



**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 and registered office of our Company, see "General Information" on page [●].

**Registered Office:** Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India; **Telephone:** +91 22 2676 7500;  
**Contact Person:** Shobha Shetty, Company Secretary and Compliance Officer  
**E-mail:** investors@pateleng.com **Website:** www.pateleng.com  
**Corporate Identity Number:** L99999MH1949PLC007039

**OUR PROMOTERS: RUPEN PATEL, PRAHAM INDIA LLP AND RAAHITYA CONSTRUCTIONS PRIVATE LIMITED  
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF PATEL ENGINEERING LIMITED (THE "COMPANY" OR  
THE "ISSUER") ONLY**

ISSUE OF UP TO [●] FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 1 EACH OF THE COMPANY (THE "RIGHTS EQUITY SHARES") FOR CASH AT A PRICE OF ₹[●] PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹[●] PER EQUITY SHARE) AGGREGATING UP TO ₹3,250.00 million\* ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF THE COMPANY IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] ("RECORD DATE") (THE "ISSUE"). FOR FURTHER DETAILS, PLEASE SEE THE SECTION ENTITLED "TERMS OF THE ISSUE" ON PAGE [●].

\*Assuming full subscription

**WILFUL DEFAULTERS OR FRAUDULENT BORROWERS**

Neither our Company nor our Promoters or any of our Directors have been categorized as a Wilful Defaulter or Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on Wilful Defaulter(s) or Fraudulent Borrower(s) issued by the RBI.

**GENERAL RISK**

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of the investors is invited to "Risk Factors" on page [●].

**ISSUER'S ABSOLUTE RESPONSIBILITY**

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The existing Equity Shares of the Company are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE" and together with BSE, collectively, referred to as the "Stock Exchanges"). Our Company has received 'in-principle' approvals from BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue through their letters dated [●] and [●], respectively. Our Company will also make applications to the Stock Exchanges to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, as amended. For the purposes of the Issue, [●] is the Designated Stock Exchange.

**LEAD MANAGERS TO THE ISSUE**

**REGISTRAR TO THE ISSUE**



**BOB Capital Markets Limited**  
Parinee Crescenzo, 1704  
B Wing, 17th Floor  
Plot no. C-38/39, G Block, Bandra Kurla Complex  
Bandra East, Mumbai – 400 051  
Maharashtra, India  
**Telephone:** +91 22 6138 9353  
**Email:** pel.rights@bobcaps.in  
**Investor Grievance Email:** investor grievance@bobcaps.in  
**Contact Person:** Nivedika Chavan / Manan Khandelwal  
**Website:** www.bobcaps.in  
**SEBI Registration Number:** INM000009926



**IDBI Capital Markets & Securities Limited**  
6th Floor, IDBI Tower,  
WTC Complex, Cuffe Parade,  
Mumbai - 400 005  
Maharashtra, India  
**Telephone:** +91 22 2217 1953  
**Email:** pel.rights@idbicapital.com  
**Investor Grievance Email:** redressal@idbicapital.com  
**Contact Person:** Suhas Satardekar/ Rahul Sharma  
**Website:** www.idbicapital.com  
**SEBI Registration Number:** INM000010866



**Link Intime India Private Limited**  
C-101, 247 Park  
Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai – 400 083  
Maharashtra, India  
**Telephone:** +91 810 811 4949  
**Email:** pateleng.rights@linkintime.co.in  
**Investor Grievance Email:** pateleng.rights@linkintime.co.in  
**Contact Person:** Sumeet Deshpande  
**Website:** www.linkintime.co.in  
**SEBI Registration Number:** INR000004058

**ISSUE PROGRAMME**

**ISSUE OPENS ON**

**LAST DATE FOR ON MARKET  
RENUNCIATION\***

**ISSUE CLOSES ON#**

[●]

[●]

[●]

\*Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

# Our Board or the Allotment Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

## CONTENTS

<b>SECTION I – GENERAL</b> .....	1
DEFINITIONS AND ABBREVIATIONS .....	1
NOTICE TO INVESTORS .....	9
PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA .....	11
FORWARD-LOOKING STATEMENTS .....	14
SUMMARY OF THIS LETTER OF OFFER .....	16
<b>SECTION II – RISK FACTORS</b> .....	19
<b>SECTION III – INTRODUCTION</b> .....	38
THE ISSUE .....	38
GENERAL INFORMATION .....	39
CAPITAL STRUCTURE .....	45
OBJECTS OF THE ISSUE .....	47
STATEMENT OF SPECIAL TAX BENEFITS .....	55
<b>SECTION IV – ABOUT OUR COMPANY</b> .....	59
INDUSTRY OVERVIEW .....	59
OUR BUSINESS .....	67
OUR MANAGEMENT .....	85
<b>SECTION V – FINANCIAL INFORMATION</b> .....	89
FINANCIAL STATEMENTS .....	89
MATERIAL DEVELOPMENTS .....	90
ACCOUNTING RATIOS .....	91
MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS .....	93
<b>SECTION VI – LEGAL AND OTHER INFORMATION</b> .....	115
OUTSTANDING LITIGATIONS AND DEFAULTS .....	115
GOVERNMENT AND OTHER APPROVALS .....	123
OTHER REGULATORY AND STATUTORY DISCLOSURES .....	124
<b>SECTION VII – ISSUE INFORMATION</b> .....	131
TERMS OF THE ISSUE .....	131
RESTRICTIONS ON PURCHASES AND REALES .....	159
<b>SECTION VIII – OTHER INFORMATION</b> .....	161
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION .....	161
DECLARATION .....	163

## SECTION I – GENERAL

### DEFINITIONS AND ABBREVIATIONS

*This Letter of Offer uses certain definitions and abbreviations which unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided in this section. References to any statutes, regulations, rules, guidelines or policies shall be to such act, regulation, rule, guideline or policy as amended, supplemented or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Letter of Offer but not defined herein, shall have, to the extent applicable, the same meanings ascribed to such terms under the SEBI ICDR Regulations, the SEBI Listing Regulations, the Companies Act, the SCRA, the Depositories Act and the rules and regulations made thereunder.*

*The following list of capitalised terms used in this Letter of Offer is intended for the convenience of the reader / prospective investor only and is not exhaustive.*

*Notwithstanding the foregoing, terms used in “Industry Overview”, “Summary of this Letter of Offer”, “Statement of Special Tax Benefits”, “Financial Information” and “Outstanding Litigations and Defaults, Terms of the Issue and Other Material Developments” on pages [●], [●], [●], [●], [●], [●] and [●], respectively, shall, unless indicated otherwise, have the meaning ascribed to such terms in these respective sections*

#### General Terms

Term	Description
“our Company”, “the Company” or “the Issuer”	Patel Engineering Limited, a company incorporated in India under the Indian Companies Act, VII of 1913, having its registered office at Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India.
“we”, “us” or “our”	Unless the context otherwise requires, indicates or implies or unless otherwise specified, our Company along with our Subsidiaries, our Joint Ventures and our Associates, on a consolidated basis, as applicable, as at and during the relevant Fiscal

#### Company related Terms

Term	Description
Allotment Committee	The Committee of the Board of Directors constituted for various shares related activities including allotment of shares.
Articles / Articles of Association / AoA	The Articles of Association of our Company, as amended from time to time.
Associates	The associate companies of our Company, namely ACP Tollways Private Limited, Bellona Estate Developers Limited, Patel KNR Heavy Infrastructure Private Limited and Hitodi Infrastructure Private Limited
Audit Committee	The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013.
Audited Consolidated Financial Statements	The audited consolidated financial statements of our Company for the financial year ended March 31, 2022 (along with comparatives for the financial year ended March 31, 2021) which comprises the consolidated balance sheet as at March 31, 2022 and March 31, 2021, the consolidated statement of profit and loss, including other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the financial year ended March 31, 2022 and March 31, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information read along with the report thereon.
Auditor / Statutory Auditor	Statutory auditors of our Company, being M/s. Vatsaraj & Co, Chartered Accountants.
BOBCAPS	BOB Capital Markets Limited
Board / Board of Directors	The board of directors of our Company or a duly constituted committee thereof. For details of the Board of Directors, see “Our Management” on page [●].

<b>Term</b>	<b>Description</b>
Chief Financial Officer	The chief financial officer of our Company, namely, Kavita Shirvaikar.
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely, Shobha Shetty.
Director(s)	The director(s) on the Board of our Company, unless otherwise specified.
Equity Share(s)	The equity shares of our Company of a face value of ₹ 1 each, unless otherwise specified in the context thereof.
Group Companies	Group companies of our Company as determined in terms of Regulation 2(1)(t) of SEBI ICDR Regulations
IDBI Capital	IDBI Capital Markets & Securities Limited
Independent Director(s)	The independent Director(s) of our Company as per section 2(47) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing Regulations, being Ramasubramanian Kuppusubramanian, Dr. Barendra Kumar Bhoi and Sunanda Rajendran.
Joint Venture(s)	Joint ventures of our Company, namely: <ul style="list-style-type: none"> <li>a) CICO PATEL - Joint Venture</li> <li>b) PATEL- SEW -Joint Venture</li> <li>c) KNR- Patel (JV)</li> <li>d) Patel- KNR (JV)</li> <li>e) Patel-Varks Precision Consortium</li> <li>f) PATEL SOMA JOINT VENTURE</li> <li>g) PATEL -V ARKS- JOINT VENTURE</li> <li>h) PATEL- AVANTIKA- DEEPIKA- BHEL CONSORTIUM</li> <li>i) AGE -PATEL JOINT VENTURE</li> <li>j) PATEL MICHIGAN JOINT VENTURE</li> <li>k) PEL–UEIPL JV</li> <li>l) PEL–PPCPL–HCPL JOINT VENTURE</li> <li>m) PEL VI JV</li> <li>n) M/s Onycon Enterprises</li> <li>o) PEL–GOND PROJECT</li> <li>p) HES - Shuthaliya JV</li> <li>q) PEL–Parbati JV</li> <li>r) NEC–PEL JV</li> <li>s) PEL–Ghodke JV</li> <li>t) Patel SA (JV)</li> <li>u) Era- Patel- Advance -Kiran JV</li> <li>v) Era- Patel- Advance JV</li> <li>w) PATEL- APCO Joint Venture</li> <li>x) Patel-Siddhi Vinayak JV</li> <li>y) PEL–ISC–PRATHMESH JV</li> <li>z) M/s ISC Projects–PEL JV</li> <li>aa) Patel–Civet–Chaitra Micro (KA) JV</li> <li>bb) CEIGALL–PEL (JV)</li> <li>cc) VPRPL–PEL JV</li> <li>dd) Mokhabardi Micro Irrigation Project JV;</li> <li>ee) D K Joint venture LLP; and</li> <li>ff) Patel Raman JV</li> </ul>
Key Management Personnel / KMP	Key management / managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in the chapter “Our Management – Our Key Management Personnel and Senior Management Personnel” on page [●].
Materiality Policy	A policy adopted by our Company, in the Board meeting held on December 16, 2022 for identification of material litigation(s) for the purpose of disclosure of the same in this Letter of Offer.
Materiality Threshold	Materiality threshold adopted by our Company pursuant to the Materiality Policy in relation to the disclosure of outstanding civil and tax litigation, involving our Company and/or our Subsidiaries, where the amount involved is ₹ 349.65 million (being 1% of the total revenue of our Company, as per the Audited Consolidated Financial Statements for the Fiscal 2022)



<b>Term</b>	<b>Description</b>
Memorandum of Association	The Memorandum of Association of our Company, as amended from time to time.
Order Book	Order Book comprises of the estimated revenues including the escalations from the unexecuted portion of all our existing contracts
PESOP	The employee stock option scheme approved by the shareholders pursuant to their resolution dated September 28, 2007, namely the Patel Engineering Employees' Stock Option Plan, and the employee stock option scheme got further extended vide shareholders resolution dated June 19, 2022
Previous Auditor	Statutory M/s. T.P. Ostwal & Associates LLP, Chartered Accountants.
Promoters	Rupen Patel, Prahm 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.
Registrar of Companies / RoC	Registrar of Companies, Maharashtra at Mumbai
Stakeholders' Relationship Committee	The committee of the Board of Directors constituted as our Company's Stakeholders' Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations.
Subsidiaries	Subsidiaries of our Company as defined under the Companies Act, 2013 and the applicable Accounting Standards. For details, see " <i>Financial Statements</i> " on page [●].  Further, National Company Law Tribunal, Mumbai Bench and National Company Law Tribunal, Hyderabad Bench vide its order dated June 16, 2022 and July 22, 2022 respectively, approved the Scheme of Merger by absorption of 14 wholly owned subsidiaries with our Company. The Appointed Date of the Scheme is April 1, 2021 and effective date is September 2, 2022.
Unaudited Consolidated Financial Results	The reformatted limited review consolidated financial results of our Company as at and for the six months period ended September 30, 2022, which comprises the consolidated balance sheet as at September 30, 2022, the consolidated statement of profit and loss and other comprehensive income and the consolidated cash flow statement for the period ended September 30, 2022 (along with comparative limited review consolidated financial results of our Company as at and for the six-months period ended September 30, 2021)

#### **Issue related terms**

<b>Term</b>	<b>Description</b>
Abridged Letter of Offer	The abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
Additional Rights Equity Shares / Additional Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot / Allotted / Allotment	Unless the context otherwise requires, the allotment of Rights Equity Shares pursuant to the Issue.
Allotment Account(s)	The account(s) opened with the Banker(s) to this Issue, into which the amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Bank / Banker to the Issue / Refund Bank	Bank of Baroda
Allotment Advice	Note or advice or intimation of Allotment sent to the Applicants who have been or are to be Allotted the Rights Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.

<b>Term</b>	<b>Description</b>
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to the Issue.
Applicant(s) / Investor(s)	Eligible Equity Shareholder(s) and / or Renouncee(s) who are entitled to apply or make an application for the Equity Shares pursuant to the Issue in terms of this Letter of Offer.
Application(s)	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online / electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form (including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process) used by an Investor to make an application for the Allotment of the Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable at the time of Application i.e. ₹ [●] per Rights Equity Share applied for in the Issue at the Issue Price.
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by an Applicant to make a Bid and authorize an SCSB to block the Application Money in the specified bank account maintained with such SCSB or to block the Application Money using the UPI Mechanism.
ASBA Account	An account maintained with an SCSB which may be blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism to the extent of the Application Money of the ASBA Applicant / Investor, as specified in the Application form or in the plain paper Application.
ASBA Circulars	Collectively, the SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, the SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 and the SEBI Circular SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022.
ASBA Applicant / ASBA Investor	Eligible Equity Shareholders proposing to subscribe to the Issue through ASBA process
Banker to the Issue Agreement	Agreement dated [●], 2023 entered into by and among our Company, the Registrar to the Issue, the Lead Managers and the Banker to the Issue for receipt of the Application Money.
Controlling Branches	Such branches of the SCSBs which co-ordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmlId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmlId=34</a> , updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Demographic Details	Details of Investors including the Investor's address, name of the Investor's father / husband, investor status, occupation and bank account details, where applicable.
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on <a href="http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes">http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes</a> updated from time to time, or at such other website as may be prescribed by SEBI from time to time.
Designated Exchange	Stock [●]
Eligible Shareholder(s)	Equity Existing holder(s) of the Equity Shares of our Company as on the Record Date.
ISIN	International Securities Identification Number of our Company being INE244B01030
Issue	This issue of up to [●] Rights Equity Shares for cash at a price of ₹[●] per Equity Share aggregating to ₹3,250.00* million on a rights basis to the Eligible Equity Shareholders of the Company in the ratio of [●] Rights Equity Shares for every [●]

Term	Description
	fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date. <i>*Assuming full subscription</i>
Issue Agreement	Agreement dated [●], 2023 entered into between our Company and the Lead Managers, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Documents	Collectively, this Letter of Offer, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter, any other issue material
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants/Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price	[●] per Equity Share
Issue Proceeds/Gross Proceeds	The gross proceeds raised through the Issue
Issue Size	Amount aggregating up to ₹3,250.00 million* <i>*Assuming full subscription</i>
Lead Managers	BOB Capital Markets Limited and IDBI Capital Markets & Securities Limited
Letter of Offer / LoF	The letter of offer dated [●] filed with the Stock Exchanges and SEBI.
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations.
Monitoring Agency	[●]
Monitoring Agency Agreement	Agreement dated [●] 2023 entered into between the Company and the Monitoring Agency in relation to monitoring of Issue Proceeds
Multiple Application Forms	More than one application forms submitted by an Eligible Equity Shareholder / Renouncee in respect of the same Rights Entitlement available in their demat account. However, supplementary applications in relation to further the Equity Shares with / without using additional Rights Entitlement will not be treated as multiple application.
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, see “ <i>Objects of the Issue</i> ” on page [●].
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circulars and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●], 2023.
Record Date	Designated date for the purpose of determining the Eligible Equity Shareholders eligible to apply for the Rights Equity Shares, being [●], 2023.
Registrar to the Issue / Registrar	Link Intime India Private Limited
Registrar Agreement	Agreement dated [●], 2023, between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation either through On Market Renunciation or through Off Market Renunciation in accordance with the SEBI ICDR Regulations, the SEBI Rights Issue Circulars, the Companies Act and any other applicable law.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date and shall close on [●], 2023 in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.

<b>Term</b>	<b>Description</b>
Rights Entitlement(s)	<p>Number of the Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of the Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder.</p> <p>Pursuant to the provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements with a separate ISIN [●] shall be credited in dematerialised form to the respective demat accounts of the Eligible Equity Shareholders before the Issue Opening Date, against the Equity Shares held by the Eligible Equity Shareholders as on the Record Date.</p>
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders.
Rights Equity Shares	The Equity Shares offered and to be issued and allotted pursuant to the Issue.
Self-Certified Syndicate Bank / SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at <a href="https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34">https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&amp;intmId=34</a>
SEBI Rights Issue Circulars	SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020 read with SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022 and any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter / Fraudulent Borrower	An entity or person categorised as a wilful defaulter or a fraudulent borrower by any bank or financial institution or consortium thereof, in terms of Regulation 2(1)(III) of the SEBI ICDR Regulations.
Working Day(s)	In terms of Regulation 2(1) (mmm) of SEBI ICDR Regulations, working day means all days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Sundays and public holidays, on which commercial banks in Maharashtra are open for business. Furthermore, in respect of the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Saturdays, Sundays and bank holidays, as per circulars issued by SEBI.

#### **Conventional and general terms, industry related terms or abbreviations**

<b>Term</b>	<b>Description</b>
‘₹’, ‘Rs.’, ‘Rupees’ or ‘INR’	Indian Rupees
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations.
‘AS’ / ‘Accounting Standards’	Accounting Standards issued by the Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
Companies Act, 1956	erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act / Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder
COVID-19	The novel coronavirus disease which was declared as a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020 by the World Health Organization
Depositories Act	The Depositories Act, 1996, as amended.
DIN	Director Identification Number

<b>Term</b>	<b>Description</b>
DPIIT	Department for Promotion of Industry and Internal Trade
DP ID	Depository Participant's Identification
'DP' or 'Depository Participant'	A depository participant as defined under the Depositories Act.
EBITDA	Earnings before Interest, Tax, Depreciation and Amortisation
FDI	Foreign Direct Investment
FDI Circular 2020	Consolidated FDI Policy dated October 15, 2020 issued by the DPIIT Ministry of Commerce and Industry, Government of India.
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
'Financial Year', 'Fiscal', 'fiscal', 'Fiscal Year' or 'FY'	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.
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 Investors as defined and registered under the SEBI FVCI Regulations.
GAAP	Generally accepted accounting principles
'GoI' or 'Government'	Government of India
IEPF	Investor Education and Protection Fund
'Income Tax Act' or 'IT Act'	Income Tax Act, 1961
Ind AS	Indian Accounting Standards notified under Section 133 of the Companies Act 2013 read with Ind AS Rules.
ISIN	International Securities Identification Number allotted by the depository
'N.A.' or 'NA'	Not Applicable
NACH	National Automated Clearing House
NBFC	Non-Banking Financial Company
NBFC-SI	Systemically Important NBFC
No.	Number
NRI	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body (ies)
PAN	Permanent Account Number
Prospectus Regulation	Prospectus Regulation (EU) 2017 / 1129
'Qualified Institutional Buyers' or 'QIBs'	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Regulations S	Regulation S under the U.S. Securities Act
RoNW	Return on net worth
RBI	Reserve Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000

<b>Term</b>	<b>Description</b>
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed by the SEBI AIF Regulations
Stock Exchanges	Together, BSE and NSE
UPI	Unified Payment Interface
‘U.S.’ or ‘USA’ or ‘United States’	United States of America
‘USD’ or ‘US\$’	United States Dollars, the lawful currency of the United States
U.S. Securities Act	United States Securities Act of 1933, as amended
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

## NOTICE TO INVESTORS

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material (“**Issue Materials**”) and the issue of Rights Entitlement and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come, are required to inform themselves about and observe such restrictions.

In accordance with the SEBI ICDR Regulations, these Issue Materials will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Materials will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders, who do not update our records with their Indian address or the address of their duly authorised representative in India, prior to the date on which we propose to e-mail or send a physical copy of Issue Materials, shall not be sent this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter the Application Form and other applicable Issue materials.

Investors can also access Issue Materials from the websites of our Company, the Registrar, the Lead Managers and the Stock Exchanges.

Our Company, the Lead Managers, and the Registrar will not be liable for non-dispatch of physical copies of Issue materials, including Issue Materials, in the event the Issue materials have been sent on the registered email addresses of such Eligible Equity Shareholders.

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter, any other offering material (“Issue Materials”) and the issue of Rights Entitlement and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come, are required to inform themselves about and observe such restrictions.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. In particular, the Rights Entitlements and the Rights 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 the securities laws of any state of the United States and may not be offered or sold in the United States, except in a transaction not subject to, or exempt from, the registration requirements of the Securities Act and applicable state securities laws. The Rights Entitlements and Rights Equity Shares are being offered and sold only to persons outside the United States in offshore transactions as defined in and in reliance on Regulation S under the Securities Act (“**Regulation S**”). Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer and any other Issue Materials may not be distributed, in whole or in part, in or into in (i) the United States or (ii) any jurisdiction other than India except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone (i) in the United States or (ii) in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Letter of Offer and any other Issue Materials should not distribute or send this Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Managers or its affiliates to any filing or registration requirement (other than in India). If this Letter of Offer or any other Issue Material is received by any person in any such jurisdiction or the United States, they must not seek to subscribe to the Rights Equity Shares. For more details, see “*Restrictions on Purchases and Resales*” on page [●].

**Rights Entitlements may not be transferred or sold to any person outside India.**

**Any person who makes an application to acquire Rights Equity Shares will be deemed to have declared, represented, warranted and agreed that such person is outside the United States and is authorized to acquire the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such**

person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Managers or its respective affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in the section entitled "*Restrictions on Purchases and Resales*" on page [●].

Our Company, in consultation with the Lead Managers, reserves the right to treat as invalid any Application Form which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States and such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; or (iii) where either a registered Indian address is not provided or where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

The Rights Entitlements and the Rights Equity Shares have not been approved, disapproved or recommended by the securities authorities of any jurisdiction or any regulatory authority in any jurisdiction. No authority has passed on or endorsed the merits of the Issue or the accuracy or adequacy of this Letter of Offer. Any representation to the contrary may be a criminal offence in certain jurisdictions.

Neither the receipt of this Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer or the date of such information.

The contents of this Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements.

In addition, neither our Company nor the Lead Managers or its affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations. Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

This Letter of Offer and its accompanying documents are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.



## **PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA**

### **Certain Conventions**

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer (i) 'India' are to the Republic of India, (ii) 'Government', 'Indian Government', 'GoI', 'Central Government' are to the Government of India, (iii) 'State Government' are to the Government of the relevant state and (iv) 'US' or 'U.S.' or the 'United States' are to the United States of America and its territories and possessions.

Unless stated otherwise, any time mentioned in this Letter of Offer is in Indian Standard Time.

In this Letter of Offer, references to the singular also refer to the plural and one gender also refers to any other gender, where applicable.

### **Page Numbers**

Unless stated otherwise, all references to page numbers in this Letter of Offer are to the page numbers of this Letter of Offer.

### **Financial Data**

Unless stated or the context requires otherwise, the financial data included in this Letter of Offer is derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. For further information, see "*Financial Information*" on page [●].

We have prepared our Audited Consolidated Financial Statements in accordance with Indian Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("**Ind AS**") and Unaudited Consolidated Financial Results in accordance with recognition and measurement principles laid down in Ind AS and Regulation 33 of SEBI Listing Regulations. Our Company publishes its financial statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

Our Company's Financial Year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Financial Year or Fiscal, unless stated otherwise, are to the 12-month period ending on March 31 of that particular calendar year.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in millions.

### **Currency and Units of Presentation**

All references to

- "EUR" or "€" are to Euro, the official currency of Euro Member Countries;
- "JPY" are to Japanese Yen, the official currency of Japan;
- "LKR" are to Sri Lankan Rupee, the official currency of Sri Lanka;
- "MUR" are to Mauritian Rupee, the official currency of Mauritius
- "NPR" are to Nepalese Rupee, the official currency of Nepal;
- "Rupee(s)", "Rs." or "₹" or "INR" are to Indian Rupees, the official currency of the Republic of India;
- "USD" or "U.S. Dollars" or "\$" are to United States Dollars, the official currency of the United States of America;

Our Company has presented certain numerical information in this Letter of Offer in "million" units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. 1 million represents 1,000,000. However, where any figures that may have been sourced from third-party industry

sources are expressed in denominations other than million, such figures appear in this Letter of Offer expressed in such denominations as provided in their respective sources.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business” and “Management’s Discussion and Analysis of Financial Conditions and Results of Operations” on pages [●], [●] and [●] and elsewhere in this Letter of Offer, unless otherwise indicated, have been calculated based on our Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results

### Non-GAAP Measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, Adjusted EBITDA, Net Worth, Return on Net Worth and Net Asset Value per share and total expenses have been included in this Letter of Offer. 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.

### Exchange Rates

This Letter of Offer contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

This Letter of Offer contains conversions of certain other currency amounts into Rupees that have been presented solely to comply with the requirements of SEBI ICDR Regulations. Unless otherwise stated, the exchange rates referred to for the purpose of conversion of foreign currency amounts into Rupee amounts, are as follows:

Currency	Exchange rate as on			
	September 30, 2022	September 30, 2021	March 31, 2022	March 31, 2021
1 EUR	80.11	86.14	84.66	86.10
1 JPY	0.56	0.66	0.62	0.66
1 LKR	0.22	0.37	0.26	0.37
1 MUR	1.81	1.73	1.71	1.82
1 NPR	0.62	0.62	0.62	0.62
1 US	81.55	74.26	75.81	73.50

(Source: [www.fbil.org.in](http://www.fbil.org.in), and [www.xe.com](http://www.xe.com))

Note: Rounded off to two decimals

Wherever the exchange rate was not available on account of September 30th or March 31st being a holiday, the exchange rate as of the immediately preceding working day has been provided.

### Industry and Market Data

Unless otherwise stated, industry and market data used in this Letter of Offer has been obtained or derived from various publicly available sources, Government publications and other industry sources, including the articles and presentations published by the India Brand Equity Foundation on Infrastructure sector in India. Further, certain data has been reclassified for the purpose of presentation and much of the available information is based on best estimates and should therefore be regarded as indicative only and treated with appropriate caution.

Industry sources and publications generally state that the information contained in such publications has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. Although we believe the industry, market and Government data used in this Letter of Offer is reliable and that website data is as current as practicable, it has not been independently verified by us, the Lead Managers, any of their affiliates or advisors or any other advisors and no representation is made as to the accuracy of the same. Similarly, internal surveys, industry forecasts and market research, while believed to be reliable, have not been independently verified by us. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risk, uncertainties and assumptions, and is subject to change based on various factors.

While our Company believes its internal estimates to be reasonable, such estimates have not been verified by any independent sources and accordingly, neither our Company, nor the Lead Managers can assure the prospective investors as to their accuracy.

The extent to which the market and industry data used in this Letter of Offer is meaningful is dependent 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 disclosed in "*Risk Factors*" beginning on page [●].

Accordingly, investment decisions should not be based solely on such information. For details in relation to the risks involving the industry, market and Government data used in this Letter of Offer, see "*Risk Factors*" beginning on page [●].

## FORWARD-LOOKING STATEMENTS

This Letter of Offer contains certain “forward-looking statements” which are not historical facts. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “can”, “could”, “continue”, “expect”, “estimate”, “intend”, “may”, “likely”, “objective”, “plan”, “propose”, “project”, “seek to”, “will”, “will continue”, “will pursue”, “would”, “will likely result”, “is likely”, “are likely”, “expected to”, “will achieve” or other words or phrases of similar import but are not the exclusive means of identifying such statements. Similarly, statements that describe our strategies, objectives, plans, goals, future events, future financial performance, or financial needs are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations, and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

These forward-looking statements, whether made by us or a third-party, are based on our current plans, estimates, presumptions and expectations and actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, inter alia, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- Our dependency on projects in India undertaken or awarded by government authorities or other entities funded by the GOI or State Governments.
- 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;

For further discussion on factors that could cause actual results to differ from expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages [●], [●] and [●], respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

We cannot assure you that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect the current views of our Company as of the date of this Letter of Offer and are not a guarantee of future performance. These statements are based on our management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Lead Managers nor any of their respective affiliates has any obligation to update or otherwise revise any statements whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise reflecting circumstances arising after the date of this

Letter of Offer or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. All forward looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Managers will ensure that Eligible Equity Shareholders are informed of material developments from the date of this Letter of Offer until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchange.

## SUMMARY OF THIS LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to prospective investors. This summary should be read in conjunction with and is qualified in its entirety by, the more detailed information appearing in this Letter of Offer, including the chapters titled “Risk Factors”, “Objects of the Issue”, “Our Business” and “Outstanding Litigations and Defaults” on pages [●], [●], [●] and [●], respectively.

### Primary Business of our Company

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, construction of tunnels 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, 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.

For further details, see “Our Business” on page [●].

### Objects of the Issue

Our Company intends to utilize the Net Proceeds raised through the Issue towards the following objects:

(in ₹ million)	
Particulars	Estimated amount (Up to)
Prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest)	2,230.00
General corporate purpose*	[●]
<b>Net Proceeds**</b>	<b>[●]</b>

\*Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purpose shall not exceed 25% of the Gross Proceeds

\*\*Assuming full subscription in the Issue and subject to the finalisation of the basis of Allotment and the allotment of the Rights Equity Shares. In the event the Issue is not fully subscribed, the Company shall first utilise the Net Proceeds towards Prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest); and, towards general corporate purposes, provided that the total amount utilised towards general corporate purposes shall not exceed 25% of the Gross Proceeds.

For further details, see “Objects of the Issue” on page [●].

### Intention and extent of participation by our Promoters/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their right entitlement

Our Promoter, Raahitya Constructions Private Limited, by its letter dated January 16, 2023 (the “**Promoters Subscription Letter**”) on behalf of the Promoter Group of the Company, have confirmed their intention to (a) subscribe to the full extent of their aggregate Rights Entitlements in the Issue including the renunciation of Rights Entitlements made in their favour by the other members of the Promoter and Promoter Group; and (b) subscribe to additional Rights Equity Shares, over and above their Rights Entitlements (including the unsubscribed portion in the Issue, if any) jointly or severally, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations in order to achieve the minimum subscription of the Issue in accordance with Regulation 86 of the SEBI ICDR Regulations.

The acquisition of Rights Equity Shares by our Promoters, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

### Summary of outstanding litigations and defaults

A summary of outstanding legal proceedings involving our Company and Subsidiaries as on the date of this Letter of Offer is set forth in the table below:

Nature of Cases	Number of cases	Aggregate amount involved* (₹ in million)
<b>Litigations involving our Company</b>		
<b>A. Proceedings involving moral turpitude or criminal liability on our Company</b>		
- Filed by our Company	7	270.68
- Filed against our Company	3	520
<b>B. Proceedings involving material violations of statutory regulation</b>	Nil	Nil
<b>C. Tax Matters</b>		
- Direct Tax	67	3276.62
- Indirect Tax	20	1526.29
<b>D. Matters involving economic offences where proceedings have been initiated against our Company</b>	Nil	Nil
<b>E. Other proceedings involving our Company which involve an amount exceeding Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company</b>		
- Filed by our Company	10	4512.56
- Filed against our Company	11	8378.64
<b>Litigation involving our Subsidiaries</b>		
<b>Proceedings involving moral turpitude or criminal liability on our Subsidiaries</b>		
Filed by our Subsidiaries	Nil	Nil
Filed against our Subsidiaries	Nil	Nil
<b>Proceedings involving material violations of statutory regulation by our Subsidiaries</b>		
<b>Tax Matters</b>		
Direct Tax	21	413.00
Indirect Tax	2	233.66
<b>Matters involving economic offences where proceedings have been initiated against our Subsidiaries</b>	Nil	Nil
<b>Other proceedings involving our Company which involve an amount exceeding Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiaries</b>		
Filed by our Subsidiaries	Nil	Nil
Filed against our Subsidiaries	1	Nil

\*To the extent quantifiable.

For further details, see “*Outstanding Litigations and Defaults*” beginning on page [●].

## Risk Factors

For details, see “*Risk Factors*” on page [●]. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

## Contingent Liabilities

For details regarding our contingent liabilities as per Ind AS 37 for the Financial Year 2022 and Financial Year 2021, please see the section entitled “*Financial Statements*” on page [●].

**Related Party Transactions**

For details regarding our related party transactions as per Ind AS 24 entered into by our Company for Financial Year 2022 and Financial Year 2021 please see the section entitled “*Financial Statements*” on page [●].

**Issue of Equity Shares for consideration other than cash**

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of filing of this Letter of Offer.



## SECTION II – RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. You should carefully consider all the information in this Letter of Offer, 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, the Equity Shares, the industry in which we operate or the regions in which we operate. If one, or any combination, of the following risks or other risks which are not currently known or are now deemed immaterial actually occurs or were to occur, our business, results of operations, financial condition and prospects could suffer and the trading price of the Equity Shares could decline and you may lose all or part of your investment. Unless specified in the relevant risk factor below, we are not in a position to quantify the financial implication of any of the risks mentioned below. Further, some events may be material collectively rather than individually.*

*We have described the risks and uncertainties that our management believes are material but the risks set out in this Letter of Offer may not be exhaustive and additional risks and uncertainties not presently known to us, or which we currently deem to be immaterial, may arise or may become material in the future. To obtain a complete understanding of our business, you should read this section in conjunction with the section entitled “Our Business”, and “Financial Statements” on pages [●] and [●], respectively. In making an investment decision, prospective investors must rely on their own examination of us 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 to you of an investment in our Equity Shares.*

*Prospective investors 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. This Letter of Offer also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Letter of Offer. See “Forward Looking Statements” on page [●].*

*In this section, unless the context otherwise indicates or implies, “we”, “us” and “our” refer to our Company together with our Subsidiaries, Joint Ventures and Associate Companies. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.*

### INTERNAL RISK FACTOR

- 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 contacts and agreements are entered into with various Central/State Governments and public sector undertakings wherein Central and/or State Governments hold a majority stake. Public sector undertakings are controlled by the Government appointees and extraneous considerations may be involved while awarding projects. 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 September 30, 2022, contracts and/or orders awarded by the Central and State Governments and PSUs have constituted majority of our Order Book.

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 our projects 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.

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 which may materially and adversely affect our business, prospects, reputation, profitability, financial condition and results of operation***

As on September 30, 2022, our Order Book was ₹1,75,985.05 million. Our Order Book sets forth our expected revenues from uncompleted portions of the construction contracts received. 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. In addition, COVID-19 has had, and may in the future have, a material impact on our business, prospects, financial condition and results of operations. See "— Widespread communicable diseases (such as COVID-19) and natural calamities could have a negative effect on the Indian economy and materially and adversely affect our business, prospects, financial condition and results of operations" on page [•] for a discussion of the risks we face in connection with COVID- 19.

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. 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 our Company and our Subsidiaries. Any adverse outcome in any of these proceedings may adversely affect our reputation, business, operations, financial condition and results of operations.***

There are certain outstanding legal proceedings and claims involving our Company and our Subsidiaries, which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert management time and attention, and consume financial resources in their defence or prosecution. Any unfavorable decision in connection with such proceedings, individually or in the aggregate, could increase our expenses and our liabilities and could materially and adversely affect our reputation, business, operations, prospects or financial results. A summary of the litigation involving our Company and our Subsidiaries is set out below.

Nature of Cases	Number of cases	Aggregate amount involved* (₹ in million)
<b><i>Litigations involving our Company</i></b>		
<b>F. Proceedings involving moral turpitude or criminal liability on our Company</b>		
- Filed by our Company	7	270.68
- Filed against our Company	3	520

<b>G. Proceedings involving material violations of statutory regulation</b>	Nil	Nil
<b>H. Tax Matters</b>		
- Direct Tax	67	3276.62
- Indirect Tax	20	1526.29
<b>I. Matters involving economic offences where proceedings have been initiated against our Company</b>	Nil	Nil
<b>J. Other proceedings involving our Company which involve an amount exceeding Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company</b>		
- Filed by our Company	10	4512.56
- Filed against our Company	11	8378.64
<b>Litigation involving our Subsidiaries</b>		
<b>Proceedings involving moral turpitude or criminal liability on our Subsidiaries</b>		
Filed by our Subsidiaries	Nil	Nil
Filed against our Subsidiaries	Nil	Nil
<b>Proceedings involving material violations of statutory regulation by our Subsidiaries</b>		
<b>Tax Matters</b>		
Direct Tax	21	413.00
Indirect Tax	2	233.66
<b>Matters involving economic offences where proceedings have been initiated against our Subsidiaries</b>	Nil	Nil
<b>Other proceedings involving our Company which involve an amount exceeding Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Subsidiaries</b>		
Filed by our Subsidiaries	Nil	Nil
Filed against our Subsidiaries	1	Nil

*\*To the extent ascertainable and quantifiable.*

In addition, should any new development arise such as changes in India law or rulings against us by appellate court or tribunals, we may need to make provisions in our financial statements which could increase our expenses and current liabilities. We cannot assure you that any of the outstanding legal proceedings will be settled favourably, or that no additional liability will arise out of these proceedings. For further details, see “*Outstanding Litigation and Other Material Developments*” on page [●].

**4. We have recorded loss for the financial year 2021. Any losses in the future may have a significant adverse impact on our financial condition and may lead to further erosion of our net worth.**

We have incurred a net loss of ₹2,907.47 million for the financial year ended March 31, 2021. Major factor which have had a negative impact on our revenues resulting into a net loss in the financial year ended March 31, 2021 was the Covid-19 pandemic that broke out in 2020. The GOI imposed a nation-wide lockdown across India which disrupted or restricted our ability to carry out construction activities due to delay in delivery of key raw materials, non-availability of labour etc. Further our fixed administrative cost/ overhead cost remained the same thereby adversely impacting our results of operation and cash flow for the fiscal 2021. However, we recorded profit before minority and other comprehensive income of ₹718.49 million and ₹674.85 million for the financial year ended on March 31, 2022 and six-month period ended September 30, 2022, respectively. Further, during Fiscal 2022, the Company has allotted 1,37,77,470 Equity Shares against conversion of debt into Equity shares to Canara Bank pursuant to one-time settlement with the Rupee Term Loan lenders of Dirang Energy Private Limited, the wholly owned subsidiary of the Company. Similarly in the past we have converted debt repayable to the Banks into equity. We may incur losses in the future for a number of reasons and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events. If we incur losses in the future or unable to generate sufficient revenue to meet our financial targets, reduce costs, become profitable and have sustainable positive cash flows, investors could lose their investment and the market price of our Equity Shares could suffer.

**5. *Delays in the completion of current and future projects could materially and adversely impact our results of operations 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 ordinarily 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. 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.

**6. *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 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, although price competitiveness of the bid is typically the most important selection criterion. 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 be awarded 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. 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. 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.

**7. *A delay and/ or failure in the supply of materials, services and finished goods from third parties at 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 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.

- 8. *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 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 SEBI Listing Regulations. During the last three preceding years from the date of this Letter of Offer our Company has complied with SEBI Listing Regulation except one instance where there was a delay in intimation to the stock exchanges under Regulation 29(3) for which necessary fine was levied by the Stock Exchanges to the Company and the same was paid. 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. 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.

- 9. *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 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 defense or prosecution of such legal proceedings or cause delays in the construction, development or commencement of operations of our projects.

- 10. *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 September 30, 2022, we had consolidated borrowings (including current maturities of long term debt) for amounts aggregating to ₹21,986.17 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 prior to

carrying out certain activities or entering into certain transactions. Further, in the consortium meeting of our lenders held on December 29, 2022, they have noted the proposal of the Rights Issue.

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. 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.

***11. 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 September 30, 2022, we had consolidated borrowings (including current maturities of long term debt) for amounts aggregating to ₹21,986.17 million.

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.

***12. 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 sub-contractor and we further sub-contract our work on almost all 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.

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.

***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. 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 damages 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.

***15. 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 “*Financial Statements*” on page [●].

***16. 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.



***17. 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 September 30, 2022 approximately 84.44% 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. 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.

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

We have business activities that 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 high temperatures during summer months and during the monsoon season, which restricts our ability to carry on construction activities and fully utilize our resources. This could significantly affect our operations which in turn reduces our revenues and our profitability.

***19. 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. As part of our growth strategy, we may seek to acquire technologies and products, but we may fail to complete such acquisitions or realize the anticipated benefits of such acquisitions and may incur costs that could negatively affect our business.

In addition, 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.

***20. 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 the Financial Year ended March 31, 2022 and six month period ended September 30, 2022, ₹7,688.33 million and ₹8,223.05 million representing 72.84 % and 81.63 % of our total trade receivables on consolidated basis have been outstanding for a period exceeding six months from their respective due dates. 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 Letter of Offer, 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. 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.

**21. *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

**22. *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.

**23. *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 September 30, 2022, we have 31 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.

**24. *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 “*Our Management*” on page [●]. 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.

**25. *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 [●]. 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.

**26. *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.

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

As March 31, 2022, the following contingent liabilities are appearing in our Consolidated Audited Financial Statements:

- a. Commitment for capital expenditure is ₹875.25 million (previous year ₹725.97 million), advance paid ₹91.83 million (previous year ₹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 ₹18,032.60 million (previous year ₹19,155.26 million) (including Customs ₹42.88 million (previous year ₹42.88 million). Corporate guarantees / Letter of Credit on behalf of subsidiaries and others is ₹4751.85 Million (previous year ₹6521.45 million). Net off Share of JV Partner and provisions already considered in books.
- c. Client has claimed an amount of ₹Nil (previous year ₹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 ₹1467.03 million (previous year ₹1462.73 million) and advance paid ₹9.45 million (previous year ₹9.55 million). Out of the above, ₹760.19 million (previous year ₹760.19 million) is contractually recoverable from the Clients.
- e. Sales tax ₹73.67 million (previous year ₹76.52 million) (Advance paid ₹0.20 million (previous year ₹1.74 million)), Cess ₹122.64 million (previous year ₹122.64 million), Custom Duty ₹16.49 million (previous year ₹16.49 million) (Advance paid ₹8.46 million (previous year ₹8.46 million).
- f. Income tax liability that may arise on matters in appeal ₹3,530.76 million (previous year ₹2,399.38 million).
- g. Provident fund liability that may arise on matter in appeal ₹14.35 million (previous year ₹14.35 million) and advance Paid ₹14.35 million (previous year ₹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 affect 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 ₹Nil (previous year ₹29.99 million) have been discounted with bank on recourse basis.
- l. On Settlement with a vendor, Group has given flats of ₹50.00 million (previous year ₹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 Government of Arunachal Pradesh against the judgment of the Hon'ble Guwahati High Court in favour 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 judgment 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 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 Patel Engineering Limited 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 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.

Additionally, as on March 31, 2022, there are default in following statutory dues as on March 31, 2022:

S. No.	Nature of Statutory Dues	March 31, 2022 (₹ in million)
1.	VAT liabilities	0.19
2.	Service tax liabilities (in Subsidiary)	18.42

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.

**28. Our Promoters have issued personal guarantees to the lenders of our Company which could be invoked.**

Our Promoters have provided personal guarantees to the lenders of our Company for securing certain loans. If any of these guarantees are revoked, our Company's lenders may require alternative guarantees or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If our Company is unable to procure alternative guarantees satisfactory to the lenders, our Company 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.

**29. Our Auditors have included matters of emphasis in relation to our Company in the Consolidated Audited Financial Statement.**

In its report on the audited consolidated financial statements of our Company as at and for the year ended March 31, 2022 and the limited review interim unaudited consolidated financial results of our Company for six month period ended September 30, 2022, 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 [●]. Potential investors should consider these matters in evaluating our financial position, cash flows and results of operations.

**30. We face significant competition and if we fail to compete effectively, our business, prospects, financial condition and results of operations will be 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.

**31. *Statistical and industry data in this Letter of Offer may be incomplete or unreliable.***

We have not independently verified data obtained from industry publications and other sources referred to in this Letter of Offer and therefore, while we believe them to be true, we cannot assure you that they are complete or reliable. Such data may also be produced on different bases from those used in the industry publications we have referenced. Therefore, discussions of matters relating to India, its economy, the construction and infrastructure industry or the steel industry are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable.

**32. *We may be subject to interest rate risk.***

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.

**33. *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 the purposes described in “*Objects of the Issue*” on page [•]. 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. 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.

**34. *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 September 30, 2022, an aggregate of 22,03,63,109 Equity Shares held by our Promoters, representing 42.73 % of the paid-up equity share capital of our Company and representing 98.27% 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.

**35. *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 September 30, 2022, we had consolidated borrowings (including current maturities of long term debt) for amounts aggregating to ₹21,986.17 million. Our current rating(s) and outlook, and latest rating action by Acuité Ratings & Research Limited for the aforementioned borrowings are as under:

	Long Term Instruments	Short Term Instruments
Rating	ACUITE BBB	ACUITE A3+
Outlook	Stable	Not applicable
Most recent Rating Action	Upgraded	Upgraded
Date of most recent Rating Action	December 02, 2022	December 02, 2022

Further, for Non Convertible Debentures, we have received ACUITE BBB rating with Stable outlook by Acuité Ratings & Research Limited. We 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.

***36. A portion of the Net Proceeds may be utilized for pre-payment and /or repayment of certain loans availed by our Company from Bank of Baroda and IDBI Bank Limited, who is related to our Lead Managers.***

We propose to prepay or repay loans availed from Bank of Baroda and IDBI Bank Limited from the Net Proceeds. BOB Capital Markets Limited and IDBI Capital Markets & Securities Limited are appointed as a Lead Managers to the Issue and is related to our lenders, namely Bank of Baroda and IDBI Bank Limited, respectively. However, on account of this relationship, our Lead Managers does not qualify as an associate of our Company in terms of Regulation 21(A)(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations. Further, in this connection, please note that the loan provided by Bank of Baroda and IDBI Bank Limited to our Company is part of their ordinary course of lending business. Accordingly, we do not believe that there is any conflict of interest in terms of the SEBI Merchant Banking Regulations, as amended or any other applicable law. The Board of Directors of our Company have chosen the loans and facilities to be prepaid/repaid based on commercial considerations. For further information, see “*Objects of the Issue*” on page [•].

Due to the slowdown in the Indian economy and the business of the Company facing cash flow issues due to delay in realization of receivables and awards under certain arbitration proceedings, the lenders decided to implement Strategic Debt Restructuring (“SDR”) as per scheme of the Reserve Bank of India in May 2016. The lenders adopted the SDR mechanism with a reference date of May 26, 2016. Pursuant to the SDR Scheme, we have allotted 80,188,409 Equity Shares (including allotment of 1,21,02,989 Equity Shares to erstwhile Dena Bank, 66,85,461 Equity Shares to IDBI Bank, 63,90,891 Equity Shares to Bank of Baroda including other lenders) aggregating to 51.08% of then paid-up equity share capital of our Company by way of conversion of debt held by the lenders amounting to ₹ 4,185.83 million into equity. Further, as on December 31, 2022, Bank of Baroda is holding 20,572,368 Equity Shares of our Company aggregating 3.99% of our paid up share capital. However, there can be no assurance that the prepayment/repayment of such loans from the Net Proceeds to the affiliate of our Lead Managers will not be perceived as a current or potential conflict of interest.

## **EXTERNAL RISK FACTORS**

***37. Our business is affected by prevailing economic, political and other prevailing conditions in India or globally and the markets we currently service.***

Our results of operations and financial condition depend significantly on prevailing economic conditions in India and our results of operations are affected by factors influencing the Indian economy. Various factors may lead to a slowdown in the Indian, which in turn may adversely impact our business, prospects, financial performance and operations. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, global political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, volatility in inflation rates and various other factors. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations. Any slowdown in the economy of the markets in which we operate may adversely affect our business and financial performance of our business and operation.

Global economic conditions, such as slow-downs in the economic growth of other countries, the continued economic impact of COVID-19 or increases in the price of oil, have an impact on the growth of the Indian economy and Government policies may change in response to such conditions. The overall economic growth will therefore affect our results of operations. The global credit markets and financial services industry have been experiencing a period of upheaval characterized by the bankruptcy, failure, collapse or sale of various financial institutions, severely diminished liquidity and credit availability, declines in consumer confidence, declines in economic growth, increases in unemployment rates, uncertainty about economic stability, the continued impact of COVID-19 and an unprecedented intervention by Governments and monetary authorities. While the ultimate outcome of these events cannot be predicted, it may have an adverse effect on our ability to borrow or raise additional funds in the capital markets on favourable terms, or at all. Similarly, demand for infrastructure facilities may be adversely affected as a result of the slowdown in the Indian economy.

**38. *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.

**39. *Terrorist attacks, civil disturbances, regional conflicts and other acts of violence in India and abroad may disrupt or otherwise adversely affect the Indian economy, the health of which our business depends on.***

India has from time to time experienced social and civil unrest and terrorist attacks. These events could lead to political or economic instability in India. Events of this nature in the future could have a material adverse effect on our ability to develop our business. As a result, our business, results of operations and financial condition may be adversely affected. India has also experienced social unrest, Naxalite violence and communal disturbances in some parts of the country. If such tensions occur in places where we operate or in other parts of the country, leading to overall political and economic instability, it could adversely affect our business, results of operations, financial condition and trading price of our Equity Shares.

**40. *Widespread communicable diseases (such as COVID-19) and natural calamities could have a negative effect on the Indian economy and materially and adversely affect our business, prospects, financial condition and results of operations.***

The outbreak of COVID-19 in the first calendar quarter of 2020 (together with the resulting lockdowns, imposition of quarantines and restrictions on travel) has had, and we expect will continue to have, a negative impact on the economy and business activities in India and elsewhere, including our business operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Factors Affecting Our Results of Operations — Impact of COVID-19" on page [•] for a discussion on how COVID-19 specifically affected our business operations. Since February 2021, India has recorded an increase in daily new COVID-19 cases. Lockdowns and curfews have been implemented by a few states, and a further increase in daily new COVID-19 cases in India could result in new lockdowns and curfews, imposition of quarantines and restrictions on travel, which could thereby adversely affect our business, prospects, financial condition and results of operations. Future outbreaks of other infectious diseases may have a similar impact.

India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their effect on the Indian economy. The erratic progress of a monsoon would also adversely affect sowing operations for certain crops thereby affecting agricultural income in the country. Further prolonged spells of below normal rainfall or other natural calamities in the future could have a negative effect on the Indian economy, adversely affecting our business, prospects, financial condition and results of operations.

**41. *The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.***



India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could have an adverse effect on our results of operations and financial condition.

**42. *Investors may have difficulty enforcing foreign judgements against us or our management.***

We are a limited liability company incorporated under the laws of India. All of our Directors and key management personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us 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. 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 amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

**43. *Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business results of operations, cash flows and financial performance.***

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country.

**44. *A third party could be prevented from acquiring control of us because of anti-takeover provisions under Indian law.***

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company. Under the SEBI SAST Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors / shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, if a potential takeover of our Company would result in the purchase of the Rights Equity Shares at a premium to their market price or would otherwise be beneficial to our Shareholders, such a takeover may not be attempted or consummated because of SEBI SAST Regulations.

**Risks relating to the Equity Shares**

**45. *Our Company will not distribute the Letter of Offer and CAF to certain overseas Shareholders who have not provided an address in India for service of documents.***

Our Company will dispatch the Letter of Offer, the Abridged Letter of Offer and CAF (the "Offering Materials") to such Shareholders who have provided an address in India for service of documents. The Offering Materials will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. However, the Companies Act requires companies to serve documents at any address, which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013, and the rules thereunder, with respect to distribution of Offering Materials to retail

individual shareholders in overseas jurisdictions where such distribution may be prohibited under applicable laws of such jurisdictions.

**46. *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.***

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 and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares.

**47. *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. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹1 lakh arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealised capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax (“STT”), on the sale of any Equity Shares held for more than 12 months at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the Stock Exchanges, the quantum of gains and any available treaty relief. STT will be levied on the seller and/or the purchaser of the Equity Shares and collected by a domestic stock exchange on which the Equity Shares are sold.

Further, any gain realised 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.

The GoI announced the union budget for fiscal year 2023, following which the Finance Bill, 2022 was introduced in the Lok Sabha on February 1, 2022. Subsequently, the Finance Bill 2022 received the assent from the President of India on March 30, 2022, and became the Finance Act, 2022 (“**Finance Act 2022**”). We cannot predict whether the amendments made and yet to be notified pursuant to the Finance Act 2022 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Any changes in the Finance Act 2022 or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws that are applicable to our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals.

**48. *You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk***

The Equity Shares that you subscribe in the Issue may not be credited to your demat account with the depository participants until approximately 15 days from the Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

**49. *There is no guarantee that our Equity Shares will be listed in a timely manner or at all, and any trading closures at the Stock Exchanges may adversely affect the trading price of our Equity Shares.***

In accordance with Indian law and practice, final approval for listing and trading of the Equity Shares will not be granted by the Stock Exchanges until after those Equity Shares have been issued and allotted. Approval will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on Stock Exchanges. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares. Further, historical trading prices, therefore, may not be

indicative of the prices at which the Equity Shares will trade in the future.

Secondary market trading in our Equity Shares may be halted by a stock exchange because of market conditions or other reasons. Additionally, an exchange or market may also close or issue trading halts on specific securities, or the ability to buy or sell certain securities or financial instruments may be restricted, which may adversely impact the ability of our shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares at a particular point in time.

***50. Holders of Equity Shares could be restricted in their ability to exercise pre-emptive rights under Indian law and could thereby suffer future dilution of their ownership position.***

Under the Companies Act, any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the 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 shares voted on such resolution, unless our Company has obtained Government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us 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. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

***51. 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:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- 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.

***52. Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.***

The Indian securities markets are smaller and more volatile than securities markets in more developed economies. The Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Prices of listed securities are subject to of volatility linked among other factors to the uncertainty in the global markets and the rising inflationary and interest rate pressures domestically. The governing bodies of the Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Future fluctuations or trading restrictions could have a material adverse effect on the price of our Equity Shares.

## SECTION III – INTRODUCTION

### THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on December 16, 2022, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms and conditions of the Issue including the rights entitlement ratio, Issue Price, Record Date, timing of the Issue and other related matters have been approved by a resolution passed by the Allotment Committee at its meeting held on [●], 2023.

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information included in “*Terms of the Issue*” on page [●].

<b>Rights Equity Shares being offered by our Company</b>	Up to [●] Equity Shares
<b>Rights Entitlement for Rights Equity Shares</b>	[●] Rights Equity Share for every [●] fully paid-up Equity Shares held on the Record Date
<b>Record Date</b>	[●], 2023
<b>Face value per Equity Share</b>	₹ 1 each
<b>Issue Price</b>	₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share)
<b>Dividend</b>	Such dividend as may be recommended by our Board and declared by our Shareholders, in accordance with applicable law
<b>Issue Size</b>	Up to ₹ 3,250.00 million* *Assuming full subscription
<b>Equity Shares paid-up prior to the Issue</b>	515,744,819 Equity Shares. For details, please see the section entitled “ <i>Capital Structure</i> ” on page [●].
<b>Equity Shares paid-up after the Issue (assuming full subscription for and allotment of the Rights Equity Shares)</b>	[●] <sup>#</sup> Equity Shares #Assuming full subscription
<b>Security Codes</b>	ISIN for Equity Shares: INE244B01030 BSE: 531120 NSE: PATELENG
<b>ISIN for Rights Entitlement</b>	[●]
<b>Terms of the Issue</b>	For further information, please see the section entitled “ <i>Terms of the Issue</i> ” on page [●]
<b>Use of Issue Proceeds</b>	For further information, please see the section entitled “ <i>Objects of the Issue</i> ” on page [●]

For details in relation fractional entitlements, please see the section entitled “*Terms of the Issue – Basis for this Issue and Terms of this Issue – Fractional Entitlements*” on page [●].

### Terms of Payment

Due Date	Amount payable per Rights Equity Shares (including premium)
On the Issue application (i.e. along with the Application Form)	₹ [●]

## 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.

### Changes in our registered office

Except as disclosed below, there has been no change in the registered office of our Company since incorporation:

Date of change of registered office	Details of the address of Registered Office
September 12, 1950	The registered office of our Company was changed from 45/47, Appollo Street, Fort, Mumbai – 400 023, Maharashtra, India to United India Building, 3, Sir Phirozshah Mehta Road, Fort, Mumbai – 400 023, Maharashtra, India.
April 27, 1961	The registered office of our Company was changed from United India Building, 3, Sir Phirozshah Mehta Road, Fort, Mumbai – 400 023, Maharashtra, India to Patel Estate SV Road, Jogeshwari (West), Mumbai – 400 102, Maharashtra, India.

### Registered Office of our Company

Patel Estate SV Road,  
Jogeshwari (West), Mumbai – 400 102,  
Maharashtra, India

Our Company does not have a corporate office.

### Registration number and corporate identity number of our Company

The registration number and corporate identity number of our Company are as follows:

**Company registration number:** 007039

**Corporate identity number:** L99999MH1949PLC007039

### Address of the RoC

Our Company is registered with the Registrar of Companies, Maharashtra at Mumbai, which is situated at the following address:

The Registrar of Companies, Maharashtra  
100, Everest, Marine Drive,  
Mumbai – 400 002,  
Maharashtra, India

### Company Secretary and Compliance Officer

Shobha Shetty is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

#### Shobha Shetty

Patel Estate SV Road,  
Jogeshwari (West), Mumbai – 400 102,  
Maharashtra, India

**Tel.:** +91 22 2676 7513

**Email:** [shobha.shetty@pateleng.com](mailto:shobha.shetty@pateleng.com)

### **Lead Managers to the Issue**

#### **BOB Capital Markets Limited**

Parinee Crescenzo, 1704, B Wing, 17th Floor  
Plot no. C-38/39, G Block, Bandra Kurla Complex  
Bandra East, Mumbai – 400 051  
Maharashtra, India

**Telephone:** +91 22 6138 9353

**Email:** pel.rights@bobcaps.in

**Investor Grievance Email:** investorgrievance@bobcaps.in

**Contact Person:** Nivedika Chavan / Manan Khandelwal

**Website:** www.bobcaps.in

**SEBI Registration Number:** INM000009926

#### **IDBI Capital Markets & Securities Limited**

6th Floor, IDBI Tower,  
WTC Complex, Cuffe Parade,  
Mumbai - 400 005  
Maharashtra, India

**Telephone:** +91 (22) 2217 1953

**Email:** pel.rights@idbicapital.com

**Investor Grievance Email:** redressal@idbicapital.com

**Contact Person:** Suhas Satardekar/ Rahul Sharma

**Website:** www.idbicapital.com

**SEBI Registration Number:** INM000010866

### **Legal advisors to the Issue**

#### **M/s. Crawford Bayley and Co.**

State Bank Building, 4th Floor  
N.G.N. Vaidya Marg, Fort  
Mumbai – 400 023  
Maharashtra, India

**Tel:** +91 22 2266 3353

**Email:** sanjay.asher@crawfordbayley.com

**Contact Person:** Sanjay Asher

### **Advisor to the Issue**

#### **Neomile Corporate Advisory Limited**

Unit No. 1215, C Wing, One BKC, Bandra Kurla Complex  
Bandra East, Mumbai – 400 051  
Maharashtra, India

**Telephone:** +91 22 62398080

**Email:** info@neomilecapital.com

**Website:** www.neomilecapital.com

**Contact Person:** Kirtan Rupareliya

### **Statutory Auditors of our Company**

#### **M/s. Vatsaraj & Co., Chartered Accountants**

1<sup>st</sup> Floor, Fort Chambers,  
“C” Block, 65, Tamarind Lane, Fort,  
Mumbai – 400 023,  
Maharashtra, India

**Tel.:** +91 22 40693900

**Firm Registration No.:** 111327W

**Peer Review No.:** 012470

**Email:** admin@vatsarajco.com

**Website:** www.vatsarajco.com

## **Registrar to the Issue**

### **Link Intime India Private Limited**

C-101, 247 Park, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai – 400 083,  
Maharashtra, India

**Telephone:** +91 +91 810 811 4949

**Email:** pateleng.rights@linkintime.co.in

**Investor Grievance Email:** pateleng.rights@linkintime.co.in

**Website:** www.linkintime.co.in

**Contact Person:** Sumeet Deshpande

**SEBI Registration Number:** INR000004058

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre Issue or post-Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB (in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSB where the Application Form, or the plain paper application, as the case may be, to be submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see the section entitled “*Terms of the Issue*” on page [●].

## **Expert**

Our Company has received written consent dated [●], 2023 from M/s. Vatsaraj & Co., Chartered Accountants to include their name as required under Section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Letter of Offer and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditor, and in respect of their (i) Unaudited Consolidated Financial Results and (ii) the statement of special tax benefits available to the Company and its shareholders dated [●], 2023, included in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer.

Except as stated above, our Company has not obtained any expert opinions.

Further, our Company has received written consent dated [●], 2023 from T P Ostwal & Associates LLP, Chartered Accountants, Previous Statutory Auditor to include their name as required under Section 26 (1) of the Companies Act, 2013 read with SEBI ICDR Regulations, in this Letter of Offer in their capacity as our Previous Statutory Auditor, and in respect of their (i) Audited Consolidated Financial Statement, included in this Letter of Offer and such consent has not been withdrawn as on the date of this Letter of Offer.

However, the term “expert” shall not be construed to mean an “Expert” as defined under the U.S. Securities Act.

## **Banker to the Issue / Refund Bank**

**Name:** [●]

**Address:** [●]

**Tel:** +91 [●]

**Email:** [●]

**Website:** [●]

**Contact Person:** [●]

**SEBI Registration No.:** [●]

## **Self-Certified Syndicate Banks**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34> and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link.

**Issue Schedule:**

Particulars	Day and Date
Last Date for credit of the Rights Entitlements	[●]
Issue Opening Date	[●]
Last date for On Market Renunciation of the Rights Entitlements <sup>#</sup>	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

*#Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

*Our Board or the Allotment Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Managers.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●], 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●], 2023.

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Managers or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, please see the section entitled “*Terms of the Issue - Process of making an Application in the Issue*” on page [●].

The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in), after keying in their respective details along with other security control measures implemented thereat. For further details, please see the section entitled “*Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*” on page [●].

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

**Inter se allocation of responsibilities**

The inter se allocation of responsibilities between the Lead Managers is listed below

Sr. no.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instrument, number of instruments to be issued, etc.	BOBCAPS & IDBI Capital	BOBCAPS
2.	Coordination for drafting and designing of Letter of Offer, Abridged Letter of Offer, CAF, rights entitlement intimation and Statutory advertisement as per SEBI ICDR Regulations and other stipulated requirements and completion of filings with the Stock Exchanges and SEBI	BOBCAPS & IDBI Capital	BOBCAPS
3.	Election of various agencies connected with the Issue, namely Registrar to the Issue. Escrow Bank / Banker(s) to	BOBCAPS & IDBI Capital	BOBCAPS



	the Issue, Advertising Agency, Monitoring Agency and coordination of execution of related agreements		
4.	Drafting and approval of all publicity material including corporate advertisement, brochure, corporate films, etc. and coordination for filing of media compliance report, if any.	BOBCAPS & IDBI Capital	IDBI Capital
5.	Formulating strategy which will cover, inter alia, distribution of publicity and Issue materials including CAF, brochure, Letter of Offer and coordination for queries related to investors	BOBCAPS & IDBI Capital	BOBCAPS
6.	Submission of 1% security deposit	BOBCAPS & IDBI Capital	IDBI Capital
7.	Coordination with stock exchanges and formalities for use of online software, bidding terminal, mock trading, trading of Rights Entitlement etc.	BOBCAPS & IDBI Capital	IDBI Capital
8.	Post-Issue activities, which shall involve essential follow-up steps including follow-up with Escrow Bank/ Bankers to the Issue and the SCBs to get quick estimates of collection and advising our Company about the closure of the Issue, finalization of the Basis of Allotment, technical rejections or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post issue activity such as Registrar to the Issue, Escrow Bank/ Bankers to the Issue, SCBs, etc. and release of 1% security deposit	BOBCAPS & IDBI Capital	IDBI Capital

### Credit Rating

As the Issue is of Equity Shares, there is no requirement of credit rating for the Issue.

### Debenture Trustee

As the Issue is of Equity Shares, the appointment of debenture trustee is not required.

### Monitoring Agency

The Company has appointed [●] as the Monitoring Agency to monitor the utilization of the Net Proceeds in terms of Regulation 82 of the SEBI ICDR Regulations.

Name: [●]

Address: [●]

Tel: +91 22 [●]

Email: [●]

Website: [●]

Contact Person: [●]

SEBI Registration Number: [●]

### Underwriting

This Issue is not underwritten.

### Filing

This Letter of Offer is being filed with the Stock Exchanges and SEBI as per the provisions of the SEBI ICDR Regulations. Further in terms of SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange do an online filing of the Letter of Offer through Lead Managers with SEBI through the SEBI Intermediary Portal at <https://sipotal.sebi.gov.in>, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018 and through email at

cfddil@sebi.gov.in, in accordance with the instructions issued by SEBI on March 27, 2020, in relation to '*Easing of Operational Procedure – Division of Issues and Listing – CFD*'.

### **Minimum Subscription**

The objects of the Issue involve (i) Prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest) (ii) general corporate purposes. Further, our Promoters have undertaken that they will (a) subscribe to the full extent of their aggregate Rights Entitlements in the Issue including the renunciation of Rights Entitlements made in their favour by the other members of the Promoter and Promoter Group; and (b) subscribe to additional Rights Equity Shares, over and above their Rights Entitlements (including the unsubscribed portion in the Issue, if any) jointly or severally, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations in order to achieve the minimum subscription of the Issue in accordance with Regulation 86 of the SEBI ICDR Regulations

The acquisition of Rights Equity Shares by our Promoters, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

## CAPITAL STRUCTURE

The share capital of our Company as at the date of this Letter of Offer (before and after the Issue) is set forth below:

(₹ in million, except share data)		
Particulars	Aggregate value at nominal price	Aggregate value at issue price
<b>AUTHORISED SHARE CAPITAL</b>		
10,754,300,000 Equity Shares of ₹ 1 each	1,0754.30	NA
<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE</b>		
515,744,819 Equity Shares of ₹ 1 each	515.74	NA
<b>PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER <sup>(1)</sup></b>		
Up to [●] Rights Equity Shares of ₹ 1 each at a price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share)	[●]	
<b>ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL AFTER THE ISSUE</b>		
[●] Equity Shares of ₹ 1 each <sup>(2)</sup>	[●]	[●]
<b>SECURITIES PREMIUM ACCOUNT</b>		
Before the Issue <sup>(3)</sup>		15,435.20
After the Issue <sup>(4)</sup>		[●]

(1) The Issue has been authorised by a resolution passed by our Board at its meeting held on December 16, 2022, pursuant to Section 62(1)(a) and other applicable provisions of the Companies Act, 2013.

(2) Assuming full subscription by the Eligible Equity Shareholders of the Rights Equity Shares.

(3) As on the date of this Letter of Offer.

(4) Subject to finalisation of Basis of Allotment, Allotment and deduction of Issue expenses.

### Notes to the Capital Structure

- Shareholding Pattern of the Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations**
  - The shareholding pattern of our Company as on September 30, 2022, can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/patel-engineering-ltd/pateleng/531120/shareholding-pattern/>; and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PATELENG&tabIndex=equity>;
  - The statement showing holding of Equity Shares of persons belonging to the category “Promoter and Promoter Group” including the details of lock-in, pledge and encumbrance thereon, as on September 30, 2022, can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=531120&qtrid=115.00&QtrName=September%202022>; and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PATELENG&tabIndex=equity>;
  - The statement showing holding of securities (including Equity Shares, warrants, convertible securities) of persons belonging to the category “Public” including Equity Shareholders holding more than 1% of the total number of Equity Shares as on September 30, 2022, as well as details of shares which remain unclaimed for public can be accessed on the website of BSE at <https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=531120&qtrid=115.00&QtrName=September%202022>; and NSE at <https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=PATELENG&tabIndex=equity>;
- 20,03,63,109 Equity Shares held by our Promoters or Promoter Group are pledged or encumbered out of which 2,97,99470 shares are locked in as of the date of this Letter of Offer.

3. No Equity Shares have been acquired by our Promoter or Promoter Group in the last one year immediately preceding the date of this Letter of Offer except inter-se transfer among the Promoters of 39,00,000 Equity Shares from Rupen Patel to Raahitya Constructions Private Limited.

4. Except 41,67,885 of Optionally Convertible Debentures, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Letter of Offer.

5. **Subscription to the Issue by the Promoters and the Promoter Group**

Our Promoter, Raahitya Constructions Private Limited, by its letter dated January 16, 2023 (the “**Promoters Subscription Letter**”) on behalf of the Promoters and Promoter Group of the Company, have confirmed their intention to (a) subscribe to the full extent of their aggregate Rights Entitlements in the Issue including the renunciation of Rights Entitlements made in their favour by the other members of the Promoter and Promoter Group; and (b) subscribe to additional Rights Equity Shares, over and above their Rights Entitlements (including the unsubscribed portion in the Issue, if any) jointly or severally, subject to compliance with the minimum public shareholding requirements, as prescribed under the SCRR and the SEBI Listing Regulations in order to achieve the minimum subscription of the Issue in accordance with Regulation 86 of the SEBI ICDR Regulations.

The acquisition of Rights Equity Shares by our Promoters, over and above their Rights Entitlements shall not result in a change of control of the management of our Company and shall be in compliance with SEBI SAST Regulations. Our Company is in compliance with Regulation 38 of the SEBI Listing Regulations and will continue to comply with the minimum public shareholding requirements pursuant to the Issue.

6. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ [●].

7. Our Company shall ensure that any transaction in the Equity Shares by our Promoters and Promoter Group during the period between the date of filing this Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of such transaction.

8. At any given time, there shall be only one denomination of the Equity Shares of the Company.

9. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Rights Issue, shall be fully paid up. For further details on the terms of the Issue, please see the section entitled “*Terms of the Issue*” on page [●].

10. Our Company has formulated an employee stock option scheme namely the “Patel Engineering Employees’ Stock Option Plan” (“**PESOP**”) pursuant to the shareholders’ resolution dated September 28, 2007, and the PESOP got further extended vide shareholders resolution dated June 19, 2022 with a maximum options to be granted are 3,70,94,240 of face value of ₹1 each. The primary objective of PESOP include, inter alia, 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.

11. Our Company has formulated a General Employee Benefit Scheme namely the Patel Engineering General Employee Benefit Scheme 2015 (“**PELGEBS**”) pursuant to a resolution passed by the shareholders on September 28, 2015 for the welfare and benefit of the employees of the Company

## OBJECTS OF THE ISSUE

Our Company intends to utilize the proceeds raised through the Issue, after deducting Issue related expenses (“**Net Proceeds**”) towards funding the following objects:

- a) prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest); and
- b) general corporate purposes.

(Collectively, referred to herein as the “**Objects**”)

The main objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable us to undertake (i) our existing activities; (ii) the activities for which the borrowings were availed and which are proposed to be repaid/prepaid from the Net Proceeds and (iii) activities for which funds earmarked towards general corporate purposes shall be used.

The Issue Size is up to ₹3,250.00 million and the estimated net proceeds are ₹[●] million, subject to finalisation of Basis of Allocation and actual Allotment.

### Issue Proceeds and Net Proceeds

The details of the Issue Proceeds are set forth in the table below:

(In ₹ million)	
Particulars	Amount
Gross Proceeds from the Issue*	Up to ₹ 3,250.00
Less: Estimated Issue related expenses**	[●]
Net Proceeds	[●]

*\*Assuming full subscription in the Issue and subject to the finalisation of the basis of Allotment and the allotment of the Rights Equity Shares. In the event the Issue is not fully subscribed, the Company shall first utilise the Net Proceeds towards Prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest); and, towards general corporate purposes, provided that the total amount utilised towards general corporate purposes shall not exceed 25% of the Gross Proceeds.*

*\*\* Estimated and subject to change - See “Estimated Issue Related Expenses” on page [●] below.*

### Means of Finance

Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds. Therefore, our Company is not required to make firm arrangements of finance under Regulation 62(1)(c) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance, excluding the amount to be raised from the Issue.

### Utilisation of Proceeds and Schedule of Implementation or Deployment of Net Proceeds

The funding requirements mentioned above are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. They are based on current circumstances of our business and our Company may have to revise its estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management. If additional funds are required for the purposes as mentioned above, such requirement may be met through internal accruals, additional capital infusion, debt arrangements or any combination of them. Further, in the event of any shortfall of funds for any of the activities proposed to be financed out of the Net Proceeds, our Company may re-allocate the Net Proceeds to the activities where such shortfall has arisen, subject to compliance with applicable laws.

The proposed utilization of the Net Proceeds is set forth in the table below:

(In ₹ million)

Particulars	Amount to be funded from the Net Proceeds	Estimated deployment of the Net Proceeds during Fiscal 2023
Prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest); and	2,230.00	2,230.00
General corporate purposes*	[•]	[•]
<b>Net Proceeds**</b>	<b>[•]</b>	<b>[•]</b>

\*Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purpose shall not exceed 25% of the Gross Proceeds

\*\*Assuming full subscription in the Issue and subject to the finalisation of the basis of Allotment and the allotment of the Rights Equity Shares. In the event the Issue is not fully subscribed, the Company shall first utilise the Net Proceeds towards Prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest); and, towards general corporate purposes, provided that the total amount utilised towards general corporate purposes shall not exceed 25% of the Gross Proceeds.

#### Details of the objects of the Issue

##### a) Prepayment and/ or repayment of certain outstanding borrowings availed by our Company (including interest);

Our Company has identified certain secured outstanding borrowings from bank and financial institution of ₹16,504.10 million and promoters loan of ₹ 1,309.07 million as on December 9, 2022 (collectively referred to as “Borrowings”) and part of the unsecured Borrowings are currently held by Raahitya Constructions Private Limited, one of our Promoters (“RCPL”) (“Promoter Loan”). Our Company proposes to utilize an aggregate amount of ₹2230.00 million from the Net Proceeds towards prepayment and /or repayment of principal and interest amount of such Borrowings availed by our Company.

The details of the identified secured and unsecured loans availed by our Company, proposed to be repaid and/or pre-paid and/or adjusted and/or settled, in full or in part, including interest thereon, in the manner detailed above, are as follows:

**a) Identified secured loan availed by Company as at December 9, 2022**

Name of the lender	Purpose/ type of loan*	Tenure of the loan/ Repayment term	Rate of interest (per annum) %	Amount sanctioned (₹ in million)	Amount outstanding as on December 9, 2022* (₹ in million)	Pre-payment penalty
Axis Bank Limited	Cash Credit / Working Capital Demand Loan	Annually review	10.80%	1,489.10	1,476.79	Nil
Bank of Baroda#	Cash Credit / Working Capital Demand Loan	Half yearly review	12.50%	3,361.70	1,658.60	Nil
Bank of India	Cash Credit / Working Capital Demand Loan	Annually review	11.15%	1,371.80	1,147.72	Nil
Bank of Maharashtra	Cash Credit / Working Capital Demand Loan	Annually review	10.60%	1,184.80	1,171.44	Nil
Canara Bank	Cash Credit / Working Capital Demand Loan	Annually review	12.30%	1,126.60	1,124.37	Nil
ICICI Bank Limited	Cash Credit / Working Capital Demand Loan	Annually review	11.30%	1,059.40	906.23	Nil
IDBI Bank Limited\$	Cash Credit / Working Capital Demand Loan	Annually review	11.31%	917.20	862.07	Nil
State Bank of India	Cash Credit / Working Capital Demand Loan	Annually review	9.70%	250.00	213.06	Nil
Union Bank Inc Corporation	Cash Credit / Working Capital Demand Loan	Annually review	10.35%	975.00	835.38	Nil
YES Bank Limited	Cash Credit / Working Capital Demand Loan	Annually review	12.05%	706.55	628.53	Nil
Life Insurance Corporation of India Limited.	Non-Convertible Debentures	Upto September 2023	12.00%	638.00	638.00	Nil
Axis Bank Limited	Funded Interest Term Loan	Upto March 2024	11.50%	235.20	41.88	Nil
Bank of Baroda inc Dena #	Funded Interest Term Loan	Upto March 2024	11.40%	430.80	224.96	Nil
Bank of India	Funded Interest Term Loan	Upto March 2024	11.15%	258.40	72.50	Nil
Bank of Maharashtra	Funded Interest Term Loan	Upto March 2024	10.60%	120.60	58.19	Nil
Canara Bank	Funded Interest Term Loan	Upto March 2024	11.50%	214.00	114.40	Nil
ICICI Bank Limited	Funded Interest Term Loan	Upto March 2024	11.50%	190.00	127.94	Nil

Name of the lender	Purpose/ type of loan*	Tenure of the loan/ Repayment term	Rate of interest (per annum) %	Amount sanctioned (₹ in million)	Amount outstanding as on December 9, 2022* (₹ in million)	Pre-payment penalty
IDBI Bank Limited\$	Funded Interest Term Loan	Upto March 2024	11.50%	188.40	27.82	Nil
Indusind Bank Limited	Funded Interest Term Loan	Upto March 2024	11.50%	33.30	22.37	Nil
RBL Bank Limited	Funded Interest Term Loan	Upto March 2024	11.50%	18.50	9.26	Nil
Union Bank Inc Corporation	Funded Interest Term Loan	Upto March 2024	11.85%	149.40	102.50	Nil
YES Bank Limited	Funded Interest Term Loan	Upto March 2024	12.85%	219.20	124.63	Nil
Indusind Bank Limited	Working Capital Term loan	Upto February 2024	11.50%	144.60	119.46	Nil
RBL Bank	Working Capital Term loan	Upto January 2024	11.75%	85.52	85.52	Nil
SREI	Working Capital Term loan	Upto February 2024	16.00%	73.20	42.60	Nil
Bank of India	Optionally Convertible Debentures	Upto August 2027	7.00%	651.90	651.90	Nil
Bank of Maharashtra	Optionally Convertible Debentures	Upto August 2027	7.00%	489.37	489.37	Nil
DBS Bank Limited	Optionally Convertible Debentures	Upto August 2027	7.00%	358.73	358.73	Nil
EXIM Bank Limited	Optionally Convertible Debentures	Upto August 2027	7.00%	235.87	235.87	Nil
GIC	Optionally Convertible Debentures	Upto August 2029	7.00%	43.90	43.90	Nil
ICICI Bank Limited	Optionally Convertible Debentures	Upto August 2027	7.00%	751.76	751.76	Nil
IDBI Bank Limited\$	Optionally Convertible Debentures	Upto August 2027	7.00%	123.84	123.84	Nil
Indusind Bank Limited	Optionally Convertible Debentures	Upto August 2027	7.00%	78.54	78.54	Nil
Life Insurance Corporation of India Ltd.	Optionally Convertible Debentures	Upto August 2029	7.00%	708.30	708.30	Nil
RBL Bank Limited	Optionally Convertible Debentures	Upto August 2027	7.00%	50.78	50.78	Nil



Name of the lender	Purpose/ type of loan*	Tenure of the loan/ Repayment term	Rate of interest (per annum) %	Amount sanctioned (₹ in million)	Amount outstanding as on December 9, 2022* (₹ in million)	Pre-payment penalty
SREI	Optionally Convertible Debentures	Upto August 2027	7.00%	126.90	126.90	Nil
Union Bank Inc Corporation	Optionally Convertible Debentures	Upto August 2027	7.00%	548.00	548.00	Nil
Indian Renewable Energy Development Agency Limited	Term Loan	Upto July 2024	11.20%	600.00	500.00	Nil

#BOB Capital Markets Limited is appointed as a Lead Manager to the Issue and is related to one of our lenders, namely Bank of Baroda. However, on account of this relationship, BOB Capital Markets Limited does not qualify as an associate of our Company in terms of Regulation 21(A)(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations. Further, in this connection, please note that the loan provided by Bank of Baroda to our Company is part of their ordinary course of lending business. Accordingly, we do not believe that there is any conflict of interest in terms of the SEBI Merchant Banking Regulations, as amended or any other applicable law.

\$ IDBI Capital Markets & Securities Limited is appointed as a Lead Manager to the Issue and is related to one of our lenders, namely IDBI Bank Limited. However, on account of this relationship, IDBI Capital Markets & Securities Limited does not qualify as an associate of our Company in terms of Regulation 21(A)(1) of the SEBI Merchant Bankers Regulations read with Regulation 23(3) of the SEBI ICDR Regulations. Further, in this connection, please note that the loan provided by IDBI Bank Limited to our Company is part of their ordinary course of lending business. Accordingly, we do not believe that there is any conflict of interest in terms of the SEBI Merchant Banking Regulations, as amended or any other applicable law.

\*Pursuant to a certificate dated [•], issued by Statutory Auditors, the amounts drawn-down under the aforementioned borrowings have been utilized towards the purposes for which such borrowings have been sanctioned.

**b) The Promoter Loan as at December 9, 2022:**

Name of the lender	Purpose	Tenure of the loan	Total Principal Amount (₹ in million)	Amount outstanding as on December 9, 2022* (₹ in million)	Rate of interest (per annum in %)	Amount proposed to be repaid/ prepaid/ adjusted/ settled out of the Net Proceeds
Raahitya Constructions Private Limited	For meeting general corporate purposes and working capital	Repayable on demand	1,300.00	1,300.00	6.99	1,300.00
Rupen Patel	-	Repayable on demand	9.07	9.07		9.07
<b>TOTAL</b>			1,309.07	1,309.07		1,309.07

\*Certified by the statutory auditors of our Company vide their certificate dated [•]. Further, they have certified that these borrowing have been utilized for the purposes for which they were availed, as provided in the relevant loan agreements/arrangements

Out of the aggregate amount of ₹2,230.00 million from the Net Proceeds, our Company proposes to utilise such amount towards:

- a) repayment or prepayment of 930.00 million of the Borrowings (including interest) from the Secured Lenders or such higher amount received as fresh proceeds under the Rights Issue; excluding the amount earmarked for general corporate purpose; and
- b) repayment of the Promoter Loan by adjusting the same against their application money to the extent of their subscription and allotment of the Rights Equity Shares to them under the Issue, whether pursuant to their Rights Entitlements (including Rights Entitlements renounced in their favour, if any) or subscription to Additional Rights Equity Shares (as the case may be) and consequently, no fresh proceeds would be received by our Company to that extent.

Our Promoter, Raahitya Constructions Private Limited has vide its letter dated January 16, 2023, have confirmed that the unsecured loan provided by them shall be adjusted towards subscription for their entitlement in this Issue and towards additional subscription, if any, to the aggregate amount of ₹1,300.00 million.

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, which will enable us to reduce our borrowing costs and increase the availability of non-funded limits from banks/financial institutions, which are essential to secure additional business;
- (d) since a major portion of our Company's business comprises of projects awarded by the Government or its instrumentalities, availing non-funded limits from banks will enable our Company to secure its projects;
- (e) improve our ability to raise further resources in the future to fund potential business development opportunities; and
- (f) improve the working capital position and liquidity position of the Company.

The selection of borrowings proposed to be repaid and/ or pre-paid (including interest thereon) from our facilities provided above shall be based on various factors, including (i) cost of the borrowings to our Company, 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 waivers for fulfilment of, such requirements; (iii) receipt of consents for prepayment from the respective lenders; (iv) terms and conditions of such consents and waivers; (v) levy of any prepayment penalties and the quantum thereof; (vi) provisions of any law, rules, regulations governing such borrowings; and (vii) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

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. In the event, the aggregate outstanding amount under the specified working capital facilities, as mentioned below, were to be repaid in part or full or were or be refinanced or were to increase prior to the completion of the Issue, we may revise our utilisation of the Net Proceeds towards repayment of amounts under the working capital facilities, subject to compliance with the SEBI ICDR Regulations, the Companies Act, and other applicable laws.

#### **b) General Corporate Purposes**

Our Company intends to deploy the balance Net Proceeds aggregating to ₹[●] million towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Issue Proceeds. Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, (i) funding growth opportunities, including strategic initiatives; (ii) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (iii) working capital requirements; (iv) meeting of exigencies which our Company may face in the course of any business; (v) brand building and other

marketing expenses; and (vi) any other purpose as permitted by applicable laws.

Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

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.

### Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

<i>(unless otherwise specified, in ₹ million)</i>			
S. No.	Particulars	Estimated expenses	As a % of total estimated issue related expenses
1.	Fees to the Lead Managers, legal advisors, other professional service providers and advisor	[●]	[●]
2.	Fee of Registrar to the Issue	[●]	[●]
3.	Advertising, marketing and shareholder outreach expenses	[●]	[●]
4.	Fees payable to regulators, including Stock Exchanges and SEBI, and depositories and other statutory fee	[●]	[●]
5.	Printing, stationery, and distribution of issue stationary, etc.	[●]	[●]
6.	Other expenses (including miscellaneous expenses)	[●]	[●]
	<b>Total estimated issue expense#</b>	[●]	[●]

\* Includes applicable taxes. Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue.

# Includes fees payable to Statutory Auditors and any such expense not specifically covered above in points 1 to 5

### Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

### Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily deposit the Net Proceeds in one or more scheduled commercial banks (as included in the second schedule to the Reserve Bank of India Act, 1934) or in any such other manner as permitted under the SEBI ICDR Regulations.

### Monitoring Utilization of Funds from the Issue

The Company has appointed [●] as the Monitoring Agency in relation to the Issue. Our Board and Monitoring Agency shall monitor the utilization of the Net Proceeds and the Monitoring Agency shall submit a report to our Board as required under Regulation 82 of the SEBI ICDR Regulations. The Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, the Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will

be placed before the Audit Committee of the Company, so as to enable the Audit Committee to make appropriate recommendations to our Board for further action, if appropriate.

Further, in terms of the SEBI Listing Regulations, the Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above and details of category wise variations in the utilisation of the Net Proceeds from the objects of the Issue as stated above. This information will also be published on our website and explanation for such variation (if any) will be included in our Director's report, after placing it before the Audit Committee.

The Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors.

#### **Appraising entity**

None of the objects of the Issue for which the Net Proceeds will be utilised has been appraised.

#### **Strategic or Financial Partners**

There are no strategic or financial partners to the Objects of the Issue.

#### **Other Confirmations**

Except for the part of the Net Proceeds that will be utilized towards the prepayment and/or repayment and/or adjustment and/or settlement of certain unsecured loans availed by our Company from RCPL, there are no material existing or anticipated transactions and no part of the Net Proceeds will be paid as consideration to our Promoters and members of the Promoter Group, Directors, Group Companies or Key Management Personnel of our Company.

Our Company does not require any material Government and regulatory approvals in relation to the objects of the Issue.

## STATEMENT OF SPECIAL TAX BENEFITS

To,

**The Board of Directors**  
Patel Engineering Limited  
Patel Estate SV Road,  
Jogeshwari (West),  
Mumbai – 400 102,  
Maharashtra, India.

Dear Sirs,

**Re: Proposed rights issue of equity shares of face value of Re. 1 each (“Equity Shares”) of Patel Engineering Limited (“Company” and such offering, the “Issue”).**

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We hereby report that the enclosure in the Annexure I prepared by Patel Engineering Limited (the “**Company**”) states the possible special tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 and Income tax Rules, 1962 including amendments made by Finance Act 2022 (*hereinafter referred to as “**Income Tax Laws**”*), the Central Goods and Services Tax Act, 2017, Integrated Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017 read with rules, circulars and notifications, Customs Act, 1962, Customs Tariff Act, 1975, Foreign Trade Policy (*herein collectively referred as “**Indirect Tax Laws**”*) as amended by Finance Act, 2022, i.e. applicable for the assessment year AY 2023-24 relevant to the financial year FY 2022-23, presently in force in India under the respective tax laws of their country as on the signing date, for inclusion in the Letter of Offer for the proposed rights issue of the Company to the existing shareholders. These benefits are dependent on the Company or the shareholders of the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company or the shareholders of the Company to derive the special tax benefits is dependent upon fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company or the shareholders of the Company may or may not choose to fulfill.

The benefits discussed in the enclosed Statement cover only special tax benefits available to the Company and to the shareholders of the Company and are not exhaustive and also do not cover any general tax benefits available to the Company. Further, any benefits available under any other laws within or outside India have not been examined and covered by this Statement.

The benefits discussed in the enclosed **Annexure I** are not exhaustive. Further, the preparation of the enclosed Statement and its contents was the responsibility of the management of the Company. We were informed that this 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 proposed offer.

The contents of the enclosed statement 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 also consent to the references to us as “Experts” as defined under Section 2(38) of the Companies Act, 2013, read with Section 26(5) of the Companies Act, 2013 to the extent of the certification provided hereunder and included in the Letter of Offer “(**Issue Document**)” of the Company or in any other documents in connection with the Issue.

We hereby give consent to include this statement of special tax benefits in the Issue Documents and in any other material used in connection with the Issue.

We have conducted our examination in accordance with the ‘Guidance Note on Reports or Certificates for Special Purposes (Revised 2016)’ (‘the Guidance Note’) issued by the Institute of Chartered Accountants of India (‘ICAI’). The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Performs Audits and Reviews of Historical Financial information and Other Assurance and Related Services Engagements

We do not express any opinion or provide any assurance as to whether:

- the Company or the shareholders of the Company will continue to obtain these benefits in future; or
- the conditions prescribed for availing the benefits, where applicable, have been / would be met with.

The contents of the enclosure in the Annexure I are based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company. Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. 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. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to any other person in respect of this Statement.

This certificate is issued for the sole purpose of the Issue, and can be used, in full or part, for inclusion in the Issue Documents and any other material used in connection with the Issue, and for the submission of this certificate as may be necessary, to any regulatory / statutory authority, recognized stock exchanges, any other authority as may be required and/or for the records to be maintained by the Lead Managers in connection with the Issue and in accordance with applicable law, and for the purpose of any defense the Lead Managers may wish to advance in any claim or proceeding in connection with the contents of the Issue Documents.

This certificate may be relied on by the Company, Lead Managers, their affiliates and the legal counsel in relation to the Issue.

We undertake to immediately update you, in writing, of any changes in the abovementioned information until the date the Equity Shares issued pursuant to the Issue commence trading on the recognized stock exchanges. In the absence of any such communication, you may assume that there is no change in respect of the matters covered in this certificate until the date the Equity Shares commence trading on the recognized stock exchanges.

This statement is solely for your information and not intended for general circulation or publication and is not to be reproduced or used for any other purpose without our prior written consent, other than for inclusion of extracts of this statement in the Letter of Offer and submission of this statement to the Securities and Exchange Board of India, the stock exchanges where the Equity Shares of the Company are proposed to be listed, in connection with the proposed Issue, as the case may be.

**For and on behalf of M/s. Vatsaraj & Co.**

**Chartered Accountants**

**Firm Registration Number:[●]**

**Name:[●]**

Partner

**ICAI Membership Number:[●]**

**UDIN:[●]**

**Date:[●]**

**Place:[●]**

**Encl: As above**

## ANNEXURE I

The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

The tax benefits stated below are as per the Income tax Act, 1961 ("IT Act") as amended from time to time and applicable for financial year 2022-23 (FY 2022-23) relevant to assessment year 2023-24 (AY 2023-24) and Indirect Tax Laws as amended from time to time and applicable for financial year 2022-23.

### I. Under the Income Tax Laws.

#### 1. Special tax benefits available to the Company and its Subsidiary 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)(ia), 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 fifteen assessment years beginning from the year in which the eligible undertaking 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

There are no special tax benefits available to the shareholders (other than resident corporate shareholder) of the Company.

### 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 GST Law.

#### 2. Special tax benefits available to Shareholders

There are no special tax benefits available to the shareholders of the Company.

**NOTES:**

1. The above benefits are dependent on the Company fulfilling the conditions prescribed under the relevant provisions of the Tax Laws.
2. This statement is intended only 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 tax consequences, each investor is advised to consult his or her tax advisor with respect to specific tax consequences of his/her investment in the shares of the Company.
3. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.



## SECTION IV – ABOUT OUR COMPANY

### INDUSTRY OVERVIEW

#### Introduction:

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and enjoys intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads, and urban infrastructure development. In other words, the infrastructure sector acts as a catalyst for India's economic growth as it drives the growth of the allied sectors like townships, housing, built-up infrastructure and construction development projects.

In order to meet India's aim of becoming a US\$ 5 trillion economy by 2025, 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 infrastructure sector. Historically, more than 80% of the country's infrastructure spending has gone toward funding for transportation, electricity, and water& irrigation. While these sectors still remain the key focus, the Government has also started to focus on other sectors as India's environment and demographics are evolving. There is a compelling need for enhanced and improved delivery across the whole infrastructure spectrum, from housing provision to water and sanitation services to digital and transportation demands, which will assure economic growth, increase quality of life, and boost sectoral competitiveness.

(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/infrastructure-sector-india>).

Power is among the most critical components of infrastructure, crucial for the economic growth and welfare of nations. The existence and development of adequate power infrastructure is essential for sustained growth of the Indian economy. The fundamental principle of India's power industry has been to provide universal access to affordable power in a sustainable way. The Ministry of Power has made significant efforts over the past few years to turn the country from one with a power shortage to one with a surplus by establishing a single national grid, fortifying the distribution network, and achieving universal household electrification.

India's power sector is one of the most diversified in the world. Sources of power generation range from conventional sources such as coal, lignite, natural gas, oil, hydro and nuclear power, to viable non-conventional sources such as wind, solar, agricultural and domestic waste. Electricity demand in the country has increased rapidly and is expected to rise further in the years to come. In order to meet the increasing demand for electricity in the country, massive addition to the installed generating capacity is required.

India was ranked fourth in wind power, fifth in solar power and fourth in renewable power installed capacity, as of 2020. India is the only country among the G20 nations that is on track to achieve the targets under the Paris Agreement.

(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/power-sector-india>).

With the increased support of the Government and improved economics, the renewable energy sector has become attractive from an investors perspective. As India looks to meet its energy demand on its own, which is expected to reach 15,820 TWh by 2040, renewable energy is set to play an important role.

(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/renewable-energy>).

#### Infrastructure Market in India:

India plans to spend US\$ 1.4 trillion on infrastructure through 'National Infrastructure Pipeline' in the next 5 years. In FY21, infrastructure activities accounted for 13% share of the total FDI inflows of US\$ 81.72 billion. India will need to construct 43,000 houses every day until 2022 to achieve the vision of Housing for All by 2022. As of 22 August, 2022, 122.69 lakh houses have been sanctioned, 103.01 lakh houses have been grounded, and 62.21 lakh houses have been completed, under the Pradhan Mantri Awas Yojna scheme (PMAY-Urban).

Hundreds of new cities need to be developed over the next decade. Over the next 10 years, demand for urban freight is predicted to increase by 140%. Final-mile freight transit in Indian cities accounts for 50% of the total logistics expenditures in the country's increasing e-commerce supply chains. India is expected to become the third-largest construction market globally by 2022. Indian logistics market is estimated to touch US\$ 320 billion by

2025. The overall infrastructure capex is estimated to grow at a CAGR of 11.4% over FY21-26 driven by spending on water supply, transport and urban infrastructure. Investment in infrastructure contributed around 5% of the GDP in the 10th five year plan as against 9% in the 11th five year plan. Further, US\$ 1 trillion investment in infrastructure was proposed by the India's planning commission during the 12th five year plan, with 40% of the funds coming from the private sector.

(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/infrastructure-sector-india>)

### **Growth in infrastructure related activities**

- The XV Finance Commission recommended a ₹ 8,000 crore (US\$ 1,077 million) performance-based challenge money to states for new city incubation in July 2021. Each proposed new city has a budget of ₹1,000 crore (US\$ 134 million) and each state can only have one new city under the proposed concept.
- As a part of the GatiShakti National Master Plan, the Government is planning to launch geospatial digital platform to facilitate planning and monitoring of projects ranging from telecom networks, gas pipelines to road and railways. The ambitious PM Gati Shakti programme would rely heavily on public-private partnerships (PPPs).
- In October 2021, the Dubai Government and India, inked an agreement to develop infrastructure such as industrial parks, IT towers, multipurpose towers, logistics centres, a medical college and a specialised hospital in Jammu & Kashmir.
- As per ICRA, in FY22, the cement production in India is expected to increase by 12% YoY, driven by rural housing demand and Government's strong focus on infrastructure development.
- In September 2021, National Mineral Development Corporation Ltd. (NMDC) R&D Centre collaborated with CSIR-IMMT (Institute of Minerals and Materials Technology) to pursue combined research projects on iron ore mining technologies.
- In March 2021, the Government announced a long-term US\$ 82 billion plan to invest in the country's seaports. ~574 projects have been identified, under the Sagarmala project, for implementation through 2035.

(Source: India Brand Equity Foundation (IBEF): *Infrastructure Sector in India PDF – August 2022, IBEF*)

### **Strong momentum in expansion of roadways**

- Highway construction in India increased at a CAGR of 21.44% between FY16-FY19. In FY19, 10,855 kms of highways were constructed. The Government of India aims to construct 65,000 kms of national highways at a cost of ₹ 5.35 lakh crore (US\$ 741.51 billion) by 2022.
- In August 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highways laid foundation stone of six NH projects worth ₹ 2,300 crore (US\$ 287.89 million) in Indore, Madhya Pradesh.
- In June 2022 Mr. Nitin Gadkari, Minister of Road Transport and Highways inaugurated 15 National Highway projects in Patna and Hajipur in Bihar worth ₹ 13,585 crore (US\$ 1.75 billion)
- In March 2022, Mr. Nitin Gadkari, Minister of Road Transport and Highway inaugurated 19 National Highway projects in Haryana and Rajasthan totalling ₹ 1,407 crore (US\$ 183.9 million).
- The national highways will be expanded by 25,000 kilometres with a funding outlay of ₹ 20,000 crores (US\$ 2.61 billion).
- By 2024, the Ministry of Road Transport and Highways wants to build 60,000 kms of world-class national highways at a rate of 40 kms each day.
- To transform road infrastructure in Punjab, Haryana and Rajasthan, the Indian Government has planned to construct roads extending 313 kms for ₹ 11,000 crore (US\$ 1.48 billion).

- In September 2021, the Indian Government announced road projects worth ₹ 1 lakh crore (US\$ 13.48 billion) to develop road infrastructure in Jammu and Kashmir. The region also recorded growth in national highways, from 7 in 2014 to 11 in 2021.
- In September 2021, the Maharashtra Government approved a 173.7-kilometre long outer-ring road project, worth ₹ 26,831 crore (US\$ 3.61 billion), in Pune.
- In FY22, Government initiatives such as the National Infrastructure Pipeline, National Monetisation Pipeline, Bharatmala Pariyojana, changes in the Hybrid Annuity Model (HAM) and fast pace of asset monetization to boost road construction.
- As of October 2021, the Ministry of Road Transport and Highways constructed national highways extending 4,450 kms compared with 4,956 kms, as of October 2020.

*(Source: India Brand Equity Foundation (IBEF): Infrastructure Sector in India PDF – August 2022, IBEF)*

### **India: Power Generation Growth Story**

- ICRA expects renewable energy capacity addition of 12.5 GW in FY22 and 16 GW in FY23.
- India is the third-largest producer and consumer of electricity worldwide, with an installed power capacity of 404.13 GW, as of July 31, 2022.
- India has been on a path to achieve 100% household electrification as envisaged under the Saubhagya scheme. As of March 2021, more than 2.82 crore households were electrified under the Saubhagya scheme.
- Total FDI inflows in the power sector reached US\$ 15.89 billion between April 2000-March 2022.
- Electrification in the country is increasing with support from schemes like Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY), Ujwal DISCOM Assurance Yojana (UDAY), and Integrated Power Development Scheme (IPDS)
- The Central Electricity Authority (CEA) estimates India's power requirement to grow to reach 817 GW by 2030
- FDI in India's renewable energy sector stood at US\$ 1.6 billion in FY22, a 101% YoY increase from US\$ 797.21 million in FY21
- In September 2021, the Government of the United Kingdom announced that it will invest US\$ 1.2 billion through public and private investments in green projects and renewable energy in India to support the latter's target of 450 GW of renewable energy by 2030.
- With a large swathe of rivers and water bodies, India has enormous potential for hydropower generation. As of July 31, 2022, India's hydro power generating capacity stood at 46.85 GW. By 2022, it is expected to witness total installed capacity addition of 6.82 GW.

*(Source: India Brand Equity Foundation (IBEF): Power Industry Report PDF – August 2022, IBEF)*

### **Hydropower Sector – An Overview**

- Hydropower supplies at least 50% of electricity production in 66 countries and at least 90% in 24 countries.
- The hydropower generation is highly capital-intensive mode of electricity generation but being renewable source of energy with no consumables involved; there is very little recurring cost and hence no high long term expenditure. It is cheaper as compared to electricity generated from coal and gas fired

plants. It also reduces the financial losses due to frequency fluctuations and it is more reliable as it is inflation free due to not usage of fossil fuel

- Due to its unique capabilities of quick starting and closing, hydropower stations are found to be economical choice to meet peak load in the grid.
- The hydropower potential of India is around 1,45,000 MW and at 60% load factor, it can meet the demand of around 85, 000 MW
- Around 26% of Hydropower potential has been exploited in India. Hence there is a lot of unexploited potential in this segment for expansion.

(Source: <https://powermin.gov.in/en/content/faqs-hydropower>)

- India has overtaken Japan, becoming the nation with the fifth-largest hydropower production capacity in the world with a total installed base at over 51.74 GW, and is only behind Canada, US, Brazil and China according to the International Hydropower Association (IHA).
- Installed capacity from large hydro projects in India increased from 35.9 GW in March 2008 to 46.85 GW as of July 2022, while capacity from small hydro plants increased four-fold to 4.89 GW in the same period.
- A new hydro power policy for 2018-28 has been drafted for the growth of hydro projects in the country.
- In February 2022, Nepal and India agreed to form a Joint Hydro Development Committee to explore the possibility of viable hydropower projects.

(Source: India Brand Equity Foundation (IBEF): Renewable Energy Industry Report PDF – August 2022, IBEF)

#### **Growth drivers for Infrastructure in India:**

- Government Initiatives
- Infrastructure needs
- Housing development
- International investment
- Public Private Partnerships (PPP)

(Source: India Brand Equity Foundation (IBEF): Infrastructure Sector in India PDF – August 2022, IBEF)

#### **Growth drivers for Power Sector in India:**

- Growing Demand
- Policy Support
- Increasing Investment

(Source: India Brand Equity Foundation (IBEF): Power Sector in India PDF – August 2022, IBEF)

#### **Growth drivers for Renewable Energy Sector in India:**

- Government Commitments
- Investments
- Favourable Policies and Incentives

- Merger and Acquisitions.

*(Source: India Brand Equity Foundation (IBEF): Renewable Energy Sector in India PDF – August 2022, IBEF)*

### **Increasing investments in Indian infrastructure**

- FDI in construction development (townships, housing, built-up infrastructure and construction development projects) and construction (infrastructure) activity sectors stood at US\$ 26.20 billion and US\$ 27.92 billion, respectively, between April 2000-March 2022.
- In November 2021, the National Highway Authority of India raised >₹ 5,000 crore (US\$ 671.53 million) through Infrastructure Investment Trusts (InvITs). The move is expected to help achieve Prime Minister Mr. Narendra Modi's vision of building world-class infrastructure in India.
- In November 2021, Prime Minister Mr. Narendra Modi inaugurated various development projects (such as Shri Adi Shankaracharya Samadhi) in Kedarnath, Uttarakhand. The infrastructure development projects are expected to boost tourism and contribute to further growth of the state.
- In November 2021, ESR India, an industrial and logistics real estate platform, announced to invest an additional ₹260 crore (US\$ 34.92 million) in Oragadam Industrial Park for construction and development.

In August 2021, the Government of India, the Central Water Commission (CWC), Government representatives from 10 participating states and the World Bank signed a US\$ 250 million project to support the Indian Government's long-term dam safety programme and improve safety and performance of existing dams across various states. The Second Dam Rehabilitation and Improvement Project (DRIP-2) will strengthen dam safety by building dam safety guidelines, bring in global experience and introduce innovative technologies. The project will be implemented in ~120 dams across Chhattisgarh, Gujarat, Kerala, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Odisha, Rajasthan and Tamil Nadu, and at the national level through the CWC.

- In December 2020, the US International Development Finance Corporation (DFC) announced plan to invest US\$ 54 million in equity for the National Investment and Infrastructure Fund (NIIF) in India to support the development of critical infrastructure projects.
- To build four transmission projects in the country, electricity transmission infrastructure company Sterlite Power formed a 50:50 partnership with global investment manager AMP Capital in December 2020. For constructing 1,800 km of transmission lines, AMP Capital and Sterlite Power will likely invest US\$ 150 million each.
- In November 2020, Warburg Pincus-backed logistics real estate firm, ESR India signed an agreement with the Maharashtra Government to invest ₹4,310 crore (US\$ 578.88 million) to set up 11 industrial and logistics parks around Mumbai and Pune.
- In November 2020, the Union Cabinet approved ₹2,480 crore (US\$ 337.35 million) foreign direct investments (FDI) in ATC Telecom Infra Ltd.
- In October 2020, Hughes India partnered with Bharat Broadband Nigam Limited (BBNL) and Telecommunications Consultants India Limited (TCIL) to provide high-speed satellite connectivity to 5,000 remote gram panchayats.
- In FY21, infrastructure activities accounted for 13% share of the total FDI inflows of US\$ 81.72 billion.

*(Source: India Brand Equity Foundation (IBEF): Infrastructure Sector in India PDF – August 2022, IBEF)*

### **Some major investments and developments in the Indian power sector are as follows:**

- In August 2022, NHPC Limited and the Government of Himachal Pradesh inked an implementation agreement for the 500 MW Dugar Hydroelectric Project in the Chamba District of Himachal Pradesh

- In August 2022, NHPC signed a MoU with the Investment Board Nepal (IBN) to develop 750 MW West Seti and 450 MW SR-6 Hydroelectric Projects in Nepal.
- In July 2022, NTPC signed a MoU with MASEN (Moroccan Agency for Sustainable Energy) for cooperation in the renewable energy sector.
- In June 2022, SJVN announced a collaboration with the Assam government for the development of hydro and renewable energy projects in the state
- SJVN Limited is looking to develop 10,000 MW solar power projects inviting investment of ₹ 50,000 crore (US\$ 6.56 billion) in the next five years in Rajasthan.
- In November 2021, NTPC announced that its 80 MW solar power-generation capacity in Jetsar (Rajasthan) has started commercial operations from October 22, 2021. The total capacity of the project is 160 MW.
- In November 2021, SJVN began the second unit work of the 1,320 MW Buxar thermal power plant in Bihar

(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/power-sector-india>)

Some major investments and developments in the Indian renewable energy sector are as follows:

- Delhi's Indira Gandhi International Airport (IGIA) has become the first Indian airport to run entirely on hydro and solar power. Around 6% of the airport's electricity requirement is met from the onsite solar power plants.
- India ranked third on the EY Renewable Energy Country Attractive Index 2021.
- In February 2022, Credence Technologies-HCPL JV announced winning the bid for India's single largest hydro power carbon credits project with Satluj Jal Vidyut Nigam, which will create more than 80 million carbon credits.
- The NTPC is expected to commission India's largest floating solar power plant in Ramagundam, Telangana by May-June 2022. The expected total installed capacity is 447MW.

(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/renewable-energy>)

## **Government Initiatives and Investments:**

### **In Union Budget 2022-23:**

- The Government has given a massive push to the infrastructure sector by allocating ₹10 lakh crore (US\$ 130.57 billion) to enhance the infrastructure sector.
- The Government allocated ₹134,015 crore (US\$ 17.24 billion) to National Highways Authority of India (NHAI).
- The Government announced an outlay of ₹60,000 crore (US\$ 7.72 billion) for the Ministry of Road Transport and Highways.
- The Government announced ₹76,549 crore (US\$ 9.85 billion) to the Ministry of Housing and Urban Affairs.
- The Government allocated ₹84,587 crore (US\$ 10.87 billion) to the Department of Telecommunications to create and augment telecom infrastructure in the country.
- The total revenue expenditure by Railways is projected to be ₹234,640 crore (US\$ 30.48 billion)

- 100 PM-GatiShakti Cargo Terminals for multimodal logistics facilities will be developed over next three years.
- Focus was on the PM GatiShakti - National Master Plan for multimodal connectivity to economic zones. Everything, from roads to trains, from aviation to agriculture, as well as many ministries and departments, will be integrated under the PM GatiShakti National Master Plan.
- In June 2022, the combined index of eight core industries stood at 143.4 driven by production of coal, cement, electricity, refinery products, fertilizers, steel, and natural gas.
- According to the Department for Promotion of Industry and Internal Trade (DPIIT), FDIs in the construction development sector (townships, housing, built up infrastructure and construction development projects) and construction (infrastructure) activities stood at US\$ 26.20 billion and US\$ 27.92 billion, respectively, between April 2000 - March 2022.
- The Government expanded the 'National Infrastructure Pipeline (NIP)' to 9,335 projects. 217 projects worth ₹1.10 lakh crore (US\$ 15.09 billion) were completed as of 2020.
- In November 2021, the Asian Development Bank (ADB) has approved a US\$ 250-million loan to support development of the National Industrial Corridor Development Programme (NICDP). This is a part of the US\$ 500-million loan to build 11 industrial corridors bridging 17 states.
- In November 2021, India, the US, Israel and the UAE established a new quadrilateral economic forum to focus on infrastructure development projects in the region and strengthen bilateral co-operation.
- In October 2021, the Union Cabinet of India approved the PM GatiShakti National Master Plan—including implementation, monitoring and support mechanism—for providing multi-modal connectivity.
- In October 2021, the Dubai Government and India, inked an agreement to develop infrastructure such as industrial parks, IT towers, multipurpose towers, logistics centres, a medical college and a specialised hospital in Jammu & Kashmir.
- In FY22, Government initiatives such the National Infrastructure Pipeline, National Monetisation Pipeline, Bharatmala Pariyojana, changes in the Hybrid Annuity Model (HAM) and fast pace of asset monetization to boost road construction.
- The Government announced ₹305,984 crore (US\$ 42 billion) over the next five years for a revamped, reforms-based and result-linked new power distribution sector scheme.

(Source: India Brand Equity Foundation (IBEF):<https://www.ibef.org/industry/infrastructure-sector-india>).

### **Future Outlook of the Industry:**

India's Infrastructure forms an integral part of the country's economic ecosystem. There has been a significant shift in the industry that is leading to the development of world-class facilities across the country in the areas of roads, waterways, railways, airports, and ports, among others. The country-wide smart cities programmes have proven to be industry game-changers. Given its critical role in the growth of the nation, the infrastructure sector has experienced a tremendous boom as a result of India's necessity and desire for rapid development. The expansion has been aided by urbanisation and an increase in foreign investment in the sector.

The infrastructure sector has become the biggest focus area for the Government of India. India plans to spend US\$ 1.4 trillion on infrastructure during 2019-23 to have a sustainable development of the country. The Government has suggested investment of ₹5,000,000 crore (US\$ 750 billion) for railways infrastructure from 2018-30. India's GDP is expected to grow by 8% over the next three fiscal years, one of the quickest rates among major, developing economies, according to S&P Global Ratings. India and Japan have joined hands for infrastructure development in India's Northeast states and are also setting up an India-Japan Coordination Forum for development of Northeast to undertake strategic infrastructure projects for the region.

(Source: India Brand Equity Foundation (IBEF):<https://www.ibef.org/industry/infrastructure-sector-india>).

In the current decade (2020-2029), the Indian electricity sector is likely to witness a major transformation with respect to demand growth, energy mix and market operations. India wants to ensure that everyone has reliable access to sufficient electricity at all times, while also accelerating the clean energy transition by lowering its reliance on dirty fossil fuels and moving toward more environmentally friendly, renewable sources of energy. Future investments will benefit from strong demand fundamentals, policy support and increasing government focus on infrastructure.

The Government of India is preparing a 'rent a roof' policy for supporting its target of generating 40 GW of power through solar rooftop projects by 2022. It also plans to set up 21 new nuclear power reactors with a total installed capacity of 15,700 MW by 2031.

The Central Electricity Authority (CEA) estimates India's power requirement to grow to reach 817 GW by 2030. Also, by 2029-30, CEA estimates that the share of renewable energy generation would increase from 18% to 44%, while that of thermal energy is expected to reduce from 78% to 52%.

The government plans to establish renewable energy capacity of 500 GW by 2030.

*(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/power-sector-india>).*

India's ambitious renewables energy goals are transforming its power sector. Rising population and widespread electrification in rural homes is fuelling the demand for energy to power homes, businesses and communities. Clean energy will reduce pollution levels as villages become self-sustainable with their use of clean energy. In 2022, India's renewable energy sector is expected to boom with a likely investment of US\$ 15 billion this year, as the government focuses on electric vehicles, green hydrogen, and manufacturing of solar equipment.

It is expected that by 2040, around 49% of the total electricity will be generated by renewable energy as more efficient batteries will be used to store electricity, which will further cut the solar energy cost by 66% as compared to the current cost. Use of renewables in place of coal will save India ₹54,000 crore (US\$ 8.43 billion) annually. Around 15,000 MW of wind-solar hybrid capacity is expected to be added between 2020-25.

*(Source: India Brand Equity Foundation (IBEF): <https://www.ibef.org/industry/renewable-energy>).*



## 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 [•] 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 [•], 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, 2022 and March 31, 2021 and the Unaudited Consolidated Financial Results for the half year period ended on September 30, 2022. References to “Fiscal Year” in this section is as at and for the year ended March 31.*

### 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.

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.

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 September 30, 2022, the size of our Order Book is ₹1,75,985.05 million. 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 September 30, 2022.

Segment	Amount of Order Book (₹ in million)	Percentage of Order Book (%)
Hydro power	1,15,213.18	65.47
Irrigation	24,872.60	14.13
Tunnel	23,086.03	13.12
Road	9,003.53	5.12
Urban Infrastructure	3,707.47	2.11
Others	102.23	0.06
<b>Total</b>	<b>1,75,985.05</b>	<b>100.00</b>

For Fiscals 2022 and 2021, our consolidated revenue from operation was ₹33,802.89 million and ₹19,947.93 million, respectively. For Fiscals 2022 and 2021, our profit after tax was ₹547.57 million and ₹(2,982.04) million, respectively. Further, for the six month period ended September 30, 2022 and September 30, 2021, our

consolidated revenue from operations were ₹18,669.60 million and ₹13,907.00 million, respectively and profit after tax were ₹509.70 million and ₹40.70 million, respectively.

## **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 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 Srisailem Hydro Power Station, Teesta Hydro Electric Project, Kameng Hydro Electric Project, Tuirial Hydro Electric Project, Ghatghar Hydro Electric Project, Parbati Hydro Electric Project, Kalwakurty Lift Irrigation Project, KNT – 1 & AP-7, 4 lane Madurai to Kanyakumari national highway roads etc. In addition, we have also executed complex engineering projects such as the Double Lake Tap Project at Koyna, Maharashtra which was one of the first of its kind in Asia.

Apart from above, we have the capability to partner with various other companies both Indian and international which gives us a significant 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**

We use various technologies for managing our 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 etc. which helps us exercise greater control over the quality and costs of our project and achieve execution of our projects in a timely manner. A brief description of various technologies used by us is given below:

- **Mass block blasting** — we have used the “mass block blasting” method instead of the conventional “bench blasting” method to create caverns. This method reduces the use of explosives and enables us to excavate a larger area in a shorter time as compared to the traditional bench blasting method. This technology has been used for underground excavation work at our Arun-III project.
- **Roller Compacted Concrete (RCC)** — we have pioneered the use of RCC technology in hydro power projects in India. RCC technology allows construction of dams using fly-ash and cement in the ratio of 70:30, instead of only cement. This ensures faster completion at more cost-effective rates as compared to the conventional method of making dams, but without compromising on quality or client specifications. We believe that this technology has enhanced our competitiveness. The RCC technology was first used in India in the Ghatghar RCC Dam project in Maharashtra.

- **Micro tunnelling and Horizontal Directional Drilling** – micro tunnelling technology entails mechanized tunnelling of small diameter tunnels for applications such as provision of water supply, underground cabling and drainage systems. It eliminates the need to dig into concrete or other roads, which is expensive and time consuming. Further, the conventional methods of laying huge pipelines under busy streets and railway tracks in the city results in blockages of traffic in a city, causing a large disruption. Micro tunnelling was used for the construction of the water supply and sewage system for the Municipal Corporation of Greater Mumbai.
- **Double Lake Tap** — Lake tapping is a technique for connecting water conductor systems to the lake so as to accelerate implementation of hydro projects by as much as a year. We have executed the Double Lake Tap Project at Koyna, Maharashtra which was one of the first of its kind in Asia. This know-how has resulted in a repeat order for work on the Koyna Project.
- **New Austrian Tunnelling Method (NATM)** - NATM is both a construction method and a design philosophy. The philosophy looks to use the strength of the surrounding soil to the greatest extent possible to strengthen the tunnel structure. In other words, ground conditions drive the tunnelling operation. The NATM philosophy also promotes constant monitoring. This technology is currently being used in Tunnel T2 –KRCL, Tunnel T15- IRCON & Sela bypass tunnel -BRO Projects.

The NATM construction method is about flexibility—drilling and designing depending on the results of the ongoing monitoring. The operation occurs sequentially to take most advantage of the ground conditions. Additionally, NATM installs ground support on the go and on an as-needed basis, adding reinforcement to the shotcrete where necessary. The final, permanent support is usually (but not always) a cast-in-place concrete lining placed over a waterproofing membrane

- **Application of Finite Element Method (FEM) technique** - The Finite Element Method (FEM) is a popular method for numerically solving differential equations arising in engineering and mathematical modelling. Typical problem areas of interest include the traditional fields of structural analysis, heat transfer, fluid flow, mass transport, and electromagnetic potential. We have engaged specialist agencies, who possess vast experience in FEM technique and software's both during Pre-bid/ Tender stage and Post-bid/ Construction stages for EPC projects as the responsibility for carrying out permanent design of project components are with the Contractor. This technology has been used at our Sela bypass tunnel- BRO Project.
- **Use of Non – Destructive Testing Method for assessment of geological formation and material testing** -Non-Destructive Testing (NDT) is a testing and analysis technique used by industry to evaluate the properties of a material, component, structure or system for characteristic differences or welding defects and discontinuities without causing damage to the original part. NDT also known as Non-Destructive Examination, Non-Destructive Inspection and Non-Destructive Evaluation. Seismic Refraction tests, which is one of the advanced NDT method, was used in assessing the geological formation in surge shaft and intake structures of Kundah Project in Ooty, Tamilnadu. In addition, we also engage specialist agencies for carrying out non-destructive tests in our projects on need basis.
- **Earth Pressure Balancing Tunnel Boring Machine (TBM) for tunnelling** - Tunnel boring machines (TBMs) are highly specialized machines designed to bore through the earth to construct a variety of infrastructure, from super-highways to water-overflow systems

Earth Pressure Balance Machines (EPBs) are shield TBMs specially designed for operation in soft ground conditions containing:

- Water under pressure
- Loose sedimentary deposits
- Sands, gravels, silts, clays
- Formations with large boulders
- High water table

These machines are usually referred to as 'Single Shield EPB TBMs'. This technology is currently being used by us in our Sleemabad NVDA Project.

- **Use of steel Fibre Reinforced Concrete in tunnel lining instead of RCC (Reinforced Cement Concrete)** - The application of steel fibres to reinforce concrete is becoming more and more interesting

due to many advantages regarding the durability and sustainability of the construction. Especially the great range of mechanically bored tunnels all over the world where Steel Fibre Reinforced Concrete was and is in use for tunnel lining segments shows the capabilities of this construction material.

Compared to conventional steel reinforcement, the usage of steel fibre reinforced concrete segments for tunnel linings offers many advantages. The production process of the segments is simpler and the formation of cracks during handling and installation is distinctly reduced. Due to their higher resistance against corrosion and cracking stresses as well as their great impact toughness, the segments are more durable. Their service life is longer, their repair and maintenance demands are small and, on top, the production costs are significantly lower than for conventional steel reinforced tunnel. This technology is being used by us in majority of our Hydro & Tunnel projects such as T2-KRCL, T15-IRCON, Kiru & Kwar-CVPPPL, Luhri-SJVNL, Arun III-SAPDC Hydro Electric Project.

### ***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, recognized as one of the key players in the infrastructure industry in India.

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 Promoter, Rupen Patel, a third generation promoter, has more than 30 years of experience in the construction and infrastructure business. We have a highly qualified, experienced, and dedicated management team and a skilled workforce. As at September 30, 2022, we employed 3,936 full-time employees in India, of which approximately 74.40 % are technical staff.

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. 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 September 30, 2022, we owned approximately ₹4,453.93 million worth of equipment and vehicles, including critical capital equipment like rocket boomers, Tunnel Boring Machines (“TBM”), micro tunnelling machines, 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***

The Government of India has recognized the importance of hydro power sector in India and has taken various measures to promote hydro power projects (Source <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1567817>).

India has overtaken Japan, becoming the nation with the fifth-largest hydro power production capacity in the world with a total installed base at over 51.74 GW, and is only behind Canada, US, Brazil and China according to the International Hydropower Association (IHA) (Source [https://www.ibef.org/download/1664768214\\_renewable-energy-ppt-august-2022.pdf](https://www.ibef.org/download/1664768214_renewable-energy-ppt-august-2022.pdf)).

In India, agriculture is the primary source of livelihood for 54.60% of the population. With growing investments in irrigation, the dependence on monsoon has declined considerably over the years (Source [https://www.ibef.org/download/1664767618\\_agriculture-and-allied-industries-august-2022.pdf](https://www.ibef.org/download/1664767618_agriculture-and-allied-industries-august-2022.pdf)).

Various State Governments have been implementing irrigation programs to boost agricultural infrastructure (Source <https://www.nabard.org/auth/writereaddata/tender/1007211141NRS-13-%20Construction%20of%20State-wise%20RII%20%26%20Scheme%20of%20RIDF%20Allocation.pdf>).

We believe that our track record of execution of hydro projects, irrigation projects, urban infrastructure, roads and other sector gives us an edge over our competitors in relation to capitalizing on the Government's increased focus on hydro power and irrigation.

### ***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 September 30, 2022, these two segments contributed an amount of ₹1,40,085.78 million representing around 79.60 % 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 multilateral agencies and 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, Bhutan 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 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 advanced technology and experience for the construction of 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 have a history of acquisitions in the US and we intend to continue to identify and acquire more targets in India and abroad.

#### ***Monetization of non-core assets***

Since Fiscal 2017, 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 ₹54,353.57 million as on March 31, 2016 to ₹21,986.17 million as on September 30, 2022. We shall continue to focus on further reduction of debt by sale of non-core assets.

#### ***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.

### **Our Business Segments**

Engineering and Construction Segment

## A. *Hydro power*

Since incorporation, we have been present in the high technology civil engineering and construction segments such as hydro power. We believe, we are one of the leading construction companies in this sector in India having participated in the construction of various hydro power projects across the country. 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. We believe that we are one of the few companies in India with experience in construction of RCC dams.

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 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.

Some of the key projects which have been executed by us are set out below:

Project	Location	Completion Year
Package I Kameng H. E Project (600 MW)	Arunachal Pradesh	2021
Swara-kudu HEP (111 MW)	Himachal Pradesh	2020*
Package II Kameng H. E Project (600 MW)	Arunachal Pradesh	2019
Package III Kameng H. E Project (600 MW)	Arunachal Pradesh	2019
Parbati H. E. Project, Stage II	Himachal Pradesh	2017*
Tuirial Hydro Electric Project ( 2 X 30 MW )	Mizoram	2014
Rampur Hydro Electric Project Package II ( 412 MW)	Himachal Pradesh	2014
Teesta Low Dam Hydro Electric Project, Stage III	West Bengal	2013*
Koyna Hydro Electric Project, Stage IV – B	Maharashtra	2012
Ghatghar Pumped Storage H E Project — RCC dam	Maharashtra	2006
Srisaillam Left Bank Hydro-Power Station ( 900 MW )	Andhra Pradesh	2003
Teesta Hydro Electric Project, Stage V	East Sikkim	2002
Tons Hydro Electric Project	Madhya Pradesh	1999
Koyna Hydro Electric Project, Stage IV – ICB Contract-1	Maharashtra	1999
Chukha Hydel Project	Bhutan	1988

\* Substantial year of completion

### *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. Most projects have river diversion arrangement by tunnel. This activity accounts for about 5.00% of the project costs.

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. This activity accounts for roughly 25.00% of the project costs.

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. The construction of powerhouse complex accounts for about 30.00% of the project costs.

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. The time taken for this activity is about two to three years depending the on the length of the tunnel.

f) **Surge shafts/Intake structures/Trash racks**

#### **B. Irrigation and Water Supply**

Irrigation projects (specifically lift irrigation projects) has been given priority since Fiscal 2005 by various states in India, including Telangana, Andhra Pradesh, Gujarat, Maharashtra and Rajasthan. Our activities 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. We have completed key irrigation projects in Telangana being the SRSP Flood Flow Canal, Bheema Lift Irrigation Scheme, Kalwakurty Lift Irrigation Project, Jawahar Lift Irrigation Projects I & II.

#### **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.

Some of the key irrigation projects which have been executed by us in India are set out below:

<b>Project</b>	<b>Location</b>	<b>Completion Year</b>
Bhima Lift Irrigation Project	Andhra Pradesh	2021
Parallel Lower Ganga Canal Project - Lot 5 & 6	Uttar Pradesh	2020
Kalwakurty Lift Irrigation Project	Andhra Pradesh	2017
Jawahar Lift Irrigation Project – Stage 1 & 2	Andhra Pradesh	2016



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 Bheema projects, or as a joint venture in the other projects, so as to offer complete irrigation turnkey solutions.

### **C. Urban Infrastructure**

In urban infrastructure, we focus on micro tunnelling, sewage pipelines, rehabilitation of pipelines using Glass Reinforced Polymers (“**GRP Lining**”) and waste water treatment. Micro tunnelling is a mechanized tunnelling process for underground pipelines that is an alternative to traditional method of digging roads.

Further, our subsidiary Michigan Engineers Private Limited (“**Michigan**”) specialized in urban utility solutions, which complement our micro tunnelling expertise and enable us to provide end-to-end solutions to our clients. Our operations in urban infrastructure development are typically executed through Michigan.

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.

Some of the key projects which have been executed by us in India are set out below:

<b>Project</b>	<b>Location</b>	<b>Completion Year</b>
Veravali to Yari Road Tunnel Project	Maharashtra	2012
Providing and laying of Wazirabad road sewer by Microtunnelling and confined trench method under YAP-II	New Delhi	2012
Rehabilitation of sewer lines by GRP liners using trenchless technology.	Maharashtra	2008

### **D. Transportation**

Our focus on transportation includes roads, bridges and railway and road tunnel contracts both in India and abroad. Our Company has undertaken significant projects in the transportation segment such as the Surat-Manor highway, Udhampur-Katra railway and Konkan railway tunnel.

Some of the key projects completed by us include:

<b>Name of the project</b>	<b>Location</b>	<b>Completion Date</b>
Strengthening and Widening of existing of 2 lane in the State of Bihar – Package 2	Bihar	2021
Strengthening and Widening of existing of 2 lane in the State of Bihar – Package 1	Bihar	2018
Four Lane Sangrur- Punjab/ Haryana border Section of NH – 71	Punjab	2017
Construction of High Altitude Roads along Indo-China border at Leh in the state of Jammu & Kashmir - Karzok to Chumar - Package – I & 2	Jammu & Kashmir	2016
Islam Nagar to Kadtal - NH-7 Project	Andhra Pradesh	2010
KNT-1 Package	Karnataka	2009

#### **Scope of Transportation Projects:**

- Roads:** Construction and widening of national highways/state highways/NHAI roads consisting of bitumen or concrete roads.
- Ancillary Structures:** Construction of major/minor bridges/culverts, cross- drainages, earthen embankments.
- Tunnels:** Construction of rail/road tunnels.

### **E. Underground Works:**

Tunnelling requires specialized competencies and the Company has emerged as one of the most capable engineering companies for executing such projects. We have replaced conventional tunnelling methods with state-of-the-art technology and sophisticated equipment and methods like New Austrian Tunnelling Method (NATM) & Tunnel Boring Machine (TBM)

Some of the key projects completed by us include:

Name of the project	Location	Completion Date
Single Line BG Tunnel No. T-20, 21 & 22	Manipur	2017
Single Line BG Tunnel No. 7	Assam	2013
Access Road Tunnel at Dam Area for MHPA	Bhutan	2012
Railway BG Tunnel Number 01 – Udampur Katra section	Jammu & Kashmir	2009
Konkan Railway Tunnel Berdewadi	Maharashtra	1996

#### ***F. Other Projects***

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 Mazagon 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 Mazagon Dock at Mumbai

### **Infrastructure Asset Ownership 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 Kadthal. 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

As of September 30, 2022, the size of our Order Book is ₹1,75,985.05 million, the following table sets forth the segment wise breakup of our Order Book:

Segment	Amount of Order Book (₹ in million)	Percentage of Order Book (%)
Hydro power	1,15,213.18	65.47
Irrigation	24,872.60	14.13
Tunnel	23,086.03	13.12
Road	9,003.53	5.12
Urban Infrastructure	3,707.47	2.11
Others	102.23	0.06
<b>Total</b>	<b>1,75,985.05</b>	<b>100.00</b>

Following are some key projects under execution:

#### *Hydro power –*

- Subansiri HEP, 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
- Amarmahal to Trombay Underground Tunnel – Mumbai
- PVPNG Tunnel Project – Mumbai

#### *Irrigation –*

- Sleemanabad Carrier Canal – Madhya Pradesh
- Gond Irrigation Project – Madhya Pradesh
- Micro irrigation system project – Karnataka.
- Jiagan Lift Irrigation Project – Maharashtra

#### *Urban Infrastructure and Roads –*

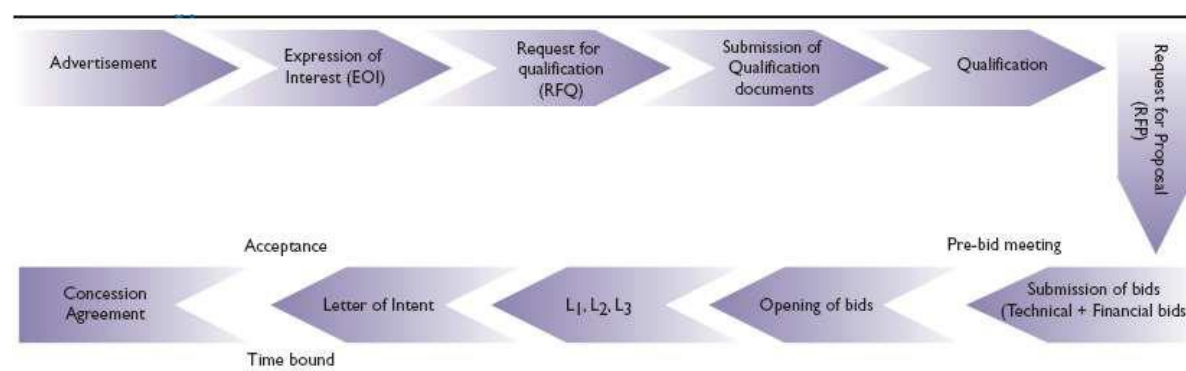
- RVNL Project – Chattisgarh
- Upgradation of Existing Highway to 2 Lane / 4 Lane from Omerga to Ausa - Maharashtra
- Road from Shrirampur-Vaijapur-Risod-Washim-Pusad-Mahagaon Fulsawangi-Mandvi Road – Maharashtra
- Road from Ramwadi Octroi Naka to New P.M.C.- Maharashtra
- Improvement of concrete road from Sancheti Hospital to Government Poultry farm & Govt. Poultry farm to Harris Bridge in Pune - Maharashtra
- Sela Bypass Tunnel – BRO – Arunachal Pradesh

### 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.

- 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.
- 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 specialist 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. Most of 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. Most of our hydro power projects are item-rate contracts. 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.

### **(D) BOT/Annuity**

Our infrastructure development business involves “BOT” projects which are characterised by three distinct phases:

- **Build** — we contract with a Government entity for the construction of an infrastructure project and secure financing to construct the project.
- **Operate** — we are the operators of the infrastructure asset during an agreed concession period and we maintain and manage the asset for the agreed concession period and earn revenues through charges, fees, tolls or annuities generated from the asset.
- **Transfer** — after the expiration of the agreed concession period, we transfer ownership of the infrastructure asset to a Government entity.

Annuity contracts typically provide for the facility to be constructed, maintained and financed by the bidder. The client agrees to pay the successful bidder annuity payments in predetermined amounts at pre-defined intervals over the course of the concession period. However, the client retains ownership of the asset and collects revenues, if applicable, during the entire life of the project.

BOT projects are usually undertaken through special purpose vehicles. Debt is often separately raised in the special purpose vehicle on the strength of the future cash flows of the project or using the collateral of the existing assets of the parent. The main reason for incorporating a special purpose vehicle is to ring-fence the high risk and return of these BOT projects, which generally have long concession periods.

### **Advances, Retention Money and Bank Guarantees**

#### *Advances*

On allotment of the contract, we are provided with a mobilization advance, which ranges 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.

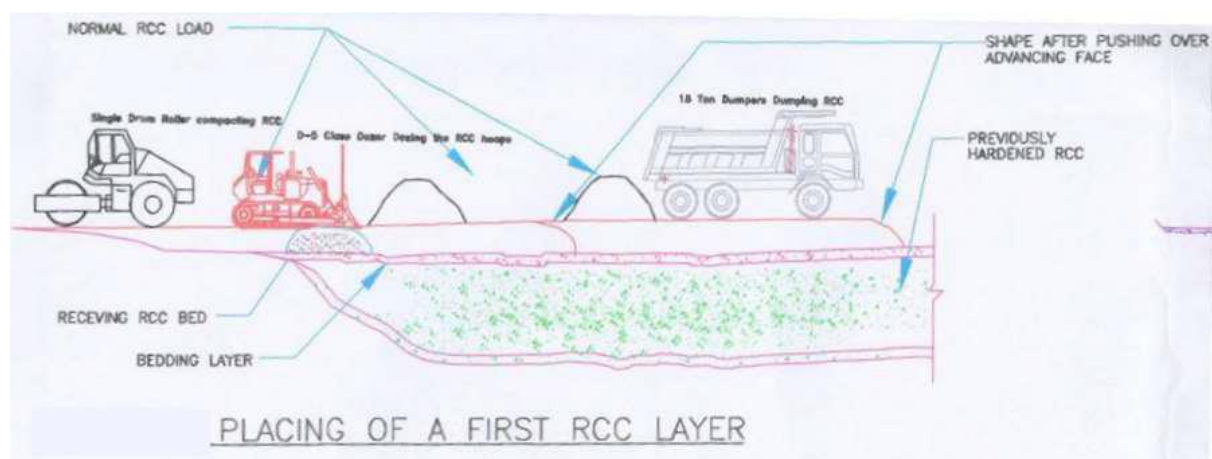
## **Our Technology**

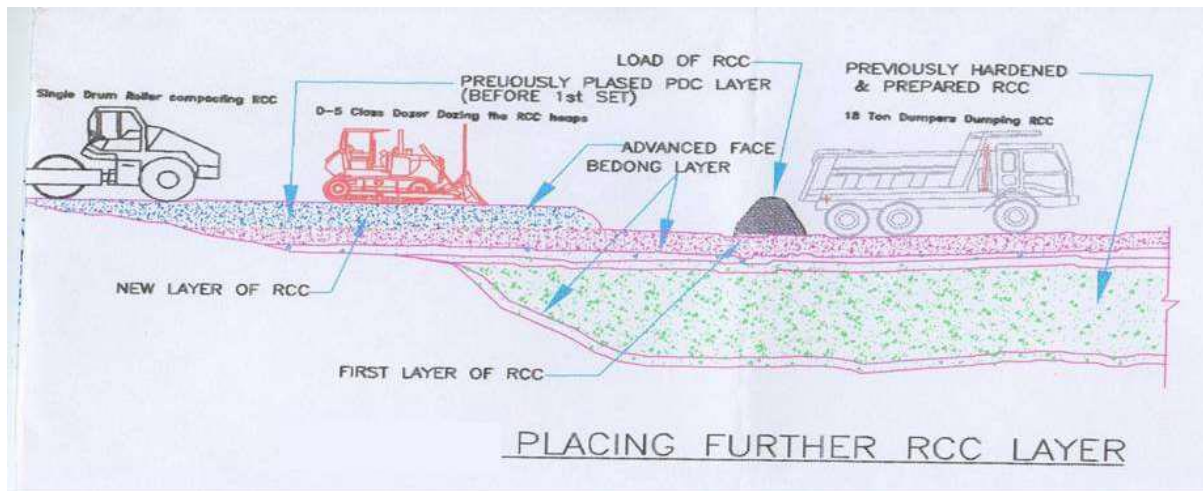
We have access to sophisticated technology and experience for the construction of RCC dams and micro tunnelling projects. In particular, we believe that our RCC and micro tunnelling expertise provides us with a competitive advantage.

### ***RCC technology***

RCC is short for ‘Roller Compacted Concrete’, which is a zero slump concrete which is mixed, transported and placed in layers followed by the spreading of the same with dozers and compaction with the help of vibratory rollers. This type of concrete, which has low W/C ratios and high fly-ash % is made from a high capacity mixing plant and is transported through series of belt conveyor system on the dam body. Unlike in the conventional method wherein a dam is raised in vertical blocks, through the use of RCC technology concrete is laid across the length and breadth of the dam body by placing horizontal layers. A dozer fitted with laser guidance system is used to spread the concrete to 300 millimetre thickness. The concrete is then compacted by vibrating rollers. The process is repeated to lay the next layer as shown in following sketches. Up to 70% of cement can be replaced with fly-ash, which helps in reducing the heat generated while cement hardens and improves durability. Fly-ash is a by-product of thermal coal used in power plants. Use of large quantities of fly-ash helps in preserving the environment near thermal plants. Moreover, fly-ash is abundantly available and is cheaper than cement.

The diagram below sets out the process involved in a project using RCC:





### ***Micro tunnelling technology***

In urban areas, for augmentation of services such as water, sewage, and telecommunication, new pipelines have to be laid crossing concrete highways, busy railway lines or waterways. Using the micro tunnelling method service pipelines are laid below without digging trenches.

A launch shaft is made on one side of the crossing and the excavation equipment is inserted into the shaft, which burrows its way under the road to another end while inserting pipeline. The machine is then removed from target shaft across the road. The conventional methods of laying pipelines would result in digging trenches disrupting road or rail traffic thereby causing a large disruption. The micro tunnelling process thus helps prevent disruptions and is less invasive. Furthermore, since concrete roads are not required to be dug up, the process is less time consuming and less expensive.

Our fleet of modern construction equipment ensures better control over execution and timely completion of projects.

### **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:

- Batching plant;
- Tunnel boring machines (TBMs);
- Micro tunnelling equipment;
- Twin boom hydraulic boomers;
- High capacity concrete batching plants;
- High capacity dumpers;
- Tower Cranes
- Raise climber; and
- Permeation grouting equipment.



We have a fully-fledged central workshop at Panvel 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 September 30, 2022, we employed 3,936 full-time employees in India, of which approximately 74.40 % are technical staff.

Our Company is managed by a team of qualified key management personnel having a proven track record with sound technical and managerial experience. We ascribe to a "People First" policy and endeavors to recruit the best possible talent for its operations which is a mix of both fresh talents from institutes/regional engineering colleges and experienced professionals from the industry. We believe in a well-motivated work force and to this end lays considerable emphasis on motivating and retaining its human resources through their continuous training and development to which we devote significant resources.

We have in place a performance appraisal system, which is complemented by development through training and is supported by a sound compensation package consisting of salary and allowances and other entitlements including ESOPs, bonus, leave, travel assistance, medical reimbursement, leave encashment, provident fund and gratuity.

We have developed a structured incentive program, including a performance-linked variable pay structure for certain levels of employees. We also employ contract labourers. We enter into contracts with independent contractors to complete specified assignments.

## **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.

Environmental issues are of increasing importance and impact the achievement by our Company of its objectives. Therefore, each project is designated with a project specific Environmental Management Plan, which provides a code of conduct for the execution of the whole project. Careful project assessment and planning reduces potential environmental hazards. Assessments of alternative execution methodologies and exercising innovative and advanced technologies available in the industry help reduce the ecological impact of our activities.

## **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.

## **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 such as HCC Limited, L & T Infrastructure, Jai Prakash Associates, Mega Engineering and Afcons Infrastructure Limited with the requisite capacity and experience to complete large construction works on demanding schedules.

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**

Information technology at our project sites allow accessibility and communication among on-site project managers and each site office. We have installed and implemented an ERP system 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 and improve the productivity, reliability and efficiency of our business and operations, besides 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.

## OUR MANAGEMENT

### Board of Directors

As on the date of this Letter of Offer, our Company has 6 (Six) Directors on our Board, comprising of a Managing Director, 2 (Two) Whole Time Directors and 3 (three) are Independent Directors including 1 (One) Woman Director.

As per the Articles of Association and subject to the provisions of the Companies Act, our Company is required to have not less than 3 (three) Directors and not more than 15 (fifteen) Directors, unless otherwise determined by our Company through a special resolution. The composition of our Board is governed by the provisions of the Companies Act and the SEBI Listing Regulations and the norms of the code of corporate governance as applicable to listed companies in India.

### Our Board

The following table sets forth the details regarding our Board as on the date of this Letter of Offer:

Sr. No.	Name, designation, current term, period of directorship, occupation, date of birth, DIN and address	Age (in years)	Other Directorships
1.	<b>Rupen Pravinbhai Patel</b>  <b>Designation:</b> Chairman and Managing Director  <b>Period of Directorship:</b> Director since October 26, 1995.  <b>Current Term:</b> April 1, 2019 to March 31, 2024  <b>Occupation:</b> Business  <b>Date of Birth:</b> August 22, 1966  <b>DIN:</b> 00029583  <b>Address:</b> A. K. Patel Bungalow, 5-D Dadabhai Road, Near Arya Samaj, Santacruz (W), Mumbai – 400 054, Maharashtra, India.	56	<b>Indian Companies</b>  1. Dirang Energy Private Limited; 2. Shreeanant Construction Private Limited; 3. Patel Patron Private Limited; 4. Michigan Engineers Private Limited; 5. Raahitya Constructions Private Limited; 6. Energy Design Private Limited; 7. Patel Engineering Infrastructure Limited;  <b>Foreign Companies</b>  1. Patel Engineering (Mauritius) Limited; 2. Patel Mining (Mauritius) Limited; 3. Patel Engineering (Singapore) Pte. Limited; 4. Patel Surya (Singapore) Pte. Limited.
2.	<b>Kavita Sanjiv Shirvaikar</b>  <b>Designation:</b> Whole Time Director and Chief Financial Officer  <b>Period of Directorship:</b> Director since April 1, 2017  <b>Current Term:</b> April 1, 2022 to March 31, 2027  <b>Occupation:</b> Service  <b>Date of Birth:</b> June 1, 1972  <b>DIN:</b> 07737376  <b>Address:</b> Flat No. 1212/B-3,	50	<b>Indian Companies</b>  1. West Kameng Energy Private Limited; 2. Digin Hydro Power Private Limited; 3. Meyong Hydro Power Private Limited; 4. Saskang Rong Energy Private Limited; 5. Patel KNR Infrastructures Limited; 6. Patel KNR Heavy Infrastructures Limited; 7. Hampus Infrastructure Private Limited. 8. Patel Energy Limited  <b>Foreign Companies</b>  1. Patel Engineering Inc.

Sr. No.	Name, designation, current term, period of directorship, occupation, date of birth, DIN and address	Age (in years)	Other Directorships
	Lok Gaurav Complex, LBS Marg, Near 247 Park, Tagore Nagar, Vikhroli West, Mumbai - 400 083, Maharashtra, India.		
3.	<b>Sunil Sapre</b>	65	<b>Indian Companies</b>
	<b>Designation:</b> Whole Time Director		1. Hitodi Infrastructure Private Limited;
	<b>Period of Directorship:</b> Director since April 1, 2017		2. West Kameng Energy Private Limited;
	<b>Current Term:</b> April 1, 2022 to March 31, 2027		3. Digin Hydro Power Private Limited;
	<b>Occupation:</b> Service		4. Meyong Hydro Power Private Limited.
	<b>Date of Birth:</b> November 10, 1957		
	<b>DIN:</b> 05356483		
	<b>Address:</b> Flat No. 13, Dharnidhar Vastu Vaibhav, 138, Senapati Bapat Marg, Matunga (West), Mumbai – 400 016, Maharashtra, India.		
4.	<b>Dr. Barendra Kumar Bhoi</b>	66	<b>Indian Companies</b>
	<b>Designation:</b> Independent Director		1. Mirae Asset Trustee Company Private Limited.
	<b>Period of Directorship:</b> Director since August 14, 2018		
	<b>Current Term:</b> August 14, 2018 to August 13, 2023.		
	<b>Occupation:</b> Professional		
	<b>Date of Birth:</b> August 12, 1956		
	<b>DIN:</b> 08197173		
	<b>Address:</b> C-501, Swapnalok Tower CHS Ltd, Film City Road, Near Pimparipada, Malad East, Mumbai – 400097, Maharashtra, India.		
5.	<b>Ramasubramanian Kuppusubramanian</b>	80	<b>Indian Companies</b>
	<b>Designation:</b> Independent Director		1. Mirae Asset Trustee Company Private Limited.
	<b>Period of Directorship:</b> Director since September 20, 2019		2. Patel KNR Infrastructures Limited.
	<b>Current Term:</b> September 20, 2019 to September 19, 2024.		3. Michigan Engineers Private Limited.
	<b>Occupation:</b> Business		

Sr. No.	Name, designation, current term, period of directorship, occupation, date of birth, DIN and address	Age (in years)	Other Directorships
	<b>Date of Birth:</b> May 10, 1942		
	<b>DIN:</b> 01623890		
	<b>Address:</b> C – 301, Nav Jyotirling CHS, Filmcity Road, Malad East, Mumbai – 400 097, Maharashtra, India.		
6.	<b>Sunanda Rajendran</b>	61	<b>Indian Companies</b>
	<b>Designation:</b> Independent Director		1. Eram Hitech Engineering India Private Limited
	<b>Period of Directorship:</b> Director since March 24, 2022		2. Indo Arab Chamber of Commerce and Industries
	<b>Current Term:</b> March 24, 2022 to March 23, 2023		3. Indo African Chamber of Commerce and Industry.
	<b>Occupation:</b> Business		
	<b>Date of Birth:</b> September 5, 1961		
	<b>DIN:</b> 00381885		
	<b>Address:</b> 601/A, Krishna CHS Limited, Nilkantha Vihar, Vidyavihar East, Mumbai – 400 089, Maharashtra, India.		

#### Details of directorship in companies suspended or delisted

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been, or were suspended from being traded on any of the stock exchanges during the term of their directorship in such company.

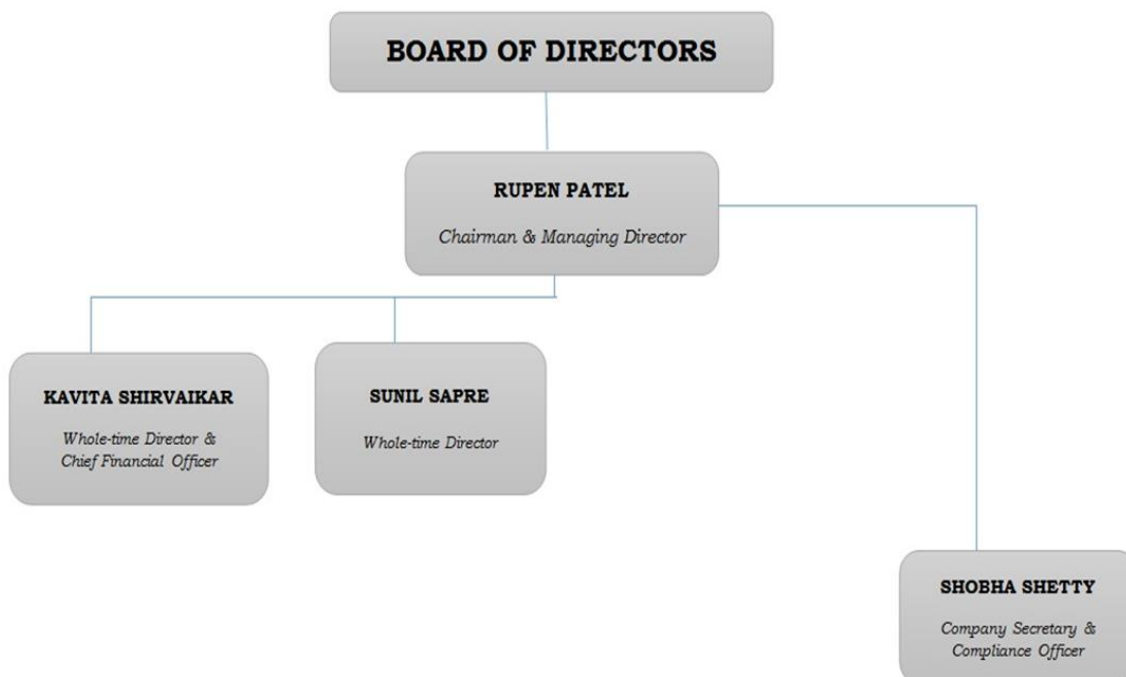
None of our Directors is or was a director of any listed company, which has been, or was delisted from any stock exchange during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer.

#### Our Key Management Personnel and Senior Management Personnel

The details of our Key Management Personnel/Senior Management Personnel other than our Whole Time Directors are as follows:

Sr. No.	Name of Key Management Personnel	Associated with the Company since	Current Designation
1.	Rupen Patel	October 26, 1995	Chairman and Managing Director
2.	Kavita Sanjiv Shirvaikar	February 13, 2015	Whole time Director and Chief Financial Officer
3.	Shobha Shetty	October 1, 2003	Company Secretary and Compliance Officer

## ORGAINISATION STRUCTURE



## SECTION V – FINANCIAL INFORMATION

### FINANCIAL STATEMENTS

S. No.	Particulars	Page Nos.
1.	Unaudited Consolidated Financial Results for the six months ended September 30, 2022 along with comparative of unaudited consolidated financial results of our Company as at and for the six-month period ended September 30, 2021) as per limited review by auditor	[●] – [●]
2.	Audited Consolidated Financial Statements as at and for the financial year ended March 31, 2022.	[●] – [●]

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**REFORMATTED STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND HALF YEAR ENDED  
SEPTEMBER 30, 2022**

Rs in Millions

PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	30.09.2022 Unaudited	30.06.2022 Unaudited	30.09.2021 Unaudited	30.09.2022 Unaudited	30.09.2021 Unaudited	31.03.2022 Audited
1. Revenue from operations	8,930.48	9,739.12	7,244.53	18,669.60	13,907.04	33,803.04
2. Other income	299.00	355.22	156.39	654.22	457.61	1,162.06
<b>3. Total income</b>	<b>9,229.48</b>	<b>10,094.34</b>	<b>7,400.92</b>	<b>19,323.82</b>	<b>14,364.65</b>	<b>34,965.10</b>
<b>4. Expenses</b>						
a) Cost of material consumed	2,337.46	2,445.78	3,028.43	4,783.25	4,591.78	8,526.29
b) Cost of construction	4,146.26	4,727.61	2,093.21	8,873.87	5,296.73	15,914.21
c) Employee benefits expense	831.95	727.74	631.12	1,559.69	1,174.75	2,665.24
d) Finance cost	1,056.35	1,000.67	1,038.06	2,057.01	2,095.24	4,195.27
e) Depreciation	232.64	220.26	203.30	452.89	402.57	818.99
f) Other expenses	307.48	339.68	267.30	647.17	578.43	1,419.99
<b>Total expenses</b>	<b>8,912.14</b>	<b>9,461.74</b>	<b>7,261.42</b>	<b>18,373.88</b>	<b>14,139.50</b>	<b>33,539.99</b>
5. Profit before exceptional items and tax (3-4)	317.34	632.60	139.50	949.94	225.15	1,425.11
6. Exceptional item (refer note no. 5)	9.74	-	-	9.74	-	304.94
7. Profit before tax (5-6)	307.60	632.60	139.50	940.20	225.15	1,120.17
8. Tax expense / (Credit) :						
a) Current (net)	339.09	191.83	44.81	530.92	107.61	382.32
b) Earlier years	0.15	-	-	0.15	-	1.57
c) Deferred	(191.78)	20.81	9.78	(170.97)	57.14	47.54
9. Profit for the period (7-8)	160.14	419.96	84.91	580.10	60.40	688.74
10. Share in profit / (loss) in associates (net)	101.27	(6.52)	(16.72)	94.75	3.42	32.23
11. Net profit after tax and share in profit/(loss) in associates (9+10)	261.41	413.44	68.19	674.85	63.82	720.97
12. Other comprehensive income (OCI)						
A (i) Items that will not be reclassified to profit or loss						
- Remeasurements of the defined benefit plans	(36.77)	(63.47)	(18.58)	(100.24)	28.37	(76.85)
(ii) Income tax relating to items that will not be reclassified to profit or loss	-	4.42	-	4.42	4.42	4.42
13. Total other comprehensive income for the year	(36.77)	(59.05)	(18.58)	(95.82)	32.79	(72.43)
14. Total comprehensive income and other comprehensive income for the year (11 + 13)	224.64	354.39	49.61	579.03	96.62	648.54
15. Non controlling interest	27.69	41.76	26.50	69.45	56.03	98.49
16. Owners of the parent (14 - 15)	196.95	312.63	23.11	509.58	40.59	550.05
17. Paid up equity share capital (Face value of Re 1 each)	515.74	479.23	479.23	515.74	479.23	479.23
18. Other equity (Excluding revaluation reserves)				24,234.93	22,897.14	23,357.75
19. Earnings per share						
a) Basic (not annualised)	0.53	0.86	0.15	1.37	0.14	1.52
b) Diluted (not annualised)	0.53	0.68	0.15	1.15	0.14	1.49
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 Companies 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 November 11, 2022.

2. Hon'ble National Company Law Tribunal, Mumbai Bench and Hon'ble National Company Law Tribunal, Hyderabad Bench vide its order dated June 16, 2022 and July 22, 2022 respectively, approved the Scheme of Merger by Absorption of Patel Hydro Power Private Limited, Zeus Minerals Trading Private Limited, Patel Concrete & Quarries Private Limited, Patel Lands Limited, Patel Engineers Pvt Ltd, Phedra Projects Pvt. Ltd, Patel Energy Resources Limited, PEL Power Limited, PEL Port Private Limited, Patel Energy Projects Private Limited, Patel Energy Assignment Private Limited, Patel Energy Operations Private Limited, Jayshe Gas Power Private Limited and Patel Thermal Energy Private Limited with Patel Engineering Limited. The Appointed Date of the Scheme is April 01, 2021 and effective date is September 02, 2022. Accordingly previous figures have been restated.

3. During the quarter, 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 1,35,52,800 Equity shares of face value Re. 1 each @ issue price of Rs. 25.36 per share aggregating to Rs. 31,83,39,008 to a Category I registered FPI.

4. 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.

5. Exceptional item includes reversal of provision for future loss and provision for doubtful receivables from JDA.



**PATEL ENGINEERING LTD.**

*Regd. Office : Patel Estate Road, Jogeshwari (W) , Mumbai- 400 102*

**CIN:L99999MH1949PLC007039**



**REFORMATTED STATEMENT OF CONSOLIDATED UNAUDITED RESULTS FOR THE QUARTER AND HALF YEAR ENDED  
SEPTEMBER 30, 2022**

6. The Consolidated results of the Group has three reportable business segments, "Civil Construction", "Real Estate" and "Others."
7. The previous year figures have been regrouped / rearranged/recasted wherever necessary for the purpose of comparison.

**For Patel Engineering Ltd.**

**Place : Mumbai**

**Date:**

**Kavita Shirvaikar**  
**Whole Time Director & Chief**  
**Financial Officer**  
**DIN : 07737376**

We hereby certify that the Financial amount reported in the above results have been reformatted accurately from the Indian rupees in Crores to Indian rupees in Millions

**For Vatsaraj & Co.**  
**Chartered Accountants**  
**FRN: 111327W**

**Dr. CA B.K. Vatsaraj**  
**Partner**  
**M.No. 039894**

**Date:**  
**Place: Mumbai**

Annexure B to our Certificate No:

**PATEL ENGINEERING LIMITED**



**REFORMATTED CONSOLIDATED STATEMENT OF ASSETS & LIABILITIES AS AT**

	Unaudited Sept 30-2022 (Rs. Millions.)	Audited Mar 31-2022 (Rs. Millions.)
<b>I. ASSETS</b>		
<b>1 Non-current assets</b>		
(a) Property, plant and equipment	11,691.80	11,513.74
(b) Capital work-in-progress	2,873.55	2,826.38
(c) Other intangible assets	9.89	9.31
(d) Goodwill on consolidation	282.00	282.00
(e) Financial assets		
(i) Investments	1,279.94	816.08
(ii) Trade receivables	5,179.58	4,935.47
(iii) Loans	944.88	766.19
(iv) Other financial assets	1,475.89	1,902.60
(f) Deferred tax assets (net)	2,146.85	1,973.68
(g) Current tax assets (net)	455.83	554.50
(h) Other non current assets	5,876.85	5,937.10
<b>Total non-current assets</b>	<b>32,217.06</b>	<b>31,517.05</b>
<b>2 Current assets</b>		
(a) Inventories	36,756.69	35,905.95
(b) Financial assets		
(i) Trade receivables	4,893.68	5,619.27
(ii) Cash and cash equivalents	2,511.57	2,605.78
(iii) Other bank balances	0.61	7.15
(iv) Loans	138.21	106.08
(v) Other financial assets	819.02	718.89
(c) Current tax assets (net)	73.98	125.58
(d) Other current assets	8,528.82	8,496.26
(e) Assets classified as held for sale	-	-
<b>Total current assets</b>	<b>53,722.58</b>	<b>53,584.96</b>
<b>TOTAL ASSETS</b>	<b>85,939.64</b>	<b>85,102.01</b>
<b>II. EQUITY AND LIABILITIES</b>		
<b>1 Equity</b>		
(a) Equity share capital	515.74	479.23
(b) Other equity	24,234.93	23,357.75
<b>Equity attributable to owners of the parent</b>	<b>24,750.67</b>	<b>23,836.98</b>
Non-controlling interests	781.40	714.11
<b>Total Equity</b>	<b>25,532.07</b>	<b>24,551.09</b>
<b>2 Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	7,421.40	7,607.14
(ii) Lease Liabilities	131.59	191.83
(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	5,579.25	5,771.28
(iv) Other financial liabilities	2,107.28	1,912.39
(b) Long-term provisions	135.50	148.54
(c) Other non current liabilities	7,019.53	6,821.76
(d) Deferred revenue	84.92	64.73
<b>Total non-current liabilities</b>	<b>22,479.47</b>	<b>22,517.67</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	14,564.77	15,008.98
(ii) Lease Liabilities	92.04	110.45
(iii) Trade payables		
a) Total outstanding dues of micro enterprises and small enterprises	52.58	96.84
b) Total outstanding dues of creditors other than micro enterprises and small enterprises	14,350.57	13,141.20
(iv) Other financial liabilities	228.84	220.08
(b) Short-term provisions	50.06	59.68
(c) Other current liabilities	8,589.24	9,396.02
<b>Total current liabilities</b>	<b>37,928.10</b>	<b>38,033.25</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>85,939.64</b>	<b>85,102.01</b>

For Patel Engineering Ltd.

Place : Mumbai  
Date:

Kavita Shirvaikar  
Whole Time Director & Chief Financial  
Officer  
DIN : 07737376

We hereby certify that the Financial amount reported in the above results have been reformatted accurately from the Indian rupees in Crores to Indian rupees in Millions

**For Vatsaraj & Co.**  
**Chartered Accountants**  
**FRN: 111327W**

**Dr. CA B.K. Vatsaraj**  
**Partner**  
**M.No. 039894**

**Date:**  
**Place: Mumbai**

Annexure B to our Certificate No:

**PATEL ENGINEERING LTD.**

REFORMATTED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2022



	September 30, 2022	September 30, 2021		
	Rs. Million	Rs. Million		
A. CASH FLOW FROM OPERATING ACTIVITIES				
Net profit/(loss) after tax	674.86	63.82		
Adjustment for:				
Depreciation/ amortisation	452.89	402.57		
Tax Expenses	360.10	164.75		
Finance charges	2,057.01	2,095.24		
Interest income and dividend received	(369.95)	(242.33)		
Foreign exchange loss/ (gain)	(159.60)	25.90		
Provision for leave salary	(16.55)	(11.02)		
Provision for gratuity	(6.12)	(0.58)		
Share in associates	94.75	(3.45)		
Share in JV	61.79	(63.72)		
Provision for impairment	-	-		
Profit on sale of assets	(8.92)	(2.17)		
Excess credit written back	-	(118.35)		
Irrecoverable debts and advances written off (net)	(4.00)	0.65		
ESOP compensation expenses	-	0.22		
OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	3,136.26	2,311.53		
Adjustment for changes in:				
Trade and other receivables	337.73	(370.53)		
Inventories	(850.74)	(1,816.94)		
Trade and other payables				
(excluding income tax)	691.43	1,846.16		
Cash from operations	3,314.68	1,970.22		
Direct tax paid	(380.78)	(263.88)		
NET CASH FROM OPERATING ACTIVITIES (A)	2,933.90	1,706.34		
B. CASH FLOW FROM INVESTING ACTIVITIES				
(Purchase) / adjustments of fixed assets (including capital work in progress and capital advances)	(626.26)	(454.05)		
Sale of fixed assets	98.97	102.39		
Decrease / (Increase) in loans to JV/ associates	2.79	69.63		
Remeasument of Assets held for sale	-	-		
Purchase of investments & marketable securities	(557.56)	(386.79)		
Increase in other bank balances	58.73	35.79		
Interest and dividend received	12.09	95.49		
NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)	(1,011.24)	(537.54)		
C. CASH FLOW FROM FINANCING ACTIVITIES				
Issue of Shares	342.30	(0.00)		
Proceeds from borrowings including cash credit limit	818.05	1,192.74		
Repayment of borrowings including cash credit limit	(1,608.44)	(702.41)		
Dividend paid	-	-		
Finance charges paid	(1,728.38)	(1,705.87)		
NET CASH USED IN FINANCING ACTIVITIES (C)	(2,176.47)	(1,215.54)		
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(253.81)	(46.74)		
Opening balance of cash and cash equivalents	2,605.78	1,949.22		
Balance of cash and cash equivalents	2,351.97	1,902.48		
Notes to Cash flow Statement				
a) Cash and Cash Equivalents				
Cash on hand and balance with banks	2,511.57	1,876.58		
Effect of exchange rate changes	(159.60)	25.90		
Closing cash and cash equivalents as restated	2,351.97	1,902.48		
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		
September 30, 2022	Opening balance	Cash Flow	Non - Cash Changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity) & Lease liability	22,918.40	(790.39)	81.79	22,209.80
	22,918.40	(790.39)	81.79	22,209.80

PATEL ENGINEERING LTD.

REFORMATTED CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF YEAR ENDED MARCH 31, 2022



September 30, 2021	Opening balance	Cash Flow	Non - Cash Changes	Closing balance
Borrowings (including short term borrowing, long term borrowing & current maturity) & Lease liability	22,961.98	490.33	303.18	23,755.50
	22,961.98	490.33	303.18	23,755.50

For Patel Engineering Ltd.

Place : Mumbai  
Date:

Kavita Shirvaikar  
Whole Time Director & Chief Financial  
Officer  
DIN : 07737376

We hereby certify that the Financial amount reported in the above results have been reformatted accurately from the Indian rupees in Crores to Indian rupees in Millions

For Vatsaraj & Co.  
Chartered Accountants  
FRN: 111327W

Dr. CA B.K. Vatsaraj  
Partner  
M.No. 039894

Date:  
Place: Mumbai

**PATEL ENGINEERING LTD.**

Regd. Office : Patel Estate Road, Jogeshwari (W) , Mumbai- 400 102

CIN:L99999MH1949PLC007039

**REFORMATTED CONSOLIDATED SEGMENT REPORTING**

Primary Segment :

**Rs in Million**

PARTICULARS	QUARTER ENDED			HALF YEAR ENDED		YEAR ENDED
	30.09.2022 Unaudited	30.06.2022 Unaudited	30.09.2021 Unaudited	30.09.2022 Unaudited	30.09.2021 Unaudited	31.03.2022 Audited
<b>Segment revenue</b>						
Civil Construction	8,853.74	9,618.93	7,133.07	18,472.67	13,723.74	33,462.89
Real Estate	76.74	120.19	111.46	196.93	186.44	334.87
Others	-	-	-	-	(3.14)	5.28
<b>Total segment revenue</b>	<b>8,930.48</b>	<b>9,739.12</b>	<b>7,244.53</b>	<b>18,669.60</b>	<b>13,907.04</b>	<b>33,803.04</b>
<b>Segment Result</b>						
Civil Construction	512.24	495.43	25.35	1,007.67	95.68	1,222.60
Real Estate	(99.24)	128.42	109.00	29.18	123.85	233.40
Others	5.62	2.23	(11.57)	7.84	9.04	1.34
<b>Total segment result (before exceptional items)</b>	<b>418.62</b>	<b>626.08</b>	<b>122.78</b>	<b>1,044.69</b>	<b>228.57</b>	<b>1,457.34</b>
<b>Segment Assets</b>						
Civil Construction				76,590.47	56,370.98	70,903.30
Real Estate				5,523.02	17,353.49	11,532.09
Other				3,826.15	9,893.08	2,666.62
<b>Total segment assets</b>				<b>85,939.64</b>	<b>83,617.55</b>	<b>85,102.01</b>
<b>Segment Liabilities</b>						
Civil Construction				57,538.60	53,731.81	55,748.42
Real Estate				2,802.00	5,741.86	4,718.90
Other				66.97	97.12	83.40
<b>Total segment liabilities</b>				<b>60,407.57</b>	<b>59,570.79</b>	<b>60,550.92</b>
<b>Geographical Segment :</b>						
<b>Segment revenue</b>						
Within India	8,465.97	8,662.23	6,589.94	17,128.20	13,019.11	31,378.70
Outside India	464.51	1,076.89	654.59	1,541.40	887.93	2,424.34
<b>Total segment revenue</b>	<b>8,930.48</b>	<b>9,739.12</b>	<b>7,244.53</b>	<b>18,669.60</b>	<b>13,907.04</b>	<b>33,803.04</b>
<b>Non current assets</b>						
Within India				31,312.54	27,097.87	30,695.38
Outside India				904.57	2,558.13	821.72
<b>Total non current assets</b>				<b>32,217.11</b>	<b>29,656.00</b>	<b>31,517.10</b>

For Patel Engineering Ltd.

Place : Mumbai

Date:

Kavita Shirvaikar

Whole Time Director &amp; Chief Financial

DIN : 07737376

We hereby certify that the Financial amount reported in the above results have been reformatted accurately from the Indian rupees in Crores to Indian rupees in Millions

For Vatsaraj & Co.  
Chartered Accountants  
FRN: 111327W

Dr. CA B.K. Vatsaraj  
Partner  
M.No. 039894

Date:

Place: Mumbai

**CA. Dr. B.K. Vatsaraj**  
B.com., F.C.A., Ph.D

**CA. Mayur Kisnadwala**  
B.com., F.C.A.

**CA. Jwalant S. Buch**  
B.com., F.C.A., D.C.P.

**CA. Abhilash N. Desai**  
B.com., F.C.A.

**CA. Nitesh K. Dedhia**  
B.com., F.C.A.

**Vatsaraj & Co. (Regd.)**



**CHARTERED ACCOUNTANTS**  
First Floor, Fort Chambers,  
C Block, 65 Tamarind Lane,  
Fort, Mumbai - 400 023.  
Tel. No.: +91-22 2265 3931  
+91-22 2263 5488

**Independent Auditor's Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company pursuant to the Regulation 33 and 52 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To,  
**The Board of Directors**  
Patel Engineering Limited  
Patel Estate SV Road,  
Jogeshwari (West),  
Mumbai – 400 102,  
Maharashtra, India.

**This reformatted Review Report on the Quarterly Unaudited Consolidated Financial Results of the Company for the Quarter ended September 30, 2022 and year to date from April 01, 2022 to September 30, 2022 is prepared for the purpose Right Issue of equity shares of the Company solely for the disclosure in the Letter of Offer to be filed with the Stock Exchanges and Securities and Exchange Board of India and all the financial amounts reported in Limited Review Report dated 11<sup>th</sup> November 2022, have been reformatted accurately from Indian rupees in Crores to Indian rupees in Millions.**

1. We have reviewed the accompanying Statement of Unaudited Consolidated Financial Results of **Patel Engineering Limited** ('the Holding Company'), which includes joint operations and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'Group'), and its associates for the Quarter ended September 30, 2022 and year to date from April 01, 2022 to September 30, 2022, ('the Statement') attached herewith, being submitted by the Holding company pursuant to the requirements of Regulation 33 and 52 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Listing Regulations').
2. This Statement, which is the responsibility of the Holding company's management and approved by the Holding company'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 read with the Circular. Our responsibility is to express a conclusion on the Statement based on our review.

**Fourth Floor, Bharat House, 104, Mumbai Samachar Marg, Fort, Mumbai - 400 001**  
**Phone : +91-22 4069 3900/39 Fax : +91-22 4069 3910 Email: admin@vatsarajco.com**

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.

We also performed procedures in accordance with the Circular No. CIR/CFD/CMDI/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 Branch Auditor of Real estate division have, Without qualifying their conclusion have drawn attention that Branch's has made investment and given loans and advances to Waterfront Developers Limited, a wholly owned subsidiary, where notice dated 4<sup>th</sup> June 2015 was received from Government of Mauritius for the termination of lease agreement entered on 11<sup>th</sup> December, 2009 with Les Salines Development Limited (a Step down subsidiary of Waterfront). In this case the process of arbitration with the Government of Mauritius has been completed during the quarter and management of the branch is expecting the favorable order for the same.

5. The Statement includes the results of the following entities:

**Subsidiaries:**

Michigan Engineers Private Limited (Consolidated), Water Front Developers (Consolidated), Patel Engineering Infrastructure Limited (Consolidated), Friends Nirman Private Limited, Bhooma Realities Private Limited, Shashvat Land Projects Private Limited, Pandora Infra Private Limited, Vismaya Constructions Private Limited, Patel Patron Private Limited, 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.

### **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 AvantikaDeepika 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, 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

### **JV Associate Companies**

Hitodi Infrastructure Limited, Raichur Sholapur Transmission Company Limited, ACP Tollways Private Limited, Patel Advance JV (Partnership Firm)

6. The accompanying Statement includes the interim reviewed financial results/financial information/financial statements in respect of:
- i. The real estate division of the Company included in the Statement of the Company whose interim financial results reflect total assets of Rs. 4486.35 Millions as at September 30, 2022, total revenues of Rs. 55.28 Millions and Rs. 156.82 Millions, total net Loss after tax of Rs. 613.34 Millions and Rs 516.69 Millions and total comprehensive income of Rs. (613.64) Millions and Rs. (517.14) Millions for Quarter ended September 30, 2022 and year to date from April 01, 2022 to September 30, 2022 respectively, and net cash outflows of Rs. 156.60 Millions for the period April 01, 2022 to September 30, 2022 as considered in the Statement which have been reviewed by the Branch auditor.
  - ii. 22 joint operations whose interim financial results reflect Company's Share in total assets of Rs. 3800.68 Millions as at September 30, 2022 , total revenue of Rs. 2292.88 Millions and Rs. 4460.84 Millions, Total Profit (net) after tax of Rs. 130.46 Millions and Rs. 133.84 Millions and total comprehensive income (net) of Rs. 130.39 Millions and Rs. 132.22 Millions for the quarter ended September 30, 2022 and for the period April 01 , 2022 to September 30, 2022 respectively, as considered in the Statement which have been reviewed by their respective independent auditors.
  - iii. 21 subsidiaries, whose interim financial results and other information reflects net total assets of Rs. 12,037.10 Millions as at September 30, 2022 , total revenues of Rs.617.41 Millions and Rs. 1134.59 Millions, total net loss after tax of Rs. 60.25 Millions and Rs. 55.66 Millions and total comprehensive income of Rs. (82.07) Millions and Rs. (122.19) Millions for the quarter ended 30th September, 2022 and for the period from 1st April, 2022 to 30<sup>th</sup> September, 2022 respectively, and net cash outflows of Rs. 255.19 Millions for the period April 01, 2022 to September 30, 2022, 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/ statements 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 /statements and other Unaudited financial information in respect of:
- i. 6 unincorporated joint operations whose interim financial results reflect Company's share total assets of Rs. 220.56 Millions as at September 30, 2022, total revenues of Rs. NIL and Rs. 3.65 Millions, total net profit after tax of Rs. NIL and Rs. NIL and total comprehensive income of Rs. NIL and Rs. NIL for Quarter ended September 30, 2022 and for the period April 01, 2022 to September 30, 2022 respectively as considered in the statement. These interim financial results are not reviewed by their auditors and have been furnished to us by the Company's Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on such unreviewed management certified interim financial results. According to the information and explanations given to us by the Company's management these interim financial results are not material to the Company.
  - ii. 4 subsidiaries whose interim financial results reflect total assets of Rs. 566.15 Millions as at September 30, 2022, total revenues of Rs. 4.98 Millions and Rs. 12.39 Millions, total Profit after tax of Rs. 1.48 Millions and Rs. 5.40 Millions and total comprehensive income of Rs. (2.14) Millions and Rs. (4.49) Millions for the quarter ended September 30, 2022 and for the period from April 1, 2022 to September 30, 2022 respectively, and net cash inflows of Rs. 0.10 Millions for the period April 01, 2022 to September 30, 2022, as considered in the Statement whose interim financial results/statements and other financial information which have not been reviewed by their auditors.
  - iii. 4 associates whose interim financial results reflect the Group's share of Net Profit/Loss of Rs. 103.10 Millions and Rs. 94.75 Millions and total Comprehensive Income of Rs. 103.10 Millions and Rs. 94.75 Millions for the quarter ended September 30, 2022 and for the period from April 01, 2022 to September 30, 2022 respectively, as considered in the Statement whose interim financial results/statements and other financial information which have not been reviewed by their auditors.

The unaudited interim financial results/ 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 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/ statements and other financial information. According to the information and explanations given to us by the Management, these interim financial statements/financial information/financial results 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/ statements and financial information certified by the Management.

8. The Consolidated Financial results of the Company for the quarter ended September 30, 2022 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 6 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 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**

**FRN: 111327W**

**Dr. CA B. K. Vatsaraj**

**Partner**

**M.No: 039894**

**Mumbai**

**Date:**

# T. P. Ostwal & Associates LLP

CHARTERED ACCOUNTANTS

Suite#1306-1307, 13<sup>th</sup> Floor, Lodha Supremus, Senapati Bapat Marg, Lower Parel, Mumbai 400 013

☎ +91 22 49454000 (Board) ☎ Fax: +91 22 49454010

Web: <http://www.tpostwal.in>, E-mail: [itax@tpostwal.in](mailto:itax@tpostwal.in)

## 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	<p><b><i>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"</i></b></p> <p>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</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as follows:</p> <ul style="list-style-type: none"> <li>Evaluated the design of internal controls relating to implementation of the revenue accounting standard.</li> <li>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</li> </ul>



	<p>performance obligations will be satisfied subsequent to the balance sheet date.</p> <p>Refer Notes 1.k and 26 to the Consolidated Financial Statements.</p>	<p>these controls.</p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Selected a sample of continuing and new contracts and performed the following procedures: <ul style="list-style-type: none"> <li>• Read, analyzed and identified the distinct performance obligations in these contracts.</li> <li>• Compared these performance obligations with that identified and recorded by the Company.</li> <li>• 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</li> <li>• 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.</li> <li>• Performed analytical procedures for reasonableness of revenues disclosed.</li> </ul> </li> </ul>
2	<p><b><i>Accounting of contract work-in-progress for engineering construction projects</i></b></p> <p>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</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Review of contract terms and conditions and the contractual sums and substantiated project revenues and costs incurred against underlying supporting documents.</li> <li>• 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.</li> <li>• Analyzed changes in estimates of costs from prior periods and assessed the consistency of these changes with progress of the projects during the year.</li> </ul>





	<p>progress for engineering construction projects is identified as a key audit matter.</p> <p>Refer Notes 1.j and 10 to the Consolidated Financial Statements.</p>	
3	<p><b>Valuation of Claims under settlement</b></p> <p>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:</p> <ul style="list-style-type: none"> <li>• Non acceptance of certain work by the client.</li> <li>• Cost overrun in certain contracts.</li> <li>• Reimbursement of the cost incurred by the company for the client.</li> </ul> <p>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</p> <p>Refer Notes 1.k, 42 to the Consolidated Financial Statements</p>	<p><b><u>Principal Audit Procedures</u></b></p> <p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> <li>• Assessing the procedures implemented by the Company to identify and gather the risks it is exposed to.</li> <li>• 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.</li> <li>• Discussion with the management on the development in these litigations during the year ended March 31, 2021.</li> </ul> <p>Obtaining representation letter from the management on the assessment of these matters as per SA 580 (revised) – Written representations.</p>

### 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.

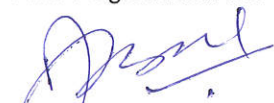
(c) Based on the audit procedures, that has been considered reasonable and appropriate in the circumstances, performed by us and those performed by the auditors of the subsidiaries and associates which are companies incorporated in India whose financial statements have been audited under the Act, nothing 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**



**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 Realities 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





**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**



**Place:** Mumbai

**Date:** May 23, 2022



		As At March 31, 2022	As At March 31, 2021
	Notes	Rs. Million	Rs. Million
<b>I. ASSETS</b>			
<b>1 Non-current assets</b>			
(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
<b>Total non current assets</b>		<b>31,518.91</b>	<b>29,534.91</b>
<b>2 Current assets</b>			
(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
<b>Total current assets</b>		<b>53,582.48</b>	<b>51,336.11</b>
<b>TOTAL ASSETS</b>		<b>85,101.39</b>	<b>80,871.02</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	14	479.23	465.45
(b) Other equity		23,357.13	22,730.21
<b>Equity attributable to owners of the parent</b>		<b>23,836.36</b>	<b>23,195.66</b>
Non-controlling interests		714.11	612.90
<b>Total equity</b>		<b>24,550.47</b>	<b>23,808.56</b>
<b>2 Liabilities</b>			
<b>Non current liabilities</b>			
(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
<b>Total non current liabilities</b>		<b>22,517.67</b>	<b>21,977.28</b>
<b>Current liabilities</b>			
(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
<b>Total current liabilities</b>		<b>38,033.25</b>	<b>35,085.18</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>85,101.39</b>	<b>80,871.02</b>

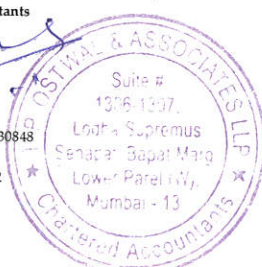
Summary of significant accounting policies

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



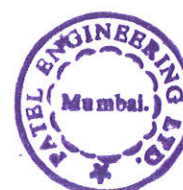
Rupen Patel  
Chairman & Managing  
Director  
DIN : 00029583

Shobha Shetty  
Company Secretary  
Mem. No: F10047

For and on behalf of Board

K.m.B.  
Kavita Shirvaikar  
Chief Financial  
Officer & Director  
DIN : 07737376

Sunil Sapre  
Director  
DIN : 0536483



PATEL ENGINEERING LIMITED

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2022



		March 31, 2022	March 31, 2021
	Notes	Rs. Million	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)		<u>34,964.95</u>	<u>21,039.28</u>
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		<u>33,539.99</u>	<u>22,335.74</u>
V. Profit/(loss) before exceptional items and tax (III-IV)		<u>1,424.96</u>	<u>(1,296.46)</u>
VI. Exceptional items	32	304.94	2,141.66
VII. Profit/(loss) before tax (V - VI)		<u>1,120.02</u>	<u>(3,438.12)</u>
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)		<u>686.26</u>	<u>(2,729.26)</u>
X. Share in profit / (loss) in associates (net)		<u>32.23</u>	<u>(178.21)</u>
XI. Net profit/(loss) after tax and share in profit /(loss) in associates (IX+X)		<u>718.49</u>	<u>(2,907.47)</u>
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		<u>(72.43)</u>	<u>45.28</u>
XIV. Total comprehensive income for the year (XI+XIII)		<u>646.06</u>	<u>(2,862.19)</u>
(comprising profit /(loss) and other comprehensive income for the year)			
XV. Minority interest		<u>98.49</u>	<u>119.85</u>
XVI. Owners of the parent (XIV- XV)		<u>547.57</u>	<u>(2,982.04)</u>
XVII. Earnings per equity share:			
(1) Basic	37	1.51	(6.78)
(2) Diluted		1.49	(6.78)

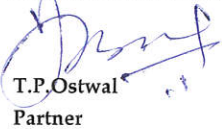
Summary of significant accounting policies

1

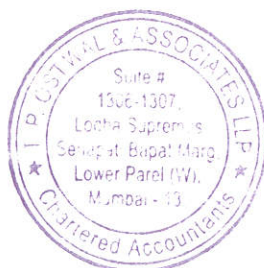
The notes referred to above form an integral part of these financial statements  
As per our report of even date

For and on behalf of Board

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



	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
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
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>	<b>5,634.24</b>	<b>2,759.19</b>
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)	<b>2,755.51</b>	<b>1,027.25</b>
<b>Cash from operations</b>	<b>6,185.43</b>	<b>4,009.20</b>
Direct tax paid	(812.19)	(122.16)
<b>NET CASH FROM OPERATING ACTIVITIES (A)</b>	<b>5,373.24</b>	<b>3,887.04</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
(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
<b>NET CASH FROM / (USED IN) INVESTING ACTIVITIES (B)</b>	<b>(1,437.47)</b>	<b>68.79</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
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)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(3,397.87)</b>	<b>(3,107.71)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>537.90</b>	<b>848.12</b>
<b>Opening balance of cash and cash equivalents</b>	<b>1,949.22</b>	<b>1,132.49</b>
<b>Balance of cash and cash equivalents</b>	<b>2,487.11</b>	<b>1,980.61</b>
<b>Notes to cash flow statement</b>		
a) <u>Cash and cash equivalents</u>		
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.		



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PATEL ENGINEERING LTD.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2022



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

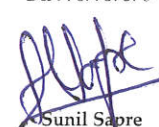


Shobha Shetty  
Company Secretary  
Mem. No: F10047





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

Particulars	Equity component of compound financial instruments	Capital reserve	General reserve	Securities premium	Debt redemption reserve	Stock option outstanding account	Reserves and surplus			Rs. Million		
							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



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PATEL ENGINEERING LIMITED

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.



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## 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 Affairs 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.








## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

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.



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**NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022**

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.



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## 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).



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## 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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(K)





## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

**(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










## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

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.








## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

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.

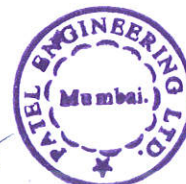
Business combinations between entities under common control are accounted for at carrying value.

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



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## NOTES TO CONSOLIDATED FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2022

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.







Note : 2  
PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2022

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022													Rs. Million	
Particulars	As at April 1, 2021	Addition	Gross block					Depreciation				Net book value		
			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, 2021	
<b>TANGIBLE ASSETS</b>														
Land <sup>1</sup>	2,464.45	4,239.48	-	6,703.93	-	6,703.93	-	-	-	-	-	6,703.93	2,464.45	
Building <sup>2</sup>	623.34	6.07	113.13	516.28	1.47	517.75	208.85	12.33	13.74	207.44	1.38	308.93	414.49	
Plant and equipment <sup>3</sup>	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	3,093.03	
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	5.24	
Vehicles <sup>4</sup>	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	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	3.97	
Others <sup>5</sup>	40.07	5.28	10.69	34.66	-	34.66	28.98	1.08	1.34	28.72	-	28.72	11.09	
Electric equipment	113.44	39.41	0.31	152.54	-	152.54	77.65	10.95	0.19	88.41	-	88.41	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	
Container	11.35	0.19	-	11.54	-	11.54	6.54	1.06	-	7.60	-	7.60	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	11,305.74	6,308.99	
<b>RIGHT TO USE</b>														
Building	3.69	28.81	-	32.50		32.50	2.30	5.60	-	7.90		7.90	24.60	
Land		3.15	-	3.15		3.15		1.06		1.06		2.09	1.38	
Plant and equipment	468.90	21.49	0.13	490.26		490.26	249.97	65.97	0.05	315.90		315.90	218.93	
Vehicles	12.06			12.06		12.06	3.66	1.46		5.12		5.12	6.94	
Total	484.65	53.45	0.13	537.97	-	537.97	255.93	74.09	0.05	329.98	-	329.98	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	11,513.73	6,537.70	
<b>INTANGIBLE ASSETS</b>														
Computer software	61.12	8.52	-	69.64	-	69.64	57.25	3.08		60.33	-	60.33	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	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	14,633.28	13,611.49	



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**PATEL ENGINEERING LIMITED**

1 Title deeds of immovable property not held in the name of the Company:

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. Mulhuraj	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 Yeadi 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 (P.Y. Rs. 37.37 million) not commissioned/erected/put to use, Nil (P.Y. Nil) towards exchange rate difference.

Vehicles includes	Rs. Million			
	Gross block	Gross block	Acc dep.	Acc dep.
	2021-22	2020-21	2021-22	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

Others include	Rs. Million			
	Gross block	Gross block	Acc dep.	Acc dep.
	2021-22	2020-21	2021-22	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

Particulars	Amount in CWIP for a period of					Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years		
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.



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PATEL ENGINEERING LIMITED  
PROPERTY, PLANT AND EQUIPMENT AS AT MARCH 31, 2021

Particulars	Gross Block					Depreciation					Rs. Million	
	As at April 1, 2020	Addition	Deduction/ retirement	Sub total	Foreign currency fluctuation	As at March 31, 2021	For the year	Deduction	Sub total	Foreign currency fluctuation	As at March 31, 2021	As at March 31, 2020
TANGIBLE ASSETS												
Land <sup>1</sup>	2,590.38	1.32	124.68	2,467.02	(2.57)	2,464.45	-	-	-	-	2,464.45	2,590.38
Building <sup>2</sup>	621.65	0.65	(1.12)	623.42	(0.08)	623.34	13.66	(0.43)	209.18	(0.33)	414.49	426.57
Plant and equipment <sup>3</sup>	5,997.21	1,541.73	48.81	7,490.13	0.17	7,490.30	461.03	17.23	4,397.10	0.17	4,397.27	3,093.03
Furniture and fixtures	95.77	1.19	1.65	95.31	0.13	95.44	1.58	1.64	90.07	0.13	90.20	5.24
Vehicles <sup>4</sup>	1,302.12	84.34	(6.11)	1,392.57	0.13	1,392.70	85.45	(2.41)	1,143.57	0.13	1,143.70	246.42
Office equipment's	62.69	0.99	0.49	63.19	0.08	63.27	1.72	0.48	59.22	0.08	59.30	4.71
Others <sup>5</sup>	40.07	-	-	40.07	-	40.07	28.09	-	28.98	-	11.09	11.98
Electric equipment	92.42	21.66	0.64	113.44	-	113.44	7.89	0.64	77.65	-	35.79	22.02
Computer equipment's	118.57	15.26	1.01	132.82	0.11	132.93	97.66	1.00	105.71	0.11	105.82	27.11
Container	9.77	1.58	-	11.35	-	11.35	1.12	-	6.54	-	4.81	4.35
Total	10,930.65	1,668.72	170.04	12,429.32	(2.03)	12,427.29	553.77	18.15	6,118.02	0.29	6,118.31	5,376.87
RIGHT TO USE <sup>6</sup>												
Building	83.79	0.13	80.24	3.69	-	3.69	22.96	40.12	2.30	-	1.38	60.83
Plant and equipment	469.46	-	0.55	468.90	-	468.90	132.32	0.15	249.97	-	218.93	337.14
Vehicles	12.06	-	-	12.06	-	12.06	2.20	1.46	3.66	-	8.40	9.86
Total	565.31	0.13	80.80	484.65	-	484.65	157.48	138.72	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	718.62	58.42	6,373.95	0.29	6,374.24	5,784.70
INTANGIBLE ASSETS												
Computer software	59.48	1.64	-	61.12	-	61.12	55.62	1.63	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	-	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	720.25	58.42	6,431.20	0.29	6,431.49	17,480.77



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# PATEL ENGINEERING LIMITED



## Notes

1 Title deeds of immovable property not held in the name of the Company:

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	Rs. Million 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.

Vehicles includes	Rs. Million			
	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

Others include	Rs. Million			
	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

Particulars	Amount in CWIP for a period of				Total
	Less than 1 years	1-2 years	2-3 years	More than 3 years	
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.



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NOTE : 3

INVESTMENT

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

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

1,00,06,000 shares (1,00,06,000) of Patel KNR Heavy Infrastructures Ltd., F.V. Rs.10/- per share

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

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)

2,40,19,600 shares (2,40,19,600) of Hitodi Infrastructure Pvt. Ltd. Face Value Rs.10 per share

Investment in government securities <sup>IV</sup>

Investment by joint venture

Investment in partnership firms <sup>V</sup>

Investment in mutual funds (At FVTPL, quoted)

Total

Less : provision for impairment <sup>III</sup>

TOTAL NON -CURRENT INVESTMENT

	March 31, 2022	March 31, 2021
	Rs Million	Rs. Million
- In equity instrument at cost, unquoted	-	-
- In preference instruments at cost, unquoted	-	-
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 <sup>IV</sup>	0.14	0.14
Investment by joint venture	76.00	76.00
Investment in partnership firms <sup>V</sup>	-	0.01
Investment in mutual funds (At FVTPL, quoted)	169.89	5.50
Total	824.33	692.40
Less : provision for impairment <sup>III</sup>	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

Unsecured, considered good unless otherwise stated

Receivables outstanding for a period exceeding six months

Considered good

Considered doubtful

Less : provision for doubtful debts

Other receivables

Considered good

	Non-current		Current	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	Rs Million	Rs Million	Rs Million	Rs Million
Unsecured, considered good unless otherwise stated				
Receivables outstanding for a period exceeding six months				
Considered good	3,550.91	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
Other receivables	(A) 3,550.91	4,359.43	4,137.42	2,900.03
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	
<b>As on March 31, 2022</b>							
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
<b>Less: allowance for doubtful debts</b>	-	-	-	-	4.96	-	4.96
<b>Total receivable</b>	2,054.56	674.05	699.14	1,039.72	1,409.01	4,678.26	10,554.74
<b>As on March 31, 2021</b>							
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
<b>Less: allowance for doubtful debts</b>	-	-	-	-	5.12	-	5.12
<b>Total receivable</b>	1,132.89	227.02	599.12	995.03	1,275.56	4,527.56	8,757.18

NOTE : 5  
LOANS

Balance in current account with related parties  
Unsecured, considered good  
Balance which have significant increase in credit risk  
  
Less: provision for impairment

Non-current		Current	
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Rs Million	Rs Million	Rs Million	Rs Million
766.19	704.41	106.08	297.37
101.06	101.45	3.51	14.71
867.25	805.86	109.59	312.09
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

Cash and bank balance  
- On fixed deposits accounts with scheduled banks\*  
Deferred finance cost  
Secured deposit  
Unsecured, considered good  
Others

Non-current		Current	
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Rs Million	Rs Million	Rs Million	Rs Million
1,784.60	1,288.72	-	-
56.83	60.85	-	-
8.63	8.73	715.37	774.34
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

Related to depreciation on property, plant and equipment  
Carry forward of an unused tax credit  
Other disallowances under the income tax act

March 31, 2022	March 31, 2021
Rs Million	Rs Million
28.71	(21.90)
620.98	620.98
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:

Deferred income tax liability  
Temporary difference on tangible and intangible assets depreciation and amortization  
Others

March 31, 2022	March 31, 2021
Rs Million	Rs Million
(29.26)	(71.15)
(0.46)	(0.13)

Deferred income tax asset  
Disallowances on account of income tax act  
Temporary difference on tangible and intangible assets depreciation and amortisation  
Carry forward of an unused tax credit  
Other  
Total deferred tax assets (net)

March 31, 2022	March 31, 2021
Rs Million	Rs Million
1,320.35	1,400.59
57.97	49.24
620.98	620.98
4.11	3.25
1,973.68	2,002.80

NOTE : 8  
CURRENT TAX ASSETS (NET)

Advance tax (net)<sup>1</sup>

Non-current		Current	
March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Rs Million	Rs Million	Rs Million	Rs Million
554.50	130.98	123.25	120.42
554.50	130.98	123.25	120.42

<sup>1</sup> 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:

Profit / loss before income tax
Income tax expense calculated at 34.944%
Effect of expenses not allowed for tax purpose
Effect of income not considered for tax purpose
Others

March 31, 2022	March 31, 2021
Rs Million	Rs Million
1,120.02	(3,438.12)
391.38	(1,201.42)
4.96	257.70
(2.00)	(9.54)
(8.12)	1,065.23
386.22	111.98

## NOTE : 9

## OTHER ASSETS

## Capital advance

Secured, considered good
Unsecured, considered good

## Security deposit

Unsecured, considered good
Doubtful

## Advance recoverable

Secured, considered good
Unsecured, considered good
Doubtful

## Prepaid expenses

## Balance with statutory authorities

## Accrued interest

## Preoperative and preliminary expenses

## Advance to suppliers

## Other advances

## Receivable on account of sale of long term investments

## Non trade receivables

## Advances to employees

## Less: allowance for doubtful advances

## Less: provision for impairment

Non-current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
232.98	145.33
2,401.93	2,930.47
16.76	-
180.74	455.32
464.71	527.49
208.68	197.71
881.42	918.10
1,422.12	1,218.43
606.50	749.40
-	-
1.50	1.50
-	-
-	-
1.23	1.91
6,418.57	7,145.66
481.47	527.49
-	-
5,937.10	6,618.17

Current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
-	-
1,188.14	1,226.38
-	-
4,293.89	4,004.86
27.30	-
473.25	388.53
2,058.01	1,364.47
43.11	29.89
-	-
75.52	40.60
247.02	257.94
51.88	51.88
31.06	25.50
34.38	38.00
8,523.56	7,428.05
-	-
27.30	-
8,496.26	7,428.05

## NOTE : 10

## INVENTORIES \*

## (At lower of cost or net realizable value)

## Stock of land

## Stores, embedded goods and spare parts etc.

( Includes stores in transit Rs. 37.75 million ( P.Y. Rs. 99.80 million)

## Work in progress

Current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
3,604.08	4,677.44
2,421.10	1,941.57
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

## Balance with banks

- On current accounts with scheduled banks
- On fixed deposits accounts with scheduled banks
- On fixed deposits accounts with foreign banks
- Balances with non scheduled banks
- Cheques in hand
- Foreign currency in hand

## Cash on hand

Current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
2,268.28	1,614.88
306.46	288.48
21.35	19.54
-	17.21
-	0.03
0.33	0.23
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

## Investment

Nil shares (14,75,840) of Naulo Nepal Hydroelectric Pvt. Ltd., NPR 100/- per share  
2,50,000 shares (2,50,000) of Bellona Estate Developers Ltd., F.V. Rs 10/- per

## TOTAL ASSETS CLASSIFIED AS HELD FOR SALE

Current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
-	116.00
-	-
-	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.10,00,000 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 preferential 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 preferential 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 preferential 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 <sup>1</sup>	5,230.57	6,812.12	1,391.00	-
b) Term loans				
- From bank <sup>2</sup>	1,553.68	554.09	1,170.22	540.22
- From others <sup>3</sup>	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)
	<u>7,607.14</u>	<u>7,533.37</u>	<u>-</u>	<u>-</u>

## 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 (P.Y. 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-passu 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 includes 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

## Lease liability

Non-Current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
191.83	270.84
<u>191.83</u>	<u>270.84</u>

Current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
110.45	27.25
<u>110.45</u>	<u>27.25</u>

## NOTE : 17

## TRADE PAYABLES\*

Total outstanding dues of micro enterprises and small enterprises

Total outstanding dues of creditors other than micro enterprises and small enterprises

Piece rate wages payable

Provisions - others

Capital creditors

March 31, 2022	March 31, 2021
Rs Million	Rs Million
-	-
741.52	773.14
2,549.97	2,220.42
1,969.00	1,394.34
<u>510.79</u>	<u>391.32</u>
<u>5,771.28</u>	<u>4,779.22</u>

\*Ageing of trade payable is given under note no 59

## NOTE : 18

## OTHER FINANCIAL LIABILITIES

Retention deposits (contractually to be refunded after 1 year from completion of work)

Interest accrued but not due on borrowings

March 31, 2022	March 31, 2021
Rs Million	Rs Million
245.11	194.37
<u>1,667.28</u>	<u>1,283.80</u>
<u>1,912.39</u>	<u>1,478.17</u>

## NOTE : 19

## PROVISIONS

## Provision for employee benefits (refer note 34)

Provision for gratuity

Provision for leave entitlements

Non-current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
34.89	30.73
<u>113.65</u>	<u>89.23</u>
<u>148.54</u>	<u>119.96</u>

Current	
March 31, 2022	March 31, 2021
Rs Million	Rs Million
39.14	47.59
<u>20.54</u>	<u>16.18</u>
<u>59.68</u>	<u>63.77</u>

## NOTE : 20

## OTHER NON CURRENT LIABILITY

Contractee advances

Deposits

Other liability

March 31, 2022	March 31, 2021
Rs Million	Rs Million
5,909.40	6,532.88
181.52	163.11
<u>730.84</u>	<u>1,031.72</u>
<u>6,821.76</u>	<u>7,727.71</u>

## NOTE : 21

## DEFERRED REVENUE

Deferred revenue

March 31, 2022	March 31, 2021
Rs Million	Rs Million
64.73	68.01
<u>64.73</u>	<u>68.01</u>

## NOTE : 22

## BORROWINGS

## I Secured loans

Short term loans<sup>1</sup>

- From bank

- From others

Loans repayable on demand<sup>2</sup>

- From bank

March 31, 2022	March 31, 2021
Rs Million	Rs Million
-	1,349.64
262.41	704.65
11,098.63	11,627.94
100.00	100.00
748.88	783.29
<u>2,799.07</u>	<u>564.99</u>
<u>15,008.98</u>	<u>15,130.52</u>

II Unsecured loans<sup>3</sup>

- From others

- From related parties

Current maturities of long-term debt

## 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 sanctioned for the loans from March, 2021 up to March 31, 2022.

Terms of repayment:

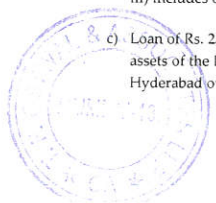
Cash credit- yearly renewal, rate of interest ranges between 10%-12.85% p.a. (P.Y. 10%-12.85% p.a.)

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\***

Total outstanding dues of micro enterprises and small enterprises (refer note no 43)  
Total outstanding dues of creditors other than micro enterprises and small enterprises  
Piece rate wages payable  
Provisions - others

March 31, 2022	March 31, 2021
Rs Million	Rs. Million
96.84	45.62
5,206.06	5,009.58
3,532.93	3,403.08
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**

Interest accrued but not due on borrowings  
Interest accrued and due on borrowings  
Deposits  
Others

March 31, 2022	March 31, 2021
Rs Million	Rs. Million
105.76	110.63
30.96	91.11
83.29	86.36
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****(a) Other liabilities**

Contractee advances

**Other payables**

Payable to employees  
Other liabilities

**(b) Balance in current account**

(i) With subsidiaries, associates  
(ii) With joint ventures

March 31, 2022	March 31, 2021
Rs Million	Rs. Million
7,542.09	5,599.66
558.13	560.14
724.16	924.80
0.17	0.24
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








## NOTE : 28

## COST OF CONSTRUCTION

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
<b>Stores, embedded goods and spare parts *</b>		
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
<b>Consumption of stores and spares</b>	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
<b>Other administrative costs</b>		
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
<b>Auditor's remuneration</b>		
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
	<b>1,419.99</b>	<b>998.26</b>

## NOTE : 32

## EXCEPTIONAL ITEMS :

	March 31, 2022	March 31, 2021
	Rs. Million	Rs. Million
Reversal of receivables on account of assessment <sup>a</sup>	-	152.23
Provision for impairment of loans and advances <sup>b</sup>	69.08	769.35
Irrecoverable debts / assets written off <sup>c</sup>	235.86	1,781.01
Excess credit written back <sup>d</sup>	-	(560.94)
	<b>304.94</b>	<b>2,141.66</b>

- 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.









**33 Details of subsidiaries, associates and joint ventures, which are consolidated:****A) Wholly owned (100%) subsidiaries:**

1. Patel Energy Resources Ltd.	14. Vismaya Constructions Pvt. Ltd.
2. Patel Engineering Inc.	15. Bhooma Realities Pvt. Ltd.
3. Patel Engineering (Mauritius) Ltd.	16. Patel Lands Ltd.
4. Patel Engineering Singapore Pte. Ltd.	17. Energy Design Pvt. Ltd.
5. Patel Engineering Infrastructure Ltd.	18. Shreeanant Construction Pvt. Ltd.
6. Patel Concrete and Quarries Pvt. Ltd.	19. Hampus Infrastructure Pvt. Ltd.
7. Friends Nirman Pvt. Ltd.	20. Apollo Buildwell Pvt. Ltd. (till February 16, 2022)
8. Zeus Minerals Trading Pvt. Ltd.	21. Arsen Infra Pvt. Ltd.
9. Patel Patron Pvt. Ltd.	22. PBSR Developers Pvt. Ltd.
10. Patel Engineers Pvt. Ltd.	23. Lucina Realtors Pvt. Ltd. (till July 19, 2021)
11. Pandora Infra Pvt. Ltd.	24. Waterfront Developers Ltd.
12. Patel Engineering Lanka Pvt. Ltd.	25. Patel KNR Infrastructures Ltd.
13. Shashvat Land Projects Pvt. 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.







## 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	7.08
	(17.66)	(7.39)
Interest cost (net)	6.45	2.10
	(4.63)	(1.81)
Net actuarial (gain) / losses	3.92	(3.05)
	(57.54)	(-0.17)
<b>Total expenses recognized in the statement of profit and loss</b>	<b>31.19</b>	<b>6.13</b>
	(79.83)	(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)	(36.30)
	(-191.76)	(-32.14)
Fair value of plan assets as at the year end	37.43	-
	(44.43)	-
<b>Funded liability recognized in the balance sheet</b>	<b>(126.05)</b>	<b>(36.30)</b>
	(-147.33)	(-32.14)

## (iii) Changes in defined benefit obligation :

Liability at the beginning of the year	191.76	32.14
	(118.80)	(26.50)
Interest cost	9.47	2.10
	(8.15)	(1.81)
Current service cost	20.82	7.08
	(17.66)	(7.39)
Benefit paid	(9.98)	(0.61)
	(-10.35)	(-3.39)
Actuarial (gains) / losses on obligations	(48.60)	(4.41)
	(57.50)	(0.17)
<b>Liability at the end of the year</b>	<b>163.48</b>	<b>36.31</b>
	(191.76)	(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)	-
<b>Total actuarial gain to be recognized</b>	<b>(48.55)</b>	<b>-</b>
	(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%	-







(viii) Sensitivity analysis for significant assumption is as below :

Discount rate	7.23%	7.25%
	(6.80%)	(6.80%)
Rate of increase in compensation levels	5.50%	5.50%
	(5.00%)	(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	(2.99)
	(53.10)	(-0.07)
On plan asset (loss)/gain	(0.05)	-
	(-0.04)	-

(x) Expected employer's contribution in future years

1 years	29.09	2.93
	(35.55)	(1.69)
Between 2 to 5 years	42.75	11.74
	(52.02)	(5.39)
Beyond 5 years	242.86	77.74
	(254.78)	(-61.93)
The weighted average duration of the defined benefit plan obligation at the end of the reporting period (years)	9	13
	(8)	(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
<b>Total expenses</b>	<b>181.89</b>	<b>236.06</b>

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.  | 4 Raichur Sholapur Transmission Company Pvt. Ltd. |
| 2 Bellona Estate Developers Ltd. (BEDL)   | 5 PAN Realtors Pvt.Ltd. (Till Mar 29, 2021)       |
| 3 Hitodi Infrastructure Private 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. (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. Prahm India LLP



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**B. Key Management Personnel (KMP)**

Mr. Rupen Patel  
Mr. Sunil Sapre  
Mr. Chittaranjan Kumar Singh  
Ms. Kavita Shirvaikar  
Ms. Shobha Shetty

Chairman and Managing Director  
Whole Time Director  
Whole Time Director, Operations (Till June 30, 2020)  
Whole Time Director and Chief Financial Officer  
Company Secretary

**C. Transaction with related parties with associate companies, joint operations, partnership and others referred to in item (A) above.**

Particular	Rs. Million	
	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.**

Particular	Name of the Company	Rs. Million	
		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	Praha 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









**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 stakeholders. The Group has assessed the impact of pandemic on its financials based on the external and internal informations available 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 compiled on "Going Concern" basis.







## 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
<b>Assets</b>				
<b>Trade Receivable</b>				
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
<b>Security Deposit</b>				
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
<b>Inventories</b>				
NPR	2,408.95	1,505.59	1,517.13	948.21
<b>Interest Accrued</b>				
EURO	0.01	0.56	0.01	0.56
NPR	2.28	1.42	1.55	0.97
<b>Cash and Bank Balance</b>				
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	-	-	-	-
<b>Advance to Contractors / Suppliers</b>				
NPR	1,871.01	1,169.38	482.12	301.33
<b>Loan and interest thereon to group companies</b>				
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
<b>Fixed Assets</b>				
NPR	920.19	575.12	1,086.75	679.22
<b>Other Advance</b>				
MUR	2.85	4.80	2.85	5.15
NPR	225.10	140.69	196.03	122.52
<b>Liability</b>				
<b>Security Deposit</b>				
NPR	(32.13)	(20.08)	(32.13)	(20.08)
<b>Advance from Contractors</b>				
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)
<b>Trade Payable</b>				
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)
<b>Other liability</b>				
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.









- 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.









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 financial instruments

	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

	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.







**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 :

Change in interest rate	Rs. Million			
	Effect on profit before tax		Effect on total equity	
	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:

Currency	Rs. Million			
	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.

Change in EURO rate	Rs. Million			
	Effect on profit before tax		Effect on total equity	
	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

Change in USD rate	Rs. Million			
	Effect on profit before tax		Effect on total equity	
	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.









**Price sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in price of investment measured at FVTPL with other variables held

Change in Price of investment measured at FVTPL	Rs. Million			
	Effect on profit before tax		Effect on total equity	
	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:

Particulars	Rs. Million			
	Less than 1 year	1 - 5 years	More than 5 years	Total
<b>At 31st March, 2022</b>				
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
<b>At 31st March, 2021</b>				
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.

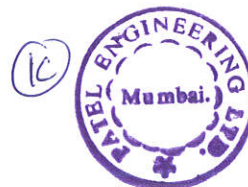
Particulars	Rs. Million	
	As at March 31, 2022	As at March 31, 2021
Total debt	22,616.12	22,663.89
Total equity	23,836.36	23,195.66
Total debt to total equity ratio (gearing ratio)	0.95	0.98

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					Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Unbilled / not due	
<b>As on March 31, 2022</b>						
(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
<b>Total</b>	<b>6,677.01</b>	<b>1,124.38</b>	<b>598.16</b>	<b>962.33</b>	<b>9,647.44</b>	<b>19,009.32</b>
<b>As on March 31, 2021</b>						
(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
<b>Total</b>	<b>6,369.61</b>	<b>1,007.40</b>	<b>169.39</b>	<b>913.59</b>	<b>8,415.82</b>	<b>16,875.81</b>

**60 Additional Regulatory Information required by schedule III to the Companies Act, 2013**

- The Group does not have 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.
- 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.
- The Group has not traded or invested in Crypto currency or Virtual Currency during the year.
- 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:
  - 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
  - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- 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:
  - 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 to third parties
- 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, EBITDA, profit after tax has increased.
Return on capital employed	Profit before interest, tax and exceptional items	Average capital employed (total equity + total debt)	11.92%	5.85%	104%	
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.

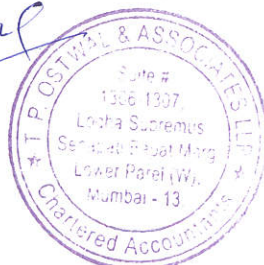
\*Considering the nature of industry in which the Group is operating, Inventory turnover ratio is not material.

- 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

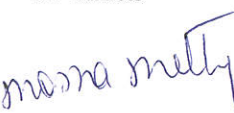
As per our attached Report of even date  
 For T.P.Ostwal & Associates LLP  
 Firm Regn No:124444W/W100150  
 Chartered Accountants

T.P.Ostwal  
 Partner  
 Membership No. 030848  
 Place : Mumbai  
 Date : May 23, 2022



  
 Rupen Patel  
 Chairman & Managing Director  
 DIN : 00029583

  
 Kavita Shirvaikar  
 Chief Financial Officer & Director  
 DIN : 07737376

  
 Shobha Shetty  
 Company Secretary  
 Mem. No: F10047

  
 Sunil Sapre  
 Director  
 DIN : 05356483





## **MATERIAL DEVELOPMENTS**

Except as stated in this Letter of Offer, to our knowledge, no circumstances have arisen since last balance sheet of the Company, i.e., September 30, 2022, which materially affect or are likely to affect our operations, performance, prospects or profitability, or the value of our assets, or our ability to pay our material liabilities within the next 12 months.

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## ACCOUNTING RATIOS

The following tables present certain accounting and other ratios compared on the basis of amounts derived from the Audited Consolidated Financial Statements and Unaudited Consolidated Financial Results. For details, see “Financial Statements” on page [●].

Particulars	Based on Audited Consolidated Financial Statements		Based on Unaudited Consolidated Financial Statements	
	As at and for the year ended March 31, 2022	As at and for the year ended March 31, 2021	As at and for the six months ended September 30, 2022	As at and for the six months ended September 30, 2021
Basic earnings per share (₹)	1.51	(6.78)	1.37	0.14
Diluted earnings per share (₹)	1.49	(6.78)	1.15	0.14
Return on Net Worth (%)	2.30%	-12.86%	2.06%	0.17%
Net Asset Value per Equity Share (₹)	49.74	49.83	47.99	48.78
EBITDA (₹ in millions)	5,277.16	2,346.36	2805.63	2265.40

The formula used in the computation of the above ratios are as follows:

Basic earnings per share	Net Profit after Tax as per Consolidated Statement of Profit and Loss / Weighted Average number of Equity Shares.
Diluted earnings per share	Net Profit after Tax as per consolidated Statement of Profit and Loss (after adjustment for convertible securities) / Weighted Average number of Equity Shares (including convertible securities).
Return on net worth (in %)	Total Comprehensive Income for the Year (attributable to the owners of the parent) / Net worth at the end of the year on consolidated basis.
Net asset value per Equity Share	Net worth at the end of the year on consolidated basis / Number of Equity Shares outstanding at the end of the year.
EBITDA	Profit for the year before finance costs, tax, depreciation, amortisation, exceptional items and other income as presented in the consolidated statement of profit and loss in the Financial Statements.

### Calculation of Return of Net Worth

*(In ₹ millions, unless otherwise specified)*

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For six months period ended September 30, 2022	For six months period ended September 30, 2021
Net profit/(loss) after tax and share in profit /(loss) in associates	646.06	(2,862.19)	579.03	96.62
Less: Profit attributable to Non-controlling interest shareholders	98.49	119.85	69.45	56.00
Profit attributable to Equity Shareholders	547.57	(2,982.04)	509.58	40.62
Total Equity attributable to Owner	23,836.36	23,195.66	24,750.67	23,376.37

Return on Net worth	2.30%	-12.86%	2.06%	0.17%
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#### Calculation of Net asset value per Equity Share

*(In ₹ millions, unless otherwise specified)*

Particulars	As at March 31, 2022	As at March 31, 2021	For six months period ended September 30, 2022	For six months period ended September 30, 2021
Total Equity attributable to Owner	23,836.36	23,195.66	24750.67	23,376.37
No. of Shares Outstanding	47,92,30,494	46,54,53,024	51,57,44,819	47,92,30,494
Net Assets Value	49.74	49.83	47.99	48.78

#### Calculation of EBITDA

*(In ₹ millions, unless otherwise specified)*

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021	For six months period ended September 30, 2022	For six months period ended September 30, 2021
Profit/(loss) before exceptional items and tax	1,424.96	(1,296.46)	949.95	225.20
Less: Other Income	1,162.06	1,091.35	654.22	457.60
Add: Finance Cost	4,195.27	4,013.92	2,057.01	2,095.20
Add: Depreciation and amortization expense	818.99	720.25	452.89	402.60
EBITDA	5,277.16	2,346.36	2,805.63	2,265.40

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

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the "Financial Statements" beginning on page [●].*

*Some of the information contained in the following discussion and analysis, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should also read "Risk Factors" and "Forward Looking Statements" beginning on page [●] and [●] respectively, which discuss a number of factors and contingencies that could affect our financial condition and results of operations.*

*Our financial statements included in this Letter of Offer are prepared in accordance with Ind AS, which differs in certain material respects from other accounting standards like IFRS and U.S. GAAP. Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, (i) the financial information for Financial Year 2022 included herein is based on the Audited Consolidated Financial Statements and (ii) Unaudited Consolidated Financial Results of our Company and Subsidiaries for the period ended September 30, 2022 included in this Letter of Offer. For further information, see "Financial Statements" beginning on page [●].*

*Certain data in this Letter of Offer is based on reports prepared by India Brand Equity Foundation and management estimates. Neither we, nor the Lead Managers, any of their affiliates or advisors, nor any other person connected with the Issue has independently verified such information. For further information, see "Presentation of Financial and Other Information –Industry and Market Data" beginning on page [●].*

### 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.

We are an ISO 9001: 2015, ISO 14001:2015 and ISO 45001:2018 certified Company with access to internationally 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.

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 September 30, 2022, the size of our Order Book is ₹1,75,985.05 million. 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 September 30, 2022.

Segment	Amount of Order Book (₹ in million)	Percentage of Order Book (%)
Hydro power	1,15,213.18	65.47
Irrigation	24,872.60	14.13
Tunnel	23,086.03	13.12
Road	9,003.53	5.12

Urban Infrastructure	3,707.47	2.11
Others	102.23	0.06
<b>Total</b>	<b>1,75,985.05</b>	<b>100.00</b>

For Fiscals 2022 and 2021, our consolidated revenue from operation was ₹33,802.89 million and ₹19,947.93 million, respectively. For Fiscals 2022 and 2021, our profit after tax was ₹547.57 million and ₹ (2,982.04) million, respectively. Further, for the six month periods ended September 30, 2021 and September 30, 2022, our consolidated revenue from operations were ₹13,907.00 and ₹18,669.60 million, respectively and profit after tax were ₹40.59 million and 509.58 million, respectively.

### **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 [•]. Interest expense on our indebtedness has historically been a material part of our expenses. In Fiscal 2022, our finance costs was ₹ 4,195.27 million. 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, like monetisation of non-core assets.

#### ***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. However, in most cases, the same is recoverable from clients. Escalations in costs are covered in almost all agreements as pass through costs with certain formulae linked to 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***

Costs of construction constitute the second most significant portion of our construction expenses. For Fiscal 2022, on consolidated basis, our cost of construction represented 72.30 % of our total revenue. 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. 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, 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.

### **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 Affairs 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**

- i. The consolidated financial statements include the accounts of Patel Engineering Limited 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.

**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 ₹ 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:

<b>Assets</b>	<b>Estimated useful life</b>
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.

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 recognised 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).

##### **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.

#### **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.

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.

#### **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.

#### **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.

#### **w) Earnings per share**

The Company 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.

#### **x) 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.

#### **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 state 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)*

	<b>Particulars</b>	<b>Six months ended on September 30, 2022 (Reformatted)</b>	<b>% of the total income</b>	<b>Six months ended on September 30, 2021 (Reformatted)</b>	<b>% of the total income</b>

1.	Revenue from Operations	18,669.60	96.61	13,907.04	96.81
2.	Other income	654.22	3.39	457.61	3.19
3.	<b>Total Income</b>	<b>19,323.82</b>	<b>100</b>	<b>14,364.65</b>	<b>100</b>
4.	<b>Expenses</b>				
	a) Cost of material consumed	4,783.25	24.75	4,591.78	31.97
	b) Cost of construction	8,873.87	45.92	5296.73	36.87
	c) Employee benefits expense	1,559.69	8.07	1,174.75	8.18
	d) Finance Cost	2,057.01	10.64	2,095.24	14.59
	e) Depreciation	452.89	2.34	402.57	2.80
	f) Other expenses	647.17	3.35	578.43	4.03
	<b>Total expenses</b>	<b>18,373.88</b>	<b>95.08</b>	<b>14,139.50</b>	<b>98.43</b>
5.	<b>Profit before exceptional items and tax (3-4)</b>	<b>949.94</b>	<b>4.92</b>	<b>225.15</b>	<b>1.57</b>
6.	<b>Exceptional items</b>	9.74	0.05	-	0.00
7.	<b>Profit before tax (5-6)</b>	940.20	4.87	<b>225.15</b>	1.57
8.	<b>Tax expenses/ (Credit)</b>				
	a) Current (net)	530.92	2.75	107.61	0.75
	b) Earlier Years	0.15	0.00	-	0.00
	c) Deferred	(170.97)	0.88	57.14	0.40
9.	<b>Profit for the period (7-8)</b>	580.10	3.00	60.40	0.42
10.	<b>Share in profit / (loss) in associates (net)</b>	<b>94.75</b>	<b>0.49</b>	<b>3.42</b>	<b>0.02</b>
11.	<b>Net profit/(loss) after tax and share in profit /(loss) in associates (IX+X)</b>	<b>674.85</b>	<b>3.49</b>	<b>63.82</b>	<b>0.44</b>
12.	<b>Other Comprehensive Income</b>				
	i) Items that will not be classified to profit or loss Remeasurements of the defined benefit plan	(100.24)	0.52	28.37	0.20
	ii) Income tax relating to items that will not be reclassified to profit or loss	4.42	0.02	4.42	0.03
13.	<b>Total other comprehensive income for the year</b>	<b>(95.82)</b>	<b>0.50</b>	<b>32.79</b>	<b>0.23</b>
14.	<b>Total comprehensive income and other comprehensive income for the year (11 + 13)</b>				
15.	<b>Non-controlling interest</b>	<b>69.45</b>	<b>0.36</b>	<b>56.03</b>	<b>0.39</b>
16.	<b>Owners of the parent (14 - 15)</b>	<b>509.58</b>	<b>2.64</b>	<b>40.59</b>	<b>0.28</b>

#### Total Income

Our total income increased by 34.52% to ₹19,323.82 million for the six months period ended September 30, 2022 from ₹14,364.65 million for the six-month period ended September 30, 2021. The changes are due to following reasons:

#### Revenue from operations

Our revenue from operations increased by 34.25% to ₹18,669.60 million for the six -month period ended September 30, 2022 from ₹13,907.04 million for the six-month period ended September 30, 2021. 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 six-month ended September 30, 2021. However, our strong resilience action against Covid-19 calamity and commencement of execution of orders received in last 2 years has helped us to resume the operations with key resources and same has been reflected in the revenue of six-month ended September 30, 2022.

#### **Other income**

Our other income increased by 42.97% to ₹654.22 million for the six-month period ended September 30, 2022 from ₹457.61 million for the six month period ended September 30, 2021 primarily due to increase in interest income and exchange gain on foreign currency translation.

#### **Expenses**

Our total expenses increased by 29.95% to ₹18373.88 million for the six-month period ended September 30, 2022 from ₹14,139.50 million for the six-month period ended September 30, 2021, due to following reasons:

##### **Cost of material consumed**

Our cost towards material consumed increased by 4.17% to ₹4,783.25 million for the six-month period ended September 30, 2022 from ₹4,591.78 million for the six-month period ended September 30, 2021. Cost of material consumed is directly proportionate with the operation, therefore due to increase in our operations as compared to previous period, cost of materials consumed is increased in the six-month ended September 30, 2022.

##### **Cost of construction**

Our cost of construction increased by 67.53 % to ₹8,873.87 million for the six-month period ended September 30, 2022 from ₹5,296.73 million for the six-month period ended September 30, 2021. 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 six-month ended September 30, 2022.

##### **Employee benefit expense**

Our employee benefit expense increased by 32.77% to ₹1,559.69 million for the six month period ended September 30, 2022 from ₹1,174.70 million for the six-month period ended September 30, 2021. 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, employee benefit expenses increased in the six-month ended September 30, 2022.

##### **Finance cost**

Our finance cost decreased by 1.82% to ₹2,057.01 million for the six month period ended September 30, 2022 from ₹2,095.20 million for the six-month period ended September 30, 2021, primarily due to reduction in borrowing of the Company as compare to previous period.

##### **Depreciation expense**

Our depreciation expenses increased by 12.50 % to ₹452.89 million for the six month period ended September 30, 2022 from ₹402.57 million for the six-month period ended September 30, 2021, primarily due to purchase of property plant and equipment due to increase in the order book.

##### **Other expenses**

Our other expenses increased 11.88 % to ₹647.17 million for the six month period ended September 30, 2022 from ₹578.43 million for the six-month period ended September 30, 2021, primarily due to increase in administrative expenses like rent, travelling, insurance and other expenses.

##### **Exceptional item**



Exceptional item includes reversal of provision for future loss and provision made for doubtful future receivables from a joint development agreement.

#### Owner Profit/ (Loss) for the period

Our profit for the period (after minority interest) increased by 860.47 % to ₹509.58 million for six-month period ended September 30, 2022 from ₹40.59 million for six-month period ended September 30, 2021 due to the abovementioned reasons.

#### Period ended March 31, 2022 compared to period ended March 31, 2021

(₹ in million)

	Particulars	Fiscal 2022		Fiscal 2021	
		Amount	% of Total Income	Amount	% of Total Income
<b>I.</b>	<b>Revenue from operations</b>	<b>33,802.89</b>	<b>96.68</b>	<b>19,947.93</b>	<b>94.81</b>
<b>II.</b>	<b>Other Income</b>	<b>1,162.06</b>	<b>3.32</b>	<b>1,091.35</b>	<b>5.19</b>
<b>III.</b>	<b>Total income (I+II)</b>	<b>34,965.00</b>	<b>100.00</b>	<b>21,039.28</b>	<b>100.00</b>
<b>IV.</b>	<b>Expenses</b>				
	Cost of construction	24,440.50	69.90	14,589.99	69.35
	Employee benefits expense	2,665.24	7.63	2,013.32	9.57
	Finance costs	4,195.27	12.00	4,013.92	19.08
	Depreciation and amortization expense	818.99	2.34	720.25	3.42
	Other expenses	1,419.99	4.06	998.26	4.74
	<b>Total Expenses</b>	<b>33,539.99</b>	<b>95.97</b>	<b>22,335.74</b>	<b>106.16</b>
<b>V.</b>	<b>Profit/(loss) before exceptional items and tax (III-IV)</b>	<b>1,424.96</b>	<b>4.08</b>	<b>(1,296.46)</b>	<b>-6.16</b>
<b>VI.</b>	<b>Exceptional items</b>	<b>304.94</b>	<b>0.87</b>	<b>2,141.66</b>	<b>10.18</b>
<b>VII.</b>	<b>Profit/(loss) before tax (V-VI)</b>	<b>1,120.02</b>	<b>3.20</b>	<b>(3,438.12)</b>	<b>-16.34</b>
<b>VIII.</b>	<b>Tax expense:</b>				
	1) Current Tax	384.65	1.10	110.48	0.53
	2) Tax adjustments for earlier year	1.57	0.00	1.49	0.01
	3) Deferred Tax	47.54	0.14	(820.83)	-3.90
<b>IX.</b>	<b>Profit/(loss) for the year (VII-VIII)</b>	<b>686.26</b>	<b>1.96</b>	<b>(2,729.26)</b>	<b>-12.97</b>
<b>X</b>	<b>Share in profit / (loss) in associates (net)</b>	<b>32.23</b>	<b>0.09</b>	<b>(178.21)</b>	<b>-0.85</b>
<b>XI</b>	<b>Net profit/(loss) after tax and share in profit /(loss) in associates (IX+X)</b>	<b>718.49</b>	<b>2.05</b>	<b>(2907.47)</b>	<b>-13.82</b>
<b>XII</b>	<b>Other Comprehensive Income</b>				
	i) Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	(76.85)	0.22	40.86	0.19
	ii) Income tax relating to items that will not be reclassified to profit or loss	4.42	0.01	4.42	0.02
<b>XIII</b>	<b>Total Other Comprehensive income for the year</b>	<b>(72.43)</b>	<b>0.21</b>	<b>45.28</b>	<b>0.22</b>
<b>XIV</b>	<b>Total comprehensive income and other</b>	<b>646.06</b>	<b>1.85</b>	<b>(2,862.19)</b>	<b>13.60</b>

	<b>comprehensive income for the year (XI + XIII)</b>				
<b>XV</b>	<b>Non-controlling interest</b>	<b>98.49</b>	<b>0.28</b>	<b>119.85</b>	<b>0.57</b>
<b>XVI</b>	<b>Owners of the parent (XIV - XV)</b>	<b>547.57</b>	<b>1.57</b>	<b>(2,982.04)</b>	<b>14.17</b>

## **Total Income**

### ***Total income***

Our total income for the Fiscal 2022 was ₹34,965.00 million as compared to ₹21,039.28 million for the Fiscal 2021, representing an increase of 69.46%. 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. Covid-19 Pandemic has 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 strong resilience action against Covid-19 calamity has 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. 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, employee benefit expenses increased in fiscal year 2022.

### ***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 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 ₹ 547.57million 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	
	2022	2021
Net cash generated from or (used in) operating activities	5,373.24	3,887.04
Net cash generated from or (used in) investing activities	(1,437.47)	68.79
Net cash generated from or (used in) financing activities	(3,397.87)	(3,107.71)
Net increase or (decrease) in cash and cash equivalents	537.90	848.12

#### **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 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:

Financial Year/ Period	Qualifications / Reservation / Emphasis of Matter/ Adverse Remarks/Key Audit Matters/ Other Observations in CARO	Particulars	Impact on the consolidated financial statements/ results of the Company
Fiscal 2022	<b>Emphasis of Matter</b>	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	Nil

Financial Year/ Period	Qualifications / Reservation / Emphasis of Matter/ Adverse Remarks/Key Audit Matters/ Other Observations in CARO	Particulars	Impact on the consolidated financial statements/ results of the Company
		year ended March 31, 2022 have drawn attention with respect to 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.	
	<b>Emphasis of Matter</b>	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.	Nil
	<b>Emphasis of Matter</b>	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.	Nil
	<b>Key Audit Matter</b>	<b><i>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"</i></b>  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	NA

Financial Year/ Period	Qualifications / Reservation / Emphasis of Matter/ Adverse Remarks/Key Audit Matters/ Other Observations in CARO	Particulars		Impact on the consolidated financial statements/ results of the Company
		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.		
	Key Audit Matter	<b>Accounting of contract work-in-progress for engineering construction projects</b>  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.		NA
	Key Audit Matter	<b>Valuation of Claims under settlement</b>  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: <ul style="list-style-type: none"><li>• Non acceptance of certain work by the client.</li><li>• Cost overrun in certain contracts.</li><li>• Reimbursement of the cost incurred by the company for the client.</li></ul> 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		NA
	Clause number of the CARO report which has qualified or adverse remarks	Name of the Company	Clause number of the CARO report of the	Nil

Financial Year/ Period	Qualifications / Reservation / Emphasis of Matter/ Adverse Remarks/Key Audit Matters/ Other Observations in CARO	Particulars		Impact on the consolidated financial statements/ results of the Company																																	
			<table><tr><th></th><th>Company</th></tr><tr><td>Patel Engineering Limited</td><td>i(c), vii(a), vii(b), xvii</td></tr><tr><td>Shreeanant Construction Private Limited</td><td>vii (a), vii(b), xvii</td></tr><tr><td>PBSR Developers Pvt Ltd</td><td>vii(b), xvii</td></tr><tr><td>Friends Nirman Private Limited</td><td>xvii</td></tr><tr><td>Zeus Mineral Trading Private Limited</td><td>xvii</td></tr><tr><td>Patel Concrete &amp; Quarries Pvt. Ltd.</td><td>xvii</td></tr><tr><td>Patel Lands Limited</td><td>xvii</td></tr><tr><td>Energy Design Private Limited</td><td>xvii</td></tr><tr><td>Bhooma Realities Pvt Ltd.</td><td>xvii</td></tr><tr><td>Shashvat Land Projects Pvt. Ltd.</td><td>xvii</td></tr><tr><td>Pandora Infra Pvt. Ltd.</td><td>xvii</td></tr><tr><td>Hampus Infrastructure Pvt Ltd</td><td>xvii</td></tr><tr><td>Hera Realcon Pvt Ltd</td><td>xvii</td></tr><tr><td>Michigan Engineers Pvt. Ltd.</td><td>vii (b)</td></tr><tr><td>Patel KNR Infrastructures Limited</td><td>vii (b), xvii, xx</td></tr></table>		Company	Patel Engineering Limited	i(c), vii(a), vii(b), xvii	Shreeanant Construction Private Limited	vii (a), vii(b), xvii	PBSR Developers Pvt Ltd	vii(b), xvii	Friends Nirman Private Limited	xvii	Zeus Mineral Trading Private Limited	xvii	Patel Concrete & Quarries Pvt. Ltd.	xvii	Patel Lands Limited	xvii	Energy Design Private Limited	xvii	Bhooma Realities Pvt Ltd.	xvii	Shashvat Land Projects Pvt. Ltd.	xvii	Pandora Infra Pvt. Ltd.	xvii	Hampus Infrastructure Pvt Ltd	xvii	Hera Realcon Pvt Ltd	xvii	Michigan Engineers Pvt. Ltd.	vii (b)	Patel KNR Infrastructures Limited	vii (b), xvii, xx		
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Michigan Engineers Pvt. Ltd.	vii (b)																																				
Patel KNR Infrastructures Limited	vii (b), xvii, xx																																				
Six months period ended September 30, 2022	Emphasis of Matter	The Branch Auditor of Real estate division have, Without qualifying their conclusion have drawn attention that Branch's has made investment and given loans and advances to Waterfront Developers Limited, a wholly owned subsidiary, where notice dated 4thJune 2015 was received from Government of Mauritius for the termination of lease agreement entered on 11 <sup>th</sup> December, 2009 with Les Salines Development Limited (a Step down subsidiary of Waterfront). In this case the process of arbitration with the Government of Mauritius has been completed during the quarter and management of the branch is expecting the favorable order for the same.		Nil																																	
	Emphasis of Matter	The Consolidated Financial results of the Company for the quarter ended September 30, 2022 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		Nil																																	



Financial Year/ Period	Qualifications / Reservation / Emphasis of Matter/ Adverse Remarks/Key Audit Matters/ Other Observations in CARO	Particulars	Impact on the consolidated financial statements/ results of the Company
		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.	

### **Related party transactions**

We have engaged in the past, and may engage in the future, in transactions with related parties, including our affiliates. Such transactions are for, amongst others, provision of professional services and brand license fees and incurrence of indebtedness.

For details of our related party transactions, see notes to our Financial Statements.

### **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 [●] and [●], respectively. To our knowledge, except as disclosed in this Letter of Offer, 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.

### **Significant developments after September 30, 2022 that may affect our future results of operations**

Except as set forth below in the “*Material Developments*” on page [●], no circumstances have arisen since the date of the Unaudited Consolidated September Financial Results as disclosed in this Letter of Offer which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

## SECTION VI – LEGAL AND OTHER INFORMATION

### OUTSTANDING LITIGATIONS AND DEFAULTS

*Our Company and our Subsidiaries are involved in certain legal proceedings from time to time, which are primarily in nature of tax disputes, criminal complaints, civil suits, and petitions before various authorities.*

*Except as disclosed below, there are no other outstanding litigation with respect to: (a) issues of moral turpitude or criminal liability on the part of our Company or its Subsidiaries; (b) material violations of statutory regulations by our Company or its Subsidiaries; (c) economic offences where proceedings have been initiated against our Company or its Subsidiaries; and (d) any pending matters, which if they result in an adverse outcome, would materially and adversely affect our operations or our financial position or that of our Subsidiaries. .*

*For the purpose of the Issue, the following outstanding civil litigations have been considered as material and accordingly, have been disclosed in this chapter: any outstanding litigation, involving our Company and/or our Subsidiaries, where the amount involved is ₹ 349.65 million (being 1% of the total income of our Company, in terms of the Audited Financial Statements as of March 31, 2022) (“**Materiality Threshold**”) or above.*

*Pre-Litigation notices received by our Company and/ or our Subsidiaries from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, material violations of statutory regulations or proceedings related to economic offences) has not been evaluated for materiality until such time our Company and/ or our Subsidiaries are impleaded as defendants in litigation proceedings before any judicial/ arbitral forum.*

*All terms defined in a particular litigation disclosure pertain to that litigation only. Unless stated to the contrary, the information provided below is as of the date of this Letter of Offer.*

There are no issues of moral turpitude or criminal liability, material violations of statutory regulations or economic offences or material pending matters involving our Company, except as follows:

#### **Litigation involving our Company**

##### **(a) Proceedings involving issues of moral turpitude or criminal liability:**

##### *i. Criminal proceedings initiated against our Company*

1. An FIR No. 184 of 2022 (“FIR”) dated March 23, 2022 was registered with Amboli Police Station in furtherance to Complaint by Vishweshwara Ramchandra Rao [Managing Director of Credible Engineering Construction Project Limited (“CECPL”)] (“Complainant”) against Our Company (“Accused No. 1”), Rupen Patel (“Accused No. 2”), Pravin Patel (“Accused No. 3”) Ashwin Parmar (“Accused No. 4”), Sunil Sapre (“Accused No. 5”), Sonal Patel (“Accused No. 6”), Chittaranjan Kumar Singh (“Accused No. 7”) and Suresh Wagh (“Accused No. 8”) together with Accused No. 1 to 7 be referred to as “Accused”) under section 406, 409, 420 and 120B of the Indian Penal Code, 1860. The Complainant has alleged that our Company has not paid its outstanding dues of ₹520.00 million, pending on various projects and therefore committed a cheating and criminal breach of trust. Pursuant to the said FIR, Economic Offence Wing filed a FIR bearing CR. No. 24 of 2022 (“EOW FIR”). The Accused have filed a Criminal Writ Petition bearing 4517 of 2022 against the State of Maharashtra (At the instance of Economic Offences Wing General Cheating Unit -IV) (“Respondent No. 1”) and the Complainant before the Bombay High Court (“Court”) for quashing the EOW FIR. The Court has vide its order dated December 12, 2022 has granted a stay on filing of charge sheet in the EOW FIR. The matter is currently pending.
2. Deputy Collector and Tahasildar, Serilingampally Mandal, Ranga Reddy District (“**Deputy Collector**”) has written a complaint to the Station House Officer, Raidurgam 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.

3. 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.

*ii. Criminal proceedings initiated by our Company*

1. Our Company has filed 6 criminal complaints before various forums under section 138 of the Negotiable Instruments Act, 1881 for dishonor of cheques issued by third parties to our Company. The aggregate amount involved is approximately ₹ 269.87 million. The matters are presently pending at various stages of adjudication.
2. Our Company has filed a criminal complaint bearing no. SS/1395/2011 against P.P. Desai, proprietor of M.P. Corporation (“Accused”), before the Metropolitan Magistrate 66th Court, Andheri at Mumbai under sections 406 and 409 of the India Penal Code, 1860. Our Company has alleged that the Accused failed to supply materials, as agreed upon, for a water tunnel project against which our Company had already advanced payment amounting to ₹ 2.5 million whereas the Accused supplied materials only to the extent of ₹ 1.69 million having misappropriated the balance amount of ₹ 0.81 million. Our Company has filed the complaint praying to initiate process under sections 406 and 409 of the India Penal Code, 1860 against the Accused and the matter is presently pending before the Metropolitan Magistrate 66th Court, Andheri at Mumbai.

***(b) Matters involving material violations of statutory regulations by our Company***

As on the date of this Letter of Offer there are no material violations of statutory regulations against our Company.

***(c) Economic offences where proceedings have been initiated against our Company***

As on the date of this Letter of Offer there are no economic offences where proceedings initiated against our Company.

***Other proceedings involving our Company which involve an amount exceeding the Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company.***

*Civil litigation against our Company*

1. NHPC Limited (“NHPC”) has filed appeals bearing no. ARB/162/2017 and ARB/138/2017 (together referred to as “Appeals”) against our Company and others (“Respondent”) before the Additional District Judge of Commercial Court at Faridabad under section 34 of the Arbitration and Conciliation Act, 1996. The matter arises out of the contract for the Parbati Hydroelectric Project Stage II, involving construction of a concrete diversion dam on the Parbati River at Pulga in the Kulu District of Himachal Pradesh, awarded in favour of our JV Company, Patel – SEW JV. Certain disputes arose between the parties and arbitration proceedings were initiated by NHPC. *Vide* an interim arbitral award dated February 1, 2015 along with order of correction thereto dated March 14, 2015 (together, “Interim Award”) and final arbitral award dated February 11, 2016 along with order of correction thereto dated April 4, 2016 (together, “Final Award”) (the Interim Award and Final Award collectively referred to as “Awards”), the arbitral tribunal allowed the claims raised by our Company amounting to ₹ 1,210.29 million along with interest at the time of passing Interim Award and ₹1,000.00 million along with interest at the time of passing Final Award, cumulatively ₹2,210.29 million along with interest. NHPC has prayed in the Appeals for a stay on the execution of and for setting aside of the Awards. The Awards has been challenged by NHPC on various grounds including *inter alia*, claiming that there has been failure on the part of our Company to lead evidence to support its claim, and that the Awards were passed in violation of the terms of the contract between the parties. The matter is currently pending.

## 2. Project Name: Loharinag Pala Hydroelectric Power Project

### *Construction of Head Race Tunnel Package*

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, *inter alia*, 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 ₹ 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. National Highways Authority of India (“NHAI”) has filed an arbitration application bearing O.M.P. (Comm.) No. 461 of 2018 against Patel-KNR Infrastructure Private Limited (A joint venture between Patel Engineering Limited and KNR Constructions Limited) (“Our Company”) before High Court of Delhi, under section 34 of Arbitration and Conciliation Act, 1996 (“Act”). The matter arises out of Contract of Design Construction, Development, Finance, Operation and Maintenance of 463.6 km (AP/ Karnataka Border) to Km 524 (Avathi Village) to Km 527 (Nandi Hills Crossing) and Km 535 (Devanahalli Village) to Km 539 (Meenukunte Village) on NH-7 in the State of Karnataka on Build, Operate and Transfer (BOT) Annuity Basis awarded in favour of the Company. Pursuant to certain disputes arisen between the parties, arbitration proceedings were initiated and subsequently, an award dated July 3, 2018 (“Award”) was passed allowing certain claims raised by our Company amounting to ₹ 594.08 million along with interest thereon. NHAI has filed the present application challenging the claims amounting ₹ 594.08 million allowed in favour of our Company. The matter is currently pending.
4. National Highways Authority of India (“NHAI”) has filed an arbitration application bearing O.M.P. (Comm.) No. 516 of 2018 against Patel-KNR Joint venture (A joint venture between Patel Engineering Limited and KNR Constructions Limited) (“Our Company”) before High Court of Delhi, under section 34 of Arbitration and Conciliation Act, 1996 (“Act”). The matter arises out of contract of Widening and Strengthening of Existing National Highway from 2 lanes to 4 lane from km 262.725 to km 255.00 to Nagaon to Dharamtul Section of NH-37 and 4 Laning from Nagaon Dharamtul Sectiqn of NH-37 and 4 Laning from Nagaon Bypass from Km 28A.67 (NH-37) crossing NH-36 near Km 5 and upto Km 262.725 of NH -37 of Nagaon to Dharamtul Section of NFI-37 in Assam-Contract Package No. EW-II (AS-18) awarded in favour of Our Company. Pursuant to certain disputes arisen between the parties, arbitration proceedings were initiated and subsequently, an award dated May 25, 2018 (“Award”) was passed allowing certain claims raised by our Company amounting to ₹ 492.97 million along with interest thereon. NHAI has filed the present application challenging the claims amounting ₹ 492.97 million allowed in favour of our Company. The matter is currently pending.
5. National Highways Authority of India (“NHAI”) has filed an arbitration application bearing O.M.P. (Comm.) No. 271 of 2019 against Patel-KNR JV (A joint venture between Patel Engineering Limited and KNR

Constructions Limited) (“Our Company”) before High Court of Delhi, under section 34 of Arbitration and Conciliation Act, 1996 (“Act”). The matter arises out of Contract for Four laning and strengthening of Existing 2 Lanes of NH-7 Madurai-Kanyakumari section from Km 160.00 to Km 203.00 in the state of Tamil Nadu [Package No: NS – 43 (TN)] awarded in favour of Our Company. Pursuant to certain disputes arisen between the parties, arbitration proceedings were initiated and subsequently, an award dated March 22, 2019 (“Award”) was passed allowing certain claims raised by our Company amounting to ₹ 489.60 million along with interest thereon. NHAI has filed the present application challenging the claims amounting ₹ 489.60 million allowed in favour of our Company. The matter is currently pending.

6. National Highways Authority of India (“NHAI”) has filed an arbitration application bearing O.M.P. (Comm.) No. 30 of 2019 against Patel-KNR Infrastructure Private Limited (A joint venture between Patel Engineering Limited and KNR Constructions Limited) (“Our Company”) before High Court of Delhi, under section 34 of Arbitration and Conciliation Act, 1996 (“Act”). The matter arises out of Contract for Four laning and strengthening of Existing Lane Carriageway of Madurai-Kanyakumari Section of NH-7 from Km.0+000 to Km 48+817 in State of Tamil Nadu awarded in favour of Our Company. Pursuant to certain disputes arisen between the parties, arbitration proceedings were initiated and subsequently, an award dated September 25, 2018 (“Award”) was passed allowing certain claims raised by our Company amounting to ₹ 474.16 million along with interest thereon. NHAI has filed the present application challenging the claims amounting ₹ 474.16 million allowed in favour of our Company. The matter is currently pending.
7. 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.

## **8. Project Name: Turial Hydro Electric Power Station Project**

### *Lot – I contract of Turial Hydro Electric Power Station Project*

1. North Eastern Electric Power Corporation Limited (“NEEPC”) has filed an arbitration appeal bearing no. 9(T) of 2016 against our Company, before the Court of Additional Deputy Commissioner (Judicial) at Shillong, East Khasi Hills District (“District Court”) under section 34 of the Arbitration and Conciliation Act, 1996 (“Act”). The matter arises out of the Lot – I contract of Turial Hydro Electric Power Station Project, Mizoram, for conducting civil works of the division tunnel, intake tunnel, intake gate shaft, diversion outlet structures and energy dissipation structures, awarded in favour of our Company. Pursuant to certain payment related disputes, arbitration proceedings was initiated and subsequently, the arbitral award dated August 21, 2016 (“Award”) was passed allowing the claims raised by our Company amounting to ₹ 931.60 million, along with interest thereon. NEEPC filed an application against our Company aggrieved by the Award, before the District Court under section 34 of the Act. Our Company has filed an affidavit in opposition in the matter. The matter has been transferred to Commercial Court, Shillong and re-registered as Arbitration Case No. 3 of 2018. The matter is currently pending..

### *Lot – II contract of Turial Hydro Electric Power Station Project*

1. North Eastern Electric Power Corporation Limited (“NEEPC”) has filed an arbitration appeal bearing no. 10(T) of 2016 against our Company, before the Court of Additional Deputy Commissioner (Judicial) at Shillong, East Khasi Hills District (“District Court”) under section 34 of the Arbitration and Conciliation Act, 1996 (“Act”). The matter arises out of the Lot – I contract of Turial Hydro Electric Power Station Project, Mizoram, for conducting civil works on the dam, spillway and saddle dam, awarded in favour of our Company. Pursuant to certain payment related disputes, arbitration proceedings was initiated and



subsequently, the arbitral award dated August 21, 2016 along with order of correction thereto dated October 14, 2016 (“Award”) was passed allowing the claims raised by our Company amounting to ₹ 572.20 million, along with interest thereon. NEEPC filed an application against our Company aggrieved by the Award, before the District Court under section 34 of the Act. Our Company has filed an affidavit in opposition in the matter. The matter has been transferred to Commercial Court, Shillong and re-registered as Arbitration Case No. 5 of 2018. The matter is presently pending before the District Court.

#### *Parabati Hydro Electric Project, Stage - II*

1. National Hydroelectric Power Corporation (“NHPC Limited”) has filed an Arbitration Case bearing no. 26 of 2022 against our Company, before the District and Sessions Court, Faridabad (“District Court”) under section 34 of the Arbitration and Conciliation Act, 1996 (“Act”). The matter arises out of Tender Contract dated September 11, 2002 awarded by NHPC Limited in favour of our Company for construction pertaining to civil and hydro-mechanical works for Diversion Dam and Part Head Race Tunnel (“LOT-PB-1”), Parabati Hydro Electric Project, Stage II, in Himachal Pradesh. Pursuant to certain disputes, arbitration proceedings were initiated and subsequently, the arbitral award dated January 29, 2022 along with order of correction thereto dated April 8, 2022 (“Award”) was passed allowing the claims raised amounting to ₹ 1397.12 million by our Company, along with interest thereon. NHPC Limited filed an application against our Company aggrieved by the Award, before the District Court under section 34 of the Act. NHPC has already deposited ₹ 241.5 million and the matter is pending for the balance amount.

#### *Civil litigation initiated by our Company*

1. Our Company has filed a 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 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 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 has 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 has raised claims aggregating to ₹ 811.47 million and USD 17,319 plus interest. Our Company has also prayed for a mandatory injunction directing NHPC to issue a certificate of completion and final acceptance certificate towards the project. The arbitration proceedings are presently pending before the arbitral tribunal.
4. Our Company has filed a First Appeal Against Order 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 January 14, 2020 ("Award") allowed claim of ₹ 579.30 million plus pre-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 petition 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. The matter is currently pending.

## 5. 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 contract dated February 22, 2002 for civil works of diversion tunnels under the Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. As per the terms of the project, 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 had called an indefinite bandh and road blockade around the site of the project to press their demand for payment of the second instalment of crop compensation, resulting in suspension of the project by NEEPCO from October 1, 2005 to 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 pending.

### *Lot-II-Civil Works of Dam & Spillway*

1. Our Company has initiated arbitration proceedings against NEEPCO Limited ("NEEPCO") in relation to the disputes arising out of the contract dated October 22, 2002 for civil works of dam and spillway under the Tuirial Hydro Electric Power Station Project, Mizoram awarded to our Company by NEEPCO. As per the terms of the project, 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 ("TCCA") had called an indefinite bandh and road blockade around the site of the project to press their demand for payment of the second instalment of crop compensation, resulting in suspension of the project by NEEPCO from October 1, 2005 to 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 pending.
2. 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.
3. Our Company has initiated arbitration proceedings against The Republic of Mozambique (State) ("Respondents") bearing case no. 2020-21 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 currently pending.

## 6. Project Name: Kameng HE Project

### *Package II contract under Kameng Hydro Electric Project (660 MW)*

Our Company has filed an arbitration appeal bearing Commercial Arbitration Case no. 12 of 2018 against North East Electric Power Corporation Limited ("NEEPC"), before the Court of Judge 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 appeal 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. The matters are presently pending before the Commercial Court.

### *Package III contract under Kameng Hydro Electric Project (660 MW)*

Our Company has filed an arbitration appeal bearing Commercial Arbitration Case no. 13 of 2018 against North East Electric Power Corporation Limited ("NEEPC"), before the Court of Commercial Court, 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 was 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 appeal 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. The matters are presently pending before the respective courts.

### ***Tax Proceedings initiated against our Company***

Details of outstanding tax proceedings involving our Company are disclosed below:

Particulars	Number of Cases	Aggregate Amount Involved (in ₹ millions)
Direct Tax	67	3276.62
Indirect Tax	20	1526.29
Total	87	4802.91

### **Litigation involving our Subsidiaries**

As on the date of this Letter of Offer, there are no issues of moral turpitude or criminal liability, material violations of statutory regulations or economic offences or material pending matters involving our Subsidiaries, except as follows:

***(a) Proceedings involving issues of moral turpitude or criminal liability***

*Criminal proceedings against our Subsidiaries*

As on the date of this Letter of Offer, there are no criminal proceedings initiated against our Subsidiaries

*Criminal proceedings initiated by our Subsidiaries*

As on the date of this Letter of Offer, there are no criminal proceedings initiated by our Subsidiaries.

***(b) Matters involving material violations of statutory regulations by our Subsidiaries***

As on the date of this Letter of Offer, there are no matters involving material violations of statutory regulations by our Subsidiaries.

***(c) Economic Offences where proceedings have been initiated against our Subsidiaries***

As on the date of this Letter of Offer there are no Economic Offences where proceedings have been initiated against our Subsidiaries.

***(d) Other proceedings involving our Subsidiaries which involve an amount exceeding the Materiality Threshold and other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or financial position of our Company.***

*Civil litigation against our Subsidiaries*

1. PEL's Mauritian Subsidiary, Les Salines Development Limited ("LSDL") was granted a 99 years lease in respect of 24.6215 hectares of land in Port Louis for development of an integrated waterfront project comprising of mixed retail, commercial, hospitality, health, leisure, marina, public infrastructure and residential facilities. In February 2015, without notice, the Government of Mauritius terminated the lease in the public interest. Our Company invoked the arbitration clause in the Bilateral Investment Treaty between the Government of India and Government of Mauritius. The arbitration was held at the Permanent Court of Arbitration, at The Hague, and concluded in May, 2022. The final award is now awaited.

*Civil litigation initiated by our Subsidiaries*

As on the date of this Letter of Offer, there are no outstanding Civil Litigations initiated by our Subsidiaries.

***Tax Proceedings initiated against our Subsidiaries***

Details of outstanding tax proceedings involving our Subsidiaries are disclosed below:

Particulars	Number of Cases	Aggregate Amount Involved (in ₹ millions)
Direct Tax	21	413.00
Indirect Tax	2	233.66
Total	23	646.66

## **GOVERNMENT AND OTHER APPROVALS**

Our Company requires various licenses, registrations, permits and approvals issued by relevant central and state authorities under various rules and regulations (“**Approvals**”) for carrying on its present business activities. The requirement for the Approvals may vary based on factors such as the legal requirements in the jurisdiction, in which the Projects are located. Further, our obligation to obtain and renew such approvals arises periodically and applications for such approvals are made at the appropriate stage.

There are no material pending government and regulatory approvals pertaining to the Objects of the Issue.

## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meetings held on December 16, 2022, pursuant to Section 62(1) (a) of the Companies Act, 2013. The terms and conditions of the Issue including the rights entitlement ratio, Issue Price, Record Date, timing of the Issue and other related matter, have been approved by a resolution passed by the Allotment Committee at its meeting held on [●], 2023.

The Allotment Committee, in its meeting held on [●], 2023 has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) and the Rights Entitlement as [●] Rights Equity Share for every [●] fully paid-up Equity Share, as held on the Record Date aggregating to ₹ [●] million. The Issue Price is ₹ [●] per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Managers prior to determination of the Record Date.

The Company has received in-principle approvals from BSE and NSE in accordance with Regulation 28(1) of the SEBI Listing Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their letters dated [●], 2023 and [●], 2023, respectively. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN: [●] for the Rights Entitlements to be credited to the respective demat accounts of the Eligible Equity Shareholders of our Company. For details, please see the section entitled “*Terms of the Issue*” on page [●].

### Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, the Promoter Group and our Directors have not been and are not debarred and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority / court as on the date of this Letter of Offer.

None of the companies with which our Promoters or our Directors are associated with as promoters or directors have been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

### Directors associated with the Securities Market

None of our Directors are, in any manner, associated with the securities market.

### Prohibition by RBI

Neither our Company, nor our Promoter or any of our Directors have been categorised or identified or declared as a Wilful Defaulter or Fraudulent Borrower or Fugitive Economic Offender.

### Eligibility for the Issue

Our Company is a listed company, incorporated under the Companies Act, 1913. The Equity Shares of our Company are currently listed on BSE and NSE. Our Company is eligible to offer the Rights Equity Shares pursuant to this Issue in terms of Chapter III of the SEBI ICDR Regulations and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

### Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their ‘in-principle’ approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. [●] is the Designated Stock Exchange for the Issue.



## **Confirmation under Companies (Significant Beneficial Ownership) Rules, 2018**

Our Company, Promoter and members of the Promoter Group are in compliance with the requirements of the Companies (Significant Beneficial Ownership) Rules, 2018, as amended, to the extent applicable, as on the date of this Letter of Offer.

### **Compliance with conditions of Fast Track Issue**

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1. Our Equity Shares have been listed on BSE and NSE, each being a recognized stock exchange having, nationwide trading terminals, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
2. The entire shareholding of the members of the Promoter Group is held in dematerialized form as at the date of filing this Letter of Offer with the Designated Stock Exchange;
3. The average market capitalization of the public shareholding (as defined under the SEBI ICDR Regulations) of our Company is at least ₹ 2,500 million, in at least one of the recognized stock exchanges with nationwide trading terminal, where its securities are listed, calculated as per Explanation (i) of the Regulation 99 of SEBI ICDR Regulations;
4. The annualized trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six-months period on each of the Stock Exchanges;
5. The annualized delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Designated Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six-month period on each of the Stock Exchanges;
6. Our Company has been in compliance with the equity listing agreement entered into with the Stock Exchanges and the SEBI Listing Regulations, for a period of at least three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month at the date of filing this Letter of Offer with the Designated Stock Exchange;
8. No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company, its Promoters or whole-time Directors as on the date of the filing of this Letter of Offer with Designated Stock Exchange. Further, no show cause notices have been issued by the SEBI or an Adjudicating Officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI, against our Company, its Promoters or whole-time Directors;
9. Our Company, our Promoters, the Promoter Group or our Directors have not settled any alleged violations of securities laws through the settlement mechanism with SEBI during the three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
10. Our Equity Shares have not been suspended from trading as a disciplinary measure during three years immediately preceding the date of filing this Letter of Offer with the Designated Stock Exchange;
11. There is no conflict of interest between the Lead Managers and our Company or its Group Companies in accordance with applicable regulations;
12. Our Promoters and Promoter Group shall mandatorily subscribe to their rights entitlement and shall not renounce their rights, except to the extent of renunciation within the Promoter Group or for the purpose of complying with minimum public shareholding norms prescribed under the SCRR;

13. Our Promoters, each, vide their letters dated January 16, 2023 have undertaken and confirmed in relation to this Issue to subscribe on their own account, and not through any nominated entity or person to:
- a. the full extent of their Rights Entitlement in the Issue in accordance with Regulation 10(4)(a) of the SEBI Takeover Regulations; and
  - b. the full extent of any rights entitlement in the Issue that may be renounced in their favor by any of the members of the Promoter Group of the Company in accordance with Regulation 10(4)(b) and other applicable provisions of the SEBI Takeover Regulations.

The Promoters have confirmed that such acquisition of Equity Shares will not result in a change of control or the management of the Company, and any such acquisition shall be subject to the aggregate shareholding of the Promoters and Promoter Group of the Company not exceeding 75% of the issued, outstanding and fully paid-up equity share capital of the Company after the Issue.

14. There were no audit qualifications in respect of the financial years for which accounts are disclosed in this Letter of Offer.

#### **Compliance with Part B of Schedule VI of the SEBI ICDR Regulations**

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

- a. Our Company has been filing periodic reports, statements and information in compliance with the SEBI Listing Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
- b. The reports, statements and information referred to above are available on the websites of BSE and NSE;
- c. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders' Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations, and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

#### **DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS LETTER OF OFFER TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGERS BOB CAPITAL MARKETS LIMITED AND IDBI CAPITAL MARKETS & SECURITIES LIMITED, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE LEAD MANAGERS IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD**

**MANAGERS HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED [●], 2023 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATIONS, WHICH READS AS FOLLOWS:**

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS LETTER OF OFFER OF THE SUBJECT ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**
  - a. THE LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**
  - b. ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
  - c. THE MATERIAL DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID – COMPLIED WITH;**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE;**
- 5. WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE;**
- 6. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE LETTER OF OFFER – NOT APPLICABLE;**
- 7. ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – [●];**
- 8. NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES**

RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – [●];

9. THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE ‘MAIN OBJECTS’ IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – [●];
10. FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:
  - a. AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR VOTING RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR VOTING RIGHTS EQUITY SHARES – [●]; AND
  - b. AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI – [●]
11. WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS – [●];
12. IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM, IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS – [●]
13. NONE OF THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY – [●]
14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER – [●]
15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS – [●]
16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE RIGHTS EQUITY SHARES OFFERED THROUGH THE ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN – [●]
17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE RIGHTS EQUITY SHARES OF THE COMPANY – [●]

THE FILING OF THIS LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS LETTER OF OFFER.

### **Disclaimer from our Company, our Directors and the Lead Managers**

Our Company and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website [www.pateleng.com](http://www.pateleng.com) would be doing so at their own risk.

Investors who invest in this Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Managers and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and will not sell, issue, pledge or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Lead Managers and their respective directors, officers, agents, affiliates, and representative accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares and such investors are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

No information which is extraneous to the information disclosed in this Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centres.

### **Caution**

Our Company and the Lead Managers shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Letter of Offer is current only as of its date.

### **Disclaimer with respect to jurisdiction**

This Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

### **Designated Stock Exchange**

The Designated Stock Exchange for the purposes of the Issue is [•].

### **Disclaimer Clause of BSE**

[•]

### **Disclaimer Clause of NSE**

[•]

### **Filing**

This Letter of Offer is being filed with Stock Exchanges and SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our

Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

### **Mechanism for redressal of investor grievances**

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the SEBI Listing Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI Circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular bearing reference CIR/OIAE/1/2014 dated December 18, 2014 in relation to redressal of investor grievances through SCORES. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once a year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer and transmission of shares and effective exercise of voting rights. Link Intime India Private Limited is our Registrar to the Issue. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with the Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 15 days from the date of receipt of the complaint.

Investors may contact the Registrar to the Issue, or our Company Secretary and Compliance Officer for any Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the Applicant, contact number(s), e-mail ID of the sole / first holder, folio number or demat account number, serial number of the Application Form, number of the Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see '*Terms of the Issue*' on page [●].

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

#### **Link Intime India Private Limited**

C-101, 247 Park, Lal Bahadur Shastri Marg,  
Vikhroli (West), Mumbai – 400 083,  
Maharashtra, India

**Telephone:** +91 22 4918 6270

**Email:** pateleng.rights@linkintime.co.in

**Investor Grievance Email:** pateleng.rights@linkintime.co.in

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Contact Person:** Sumeet Deshpande

**SEBI Registration Number:** INR000004058

#### **Company Secretary and Compliance Officer**

##### **Shobha Shetty**

Patel Estate SV Road,  
Jogeshwari (West), Mumbai – 400 102,  
Maharashtra, India

**Tel.:** +91 22 2676 7513

**Email:** [shobha.shetty@pateleng.com](mailto:shobha.shetty@pateleng.com)



## SECTION VII – ISSUE INFORMATION

### TERMS OF THE ISSUE

*This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Managers are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Letter of Offer.*

*Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, Investors proposing to apply in this Issue can apply only through ASBA or by mechanism as disclosed in this section.*

*Investors are requested to note that application in this Issue can only be made through ASBA facility.*

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations and the guidelines, notifications, circulars and regulations issued by SEBI, the Government and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice or security certificate and rules as may be applicable and introduced from time to time.

The Rights Entitlement on the Securities, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Securities with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Securities to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Securities pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

#### **Important:**

#### **I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS**

In accordance with the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Letter of Offer, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and other applicable Issue Material will be sent / dispatched at least three days before the Issue Opening Date only to the Eligible Equity Shareholders who have provided their Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent / dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard.

Investors can access this Letter of Offer, the Abridged Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

1. Our Company at [www.pateleng.com](http://www.pateleng.com);
2. The Registrar at [www.linkintime.co.in](http://www.linkintime.co.in);
3. The Lead Managers at [www.bobcaps.in](http://www.bobcaps.in) and [www.idbicapital.com](http://www.idbicapital.com)
4. The Stock Exchanges at [www.bseindia.com](http://www.bseindia.com); and [www.nseindia.com](http://www.nseindia.com).

Shareholders who have not received the Application Form may apply, along with the requisite Application Money, by using the Application Form available on the websites above, or on plain paper, with the same details as mentioned in the Application Form available online.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar i.e., [www.linkintime.co.in](http://www.linkintime.co.in), by entering their DP ID and Client ID or Folio Number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date), PAN and such other credentials. The link for the same shall also be available on the website of our Company i.e. [www.pateleng.com](http://www.pateleng.com).

Further, our Company along with the Lead Managers will undertake all adequate steps to reach out to the Eligible Equity Shareholders who have provided their Indian address through other means, as may be feasible.

**Please note that neither our Company nor the Registrar nor the Lead Managers shall be responsible for non-dispatch of physical copies of Issue related materials, including this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e-mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Form or the Rights Entitlement Letters are delayed or misplaced in the transit.**

The distribution of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Managers or their respective affiliates to any filing or registration requirement (other than in India). If this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without the requirement for our Company or our affiliates or the Lead Managers or their respective affiliates to make any filing or registration (other than in India).

## **II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE**

**In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI Rights Issue Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to**

**use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA. For details, see “Terms of the Issue – Making an Application through the ASBA process” on page [●].**

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see “Term of the Issue – Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders” on page [●].

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may accept this Issue and apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

**Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN, or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details see “Terms of the Issue – Grounds for Technical Rejection” on page [●]. Our Company, the Lead Managers, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Applicants.**

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected. Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently. For details, see “Terms of the Issue – Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process” on page [●].

### **Options available to the Eligible Equity Shareholders**

**The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.**

If the Eligible Equity Shareholder applies in this Issue, then such Eligible Equity Shareholder can:

1. Apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or
2. Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or
3. Apply for its Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

4. Apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for additional Equity Shares; or
5. Renounce its Rights Entitlements in full.
6. Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.
7. Do not submit multiple Applications.

### **Making an Application through the ASBA process**

An Investor, wishing to participate in this Issue through the ASBA facility, is required to have an ASBA enabled bank account with an SCSB prior to making the Application. Investors desiring to make an Application in this Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online / electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to <https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34>.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/13/2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in this Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Managers, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not be responsible for acts, mistakes, errors, omissions, and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts

#### *Do's for Investors applying through ASBA:*

1. Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account
2. Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated, as the Rights Equity Shares will be allotted in the dematerialized form only.
3. Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.
4. Ensure that there are sufficient funds (equal to { number of Rights Equity Shares (including Additional Rights Equity Shares) applied for } X { Application Money of Rights Equity Shares }) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.
5. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same.

6. Ensure that you have a bank account with an SCSB providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.
7. Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.
8. Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.
9. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 read with press release dated June 25, 2021 and September 17, 2021

*Don'ts for investors applying through ASBA:*

1. Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
2. Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.
3. Do not send your physical Application to the Lead Managers, the Registrar, the Banker to the Issue (assuming that such Banker to the issue is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.
4. Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.
5. Do not submit Application Form using third party ASBA account.

#### **Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process**

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to this Issue on plain paper in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through e-mail or physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to this Issue on plain paper with the same details as per the Application Form that is available on the websites of the Registrar, Stock Exchanges or the Lead Managers. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address or is a U.S. Person or in the United States.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application. If an Eligible Equity Shareholder makes an Application both in an Application Form as well as on plain paper, both applications are liable to be rejected.

Please note that in terms of Regulation 78 of the SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

1. Name of our Company, being Patel Engineering Limited;

2. Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) / DP and Client ID;
4. Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Rights Equity Shares applied for pursuant to this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option - only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹ [●] per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE/FCNR/NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB);
16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in); and
17. All such Eligible Equity Shareholders are deemed to have accepted the following:

*"I/ We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (United States), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/ we understand the Rights Equity Shares referred to in this application are being offered and sold only in offshore transactions outside the United States in compliance with Regulation S under the U.S. Securities Act (Regulation S) to existing shareholders who are located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/ we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/ we confirm that I am/ we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar, the Lead Managers or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to*



*be, or who the Company, the Registrar, the Lead Managers or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.*

*I/ We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/ We satisfy, and each account for which I/ we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence*

*I/we hereby make the representations, warranties, acknowledgments and agreements set forth in “Restrictions on Purchases and Resales” on page [●].*

*I/ We understand and agree that the Rights Entitlements and Rights Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in accordance with Regulation S to a person outside the United States.*

*I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement, and/or the Equity Shares, is/are outside the United States or a Qualified Institutional Buyer (as defined in the U.S. Securities Act), and (ii) is/are acquiring the Rights Entitlement and/or the Equity Shares in an offshore transaction meeting the requirements of Regulation S or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act.*

*I/ We acknowledge that we, the Company, the Lead Managers, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”*

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor.

The plain paper Application format will be available on the website of the Registrar at [www.linkintime.co.in](http://www.linkintime.co.in).

Our Company, the Lead Managers and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors’ ASBA Accounts on or before the Issue Closing Date.

### **Making an Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish details of their demat account to the Registrar or our Company at least 2 Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares, nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder. For further details, see “Terms of the Issue – Credit of Rights Entitlement in dematerialised account of Eligible Equity Shareholders” on page [●].

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this

Issue:

1. The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than 2 Working Days prior to the Issue Closing Date;
2. The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least 1 day before the Issue Closing Date; and
3. The remaining procedure for Application shall be same as set out in “*Terms of the Issue – Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page [●].

In accordance with the SEBI circular SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of Right Entitlements not later than two working days prior to issue closing date, such that credit of Res in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for additional Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR TO THE ISSUE OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM.

#### **Application for Additional Rights Equity Shares**

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Rights Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in “*Terms of the Issue – Basis of Allotment*” beginning on page [●].

**Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.**

#### **Additional general instructions for Investors in relation to making an Application**

1. Please read this Letter of Offer carefully to understand the Application process and applicable settlement process.
2. The Application Form can be used by both the Eligible Equity Shareholders and the Renouncees.
3. Application should be made only through the ASBA facility.
4. An Investor, wishing to participate in this Issue, is required to have an ASBA enabled bank account with an SCSB, prior to making the Application.

5. Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and / or which are not completed in conformity with the terms of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.
6. In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under “*Terms of the Issue – Making an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page [●].
7. Applications should be submitted to the Designated Branch of the SCSB or made online / electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. or such extended time as permitted by the Stock Exchanges.
8. Investors are required to provide necessary details, including details of the ASBA Account, authorization to the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the Application Form.
9. Applications should not be submitted to the Banker(s) to the Issue (assuming that such Banker to the issue is not an SCSB), our Company or the Registrar or the Lead Managers.
10. All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income Tax Act, 1961, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no Allotment and credit of Rights Equity Shares pursuant to this Issue shall be made into the accounts of such Investors.
11. Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation (“**Demographic Details**”) are updated, true and correct, in all respects. Investors applying under this Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under this Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and / or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the e-mail intimating unblocking of ASBA Account or refund (if any) would be e-mailed to the address of the Investor as per the e-mail address provided to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Managers shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match 3 parameters i.e., (a) names of the Investors (including the order of names of joint holders), (b) DP ID, (c) Client ID and PAN Number, then such Application Forms are liable to be rejected.**
12. By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.
13. For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his / her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

14. Investors should provide correct DP ID Client ID and PAN Number / Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID should match the demat account details in the records available with Company and / or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Managers, SCSBs or the Registrar will not be liable for any such rejections.
15. In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.
16. All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in this Issue quoting the name of the first / sole Applicant, Folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) / DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.
17. Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
18. Do not apply if you are ineligible to participate in this Issue under the securities laws applicable to your jurisdiction.
19. Do not submit the General Index Registrar number instead of the PAN as the application is liable to be rejected on this ground.
20. Avoid applying on the Issue Closing Date due to risk of delay / restrictions in making any physical Application.
21. Do not pay the Application Money in cash, by money order, pay order or postal order.
22. Do not submit multiple Applications.
23. No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the Government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the Government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the Government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any allotments made by relying on such approvals.
24. An Applicant being an Overseas Corporate Body (OCB) is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.
25. Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.
26. Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

### **Grounds for Technical Rejection**

Applications made in this Issue are liable to be rejected on the following grounds:

1. DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar
2. Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.
3. Sending an Application to our Company, the Lead Managers, Registrar, Banker to the Issue (assuming that such Banker to the issue is not an SCSB), to a branch of an SCSB which is not a Designated Branch of the SCSB.
4. Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.
5. Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to a regulatory order.
6. Account holder not signing the Application or declaration mentioned therein.
7. Submission of more than one Application Form for Rights Entitlements available in a particular demat account
8. Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.
9. Submitting the General Index Registrar number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).
10. Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.
11. Applications by SCSB on its own account, other than through an ASBA Account in its own name with any other SCSB.
12. Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and this Letter of Offer.
13. Physical Application Forms not duly signed by the sole or joint Investors, as applicable
14. Application Forms accompanied by stock invest, outstation cheques, post-dated cheques, money order, postal order or outstation demand drafts.
15. If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.
16. Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States (other than from persons in the United States who are U.S. QIBs and QPs) or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and / or renouncing the Application Form is (a) both a U.S. QIB and a QP, if in the United States or a U.S. Person or (b) outside the United States and is a non-U.S. Person, and in each case such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with this Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.
17. Applications which have evidence of being executed or made in contravention of applicable securities laws.
18. Applicants holding physical shares not submitting the documents. For further details, see “*Terms of the Issue – Application by Eligible Equity Shareholders holding Equity Shares in physical form*” on page [●].

19. Application from Investors that are residing in U.S. address as per the depository records (other than from persons in the United States who are U.S. QIBs and QPs).

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/ FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

### **Multiple Applications**

In case where multiple Applications are made using same demat account, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Equity Shares with / without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "*Procedure for Applications by Mutual Funds*" on page [●].

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoters to meet the minimum subscription requirements applicable to this Issue as described in "*Capital Structure*" on page [●].

### **Procedure for Applications by certain categories of Investors**

#### *Procedure for Applications by FPIs*

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100 %).

FPIs are permitted to participate in this Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration



as category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

- a. such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and
- b. prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

**No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.**

*Procedure for Applications by AIFs, FVCIs, VCFs and FDI route*

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and the SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to a rights issue. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue. Further, venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to a rights issue. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the Government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the Government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the Government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any Allotments made by relying on such approvals.

*Procedure for Applications by NRIs*

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in this Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("OCI") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid-up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total paid-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24%, if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Circular 2020 has been recently amended to state that all investments by entities incorporated in a country which shares a land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government and each Investor should

seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

#### *Procedure for Applications by Mutual Funds*

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

#### *Procedure for Applications by Systemically Important Non-Banking Financial Companies (“NBFC-SI”)*

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of Reserve Bank of India Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

#### **Last date for Application**

The last date for submission of the duly filled in the Application Form or a plain paper Application is [Day], [●], 2023 i.e., Issue Closing Date. Our Board and, or, the Allotment Committee may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Rights Equity Shares hereby offered, as set out in entitled “*Terms of the Issue – Basis of Allotment*” on page [●].

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

#### **Withdrawal of Application**

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, may withdraw their Application post the Issue Closing Date.

#### **Disposal of Application and Application Money**

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form to the Eligible Equity Shareholders upon submission of the Application.

Our Board reserves its full, unqualified, and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period on or after T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

## **CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS**

### **Rights Entitlements**

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialized form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of the Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID and PAN. The link for the same shall also be available on the website of our Company (i.e. [www.pateleng.com](http://www.pateleng.com)).

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for subscription of Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on the Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., [www.linkintime.co.in](http://www.linkintime.co.in)). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

### **Credit of Rights Entitlements in dematerialised account**

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI Rights Issue Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, “[●]”) opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the IEPF authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI Listing Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

In this regard, our Company has made necessary arrangements with CDSL and NSDL for crediting the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is [●]. The ISIN for the Rights Entitlements shall remain frozen (for debit) until the Issue Opening Date. The ISIN for the Rights Entitlements shall be suspended for transfer by the Depositories post the Issue Closing Date.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details / records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than 2 Working Days prior to the Issue Closing Date, i.e., by [Day], [●], 2023 to enable the credit of their Rights Entitlements by way of transfer from the demat

suspense escrow account to their demat account at least 1 day before the Issue Closing Date, to enable such Eligible Equity Shareholders to make an application in this Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchange after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

## **RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT**

### **Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

### **Renunciation of Rights Entitlements**

This Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Stock Exchanges or through an off-market transfer.

### **Procedure for Renunciation of Rights Entitlements**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the “**On Market Renunciation**”); or (b) through an off-market transfer (the “**Off Market Renunciation**”), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited/lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism. In accordance with SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, Shareholders holding shares in physical form shall be required to provide their demat account details to our Company and the Registrar to the Issue for credit of Rights Entitlements not later than two Working days prior to the Issue Closing Date, such that credit of Rights Entitlements in their demat account takes place at least one day before the Issue Closing Date

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

**Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.**

**The Lead Managers, The Registrar and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.**

### **On Market Renunciation**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat

accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [Day], [●], 2023 to [Day], [●], 2023 (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The on-Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+2' rolling settlement basis, where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and SEBI.

#### *Off Market Renunciation*

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off-market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off-market transfer shall be as specified by the CDSL and NSDL from time to time.

#### **MODE OF PAYMENT**

All payments against the Application Forms shall be made only through ASBA facility. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

The Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent

to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in this Issue.

#### *Mode of payment for Resident Investors*

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act, 1961. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.
2. Subject to the above, in case Rights Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
3. In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.
4. Application Forms received from non-residents / NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.
5. In the case of NRIs who remit their Application Money from funds held in FCNR / NRE Accounts, refunds and other disbursements, if any shall be credited to such account.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

#### **BASIS FOR THIS ISSUE AND TERMS OF THIS ISSUE**

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date. For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" on page [●].

#### **Separate ISIN for the Rights Equity Shares**

In addition to the present ISIN for the existing Equity Shares, our Company would obtain a separate ISIN for the Rights Equity Shares for each Call, until fully paid-up. The Rights Equity Shares offered under this Issue will be traded under a separate ISIN after each Call for the period as may be applicable under the rules and regulations



prior to the record date for the Call notice. The ISIN representing the Rights Equity Shares will be terminated after the last Call Record Date. On payment of the Call Money in respect of the Rights Equity Shares, such Rights Equity Shares would be fully paid-up and merged with the existing ISIN of our Equity Shares.

### **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to existing Eligible Equity Shareholders in the ratio of [●] Rights Equity Shares for every [●] Equity Shares held as on the Record Date. As per the SEBI Rights Issue Circular, the fractional entitlements are to be ignored. Accordingly, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or is not in the multiple of [●] Equity Shares, the fractional entitlements of such Eligible Equity Shareholders shall be ignored by rounding down of their Rights Entitlements. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the Allotment of one additional Rights Equity Share if they apply for the Additional Rights Equity Shares over and above their Rights Entitlements, if any, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement for the Rights Equity Shares. Such Eligible Equity Shareholders are entitled to apply for the Additional Rights Equity Shares and will be given preference in the Allotment of one Rights Equity Share, if such Eligible Equity Shareholders apply for the Additional Rights Equity Shares, subject to availability of the Rights Equity Shares in this Issue post allocation towards the Rights Entitlements applied for. However, they cannot renounce the same in favour of third parties.

### **Ranking**

The Rights Equity Shares to be issued and Allotted pursuant to this Issue shall be subject to the provisions of this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, FEMA Rules, the SEBI ICDR Regulations, the SEBI Listing Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government and other statutory and regulatory authorities from time to time, the terms of the Listing Agreement entered into by our Company with the Stock Exchange and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and allotted under this Issue shall, upon being fully paid up, rank pari passu with the existing Equity Shares, in all respects including dividends.

### **Listing and trading of the Rights Equity Shares to be issued pursuant to this Issue**

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchange. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in principle approval from the BSE and the NSE through letters bearing reference number [●] and [●] dated [●], 2023.

Our Company will apply to the Stock Exchange for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 531120) and NSE (Scrip Code: PATELENG) under the ISIN INE244B01030. The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing / trading approvals from the Stock Exchange. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the existing ISIN for the Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to this Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchange, we shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within 4 days of receipt of intimation from the Stock Exchange, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded / unblocked within 4 days after our Company becomes liable to repay it, our Company and every Director of our Company who is an officer-in-default shall, on and from the expiry of the 4th day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law

### **Subscription to this Issue by our Promoter and Promoter Group**

For details of the intent and extent of subscription by our Promoter, see “*Capital Structure – Intention and extent of participation by our Promoter*” on page [●].

### **Rights of Holders of the Rights Equity Shares of our Company**

Subject to applicable laws, the Rights Equity Shareholders shall have the following rights:

1. The right to receive dividend, if declared
2. The right to vote in person, or by proxy, except in case of the Rights Equity Shares credited to the demat;
3. The right to receive surplus on liquidation;
4. The right to free transferability of the Rights Equity Shares;
5. The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Letter of Offer; and
6. Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

## **GENERAL TERMS OF THE ISSUE**

### **Market Lot**

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for the Rights Equity Shares in dematerialised mode is one Equity Share.

### **Joint Holders**

Where 2 or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of the Rights Equity Shares offered in this Issue.

### **Nomination**

Nomination facility is available in respect of the Rights Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

**Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Rights Equity Shares to be allotted in this Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.**

### **Arrangements for Disposal of Odd Lots**

The Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

## **Notices**

In accordance with the SEBI ICDR Regulations, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent / dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Marathi language daily newspaper with wide circulation (Marathi being the regional language of Maharashtra, where our Registered Office is situated).

This Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchange for making the same available on its website.

## **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident shareholders including Additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their Rights Entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non-residents for Allotment of the Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of the Rights Equity Shares and issue of the Rights Entitlement Letters / letters of Allotment/Allotment advice. If a non-resident or NRI Investor has specific approval from RBI, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar, at [●]. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the Governmental authority is valid in order to make any investment in the Issue and the Lead Managers and our Company will not be responsible for any such Allotments made by relying on such approvals.

In accordance with the SEBI ICDR Regulations, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter and other applicable Issue material will be sent / dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, this Letter of Offer will be sent / dispatched to the Eligible Equity Shareholders who have provided Indian address and who have made a request in this regard. In case such Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this Letter of Offer, the Abridged Letter of Offer, and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) from the websites of the Registrar, our Company, the Lead Managers and the Stock Exchange. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which the Rights

Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened. Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Managers.

Please note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar and our Company by submitting their respective copies of self-attested proof of address, passport, etc. by email to [●].

## ALLOTMENT OF THE EQUITY SHARES IN DEMATERIALIZED FORM

**PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR IN THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE “TERMS OF THE ISSUE – ALLOTMENT ADVICE OR REFUND / UNBLOCKING OF ASBA ACCOUNTS” ON PAGE [●].**

## ISSUE SCHEDULE

Particulars	Day and Date
Last Date for credit of the Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of the Rights Entitlements#	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

# Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.

\* Our Board or the Allotment Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Managers. Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than 2 clear Working Days prior to the Issue Closing Date, i.e., [Day], [●], 2023 to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least 1 day before the Issue Closing Date, i.e., [Day] [●], 2023. If demat account details are not provided by the Eligible Equity Shareholders holding Equity Shares in physical form to the Registrar or our Company by the date mentioned above, such shareholders will not be allotted any Rights Equity Shares nor such Rights Equity Shares be kept in suspense account on behalf of such shareholder in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar (i.e. [www.linkintime.co.in](http://www.linkintime.co.in)). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts. Eligible Equity Shareholders can obtain the details of their Rights Entitlements from the website of the Registrar (i.e. [www.linkintime.co.in](http://www.linkintime.co.in)) by entering their DP ID and Client ID or Folio Number (in case of Eligible Equity Shareholders holding Equity Shares in physical form) and PAN. The link for the same shall also be available on the website of our Company (i.e. [www.pateleng.com](http://www.pateleng.com))

## **BASIS OF ALLOTMENT**

Subject to the provisions contained in this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Equity Shares in the following order of priority:

1. Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.
2. Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with 'zero' entitlement, would be given preference in allotment of 1 additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (1) above. If number of Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (1) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.
3. Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of this Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Rights Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (1) and (2) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
4. Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (1), (2) and (3) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of this Issue and will not be a preferential allotment.
5. Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (1), (2), (3) and (4) above, and the decision of our Board in this regard shall be final and binding.

After taking into account Allotment to be made under (1) to (4) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

## **ALLOTMENT ADVICE OR REFUND / UNBLOCKING OF ASBA ACCOUNTS**

Our Company will send / dispatch Allotment advice, refund intimations (or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be sent only to their valid e-mail address and in case such Eligible Equity

Shareholders have not provided their e-mail address, then the Allotment advice, refund intimations or demat credit of securities and/or letters of regret will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them; along with crediting the Allotted Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of on or before T+1 day (T: Basis of allotment day). In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through an e-mail, to the e-mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked. The unblocking of ASBA funds / refund of monies shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

## **PAYMENT OF REFUND**

### **Mode of making refunds**

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through unblocking amounts blocked using ASBA facility.

### **Refund payment to non-residents**

The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

## **ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES**

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

### **Receipt of the Equity Shares in Dematerialized Form**

**PLEASE NOTE THAT THE EQUITY SHARES APPLIED FOR UNDER THIS ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITORY ACCOUNT / CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST 2 WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIBLE EQUITY SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM AS ON THE RECORD DATE.**

Investors shall be allotted the Equity Shares in dematerialized (electronic) form. Our Company has signed an agreement dated March 26, 2006 with CDSL and an agreement dated April 13, 2006 with NSDL which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

**INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.**

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the dematerialised form is as under:



1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.
2. It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.
3. The responsibility for correctness of information filled in the Application Form vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in the Application Form should be the same as registered with the Investor's depository participant.
4. If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.
5. The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Rights Equity Shares in physical form / with IEPF authority / in suspense, etc.). Allotment advice, refund order (if any) would be sent directly to the Applicant by e-mail and, if the printing is feasible, through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.
6. Non-transferable Allotment advice / refund intimation will be directly sent to the Investors by the Registrar, by e-mail and, if the printing is feasible, through physical dispatch.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.
8. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar to the Issue or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue

## **IMPERSONATION**

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of Section 38 of the Companies Act, 2013 which is reproduced below:

*"Any person who makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."*

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 10,00,000 or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term of not less than 6 months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than 3 years) and fine of an amount not less than the amount involved in the fraud, extending up to 3 times of such amount. Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than 3 years. In case the fraud involves (i) an amount which is less than ₹ 10,00,000 or 1% of the turnover of the company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to 5 years or a fine of an amount extending up to ₹ 50,00,000 or with both.

## **UTILISATION OF ISSUE PROCEEDS**

**Our Board declares that:**

- a. All monies received out of this Issue shall be transferred to a separate bank account;
- b. Details of all monies utilized out of this Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- c. Details of all unutilized monies out of this Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

**UNDERTAKINGS BY OUR COMPANY**

Our Company undertakes the following:

1. The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
2. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the timeline specified by SEBI.
3. The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.
4. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
5. In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.
6. Adequate arrangements shall be made to collect all ASBA Applications.
7. At any given time, there shall be only one denomination for the Rights Equity Shares of our Company.
8. Other than any Equity Shares that may be issued pursuant to exercise of options under PESOP, no further issue of securities affecting our Company's Equity Share capital shall be made until the Rights Equity Shares are listed or until the Application Money is refunded on account of non-listing, under subscription etc.
9. Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
10. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

**INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS**

1. Please read this Letter of Offer, carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise, the Application is liable to be rejected.
2. All enquiries in connection with this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or Application Form must be addressed (quoting the Registered Folio Number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date the DP ID and Client ID

number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed '**Patel Engineering Limited – Rights Issue**' on the envelope and postmarked in India or in the e-mail) to the Registrar at the following address:

**Link Intime India Private Limited**

C – 101, 247 Park, 1st Floor, L B S Marg,  
Vikhroli (West), Mumbai – 400 083,  
Maharashtra, India

**Tel:** +91810 811 4949

**Website:** [www.linkintime.co.in](http://www.linkintime.co.in)

**Email:** [pateleng.rights@linkintime.co.in](mailto:pateleng.rights@linkintime.co.in)

**Investor Grievance ID:** [pateleng.rights@linkintime.co.in](mailto:pateleng.rights@linkintime.co.in)

**Contact Person:** Sumeet Deshpande

**SEBI Registration Number:** INR000004058

**Company Secretary and Compliance Officer**

**Shobha Shetty**

Patel Estate SV Road,  
Jogeshwari (West), Mumbai – 400 102,  
Maharashtra, India

**Tel.:** +91 22 2676 7513

**Email:** [shobha.shetty@pateleng.com](mailto:shobha.shetty@pateleng.com)

In accordance with the SEBI Rights Issue Circular, frequently asked questions, and online / electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar [www.linkintime.co.in](http://www.linkintime.co.in). Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is [●].

The Investors can visit following links for the below-mentioned purposes:

- i. Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: [www.linkintime.co.in](http://www.linkintime.co.in)
- ii. Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: [www.linkintime.co.in](http://www.linkintime.co.in)
- iii. Updation of demat account details by Eligible Equity Shareholders holding shares in physical form: [www.linkintime.co.in](http://www.linkintime.co.in)
- iv. Submission of self-attested PAN, client master sheet and demat account details by non- resident Eligible Equity Shareholders: [●]

This Issue will remain open for a minimum 7 days. Our Board or the Allotment Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Closing Date).

**RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (FDI) through press notes and press releases.

The Government has from time to time made policy pronouncements on FDI through press notes and press

releases. The DPIIT issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (FDI Circular 2020), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Circular 2020 and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Circular 2020; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the Government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the Government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the Government is valid in order to make any investment in the Issue. The Lead Managers and our Company will not be responsible for any Allotments made by relying on such approvals.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Managers are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## **RESTRICTIONS ON PURCHASES AND REALES**

### **General Eligibility and Restrictions**

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991, of the Government of India and FEMA. While the Industrial Policy, 1991, of the Government of India, prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. The Union Cabinet, as provided in the Cabinet Press Release dated May 24, 2017, has given its approval for phasing out the FIPB. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. Accordingly, the process for foreign direct investment (“**FDI**”) and approval from the Government of India will now be handled by the concerned ministries or departments, in consultation with the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as the Department of Industrial Policy and Promotion) (“**DPIIT**”), Ministry of Finance, Department of Economic Affairs, FIPB section, through a memorandum dated June 5, 2017, has notified the specific ministries handling relevant sectors.

The Government has, from time to time, made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular of 2020 (“**FDI Policy**”) by way of circular bearing number DPIIT file number 5(2)/2020-FDI Policy dated October 15, 2020, which with effect from October 15, 2020, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on October 15, 2020. The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases which are notified by RBI as amendments to FEMA. In case of any conflict between FEMA and such policy pronouncements, FEMA prevails. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Policy and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the nonresident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis. The above information is given for the benefit of the investors. Our Company is not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

## **RESTRICTIONS ON PURCHASES AND REALES**

### **General Eligibility and Restrictions**

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Issue Shares in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Letter of Offer will be filed with SEBI and the Stock Exchanges.

The Rights Entitlements and the Issue 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.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or Equity Shares shall do so in accordance with the restrictions in their respective jurisdictions.



## **SECTION VIII – OTHER INFORMATION**

### **MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION**

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by the Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of this Letter of Offer until the Issue Closing Date.

#### **Material Contracts**

1. Issue Agreement dated [●], 2023 entered between our Company and the Lead Managers.
2. Registrar Agreement dated [●], 2023 entered between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated [●], 2023 entered amongst our Company, the Lead Managers, the Registrar to the Issue and the Banker to the Issue.
4. Monitoring Agency Agreement dated [●], 2023 entered between our Company and the Monitoring Agency.

#### **Material Documents in Relation to the Issue**

1. Certified copies of the Memorandum of Association and Articles of Association of our Company, as amended.
2. Certificate of incorporation of our Company dated April 2, 1949, and fresh certificates of incorporation consequent to change of name dated December 9, 1999.
3. Annual Reports of our Company for the Fiscals 2022, 2021, 2020, 2019 and 2018.
4. Resolution of our Board dated December 16, 2022 in relation to approval of the Issue and other related matters.
5. Resolution passed by our Allotment Committee dated [●], 2023 approving the implementation schedule and means of finance as appearing in the Objects of the Issue
6. Letter of Offer of dated September 5, 2019 of the last rights issue.
7. Resolution passed by our Allotment Committee dated [●], 2023 finalizing the terms of the Issue including the Record Date, Issue Price and Rights Entitlement Ratio.
8. Consents of our Directors, Company Secretary and Compliance Officer, Lead Managers, Banker to the Issue, Monitoring Agency, Legal Counsel to the Issue and Registrar to the Issue for inclusion of their names in this Letter of Offer to act in their respective capacities.
9. Consent from M/s. T.P. Ostwal & Associates LLP, Chartered Accountants to be named as the Previous Statutory Auditors of the Company, to include name in this Letter of Offer.
10. Consent from M/s. Vatsaraj & Co., Chartered Accountants to be named as the Statutory Auditors of the Company, to include name in this Letter of Offer, as an “expert” as defined under Section 2(38) of the Companies Act, 2013, in respect of their (i) Unaudited Consolidated Financial Statements; and (ii) the statement of special tax benefits available to our Company and its shareholders dated [●], 2023.
11. The report of M/s. T.P. Ostwal & Associates LLP, Chartered Accountants, dated [●], 2022 on the annual financial results of our Company for the financial year ended March 31, 2022.

12. The report of the Statutory Auditors, being /s. Vatsaraj & Co., Chartered Accountants, dated [●], 2022 on the Unaudited Financial Results of our Company for the six-month period ended September 30, 2022.
13. In principle listing approvals dated [●], 2023 issued by BSE and NSE, respectively under Regulation 28(1) of the SEBI Listing Regulations.
14. Statement of special tax benefits available to our Company and its shareholders dated [●], 2023 from M/s. Vatsaraj & Co., Chartered Accountants, the Statutory Auditors of our Company.
15. Due diligence certificate dated [●], 2023 addressed to SEBI from the Lead Managers.
16. Tripartite Agreement dated April 13, 2006 between our Company, NSDL and the Registrar to the Issue.
17. Tripartite Agreement dated March 24, 2006 between our Company, CDSL and the Registrar to the Issue.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Eligible Equity Shareholders, subject to compliance with applicable law.

## **DECLARATION**

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Rupen Pravinbhai Patel**  
**Chairman and Managing Director**  
**DIN: 00029583**

**Date:** [●], 2023

**Place:** [●]

## **DECLARATION**

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

**SIGNED BY THE DIRECTOR AND CHIEF FINANCIAL OFFICER OF OUR COMPANY**

---

**Kavita Sanjiv Shirvaikar**  
**Whole Time Director and Chief Financial Officer**  
**DIN: 07737376**

**Date:** [●], 2023

**Place:** [●]

## **DECLARATION**

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Sunil Sapre**  
**Whole Time Director**  
**DIN: 05356483**

**Date:** [●], 2023

**Place:** [●]

## **DECLARATION**

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

---

**Dr. Barendra Kumar Bhoi**  
**Independent Director**  
**DIN: 08197173**

**Date:** [●], 2023

**Place:** [●]

## **DECLARATION**

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Ramasubramanian Kuppusubramanian**  
**Independent Director**  
**DIN: 01623890**

**Date:** [●], 2023

**Place:** [●]



## **DECLARATION**

I hereby declare that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013 and the rules made thereunder. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, Government of India and any other competent authority in this behalf, have been duly complied with. I further certify that all disclosures made in this Letter of Offer are true and correct.

## **SIGNED BY THE DIRECTOR OF OUR COMPANY**

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**Sunanda Rajendran**  
**Independent Director**  
**DIN: 00381885**

**Date:** [●], 2023

**Place:** [●]