3.62	3.51	2.81	2.55

Rs. Million

5

Others include	Gross block 2020-21	Gross block 2019-20	Acc dep. 2020-21	Acc dep. 2019-20
Ship	0.06	0.06	0.06	0.06
Rails and trolley	40.01	40.01	28.91	28.02

6 Capital work in progress (CWIP) ageing schedule

Rs. Million

Particulars	Amount in CWIP for a period of Less than 1 years	1-2 years	2-3 years	More than 3 years	Total
Project in progress	61.97	376.66	364.43	4,295.09	5,098.15
Project temporary suspended*	87.11	442.97	818.77	339.06	1,687.90

* Company is in process of negotiation with the client for revival of the projects and expect that estimated realisation from the project shall be whether through sale on as and whereas basis or execution of project upon revival, is more than the carrying value of the assets. Therefore, expected completion schedule and cost cannot be ascertained at this juncture.

PATEL ENGINEERING LTD. Mumbai.

NOTE : 3

INVESTMENT	March 31, 2022 Rs Million	March 31, 2021 Rs. Million
NON- CURRENT INVESTMENTS		
- In equity instrument at cost, unquoted		
20,207 shares (20,207) of ASI Constructors INC. par value US $ 0.0099 per share	-	-
- In preference instruments at cost, unquoted		
59,375 shares (59,375) of ASI Const. Inc, Par value US$ 100 per share	-	-
Other equity investments at cost- unquoted		
In joint ventures	8.25	16.84
In associates		
Other investments (accounted under equity method)		
2,66,72,000 shares (2,66,72,000) of Raichur Sholapur Transmission Co. Pvt. Ltd., F.V. Rs. 10/- per share	111.13	173.53
1,00,06,000 shares (1,00,06,000) of Patel KNR Heavy Infrastructures Ltd., F.V. Rs.10/- per share	306.10	169.35
52,600 shares (52,600) of Pan Realtors Pvt. Ltd. Face Value Rs. 10 per share	-	-
5,000 shares (5,000) of PLS Pvt. Ltd., F.V. LKR.10/- per share	2.82	4.04
84,95,040 shares (84,95,040) of ACP Tollways Pvt. Ltd., F.V. Rs. 100/- per share (includes goodwill of Rs. 2.77 million)	150.00	246.99
2,40,19,600 shares (2,40,19,600) of Hitodi Infrastructure Pvt. Ltd. Face Value Rs.10 per share	(0.00)	(0.00)
	570.05	593.91
Investment in government securities [IV]	0.14	0.14
Investment by joint venture	76.00	76.00
Investment in partnership firms [V]	-	0.01
Investment in mutual funds (At FVTPL, quoted)	169.89	5.50
Total	824.33	692.40
Less : provision for impairment [III]	8.25	13.50
TOTAL NON -CURRENT INVESTMENT	816.08	678.90

I. Aggregated amount of unquoted investments as at March 31, 2022 Rs. 646.18 million (P.Y. Rs. 673.39 million).

II. Aggregated amount of quoted investments as at March 31, 2022 Rs. 169.89 million, market value Rs. 169.89 million (P.Y. Rs. 5.50 million, market value Rs. 5.50 million).

III. Aggregated amount of impairment in value of investments as at March 31, 2022 Rs. 8.25 million (P.Y. Rs. 13.50 million)

IV. Includes investment in national saving certificates, in the name of directors, lodged with project authorities.

V. In AHCL-PEL partnership firm – AHCL & Pravin Patel have settled the ongoing arbitration and the other partners shall continue to run the firm. PEL had retired from the firm in previous year and the corresponding share of Mr. Pravin Patel was increased.

NOTE : 4

TRADE RECEIVABLES		Non-current		Current	
		March 31, 2022 Rs Million	March 31, 2021 Rs Million	March 31, 2022 Rs Million	March 31, 2021 Rs Million
Unsecured, considered good unless otherwise stated					
Receivables outstanding for a period exceeding six months					
Considered good		3,550.91	4,359.43	4,137.42	2,900.03
Considered doubtful		-	-	4.96	5.12
		3,550.91	4,359.43	4,142.38	2,905.15
Less : provision for doubtful debts		-	-	4.96	5.12
	(A)	3,550.91	4,359.43	4,137.42	2,900.03
Other receivables					
Considered good	(B)	1,384.56	61.40	1,481.85	1,436.32
	(A+B)	4,935.47	4,420.83	5,619.27	4,336.35

I There is no trade receivable due from any director or any officer of the company, either severally or jointly with any other person, or form any firms or private companies in which any director is a partner, a director or a member.

II Trade receivables, except receivables on account of claims awarded in arbitration in favour of the group, are non-interest bearing and are generally on term of 30 to 90 days.

III Trade receivables are net of advances received against arbitration awards/claims of Rs. 3,400.51 millions (P.Y. Rs. 3,381.25 millions).

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IV Trade receivable ageing schedule

Particulars	Outstanding for following periods from due date of payment						Total
	Less than 6 months	6 months to 1 years	1-2 years	2-3 years	More than 3 years	Not due / unbilled receivable	
As on March 31, 2022							
Undisputed trade receivable - considered good	2,054.56	674.05	699.14	1,039.72	1,406.73	4,678.26	10,552.46
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	4.85	-	4.85
Undisputed trade receivables - credit impaired	-	-	-	-	2.39	-	2.39
	2,054.56	674.05	699.14	1,039.72	1,413.97	4,678.26	10,559.70
Less: allowance for doubtful debts	-	-	-	-	4.96	-	4.96
Total receivable	2,054.56	674.05	699.14	1,039.72	1,409.01	4,678.26	10,554.74
As on March 31, 2021							
Undisputed trade receivable - considered good	1,132.89	227.02	599.12	995.03	1,272.86	4,527.56	8,754.48
Undisputed trade receivables - which have significant increase in credit risk	-	-	-	-	5.43	-	5.43
Undisputed trade receivables - credit impaired	-	-	-	-	2.39	-	2.39
	1,132.89	227.02	599.12	995.03	1,280.68	4,527.56	8,762.30
Less: allowance for doubtful debts	-	-	-	-	5.12	-	5.12
Total receivable	1,132.89	227.02	599.12	995.03	1,275.56	4,527.56	8,757.18

NOTE : 5
LOANS

	Non-current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rs Million	Rs Million	Rs Million	Rs Million
Balance in current account with related parties				
Unsecured, considered good	766.19	704.41	106.08	297.37
Balance which have significant increase in credit risk	101.06	101.45	3.51	14.71
	867.25	805.86	109.59	312.09
Less: provision for impairment	101.06	101.45	3.51	14.71
	766.19	704.41	106.08	297.37

Above loan/current account balance fully pertaining to related parties as identify under IND AS 24.

NOTE : 6
OTHER FINANCIAL ASSETS

	Non-current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rs Million	Rs Million	Rs Million	Rs Million
Cash and bank balance				
- On fixed deposits accounts with scheduled banks*	1,784.60	1,288.72	-	-
Deferred finance cost	56.83	60.85	-	-
Secured deposit				
Unsecured, considered good	8.63	8.73	715.37	774.34
Others	52.54	9.04	3.52	0.67
	1,902.60	1,367.34	718.89	775.01

* Includes amount given towards margin money and earnest money deposits

NOTE : 7
DEFERRED TAX ASSETS

	March 31, 2022	March 31, 2021
	Rs Million	Rs Million
Related to depreciation on property, plant and equipment	28.71	(21.90)
Carry forward of an unused tax credit	620.98	620.98
Other disallowances under the income tax act	1,323.99	1,403.72
	1,973.68	2,002.80

Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	March 31, 2022	March 31, 2021
	Rs Million	Rs Million
Deferred income tax liability		
Temporary difference on tangible and intangible assets depreciation and amortization	(29.26)	(71.15)
Others	(0.46)	(0.13)
Deferred income tax asset		
Disallowances on account of income tax act	1,320.35	1,400.59
Temporary difference on tangible and intangible assets depreciation and amortisation	57.97	49.24
Carry forward of an unused tax credit	620.98	620.98
Other	4.11	3.25
Total deferred tax assets (net)	1,973.68	2,002.80

NOTE : 8
CURRENT TAX ASSETS (NET)

	Non-current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rs Million	Rs Million	Rs Million	Rs Million
Advance tax (net)[1]	554.50	130.98	123.25	120.42
	554.50	130.98	123.25	120.42

[1] Includes advance tax which is net of provision for tax Rs. 24.31 million (P.Y. Rs. 2.50 million).

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2 A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

	March 31, 2022	March 31, 2021
	Rs Million	Rs Million
Profit / loss before income tax	1,120.02	(3,438.12)
Income tax expense calculated at 34.944%	391.38	(1,201.42)
Effect of expenses not allowed for tax purpose	4.96	257.70
Effect of income not considered for tax purpose	(2.00)	(9.54)
Others	(8.12)	1,065.23
	386.22	111.98

NOTE : 9
OTHER ASSETS

	Non-current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rs Million	Rs Million	Rs Million	Rs Million
Capital advance				
Secured, considered good				
Unsecured, considered good	232.98	145.33	-	-
Security deposit				
Unsecured, considered good	2,401.93	2,930.47	1,188.14	1,226.38
Doubtful	16.76	-	-	-
Advance recoverable				
Secured, considered good				
Unsecured, considered good	180.74	455.32	4,293.89	4,004.86
Doubtful	464.71	527.49	27.30	-
Prepaid expenses	208.68	197.71	473.25	388.53
Balance with statutory authorities	881.42	918.10	2,058.01	1,364.47
Accrued interest	1,422.12	1,218.43	43.11	29.89
Preoperative and preliminary expenses	606.50	749.40	-	-
Advance to suppliers	-	-	75.52	40.60
Other advances	1.50	1.50	247.02	257.94
Receivable on account of sale of long term investments	-	-	51.88	51.88
Non trade receivables	-	-	31.06	25.50
Advances to employees	1.23	1.91	34.38	38.00
	6,418.57	7,145.66	8,523.56	7,428.05
Less: allowance for doubtful advances	481.47	527.49	-	-
Less: provision for impairment	-	-	27.30	-
	5,937.10	6,618.17	8,496.26	7,428.05

NOTE : 10
INVENTORIES *

	Current	
	March 31, 2022	March 31, 2021
(At lower of cost or net realizable value)	Rs Million	Rs Million
Stock of land	3,604.08	4,677.44
Stores, embedded goods and spare parts etc.	2,421.10	1,941.57
(Includes stores in transit Rs. 37.75 million (P.Y. Rs. 99.80 million)		
Work in progress	29,880.62	29,683.80
	35,905.80	36,302.81

*(As technically valued and certified by the management)

NOTE : 11
CASH AND CASH EQUIVALENTS

	Current	
	March 31, 2022	March 31, 2021
	Rs Million	Rs Million
Balance with banks		
- On current accounts with scheduled banks	2,268.28	1,614.88
- On fixed deposits accounts with scheduled banks	306.46	288.48
-On fixed deposits accounts with foreign banks	21.35	19.54
- Balances with non scheduled banks	-	17.21
- Cheques in hand	-	0.03
- Foreign currency in hand	0.33	0.23
Cash on hand	9.36	8.85
	2,605.78	1,949.22

NOTE : 12
OTHER BANK BALANCES

Deposits with maturity more than 3 months but less than 12 months	7.15	10.88
	7.15	10.88

NOTE : 13
ASSETS CLASSIFIED AS HELD FOR SALE

	Current	
	March 31, 2022	March 31, 2021
Investment	Rs Million	Rs Million
Nil shares (14,75,840) of Naulo Nepal Hydroelectric Pvt. Ltd., NPR 100/- per share	-	116.00
2,50,000 shares (2,50,000) of Bellona Estate Developers Ltd., F.V. Rs 10/- per	-	-
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	-	116.00

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NOTE : 14
SHARE CAPITAL AND OTHER EQUITY
A) SHARE CAPITAL

		March 31, 2022		March 31, 2021	
		No. of shares	Rs. Million	No. of shares	Rs. Million
a)	**Authorized**				
	Equity shares of Re. 1/- each	2,75,00,00,000	2,750.00	2,75,00,00,000	2,750.00
	Zero coupon optionally convertible preference shares of Re 1 each	80,00,00,000	800.00	80,00,00,000	800.00
	Preference shares of Rs.10,000,000 each	-	-	-	-
b)	**Issued, subscribed and fully paid up**				
	Equity shares of Re. 1/- each	47,92,30,494	479.23	46,54,53,024	465.45
		47,92,30,494	479.23	46,54,53,024	465.45

c) **Terms/rights attached to equity shares**

The Company has only one class of shares referred to as equity shares of Re. 1/- each. Each holder of equity shares is entitled to the same rights in all respects.

Terms/rights attached to zero coupon optionally convertible preference shares

The Company has only one class of preference share referred to as zero coupon optionally convertible preference shares ('OCPS') of Re 1/- Each and is convertible at the option of the shareholder within a period of 18 months from the date of allotment of OCPS. The balance remaining, if any, after exercise of all the option before the expiry of 18 months, shall be redeemed after a period of 10 years from the date of allotment or earlier of the option of the Company but not earlier than the optionally convertible debentures issued to the lenders of the Company. The OCPS shall carry a prefential right vis-a-vis equity share of the Company with respect to repayment of capital and there shall be no dividend payable on these OCPS.

d) **Reconciliation of equity shares outstanding at the beginning and at end of the year**

	No. of shares	Rs. Million	No. of shares	Rs. Million
Outstanding at the beginning of the year	46,54,53,024	465.45	40,81,78,292	408.18
Add :- issued during the year	1,37,77,470	13.78	5,72,74,732	57.27
Outstanding at the end of the year	47,92,30,494	479.23	46,54,53,024	465.45

e) **Share held by each shareholder more than 5%**
Equity shares

Name of the shareholder	No. of Shares	% holding	No. of Shares	% holding
i) **Raahitya Constructions Pvt. Ltd. (erstwhile Patel Corporation LLP)**	18,53,31,924	38.67	18,53,31,924	39.82
ii) **Praham India LLP**	4,01,95,352	8.39	4,01,95,352	8.63
iii) **Mr. Rupen Pravin Patel**	3,46,85,933	7.24	3,46,85,933	7.45

f) During the financial year 2019-20, Company had made prefential allotment of 53,99,66,397 fully paid-up OCPS to a promoter of the Company pursuant to a contract without payment being received in cash. Out of the above in 2019-20, 37,32,72,000 OCPS were converted into 2,06,00,000 equity shares at a price of Rs. 18.12 /- (including security premium of Rs 17.12/-). Balance 16,66,94,397 OCPS has converted in previous year (financial year 2020-21) into 91,99,470 equity shares.

Further, during the year, company has made prefential allotment of 1,37,77,470/- (P.Y. 4,80,75,262/-) fully paid-up shares at a price of Rs. 14.78/- (including security premium of Rs. 13.78/-) to a lender of the subsidiary pursuant to a one time settlement contract without payment being received in cash.

g) **Shares reserved under options**

In pursuant to the scheme of sustainable structuring of stressed assets (S4A scheme), company has converted debt into 0.01% optionally convertible debentures (OCD) with a 7% IRR. Details note related to outstanding option and term of conversion/redemption of OCD has given under the head of Borrowings.

h) **Shareholding of promoters**
Shares held by promoters as defined under the Companies Act 2013 at the end of the year

	Promoters name	March 31, 2022			March 31, 2021		
		No. of shares	% of totals shares	% changes during the year	No. of shares	% of totals shares	% changes during the year
i	Mr. Rupen Patel	3,46,85,933	7.24	-	3,46,85,933	7.45	-
ii	Raahitya Constructions Pvt. Ltd.	18,53,31,924	38.67	-	18,53,31,924	39.82	-
iii	Praham India LLP	4,01,95,352	8.39	-	4,01,95,352	8.64	1.04
iv	Ms. Alina Rupen Patel	12,90,000	0.27	-	12,90,000	0.28	-
v	Ms. Chandrika Patel	1,49,900	0.03	-	1,49,900	0.03	-
vi	Mr. Ryan Rupen Patel	90,000	0.02	-	90,000	0.02	-
	Total	26,17,43,109	54.62	-	26,17,43,109	56.23	1.04

B) OTHER EQUITY - refer statement of change in equity for details disclosure.

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NOTE : 15
BORROWINGS

		Non-current portion		Current maturities	
		March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
		Rs Million	Rs Million	Rs Million	Rs Million
I	**Secured loans**				
a)	Debentures [1]	5,230.57	6,812.12	1,391.00	-
b)	Term loans				
	- From bank [2]	1,553.68	554.09	1,170.22	540.22
	- From others [3]	572.89	167.16	237.85	24.77
II	**Unsecured loans**				
	- From related parties	250.00	-		
	-Amount disclosed under "borrowings" in note no. 22	-	-	(2,799.07)	(564.99)
		7,607.14	7,533.37	-	-

1 **Debentures**

a) LIC - 11.30% NCD (ISIN INE244B07144) : 11.30% secured redeemable non convertible debentures was allotted on September 17, 2012 for a period of 10 years. These debentures have a face value of Rs. 1.0 million each aggregating to Rs. 1,138.00 million (P.Y. Rs.1,138.00 million). These NCDs along with the OCDs issued to LIC of Rs. 708.30 million (P.Y. Rs. 708.30 million) is secured against charge on certain land held as stock in trade of the Company and its subsidiaries. The above debentures are listed on The National Stock Exchange of India Ltd.

b) During FY 18, S4A (scheme for sustainable structuring of stressed assets) of RBI for debt resolution plan was approved and implemented by the lenders of the company by virtue of which their debts (including the interest accrued thereon) on the reference date of August 8, 2017 was split into Part A debt which was serviceable from the reference date and PART B debt, which was converted into 0.01% optionally convertible debentures (OCD) with a 7% IRR repayable over a period of 10 years commencing from the 6th year. Further in F.Y. 19, implementation from LIC (Life Insurance Corporation of India) & GIC (General Insurance Corporation of India) was completed as per the scheme and Units of OCD under Part B debt was issued by the company. As part of the above S4A scheme, lenders of the company had converted Part B debt from working capital term loan (WCTL), working capital facilities (CC), non convertible debentures (NCD) & short term loans (STL) facilities into various tranches of optionally converted debentures (OCD). The tranche wise details of OCD allotment and their outstanding details as on March 31, 2022 are as follows -

Tranche 1. (WCTL) Rs. 1,190.73 million (P.Y. Rs. 1,190.73 million) ,Tranche 2 (CC) Rs. 2,215.05 million (P.Y. Rs. 2,218.45 million), Tranche 3 (GIC OCD) Rs. 43.90 million (P.Y Rs. 43.90 million), Tranche 7 (LIC) Rs. 708.30 million (P.Y. Rs. 708.30 million) & Tranche 9. (STL) Rs. 9.93 million (P.Y. Rs. 349.00 million). These debentures have a face value of Rs. 1000 each aggregating to Rs. 4167.89 million as on March 31, 2022 (P.Y. Rs. 4510.38 million) and outstanding liabilities on these debenture under IND AS 109 is Rs. 3667.19 million (PY. Rs. 3857.72 million) as on March 22.
The OCD's carry a coupon rate of 0.01% p.a. payable annually on March 31 every year, with a yield to maturity (YTM) of 7% p.a. payable at the time of maturity, payable from the reference date August 8, 2017 (for Tranches 1,2,3,7,9) and the original repayment schedule for repayment is over a period of 10 years as follows -

at the end of 6th year from reference date, i.e. August 8, 2023 - 5%, end of 7th year, i.e. August 8, 2024 - 20%, end of 8th year, i.e. August 8, 2025 - 25%, end of 9th year, i.e. August 8, 2026 - 25% and end of 10th year, i.e. August 8, 2027 - 25%. For Tranche 3 (GIC) the OCD units were credited effective 1st July 2018 & Tranche 7 (LIC) the OCD Units were credited effective December 17, 2018, with moratorium of 5 years and balance payable in 5% in Year 6, 20% in Year 7, 25% each in Year 8 ,Year 9 & Year 10, from their effective credit date along with the yield to maturity of 7% p.a.

Tranche 1 is secured against the same security as for WCTL - refer note 15 - 2 a) below in term loan banks, working capital term loan note,
Tranche 2 is secured against the same security as for CC - refer note 22 - 2) below in working capital demand loan note, Tranche 3 is secured against charge on certain property held as fixed assets of the company and subservient charge on all the property, plant and equipment of the company. Tranche 7 is secured against the same security as for NCD earlier which were issued to LIC - refer note 15 - 1a) above.
Tranche 1 & Tranche 2 are also secured by pledge of 93,50,927 shares (P.Y. 93,50,927 shares) of the Company held by promoters and Mr. Pravin Patel of the company and pledge of 49% holding of the company in Hitodi Infrastructure Pvt. Ltd. The said OCDs are also secured by Personal Guarantees of Mr. Rupen Patel . These securities are also for Part A debt.
Tranche 9 is secured against the same security as for bank STL - refer note 22 - 1) below in short term loans note.

c) 9.57% secured redeemable non convertible debentures was allotted by Patel KNR Infrastructure Ltd. ('PKIL') on April 2, 2010 for a period of 17 years. These debentures have a face value of Rs. 1.0 million each aggregating to Rs. 1816.40 million including Rs. 253.00 millions in short term loan (P.Y. Rs. 237.40 million). These NCDs is secured against entire, present and future, movable and immovable assets of the PKIL. The above debentures are listed on The National Stock Exchange of India Ltd.

d) As per section 71 read with rule 18 of companies share capital and debentures rules, 2014 and amendment thereof, PKIL has made adequate fixed deposit/investment for debenture issued by them and maturing in next financial year.

2 **Term loan banks**

a) Term loan includes working capital term loan(WCTL) secured by a first pari passu charge on the receivables more than 180 days, retention deposit, stock of land, immovable property and mortgage over certain lands owned by subsidiary companies, corporate guarantee and pledge of 30% shareholding of subsidiaries owning real estate lands. Mr. Rupen Patel, promoter in their personal capacity and Mr. Muthu Raj to the extent of the value of the property owned by them, has provided personal guarantees for WCTL. Also there is a charge on escrow accounts of Company, wherein cash flows will be deposited from real estate projects to be developed/monetized by respective companies, pledge of 93,50,927 shares (P.Y. 93,50,927 shares) shares of the Company held by promoters and Mr. Pravin Patel and 49% share holding of Hitodi Infrastructures Pvt. Ltd. held by the Company. The WCTL Term loans were repayable over 1 to 4 years starting F.Y. 2020 to F.Y. 2023. In previous financial year, due to Covid 19 pandemic, the lenders had invoked one time restructuring (OTR) which has been implemented in current F.Y. by the lenders and all principal repayments have been shifted by 2 years, accordingly, the balance WCTL is repayable from F.Y. 23 to F.Y. 25. Also, the lenders had sanctioned and disbursed FITL (funded interest term loan) on the said debt from March 1, 2021 upto March 31, 2022. The rates of interest for these loans vary between 10%- 13% (floating) linked to monitoring institution's base rate.

b) Term loan of Rs. 16.00 million (P.Y. Rs. 11.79 million) secured by hypothecation of specified motor vehicles acquired under the said loans. Interest rate ranging from 8.75% to 11.72% and repayment is over in 1-5 years.

c) Term loan of Nil (P.Y. Rs. 348.39 million) was taken during the financial year 2016-17 and carries interest MCLR (1 Year) + 2.75% p.a. The Loan is repayable starting from January, 2019 in 14 quarterly instalment. The loan is secured by pari passu charge over the current assets of the PBSR Developers Pvt. Ltd. ('PBSR') including receivables of the PBSR. The charge to cover escrow account established / to be established for the project under PBSR. First pari-pasu charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

d) Term loan of Rs. 123.42 million (P.Y. Nil) was taken during the financial year 2021-22 and carries interest MCLR (1 Year) + 1% p.a. The loan is repayable starting in 48 monthly instalment post moratorium period 12 months from the date of first disbursement. The loan is secured by second charge over the current assets of the PBSR including receivables of the PBSR. The charge to cover escrow account established / to be established for the project under PBSR. Second charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

3 **From others**

a) The term loan of Rs. 572.92 million includes loans from financial institutions on equipment's, secured against the said equipment's. These loans carried an interest rate of average between 13%-14% on an average, with a repayment period of 3-5 years . This term loan also includes inter corporate deposits with an average rate of interest of 14%-15% with maturity period of 1-3 yrs. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company. It incudes project specific funding by financial institution from earmarked non fund based limit , this loans carried an interest rate of average between 10%-11% on an average.

b) Term loan of Nil (P.Y. Rs. 4.85 million) secured by hypothecation of specified machineries acquired under the said loan. Interest rate ranging from 9.25% to 12.02% and repayment is over in 3-4 years. Further loan is secured by personal guarantee of managing director of the Michigan Engineers Pvt Ltd.

4 **From related parties**
It includes unsecured long term inter corporate loan payables to promoters of the company of Rs. 250.00 million (P.Y. Nil).

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NOTE : 16
LEASE LIABILITY

	Non-Current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rs Million	Rs Million	Rs Million	Rs Million
Lease liability	191.83	270.84	110.45	27.25
	191.83	270.84	110.45	27.25

NOTE : 17
TRADE PAYABLES*

	March 31, 2022	March 31, 2021
	Rs Million	Rs. Million
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	741.52	773.14
Piece rate wages payable	2,549.97	2,220.42
Provisions - others	1,969.00	1,394.34
Capital creditors	510.79	391.32
	5,771.28	4,779.22

*Ageing of trade payable is given under note no 59

NOTE : 18
OTHER FINANCIAL LIABILITIES

	March 31, 2022	March 31, 2021
	Rs Million	Rs. Million
Retention deposits (contractually to be refunded after 1 year from completion of work)	245.11	194.37
Interest accrued but not due on borrowings	1,667.28	1,283.80
	1,912.39	1,478.17

NOTE : 19
PROVISIONS

	Non-current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rs Million	Rs Million	Rs Million	Rs Million
Provision for employee benefits (refer note 34)				
Provision for gratuity	34.89	30.73	39.14	47.59
Provision for leave entitlements	113.65	89.23	20.54	16.18
	148.54	119.96	59.68	63.77

NOTE : 20
OTHER NON CURRENT LIABILITY

	March 31, 2022	March 31, 2021
	Rs Million	Rs. Million
Contractee advances	5,909.40	6,532.88
Deposits	181.52	163.11
Other liability	730.84	1,031.72
	6,821.76	7,727.71

NOTE : 21
DEFERRED REVENUE

	March 31, 2022	March 31, 2021
	Rs Million	Rs. Million
Deferred revenue	64.73	68.01
	64.73	68.01

NOTE : 22
BORROWINGS

		March 31, 2022	March 31, 2021
		Rs Million	Rs. Million
I	**Secured loans**		
	Short term loans[1]		
	- From bank	-	1,349.64
	- From others	262.41	704.65
	Loans repayable on demand[2]		
	- From bank	11,098.63	11,627.94
II	**Unsecured loans[3]**		
	- From others	100.00	100.00
	- From related parties	748.88	783.29
	Current maturities of long-term debt	2,799.07	564.99
		15,008.98	15,130.52

1 **Short term loan**

Includes short term loans from various banks against various immovable properties of company at interest rate of 11.60% - 12.75% (PY 11.60% - 12.75%) due for rollover in next financial year. Presently there is Nil outstanding in short term loan & are no interest and principal overdue for repayment & outstanding for such loans taken by the company.

Includes short term loans from others at interest rate of 15.00% due for rollover in next financial year. FITL has been sanctioned for these loans from March 1, 2021 upto March 31, 2022. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company.

2 **Loans repayable on demand**

a) Includes cash credit and working capital demand loan from various banks. These loans have been given against first pari passu hypothecation of stocks, spare parts, book debts, work in progress & guarantees except specifically charged to any other lenders; secured against pledge of 93,50,927 shares (P.Y. 93,50,927 shares) of the company held by promoters and Mr. Pravin Patel and 49% share holding of Hitodi Infrastructures Pvt. Ltd. held by the Company. It also has second charge on receivable above 180 days, subservient charge over plant & machinery except specifically charged to any lenders and over certain immovable properties and right over residual cash flow's from sale of real estate charged to WCTL lenders. FITL has been sanction for the loans from March, 2021 up to March 31, 2022.

Terms of repayment:

Cash credit- yearly renewal, rate of interest ranges between 10%-12.85% p.a. (P.Y. 10%-12.85% p.a.)

b) i) Includes cash credit of Nil (P.Y. Rs. 285.50 million) is secured by first pari passu charge on the movable and immovable assets of the MEPL except the assets specifically charged for project/lease based finance. Interest rate ranging from 13% to 14%.

ii) Includes cash credit & working capital demand loan of Nil (P.Y. Rs. 171.50 million) is secured by first pari passu charge on the current assets and movable fixed assets (including plant & machinery) of the MEPL except for the assets specifically charged against relevant term loans. Additionally secured by first pari passu charge on the office bearing no. F-27, Commerce Centre and personal guarantee of managing director of MEPL. Interest rate ranging from 14% to 15%.

iii) Includes overdraft of Rs. 0.38 million is secured against the fixed deposit. Interest rate ranging from 6.5% to 7%

c) Loan of Rs. 256.04 million (P.Y. Rs. 292.02 million) was taken during the financial year 2016-17 and carries interest MCLR (1 Year) + 2.75% p.a. The loan is secured by pari passu charge over the current assets of the PBSR including receivables of the PBSR. The charge to cover escrow account established / to be established for the project. First pari passu charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

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3 **Unsecured loan**
It includes short term inter corporate payables to related parties of Rs. 748.88 million (P.Y. Rs. 783.29 million) and other Rs. 100 millions (P.Y. Rs. 100 million).

NOTE : 23
TRADE PAYABLES*

	March 31, 2022 Rs Million	March 31, 2021 Rs. Million
Total outstanding dues of micro enterprises and small enterprises (refer note no 43)	96.84	45.62
Total outstanding dues of creditors other than micro enterprises and small enterprises	5,206.06	5,009.58
Piece rate wages payable	3,532.93	3,403.08
Provisions - others	4,402.21	3,638.32
	13,238.04	12,096.59

*Ageing of trade payable is given under note no 59

NOTE : 24
OTHER FINANCIAL LIABILITIES

	March 31, 2022 Rs Million	March 31, 2021 Rs. Million
Interest accrued but not due on borrowings	105.76	110.63
Interest accrued and due on borrowings	30.96	91.11
Deposits	83.29	86.36
Others	0.07	0.12
	220.08	288.21

The group has transferred Nil (P.Y. Nil) to investor education & protection fund as at March 31, 2022.

NOTE : 25
OTHER CURRENT LIABILITIES

	March 31, 2022 Rs Million	March 31, 2021 Rs. Million
(a) Other liabilities		
Contractee advances	7,542.09	5,599.66
Other payables		
Payable to employees	558.13	560.14
Other liabilities	724.16	924.80
(b) Balance in current account		
(i)With subsidiaries, associates	0.17	0.24
(ii)With joint ventures	571.47	394.00
	9,396.02	7,478.84

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NOTE : 26

REVENUE FROM OPERATIONS

		March 31, 2022	March 31, 2021
		Rs. Million	Rs. Million
(a)	Revenue/turnover	32,491.89	17,842.27
	Add: increase/(decrease) in work in progress	(171.57)	1,667.55
	Sale of goods	1.10	-
	Total turnover	32,321.42	19,509.82
(b)	Other operating income		
	Lease and service charges	0.96	0.54
	Share of profit from partnership firm	0.68	39.41
	Miscellaneous operating income	1,479.83	398.16
		33,802.89	19,947.93

Disaggregation of revenue on the basis of	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Primary geographical market wise		
Domestic	31,378.55	17,587.49
International	2,424.34	2,360.44
Major product/service lines wise	**Business Segments**	**Business Segments**
EPC	33,462.74	19,576.85
Real estate	334.87	371.08
Others	5.28	-
Timing of revenue recognition wise		
At a point in time	1,817.44	809.19
Over period of time	31,985.45	19,138.74

NOTE : 27

OTHER INCOME

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Gain on sale of assets (net)	5.13	4.80
Other non operating income	287.86	273.09
Interest income	589.12	590.84
Net gain on foreign currency translation	118.67	-
Excess credit written back	161.28	222.62
	1,162.06	1,091.35

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NOTE : 28

COST OF CONSTRUCTION

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Stores, embedded goods and spare parts *		
Inventories at the beginning of the year	1,941.57	1,693.83
Add : purchase (net)	9,005.82	3,898.09
	10,947.39	5,591.92
Less : inventories at the end of the year	2,421.10	1,941.57
Consumption of stores and spares	8,526.29	3,650.35
Purchase of land / development rights	0.14	-
Piece rate expenses (net)	12,342.47	9,329.43
Repairs to machinery	50.63	43.53
Transportation, hire etc.	1,317.05	619.64
Power, electricity and water charges	597.39	491.30
Project development cost	26.64	30.93
Technical consultancy fees	202.83	176.31
Other construction costs	1,377.06	248.50
	24,440.50	14,589.99

* Stores, embedded goods and spares etc., consumed include materials issued to sub contractors.

NOTE : 29

EMPLOYEE BENEFITS EXPENSE

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Salaries, wages and bonus	2,398.51	1,744.50
Contribution to provident and other funds (refer note no. 34)	106.35	176.76
Employee stock option (ESOP) (refer note no. 35)	0.44	1.08
Staff welfare expenses	159.94	90.98
	2,665.24	2,013.32

NOTE : 30

FINANCE COSTS

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Interest expense	3,409.39	3,298.87
Other borrowing costs	785.88	715.05
	4,195.27	4,013.92

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NOTE : 31

OTHER EXPENSES

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Other administrative costs		
Rent	70.24	47.36
Repairs and maintenance - building	-	0.17
Insurance	160.68	131.79
Rates and taxes	206.42	96.52
Advertisement and selling expenses	4.59	0.79
Travelling and conveyance	51.08	20.96
Directors fees	1.57	1.60
Auditor's remuneration		
Audit fees	6.83	6.05
Limited review	0.90	0.80
Certification	0.24	1.04
Other service	0.06	-
	8.03	7.89
Communication expenses	15.19	13.17
Printing and stationery	15.93	11.16
Legal and consultancy charges	383.11	276.02
Loss on sale of asset discarded	24.48	97.51
Irrecoverable debts written off / provided	88.76	119.01
Net loss on foreign currency translation	-	31.39
Other expenses	389.91	142.93
	1,419.99	998.26

NOTE : 32

EXCEPTIONAL ITEMS :

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Reversal of receivables on account of assessment[a]	-	152.23
Provision for impairment of loans and advances[b]	69.08	769.35
Irrecoverable debts / assets written off[c]	235.86	1,781.01
Excess credit written back[d]	-	(560.94)
	304.94	2,141.66

a) On account of closing of tax assessment in previous year, assets which is no more recoverable has been expensed out.

b) Provision made for impairment based on indication of diminution in value of advance to a firm/ associates.

c) Based on internal and external information, group has assessed the recoverability of non-financials assets including land in stock and provide impairment if the carrying value of assets is more than recoverable amount & assets whose recoverability deteriorate has written off the irrecoverable amount.

d) During the previous year, group has entered one time settlement (OTS) agreement with lenders for their outstanding debts and interests and resultant gain is accounted as exceptional item.

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33 **Details of subsidiaries, associates and joint ventures, which are consolidated:**

A) **Wholly owned (100%) subsidiaries:**

1. Patel Energy Resources Ltd.
2. Patel Engineering Inc.
3. Patel Engineering (Mauritius) Ltd.
4. Patel Engineering Singapore Pte. Ltd.
5. Patel Engineering Infrastructure Ltd.
6. Patel Concrete and Quarries Pvt. Ltd.
7. Friends Nirman Pvt. Ltd.
8. Zeus Minerals Trading Pvt. Ltd.
9. Patel Patron Pvt. Ltd.
10. Patel Engineers Pvt. Ltd.
11. Pandora Infra Pvt. Ltd.
12. Patel Engineering Lanka Pvt. Ltd.
13. Shashvat Land Projects Pvt. Ltd.
14. Vismaya Constructions Pvt. Ltd.
15. Bhooma Realties Pvt. Ltd.
16. Patel Lands Ltd.
17. Energy Design Pvt. Ltd.
18. Shreeanant Construction Pvt. Ltd.
19. Hampus Infrastructure Pvt. Ltd.
20. Apollo Buildwell Pvt. Ltd. (till February 16, 2022)
21. Arsen Infra Pvt. Ltd.
22. PBSR Developers Pvt. Ltd.
23. Lucina Realtors Pvt. Ltd. (till July 19, 2021)
24. Waterfront Developers Ltd.
25. Patel KNR Infrastructures Ltd.

B) **Other Subsidiaries:**

Name of Subsidiaries	% holding
1. Michigan Engineers Pvt. Ltd.	51.00%
2. Hera Realcon Pvt. Ltd.	97.30%

C) **Joint Ventures:**

The principal place of business of all these joint ventures is in India and they are engaged in construction business.

Name of joint ventures	% of share	Name of joint ventures	% of share
1. Patel Michigan JV	10.00%	17. PEL-Parbati JV	52.00%
2. CICO Patel JV	99.90%	18. NEC-PEL- JV	45.00%
3. Patel SEW JV	60.00%	19. PEL - Ghodke	51.00%
4. PATEL –KNR J.V.	50.00%	20. PEL-ISC-PRATHMESH JV	50.00%
5. KNR – PATEL J.V.	49.00%	21. ISC Projects-PEL JV	49.00%
6. PATEL – SOMA J.V	50.00%	22. Patel – Siddhivinayak JV	51.00%
7. Patel – V Arks JV	65.00%	23. PATEL-SA JV	75.00%
8. Patel VI JV	51.00%	24. Era Patel Advance Kiran JV	47.06%
9. Patel – Avantika – Deepika – BHEL	52.83%	25. Patel APCO JV	50.00%
10. Patel – V Arks - Precision	60.00%	26. Era Patel Advance JV	30.00%
11. Age Patel JV	49.00%	27. VPRPL - PEL JV	51.00%
12. PEL - UEIPL JV	60.00%	28. PATEL -CIVET-CHAITRA Micro(KA) JV	51.00%
13. PEL-PPCPL-HCPL JV	51.00%	29. Ceigall - PEL (JV)	40.00%
14. Onycon Enterprises	60.00%	30. Mokhabardi Micro Irrigation Project JV	51.00%
15. PEL-Gond JV	45.00%		
16. HES Shuthaliya JV	45.00%		

D) Hitodi Infrastructure Pvt. Ltd, Raichur Sholapur Transmission Co. Pvt. Ltd., ACP Tollways Pvt. Ltd. and PAN Realtors Pvt. Ltd. (w.e.f. January 4, 2015) has been consolidated as per equity method in accordance with Ind AS 28 "Investment in Associates and Joint Ventures".

E) As the Group no longer has any control over ASI Constructors Inc., a step-down subsidiary, as per Ind AS 110, the assets and liabilities of the subsidiary has been derecognised in F.Y. 2017-18.

F) Bellona Estate Developers Ltd. are committed to a sale plan involving loss of control of a associates shall classify as the disposal group (comprising the assets that are to be disposed of and directly related liabilities). It shall be measured in accordance with the requirements of Ind AS 105 and presented in the consolidated financial statements as disposal group.

34 EMPLOYEE BENEFITS

I **Brief description of the plans**

The Group provides long-term benefits in the nature of provident fund and gratuity to its employees. In case of funded schemes, the funds are recognized by the income tax authorities and administered through appropriate authorities/insurers. The Group's defined contribution plans are provident fund, employee state insurance and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Group has no further obligation beyond making the contributions. The Group's defined benefit plans include gratuity benefit to its employees, which is funded through the Life Insurance Corporation of India. The employees of the Group are also entitled to leave encashment and compensated absences as per the Group's policy. The Provident fund scheme additionally requires the Group to guarantee payment of specified interest rates, any shortfall in the interest income over the interest obligation is recognized immediately in the consolidated statement of profit and loss as actuarial loss. Any loss/gain arising out of the investment with the plan is also recognized as expense or income in the period in which such loss/gain occurs.

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II Disclosures for defined benefit plan based on actuarial reports as on March 31, 2022 and March 31, 2021:

(i) Expenses recognized in the statement of profit and loss :

Rs. Million

	Gratuity (Funded)	Gratuity (Non - funded)
Current service cost	20.82 (17.66)	7.08 (7.39)
Interest cost (net)	6.45 (4.63)	2.10 (1.81)
Net actuarial (gain) / losses	3.92 (57.54)	(3.05) (-0.17)
Total expenses recognized in the statement of profit and loss	**31.19** **(79.83)**	**6.13** **(9.03)**

(ii) Reconciliation of the present value of defined benefit obligation and the fair value of assets (amount recognized in balance sheet):

Present value of funded obligation as at the year end	(163.48) (-191.76)	(36.30) (-32.14)
Fair value of plan assets as at the year end	37.43 (44.43)	- -
Funded liability recognized in the balance sheet	**(126.05)** **(-147.33)**	**(36.30)** **(-32.14)**

(iii) Changes in defined benefit obligation :

Liability at the beginning of the year	191.76 (118.80)	32.14 (26.50)
Interest cost	9.47 (8.15)	2.10 (1.81)
Current service cost	20.82 (17.66)	7.08 (7.39)
Benefit paid	(9.98) (-10.35)	(0.61) (-3.39)
Actuarial (gains) / losses on obligations	(48.60) (57.50)	(4.41) (0.17)
Liability at the end of the year	**163.48** **(191.76)**	**36.31** **(32.14)**

(iv) Changes in the fair value of plan assets:

Fair value of plan assets at the beginning of the year	44.43 (51.30)	- -
Expected return on plan assets	3.02 (3.52)	- -
Contributions by the employer	- -	- -
Benefit paid	(9.98) (-10.35)	- -
Actuarial gain on plan assets	(0.05) (-0.04)	- -
Fair value of plan assets at the end of the year	37.43 (44.43)	- -
Total actuarial gain to be recognized	**(48.55)** **(57.54)**	**-** **-**

(v) Actual return on plan assets

Expected return on plan assets	3.02 (3.52)	- -
Actuarial gain on plan assets	(0.05) (-0.04)	- -
Actuarial gain on plan assets	2.97 (3.48)	- -

(vi) The Group expects to contribute Rs. 81.05 million (P.Y.Rs 55.04 million) to gratuity funded plan in F.Y. 2022-23.

(vii) Percentage of each category of plan assets to total fair value of plan assets:

Insurer managed funds	100% 100%	- -

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(viii) **Sensitivity analysis for significant assumption is as below :**

Discount rate	7.23% (6.80%)	7.25% (6.80%)
Rate of increase in compensation levels	5.50% (5.00%)	5.50% (5.00%)
Expected rate of return on plan assets	7.23% (6.80%)	- -
Attrition rate	4.00% (4.00%)	4.00% (4.00%)
Average age of retirement (years)	60 (60)	60 (58)

(ix) **Experience adjustments**

On plan obligation (gain)/loss	3.44 (53.10)	(2.99) (-0.07)
On plan asset (loss)/gain	(0.05) (-0.04)	- -

(x) **Expected employer's contribution in future years**

1 years	29.09 (35.55)	2.93 (1.69)
Between 2 to 5 years	42.75 (52.02)	11.74 (5.39)
Beyond 5 years	242.86 (254.78)	77.74 (-61.93)
The weighted average duration of the defined benefit plan obligation at the end of the reporting period (years)	9 (8)	13 (13)

(x) Figure in brackets indicates amounts pertaining to previous year.

III **Defined contribution plan -:**

Amount recognised as an expense and included in the note no. 29 as contribution to provident and other funds Rs. 106.35 million (P.Y. Rs. 176.76 million)

35 SHARE BASED PAYMENTS (IND AS 102)

In term of the approval of nomination and remuneration committee (NRC), the company on February 14, 2018 has granted 2,00,000 option under the group existing ESOP plan. The aforesaid grant is made under "Patel Engineering Employees Stock Option Plan" dated August 14, 2015 and in accordance with the provision of SEBI (Share Based Employee Benefits), Regulation 2014.

a) **Employee stock option scheme**

Particulars	ESOP scheme
Number of option granted	2,00,000
Vesting plan	4 years (25% every year after 1 year from date of grant)
Exercise period	6 months from the date of vesting
Grant date	February 14, 2018
Exercise price (Rs per option)	1
Weighted average fair value on the date of grant option (in Rs per shares)	79.86
Method of settlement	Equity

b) **Movement of option granted**

Particulars	As at March 31, 2022	As at March 31, 2021
	Nos.	Nos.
Outstanding at the beginning of the year	25,000	1,50,000
Grant during the year	-	-
Exercised during the year	25,000	75,000
Cancelled during the year	-	-
Lapsed during the year	-	50,000
Outstanding at the end of the year	-	25,000
Exercisable at the end of the year	-	-
Weighted average life of options	NA	1 year

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c) **Fair valuation:**

The fair value on the grant date is determined using "black scholes merton model", which takes into account exercise price, term of the option, share price at grant date and expected price volatility of the underlying shares, expected dividend yield and risk free interest rate for the term of the option. No options were granted during the year. Weighted average fair value of the options granted previous year Rs 79.86/-.

The key assumptions in the black scholes merton model for calculating fair value as on the date of grant is below:

i)	Share price at grant date	Rs 80.70/-
ii)	Weighted average exercise price	Rs 1/-.
iii)	Grant date	February 14, 2018
iv)	Vesting period	4 years (25% every year after 1 year from date of grant)
v)	Expected price volatility of Company's share	50%
vi)	Expected dividend yield	Nil
vii)	Weighted average risk free interest rate	7.02%
viii)	Option life	Vesting period + exercise period

36 LEASE

Disclosure as per IND AS 116

Amount recognised under statement of profit and loss

Particulars	**2021-22**	**2020-21**
Depreciation	74.09	138.72
Interest on lease liability	37.56	49.98
Expenses related to short term leases	70.24	47.36
Total expenses	**181.89**	**236.06**

37 EARNING PER SHARE (EPS)

	2021-22 Rs. Million	**2020-21** Rs. Million
Net profit as per the consolidated statement of profit and loss available for shareholders for both basic and diluted EPS of Re. 1 each	718.49	(2,907.47)
Weighted average number of equity shares for basic EPS (in no.)	47,52,29,365	42,85,96,117
Add: weighted average potential equity shares		
- On issue of optionally convertible debentures*	21,19,06,025	39,05,27,787
- On issue of zero coupon optionally convertible preference shares*	-	-
Weighted average number of equity shares for diluted EPS (in no.)	68,71,35,390	81,91,23,904
Face value of share Rs.	1	1
Earning per share (basic) Rs.	1.51	(6.78)
Earning per share (diluted) Rs.	1.49	(6.78)

*Previous year potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of diluted earning per share

38 RELATED PARTY DISCLOSURE

Related party disclosures, as required by Ind AS 24, 'Related Party Disclosures', are given below:

A. Name of Related Parties and nature of relationship :-

Direct Associates:

1 ACP Tollways Pvt. Ltd.
2 Bellona Estate Developers Ltd. (BEDL)
3 Hitodi Infrastructure Private Ltd (Formally known as Hitodi Infrastructure Ltd)
4 Raichur Sholapur Transmission Company Pvt. Ltd.
5 PAN Realtors Pvt.Ltd. (Till Mar 29, 2021)

Associate of Patel Engineering Infrastructure Ltd.

1 Patel KNR Heavy Infrastructure Ltd.

Associate of Lucina Realtors Private Limited

1 PAN Realtors Pvt.Ltd. (w.e.f Mar 29, 2021)

Joint Ventures: (Refer note 33 (c)

Partnership

1. AHCL PEL (Retired)
2. Patel Advance JV

Others

1. Raahitya Constructions Pvt. Ltd.
2. Praham India LLP

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B. Key Management Personnel (KMP)

Mr. Rupen Patel	Chairman and Managing Director
Mr. Sunil Sapre	Whole Time Director
Mr. Chittaranjan Kumar Singh	Whole Time Director, Operations (Till June 30, 2020)
Ms. Kavita Shirvaikar	Whole Time Director and Chief Financial Officer
Ms. Shobha Shetty	Company Secretary

C. Transaction with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.

Rs. Million

Particular	Associates/joint operations / partnership/others	
	2021-22	2020-21
- Misc. Receipt	4.73	2.81
- Loans/advances given & Current account movement	221.29	60.55
- Loans / advances recovered / adjusted	255.56	43.75
- Corporate guarantee outstanding as at the end of the year	4,064.73	5,699.03
- Bank guarantee outstanding as at the end of the year	249.42	249.42
- Outstanding balance included in current/ non current assets	925.41	968.10
- Outstanding balance included in current / non current liabilities	1,077.08	759.48
- Interest income	4.30	5.69
- Reimbursement of expenses from	4.04	11.17
-Provision for impairment of loans and advances	-	-
- Sundry balances written off	0.47	3.00
- Sundry balances written back	-	0.88
- Interest Expenses	-	65.60
- Provision for doubtful debt	5.11	-
- Other Operating Income	67.41	-
-Provision for impairment of investment	155.59	-
-Provision for impairment of loans and advances	14.63	-
- Sale of asset	0.06	0.89
- Loan taken	250.00	-
- Purchase of goods	12.86	-
- Sale of Service	131.79	
- Sale of Materials	0.13	-
- Conversion of OCPS into shares	-	166.69

D. Disclosures of material transactions with related parties with associates, joint ventures, partnership and others referred to in item (A) above.

Rs. Million

Particular	Name of the Company	2021-22	2020-21
- Misc. Receipt	Patel Michigan JV	1.23	-
	Patel Sew JV	2.09	0.81
	NEC PEL JV	1.41	2.00
- Loans/advances given	Raichur Solapur Transmission Company Pvt. Ltd.	0.00	0.00
	Patel Sew JV	56.22	59.64
	Patel Advance JV	160.91	-
- Loan/ advances recovered / adjusted	PEL-Parbati JV	-	4.80
	Hes-Suthalia JV	-	5.50
	Patel Sew JV	193.62	32.94
	Patel Michigan JV	36.67	-
- Interest income	NEC PEL JV	-	0.26
	Raichur Solapur Transmission Company Pvt. Ltd.	4.26	4.96
	Patel Sew JV	0.04	0.47
- Reimbursement of Expenses	Hitodi Infrastructure Pvt. Ltd	3.80	9.39
	Patel Sew JV	0.13	1.08
	Patel KNR JV	0.11	0.33
	NEC PEL JV	-	0.36
- Sundry balances written off	Bellona Estate Developers Ltd.	0.47	2.28
	Patel SA JV	-	0.20
	Era Patel Advance Kiran JV	-	0.52
- Sundry balances written back	Era Patel Advance Jv	-	0.88

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- Interest Expenses	Hitodi Infrastructure Pvt. Ltd	-	65.60
- Provision for doubtful debts	Raichur Solapur Transmission Company Pvt. Ltd.	5.11	-
- Other Operating Income	Hitodi Infrastructure Pvt. Ltd	34.50	-
	Patel Ghodke Joint venture	20.28	
	VPRPL-PEL JV	12.63	
-'Provision for impairment of investment	Raichur Solapur Transmission Company Pvt. Ltd.	155.59	-
-'Provision for impairment of loans and advances	Raichur Solapur Transmission Company Pvt. Ltd.	14.63	-
- Sale of assets	Patel Sew JV	0.06	0.89
- Loan taken	Raahitya Constructions Private Limited	250.00	-
- Purchase of goods	Patel Sew JV	131.79	-
- Sale of Service	Patel Sew JV	12.86	-
- Sale of Materials	Patel Sew JV	0.13	-
- Conversion of OCPS into shares	Praham India LLP	-	166.69

E. Details of transactions relating to persons referred in item (B) above.

Rs. Million

Particular	2021-22	2020-21
Managerial remuneration	61.75	64.48
Salary and contribution to provident fund	3.61	3.54
ESOP	0.44	1.08
Outstanding balance payable	16.80	35.24
Outstanding balance receivable	4.05	4.05

39 SEGMENT REPORTING

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chairman and Managing Director / Chief Financial Officer evaluates the Group's performance and allocate resources based on an analysis of various performance indicators by business segment. Accordingly information has been presented along these segments. The accounting principles used in the preparation of the consolidated financial statement are consistently applied in individual segment to prepare segment reporting.

Primary Segment :

Rs. Million

Particulars	As at March 31, 2022			
	Business Segments			
	EPC	Real Estate	Others	Total
Segment revenue	33,462.74	334.87	5.28	33,802.89
Segment results	1,222.39	233.46	1.34	1,457.19
Segment assets	70,902.69	11,532.09	2,666.62	85,101.39
Segment liabilities	55,748.56	4,718.92	83.45	60,550.93
Addition to fixed assets	5,944.45	-	2.61	5,947.06
Segment depreciation	815.75	0.39	2.85	818.99

Rs. Million

Particulars	As at March 31, 2021			
	Business Segments			
	EPC	Real Estate	Others	Total
Segment revenue	19,576.85	371.08	-	19,947.93
Segment results	(1,413.57)	19.71	(80.80)	(1,474.67)
Segment assets	56,865.55	14,134.69	9,870.79	80,871.02
Segment liabilities	52,349.58	4,619.29	93.59	57,062.46
Addition to fixed assets	1,668.46	1.99	55.55	1,725.99
Segment depreciation	718.98	0.41	0.86	720.25

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Geographical Segment :

Rs. Million

Particulars	As at March 31, 2022		
	Within India	Outside India	Total
Revenue	31,378.55	2,424.34	33,802.89
Non current assets	30,697.19	821.72	31,518.91

Rs. Million

Particulars	As at March 31, 2021		
	Within India	Outside India	Total
Revenue	17,587.49	2,360.44	19,947.93
Non current assets	27,170.31	2,364.60	29,534.91

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

Rs. Million

Particulars	As at March 31, 2022	As at March 31, 2021
Revenue from top customer	5,125.47	3,716.25
Revenue from top five customers	15,584.99	9,151.47

40 The Group is continuously monitoring the situation of COVID - 19 and its impact on business and various statkeholders. The Group has assessed the impact of pandemic on its financials based on the external and internal informations availble upto the date of approval of the financial result and expects to recover the carrying value of its assets.

41 Confirmation letters have been sent in respect of sundry debtors / loans and advances / sundry creditors of which certain confirmations have been received which are accordingly accounted and reconciled. The remaining balances have been shown as per books of accounts and are subject to reconciliation adjustments, if any. In the opinion of the Management, the realizable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the balance sheet. In respect of subsidiaries, debit and credit balances are subject to confirmation from creditors, debtors, sub contractors and loans/advances/deposits. The management does not expect any material difference affecting the consolidated financial statements for the year.

42 Arbitration awards received in favour of the Group amounting to Rs. 1413.63 Million (P.Y. Rs. Nil) is accounted for as construction Receipts.

43 The Group has Rs. 97.12 million (PY Rs. 45.62 million) due to trade payable and other payable under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2022. The principal amount due to the suppliers under the Act is Rs. 82.04 million (P.Y. Rs 34.30 million). The interest accrued and due to the suppliers on the above amount is Rs. 14.59 million (PY Rs. 8.96 million). Payment made to the suppliers (other than interest) beyond appointed day during the year is Rs. 2.82 million (PY Rs. 17.36 million). Interest paid to the suppliers under the Act is Nil million (PY Rs. Nil). Interest due and payable to the suppliers under the Act towards payments already made is Rs. 0.51 million (PY Rs. 2.35 million). Interest accrued and remaining unpaid at the end of the accounting year is Rs. 15.09 million (PY Rs. 11.31 million). The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure u/s 23 of the MSMED Act, 2006 is Rs. 13.25 million (P.Y. Rs. 9.54 million).

The above information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 and has been determined to the extent such parties had been identified on the basis of information available with the Company and relied upon by the auditors.

44 Ministry Of Coal (MOC) after keeping the request for change in location of the proposed power plant from Bhavnagar area to Pipavav area with in Gujarat State pending for 16 months declined it after the LOA expired. Consequent upon the expiry of Letter Of Assurance (LoA), South Eastern Coal Limited (SEC) invoked and encashed three Bank Guarantees aggregating to Rs.196.64 millions issued as Commitment Guarantees against LOA. Patel Energy Limited has filed a writ petition at Delhi High Court challenging the decision of MOC refusing to approve the change of location of the said power plant, and also for quashing the unlawful invocation of bank guarantee by SEC and has sought a further direction that the change of location be approved and the LOA be extended in view of the delay by MOC. In the mean time Patel Energy Limited has represented the matter to the Honorable Minister for Power & Coal and CEA recommended the case to be reviewed and the SLC directed that the case be put up on file for review in Ministry of Coal. The matter is under process in Ministry of Coal. The petition in Delhi High Court was last heard on 22.02.2016 and the same is posted for final hearing on 11.08.2016. Patel Energy Limited is confident that requisite clearance shall be obtained and hence the accounts of the Patel Energy Limited is continued to be complied on " Going Concern" basis.

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45 **Derivative transactions :**

Foreign currency exposure that are not hedged by derivative instruments as on March 31, 2022 amounting to Rs. 1462.54 Million (P.Y Rs. 11.18 Million).

Foreign currency exposure outstanding at

Rs. Million

Particulars	March 31, 2022		March 31, 2021	
	Amount in Foreign Currency	Amount in Functional Currency	Amount in Foreign Currency	Amount in Functional Currency
Assets				
Trade Receivable				
EURO	0.38	31.54	0.34	29.09
NPR	219.30	137.06	181.27	113.29
USD	0.59	44.97	0.57	41.88
Security Deposit				
EURO	0.03	2.87	0.03	2.94
JPY	36.22	22.47	36.22	23.98
NPR	78.11	48.82	118.19	73.87
USD	0.00	0.06	0.00	0.11
Inventories				
NPR	2,408.95	1,505.59	1,517.13	948.21
Interest Accrued				
EURO	0.01	0.56	0.01	0.56
NPR	2.28	1.42	1.55	0.97
Cash and Bank Balance				
LKR	0.04	0.01	0.04	0.02
MUR	0.00	0.01	0.00	0.01
NPR	365.56	228.47	37.16	23.23
USD	-	-	-	-
Advance to Contractors / Suppliers				
NPR	1,871.01	1,169.38	482.12	301.33
Loan and interest thereon to group companies				
LKR	-	-	-	-
MUR	41.60	70.09	39.57	71.50
NPR	5.61	3.51	5.61	3.51
USD	20.57	1,554.64	19.89	1,457.68
Fixed Assets				
NPR	920.19	575.12	1,086.75	679.22
Other Advance				
MUR	2.85	4.80	2.85	5.15
NPR	225.10	140.69	196.03	122.52
Liability				
Security Deposit				
NPR	(32.13)	(20.08)	(32.13)	(20.08)
Advance from Contractors				
EURO	(5.33)	(426.83)	(5.33)	(426.83)
NPR	(3,086.75)	(1,929.22)	(2,979.24)	(1,862.02)
USD	(0.07)	(4.55)	(0.07)	(4.55)
Trade Payable				
EURO	(1.86)	(154.36)	(1.44)	(120.81)
NPR	(2,088.71)	(1,305.44)	(1,625.05)	(1,015.66)
USD	(1.87)	(141.20)	(4.00)	(293.34)
Other liability				
NPR	(152.69)	(95.43)	(227.55)	(142.22)
USD	(0.03)	(2.42)	(0.03)	(2.35)

46 The Group's pending litigations comprise of claims by or against the Group primarily by the customers / contractors/suppliers, etc. and proceedings pending with tax and other government authorities. The Group has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its consolidated financial results. In respect of litigations, where the management assessment of a financial outflow is probable, the Group has made adequate provision of Rs. 29.38 million (PY Rs. 29.38 million) and appropriate disclosure for contingent liabilities is given.

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47 The Group has invested in step down subsidiary, Le Salines Development Ltd ("LSDL") undertaken a construction project in Mauritius in the year 2009-10. LSDL had signed a lease agreement with Ministry of Housing and Land Development (MOHL)Government of Mauritius (GOM) on 11th Dec 2009 for development of a Real Estate Development Project called NEOTOWN in Mauritius in the year 2009-10 and incurred cost of Rs 893.46 million (PY 890.17 million). Subsequently all of a sudden on 11th Feb 2015 GOM had verbally informed about the termination of lease agreement between LSDL and MOHL without assigning any reason. Formal communication was received by LSDL on 4th June 2015 about the termination of lease from the GOM. Management was of the view that as per the agreement lease cannot be terminated on the grounds of clause mentioned in the termination letter. In this regard a notice had been sent to MOHL Government of Mauritius on 1st July 2016 by LSDL contesting wrongful termination.. The Group did not receive any reply to this letter. The Group has invoked an arbitration under Promotion and Protection of Investment Treaty signed between India and Mauritius against GOM and the group is confident of getting compensation from GOM.

48 **Contingent Liabilities**

(a) Commitment for capital expenditure is Rs. 875.25 million (P.Y. Rs 725.97 million), advance paid Rs. 91.83 million (P.Y. Rs. 115.43 million). The Group is under commitment to construct specific area for land owner.

(b) Counter indemnities given to Banks and others in respect of secured guarantees, etc. on behalf of subsidiaries and others given by them in respect of contractual commitments in the ordinary course of business is Rs. 18,032.60 Million (P.Y. Rs. 19,155.26 Million) (including Customs Rs. 42.88 Million (P.Y.Rs. 42.88 Million). Corporate guarantees / Letter of Credit on behalf of subsidiaries and others is Rs. 4751.85 Million (P.Y. Rs. 6521.45 Million). Net off Share of JV Partner & Provisions already considered in books .

(c) Client has claimed an amount of Rs Nil (P.Y. Rs. 210.8 million) from Group which is pending at the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.

(d) Service tax liability that may arise on matters in appeal Rs. 1467.03 million (P.Y. Rs. 1462.73 million) and advance paid Rs. 9.45 million (P.Y. Rs. 9.55 million). Out of the above, Rs. 760.19 million (P.Y. Rs. 760.19 million) is contractually recoverable from the Clients.

(e) Sales tax Rs. 73.67 million (P.Y. Rs 76.52 million) (Advance paid Rs. 0.20 million (P.Y. Rs. 1.74 million)), Cess Rs. 122.64 million (P.Y. Rs. 122.64 million), Custom Duty Rs. 16.49 million (P.Y. Rs. 16.49 million) (Advance paid Rs. 8.46 million (P.Y. Rs. 8.46 million)).

(f) Income tax liability that may arise on matters in appeal Rs. 3,530.76 million (P.Y. Rs. 2,399.38 million).

(g) Provident fund liability that may arise on matter in appeal Rs. 14.35 million (P.Y. Rs. 14.35 million) and advance Paid Rs. 14.35 million (P.Y. Rs. 14.35 million)

(h) The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business, including certain litigation for land acquired by it for construction purpose, the impact of which is not quantifiable. These case are pending with various courts and are scheduled for hearings. After considering the circumstances, management believes that these case will not adversely effect its consolidated financial statement.

(i) A part of the immovable property belonging to the Group shown under inventories has been offered as security in favour of a bank against credit facilities availed by a strategic partner.

(j) The Group has provided a "cost overrun undertaking" for its associates Bellona Estate Developers Limited to its lenders.

(k) Trade receivables to the extent of Rs Nil (PY. Rs 29.99 million) have been discounted with bank on recourse basis.

(l) On Settlement with a vendor, Group has given flats of Rs 50.00 million (P.Y. Rs. 50.00 million) against his outstanding due & also given assurance that if re-sell price of that flat is lower than settlement price then company will compensate that differences.

(m) In respect of Shreeanant Construction Private Limited, a SLP was filed in the Supreme Court by the State Govt. of Arunachal Pradesh against the judgment of the Hon'ble Guwahati High Court in favour of the M/s Patel Engineering Ltd. abolishing the Arunachal Pradesh Goods Taxation Act, 2005 as it was unconstitutional in nature. Still the matter is pending before the Supreme Court and hearings are going on. But in case of adverse judgment M/s Patel Engineering Ltd. will transfer Entry Tax liability of Ka HEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.

A Writ petition was filed by M/s Patel Engineering Ltd. in the Guwahati High Court challenging the validity of newly enacted Arunachal Pradesh Entry Tax Act,2010. The Hon'ble Court has granted interim stay on the payment of Entry Tax subject to the furnishing of Bank Guarantee of the equivalent amount. Hence the management is presently not paying entry tax on import of goods from outside of Arunachal Pradesh rather M/s Patel Engineering Ltd. has offered Bank Guarantee of the same value. The matter is still pending and final judgment is yet to be delivered. But in case of adverse judgment the contractee M/s Patel Engineering Ltd. will transfer Entry Tax liability of KaHEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.

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49 **Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries / associates / joint ventures:**

	Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit and loss	
		As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
	Parent				
	Patel Engineering Limited	107.19%	25,550.21	97.44%	533.57
	Subsidiaries				
	Indian				
1	Apollo Buildwell Private Limited	0.00%	-	6.86%	37.55
2	Arsen Infra Private Limited	0.01%	1.85	-0.05%	(0.29)
3	Hera Realcon Private Limited - (97.13%)	0.00%	(1.14)	-0.01%	(0.05)
4	PBSR Developers Private Limited	-0.21%	(49.97)	-0.30%	(1.62)
5	Patel Energy Resources Limited	17.74%	4,228.84	100.14%	548.35
6	Patel Engineering Infrastructure Limited	1.32%	314.73	24.97%	136.74
7	Patel Concrete and Quarries Private Limited	-0.36%	(84.98)	-15.62%	(85.53)
8	Friends Nirman Private Limited	0.09%	21.64	-0.04%	(0.24)
9	Zeus Minerals Trading Private Limited	-0.41%	(98.61)	-18.03%	(98.75)
10	Patel Patron Private Limited	0.76%	180.01	7.55%	41.36
11	Patel Engineers Private Limited	0.02%	4.61	-12.68%	(69.44)
12	Pandora Infra Private Limited	-0.82%	(196.40)	-48.14%	(263.62)
13	Shashvat Land Projects Private Limited	-0.12%	(27.69)	-19.17%	(104.97)
14	Vismaya Constructions Private Limited	0.32%	76.84	4.19%	22.95
15	Bhooma Realties Private Limited	-0.30%	(70.68)	-12.05%	(66.01)
16	Patel Lands Limited	-0.16%	(38.66)	-7.11%	(38.93)
17	Energy Design Private Limited	-0.29%	(69.62)	-0.03%	(0.14)
18	Shreeanant Construction Private Limited	-0.20%	(47.69)	-0.18%	(0.97)
19	Michigan Engineers Private Limited	6.92%	1,649.35	40.75%	223.16
20	Hampus Infrastructure Pvt. Ltd.	0.00%	(0.31)	-0.02%	(0.13)
21	Patel KNR Infrastructure Ltd	2.11%	503.83	-3.67%	(20.09)
	Foreign				
1	Patel Engineering Inc.	0.35%	82.94	0.38%	2.10
2	Patel Engineering (Mauritius) Limited	-1.28%	(304.79)	-1.95%	(10.67)
3	Patel Engineering Singapore Pte. Limited	-3.21%	(764.68)	-3.39%	(18.54)
4	Waterfront Developers Limited	-2.31%	(551.49)	-11.02%	(60.36)
5	Patel Engineering Lanka Private Limited	-0.04%	(10.54)	-1.28%	(7.03)
	Non-controlling interest	3.00%	714.11	17.99%	98.49
	Associate (as per proportionate consolidation/Investment as per the equity method)				
1	ACP Tollways Private Limited	0.63%	150.00	-17.71%	(96.99)
2	Raichur Sholapur Transmission Company Private Limited	0.47%	111.13	17.02%	93.19
3	Hitodi Infrastructure Pvt. Limited	0.00%	-	0.00%	-
4	Pan Realtors Private Limited	0.00%	-	0.00%	-

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50 Category -wise classification of financials instruments

Rs. Million

	Non current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets measured at FVTPL				
Investment	169.89	5.50		
Financial assets measured at amortized cost				
Investments	646.18	673.40	-	116.00
Trade receivables	4,935.47	4,420.83	5,619.27	4,336.35
Loans	766.19	704.41	106.08	297.37
Deferred finance cost	56.83	60.85	-	-
Secured deposit	1,845.77	1,306.49	718.89	775.01
Cash and cash equivalents	-	-	2,605.78	1,949.22
Other bank balances	-	-	7.15	10.88

Rs. Million

	Non current		Current	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial liabilities measured at amortized cost				
Borrowings	7,607.14	7,533.37	15,008.98	15,130.52
Lease liabilities	191.83	270.84	110.45	27.25
Trade payables	5,771.28	4,779.22	13,238.04	12,096.59
Other financial liabilities	1,912.39	1,478.17	220.08	288.21

51 Fair value measurements

i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities :

As at March 31, 2022

Rs. Million

Financial asset measured at FVTPL	Fair value as at March 31, 2022	Fair value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	169.89	169.89	-	-

As at March 31, 2021

Rs. Million

Financial asset measured at FVTPL	Fair value as at March 31, 2021	Fair value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	5.50	5.50	-	-

ii) Financial instrument measured at amortized cost

The carrying amount of financial assets and liabilities measured at amortized cost in the consolidated financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

52 Financial risk management

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Group is exposed to market risk, credit risk and liquidity risk. The board of directors ('Board') oversee the management of these financial risks through its risk management committee. The risk management policy of the Company formulated by the risk management committee, states the Company's approach to address uncertainties in its endeavor to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Group's financial performance.

The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the consolidated financial results, cash flows and financial position of the Group.

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1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's total debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With other variables held constant, the Group's profit before tax is affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows :

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in interest rate	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
+50 basis point	(136.38)	(131.95)	(88.72)	(131.95)
-50 basis point	136.38	131.95	88.72	131.95

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

Rs. Million

Currency	Liabilities		Assets	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
EURO	581.19	576.01	34.97	60.97
JPY	-	-	22.47	23.98
LKR	-	-	0.01	0.02
MUR	-	-	74.90	76.65
NPR	3,603.09	3,155.20	4,062.98	2,381.35
USD	148.17	300.24	1,599.66	1,499.67

The above table represents total exposure of the Group towards foreign exchange denominated liabilities (net). The details of unhedged exposures are given as part of note no. 45

Sensitivity analysis

The Group is mainly exposed to changes in USD & EURO, as NPR is to be repaid at fixed rate; hence the Group is not exposed to any exchange rate fluctuation. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD & EURO against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in EURO rate	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
+5%	(27.31)	(25.74)	(17.77)	(25.74)
-5%	27.31	25.74	17.77	25.74

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in USD rate	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
+5%	72.57	108.09	47.21	108.09
-5%	(72.57)	(108.09)	(47.21)	(108.09)

c) Equity price risk

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

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Price sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in price of investment measured at FVTPL with other variables held

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in Price of investment measured at FVTPL	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
+5%	8.49	0.28	5.53	0.28
-5%	(8.49)	(0.28)	(5.53)	(0.28)

2) Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from joint ventures.

Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Group mainly consists of the government promoted entities having a strong credit worthiness. Whenever required, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, third party report, financial condition, ageing of accounts receivable and the Group's historical experience for customers.

3) Liquidity risk

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Rs. Million

Particulars	Less than 1 year	1 - 5 years	More than 5 years	Total
At 31st March, 2022				
Borrowings*	15,008.98	6,030.44	1,576.71	22,616.12
Lease liability	110.45	191.83	-	302.28
Trade payables	13,238.04	5,771.28	-	19,009.32
Other financial liability	220.08	1,281.68	630.72	2,132.47
At 31st March, 2021				
Borrowings*	15,130.52	2,994.27	4,539.10	22,663.89
Lease liability	27.25	270.84	-	298.09
Trade payables	12,096.59	4,779.22	-	16,875.81
Other financial liability	288.21	343.95	1,134.22	1,766.38

*Borrowing which is less than 1 years includes the rollover nature credit facility like cash credit, working capital demand loan & overdraft facility

53 Capital management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2022, the Group has only one class of equity shares and has moderate debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt divided by total capital.

Rs. Million

Particulars	As at March 31, 2022	As at March 31, 2021
Total debt	22,616.12	22,663.89
Total equity	23,836.36	23,195.66
Total debt to total equity ratio (gearing ratio)	0.95	0.98

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements.

54 In Patel Advance JV partnership firm, company is having fixed capital of Rs. 0.03 million. In the firm, partnership sharing has been as follows: the Company 49% (P.Y. 26%), Advance Construction Co. Pvt. Ltd. 3% (P.Y. 12.5%), Apollo Buildwell Pvt. Ltd. Nil (P.Y. 12.5%), Mr. Sandeep Das Nil (P.Y. 25%), Mascot Developers Pvt. Ltd. Nil (P.Y. 24%) & Broadcast Lawgical Networks (OPC) Pvt. Ltd. 48% (P.Y. Nil).

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55 During the year company has made a political contribution of Nil (P.Y. Rs. 30 million) to political parties.

56 The code on social security, 2020 ("the Code") has been approved by the Indian Parliament. The effective date of the Code and related rules are yet to be notified. The impact of the changes, if any, will be assessed and recognised post notification of the relevant provisions.

57 **Relationship with struck-off companies**

There are no transactions with the Companies whose name are struck off under section 248 of The Companies Act, 2013 or section 560 of the Companies Act, 1956 during the year ended March 31, 2022.

58 During the previous year, the Board of the Company approved the scheme of merger of below 14 subsidiaries / Step down subsidiaries with the Company with an appointed date of April 1, 2021. The petition for the same has been filed with the National Company Law Tribunal, Mumbai and Hyderabad and final order for approval of the scheme is awaited.

a) Patel Energy Resources Ltd.	b) PEL Power Ltd.
c) PEL Port Pvt. Ltd.	d) Patel Energy Projects Pvt. Ltd.
e) Patel Energy Assignment Pvt. Ltd.	f) Patel Energy Operation Pvt. Ltd.
g) Jayshe Gas Power Pvt. Ltd.	h) Patel Thermal Energy Pvt. Ltd.
i) Patel Hydro Power Pvt. Ltd.	j) Zeus Minerals Trading Pvt. Ltd.
k) Patel Concrete and Quarries Pvt. Ltd.	l) Patel Land Ltd.
m) Patel Engineers Pvt. Ltd.	n) Phedra Projects Pvt. Ltd.

59 **Ageing of trade payable**

Particulars	Outstanding for following periods from due date of payment					
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled / not due	Total
As on March 31, 2022						
(i) MSME	63.76	12.90	5.39	0.20	14.58	**96.84**
(ii) Others	6,613.22	1,110.15	588.36	944.56	9,591.75	**18,848.04**
(iii) Disputed dues – MSME	-	-	-	-	-	**-**
(iv)Disputed dues - others	0.03	1.32	4.41	17.57	41.11	**64.44**
Total	**6,677.01**	**1,124.38**	**598.16**	**962.33**	**9,647.44**	**19,009.32**
As on March 31, 2021						
(i) MSME	27.53	5.98	0.02	-	12.09	**45.61**
(ii) Others	6,340.66	987.66	155.22	907.00	8,351.72	**16,742.25**
(iii) Disputed dues – MSME	-	-	-	-	-	**-**
(iv)Disputed dues - others	1.42	13.76	14.15	6.59	52.02	**87.94**
Total	**6,369.61**	**1,007.40**	**169.39**	**913.59**	**8,415.82**	**16,875.81**

60 **Additional Regulatory Information required by schedule III to the Companies Act, 2013**

i) The Group does not have has any benami property held in its name. No proceedings have been initiated on or are pending against the Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

ii) The Group does not have any charges or satisfaction of charges which is yet to be registered with Registrar of Companies beyond the statutory period.

iii) The Group has not traded or invested in Crypto currency or Virtual Currency during the year.

iv) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

v) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries to third parties

vi) There is no income surrendered or disclosed as income during the year in tax assessments under the Income Tax Act, 1961 (such as search or survey), that has not been recorded in the books of account.

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61 Key financials ratio

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% Variance	Reason for variance
Current ratio	Total current assets	Total current liabilities	1.41	1.46	-4%	
Debt-equity ratio	Total debt	Total equity	0.95	0.98	-3%	
Debt service coverage ratio	Earning before depreciation interest and taxes	Interest +current maturity of LTD payable in current year	0.92	0.75	23%	
Return on equity ratio	Profit after tax	Total equity for parent	3.01%	-12.53%	-124%	Due to robust Group performance and operation efficiencies, EBITDA, profit after tax has increased.
Inventory turnover ratio*	NA	NA	NA	NA	NA	
Trade receivable turnover ratio	Revenue from operation	Average of opening and closing of current debtors	1.61	1.00	62%	Due to robust Group performance, turnover has increased.
Trade payable turnover ratio	Cost of materials consumed	Average of opening and closing of current trade payable	1.65	0.75	120%	Due to improvement in working capital cycle, despite of increasing the consumption in line of turnover, trade payable ratio has increased.
Net capital turnover ratio	Revenue from operation	Working capital (current assets - current liabilities)	2.17	1.23	77%	Due to robust Group performance turnover has increased.
Net profit ratio	Profit after tax including associates	Revenue from operation	2.13%	-14.58%	-115%	Due to robust Group performance and operation efficiencies,
Return on capital employed	Profit before interest, tax and exceptional items	Average capital employed (total equity + total debt)	11.92%	5.85%	104%	EBITDA, profit after tax has increased.
Return on investment	Income during the year on investment	Weighted average of investment	3.33%	10.10%	-67%	Last year performance of fund in which investment was made is better than current year.

*Considering the nature of industry in which the Group is operating, Inventory turnover ratio is not material.

62 a) Previous year's figures have been regrouped, rearranged and reclassified, wherever necessary.
b) Figure in brackets indicates amounts pertaining to previous year.

For and on behalf of Board

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

As per our attached Report of even date
For T.P.Ostwal & Associates LLP
Firm Regn No:124444W/W100150
Chartered Accountants

T.P.Ostwal
Partner
Membership No. 030848
Place : Mumbai
Date : May 23, 2022

Shobha Shetty
Company Secretary
Mem. No: F10047

Sunil Sapre
Director
DIN : 05356483

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INDEPENDENT AUDITORS' REPORT

To the Members of Patel Engineering Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying Consolidated Financial Statements of Patel Engineering Limited which includes joint operations ("hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and, which comprise the Consolidated Balance Sheet as at March 31, 2021, the Consolidated Statement of Profit and Loss (including other comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, (hereinafter referred to as "the Consolidated Financial Statements"). These also include financials of the Real Estate Division Branch of the company for the year ended on that date audited by the branch auditor of the Company's branch located at Mumbai.

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("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, and its associates as at March 31, 2021, their consolidated loss including other comprehensive income, their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Consolidated Financial Statements.

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Emphasis of Matter

We draw attention to

1. The independent Branch Auditors of Patel Engineering Ltd (Real Estate Division), have without qualifying their audit report on the Standalone Ind AS financial statements for the year ended March 31, 2021 have drawn attention with respect to Note No. 47 regarding Company's investment and loans and advances in Waterfront Developers Limited, where notice dated 04th June, 2015 was received from Government of Mauritius for the termination of Lease Agreement entered on 11th December, 2009 with Les Salines Development Limited (a step down subsidiary of Waterfront). In this case the process of Arbitration has been initiated with the Government of Mauritius.
Our opinion is not modified in respect to this matter.

2. The Consolidated Financial Statements of the Company for the year ended March 31st, 2021 include the financial statements of the subsidiaries Apollo Buildwell Private Limited, Hera Realcon Private Limited and Energy Design Private Limited, wherein their auditors, without qualifying their opinion have drawn attention with respect to material uncertainty that exist which may cast significant doubt on the respective company's ability to continue as going concern. However, the financial statements of these subsidiaries are prepared on going concern basis.
Our opinion is not modified with respect to this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Consolidated Financial Statements of the current period. These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1	***Accuracy of recognition, measurement, presentation and disclosures of revenues and other related balances in view of adoption of Ind AS 115 "Revenue from Contracts with Customers"*** The application of the revenue accounting standard involves certain key judgements relating to identification of distinct performance obligations, determination of transaction price of the identified performance obligations, the	***<u>Principal Audit Procedures</u>*** Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows: • Evaluated the design of internal controls relating to implementation of the revenue accounting standard. • Selected a sample of continuing and new contracts, and tested the operating effectiveness of the internal control, relating to identification of the distinct performance obligations and

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	appropriateness of the basis used to measure revenue recognized over a period. Additionally, the revenue accounting standard contains disclosures which involves collation of information in respect of disaggregated revenue and periods over which the remaining performance obligations will be satisfied subsequent to the balance sheet date.
	
	Refer Notes 1.k and 25 to the Consolidated Financial Statements.
		determination of transaction price. We carried out a combination of procedures involving enquiry and observation, performance and inspection of evidence in respect of operation of these controls.
		
		• Tested the relevant information technology systems' access and change management controls relating to contracts and related information used in recording and disclosing revenue in accordance with the revenue accounting standard
		
		• Selected a sample of continuing and new contracts and performed the following procedures:
		
		  • Read, analyzed and identified the distinct performance obligations in these contracts.
		
		  • Compared these performance obligations with that identified and recorded by the Company.
		
		  • Considered the terms of the contracts to determine the transaction price including any variable consideration to verify the transaction price used to compute revenue and to test the basis of estimation
		
		  • Samples in respect of revenue recorded for time and material contracts were tested using a combination of customer acceptances, subsequent invoicing and historical trend of collections and disputes.
		
		  • Performed analytical procedures for reasonableness of revenues disclosed.

2	***Accounting of contract work-in-progress for engineering construction projects*** The company recognized contract revenue and contract costs from contract work-in-progress for engineering construction projects by reference to the stage of completion of the contract activity at the end of each reporting period. The stage of completion is measured by reference to work performed. The accounting for such engineering construction projects is complex due to high level of estimation in determining the costs to complete. This is due to the nature of the operations, which may be	***Principal Audit Procedures*** Our audit procedures included the following: • Review of contract terms and conditions and the contractual sums and substantiated project revenues and costs incurred against underlying supporting documents. • Perused customers and subcontractor correspondences and discussed the progress of the projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contractual costs.

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	impacted by the technological complexity of projects, the precision of cost estimation during the budgeting process and the actual progress of each project during the financial year. Accordingly, the accounting of contract work-in progress for engineering construction projects is identified as a key audit matter. Refer Notes 1.j and 10 to the Consolidated Financial Statements.	• Analyzed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year.
3	***Valuation of Claims under settlement*** The Company has certain significant open legal proceedings under arbitration for various complex matters with the Clients and other parties, continuing from earlier years, which are as under: • Non acceptance of certain work by the client. • Cost overrun in certain contracts. • Reimbursement of the cost incurred by the company for the client. Due to complexity involved in these litigation matters, the recognition of claims / variations are included in revenues when it is highly probable of recovery based on estimate and assessment of each item by the management based on their experience of recovery Refer Notes 1.r, 46 and 49 to the Consolidated Financial Statements	***Principal Audit Procedures*** Our audit procedures included the following: • Assessing the procedures implemented by the Company to identify and gather the risks it is exposed to. • Obtaining an understanding of the risk analyses performed by the Company, with the relating supporting documentation, and studying written statements from internal and external legal experts, where applicable. • Discussion with the management on the development in these litigations during the year ended March 31, 2021. Obtaining representation letter from the management on the assessment of these matters as per SA 580 (revised) – Written representations.
4	***IT Systems and control over financial reporting*** We identified IT systems and controls over financial reporting as a key audit matter for the Company because its financial accounting and reporting systems are fundamentally reliant on IT systems and IT controls to process	***Principal Audit Procedures*** Our procedures included to the following: • Assessment of the complexity of the environment through discussion with the head of IT. • Assessment of the design and evaluation of the operating effectiveness of general IT

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	significant transaction volumes. Automated accounting procedures and IT environment controls, which include IT governance, general IT controls over program development and changes, access to programs and data and IT operations and IT application controls are required to be designed and to operate effectively to ensure accurate financial reporting.	controls over program development and changes, access to programs and data and IT operations. • Assessment of the design and evaluation of the operating effectiveness of IT application controls in the key processes impacting financial reporting of the Company.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the "Other Information". The Other Information comprises the information included in the Annual Report, but does not include the Consolidated Financial Statements and our auditor's report thereon. Such Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above when it becomes available and, in doing so, consider whether the Other Information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

As and when we receive and read the Other Information identified above, in the event we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance in the manner required.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group and of its associates in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and

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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 Consolidated Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, the respective Board of Directors of the Companies included in the Group and of its associates are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective management either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the Companies included in the Group and of its associates are responsible for overseeing the company's financial reporting process of the Group and of its associates.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and of its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and of its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Consolidated Financial Statements, including the disclosures, and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or the business activities with the Group and of its associates to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the audit of the financial statement of such entities included in the Consolidated Financial Statements of which we are the independent auditor.

We communicate with those charged with governance of the company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Other Matters

1. We did not audit the financial statements and other financial information in respect of:

   i. the real estate division whose financial statements reflect total assets of Rs. 4,745.44 Million as at March 31, 2021 and the total revenue of the Rs. 245.19 Million, Total profit (net) after tax of Rs. 49.08 Million and total comprehensive income (net) of Rs. 49.25 Million for the year ended 31st March, 2021,

   ii. 18 joint operations, whose financial results reflect total assets of Rs. 1,907.75 Million as at March 31, 2021, Group's Share in Total revenue after elimination of Rs. 1,880.57 Million, Total profit (net) after tax of Rs. 62.18 Million and total comprehensive income (net) of Rs. 62.18 Million for the year ended 31st March, 2021

   iii. 23 subsidiaries, whose financial statements reflect net total assets of Rs. 24,672.21 Million as at 31st March, 2021, total revenues of Rs. 2,639.19 Million, total net loss after tax of Rs. 2,282.69 Million, total comprehensive income (net) of Rs. (2,204.77) and net cash inflows amounting to Rs. 82.17 Million for the year ended 31st March, 2021

   iv. 1 associate, whose financial statements reflect Group's share of net profit after tax of Rs. 50.01 Million for the year ended 31st March, 2021

These Ind AS financial statement of the entities mentioned in (i) to (iv) and other financial information have been audited by other auditors, which financial statements, other financial information and auditors' reports have been furnished to us by the management. Our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these branch, subsidiaries and joint operations, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid branch, subsidiaries and joint operations, is based solely on the report(s) of such other auditors.

2. The accompanying Consolidated Financial Statements include unaudited financial statements and other unaudited financial information in respect of:

   i. 9 unincorporated joint operations whose financial results reflect total assets of Rs. 209.15 Million as at 31st March 2021, Group's Share in Total revenue after elimination of inter-company revenue, is Rs. 32.53 Million, Total Profit (net) after tax of Rs. 0.01 Million and total comprehensive income (net) of Rs. 0.01 Million for the year ended 31st March, 2021,

   ii. 4 subsidiaries, whose financial statements reflect net total assets of Rs. 509.33 Million as at 31st March, 2021, total revenues of Rs. 51.56 Million, total net loss after tax of Rs. 97.06 Million, total comprehensive income of Rs. (95.14) and net cash outflows amounting to Rs. 6.09 Million for the year ended 31st March, 2021,

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iii. 4 associates, whose financial statements reflect Groups share of net loss after tax of Rs. -228.22 Million for the year ended 31st March, 2021

These unaudited financial statements and other unaudited financial information have been furnished to us by the management. Our opinion, in so far as it relates amounts and disclosures included in respect of these subsidiaries, joint operations and associates, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries, joint operations and associates, is based solely on such unaudited financial statements and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above 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 work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

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 purposes of our audit;

b) In our opinion, proper books of account as required by law 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 (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) In our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended,

e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2021 taken on record by the Board of Directors of the Holding Company, and the reports of the statutory auditors who are appointed under section 139 of the Act, of its subsidiaries and associates, none of the directors of the Group's companies and its associates, incorporated in India is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

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f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company and its subsidiaries, associates and joint ventures, incorporated in India, refer to our separate Report in "Annexure A" to this report;

g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, associates and joint ventures, incorporated in India, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Holding Company, its subsidiaries and associates incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act; and

h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

i. The Consolidated Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 49 to the Consolidated Financial Statements,

ii. The Group does not have any long term contracts including derivatives contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amount, required to be transferred to the Investor Education and Protection Fund.

For T. P. Ostwal & Associates LLP
Chartered Accountants
(Registration No. 124444W/W100150)

Anil A. Mehta

Partner

Membership Number: 030529

Place: Mumbai

Date: June 11, 2021

UDIN: 21030529AAAAEO4202

Annexure A to Independent Auditors' Report on the Consolidated Financial Statements of Patel Engineering Limited

Referred to in paragraph 1(f) under "Report on Other Legal and Regulatory requirement" section of our 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.

In conjunction with our audit of the Consolidated Financial Statements of Patel Engineering Limited which includes joint operations as of and for the year ended March 31, 2021, we have audited the internal financial controls over financial reporting of Patel Engineering Limited which includes joint operations (hereinafter referred to as the "Holding Company") and its subsidiaries and its associates, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiaries, and associates, 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 Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") 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 the 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

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, its subsidiaries and associates which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, 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.

T.P. OSTWAL & ASSOCIATES LLP MUMBAI-13. CA

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting with reference to these Consolidated Financial Statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, 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.

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 with reference to these Consolidated Financial Statements of the Holding company and its subsidiary company as aforesaid.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these Consolidated Financial Statements includes those policies and procedures that

i. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
ii. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated 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
iii. 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 Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Consolidated Financial Statements, 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 with reference to these Consolidated Financial Statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Consolidated Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

T. P. OSTWAL & ASSOCIATES LLP MUMBAI-13 CA

Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors, as referred to in Other Matters paragraph below, the Holding Company, its subsidiaries, and its associates, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these Consolidated Financial Statements and such internal financial controls over financial reporting with reference to these Consolidated Financial Statements were operating effectively as at March 31, 2021, 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.

Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these Consolidated Financial Statements of the Holding Company, in so far as it relates to separate financial statement of 23 subsidiaries and 1 branch, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiaries and branch incorporated in India.

For T. P. Ostwal & Associates LLP
Chartered Accountants
(Registration No. 124444W/W100150)

T. P. OSTWAL & ASSOCIATES LLP
Suite # 1306-1307, Lodha Supremus, Senapati Bapat Marg, Lower Parel (W), Mumbai - 13.
Chartered Accountants

Anil A. Mehta

Anil A. Mehta

Partner

Membership Number: 030529

Place: Mumbai

Date: June 11, 2021

UDIN: 21030529AAAAEO4202

PATEL ENGINEERING LIMITED

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2021

	Notes	As At March 31, 2021 Rs. Million	As At March 31, 2020 Rs. Million
I. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	2	6,537.69	5,784.71
(b) Capital work-in-progress		6,786.06	11,408.35
(c) Intangible assets		3.87	3.86
(d) Goodwill on consolidation		283.86	283.86
(e) Financial assets			
(i) Investments	3	678.90	789.75
(ii) Trade receivables	4	4,420.83	4,733.64
(iii) Loans	5	704.41	853.34
(iv) Other financial assets	6	1,367.34	614.10
(f) Deferred tax assets (net)	7	2,002.80	1,174.94
(g) Current tax assets (net)	8	130.98	141.14
(h) Other non current assets	9	6,618.17	7,590.58
Total non current assets		29,534.91	33,378.27
2 Current assets			
(a) Inventories	10	36,302.81	35,662.36
(b) Financial assets			
(i) Trade receivables	4	4,336.35	3,275.06
(ii) Cash and cash equivalents	11	1,949.22	1,132.49
(iii) Other bank balances	12	10.88	4.76
(iv) Loans	5	297.37	845.02
(v) Other financial assets	6	775.01	913.49
(c) Current tax assets (net)	8	120.42	13.31
(d) Other current assets	9	7,428.05	7,791.98
(e) Assets classified as held for sale	13	116.00	266.00
Total current assets		51,336.11	49,904.47
TOTAL ASSETS		80,871.02	83,282.74
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	14	465.45	408.17
(b) Other equity		22,730.21	25,061.78
Equity attributable to owners of the parent		23,195.66	25,469.95
Non-controlling interests		612.90	330.98
Total Equity		23,808.56	25,800.93
2 Liabilities			
Non current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	7,794.11	9,193.78
(ii) Trade payables	16		
a) Total outstanding dues of micro enterprises and small enterprises		-	-
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		4,779.22	3,302.45
(iii) Other financial liability	17	1,478.16	1,000.00
(b) Provisions	18	119.96	102.39
(c) Other non current liabilities	19	7,727.72	3,699.79
(d) Deferred revenue	20	68.01	75.59
Total non current liabilities		21,967.18	17,374.00
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	14,565.53	13,250.89
(ii) Trade payables	22		
a) Total outstanding dues of micro enterprises and small enterprises		45.62	23.92
b) Total outstanding dues of creditors other than micro enterprises and small enterprises		12,050.97	13,674.80
(iii) Other financial liabilities	23	853.20	932.07
(b) Provisions	18	63.77	27.20
(c) Other current liabilities	24	7,516.19	12,198.92
Total current liabilities		35,095.28	40,107.80
TOTAL EQUITY AND LIABILITIES		80,871.02	83,282.74
Summary of significant accounting policies	1		

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

As per our report of even date

For and on behalf of Board

For T.P.Ostwal & Associates LLP
Firm Regn No:124444W/W100150
Chartered Accountants

Anil A. Mehta
Partner
Membership No. 030529
Place : Mumbai
Date : June 11, 2021

T P Ostwal & Associates LLP Suite # 1306-1307, Lodha Supremus Senapati Bapat Marg Lower Parel (W), Mumbai - 13 Chartered Accountants

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

Patel Engineering Ltd. Mumbai 400 102.

Shobha Shetty
Company Secretary

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Patel Since 1949

		Notes	March 31, 2021 Rs. Million	March 31, 2020 Rs. Million
I.	Revenue from operations	25	19,947.93	26,172.14
II.	Other income	26	1,091.35	1,711.63
III.	**Total revenue (I + II)**		**21,039.28**	**27,883.78**
IV.	**Expenses:**			
	Cost of construction	27	14,589.99	21,043.65
	Purchase of stock in trade		-	66.04
	Employee benefits expense	28	2,013.32	1,943.45
	Finance costs	29	4,013.92	2,662.69
	Depreciation and amortization expense	2	720.25	661.86
	Other expenses	30	998.26	1,265.69
	Total expenses		**22,335.74**	**27,643.36**
V.	**Profit/(loss) before exceptional items and tax (III-IV)**		**(1,296.46)**	**240.41**
VI.	**Exceptional items**	31	2,141.66	(306.78)
VII.	**Profit/(loss) before tax (V - VI)**		**(3,438.12)**	**547.20**
VIII.	**Tax expense:**			
	(1) Current tax		110.48	211.37
	(2) Tax adjustments for earlier years		1.49	(86.02)
	(2) Deferred Tax		(820.83)	108.82
IX.	**Profit/(loss) for the year (VII-VIII)**		**(2,729.26)**	**313.03**
X.	**Share in loss in associates (net)**		**(178.21)**	**(201.72)**
XI.	**Net profit/(loss) after tax and share in profit /(loss) in joint ventures / associates**		**(2,907.47)**	**111.31**
XII.	**Other comprehensive income**			
	A (i) Items that will not be reclassified to profit or loss			
	Remeasurements of the defined benefit plans		40.86	(31.97)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		4.42	4.42
XIII.	**Total other comprehensive income**		**45.28**	**(27.55)**
XIV.	**Total comprehensive income for the year (XI+XIII) (comprising profit /(loss) and other comprehensive income for the year)**		**(2,862.19)**	**83.76**
XV.	**Minority interest**		**119.85**	**39.30**
XVI.	**Owners of the parent (XIV- XV)**		**(2,982.04)**	**44.46**
XVII.	**Earnings per equity share:**			
	(1) Basic	36	(6.78)	0.39
	(2) Diluted		(6.78)	0.39
	Summary of significant accounting policies	1		

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

As per our report of even date

For T.P.Ostwal & Associates LLP
Firm Regn No:124444W/W100150
Chartered Accountants

Anil A. Mehta
Partner

Membership No. 030529
Place : Mumbai
Date : June 11, 2021

T.P. OSTWAL & ASSOCIATES LLP Suite # 1306-1307, Lodha Supremus Senapati Bapat Marg Lower Parel (W), Mumbai - 13 Chartered Accountants

For and on behalf of Board

Rupen Patel
Chairman &
Managing Director
DIN : 00029583

PATEL ENGINEERING LTD MUMBAI 400 102.

Kavita Shirvaikar
Chief Financial
Officer & Director
DIN : 07737376

Shobha Shetty
Company Secretary

Sunil Sapre
Director

DIN : 05356483

PATEL ENGINEERING LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

	March 31, 2021 Rs. Million	March 31, 2020 Rs. Million
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) after tax	(2,907.47)	111.31
Adjustment for:		
Depreciation/ amortisation	720.25	661.86
Tax Expenses	(708.85)	234.17
Finance charges	4,013.92	2,662.69
Interest income and dividend received	(590.84)	(924.67)
Foreign exchange loss/ (gain)	31.39	44.21
Provision for leave salary	11.05	30.77
Provision for gratuity	43.08	13.29
Share in associates	174.17	201.74
Share in JV	(61.84)	(176.20)
Provision for impairment	769.35	38.88
Profit on sale of assets	(4.80)	(14.99)
Excess credit written back	(783.56)	(849.41)
Irrecoverable debts and advances written off	2,052.25	103.91
ESOP compensation expenses	1.08	4.09
OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES	2,759.19	2,141.65
Adjustment for changes in:		
Trade and other receivables	1,632.55	(3,282.06)
Inventories	(1,409.79)	(198.99)
Trade and other payables (excluding income tax)	1,027.25	4,783.48
Cash from operations	4,009.20	3,444.08
Direct tax refund received / (paid)	(122.16)	629.11
NET CASH FROM OPERATING ACTIVITIES (A)	3,887.04	4,073.19
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Purchase) / adjustments of fixed assets (including capital work in progress and capital advances)	(1,334.76)	(527.14)
Sale of fixed assets	197.22	59.36
Decrease / (Increase) in loans to JV/ associates	31.33	(102.32)
Remeasument of Assets held for sale	196.12	-
Purchase of investments	90.72	0.01
Increase in other bank balances	48.31	24.55
Interest and dividend received	839.86	71.29
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	68.79	(474.24)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Shares	(0.00)	177.80
Proceeds from long term borrowings	1,968.80	514.42
Repayment of long term borrowings	(1,575.08)	(1,561.92)
Dividend paid	-	(0.21)
Finance charges paid	(3,501.42)	(2,797.13)
NET CASH USED IN FINANCING ACTIVITIES (C)	(3,107.71)	(3,667.04)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	848.13	(68.09)
Opening balance of cash and cash equivalents	1,132.49	1,244.79
Balance of cash and cash equivalents	1,980.61	1,176.69

Notes to Cash flow Statement

a) Cash and Cash Equivalents

Cash on hand and balance with banks	1,949.22	1,132.49
Effect of exchange rate changes	31.39	44.21
Closing cash and cash equivalents as restated	1,980.61	1,176.69

b) Cash flow statement has been prepared under the indirect method as set out in IndAS - 7 specified under Section 133 of the Companies Act, 2013.

c) Reconcilation of liabilities arising from financing activities

Rs. Million

March 31, 2021	Opening balance	Cash Flow	Non - Cash Changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity)	22,958.35	393.72	(427.44)	22,924.63
	22,958.36	393.72	(427.44)	22,924.63

PATEL ENGINEERING LTD. MUMBAI 400 102.

March 31, 2020	Opening balance	Cash Flow	Non - Cash Changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity)	26,980.07	(1,047.51)	(2,974.21)	22,958.35
Unpaid dividend	0.21	(0.21)		0.00
	26,980.28	**(1,047.72)**	**(2,974.21)**	**22,958.36**

For and on behalf of Board

As per our attached Report of even date
For T.P.Ostwal & Associates LLP

Firm Regn No:124444W/W100150
Chartered Accountants

Anil A. Mehta
Partner
Membership No. 030529
Place : Mumbai
Date : June 11, 2021

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

Shobha Shetty
Company Secretary

Sunil Sapre
Director
DIN : 05356483

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Patel Since 1949

(A) EQUITY SHARE CAPITAL

Particulars	Number of shares	Rs. Million
Equity shares of Re 1 each issued, subscribed and paid		
As at 31 March 2019	16,42,48,506	164.25
Issue of equity shares	24,39,29,786	243.93
As at 31 March 2020	**40,81,78,292**	**408.18**
Issue of equity shares	5,72,74,732	57.27
As at 31 March 2021	**46,54,53,024**	**465.45**

(B) OTHER EQUITY

Rs. Million

Particulars	Equity component of compound financial instruments	Reserves and surplus										
		Capital reserve	General reserve	Securities premium	Debenture redemption reserve	Stock option outstanding account	Foreign currency monetary item translation difference	Capital redemption reserve	Surplus in the statement of profit and loss	Total equity attributable to equity holders	Non - controlling interest	Total equity attributable to equity holders
As at March 31, 2019	-	277.57	2,827.95	12,012.85	172.00	8.85	320.49	300.00	6,683.17	22,602.88	565.93	23,168.81
-Profit for the year	-	-	-	-	-	-	-	-	72.01	72.01	39.30	111.31
-Other comprehensive income for the year	-	-	-	-	-	-	(19.25)	-	(8.31)	(27.55)	-	(27.55)
-Adjustment during the year	-	-	0.67	-	-	-	-	-	315.79	316.46	(274.25)	42.21
- Adjustment on account of consolidation of joint venture	-	-	-	-	-	-	-	-	(176.20)	(176.20)		(176.20)
- adjustment on account fluctuation in foreign exchange	-	-	-	-	-	-	(3.76)	-	-	(3.76)	-	(3.76)
- Issued during the year	166.69	-	-	-	-	-	-	-	-	166.69		166.69
- Issue of equity shares	-	-	-	2,139.77	-	-	-	-	-	2,139.77		2,139.77
- Share issue expenses				(32.61)						(32.61)		(32.61)
- Stock option	-	-	-	-	-	4.09	-	-	-	4.09	-	4.09
- Transfer from / to debenture redemption reserve	-	-	172.00	-	(172.00)	-	-	-	-	-	-	-
As at March 31, 2020	166.69	277.57	3,000.62	14,120.00	-	12.93	297.48	300.00	6,886.48	25,061.78	330.98	25,392.76
- Profit for the year	-	-	-	-	-	-	-	-	(3,027.33)	(3,027.33)	119.85	(2,907.47)
- Other comprehensive income for the year	-	-	-	-	-	-	88.12	-	(42.84)	45.28	-	45.28
- Adjustment during the year	-	-		-	-	-	-	-	(1.13)	(1.13)	162.07	160.94
- Adjustment on account of consolidation of joint venture	-	-	-	-	-	-	-	-	(61.84)	(61.84)	-	(61.84)
- Adjustment on account fluctuation in foreign exchange	-	-	-	-	30.64	-	-	-	32.92	63.56	-	63.56
- Issued during the year	(166.69)	-	-	-	-	-	-	-	-	(166.69)	-	(166.69)
- Issue of equity shares	-	-	-	819.97	-	-	-	-	-	819.97	-	819.97
- Stock option	-	-	-	-	-	(11.37)	-	-	7.98	(3.39)	-	(3.39)
As at March 31, 2021	-	277.57	3,000.62	14,939.97	30.64	1.56	385.60	300.00	3,794.24	22,730.21	612.90	23,343.11

PATEL ENGINEERING LTD. MUMBAI 400 102

PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

Capital reserve : The Company recognizes reserve on investment in parthnership firm.

General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to earlier provision of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Act.

Securities premium: Securities premium is credited when shares are issued at premium. It is utilised in accordance with the provisions of the Act, to issue bonus shares, to provide for premium on redemption of shares or debentures, equity related expenses like underwriting costs, etc.

Debenture redemption reserve: The Company is required to create a debenture redemption reserve out of the profits which are available for payment of dividend to be utilised for the purpose of redemption of debentures in accordance with the provisions of the Act.

Stock Option Outstanding Account: The Company has share option schemes under which options to subscribe for the Company's shares have been granted to certain employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Capital redemption reserve: The company has recognised Capital Redemption reserve on buyback of preference shares from its retained earning. The amount in capital redemption reserve is equal to nominal amount of preference share bought back.

Surplus in the statement of profit and loss: Retained earning are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders

Foreign currency monetary item translation difference : Exchange difference on translating the financial statement of foreign operations.

PATEL ENGINEERING LTD. MUMBAI 400102.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

NOTE : 1

1.1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

Patel Engineering Ltd. ('the Company') has prepared consolidated financial statements to provide the financial information of its activities along with its subsidiaries, associates and joint ventures as a single entity. They are collectively referred as "Group" herein.

The consolidated financial statements of the group have been prepared to comply in all material respects with the Indian Accounting Standards ("Ind AS") as specified under section 133 of the Companies Act 2013 read together with the Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 and amendment thereof issued by Ministry of Corporate Affaires in exercise of the power conferred by section 133 of the Companies Act 2013 and the other relevant provisions of the Act, pronouncements of the regulatory bodies applicable to the company.

These consolidated financial statement have been approved for issue by Board of Directors at their meeting held on June 11, 2021.

b) Basis of preparation

The consolidated financial statements are prepared under the historical cost convention, on a going concern basis and accrual method of accounting, except for certain financial assets and liabilities as specified in defined benefit plans which have been measured at actuarial valuation as required by relevant Ind AS. The accounting policies applied are consistent with those used in the previous year, except otherwise stated.

The consolidated financial statements are presented in Indian Rupees and all values are rounded to the nearest millions (Rupees 000,000), except where otherwise indicated. Any discrepancies in any table between totals and sums of the amounts listed are due to rounding off.

c) Principles of consolidation

(i) The consolidated financial statements include the accounts of Patel Engineering Ltd. and its subsidiaries, associates and joint ventures.

(ii) The financial statements of joint ventures are consolidated to the extent of the Company's or its subsidiaries share in joint venture.

(iii) The financial statements of the Company including joint operations and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses fully eliminating material intra group balances and intra group transactions. Associate entities are consolidated as per the equity method.

(iv) Goodwill arising out of Consolidation of financial statements of subsidiaries and joint ventures are tested for impairment at each reporting date.

The consolidated financial statement have been prepared by the Company in accordance with the requirements of Ind AS –110 "Consolidated Financial Statements", Ind AS -111 "Joint Arrangements" and Ind AS 28 "Investment in Associates and Joint Ventures", issued by the Ministry of Corporate Affairs.

Notes to these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding. Recognizing this purpose, the Company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosure.

d) Current/Non-current classification

The Group as required by Ind AS 1 presents assets and liabilities in the Balance Sheet based on current / non-current classification.

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

The Company has ascertained its operating cycle as twelve months for the purpose of Current / Non-Current classification of its Assets and Liabilities, as it is not possible to identify the normal operating cycle.

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e) **Method of accounting**

The Group maintains its accounts on accrual basis. Subsidiaries outside India maintain its accounts based on Generally Accepted Accounting Standards of their respective countries.

f) **Critical accounting estimates and judgements**

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Revisions to accounting estimates are recognized prospectively.

The areas involving critical estimates or judgements are:

- Measurement of defined benefit obligation
- Estimation of useful life of property, plant and equipment and intangibles
- Recognition of deferred taxes
- Estimation of impairment
- Estimation of provision and contingent liabilities

g) **Property, plant and equipment**

Property, plant and equipment are stated at cost of acquisition including attributable interest and finance costs till the date of acquisition/ installation of the assets and improvement thereon less accumulated depreciation and accumulated impairment losses, if any.

Cost comprises of purchase price and any attributable cost of bringing the assets to its working condition for its intended use. Property, plant and equipment costing Rs. 5,000 or less are not capitalized and charged to the Consolidated Statement of Profit and Loss.

Machinery Spares that meet the defination of PPE are capitalised.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

The carrying amount of an items of PPE are derecognised on disposal or when no future economic benefits are expected from its use or disposal.

h) **Depreciation**

As per the Schedule II of the Companies Act 2013, effective April 01, 2014, the management has internally reassessed the useful lives of assets to compute depreciation wherever necessary, to conform to the requirements of the Companies Act, 2013 which is:

Assets	Estimated useful life
Factory building/ building	28/60 years
Machinery/ ship	8 ½ years
Motor cars/ motor truck	8 years
Furniture/ electrical equipments	6 years
Office equipments	5 years
Computer / software	3 years

Depreciation on leasehold land will be amortized after commencement of operation of the power house. It will be amortized over the useful life of the lease.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2021

Michigan Engineers Private Limited and Shreeanant Constructions Private Limited provide depreciation on written down value method and based on useful life of the assets as prescribed in schedule II of the Companies Act, 2013 and in onsite Michigan JV and Michigan Savitar Consortium as specified in the Income tax Act.

The estimated useful life of Patel Michigan JV - motor car - 10 years, motor truck - 6 years, office equipments - 5 years, container - 3 years.

For overseas subsidiaries depreciation is provided based on estimated useful lives of the property, plant and equipment as determined by the management of such subsidiaries. In view of different sets of environment in which such entities operate in their respective countries, depreciation is provided based on the management experience of use of assets in respective geographies, local laws and are in line with the industry practices. These entities follow straight line method of depreciation spread over the useful life of each individual asset. It is practically not possible to align rates of depreciation of such subsidiaries with those of the domestic entities.

i) **Impairment of non-financial assets**

The carrying amount of assets/cash generating units are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognized in the consolidated statement of profit and loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. The recoverable amount of the assets (or where applicable, that of cash generating unit to which the asset belongs) is estimated as the higher of its net selling price and its value in use. A previously recognized impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment.

j) **Inventories**

The stock of construction materials, stores, spares and embedded goods and fuel is valued at cost (on weighted average basis), or net realizable value, whichever is lower and work in progress of construction contracts at contract rate. Work in progress in respect of project development and buildings held as stock-in-trade are valued at cost or net realizable value, whichever is lower.

Project work in progress is valued at contract rates and site mobilization expenditure of incomplete contracts is stated at lower of cost or net realizable value.

k) **Recognition of income and expenditure**

i) The company constructs various infrastructure projects on behalf of clients. Under the terms of the contracts, the company is contractually restricted from redirecting the properties to another customer and has an enforceable right to payment for work done. Revenue is therefore recognised over a period of time on a cost to cost method, i.e. based on the stage of completion at the balance sheet date, billing schedules at agreed contract terms with the client on a progressive completion basis. This is achieved by estimating total revenue including claims / variations and total cost till completion of the contract and the profit is recognised in proportion to the value of work done when the outcome of the contract can be estimated reliably. Revenue also includes claims / variations when it is highly probable of recovery based on estimate and assessment of each item by the management based on their judgment of recovery. The management considers that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations under Ind AS 115.

The company becomes entitled to invoice customers for construction based on achieving a series of performance related milestones. When a particular milestone is achieved, the customer is sent a statement of work completed assessed by expert. Previously recognised contract asset for any work performed is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the company recognises a contract liability for the difference.

Revenue from trading and consultancy service are recognises when it transfers control of a product or service to a customer.

ii) The company constructs and sells residential properties under long-term contracts with customers. Such contracts are entered into before or after construction of the residential properties begins. Under the terms of the contracts, the company is contractually restricted from redirecting the properties to another customer and does not have an enforceable right to payment for work done. Revenue from construction of Real Estate properties is therefore recognised at a point of time.

Revenue from building development is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The company recognises revenue when it transfers control of a product or service to a customer.

l) **Foreign currency transaction/translations**

Transactions in foreign currency including acquisition of property, plant and equipment are recorded in the functional currency (Indian Rupee) by applying to the foreign currency amount, at the prevailing exchange rates between the functional currency and foreign currency on the date of the transaction. All monetary assets and monetary liabilities in foreign currencies are translated at the relevant rates of exchange prevailing at the year-end. Exchange differences arising out of payment/restatement of long term liabilities relating to property, plant and equipment are capitalized and in other cases amortized over the balance period of such long term monetary items. The unamortized balance is carried in the Balance Sheet as " Foreign currency monetary items translation difference account" as a separate line item under " Other equity".

Revenue transactions at the foreign branch/projects are translated at average rate. Property, plant and equipment are translated at rate prevailing on the date of purchase. Net exchange rate difference is recognized in the statement of profit and loss. Depreciation is translated at rates used for respective assets.

However, Michigan Engineers Private Limited opted to recognize the exchange differences in the Statement of Profit and Loss.

Revenue items of overseas subsidiaries are translated into Indian rupees at average rate and all other monetary/non monetary items are translated at closing rate. Net exchange rate difference is recognized as foreign exchange translation reserve.

m) **Financial instrument:**

A financial instrument is any contract that gives rise to a financial asset of one entity and financial liability or equity instrument of another entity.

(I) Financial asset:

Initial recognition and measurement :

All financial instruments are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through the statement of profit and loss, transaction costs that are attributable to the acquisition of the financial asset, purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place are recognized on the trade date i.e. the date that the Group commits to purchase or sell the asset.

Subsequent measurement :

For the purpose of subsequent measurement financial assets are classified as measured at:

• Amortized cost
• Fair value through profit and loss (FVTPL)
• Fair value through other comprehensive income (FVTOCI).

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(a) Financial asset measured at amortized cost :

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortized cost using effective interest rate (EIR) method. The EIR amortization is recognized as finance income in the consolidated statement of profit and loss. The Group while applying above criteria has classified the following at amortized cost:

(a) Trade receivables

(b) Investment in subsidiaries

(c) Loans

(d) Other financial assets

(b) Financial assets Measured at fair value through other comprehensive income :

Financial assets that are held within a business model whose objective is achieved by both, selling financial assets and collecting contractual cash flows that are solely payments of principal and interest, are subsequently measured at fair value through other comprehensive income. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognized in the Consolidated Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognized in OCI is reclassified from the equity to 'other income' in the Consolidated statement of profit and loss.

(c) Financial assets at fair value through profit or loss (FVTPL) :

Financial asset are measured at fair value through profit and loss if it does not meet the criteria for classification as measured at amortized cost or at FVTOCI. All fair value changes are recognized in the Consolidated statement of profit and loss.

Equity instruments

All investments in equity instruments classified under financial assets are initially measured at fair value , the group may, on initial recognition, irrevocably elect to measure the same either at FVTOCI or FVTPL.

De-recognition of financial assets:

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured on the date of recognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognized in the consolidated statement of profit and loss.

Impairment of financial assets:

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model by adopting the simplified approach using a provision matrix reflecting current condition and forecasts of future economic conditions for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

(a) Financial assets that are debt instruments, and are measured at amortized cost e.g. loans, debt securities, deposits, trade receivables and bank balance

(b) Financial assets that are debt instruments and are measured at FVTOCI.

(c) Lease receivables under Ind AS 17.

(d) Trade receivables or any contractual right to receive cash or another financial asset

(e) Loan commitments which are not measured at FVTPL

(f) Financial guarantee contracts which are not measured at FVTPL

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(II) Financial liability

Initial recognition and measurement :

Financial liabilities are recognized initially at fair value plus any transaction cost that are attributable to the acquisition of the financial liability except financial liabilities at FVTPL that are measured at fair value.

Subsequent measurement :

Financial liabilities are subsequently measured at amortized cost using the EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognized in the consolidated statement of profit and loss.

Financial liabilities at amortized cost:

Amortized cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount.

The Group is classifying the following under amortized cost

- Borrowings from banks
- Borrowings from others
- Trade payables
- Other financial liabilities

Derecognition:

A financial liability shall be derecognized when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires. The difference between the carrying amount and fair value of the liabilities shall be recognized in the consolidated statement of profit and loss.

n) **Financial derivative and hedging transactions**

In respect of financial derivative and hedging contracts, gain / loss are recognized on mark-to-market basis and charged to the consolidated statement of profit and loss along with underlying transactions.

o) **Fair value measurement**

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116 – Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 – Inventories or value in use in Ind AS 36 – Impairment of Assets.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

p) **Employee benefits**

Short term employee benefits :

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

Contribution towards provident fund/family pensions are made to the recognized funds, where the Group has no further obligations. Such benefits are classified as defined contribution schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

Defined benefit plans :

Provision for incremental liability in respect of gratuity and leave encashment is made as per independent actuarial valuation on projected unit credit method made at the year-end.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense /(income) on the net defined liability /(assets) is computed by applying the discount rate, used to measure the net defined liability /(asset). Net interest expense and other expenses related to defined benefit plans are recognized in consolidated statement of profit and loss.

q) **Taxation**

Current tax:

Provision for current tax is recognized based on the estimated tax liability computed after taking credit for allowances and exemptions in accordance with the Income Tax Act, 1961.

Deferred tax:

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements' carrying amount of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates or tax rates that are substantively enacted at the balance sheet dates. The effect on the deferred tax assets and liabilities of a change in tax rate is recognized in the period that includes the enactment date. Deferred tax assets are recognized only to the extent there is virtual certainty of realization in future.

Transaction or event which is recognised outside Profit or Loss, either in Other Comprehensive Income or in equity, is recorded along with the tax as applicable.

r) **Provisions, contingent liabilities and contingent assets**

The Group recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation that the likelihood of outflow of resources is remote , no provision or disclosure is made.

Contingent assets are disclosed where an inflow of economic benefits is probable.

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s) **Employees stock option plan**

Compensation expenses under "Employee Stock Option Plan" representing excess of fair price of the shares on the date of grant of option over the exercise price of option is amortized on a straight-line basis over the vesting period.

t) **Borrowing cost**

Borrowing costs directly attributable and identifiable to the acquisition or construction of qualifying assets are capitalized till the date such qualifying assets are ready to be put to use. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are charged to consolidated statement of profit and loss as incurred.

u) **Leases**

As per IND AS 116

As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, group's incremental borrowing rate. Generally, the company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases of real estate properties that have a lease term of 12 months. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

v) **Business combinations**

Business Combinations have been accounted for using the acquisition method as per Ind AS 103.

The cost of an acquisition is measured at the fair value of the asset transferred, equity instruments issued and liabilities incurred or assumed at the date of acquisition, which is the date on which control is transferred.

Business Combinations between entities under common control are accounted for at carrying value.

Transaction costs that the Group incurs in connection with a business combination are expensed as incurred.

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w) **Earning per share**

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

x) **Preliminary and preoperative expenses**

In respect of certain subsidiaries preliminary and preoperative expenses are written off commencement of operation.

y) **Non-current assets held for sale and discontinuoed operation**

Non-current assets and disposal groups are classified as held for sale if their carrying amount is intended to be recovered principally through a sale (rather than through continuing use) when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sale of such asset (or disposal group) and the sale is highly probable and is expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

z) **Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 01, 2021.

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Note : 2

PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2021

Rs. Million

Particulars	Gross Block						Depreciation						Net Book Value	
	As at April 1, 2020	Addition	Deduction/ Retirement	Sub Total	Foreign Currency Fluctuation	As at March 31, 2021	As at April 1, 2020	For the year	Deduction	Sub Total	Foreign Currency Fluctuation	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
TANGIBLE ASSETS														
Land[1]	2,590.38	1.32	124.68	2,467.02	(2.57)	2,464.45	-	-	-	-	-	-	2,464.45	2,590.38
Building[2]	621.65	0.65	(1.12)	623.42	(0.08)	623.34	195.08	13.66	(0.43)	209.18	(0.33)	208.85	414.49	426.57
Plant and equipment[3]	5,997.21	1,541.73	48.81	7,490.13	0.17	7,490.30	3,953.30	461.03	17.23	4,397.10	0.17	4,397.27	3,093.03	2,043.91
Furniture and fixtures	95.77	1.19	1.65	95.31	0.13	95.44	90.13	1.58	1.64	90.07	0.13	90.20	5.24	5.64
Vehicles[4]	1,302.12	84.34	(6.11)	1,392.57	0.13	1,392.70	1,055.71	85.45	(2.41)	1,143.57	0.13	1,143.70	249.00	246.42
Office equipments	62.69	0.99	0.49	63.19	0.08	63.27	57.98	1.72	0.48	59.22	0.08	59.30	3.97	4.71
Others[5]	40.07	-	-	40.07	-	40.07	28.09	0.89	-	28.98	-	28.98	11.09	11.98
Electric equipment	92.42	21.66	0.64	113.44	-	113.44	70.40	7.89	0.64	77.65	-	77.65	35.79	22.02
Computer equipments	118.57	15.26	1.01	132.82	0.11	132.93	97.66	9.05	1.00	105.71	0.11	105.82	27.11	20.90
Container	9.77	1.58	-	11.35	-	11.35	5.42	1.12	-	6.54	-	6.54	4.81	4.35
Total	10,930.65	1,668.72	170.04	12,429.32	(2.03)	12,427.29	5,553.77	582.40	18.15	6,118.02	0.29	6,118.31	6,308.98	5,376.87
RIGHT TO USE														
Building	83.79	0.13	80.24	3.69		3.69	22.96	19.47	40.12	2.30		2.30	1.38	60.83
Plant and Equipment	469.46	-	0.55	468.91		468.91	132.32	117.80	0.15	249.97		249.97	218.94	337.14
Vehicles	12.06			12.06		12.06	2.20	1.46		3.66		3.66	8.40	9.86
Total	565.32	0.13	80.80	484.65	-	484.65	157.48	138.72	40.27	255.94	-	255.94	228.71	407.84
Less : Transferred to Capital WIP								2.50	-	-				
TOTAL PPE AND RIGHT TO USE	11,495.96	1,668.85	250.84	12,913.97	(2.03)	12,911.94	5,711.25	718.62	58.42	6,373.95	0.29	6,374.24	6,537.69	5,784.71
INTANGIBLE ASSETS														
Computer software	59.48	1.64	-	61.12	-	61.12	55.62	1.63	-	57.25	-	57.25	3.87	3.86
Goodwill	283.86	-	-	283.86	-	283.86	-	-	-	-	-	-	283.86	283.86
Total	343.34	1.64	-	344.98	-	344.98	55.62	1.63	-	57.25	-	57.25	287.73	287.72
Capital Work-In-Progress	11,408.35	55.50	4,670.95	6,792.90	(6.84)	6,786.06	-	-	-	-	-	-	6,786.06	11,408.35
GROSS TOTAL	23,247.65	1,725.99	4,921.79	20,051.86	(8.87)	20,042.98	5,766.87	720.25	58.42	6,431.20	0.29	6,431.49	13,611.48	17,480.78

1 Land includes Rs. 5.66 million (P.Y. Rs. 5.66 million) held in the name of directors, relatives of directors and employees for and on behalf of the Company

2 a) Building includes building [gross block - Rs. 444.07 million (P.Y. Rs. 441.09 million), accumulated depreciation Rs. 120.84 million (P.Y. Rs. 105.08 million)] and factory building [gross block - Rs. 182.96 million (P.Y. Rs. 182.96 million), accumulated depreciation Rs. 90.37 million (P.Y. Rs. 75.91 million)]

b) Includes Rs. 0.0083 million (Rs. 0.0083 million) being the value of 165 shares (PY 165 shares) and share deposits in Co - operative Societies

3 Includes Assets costing Rs 37.37 Million (Rs. 18.81 Million) not commissioned/erected/put to use, Rs. Nil (P.Y. Rs.Nil) towards exchange rate difference.

Rs. Million

4 Vehicles includes	Gross block	Gross block	Acc dep.	Acc dep.
	2020-21	2019-20	2020-21	2019-20
Motor car	318.54	290.46	237.73	214.34
Motor truck	1,082.59	1,020.21	906.79	841.01
Motor cycle	3.62	3.51	2.81	2.55

Rs. Million

5	Others include	Gross block 2020-21	Gross block 2019-20	Acc dep. 2020-21	Acc dep. 2019-20
	Ship	0.06	0.06	0.06	0.06
	Rails and trolley	40.01	40.01	28.91	28.02

PATEL ENGINEERING LIMITED
PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2020

Rs. Million

Particulars	Gross Block						Depreciation						Net Book Value	
	0.30	Addition	Deduction/ Retirement	Sub Total	Foreign Currency Fluctuation	As at March 31, 2020	As at April 1, 2019	For the year	Deduction	Sub Total	Foreign Currency Fluctuation	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
TANGIBLE ASSETS														
Land[1]	2,543.51	42.62	4.88	2,581.25	9.13	2,590.38	-	-	-	-	-	-	2,590.38	2,543.51
Building[2]	624.05	0.03	4.62	619.46	2.19	621.65	173.77	20.11	1.19	192.69	2.39	195.08	426.57	450.28
Plant and Equipment[3]	6,162.12	561.46	726.26	5,997.32	(0.11)	5,997.21	4,273.79	396.81	717.21	3,953.38	(0.08)	3,953.30	2,043.91	1,888.33
Furniture and Fixtures	101.59	0.98	6.71	95.86	(0.09)	95.77	92.91	3.99	6.68	90.22	(0.09)	90.13	5.64	8.68
Vehicles[4]	1,273.18	62.01	32.99	1,302.20	(0.08)	1,302.12	1,004.00	83.96	32.17	1,055.79	(0.08)	1,055.71	246.42	269.19
Office Equipments	63.17	1.31	1.76	62.72	(0.03)	62.69	57.89	1.84	1.72	58.01	(0.03)	57.98	4.71	5.28
Others[5]	39.59	0.48	-	40.07	-	40.07	27.21	0.88	-	28.09	-	28.09	11.98	12.38
Electric equipment	82.05	10.70	0.33	92.42	-	92.42	63.23	7.47	0.30	70.40	-	70.40	22.02	18.82
Computer Equipments	100.38	19.16	0.90	118.64	(0.07)	118.57	92.77	5.87	0.91	97.73	(0.07)	97.66	20.90	7.60
Container	16.14	1.35	7.72	9.77	-	9.77	12.23	0.85	7.66	5.42	-	5.42	4.35	3.91
Total	11,005.78	700.09	786.17	10,919.71	10.94	10,930.65	5,797.80	521.78	767.84	5,551.73	2.04	5,553.77	5,376.87	5,207.98
RIGHT TO USE[6]														
Building	-	83.79	-	83.79	-	83.79	-	22.96	-	22.96	-	22.96	60.83	-
Plant and Equipment	267.94	201.52	-	469.46	-	469.46	14.50	117.81	-	132.32	-	132.32	337.14	253.44
Vehicles	12.06	-	-	12.06	-	12.06	0.69	1.51	-	2.20	-	2.20	9.86	11.37
Total	280.00	285.32	-	565.32	-	565.32	15.20	142.28	-	157.48	-	157.48	407.84	264.80
Less : Trfd to Capital WIP								5.76	-	5.76				
TOTAL PPE AND RIGHT TO USE	11,285.78	985.41	786.17	11,485.02	10.94	11,495.96	5,812.99	658.30	767.84	5,709.21	2.04	5,711.25	5,784.71	5,472.79
INTANGIBLE ASSETS														
Computer Software	57.31	2.27	0.10	59.48	-	59.48	52.13	3.56	0.07	55.62	-	55.62	3.86	5.18
Goodwill	306.96	-	23.10	283.86	-	283.86	-	-	-	-	-	-	283.86	306.96
TOTAL	364.27	2.27	23.20	343.34	-	343.34	52.13	3.56	0.07	55.62	-	55.62	287.72	312.14
Capital Work-In-Progress	10,627.45	797.59	21.95	11,403.09	5.26	11,408.35	-	-	-	-	-	-	11,408.35	10,627.45
TOTAL	22,277.50	1,785.27	831.32	23,231.45	16.20	23,247.65	5,865.12	661.86	767.91	5,764.83	2.04	5,766.87	17,480.78	16,412.37

Notes

1 Land includes Rs. 5.66 million (P.Y. Rs. 7.09 million) held in the name of directors, relatives of directors and employees for and on behalf of the Company

2 a) Building includes building [gross block - Rs. 441.09 million (P.Y. Rs. 438.45 million), accumulated depreciation Rs. 105.08 million (P.Y. Rs. 97.76 million)] and factory building [gross block - Rs. 182.96 million (P.Y. Rs. 182.96 million), accumulated depreciation Rs. 75.91 million (P.Y. Rs. 75.91 million)]

b) Includes Rs. 0.0083 million (Rs. 0.0083 million) being the value of 165 shares (PY 165 shares) and share deposits in Co - operative Societies

c) Additon to Land and Building includes Rs.Nil Million (Rs,64.90 Million) transferred from Project Development Expenses

3 Includes Assets costing Rs 18.81 Million (Rs. Nil Million) not commissioned/erected/put to use, Rs. Nil (P.Y. Rs.0.47 Million) towards exchange rate difference.

Rs. Million

4	Vehicles includes	Gross block 2019-20	Gross block 2018-19	Acc dep. 2019-20	Acc dep. 2018-19
	Motor car	290.46	273.69	214.34	203.69
	Motor truck	1,020.21	998.94	841.01	789.36
	Motor cycle	3.51	3.17	2.55	2.26

Rs. Million

5	Others include	Gross block 2019-20	Gross block 2018-19	Acc dep. 2019-20	Acc dep. 2018-19
	Ship	0.06	0.06	0.06	0.05
	Rails and trolley	40.01	39.53	28.02	27.15

6 On account of adoption of IND AS 116, Group has recognised the right to use asset of Rs 281. 91 Million (PY Nil) on 1st April 2019.. These assets includes Rs 201.52 (PY Nil) in Plant and Machinery and Rs 80.38 (PY Nil) in building.

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NOTE : 3

INVESTMENT

	March 31, 2021	March 31, 2020
	Rs Million	Rs. Million
NON- CURRENT INVESTMENTS		
- In equity instrument at cost, unquoted		
20,207 shares (20,207) of ASI Constructors INC. par value US $ 0.0099 per share	-	-
- In preference instruments at cost, unquoted		
59,375 shares (59,375) of ASI Const. Inc, Par value US$ 100 per share	-	-
Other equity investments at cost- unquoted		
In joint ventures	16.84	12.70
In associates		
Other Investments (Accounted under equity method)		
26,672,000 shares (26,672,000) of Raichur Sholapur Transmission Company Ltd., F.V. Rs. 10/- per share	173.53	241.01
10,006,000 shares (10,006,000) of Patel KNR Heavy Infrastructures Limited, F.V. Rs.10/- per share	169.35	119.35
52,600 shares (52,600) of Pan Realtors Pvt. Ltd. Face Value Rs. 10 per share	-	-
5,000 shares (5,000) of PLS Private Limited, F.V. LKR.10/- per share	4.04	-
8,495,040 Shares (8,495,040) of ACP Tollways Private Limited, F.V. Rs. 100/- per share (includes goodwill of Rs. 2.77 million)	246.99	407.73
2,40,19,600 shares (2,40,19,600) of Hitodi Infrastructure Ltd. Face Value Rs.10 per share	(0.00)	(0.00)
	593.91	768.08
Investment in government securities IV	0.14	0.12
Investment by joint venture	76.00	76.00
Investment in partnership firms V	0.01	0.03
Investment in mutual funds (At FVTPL, quoted)	5.50	0.52
Total	692.40	857.45
Less : Provision for impairment III	13.50	67.70
TOTAL NON -CURRENT INVESTMENT	678.90	789.75

I. Aggregated amount of unquoted investments as at March 31, 2021 Rs. 673.39 million (P.Y. Rs. 789.20 million).

II. Aggregated amount of quoted investments as at March 31, 2021 Rs. 5.50 million, Market value Rs. 5.50 million (P.Y. Rs. 0.52 million, Market value Rs. 0.52 million).

III. Aggregated amount of impairment in value of investments as at March 31, 2021 Rs. 13.50 million (P.Y. Rs. 139.70 million) (Also refer note 13).

IV. Includes investment in national saving certificates, in the name of directors, lodged with project authorities.

V. In AHCL-PEL partnership firm – AHCL & Pravin Patel have settled the ongoing arbitration and the other partners shall continue to run the firm. PEL had retired from the firm and the corresponding share of Mr. Pravin Patel was increased.

In Patel Advance JV partnership firm, Group having fixed capital of Rs 0.04/- million. In the firm, partnership sharing has been as follows : the Group 38.5% (P.Y.26%), Advance Construction Co. Pvt. Ltd. 12.5% (P.Y. 12.5%), Mr. Sandeep Das 25% (25%) & Mascot Developers Pvt. Ltd. 24% (P.Y. 24%).

NOTE : 4

TRADE RECEIVABLES

		Non-Current		Current	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rs Million	Rs Million	Rs Million	Rs Million
Unsecured, considered good unless otherwise stated					
Receivables outstanding for a period exceeding six months					
Considered good		4,359.43	4,542.62	2,900.03	1,903.56
Considered doubtful		-	-	5.12	5.12
		4,359.43	4,542.62	2,905.15	1,908.69
Less : Provision for doubtful debts		-	-	5.12	5.12
	(A)	4,359.43	4,542.62	2,900.03	1,903.56
Other receivables					
Considered good	(B)	61.40	191.01	1,436.32	1,371.49
	(A+B)	4,420.83	4,733.64	4,336.35	3,275.06

I There is no trade receivable due from any director or any officer of the company, either severally or jointly with any other person, or form any firms or private companies in which any director is a partner, a director or a member.

II Trade Receivables, except receivables on account of claims awarded in arbitration in favour of the group, are non-interest bearing and are generally on term of 30 to 90 days.

III Trade Receivable net of advances received against arbitration awards/claims of Rs 3,381.25 Millions (PY Rs 1,788.62 millions).

NOTE : 5
LOANS

	Non-Current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rs Million	Rs Million	Rs Million	Rs Million
Balance in current account with associates / joint ventures / partnership firms				
Unsecured, considered good	704.41	853.34	297.37	845.02
Balance which have significant increase in credit risk	101.45	15.04	14.71	27.30
	805.86	868.38	312.08	872.32
Less: Provision for impairment	101.45	15.04	14.71	27.30
	704.41	853.34	297.37	845.02

NOTE : 6
OTHER FINANCIAL ASSETS

	Non-Current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rs Million	Rs Million	Rs Million	Rs Million
Cash and bank balance				
- On fixed deposits accounts with scheduled banks*	1,288.72	532.22	-	-
Deferred finance cost	60.85	75.82	-	-
Secured deposit				
Unsecured, considered good	8.73	5.90	774.34	912.90
Others	9.04	0.17	0.67	0.59
	1,367.34	614.10	775.01	913.49

* Includes amount given towards margin money and earnest money deposits

NOTE : 7
DEFERRED TAX ASSETS

	March 31, 2021	March 31, 2020
	Rs Million	Rs Million
Retaled to depreciation on property, plant and equipment	79.87	79.87
Carry forward of an unused tax credit	620.98	-
Other disallowances under the income tax act	1,301.94	1,095.07
	2,002.80	1,174.94

Components of deferred income tax assets and liabilities arising on account of temporary differences are:

	March 31, 2021	March 31, 2020
	Rs Million	Rs Million
Deferred income tax liability		
Timing difference on tangible and intangible assets depreciation and amortization	(71.15)	(105.42)
Others	(0.13)	(10.08)
Deferred income tax asset		
Disallowances on account of income tax act	1,400.59	1,237.19
Timing difference on tangible and intangible assets depreciation and amortisation	49.24	53.24
Carry forward of an unused tax credit	620.98	-
Other	3.25	-
Total deferred tax assets (net)	2,002.80	1,174.94

NOTE : 8
CURRENT TAX ASSETS (NET)

	Non-Current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rs Million	Rs Million	Rs Million	Rs Million
Advance tax (net)[1]	130.98	141.14	120.42	13.31
	130.98	141.14	120.42	13.31

1 Includes advance tax which is net of provision for tax Rs. 2.50 million (P.Y. Rs. 117.21 million).

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2 A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the profit before income taxes is as below:

	March 31, 2021	March 31, 2020
	Rs Million	Rs Million
Profit / loss before income tax	(3,438.12)	547.20
Income tax expense calculated at 34.944%	(1,201.42)	262.44
Effect of expenses not allowed for tax purpose	257.70	14.28
Effect of income not considered for tax purpose	(9.54)	(5.24)
Others	1,065.23	(60.11)
	111.98	211.37

NOTE : 9
OTHER ASSETS

	Non-Current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rs Million	Rs Million	Rs Million	Rs Million
Capital advance				
Secured, considered good				
Unsecured, considered good	145.33	697.94	-	-
Security deposit				
Unsecured, considered good	2,930.47	3,631.79	1,226.38	1,398.61
Advance recoverable				
Secured, considered good				
Unsecured, considered good	455.32	514.56	4,004.86	4,213.98
Doubtful	527.49	527.49	-	-
Prepaid expenses	197.71	84.03	388.53	242.20
Balance with statutory authorities	918.10	331.82	1,364.47	1,439.70
Accrued interest	1,218.43	1,743.84	29.89	27.38
Preoperative and preliminary expenses	749.40	640.62	-	-
Advance to suppliers	-	14.00	40.60	126.19
Other advances	1.50	2.76	257.94	235.13
Receivable on account of sale of long term investments	-	-	51.88	66.88
Non trade receivables	-	0.01	25.50	26.00
Advances to employees	1.91	16.31	38.00	15.90
	7,145.66	8,205.15	7,428.05	7,791.98
Less: Allowance for Doubtful advances	527.49	527.49	-	-
Less: Provision for impairment	-	87.09	-	-
	6,618.17	7,590.58	7,428.05	7,791.98

NOTE : 10
INVENTORIES *

	Current	
	March 31, 2021	March 31, 2020
(At lower of cost or net realizable value)	Rs Million	Rs Million
Stock of land	4,677.44	5,358.66
Stores, embedded goods and spare parts etc.	1,941.57	1,693.83
(Includes stores in transit Rs. 99.80 Million (P.Y. Rs 29.09 Million)		
Work in progress	29,683.80	28,609.87
	36,302.81	35,662.36

*(As technically valued and certified by the management)

NOTE : 11
CASH AND CASH EQUIVALENTS

	Current	
	March 31, 2021	March 31, 2020
	Rs Million	Rs Million
Balance with banks		
- On current accounts with scheduled banks	1,614.88	919.07
- On fixed deposits accounts with scheduled banks	288.48	102.63
-On fixed deposits accounts with foreign banks	19.54	19.54
- Balances with non scheduled banks	17.21	80.90
- Cheques in hand	0.03	0.03
- Foreign currency in hand	0.23	0.23
Cash on hand	8.85	10.08
	1,949.22	1,132.49

NOTE : 12
OTHER BANK BALANCES

Deposits with maturity more than 3 months but less than 12 months	10.88	4.76
Balances with bank for unpaid dividend	-	-
	10.88	4.76

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NOTE : 13

ASSETS CLASSIFIED AS HELD FOR SALE

	Current	
	March 31, 2021	March 31, 2020
	Rs Million	Rs Million
Investment		
Nil shares (2,22,00,000) of Patel KNR Infrastructures Ltd., F.V. Rs.10/- per share	-	222.00
14,75,840 shares (14,75,840) of Naulo Nepal Hydroelectric Private Limited, NPR 100/- per share	116.00	116.00
2,50,000 shares (2,50,000) of Bellona Estate Developers Ltd., F.V. Rs 10/- per	-	-
Less : Provision for impairment	-	72.00
TOTAL ASSETS CLASSIFIED AS HELD FOR SALE	116.00	266.00

NOTE : 14

SHARE CAPITAL AND OTHER EQUITY

A) SHARE CAPITAL

	March 31, 2021		March 31, 2020	
	No. of shares	Rs. Million	No. of shares	Rs. Million
a) **Authorized**				
Equity shares of Re. 1/- each	2,75,00,00,000	2,750.00	2,75,00,00,000	2,750.00
Zero Coupon Optionally Convertible Preference Shares of Rs 1 each*	80,00,00,000	800.00	80,00,00,000	800.00
Preference shares of Rs.10,000,000 each	-	-	-	-

* On March 20, 2020, the shareholder of the company at its Extra-ordinary General Meeting approved amendment to Memorandum of Assciation to the extent of sub-dividing the existing 80 (Eighty) Zero Coupon Optionally Convertible Preference Shares of Rs 1,00,00,000/- each to 80,00,00,000/- (Eighty Crore) Zero Coupon Optionally Convertible Preference Shares of Re 1 each.

b) **Issued, subscribed and fully paid up**				
Equity shares of Re. 1/- each	46,54,53,024	465.45	40,81,78,292	408.17
	46,54,53,024	465.45	40,81,78,292	408.17

c) **Terms/rights attached to equity shares**

The Company has only one class of shares referred to as equity shares of Re. 1/- each. Each holder of equity shares is entitled to the same rights in all respects.

Terms/rights attached to Zero Coupon Optionally Convertible Preference shares

The Company has only one class of preference share referred to as Zero Coupon Optionally Convertible prefeence shares ('OCPS') of Rs 1/- Each and is convertible at the option of the shareholder within a period of 18 months from the date of allotment of OCPS. The balance remaining, if any, after exercise of all the option before the expiry of 18 months, shall be redeemed after a period of 10 years from the date of allotment or earlier of the option of the Company but not earlier than the Optionally Convertible Debentures issued to the lenders of the Company. The OCPS shall carry a prefential right vis-a-vis equity share of the Company with respect to repayment of capital and there shall be no dividend payable on these OCPS.

d) **Reconciliation of equity shares outstanding at the beginning and at end of the year**	No. of shares	Rs. Million	No. of shares	Rs. Million
Outstanding at the beginning of the year	40,81,78,292	408.18	16,42,48,506	164.25
Add :- Issued during the year	5,72,74,732	57.27	24,39,29,786	243.93
Outstanding at the end of the year	46,54,53,024	465.45	40,81,78,292	408.18

e) **Share held by each shareholder more than 5%**

Equity shares

Name of the shareholder	No. of Shares	% holding	No. of Shares	% holding
i) **Raahitya Constructions Pvt. Ltd. (erstwhile Patel Corporation LLP)**	18,53,31,924	39.82	18,53,31,924	45.40
ii) **Praham India LLP**	3,09,95,882	8.63	3,09,95,882	7.59
iii) **Mr. Rupen Pravin Patel**	3,46,85,933	7.45	3,46,85,933	8.50
iv) **Bank of Baroda**	2,05,72,368	4.42	2,05,72,368	5.04

f) During the previous year Company had made prefential allotement of 53,99,66,397 fully paid-up Zero Coupon Optionally Convertible Preference shares ('OCPS') to a Promoter of the Company pursuant to a contract without payment being received in cash. Out of the above, previous year 37,32,72,000 options were converted into 2,06,00,000 equity shares at a price of Rs 18.12 /- (including security premium of Rs 17.12/-). Balance 16,66,94,397 OCPS has converted in current year into 91,99,470 equity shares.

Further, During the year , company has made prefential allotement of 4,80,75,262 fully paid-up shares at a price of Rs 14.78/- (including security premium of Rs 13.78/-) to a lenders of the subsidiaries pursuant to a one time settlement contract without payment being received in cash.

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g) **Shares reserved under options**

In pursunt to the scheme of Sustainable Structuring of Stressed Assets (S4A scheme), company has converted debt into 0.01% Optionally Convertible Debentures (OCD) with a 7% IRR. Details note related to outsanding option and term of conversion/redemption of OCD has given under the head of Borrowings.

h) During the previous year the company had issued and allotted 22,33,29,786 equity shares, by way of Right Issue to the existing shareholders of the Company, of face value of Re 1 each at the price of Rs 9 per Equity share (including a premium of Rs 8 per share) aggregating to Rs 200.10 crore.

B) OTHER EQUITY - Refer statement of change in equity for details disclosure.

	NOTE : 15 BORROWINGS	Non-Current Portion		Current Maturities	
		March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
		Rs Million	Rs Million	Rs Million	Rs Million
I	**Secured Loans**				
a)	Debentures [1]	6,812.12	5,281.00	-	50.00
b)	Term loans				
	- From bank [2]	554.09	2,732.75	540.22	261.71
	- From others [3]	427.90	1,180.02	24.77	201.86
II	**Unsecured Loans**				
	- From related parties	-	-		
	Amount disclosed under "Other financial liabilities" in Note No. 23	-	-	(564.99)	(513.56)
		7,794.11	9,193.78	-	-

1 **Debentures**

a) LIC - 11.30% NCD (ISIN INE244B07144) : 11.30% Secured Redeemable Non Convertible Debentures was allotted on September 17, 2012 for a period of 10 years. These debentures have a face value of Rs. 1.0 Million each aggregating to Rs. 1,138.00 Million (P.Y. Rs.1,138.00 Million). These NCDs along with the OCDs issued to LIC of Rs. 708.30 (P.Y. 708.30) million is secured against charge on certain land held as stock in trade of the Company and its subsidiaries. The above debentures are listed on The National Stock Exchange of India.

b) During FY 18, S4A (Scheme for Sustainable Structuring of Stressed Assets) of RBI for Debt resolution plan was approved and implemented by the lenders of the company by virtue of which their debts (including the interest accrued thereon) on the reference date of August 8 2017 was split into Part A debt which was serviceable from the reference date and PART B Debt, which was converted into 0.01% Optionally Convertible Debentures (OCD) with a 7% IRR repayable over a period of 10 years commencing from the 6th year. Further in FY 19, Implementation from LIC (Life Insurance Coproration of India) & GIC (General Insurance Coproration of India) was completed as per the scheme and Units of OCD under Part B Debt was issued by the company. As part of the above S4A scheme, lenders of the company had converted Part B debt from Working Capital Term Loan (WCTL) , Working Capital facilities (CC) , Non Convertible Debentures (NCD) & Short Term Loans (STL) facilities into various tranches of Optionally Converted Debentures (OCD). The tranche wise details of OCD allotted during the year and outstanding as on March 31, 2021 are as follows -
Tranche 1. (WCTL) Rs. 1,190.73 Million (P.Y. Rs. 1,303.00 Million) ,Tranche 2 (CC) Rs. 2,218.45 Million (P.Y. Rs. 2,532.51 Million) , Tranche 3 (GIC OCD) Rs. 43.90 Million (P.Y Rs. 43.90 Million), Tranche 4 (SCB STL) Rs. 0 (P.Y. Rs. 50.0) Tranche 5 (NCD) Rs. 0.00 (P.Y. Rs. 1.30 Million), Tranche 7 (LIC) Rs. 708.30 Million (P.Y. Rs. 708.30 Million) & Tranche 9. (STL) Rs. 349.00 Million (P.Y. Rs. 349.00 Million). These debentures have a face value of Rs. 1000 each aggregating to Rs..4510.38 Million as on March 31, 2021 (P.Y. Rs. 4987.91 Million).

The OCD's carry a coupon rate of 0.01% p.a. payable annually on March 31 every year, with a Yield to Maturity (YTM) of 7% p.a. payable at the time of maturity, payable from the reference date August 8, 2017 (for Tranches 1,2,4,5,9) and the original repayment schedule for repayment is over a period of 10 years as follows -
at the end of 6th year from reference date, i.e. August 8, 2023 - 5%, end of 7th year, i.e. August 8, 2024 - 20%, end of 8th year, i.e. August 8, 2025 - 25%, end of 9th year, i.e. August 8, 2026 - 25% and end of 10th year, i.e. August 8, 2027 - 25%. For Tranch 3 (GIC) the OCD units were credited effective 1st July 2018 & Tranch 7 (LIC) the OCD Units were credited effective December 17, 2018, with Moratorium of 5 Years and balance payable in 5% in Year 6, 20% in Year 7, 25% each in Year 8 ,Year 9 & Year 10, from their effective credit date along with the Yield to Maturity of 7% p.a.

Tranche 1 is secured against the same security as for WCTL - refer note 12 - 2 a) below in Term Loan Banks, Working Capital Term Loan note,
Tranche 2 is secured against the same security as for CC - refer note 17 - 2) below in Working capital Demand loan Note, Tranche 3 is secured against charge

c) 9.57% Secured Redeemable Non Convertible Debentures was allotted by Patel KNR Infrastructure Limited ('PKIL') on April 2, 2010 for a period of 17 years. These debentures have a face value of Rs. 1.0 Million each aggregating to Rs. 2053.80 Million including Rs 237.40 millions in short term loan (P.Y. Rs. Nil). These NCDs is secured against entire, present and future, movable and immovables assets of the PKIL. The above debentures are listed on The National Stock Exchange of India.

d) As per Section 71 of the Companies Act, 2013 the Company had created adequate debenture redemption reserve ('DRR') for the above series of secured redeemable non convertible debenture. However, Ministry of Corporate Affairs('MCA') has issued the notification of DRR on 16th August 2019 which exempt the DRR requirement to a listed entities. On the basis of this notification, company has transferred DRR balance to General Reserve. Further, in terms section 71 read with Rule 18(7)(c) of Companies Share Capital and Debentures Rules, 2014, no deposit / investment was made by the Company as there are no additional debentures which are maturing during the next year 2021-22. PKIL has made adeqate fixed deposit as per section 71 for debenture issued by them and maturing in next financial year.

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2 Term loan banks

a) Term loan includes Working Capital Term Loan(WCTL) secured by a First paripassu charge on the receivables more than 180 days, retention deposit, stock of land, immovable property and mortgage over certain lands owned by subsidiary companies, corporate guarantee and pledge of 30% shareholding of subsidiaries owning real estate lands. Mr. Rupen Patel, promoter in their personal capacity and Mr. Muthu Raj to the extent of the value of the property owned by them, has provided personal guarantees for WCTL. Also there is a Charge on escrow accounts of Company, wherein cashflows will be deposited from real estate projects to be developed/monetized by respective companies, Pledge of 93,50,927 Shares (P.Y. 93,50,927 Shares) shares of Patel Engineering Limited held by Mr. Pravin Patel and promoters and 49% Share holding of Hitodi Infrastructures Ltd. held by the Company. The WCTL Term loans were repayable over 1 to 4 years starting FY 2020 to FY 2023. During the current financial year, due to Covid 19 Pandemic, the lenders had invoked One time Restructuring (OTR) which has been implemented subsequently by the lenders and all principal repayments have been shifted by 2 years, accordingly, the balance WCTL is repayable from FY 23 to FY 25. Also, the lenders have sanctioned FITL (Funded Interest Term Loan) on the said debt from March 1, 2021 upto March 31, 2022 and accordingly there are no interest and principal overdue for repayment & outstanding for such loans taken by the company as of date. The rates of Interest for these loans vary between 10%- 13% (floating) linked to Monitoring Institution's base rate.

b) Term loan of Rs 11.79 million (PY Rs. 0.87 million) Secured by Hypothecation of specified motor vehicles acquired under the said loans. Interest rate ranging from 9.25% to 10.5% and repayment is over in 1-2 years.

c) Term loan of Rs. 348.39 million (PY Rs. 519.51 million) was taken during the financial year 2016-17 and carries interest MCLR (1 Year) + 2.75% p.a. The Loan is repayable starting from Jan. 2019 in 14 quarterly Instalment. The loan is secured by pari passu charge over the current assets of the PBSR Developers Pvt Ltd ('PBSR') including receivables of the PBSR. The charge to cover escrow account established / to be established for the project under PBSR. First pari-pasu charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

d) During the year Dirang Energy Private Limited (DEPL) has settled their debt with the lenders with the receivable from the company. Therefore outstanding term loan is Nil (PY Rs 2675.47 millions) which was secured by first charge on tangible and intangible assets, both existing in the present and to be acquired in the future in the DEPL. Also, Collaterally secured by pledging of 51% of the equity shares of the DEPL. The rate of interest was 13.25%.

3 From others

a) The Term Loan of Rs. 447.82 million includes loans from Financial Institutions on Equipments, secured against the said Equipments. These loans carried an interest rate of average between 13%-14% on an average, with a repayment period of 3-5 years . This Term Loan with an average rate of interest of 14%-15% with maturity period of 1-3 yrs. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company. The above amount also incudes Rs. 260.7 million. (P.Y . 280.0 million) as finance lease against equipments carring an interest rate of 15.51 % with repayment up to 3 years ending January 2025 and starting from May 2020.

b) Term loan of Rs 4.85 million (PY Rs. 12.15 million) Secured by Hypothecation of specified machineries acquired under the said loan. Interest rate ranging from 9.25% to 12.02% and repayment is over in 3-4 years. Further loan is secured by personal guarantee of managing director of the Michigan Engineers Pvt Ltd.

c) During the year Dirang Energy Private Limited (DEPL) has settled their debt with the lenders with the receivable from the company. Therefore outstanding term loan is Rs Nil (PY Rs. 742.52 million) and which was secured by first charge on tangible and intangible assets, both existing in the present and to be acquired in the future in the DEPL. Also, Collaterally secured by pledging of 51% of the equity shares of DEPL. The rate of interest was 13.25%.

NOTE : 16

TRADE PAYABLES

	March 31, 2021 Rs Million	March 31, 2020 Rs. Million
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	4,387.90	3,123.30
Capital creditors	391.32	179.15
	4,779.22	3,302.45

NOTE : 17

OTHER FINANCIAL LIABILITIES

	March 31, 2021 Rs Million	March 31, 2020 Rs. Million
Retention deposits (Contractually to be refunded after 1 year from completion of work)	194.37	156.81
Interest accrued but not due on borrowings	1,283.80	843.19
	1,478.16	1,000.00

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NOTE : 18
PROVISIONS

	Non-Current		Current	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rs Million	Rs Million	Rs Million	Rs Million
Provision for employee benefits (Refer note 33)				
Provision for gratuity	30.73	31.11	47.59	4.13
Provision for leave entitlements	89.23	71.29	16.18	23.07
	119.96	102.39	63.77	27.20

NOTE : 19
OTHER NON CURRENT LIABILITY

	March 31, 2021	March 31, 2020
	Rs Million	Rs. Million
Contractee advances	6,532.88	2,594.25
Deposits	163.11	236.20
Other liability	1,031.72	869.33
	7,727.72	3,699.79

NOTE : 20
DEFERRED REVENUE

	March 31, 2021	March 31, 2020
	Rs Million	Rs. Million
Deferred revenue	68.01	75.59
	68.01	75.59

NOTE : 21
BORROWINGS

	March 31, 2021	March 31, 2020
	Rs Million	Rs. Million
I **Secured loans**		
Short term loans		
- From bank [1]	1,349.64	703.82
- From others	704.65	190.13
Loans repayable on demand		
- From bank [2]	11,627.94	11,498.97
II **Unsecured loans**		
- From others[3]	100.00	100.00
- From related parties	783.29	757.95
	14,565.53	13,250.89

1 **Short term loan**

a) Includes short term loans from various banks against various immovable properties of company at Interest rate of 11.60% - 12.75% (PY 11.60% - 12.75%) due for rollover in next financial year. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company.
Includes short term loans from others at Interest rate of 15.00% due for rollover in next financial year. FITL has been sanctioned for these loans from March 1, 2021 upto March 31, 2022. Presently there are no interest and principal overdue for repayment & outstanding for such loans taken by the company.

b) During the year, Patel Inc has repaid their secured debt @ 7% p.a. (PY USD 125,000).

2 **Loans repayable on demand**

a) Includes Cash Credit and Working Capital Demand Loan from various Banks. These loans have been given against first charge hypothecation of stocks, spare parts, book debts, work in progress & guarantees; Secured against Pledge of 93,50,927 Shares (P.Y. 93,50,927 Shares) of Patel Engineering Limited held by Mr. Pravin Patel and promoters and 49% Share holding of Hitodi Infrastructures Ltd. held by the Company. It also has second charge on Receivable above 180 days, subservient charge over plant & machinery except specifically charged to any lenders and over certain immovable properties and right over residual cash flow's from sale of real estate charged to WCTL lenders. FITL has been sanctioned for the loans from March 1, 2021 to March 31, 2022.
Terms of Repayment:
Cash Credit- Yearly renewal, Rate of Interest ranges between 10%-12.85% p.a.. (PY 10%-12.85% p.a.)

b) i) Includes cash credit of Rs 285.50 million (PY Rs 387.10 million) is secured by first pari passu charge on the movable and immovable assets of the MEPL except the assets specifically charged for project/lease based finance. Interest rate ranging from 13% to 14%.
ii) Includes cash credit & Working Capital Demand loan of Rs 171.50 million (PY Rs 159.70 million) is secured by first pari passu charge on the current assets and movable fixed assets (including Plant & machinery) of the MEPL except for the assets specifically charged against relevant term loans. Additionally secured by first pari passu charge on the office bearing no. F-27, Commerce Centre and personal guarantee of Managing Director of MEPL. Interest rate ranging from 14% to 15%.

c) Loan of Rs 292.02 million (PY Rs. 214.42 million) was taken during the financial year 2016-17 and carries interest MCLR (1 Year) + 2.75% p.a. The loan is secured by pari passu charge over the current assets of the PBSR including receivables of the PBSR. The charge to cover escrow account established / to be established for the project. First pari-pasu charge over about 4 acres land in Gachibowli, Hyderabad owned by the PBSR.

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3 **Unsecured loan**

It includes short term inter corporate payables to related parties of Rs. 783.29 million (P.Y. Rs. 757.95 million) and other Rs 100 millions (PY Rs 100 million).

NOTE : 22

TRADE PAYABLES

	March 31, 2021 Rs Million	March 31, 2020 Rs. Million
Total outstanding dues of micro enterprises and small enterprises [1]	45.62	23.92
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,050.97	13,674.80
	12,096.59	13,698.72

[1] The Group has Rs. 45.62 million (PY Rs. 23.92 million) due to suppliers under the Micro Small and Medium Enterprise Development Act, 2006, as at March 31, 2021. Principal amount due to suppliers under the Act is Rs. 34.30 million (P.Y. Rs 15.24 million). Interest accrued and due to the suppliers on the above amount is Rs. 8.96 million (PY Rs. 4.42 million). Payment made to the suppliers (other than interest) beyond appointed day during the year is Rs. 17.36 million (PY Rs. 19.21 million). Interest paid to the suppliers under the Act is Nil million (PY Rs. Nil). Interest due and payable to the suppliers under the Act towards payments already made is Rs. 2.35 million (PY Rs. 0.79 million). Interest accrued and remaining unpaid at the end of the accounting year is Rs. 11.31 million (PY Rs. 0.79 million). The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure u/s 23 of the MSMED Act, 2006 is Rs. 9.54 million (P.Y. Rs. 3.48 million).

The above information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006 and has been determined to the extent such parties had been identified on the basis of information available with the Company and relied upon by the auditors.

NOTE : 23

OTHER FINANCIAL LIABILITIES

	March 31, 2021 Rs Million	March 31, 2020 Rs. Million
Current maturities of long-term debt	564.99	513.56
Interest accrued but not due on borrowings	110.63	-
Interest accrued and due on borrowings	91.11	249.68
Unpaid dividend	-	-
Deposits	86.36	168.71
Others	0.12	0.12
	853.20	932.07

The group has transferred Rs Nil (PY Rs. 0.21 Million) to Investor Education & Protection Fund as at March 31, 2021.

NOTE : 24

OTHER CURRENT LIABILITIES

		March 31, 2021 Rs Million	March 31, 2020 Rs. Million
(a)	**Other liabilities**		
	Contractee advances	5,599.66	7,229.46
	Other payables		
	Payable to employees	560.14	476.36
	Other liabilities	962.15	4,075.35
(b)	**Balance in current account**		
	(i)With subsidiaries, associates	0.24	0.17
	(ii)With joint ventures	394.00	417.58
		7,516.19	12,198.92

NOTE : 25

REVENUE FROM OPERATIONS

		March 31, 2021	March 31, 2020
		Rs. Million	Rs. Million
(a)	Revenue/turnover	17,842.27	24,641.46
	Add: Increase/(decrease) in work in progress	1,667.55	612.92
	Sale of goods	-	89.76
	Total turnover	19,509.82	25,344.14
(b)	Other operating income		
	Lease and service charges	0.54	1.14
	Share of profit from partnership firm	39.41	-
	Miscellaneous operating income	398.16	826.85
		19,947.93	26,172.14

Disaggregation of revenue on the basis of	March 31, 2020	March 31, 2020
	Rs. Million	Rs. Million
Primary geographical market wise		
Domestic	17,587.49	23,358.60
International	2,360.44	2,813.54
Major product/service lines wise	**Business Segments**	**Business Segments**
EPC	19,576.84	25,373.22
Real Estate	371.08	798.92
Others	-	-
Timing of revenue recognition wise		
At a point in time	809.19	1,716.67
Over period of time	19,138.74	24,455.47

NOTE : 26

OTHER INCOME

	March 31, 2021	March 31, 2020
	Rs. Million	Rs. Million
Gain on sale of assets (net)	4.80	14.99
Other non operating income	273.09	268.22
Interest income	590.84	924.67
Net gain on foreign currency translation	-	-
Excess credit written back	222.62	503.75
	1,091.35	1,711.63

NOTE : 27

COST OF CONSTRUCTION

	March 31, 2021	March 31, 2020
	Rs. Million	Rs. Million
Stores, embedded goods and spare parts *		
Inventories at the beginning of the year	1,693.83	1,438.02
Add : Purchase (net)	3,898.09	4,847.59
	5,591.92	6,285.61
Less : Inventories at the end of the year	1,941.57	1,693.83
Consumption of stores and spares	3,650.35	4,591.78
Purchase of land / development rights	-	14.68
Corpus fund to society	-	23.01
Piece rate expenses (net)	9,329.43	12,469.94
Repairs to machinery	43.53	37.81

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Transportation, hire etc.	619.64	623.90
Power, electricity and water charges	491.30	733.20
Project development cost	30.93	156.09
Technical consultancy fees	176.31	753.55
Other construction costs	248.50	1,639.68
	14,589.99	21,043.65

* Stores, embedded goods and Spares etc., consumed include materials issued to sub contractors.

NOTE : 28

EMPLOYEE BENEFITS EXPENSE

	March 31, 2021 Rs. Million	March 31, 2020 Rs. Million
Salaries, wages and bonus	1,744.50	1,726.22
Contribution to provident and other funds (Refer note no. 33)	176.76	127.06
Employee stock option (ESOP) (Refer note no. 34)	1.08	4.09
Staff welfare expenses	90.98	86.09
	2,013.32	1,943.45

NOTE : 29

FINANCE COSTS

	March 31, 2021 Rs. Million	March 31, 2020 Rs. Million
Interest expense [1]	3,298.87	2,116.98
Other borrowing costs	715.05	545.71
	4,013.92	2,662.69

[1] Interest capitalized of Rs. Nil (P.Y. Rs. 137.11 million) towards fixed assets and project development expenses.

NOTE : 30

OTHER EXPENSES

	March 31, 2021 Rs. Million	March 31, 2020 Rs. Million
Other administrative costs		
Rent	47.36	47.69
Repairs and maintenance - building	0.17	0.52
Insurance	131.79	88.43
Rates and taxes	96.52	244.42
Advertisement and selling expenses	0.79	2.20
Travelling and conveyance	20.96	49.55
Directors fees	1.60	1.78
Auditor's remuneration		
Audit fees	6.05	6.68
Limited Review	0.80	-
Certification	1.04	0.70
Other Service	-	-
	7.89	7.38
Communication expenses	13.17	14.96
Printing and stationery	11.16	13.17

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Legal and consultancy charges	**276.02**	343.96
Loss on sale of asset discarded	**97.51**	1.43
Irrecoverable debts written off / provided	**119.01**	103.91
Sewage water disposal	**-**	0.20
Net loss on foreign currency translation	**31.39**	44.21
Preliminary expenses written off	**-**	-
Share of loss from associates / joint ventures	**-**	-
Other expenses	**142.93**	301.88
	998.26	1,265.69

NOTE : 31

EXCEPTIONAL ITEMS :

	March 31, 2021	March 31, 2020
	Rs. Million	Rs. Million
Reversal of receivables on account of assessment[a]	**152.23**	-
Provision for impairment on non-financials assets[b]	**769.35**	-
Irrecoverable debts / Assets written off[b]	**1,781.01**	38.88
Gain on account of one time settlement[c]	**(560.94)**	(345.66)
	2,141.66	**(306.78)**

a) On account of closing of tax assessement, assets which is no more recoverable has been expenses out.

b) Based on internal and external information, group has assessed the recoverability of non-financials assets including land in stock and provide impairment if the carrying value of assets is more than recoverable amount & assets whoes recoverability deteriorate has written off the irrcoverable amount.

c) During the year, group has entered the One Time Settlement (OTS) agreement with lenders for their outstanding debts and interests and resultant gain is accounted as exceptional items.

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32 **Details of subsidiaries, associates and joint ventures, which are consolidated:**

A) Wholly owned (100%) Subsidiaries:

1. Patel Energy Resources Limited
2. Patel Engineering Inc.
3. Patel Engineering (Mauritius) Limited
4. Patel Engineering (Singapore) Pte. Limited
5. Patel Engineering Infrastructure Limited
6. Patel Concrete and Quarries Private Limited
7. Friends Nirman Private Limited
8. Zeus Minerals Trading Private Limited
9. Patel Patron Private Limited
10. Patel Engineers Private Limited
11. Pandora Infra Private Limited
12. Patel Engineering Lanka Private Limited
13. Shashvat Land Projects Private Limited
14. Vismaya Constructions Private Limited
15. Bhooma Realties Private Limited
16. Patel Lands Limited
17. Energy Design Private Limited
18. Shreeanant Construction Private Limited
19. Hampus Infrastructure Pvt. Ltd.
20. Apollo Buildwell Private Limited
21. Arsen Infra Private Limited
22. PBSR Developers Private Limited
23. Lucina Realtors Private Limited
24. Waterfront Developers Limited
25. Patel KNR Infrastructures Limited

B) Other Subsidiaries:

Name of Subsidiaries	% holding
1. Michigan Engineers Private Limited	51.00%
2. Hera Realcon Private Limited	97.30%

C) Joint Ventures:

The principal place of business of all these joint ventures is in India and they are engaged in construction business.

Name of Joint Ventures	% of share	Name of Joint Ventures	% of share
1. Patel Michigan JV	10.00%	15. PEL-Gond JV	45.00%
2. CICO Patel JV	99.90%	16. HES Shuthaliya JV	45.00%
3. Patel SEW JV	60.00%	17. PEL-Parbati JV	52.00%
4. PATEL -KNR J.V.	50.00%	18. NEC-PEL- JV	45.00%
5. KNR – PATEL J.V.	49.00%	19. PEL - Ghodke	51.00%
6. PATEL – SOMA J.V	50.00%	20. PEL-ISC-PRATHMESH JV	50.00%
7. Patel – V Arks JV	65.00%	21. ISC Projects-PEL JV	49.00%
8. Patel VI JV	51.00%	22. M/s Luhri Hydro Power Consortium	60.00%
9. Patel – Avantika – Deepika – BHEL	52.83%	23. PATEL-SA JV	75.00%
10. Patel – V Arks - Precision	60.00%	24. Era Patel Advance Kiran JV	47.06%
11. Age Patel JV	49.00%	25. Patel APCO JV	50.00%
12. PEL - UEIPL JV	60.00%	26. Era Patel Advance JV	30.00%
13. PEL-PPCPL-HCPL JV	51.00%	27. Patel – Siddhivinayak JV	51.00%
14. Onycon Enterprises	60.00%		

D) Hitodi Infrastructure Ltd, Raichur Sholapur Transmission Company Limited, ACP Tollways Private Limited and PAN Realtors Private Limited (w.e.f. 4th January, 2015) has been consolidated as per equity method in accordance with Ind AS 28 "Investment in Associates and Joint Ventures".

E) As the Group no longer has any control over ASI Constructors Inc., a step-down subsidiary, as per Ind AS 110, the assets and liabilities of the subsidiary has been derecognised in FY 2017-18.

F) Bellona Estate Developers limited and Naulo Nepal Hydroelectric Private Limited are committed to a sale plan involving loss of control of a associates and subsidiary respectivally shall classify as the disposal group (comprising the assets that are to be disposed of and directly related liabilities) shall be measured in accordance with the requirements of Ind AS 105 and presented in the consolidated financial statements as disposal group.

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33 EMPLOYEE BENEFITS

I Brief description of the Plans

The Group provides long-term benefits in the nature of provident fund and gratuity to its employees. In case of funded schemes, the funds are recognized by the income tax authorities and administered through appropriate authorities/insurers. The Group's defined contribution plans are provident fund, employee state insurance and employees' pension scheme (under the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952) since the Group has no further obligation beyond making the contributions. The Group's defined benefit plans include gratuity benefit to its employees, which is funded through the Life Insurance Corporation of India. The employees of the Group are also entitled to leave encashment and compensated absences as per the Group's policy. The Provident fund scheme additionally requires the Group to guarantee payment of specified interest rates, any shortfall in the interest income over the interest obligation is recognized immediately in the consolidated statement of profit and loss as actuarial loss. Any loss/gain arising out of the investment with the plan is also recognized as expense or income in the period in which such loss/gain occurs.

II Disclosures for defined benefit plan based on actuarial reports as on March 31, 2021 and March 31, 2020:

(i) Expenses recognized in the statement of profit and loss :

Rs. Million

	Gratuity (Funded)	Gratuity (Non - funded)
Current service cost	17.66 (14.86)	7.39 (5.22)
Interest cost (net)	4.63 (3.35)	1.81 (1.46)
Net actuarial (gain) / losses	57.54 (10.61)	(0.17) (1.86)
Total expenses recognized in the statement of profit and loss	**79.83** **(28.82)**	**9.03** **(8.54)**

(ii) Reconciliation of the present value of defined benefit obligation and the fair value of assets (amount recognized in balance sheet):

Present value of funded obligation as at the year end	(191.76) (-118.80)	(32.14) (-26.50)
Fair value of plan assets as at the year end	44.43 (51.30)	- -
Funded liability recognized in the balance sheet	**(147.33)** **(-67.50)**	**(32.14)** **(-26.50)**

(iii) Changes in defined benefit obligation :

Liability at the beginning of the year	118.80 (92.88)	26.50 (18.80)
Interest cost	8.15 (7.24)	1.81 (1.46)
Current service cost	17.66 (14.86)	7.39 (5.22)
Benefit paid	(10.35) (-4.35)	(3.39) (-1.41)
Actuarial (gains) / losses on obligations	57.50 (8.18)	(0.17) (2.43)
Liability at the end of the year	**191.76** **(118.80)**	**32.14** **(26.50)**

(iv) Changes in the fair value of plan assets:

Fair value of plan assets at the beginning of the year	51.30 (49.85)	- -
Expected return on plan assets	3.52 (3.88)	- -
Contributions by the employer	- (4.35)	- -
Benefit paid	(10.35) (-4.35)	- -
Actuarial gain on plan assets	(0.04) (-2.43)	- -
Fair value of plan assets at the end of the year	44.43 (51.30)	- -
Total actuarial gain to be recognized	**57.54** **(10.61)**	- -

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(v) **Actual return on plan assets**

Expected return on plan assets	3.52 (3.88)	- -
Actuarial gain on plan assets	(0.04) (-2.43)	- -
Actuarial gain on plan assets	**3.48** **(1.45)**	- -

(vi) The Group expects to contribute Rs. 55.04 million (P.Y.Rs 47.31 million) to gratuity funded plan in FY 2021-22.

(vii) **Percentage of each category of plan assets to total fair value of plan assets:**

Insurer managed funds	100% 100%	- -

(viii) **Sensitivity analysis for significant assumption is as below :**

Discount rate	6.80% (6.86%)	6.80% (6.82%)
Rate of increase in compensation levels	5.00% (5.00%)	5.00% (5.00%)
Expected rate of return on plan assets	6.80% (6.86%)	- -
Attrition rate	4.00% (2.00%)	4.00% (2.00%)
Average Age of retirement (years)	60 (60)	58 (58)

(ix) **Experience adjustments**

On plan obligation (gain)/loss	53.10 (0.47)	(0.07) (-0.12)
On plan asset (loss)/gain	(0.04) (-2.43)	- -

(x) **Expected Employer's Contribution in future years**

1 years	35.55 (20.31)	1.69 (3.77)
Between 2 to 5 years	52.02 (25.93)	5.39 4.96
Beyond 5 years	254.78 (201.88)	61.93 (-62.79)
The weighted average duration of the defined benefit plan obligation at the end of the reporting period (years)	8 (10)	13 (18)

(x) Figure in brackets indicates amounts pertaining to previous year.

III **Defined Contribution Plan -:**

Amount recognised as an expense and included in the Note no. 28 as Contribution to Provident and other funds Rs. 176.76 million (P.Y. Rs. 127.06 million)

34 SHARE BASED PAYMENTS (IND AS 102)

In term of the approval of Nomination and Remuneration Committee (NRC), the company on February 14, 2018 has granted 2,00,000 option under the group existing ESOP plan. The aforesaid Grant is made under "Patel Engineering Employees Stock Option Plan" dated August 14, 2015 and in accordance with the provision of SEBI (Share Based Employee Benefits), Regulation 2014.

a) **Employee Stock Option Scheme**

Particulars	**ESOP Scheme**
Number of Option granted	2,00,000
Vesting Plan	4 years (25% every year after 1 year from date of grant)
Exercise Period	6 months from the date of vesting
Grant date	14th Feb 2018
Exercise Price (Rs per option)	1
Weighted average Fair value on the date of grant option (in Rs per shares)	79.86
Method of Settlement	Equity

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b) Movement of Option Granted

Particulars	As at March 31, 2021	As at March 31, 2020
	Nos.	Nos.
Outstanding at the beginning of the year	1,50,000	2,00,000
Grant during the year	-	-
Excercised during the year	75,000	50,000
Cancelled during the year	-	-
Lapsed during the year	50,000	-
Outstanding at the end of the year	25,000	1,50,000
Exercisable at the end of the year	-	50,000
Weighted average life of options	1 years	2 years

c) **Fair valuation:**

The fair value on the grant date is determined using "Black Scholes Merton Model", which takes into account exercise price, term of the option, share price at grant date and expected price volatility of the underlying shares, expected dividend yield and risk free interest rate for the term of the option.No options were granted during the year. Weighted Average Fair value of the options granted previous year Rs 79.86/-

The Key assumptions in the Black Scholes Merton Model for calculating fair value as on the date of grant is below:

i)	Share price at grant date	Rs 80.70/-
ii)	Weighted average exercise price	Rs 1/-.
iii)	Grant date	14th Feb 2018
iv)	Vesting Period	4 years (25% every year after 1 year from date of grant)
v)	Expected price volatility of Company's share	50%
vi)	Expected dividend yield	Nil
vii)	Weighted average Risk free interest rate	7.02%
viii)	Option life	Vesting period + exercise period

35 LEASE

Disclosure as per IND AS 116

Amount recognised under statement of profit and loss

Particulars	2020-21	2019-20
Depreciation	138.72	142.28
Interest on lease liability	49.98	64.06
Expenses related to Short term Leases	47.36	47.69
Total Expenses	**236.06**	**254.03**

36 EARNING PER SHARE (EPS)

	2021	2020
	Rs. Million	Rs. Million
Net profit as per the consolidated statement of profit and loss available for shareholders for both basic and diluted EPS of Re. 1 each	(2,907.47)	111.31
Weighted average number of equity shares for basic EPS (in No)	42,85,96,117	28,53,14,066
Add: Weighted average potential equity shares		
- On issue of optionallly convertiable debentures*	39,05,27,787	46,91,32,208
- On issue of Zero Coupon optionallly convertiable Preference shares*	-	1,50,811
Weighted average number of equity shares for diluted EPS (in No)	81,91,23,904	75,45,97,085
Face value of Share Rs	1	1
Earning Per Share (Basic) Rs.	(6.78)	0.39
Earning Per Share (Diluted) Rs.	(6.78)	0.39

*The above current year potential ordinary shares are anti-dilutive and are therefore exclued from the weighted average number of equity shares for the purpose of diluted earning per share

37 RELATED PARTY DISCLOSURE

Related party disclosures, as required by Ind AS 24, 'Related Party Disclosures', are given below:

A. Name of Related Parties and nature of relationship :-

Direct Associates:

1 ACP Tollways Pvt. Ltd.
2 Bellona Estate Developers Ltd. (BEDL)
3 Hitodi Infrastructure Private Ltd (Formally known as Hitodi Infrastructure Ltd)
4 Raichur Sholapur Transmission Company Pvt. Ltd.
5 PAN Realtors Pvt.Ltd. (Till Mar 29, 2021)

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Associate of Patel Engineering Infrastructure Ltd.

1 Patel KNR Heavy Infrastructure Ltd.

Associate of Lucina Realtors Private Limited

1 PAN Realtors Pvt.Ltd. (w.e.f Mar 29, 2021)

Joint Ventures: (Refer note 32 (c)

Partnership

1. AHCL PEL (Retired)
2. Patel Advance JV

Others

1. Raahitya Constructions Pvt. Ltd. (erstwhile Patel Corporation LLP)
2. Praham India LLP

B. Key Management Personnel (KMP)

Mr. Rupen Patel	Chairman and Managing Director
Mr. Sunil Sapre	Whole Time Director
Mr. Chittaranjan Kumar Singh	Whole Time Director, Operations (Till June 30, 2020)
Ms. Kavita Shirvaikar	Whole Time Director and Chief Financial Officer
Ms. Shobha Shetty	Company Secretary

C. Transaction with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.

Rs. Million

Particular	Associates/joint operations / partnership/others	
	2020-21	2019-20
`- Misc Receipt	2.81	4.21
- Loans/advances given	60.55	80.34
- Loans / advances recovered	43.75	133.68
- Corporate guarantee outstanding as at the end of the year	5,699.03	5,390.77
- Bank guarantee outstanding as at the end of the year	249.42	549.72
- Outstanding balance included in current/ non current assets	968.10	909.29
- Outstanding balance included in current / non current liabilities	759.48	476.11
- Interest income	5.69	6.36
- Reimbursement of expenses from	11.17	12.97
- Sundry balances written off	3.00	26.63
`- Sundry balances written back	0.88	-
`- Interest Expenses	65.60	-
- Sale of asset	0.89	-
- Repayment of Loan	-	1,500.00
- Preferntial allotement of shares	-	539.97
- Conversion of OCPS into shares	166.69	373.27

D. Disclosures of material transactions with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.

Rs. Million

Particular	Name of the Company	2020-21	2019-20
- Mise Receipt	Patel Michigan JV	-	4.13
	Patel Sew JV	0.81	-
	NEC PEL JV	2.00	-
- Loans/advances given	Raichur Solapur Transmission Company Pvt. Ltd.	0.00	0.01
	Patel Sew JV	59.64	80.32
- Loan/ advances recovered	PEL-Parbati JV	4.80	-
	Hes-Suthalia JV	5.50	-
	Patel Sew JV	32.94	121.70
- Interest income	NEC PEL JV	0.26	-
	Raichur Solapur Transmission Company Pvt. Ltd.	4.96	4.35
	Patel Michigan JV	-	1.84
	Patel Sew JV	0.47	-

- Reimbursement of Expenses	Hitodi Infrastructure Ltd	9.39	8.86
	Patel Michigan JV	-	3.43
	Patel Sew JV	1.08	-
	Patel KNR JV	0.33	-
	NEC PEL JV	0.36	
- Sundry balances written off	Bellona Estate Developers Ltd.	2.28	26.63
	Patel SA JV	0.20	
	Era Patel Advance Kiran JV	0.52	
- Sundry balances written back	Era Patel Advance Jv	0.88	-
- Interest Expenses	Hitodi Infrastructure Ltd	65.60	-
- Sale of assets	Patel Sew JV	0.89	-
- Repayment of Loan	Raahitya Constructions Pvt. Ltd	-	1,500.00
- Preferntial allotement of OCPS	Praham India LLP	-	539.97
- Conversion of OCPS into shares	Praham India LLP	166.69	373.27

E. Details of transactions relating to persons referred in item (B) above.

Rs. Million

Particular	2020-21	2019-20
Managerial remuneration	64.48	73.99
Salary and contribution to provident fund	3.54	4.16
Loan repaid	-	300.00
ESOP	1.08	4.09
Outstanding balance payable	35.24	28.06
Outstanding balance receivable	4.05	4.05

38 SEGMENT REPORTING

Based on the "management approach" as defined in Ind AS 108 – Operating Segments, the Chairman and Managing Director / Chief Financial Officer evaluates the Group's performance and allocate resources based on an analysis of various performance indicators by business segment. Accordingly information has been presented along these segments. The accounting principles used in the preparation of the consolidated financial statement are consistently applied in individual segment to prepare segment reporting.

Primary Segment :

Rs. Million

Particulars	As at March 31, 2021			
	Business Segments			
	EPC	Real Estate	Others	Total
Segment revenue	19,576.84	371.08	-	19,947.93
Segment results	(1,413.58)	19.71	(80.80)	(1,474.68)
Segment assets	56,865.55	14,134.69	9,870.79	80,871.02
Segment liabilities	52,349.58	4,619.29	93.59	57,062.46
Addition to fixed assets	1,668.46	1.99	55.55	1,725.99
Segment depreciation	718.98	0.41	0.86	720.25

Rs. Million

Particulars	As at March 31, 2020			
	Business Segments			
	EPC	Real Estate	Others	Total
Segment revenue	25,373.22	798.92	-	26,172.14
Segment results	288.02	156.13	(59.80)	384.35
Segment assets	58,210.72	12,426.69	14,566.82	85,204.23
Segment liabilities	51,307.84	4,381.70	3,713.76	59,403.30
Addition to fixed assets	944.76	0.20	840.31	1,785.27
Segment depreciation	659.48	0.99	1.39	661.86

Geographical Segment :

Rs. Million

Particulars	As at March 31, 2021		
	Within India	Outside India	Total
Revenue	17,587.49	2,360.44	19,947.93
Non current assets	27,170.31	2,364.60	29,534.91

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Rs. Million

Particulars	As at March 31, 2020		
	Within India	Outside India	Total
Revenue	23,358.60	2,813.54	26,172.14
Non current assets	33,214.16	1,844.32	35,058.48

The following table gives details in respect of contract revenues generated from the top customer and top 5 customers for the year ended:

Rs. Million

Particulars	As at March 31, 2021	As at March 31, 2020
Revenue from top customer	3,716.25	4,356.42
Revenue from top five customers	9,151.47	12,369.02

39 Consequent to nationwide lockdown declared by the Government to contain spread of COVID - 19, normal business operations of the Group was affected by way of interruption in project execution, supply chain disruption etc and has been adversely impacted the financial results of the Group.The Group gradually resumed operation with limited availability of workforce and other resources. The progress of the Group and availability of resources further recovered in the last quarter of the Financial year. The results for the financial year are therefore not comparable with those for the corresponding periods of the previous year. The Group has assessed the impact of pandemic on its financials based on the external and internal informations availble upto the date of approval of the financial result and expects to recover the carrying value of its assets. The Group has taken necessary measures to control the costs and also to maintain the liquidity to ensure progress in the projects.The Group is continuously monitoring the situation and taking necessary steps to improve its effeciencies in execution and the financial outcome.

40 Confirmation letters have been sent in respect of sundry debtors / loans and advances / sundry creditors of which certain confirmations have been received which are accordingly accounted and reconciled. The remaining balances have been shown as per books of accounts and are subject to reconciliation adjustments, if any. In the opinion of the Management, the realizable value of the current assets, loans and advances in the ordinary course of business will not be less than the value at which they are stated in the balance sheet. In respect of subsidiaries, debit and credit balances are subject to confirmation from creditors, debtors, sub contractors and loans/advances/deposits. The management does not expect any material difference affecting the consolidated financial statements for the year.

41 a) Unbilled work in progress includes stock of land under development (including held in the name of directors/relatives of directors/employees, as nominees of the company).

b) Arbitration awards received in favour of the Group amounting to Rs. Nil (P.Y. Rs. 359.86 Million) is accounted for as construction Receipts.

42 Arising out of proceedings initiated under section 132 read with Section 153C/143 (2) of Income Tax Act, 1961 by Income Tax Authorities, the Patel Energy Resources Limited (PERL) had offered to reduce by way of disallowances, an aggregate sum of Rs. 795.77 million (As on 31.03.2015 - Rs. 795.77 million) from pre-operative expenses / Land Development expenses incurred by PERL in the past in setting up the Power Plant at Nagapattinam, Tamilnadu. Deputy Commissioner of Income-Tax (DCIT) vide his order dated 25.03.2013 has also held that the above pre-operative expenses, amounting to Rs. 795.77 million (As on 31.03.2015 - Rs. 795.77 million) has to be reduced from the Capital Work in Progress (CWIP) based on the above submissions and as well as other grounds. However, in the opinion of management, considering the realizable value of land, no adjustment is required to be carried out. Due to the above mentioned reduction of Land Development Expenses, for tax purposes, the value of fixed assets reckoned subsequent to allocation of Land Development / Pre-operative expenses to core assets, for computation of depreciation wherever applicable, will be lower to the extent of Rs. 795.77 million (As on 31.03.2015 - Rs. 795.77 million)

43 Ministry Of Coal (MOC) after keeping the request for change in location of the proposed power plant from Bhavnagar area to Pipavav area with in Gujarat State pending for 16 months declined it after the LOA expired. Consequent upon the expiry of Letter Of Assurance (LoA), South Eastern Coal Limited (SEC) invoked and encashed three Bank Guarantees aggregating to Rs.196.64 millions issued as Commitment Guarantees against LOA. Patel Energy Limited has filed a writ petition at Delhi High Court challenging the decision of MOC refusing to approve the change of location of the said power plant, and also for quashing the unlawful invocation of bank guarantee by SEC and has sought a further direction that the change of location be approved and the LOA be extended in view of the delay by MOC. In the mean time Patel Energy Limited has represented the matter to the Honorable Minister for Power & Coal and CEA recommended the case to be reviewed and the SLC directed that the case be put up on file for review in Ministry of Coal. The matter is under process in Ministry of Coal. The petition in Delhi High Court was last heard on 22.02.2016 and the same is posted for final hearing on 11.08.2016. Patel Energy Limited is confident that requisite clearance shall be obtained and hence the accounts of the Patel Energy Limited is continued to be complied on " Going Concern" basis.

44 In respect of 54.12 acres of land acquired by the PEL Power Limited in earlier years, the original owner of the land had filed a case against the vendor from whom PEL Power Limited had purchased these lands questioning his authority to transfer the property to the PEL Power Limited. PEL Power Limited is legally advised that the title to the PEL Power Limited valid and good and there can be no claim against the PEL Power Limited. Notwithstanding the above PEL Power Limited has impleaded itself in the case in order to effectively defend its ownership in the said land.

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45 **Derivative transactions :**

Foreign currency exposure that are not hedged by derivative instruments as on March 31, 2021 amounting to Rs. 11.18 Million (P.Y Rs. 988.99 Million).

Foreign currency exposure outstanding at

Rs. Million

Particulars	March 31, 2021		March 31, 2020	
	Amount in Foreign Currency	Amount in Functional Currency	Amount in Foreign Currency	Amount in Functional Currency
Assets				
Trade Receivable				
EURO	29.09	0.34	33.41	0.41
NPR	113.29	181.27	112.06	179.29
USD	41.88	0.57	42.32	0.57
Security Deposit				
EURO	2.94	0.03	2.82	0.03
JPY	23.98	36.22	25.06	36.22
NPR	73.87	118.19	27.56	44.10
USD	0.11	0.00	-	-
Inventories				
NPR	948.21	1,517.13	609.12	974.59
Interest Accrued				
EURO	0.56	0.01	0.56	0.01
NPR	0.97	1.55	0.32	0.52
Cash and Bank Balance				
LKR	0.02	0.04	0.01	0.04
MUR	0.01	0.00	0.01	0.00
NPR	23.23	37.16	100.41	160.66
USD	-	-	0.31	0.00
Advance to Contrator / Suppliers				
NPR	301.33	482.12	1,578.65	2,525.84
Loan and interest thereon to group companies				
LKR	-	-	16.38	41.39
MUR	71.50	39.57	70.95	37.21
NPR	3.51	5.61	3.51	5.61
USD	1,457.68	19.89	1,402.64	30.56
Fixed Assets				
NPR	679.22	1,086.75	433.41	693.45
Other Advance				
MUR	5.15	2.85	5.44	2.85
NPR	122.52	196.03	127.55	204.08
Liability				
Security Deposit				
NPR	(20.08)	(32.13)	(20.08)	(32.13)
Advance from Contrator				
EURO	(426.83)	(5.33)	(426.83)	(5.33)
NPR	(1,862.02)	(2,979.24)	(2,250.88)	(3,601.41)
USD	(4.55)	(0.07)	(4.55)	(0.07)
Trade Payable				
EURO	(120.81)	(1.44)	(136.77)	(1.68)
NPR	(1,015.66)	(1,625.05)	(667.28)	(1,067.65)
SGD	-	-	(8.20)	(0.16)
USD	(293.34)	(4.00)	(9.69)	(0.13)
Other liability				
NPR	(142.22)	(227.55)	(76.75)	(122.79)
USD	(2.35)	(0.03)	(2.47)	(0.03)

46 The Group's pending litigations comprise of claims by or against the Group primarily by the customers / contractors/suppliers, etc. and proceedings pending with tax and other government authorities. The Group has reviewed its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its consolidated financial results. In respect of litigations, where the management assessment of a financial outflow is probable, the Group has made adequate provision of Rs. 29.38 million (PY Rs. 29.99 million) and appropriate disclosure for contingent liabilities is given.

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47 The Group has invested in step down subsidiary, Le Salines Development Ltd ("LSDL") undertaken a construction project in Mauritius in the year 2009-10 . LSDL had signed an lease agreement with Ministry of Housing and Land Develoment (MOHL)Government of Mauritius (GOM) on 11th Dec 2009 for development of a Real Estate Development Project called NEOTOWN in Mauritius in the year 2009-10 and incurred cost of Rs 890.17 million (PY 939.50 million). Subsequently all of a sudden on 11th Feb 2015 GOM had verbally informed about the termination of lease agreement between LSDL and MOHL without assigning any reason. Formal communication was received by LSDL on 4th June 2015 about the termination of lease from the GOM. Management was of the view that as per the agreement lease cannot be terminated on the grounds of clause mentioned in the termination letter. In this regard a notice had been sent to MOHL Government of mauritius on 1st July 2016 by LSDL contesting wrongful termination.. The Group did not receive any reply to this letter. The Group has invoked an arbitration under Promotion and Protection of Investment Treaty signed between India and Mauritius against GOM and the group is confident of getting compensation from GOM.

48 PEL Port Private Ltd was primarily incorporated to build a captive Port to cater to the needs of PEL Power Ltd. which is engaged in setting up a Merchant Power Plant with capacity of 1045MW at Maruthampallam Village, Nagapattinam District in Tamil Nadu. There is a delay in commencement of construction of Power Plant due to delay in getting Consent for Establishment from Government of Tamilnadu. PEL Power Ltd. is confident in getting the clearance in the near future. Since the Captive Port project is closely interlinked with the above Power Project and in view of the long term potential of that project, the accounts of PEL Port Private Ltd. are compiled on "Going Concern" basis.

49 **Contingent Liabilities**

(a) Commitment for capital expenditure is Rs. 725.97 million (P.Y. Rs 149.62 million), advance paid Rs. 115.43 million (P.Y. Rs. 39.40 million). The Group is under commitment to construct specific area for land owner.

(b) Counter indemnities given to Banks and others in respect of secured guarantees, etc. on behalf of subsidiaries and others given by them in respect of contractual commitments in the ordinary course of business is Rs. 19,155.26 Million (P.Y. Rs. 14,173.91 Million) (including Customs Rs. 42.88 Million (P.Y.Rs. 42.88 Million). Corporate guarantees / Letter of Credit on behalf of subsidiaries and others is Rs. 6521.45 Million (P.Y. Rs. 5390.77 Million). Net off Share of JV Partner & Provisions already considered in books .

(c) Client has claimed an amount of Rs 210.8 million (P.Y. Rs. 210.8 million) from Group which is pending at the Hon'ble appeal court. However the management feels that the likelihood of outflow of resources is remote.

(d) Service tax liability that may arise on matters in appeal Rs. 1462.73 million (P.Y. Rs. 1471.02 million) and advance paid Rs. 9.55 million (P.Y. Rs. 9.45 million). Out of the above, Rs. 760.19 million (P.Y. Rs. 760.19 million) is contractually recoverable from the Clients.

(e) Sales tax Rs. 76.52 million (P.Y. Rs 65.49 million) (Advance paid Rs. 1.74 million (P.Y. Rs. 3.58 million)), Cess Rs. 122.64 million (P.Y. Rs. 121.69 million), Custom Duty Rs. 17.62 million (P.Y. Rs. 17.62 million) (Advance paid Rs. 8.46 million (P.Y. Rs. 8.46 million)).

(f) Income tax liability that may arise on matters in appeal Rs. 2,399.38 million (P.Y. Rs. 2,157.49 million).

(g) Provident fund liability that may arise on matter in appeal Rs. 14.35 million (P.Y. Rs. 14.35 million) and advance Paid Rs. 14.35 million (P.Y. Rs. 14.35 million)

(h) The Group is subject to legal proceeding and claims, which have arisen in the ordinary course of business, including certain litigation for land acquired by it for construction purpose, the impact of which is not quantifiable. These case are pending with various courts and are scheduled for hearings. After considering the circumstances, management believes that these case will not adversely effect its consolidated financial statement.

(i) A part of the immovable property belonging to the Group shown under inventories has been offered as security in favour of a bank against credit facilities availed by a strategic partner.

(j) The Group has provided a "cost overrun undertaking" for its associates Bellona Estate Developers Limited and its step-down subsidiay Dirang Energy Private Limited to its lenders.

(k) Entry Tax liabilities on purchase of goods of Rs. Nil (P.Y. Rs. 7.45 million), against which amount of Rs. Nil (P.Y. 0.50 million and bank guarantee for balance amount) have been paid.

(l) On Settlement with a vendor, Group has given flats of Rs 50.00 million (P.Y. Rs. 50.00 million) against his outstanding due & also given assurance that if re-sell price of that flat is lower than settlement price then company will compensate that differences.

(m) In respect of Shreeanant Construction Private Limited, a SLP was filed in the Supreme Court by the State Govt. of Arunachal Pradesh against the judgment of the Hon'ble Guwahati High Court in favour of the M/s Patel Engineering Ltd. abolishing the Arunachal Pradesh Goods Taxation Act, 2005 as it was unconstitutional in nature. Still the matter is pending before the Supreme Court and hearings are going on. But in case of adverse judgment M/s Patel Engineering Ltd. will transfer Entry Tax liability of Ka HEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.
A Writ petition was filed by M/s Patel Engineering Ltd. in the Guwahati High Court challenging the validity of newly enacted Arunachal Pradesh Entry Tax Act,2010. The Hon'ble Court has granted interim stay on the payment of Entry Tax subject to the furnishing of Bank Guarantee of the equivalent amount. Hence the management is presently not paying entry tax on import of goods from outside of Arunachal Pradesh rather M/s Patel Engineering Ltd. has offered Bank Guarantee of the same value. The matter is still pending and final judgment is yet to be delivered. But in case of adverse judgment the contractee M/s Patel Engineering Ltd. will transfer Entry Tax liability of KaHEP, Package-1 and there will be outflow of resources to that extent. However the management feels that likelihood of outflow of resources is remote.

(n) Trade receivables to the extent of Rs 29.99 million (PY. Rs 181.10 million) have been discounted with bank on recourse basis.

50 Additional information as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as subsidiaries / associates / joint ventures:

	Name of the entity	Net Assets i.e. total assets minus total liabilities		Share in profit and loss	
		As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount
	Parent				
	Patel Engineering Limited	107.45%	24,923.51	47.67%	(1,421.50)
	Subsidiaries				
	Indian				
1	Apollo Buildwell Private Limited	-0.16%	(37.05)	0.00%	(0.04)
2	Arsen Infra Private Limited	0.01%	1.90	-0.06%	1.69
3	Lucina Realtors Private Limited	-0.02%	(3.90)	0.15%	(4.40)
4	Hera Realcon Private Limited - (97.13%)	0.00%	(1.09)	0.00%	(0.08)
5	PBSR Developers Private Limited	-0.21%	(48.35)	-0.37%	11.17
6	Patel Energy Resources Limited	15.87%	3,680.49	72.34%	(2,157.31)
7	Patel Engineering Infrastructure Limited	0.77%	177.99	-1.68%	50.01
8	Patel Concrete and Quarries Private Limited	0.00%	0.55	0.00%	(0.03)
9	Friends Nirman Private Limited	0.09%	21.89	0.02%	(0.52)
10	Zeus Minerals Trading Private Limited	0.00%	0.14	0.00%	(0.03)
11	Patel Patron Private Limited	0.60%	138.65	0.00%	(0.10)
12	Patel Engineers Private Limited	0.32%	74.06	0.62%	(18.43)
13	Pandora Infra Private Limited	0.29%	67.22	0.02%	(0.62)
14	Shashvat Land Projects Private Limited	0.33%	77.28	0.00%	(0.13)
15	Vismaya Constructions Private Limited	0.23%	53.89	0.00%	0.02
16	Bhooma Realties Private Limited	-0.02%	(4.67)	4.31%	(128.67)
17	Patel Lands Limited	0.00%	0.27	0.00%	(0.02)
18	Energy Design Private Limited	-0.30%	(69.48)	0.00%	(0.14)
19	Shreeanant Construction Private Limited	-0.20%	(46.73)	0.00%	(0.10)
20	Michigan Engineers Private Limited	6.15%	1,426.19	-5.26%	156.91
21	Hampus Infrastructure Pvt. Ltd.	0.00%	(0.18)	0.00%	(0.10)
22	Patel KNR Infrastructure Ltd	2.26%	523.92	-1.61%	47.99
	Foreign				
1	Patel Engineering Inc.	0.35%	80.84	4.01%	(119.61)
2	Patel Engineering (Mauritius) Limited	-1.27%	(294.12)	0.69%	(20.43)
3	Patel Engineering (Singapore) Pte. Limited	-3.22%	(746.03)	-0.89%	26.48
4	Waterfront Developers Limited	-2.05%	(476.66)	2.56%	(76.48)
5	Patel Engineering Lanka Limited	-0.02%	(4.20)	0.06%	(1.77)
	Non-controlling interest	2.64%	612.90	-4.02%	119.85
	Associate (as per proportionate consolidation/Investment as per the equity method)				
1	ACP Tollways Private Limited	1.06%	246.99	5.39%	(160.74)
2	Raichur Sholapur Transmission Company Limited	0.75%	173.53	2.26%	(67.48)
3	Hitodi Infrastructure Limited	0.00%	-	0.00%	-
4	Pan Realtors Private Limited	0.00%	-	0.00%	-

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51 Category -wise classification of financials instruments

Rs. Million

	Non Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets measured at FVTPL				
Investment	5.50	0.52		
Financial assets measured at amortized cost				
Investments	673.40	789.23	116.00	266.00
Trade receivables	4,420.83	4,733.64	4,336.35	3,275.06
Loans	704.41	853.34	297.37	845.02
Deferred finance cost	60.85	75.82	-	-
Secured deposit	1,306.49	538.28	775.01	913.49
Cash and cash equivalents	-	-	1,949.22	1,132.49
Other bank balances	-	-	10.88	4.76

Rs. Million

	Non Current		Current	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial liabilities measured at amortized cost				
Borrowings	7,794.11	9,193.78	14,565.53	13,250.89
Trade payables	4,779.22	3,302.45	12,096.59	13,698.72
Other financial liabilities	1,478.16	1,000.00	853.20	932.07

52 Fair value measurements

i) The following table provides the fair value measurement hierarchy of the Company's financial assets and liabilities :

As at March 31, 2021

Rs. Million

Financial asset measured at FVTPL	Fair value as at March 31, 2021	Fair Value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	5.50	5.50	-	-

As at March 31, 2020

Rs. Million

Financial asset measured at FVTPL	Fair value as at March 31, 2020	Fair Value hierarchy		
		Quoted prices in active markets (level 1)	Significant observable inputs (level 2)	Significant unobservable inputs (level 3)
Investments	0.52	0.52	-	-

ii) **Financial instrument measured at amortized cost**

The carrying amount of financial assets and liabilities measured at amortized cost in the consolidated financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

53 **Financial risk management**

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

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The Group is exposed to market risk, credit risk and liquidity risk. The board of directors ('Board') oversee the management of these financial risks through its risk management committee. The risk management policy of the Company formulated by the risk management committee, states the Company's approach to address uncertainties in its endeavor to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Group's financial performance.

The following disclosures summarize the Group's exposure to financial risks and information regarding use of derivatives employed to manage exposures to such risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the consolidated financial results, cash flows and financial position of the Group.

1) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's total debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With other variables held constant, the Group's profit before tax is affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows :

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in interest rate	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
+50 basis point	(131.95)	(84.68)	(131.95)	(84.68)
-50 basis point	131.95	84.68	131.95	84.68

b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Group does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

Rs. Million

Currency	Liabilities		Assets	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
EURO	576.01	563.60	60.97	36.78
JPY	-	-	23.98	25.06
LKR	-	-	0.02	16.40
MUR	-	-	76.65	76.39
NPR	3,155.20	3,081.12	2,381.35	3,058.71
USD	300.24	16.71	1,499.67	2,328.55
SGD	-	8.20	-	-

The above table represents total exposure of the Group towards foreign exchange denominated liabilities (net). The details of unhedged exposures are given as part of Note no. 45

Sensitivity analysis

The Group is mainly exposed to changes in USD & EURO, as NPR is to be repaid at fixed rate; hence the Group is not exposed to any exchange rate fluctuation. The below table demonstrates the sensitivity to a 5% increase or decrease in the USD & EURO against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

PATEL ENGINEERING LTD. MUMBAI 400 102.

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in EURO rate	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
+5%	(25.74)	(26.18)	(25.74)	(26.18)
-5%	25.74	26.18	25.74	26.18

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in USD rate	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
+5%	108.09	115.59	108.09	115.59
-5%	(108.09)	(115.59)	(108.09)	(115.59)

c) **Equity price risk**

The Group's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

Price sensitiviy

The following table demonstrates the sensitiviy to a reasonably possible change in price of investment measured at FVTPL with other variables held

Rs. Million

	Effect on profit before tax		Effect on total equity	
Change in Price of investment measured at FVTPL	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
+5%	0.28	0.03	0.28	0.03
-5%	(0.28)	(0.03)	(0.28)	(0.03)

2) **Credit risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure of the financial assets are contributed by trade receivables, unbilled work-in-progress, cash and cash equivalents and receivable from joint ventures.

Credit risk on trade receivables and unbilled work-in-progress is limited as the customers of the Group mainly consists of the government promoted entities having a strong credit worthiness. Whenever required, the Group uses a provision matrix to compute the expected credit loss allowance for trade receivables and unbilled work-in-progress. The provision matrix takes into account available external and internal credit risk factors such as credit ratings from credit rating agencies, third party report, financial condition, ageing of accounts receivable and the Group's historical experience for customers.

3) **Liquidity risk**

Liquidity is defined as the risk that the Group will not be able to settle or meet its obligations on time or at a reasonable price. The Group's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's net liquidity position through rolling forecasts on the basis of expected cash flows.

The table below provides details regarding the contractual maturities of significant financial liabilities:

Rs. Million

Particulars	Less than 1 year	1 - 5 years	More than 5 years	Total
At 31st March, 2021				
Borrowings	15,130.52	3,809.31	3,984.80	22,924.63
Lease Liability	37.35			37.35
Trade payables	12,096.59	4,779.22	-	16,875.81
Other financial liability	288.21	1,478.16	-	1,766.38
At 31st March, 2020				
Borrowings	13,764.45	4,781.41	4,412.37	22,958.23
Lease Liability	183.23			183.23
Trade payables	13,698.72	3,302.45	-	17,001.17
Other financial liability	418.51	1,000.00	-	1,418.50

PATEL ENGINEERING LTD. MUMBAI 400102.

54 Capital Management

For the purpose of the Group's capital management, capital includes issued capital and all other equity reserves attributable to the equity shareholders of the Group. The primary objective of the Group when managing capital is to safeguard its ability to continue as a going concern and to maintain an optimal capital structure so as to maximize shareholder value.

As at 31st March, 2021, the Group has only one class of equity shares and has moderate debt. Consequent to such capital structure, there are no externally imposed capital requirements. In order to maintain or achieve an optimal capital structure, the Group allocates its capital for distribution as dividend or re-investment into business based on its long term financial plans. Consistent with others in the industry, the Group monitors its capital using the gearing ratio which is total debt divided by total capital.

Rs. Million

Particulars	As at March 31, 2021	As at March 31, 2020
Total debt	22,924.63	22,958.23
Total equity	23,195.66	25,469.95
Total debt to total equity ratio (gearing ratio)	0.99	0.90

In order to achieve this overall objective, the Grouup's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements.

55 Due to lack of active programme for sale of assets which was earlier classified as held for sale, group have cease the classfication of assets held for sale and restore the assets as continuouing operation.

56 During the year company has made a political contribution of Rs 30 million to political parties.

57 The Code on Social Security, 2020 (" the Code") has been approved by the Indian Parliament. The effective date of the Code and related rules are yet to be notified. The impact of the changes, if any, will be assessed and recognised post notification of the relevant provisions.

58 During the year, the board of the company approved the scheme of merger of the below 14 subsidiaries with the company i.e. Patel Engineering Limited with an appointment date on April 1, 2021 and application for the same has been filed to National Company Law Tribunal before the approval of the financial statement.

a) Patel Energy Resources Limited	b) PEL Power Limited
c) PEL Port Private Limited	d) Patel Energy Projects Private Limited
e) Patel Energy Assignment Private Limited	f) Patel Energy Operation Private Limited
g) Jayshe Gas Power Private Limited	h) Patel Thermal Energy Private Limited
i) Patel Hydro Power Private Limited	j) Zeus Minerals Trading Private Limited
k) Patel Concrete and Quarries Private Limited	l) Patel Land Limited
m) Patel Engineers Private Limited	n) Phedra Projects Private Limited

59 a) Previous year's figures have been regrouped, rearranged and reclassified wherever necessary.

b) Figure in brackets indicates amounts pertaining to previous year.

For and on behalf of Board

As per our attached Report of even date
For T.P.Ostwal & Associates LLP
Firm Regn No:124444W/W100150
Chartered Accountants

Anil A. Mehta
Partner
Membership No. 030529
Place : Mumbai
Date : June 11, 2021

Rupen Patel
Chairman & Managing Director
DIN : 00029583

Kavita Shirvaikar
Chief Financial Officer & Director
DIN : 07737376

Shobha Shetty
Company Secretary

Sunil Sapre
Director
DIN : 05356483

GENERAL INFORMATION

Our Company was incorporated as '*Patel Engineering Company Limited*', a public limited company under the Companies Act, 1913, pursuant to a certificate of incorporation issued by the Registrar of Companies, Maharashtra at Mumbai on April 2, 1949. Pursuant to a resolution of our Shareholders dated September 30, 1999, the name of our Company was changed to '*Patel Engineering Limited*' and a fresh certificate of incorporation was issued by the RoC on December 9, 1999. For further details, see, "*Organisational Structure of our Company*" beginning on page 224.

1. The Registered Office of our Company is located at Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India.

2. The CIN of our Company is L99999MH1949PLC007039.

3. The website of our Company is www.pateleng.com

4. The authorised share capital of our Company is ₹10,754.30 million comprising of 9,954,300,000 Equity Shares and 800,000,000 Preference Shares. As on the date of the Preliminary Placement Document, the issued, subscribed and paid-up capital of our Company is ₹ 773.62 million comprising of 773,617,228 Equity Shares.

5. The Equity Shares have been listed and traded on the BSE since 1986 and on the NSE since 2005.

6. Our Company has received in-principle approvals to list the Equity Shares to be issued pursuant to the Issue from each BSE and NSE on April 22, 2024, under Regulation 28(1) of the SEBI Listing Regulations.

7. The Issue was authorised and approved by the Board pursuant to the resolution dated February 12, 2024 and by our Shareholders pursuant to the special resolution dated March 8, 2024.

8. In compliance with Regulation 173A of the SEBI ICDR Regulations, our Company has appointed CARE Ratings Limited as the Monitoring Agency, for monitoring the utilisation of the proceeds in relation to the Issue. The Monitoring Agency will submit its report to us on a quarterly basis in accordance with the SEBI ICDR Regulations.

9. Copies of our Memorandum of Association and Articles of Association will be available for inspection between 11:00 am to 5:00 pm on all working days (that is, except Sundays and Public Holidays) during the Issue Period at our Registered Office.

10. Except as disclosed in this Placement Document, our Company has obtained all necessary consents, approvals and authorisations as may be required in connection with the Issue.

11. Except as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operation*" beginning on page 93, there has been no material change in the financial position of our Company since December 31, 2023, the last date of the Unaudited Special Purpose Condensed Interim Consolidated Financial Statements prepared in accordance with applicable accounting standards included in this Placement Document.

12. Except as disclosed in this Placement Document, there are no material litigation or arbitration proceedings against or affecting us, or our assets or revenues, nor are we aware of any pending or threatened litigation or arbitration proceedings, which are or might be material in the context of this Issue. For further details, see "*Legal Proceedings*" beginning on page 271.

13. As on the date of this Placement Document, M/s Vatsaraj & Co., Chartered Accountants, having Firm Registration No. 111327W is the statutory auditor of our Company.

14. The Issue will not result in a change in control of our Company.

15. Our Company is in compliance with the minimum public shareholding requirements as required under the SEBI Listing Regulations and Rule 19A of the SCRR.

16. The Floor Price is ₹ 59.50 per Equity Share, calculated in accordance with the provisions of Chapter VI of the SEBI ICDR Regulations, as certified by the Statutory Auditors. Our Company may offer a discount of not more than 5% on the Floor Price in accordance with the approval of our Board resolution dated February 12, 2024 and the shareholders of our Company accorded through a special resolution dated March 8, 2024 and Regulation 176(1) of the SEBI ICDR Regulations.

17. Our Company and the Book Running Lead Manager accept no responsibility for statements made otherwise than in this Placement Document and anyone placing reliance on any other source of information, including websites of our Company and our Subsidiaries, would be doing so at their own risk.

18. Shobha Shetty is the Company Secretary and Compliance Officer of our Company. Her details are as follows:

    Patel Engineering Limited
    Patel Estate SV Road,
    Jogeshwari (West), Mumbai – 400 102,
    Maharashtra, India
    Tel.: +91 22 2676 7513
    Email: investors@pateleng.com

DETAILS OF PROPOSED ALLOTTEES

In compliance with the requirements of Chapter VI of the SEBI ICDR Regulations, Allotment shall be made at the sole and absolute discretion of our Company, in consultation with the Book Running Lead Manager, to Eligible QIBs.

The names of the proposed Allottees and the percentage of post-Issue capital that may be held by them is set forth below.

S. No.	Name of the proposed Allottees	Percentage of the post-Issue share capital held (%)[(1)(2)]
1.	SBI GENERAL INSURANCE COMPANY LIMITED	0.84
2.	SOCIETE GENERALE - ODI	1.47
3.	RAJASTHAN GLOBAL SECURITIES PRIVATE LIMITED	0.73
4.	MORGAN STANLEY ASIA (SINGAPORE) PTE. - ODI	0.70
5.	ZINNIA GLOBAL FUND PCC - CELL DEWCAP FUND	0.47
6.	ZEAL GLOBAL OPPORTUNITIES FUND	0.47
7.	NEOMILE GROWTH FUND - SERIES I	0.36
8.	JM FINANCIAL MUTUAL FUND - JM FLEXICAP FUND	0.34
9.	JM FINANCIAL MUTUAL FUND - JM MIDCAP FUND	0.16
10.	JM FINANCIAL MUTUAL FUND-JM VALUE FUND	0.12
11.	JM FINANCIAL MUTUAL FUND- JM ELSS TAX SAVER FUND	0.02
12.	MAYBANK SECURITIES PTE LTD	0.31
13.	CITIGROUP GLOBAL MARKETS MAURITIUS PRIVATE LIMITED	0.31
14.	VIKASA INDIA EIF I FUND	0.29
15.	VIKASA INDIA EIF I FUND - INCUBE GLOBAL OPPORTUNITIES .	0.26
16.	SAINT CAPITAL FUND	0.21
17.	NOVA GLOBAL OPPORTUNITIES FUND PCC - TOUCHSTONE	0.21
18.	NOMURA SINGAPORE LIMITED	0.18
19.	BRESCON SPECIAL SITUATIONS FUND	0.13
20.	BNP PARIBAS FINANCIAL MARKETS	0.13
21.	GOLDMAN SACHS INVESTMENTS (MAURITIUS) I LTD	0.13
22.	MERU INVESTMENT FUND PCC-CELL 1	0.10
23.	ALPHAMINE ABSOLUTE RETURN FUND	0.10
24.	UPS GROUP TRUST	0.24
25.	SILVER STALLION LIMITED	0.08
26.	AURIGIN MASTER FUND LIMITED	0.08
27.	SHRIRAM MULTI ASSET ALLOCATION FUND	0.07
28.	SHRIRAM FLEXI CAP FUND	0.06
29.	SHRIRAM ELSS TAX SAVER FUND	0.04
30.	SHRIRAM AGGRESSIVE HYBRID FUND	0.03
31.	SHRIRAM BALANCED ADVANTAGE FUND	0.01
32.	ASTORNE CAPITAL VCC - ARVEN	0.08
33.	VIKASA INDIA EIF I FUND- SHARE CLASS P	0.02

[(1)] Based on beneficiary position as on April 19, 2024 (adjusted for Equity Shares Allocated in the Issue).
[(2)] The post-Issue shareholding (in percentage terms) of the proposed Allottees has been disclosed on the basis of their respective PAN, except in case of Mutual Funds, insurance companies, and Eligible FPIs (investing through different sub accounts having common PAN across such sub accounts) wherein their respective DP ID and Client ID will be considered

DECLARATION

Our Company certifies that all relevant provisions of Chapter VI read with Schedule VII of the SEBI ICDR Regulations have been complied with and no statement made in this Placement Document is contrary to the provisions of Chapter VI and Schedule VII of the SEBI ICDR Regulations and that all approvals and permissions required to carry on our Company's business have been obtained, are currently valid and have been complied with. Our Company further certifies that all the statements in this Placement Document are true and correct.

Signed by:

____

Rupen Patel
Chairman and Managing Director

DIN: 00029583

Date: April 25, 2024

Place: Mumbai

DECLARATION

We, the Board of Directors of the Company, certify that:

(i) the Company has complied with the provisions of the Companies Act, 2013 and the rules made thereunder;

(ii) the compliance with the Companies Act, 2013 and the rules thereunder does not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government; and

(iii) the monies received under the Issue shall be used only for the purposes and objects indicated in this Placement Document (which includes disclosures prescribed under Form PAS-4).

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS

Signed by:

____

Rupen Patel
Chairman and Managing Director

DIN: 00029583

Date: April 25, 2024

Place: Mumbai

I am authorized by the Allotment Committee, *vide* resolution dated April 25, 2024 to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made thereunder in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and the Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

Signed by:

____

Rupen Patel
Chairman and Managing Director

DIN: 00029583

Date: April 25, 2024

Place: Mumbai

PATEL ENGINEERING LIMITED

CIN: L99999MH1949PLC007039
Registered Office: Patel Estate SV Road, Jogeshwari (West),
Mumbai – 400 102, Maharashtra, India
Tel: +91 22 2676 7500
Website: www.pateleng.com

DETAILS OF COMPANY SECRETARY AND COMPLIANCE OFFICER

Shobha Shetty
Patel Estate SV Road,
Jogeshwari (West), Mumbai – 400 102,
Maharashtra, India
Tel.: +91 22 2676 7513
Email: investors@pateleng.com

BOOK RUNNING LEAD MANAGER

Motilal Oswal Investment Advisors Limited
Motilal Oswal Tower, Rahimtullah Sayani Road
Opposite Parel ST Depot, Prabhadevi
Mumbai 400 025
Maharashtra, India

LEGAL COUNSEL TO THE ISSUE AS TO INDIAN LAW

M/s. Crawford Bayley & Co
State Bank Building, 4th floor
NGN Vaidya Marg, Fort
Mumbai – 400 023,
Maharashtra, India

INTERNATIONAL LEGAL COUNSEL TO THE BOOK RUNNING LEAD MANAGER WITH RESPECT TO SELLING AND TRANSFER RESTRICTIONS

Hogan Lovells Lee & Lee
50 Collyer Quay
#10-01 OUE Bayfront
Singapore - 049321

STATUTORY AUDITORS OF OUR COMPANY

M/s. Vatsaraj & Co., Chartered Accountants
1st Floor, Fort Chambers,
"C" Block, 65, Tamarind Lane, Fort,
Mumbai – 400 023,
Maharashtra, India

SAMPLE APPLICATION FORM

An indicative format of the Application Form is set forth below:

(Note: The format of the Application Form included herein below is indicative and for the illustrative purposes only and no Bids in this Issue can be made through the sample Application Form. The Company, in consultation with the BRLM, shall identify Eligible QIBs and circulate serially numbered copies of the Preliminary Placement Document and the Application Form, specifically addressed to such Eligible QIBs. Any application to be made in the Issue should be made only upon receipt of serially numbered copies of the Preliminary Placement Document and the Application Form and not on the basis of the indicative format above.)

Patel Since 1949	**APPLICATION FORM** Name of Bidder: Form No.: Date:
PATEL ENGINEERING LIMITED **Registered Office:** Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India **Telephone No.**: +91 22 2676 7500 **Email:** investors@pateleng.com**; Website:** www.pateleng.com **Corporate Identity Number:** L99999MH1949PLC007039	

QUALIFIED INSTITUTIONS PLACEMENT OF [●] EQUITY SHARES OF FACE VALUE ₹ 1 EACH (THE "EQUITY SHARES") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A PREMIUM OF ₹ [●] PER EQUITY SHARE ("ISSUE PRICE") AGGREGATING TO APPROXIMATELY ₹ [●] MILLION UNDERTAKEN IN ACCORDANCE WITH CHAPTER VI OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (THE "SEBI ICDR REGULATIONS") AND IN RELIANCE UPON SECTION 42 OF THE COMPANIES ACT, 2013, AS AMENDED (THE "COMPANIES ACT"), READ WITH RULE 14 OF THE COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014, AS AMENDED (THE "PAS RULES"), AND OTHER APPLICABLE PROVISIONS OF THE COMPANIES ACT AND THE RULES MADE THEREUNDER BY PATEL ENGINEERING LIMITED (THE "COMPANY") (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE APPLICABLE FLOOR PRICE OF THE EQUITY SHARES IS ₹ 59.50 AND OUR COMPANY MAY OFFER A DISCOUNT OF UP TO 5% ON THE FLOOR PRICE, AS APPROVED BY THE SHAREHOLDERS

Only Qualified Institutional Buyers ("QIBs") as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and which are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; or (b) restricted from participating in the Issue under the SEBI ICDR Regulations and other applicable laws, including foreign exchange related laws; and (c) hold a valid and existing registration under the applicable laws in India (as applicable), and (d) are eligible to invest in the Issue and submit this Application Form. In addition to the above, with respect to the Issue, Eligible QIBs shall consist of (i) QIBs which are resident in India; and (ii) Eligible FPIs (as defined herein below) participating through Schedule II of the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("FEMA Non-Debt Rules"), can submit this Application Form.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any other applicable state securities laws of the United States and, unless so registered may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States in 'offshore transactions' as defined in, and in reliance on, Regulation S under the U.S. Securities Act ("Regulation S") and the applicable laws of the jurisdiction where those offers and sales are made.

The Equity Shares of the Company have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold, and Bids may not be made by persons in any jurisdiction, except in compliance with the applicable laws of such jurisdictions. You should note and observe the solicitation and distribution restrictions contained in the sections titled "*Selling Restrictions*" in the accompanying preliminary placement document dated April 22, 2024 (the "PPD"). See "*Transfer Restrictions*" in the PPD for information about transfer restrictions that apply to the Equity Shares sold in the Issue.

ELIGIBLE FPIS ARE PERMITTED TO PARTICIPATE IN THIS ISSUE, THROUGH THE PORTFOLIO INVESTMENT SCHEME UNDER SCHEDULE II OF THE FEMA RULES, SUBJECT TO COMPLIANCE WITH ALL APPLICABLE LAWS AND SUCH THAT THE SHAREHOLDING OF ELIGIBLE FPIS DO NOT EXCEED SPECIFIED LIMITS AS PRESCRIBED UNDER APPLICABLE LAWS IN THIS REGARD. PURSUANT TO PRESS NOTE NO. 3 (2020 SERIES), DATED APRIL 17, 2020, ISSUED BY THE DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE, GOVERNMENT OF INDIA, AND RULE 6 OF THE FEMA RULES, INVESTMENTS BY AN ENTITY OF A COUNTRY WHICH SHARES LAND BORDER WITH INDIA OR WHERE THE BENEFICIAL OWNER OF SUCH INVESTMENT IS SITUATED IN OR IS A CITIZEN OF SUCH COUNTRY, MAY ONLY BE MADE THROUGH THE GOVERNMENT APPROVAL ROUTE. ALLOTMENTS MADE TO AIFS AND VCFs IN THE ISSUE SHALL REMAIN SUBJECT TO THE RULES AND REGULATIONS APPLICABLE TO EACH OF THEM RESPECTIVELY, INCLUDING THE FEMA RULES. OTHER ELIGIBLE NON-RESIDENT QIBS SHALL PARTICIPATE IN THE ISSUE UNDER SCHEDULE I OF FEMA RULES. FVCIs ARE NOT PERMITTED TO PARTICIPATE IN THE ISSUE.

STATUS (Please tick for applicable category)			
FI	Scheduled Commercial Bank and Financial Institutions	**IC**	Insurance Companies
MF	Mutual Funds	**VCF**	Venture Capital Funds
NIF	National Investment Fund	**FPI**	Foreign Portfolio Investor*
IF	Insurance Funds	**AIF**	Alternative Investment Funds**
SI-NBFC	Systematically Important Non – Banking Financial Companies	**OTH**	Others ______________ (Please specify)
Total shares currently held by QIB or QIBs belonging to the same group or those who are under common control. For details of what constitutes "same group" or "common control", see "Application Form" under Issue Procedure section of the Preliminary Placement Document. **Foreign portfolio investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as*			

To,
The Board of Directors
Patel Engineering Limited
Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India
Dear Sirs,

amended, other than individuals, corporate bodies and family offices who are not allowed to participate in the Issue.
*** Sponsor and Manager should be Indian owned and controlled.*

On the basis of the serially numbered PPD of the Company and subject to the terms and conditions contained therein, and in this Application Form, we hereby submit our Application Form for the Allotment of the Equity Shares in the Issue, at the terms and price indicated below. We confirm that we have a valid and existing registration under applicable laws and regulations of India, and undertake to acquire, hold, manage or dispose of any Equity Shares that are Allotted to us in accordance with Chapter VI of the SEBI ICDR Regulations and undertake to comply with the SEBI ICDR Regulations, and all other applicable laws, including any reporting obligations and the terms and conditions mentioned in the PPD and this Application Form. We confirm that we are an Eligible QIB as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations and are not: (a) excluded pursuant to Regulation 179(2)(b) of the SEBI ICDR Regulations; and (b) restricted from participating in the Issue under the applicable laws, including SEBI ICDR Regulations. We are not a Promoter of the Company (as defined in the SEBI ICDR Regulations), or any person related to the Promoters of the Company, directly or indirectly. Further, we confirm that we do not have any right under a shareholders' agreement or voting agreement entered into with Promoters or persons related to Promoters of the Company, veto rights or right to appoint any nominee director on the board of directors of the Company.

We confirm that we are either a QIB which is resident in India, or an Eligible FPI, participating through Schedule II of the FEMA Rules or a multilateral or bilateral development financial institution eligible to invest in India under applicable law. We specifically confirm that our Bid for the Allotment of the Equity Shares is not in violation to the amendment made to Rule 6(a) of the FEMA Rules by the Central Government on April 22, 2020. We confirm that we are neither an AIF or VCF whose sponsor and manager is not Indian owned and controlled in terms of the FEMA Rules, nor an FVCI. We confirm that the signatory is authorized to apply on behalf of the Bidder and the Bidder has all the relevant approvals for applying in the Issue.

We confirm that the Bid size / aggregate number of the Equity Shares applied for by us, and which may be Allocated to us thereon will not exceed the relevant regulatory or approved limits and further confirm that our Bid will not result in triggering an open offer under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended (the "**Takeover Regulations**"). We confirm that, in relation to our application, each foreign portfolio investor ("**FPI**") as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended (other than individuals, corporate bodies and family offices), and including persons who have been registered under these regulations (such FPIs, "**Eligible FPIs**"), have submitted a separate Application Form, and asset management companies of mutual funds have specified the details of each scheme for which the application is being made along with the Bid Amount and number of shares to be Allotted under each scheme. We undertake that we will sign all such documents, provide such documents and do all such acts, if any, necessary on our part to enable us to be registered as the holder(s) of the Equity Shares that may be Allotted to us. We note that the Company is entitled, in consultation with Motilal Oswal Investment Advisors Limited (the "**BRLM**"), in its sole discretion, to accept or reject this Application Form without assigning any reason thereof.

We hereby agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD, Placement Document and the confirmation of allocation note ("**CAN**"), when issued and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below, subject to receipt of Application Form and the Bid Amount towards the Equity Shares that may be allocated to us. The amount payable by us as Bid Amount for the Equity Shares applied for has been/will be remitted to the designated bank account set out in this Application Form through electronic mode, along with this Application Form prior to the Issue Closing Date and such Bid Amount has been /will be transferred from a bank account maintained in our name. We acknowledge and agree that we shall not make any payment in cash or cheque. We are aware that (i) Allocation and Allotment in the Issue shall be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; and (ii) in the event that Equity Shares that we have applied for are not Allotted to us in full or at all, and/or the Bid Amount is in excess of the amount equivalent to the product of the Equity Shares that will be Allocated to us and the Issue Price, or the Company is unable to issue and Allot the Equity Shares offered in the Issue or if there is a cancellation of the Issue, or in case of rejection of Bids or non-allocation of Equity Shares or the listing of the Equity Shares does not occur in the manner described in the PPD, the Placement Document, the SEBI ICDR Regulations and other applicable laws, the Bid Amount or a portion thereof, as applicable, will be refunded to the same bank account from which the Bid Amount was paid by us. Further, we agree to comply with the rules and regulations that are applicable to us, including in relation to the lock-in and transferability requirements. In this regard, we authorize the Company to issue instructions to the depositories for such lock-in and transferability requirements, as may be applicable to us.

We further acknowledge and agree and consent that (i) our names, addresses, nationalities, contact details, email IDs, PAN, bank account details and the number of Equity Shares Allotted, along with other relevant information as may be required, will be recorded by the Company in the format prescribed in terms of the PAS Rules; (ii) in the event that any Equity Shares are Allocated to us in the Issue, we are aware pursuant to the requirements under Form PAS-4 of the PAS Rules that our names (as proposed Allottees) and the percentage of our post-Issue shareholding in the Company will be disclosed in the Placement Document, and we are further aware that disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; and (iii) in the event that Equity Shares are Allotted to us in the Issue, the Company will place our name in the register of members of the Company as a holder of such Equity Shares that may be Allotted to us and in the Form PAS-3 filed by the Company with the Registrar of Companies, Maharashtra at Mumbai (the "**RoC**") as required in terms of the PAS Rules. Further, we are aware and agree that if we, together with any other QIBs belonging to the same group or under common control, are Allotted more than 5% of the Equity Shares in the Issue, the Company shall be required to disclose our name, along with the names of such other Allottees and the number of Equity Shares Allotted to us and to such other Allottees, on the websites of BSE Limited and the National Stock Exchange of India Limited (the "**Stock Exchanges**") and we consent to such disclosures. In addition, we confirm that we are eligible to invest in Equity Shares under the SEBI ICDR Regulations, circulars issued by the Reserve Bank of India ("**RBI**") and other applicable laws.

By signing and/or submitting this Application Form, we hereby confirm and agree (i) that the representations, warranties, acknowledgements and agreements as provided in the sections entitled *"Notice to Investors"*, *"Representations by Investors", "Issue Procedure"*, *"Selling Restrictions"* and "*Transfer Restrictions* " of the PPD and (ii) the terms, conditions and agreements mentioned herein are true and correct and acknowledge and agree that these representations and warranties are given by us for the benefit of the Company and the Book Running Lead Manager, each of whom is entitled to rely on, and is relying on, these representations and warranties in consummating the Issue.

By signing and/or submitting this Application Form, we hereby represent, warrant, acknowledge and agree as follows: (1) we have been provided with a serially numbered copy of the PPD along with the Application Form, have read it in its entirety including in particular, the section entitled "*Risk Factors*" therein and we have relied only on the information contained in the PPD and not on any other information obtained by us either from the Company, the Book Running Lead Manager or from any other source, including publicly available information; (2) we will abide by the PPD and the Placement Document, this Application Form, the CAN, when issued, and the terms, conditions and agreements contained therein; (3) that if Equity Shares are Allotted to us pursuant to the Issue, we shall not sell such Equity Shares otherwise than on the floor of a recognised stock exchange in India for a period of one year from the date of Allotment; (4) we will not have the right to withdraw our Bid or revise our Bid downwards after the Issue Closing Date; (5) we will not trade in the Equity Shares credited to our beneficiary account maintained with the Depository Participant until such time that the final listing and trading approvals for the Equity Shares are issued by the Stock Exchange; (6) Equity Shares shall be Allocated and Allotted at the sole and absolute discretion of the Company, in consultation with the Book Running Lead Manager, and the submission of this Application Form and payment of the corresponding Bid Amount by us does not guarantee any Allocation or Allotment of Equity Shares to us in full or in part; (7) in terms of the requirements of the Companies Act, upon Allocation, the Company will be required to disclose names and percentage of our post-Issue shareholding of the proposed Allottees in the Placement Document; however, disclosure of such details in relation to us in the Placement Document will not guarantee Allotment to us, as Allotment in the Issue shall continue to be at the sole discretion of the Company, in consultation with the Book Running Lead Manager; (8) the number of Equity Shares Allotted to us pursuant to the Issue, together with other Allottees that belong to the same group or are under common control as us, shall not exceed 50% of the Issue and we shall provide all necessary information in this regard to the Company and the Book

Running Lead Manager. For the purposes of this representation: The expression 'belong to the same group' shall derive meaning from Regulation 180(2) of the SEBI ICDR Regulations, i.e., entities where (i) any of them controls, directly or indirectly, through its subsidiary or holding company, not less than 15% of the voting rights in the other; (ii) any of them, directly or indirectly, by itself, or in combination with other persons, exercise control over the others; or (iii) there is a common director, excluding nominee and independent directors, among the Eligible QIBs, its subsidiary or holding company and any other QIB; and 'control' shall have the same meaning as is assigned to it under Regulation 2(1)(e) of the Takeover Regulations; (9) if we are participating in the Issue as an Eligible FPI, we are not an individual, corporate body, or family office; and (10) We agree to accept the Equity Shares applied for, or such lesser number of Equity Shares as may be Allocated to us, subject to the provisions of the memorandum of association and articles of association of the Company, applicable laws and regulations, the terms of the PPD and the Placement Document, this Application Form, the CAN upon its issuance and the terms, conditions and agreements mentioned therein and request you to credit the same to our beneficiary account with the Depository Participant as per the details given below.

By signing and/or submitting this Application Form, we further represent, warrant and agree that we have such knowledge and experience in financial and business matters that we are capable of evaluating the merits and risks of the prospective investment in the Equity Shares and we understand the risks involved in making an investment in the Equity Shares. No action has been taken by us or any of our affiliates or representatives to permit a public offering of the Equity Shares in any jurisdiction. We satisfy any and all relevant suitability standards for investors in Equity Shares, have the ability to bear the economic risk of our investment in the Equity Shares, have adequate means of providing for our current and contingent needs, have no need for liquidity with respect to our investment in Equity Shares and are able to sustain a complete loss of our investment in the Equity Shares.

We acknowledge that once a duly filled Application Form is submitted by an Eligible QIB, whether signed or not, and the Bid Amount has been transferred to the Escrow Account (as detailed below), such Application Form constitutes an irrevocable offer and cannot be withdrawn or revised downwards after the Issue Closing Date. In case Bids are being made on behalf of the Eligible QIB and this Application Form is unsigned, we confirm that we are authorized to submit this Application Form and provide necessary instructions for transfer of the Bid Amount to the Escrow Account, on behalf of the Eligible QIB.

We acknowledge that the Equity Shares have not been and will not be registered under the U.S. Securities Act, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. **By signing this Application Form and checking the applicable box above, we hereby represent that we are located outside the United States and purchasing Equity Shares in an "offshore transaction" as defined in, and in reliance on, Regulation S and the applicable laws of the jurisdictions where such offers and sales are made. We confirm that we hereby make all the applicable representations, warranties and agreements as set forth in the sections entitled "*Selling Restrictions*" and "*Transfer Restrictions*" in the PPD.**

BIDDER DETAILS (In Block Letters)			
NAME OF BIDDER*			
NATIONALITY			
REGISTERED ADDRESS			
CITY AND CODE			
COUNTRY			
PHONE NO.		**FAX NO.**	
MOBILE NO.			
EMAIL ID			
FOR ELIGIBLE FPIs**	SEBI FPI REGISTRATION NO.		
FOR MF	SEBI MF REGISTRATION NO		
FOR AIFs* **	SEBI AIF REGISTRATION NO.		
FOR VCFs* **	SEBI VCF REGISTRATION NO.		
FOR SI-NBFC	RBI REGISTRATION DETAILS		
FOR INSURANCE COMPANIES	IRDAI REGISTRATION DETAILS.		

**Name should exactly match with the name in which the beneficiary account is held. Bid Amount payable on Equity Shares applied for by joint holders shall be paid from the bank account of the person whose name appears first in the application. Mutual Fund Bidders are requested to provide details of the bids made by each scheme of the Mutual Fund. Each Eligible FPI is required to fill a separate Application Form. Further, any discrepancy in the name as mentioned in this Application Form with the depository records would render the application invalid and liable to be rejected at the sole discretion of the Company and the BRLM.*
*** In case you are an Eligible FPI holding a valid certificate of registration and eligible to invest in the Issue, please mention your SEBI FPI Registration Number.*
**** Allotments made to AIFs and VCFs in the Issue are subject to the rules and regulations that are applicable to each of them respectively, including in relation to lock-in requirement. AIFs and VCFs should independently consult their own counsel and advisors as to investment in and related matters concerning the Issue.*

DEPOSITORY ACCOUNT DETAILS				
Depository Name (Please ✓)		National Security Depository Limited		Central Depository Services (India) Limited
Depository Participant Name				
DP – ID	I N			
Beneficiary Account Number				(16-digit beneficiary account. No. to be mentioned above)

The demographic details like address, bank account details etc., will be obtained from the Depositories as per the beneficiary account given above. **However, for the purposes of refund, if any, only the bank account details as mentioned below, from which remittance towards subscription has been made, will be considered.**

PAYMENT DETAILS | REMITTANCE BY WAY OF ELECTRONIC FUND TRANSFER
By 3.00 p.m. (IST), [●], 2024

BANK ACCOUNT DETAILS FOR PAYMENT OF BID AMOUNT THROUGH ELECTRONIC FUND TRANSFER			
Name of the Account	Patel Engineering Ltd - QIP-Escrow Account	**Account Type**	Current

Name of Bank	ICICI Bank Limited	**Address of the Branch of the Bank**	Capital Market Division, 163, 5th Floor, H. T. Parekh Marg, Backbay Reclamation, Churchgate, Mumbai-400020
Account No.	000405157386	**IFSC**	ICIC0000004
LEI Number	335800DDGBBTMMDYA829	**Email**	ipocmg@icicibank.com

The Bid Amount should be transferred pursuant to the Application Form. All payments must be made only by way of electronic funds transfer, in favour of **Patel Engineering Ltd-QIP-Escrow Account**. Payment of the entire Bid Amount should be made along with the Application Form on or before the closure of the Bid/Issue Period, i.e., prior to the Issue Closing Date. **The payment for subscription to the Equity Shares Allotted in the Issue shall be made only from the bank account of the person subscribing to the Equity Shares and in case of joint holders, from the bank account of the person whose name appears first in the Application Form.**

The Bidders are responsible for the accuracy of the bank account details mentioned below and acknowledge that the successful processing of refunds if, any, shall be dependent on the accuracy of the bank account details provided by them. The Company and the Book Running Lead Manager shall not be liable in any manner for refunds that are not processed due to incorrect bank account details.

RUPEE BANK ACCOUNT DETAILS (FOR REMITTANCE)			
Bank Account Number		IFSC Code	
Bank Name		Bank Branch Address	

NO. OF EQUITY SHARES BID FOR		**PRICE PER EQUITY SHARE (RUPEES)**		**APPLICATION AMOUNT (RUPEES)**	
(In Figures)	(In Words)	(In Figures)	(In Words)	(In Figures)	(In Words)

DETAILS OF CONTACT PERSON			
Name:			
Address:			
Tel. No:		Fax No:	
Mobile No.	____ Email: ____		

OTHER DETAILS	
PAN	
Date of Application	
Signature of Authorised Signatory (may be signed either physically of digitally)	

ENCLOSURES ATTACHED

- ☐ Copy of PAN Card or PAN allotment letter**
- ☐ FIRC
- ☐ Copy of the SEBI registration certificate as a Mutual Fund
- ☐ Copy of the SEBI registration certificate as an Eligible FPI
- ☐ Copy of the SEBI registration certificate as an AIF
- ☐ Copy of the SEBI registration certificate as a VCF
- ☐ Certified copy of certificate of registration issued by the RBI as an SI-NBFC/ a scheduled commercial bank
- ☐ Copy of the IRDAI registration certificate
- ☐ Intimation of being part of the same group
- ☐ Certified true copy of the power of attorney
- ☐ Other, please specify __________________

**A physical copy of the Application Form and relevant documents as required to be provided along with the Application Form shall be submitted as soon as practicable.*
***Please note that the Bidder should not mention the GIR number or any other identification number instead of the PAN, unless the Bidder is exempted from requirement of obtaining a PAN under the Income-tax Act, 1961, as the application is liable to be rejected on this ground.*

Note 1: Capitalized terms used but not defined herein shall have the same meaning as ascribed to them in the PPD.
Note 2: This Application Form may be rejected if any information provided is incomplete or inadequate, at the discretion of the Bank in consultation with the BRLM.

The Application Form and the PPD sent to you and the Placement Document which will be sent to you in electronic form, are specific to you and you may not distribute or forward the same and are subject to the disclaimers and restrictions contained or accompanying these documents.