



PATEL ENGINEERING LTD.

CIN: L99999MH1949PLC007039

November 15, 2022

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001

The National Stock Exchange of India Limited
Exchange Plaza,
Bandra - Kurla Complex,
Mumbai - 400 051

SCRIP CODE: 531120
Security: Equity

SYMBOL: PATELENG
Security: Equity Shares / Debentures

Dear Sir/Mam,

Subject: Submission of Investor/ Analysts Meet Transcripts

In continuation of the letter dated November 12, 2022 related to the Investor Conference Call to discuss the Financial Results for the Quarter and half year ended September 30, 2022 and pursuant to Regulations 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), please find enclosed the Transcripts of the Company's Investor Call.

The said Transcript is also available on the website of the Company at <https://tinyurl.com/bd9muf64>.

It is further confirmed that no unpublished price sensitive information was shared/discussed in the meeting / call.

We request you to take the same on record.

Thanking you,

Yours truly,

For Patel Engineering Ltd.

Shobha Shetty
Company Secretary
Membership No. F10047

REGD. OFFICE:

Patel Estate Road, Jogeshwari (W), Mumbai – 400 102. India
Phone +91 22 26767500, 26782916 Fax +91 22 26782455, 26781505
Email headoffice@pateleng.com Website: www.pateleng.com



“Patel Engineering Limited
Q2 FY ‘23 Earnings Conference Call”

November 11, 2022



MANAGEMENT: **MS. KAVITA SHIRVAIKAR – FULL-TIME DIRECTOR
AND CHIEF FINANCIAL OFFICER – PATEL
ENGINEERING LIMITED**
**MR. RAHUL AGARWAL – HEAD OF STRATEGIC
FINANCE – PATEL ENGINEERING LIMITED**
**MR. ADITYA BAJAJ – INVESTOR RELATIONS AND
MARKETING – PATEL ENGINEERING LIMITED**

MODERATOR: **MR. VASTUPAL SHAH – KIRIN ADVISORS**

Moderator: Ladies and gentlemen, good day and welcome to Patel Engineering Limited Q2 FY '23 Results Conference Call hosted by Kirin Advisors. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors. Thank you and over to you, sir..

Vastupal Shah: Thank you. Good evening, everyone. Thank you for joining the conference call of Patel Engineering Limited. I would like to welcome Ms. Kavita Shirvaikar, Full-Time Director and CFO of Patel Engineering Limited; Mr. Rahul Agarwal, Head of Strategic Finance; and Mr. Aditya Bajaj from Investor Relations and Marketing. Kavita mam over to you.

Kavita Shirvaikar: Thank you Vastupal. Good evening everyone. I would now like to thank you all for attending this conference call. We will discuss about the performance of our company for Q2 FY '23. I would like to start with giving you all brief background of our company. The company has been successfully conceiving infrastructure projects for more than seven decades.

And there's a strong presence in the hydroelectric power and tunnelling sector. The company has a consistent track record in execution of projects in both domestic and international arenas. Patel Engineering Limited has successfully completed over 85 dams, 40 hydroelectric projects and more than 300 kilometre of tunnelling with a current domestic presence in 17 states in India and also in international presence in Nepal.

Since inception of the company, has been involved with generation of over 12,000 megawatt of power capacity. The company has irrigated over 5.5 lakh acres of lands in India and constructed over 1,200 kilometres of road. In India, mainly our clients are NHPC, SJVNL, HPPCL, IRCON, CBPPL, NEEPCO, TANGEDCO etc.

Now let me take you through the key financial numbers of this quarter, which are in line with our estimates. On a consolidated basis, revenue from operations for Q2 FY '23 is at INR 893.05 crores, which is up by 23.27% from INR 724.45 crores in the corresponding quarter in the previous year.

Revenue from operations for H1 FY '23 is at INR 1866.96 crores, which is up by 34.25% from INR 1390.7 crores in H1 FY '22. On a stand-alone basis, revenue from operations for Q2 FY '23 is at INR 814.46 crores [inaudible 0:02:59], which is up by 24.72%, from INR 653.01 crores in Q2 FY '22. Revenue from operations for H1 FY '23 is at INR 1695.55 crores, up by 37.87% from INR 1229.8 crores in H1 FY '20.

On a consolidated basis, operating EBITDA for Q2 FY '23 is at INR 129.76 crores, a margin of 14.53% and net profit at INR 22.87 crores as compared to a profit of INR 2.33 crore in Q2 FY '22. Net profit has increased by 881.5% as compared to corresponding quarter in the previous year. On a standalone basis, operating EBITDA for Q2 FY '23 is at INR 110.94 crores, a margin of 13.6% and net profit is INR 15.57 crores.

The increase has been due to overall growth of the company and the effective execution of the existing projects. Our current order book as of September 2022, is INR 17.598 crores. The company's focus continues to be on its core competency areas of hydropower and underground tunnelling, apart from other segments like irrigation, urban infrastructure and roads.

Now coming to the composition and breakup of our order book. About 65% of our order growth comprises of hydropower projects, 14% irrigation, 13% tunnel, 5% is road and other segments. The sector-wise revenue breakup on a standalone basis for Q2 FY '23 is, from hydro it is 52% from tunnel 22%, from irrigation 17%, road 7% and other 2%.

See, I would like to maintain some key -- other key highlights of this quarter. At our project side have a few milestones and breakthrough achieved. At our Luri hydroelectric power project, which is located in Himachal Pradesh, we successfully completed diversional tunnel work with a total length of 617 meters having a 10.5-meter diameter. The company achieved breakthrough at surge shaft, vertical pressure shaft, vertical pressure shaft and two at our Arun-III, which is located in Nepal. We are extremely proud that our Subansiri hydroelectric project was covered by National Geographic in their film titled Extreme Tech, Patel Engineering Marvel on the Subansiri. In this quarter, we repaid LIC NCD instalments of INR 50 crores and reduce our debt burden further.

The company raised fresh equity from FPI a tune of INR 31.84 crores and also got inclusion from promoter of INR 70 crores. reflecting their continued commitment and belief in the company and has given the required boost for pushing our revenues in coming quarters, like is starting to project size post monsoon. In this quarter, the company also successfully completed the merger of 14 subsidiaries with the parent company with appointed date of April 1, 2021. And accordingly, the financials of year March 31 are also restated. Q2 FY '23 has been good and in line with our expectations. We expect to continue to build our order book by selectively taking self-sustaining projects with healthy margins. It was small brief from our side.

Now I request Vastupal to take over for question answer and our team here shall be happy to give reply. Thank you

Moderator:

We take our first question from the line of Mr. Avinash Gupta, Individual Investor.

Avinash Gupta:

Yes. results are okay. results I've seen it, right? I'm only a second quarter investment in the company. I have certain things which I want to ask, which is regarding the promoter shareholding wise going down because I don't have the history of the company technically with me. And how promoter are using money into the company because I don't see anything right? And how long the dilution is going to continue.

Rahul Agarwal:

So promoters have diluted their stake in the current quarter by selling the shares in the market, and they have used those funds to infuse in the company so that post monsoon season, the projects can be kick-started.

Avinash Gupta: Which I agree, but how did they infuse that fund, right, by way of debt, equity, warrants, anything?

Rahul Agarwal: They have sold the shares in the market. That is how they really got down and they've used the same funds to infuse in the company.

Kavita Shirvaikar: By way of unsecured loan, they have invested in the company, which they have intent to convert into equity.

Avinash Gupta: Are the pricing been discussed? Or it's like...

Rahul Agarwal: No, nothing...

Kavita Shirvaikar: Market driven...

Avinash Gupta: Market driven in essence?

Kavita Shirvaikar: Based on the market price formula the timing of the conversion.

Avinash Gupta: So at the month, the money will lie in the books as the unsecured loan from the promoters.

Kavita Shirvaikar: Will lie in the book unsecured loans from promoter.

Avinash Gupta: And technically, how long do you think it's going to go to be? Because the shareholding for the promoter has come down from around 61% to around 43% now, right?

Kavita Shrivaiakar: From 51% to 43%.

Avinash Gupta: 61, which was I was December 2020.

Rahul Agarwal: Yes. So earlier, there was previously, there were some shares being issued to outsiders against money being received by the company. And now promoters are infused company shares money in the company against sale of shares.

Avinash Gupta: Early, it was pledged basically, you are saying.

Rahul Agarwal: Yes.

Avinash Gupta: And how long do you think -- how long this will continue? 43% is the current holding, right?

Rahul Agarwal: So right now, there is no decision being made by the Board as to when this...

Avinash Gupta: Will board make a decision on this or individual promoters. Board cannot make a decision of promoter sale of shares, right?

Rahul Agarwal: No, since the money has been infused in the company. Now the Board has to decide when the money will be converted to equity.

- Avinash Gupta:** Okay. And what about the pledge, which the promoter have currently, which is around 95% of the holding is pledged. How will that prove?
- Rahul Agarwal:** So the promoters had traded the shares, then they have infused funds when in the past in the company as a part of debt restructuring scheme in the company in the year 2017/18. So accordingly, the shares were pledged and those pledge will continue until that loan is continue.
- Avinash Gupta:** No, that I agree, right? But the only thing my understanding is the pledge has gone up, right? How did that happen? Promoter sold around 7%, that would have been pledged shares, right?
- Rahul Agarwal:** Yes. So the pledge shares are released because of the formula. So when the pricing goes up, there is a certain cover which has been given for the pledge. So when the cover is and the shares are more than the cover, then we can get the shares released.
- Avinash Gupta:** So currently, it is like 98%. At the lower equity, which was around 52%, the pledge was down 96, 97, -- now it's 98 build over equity. Why did that happen?
- Rahul Agarwal:** So the promoters had borrowed around INR 150 crores earlier to put in the company. So for that, whatever...
- Avinash Gupta:** I agree, the pledge was created to secure the lenders' liability, right? -- which is okay, which is , which is a normal process, right? Now once the equity shareholding of the promoter has gone down, right? The one, how did we sell it because these shares were pledged to be banks, right? So there has to be some projection, which will happen, right?
- Management:** , I'll explain you when the shares were pledged. So those shares were issued earlier at a INR 9 in rights issue. Okay. So the price has gone up. So then the cover requirement goes down, right?
- Avinash Gupta:** The coverage requirement goes down, absolutely. Then accordingly, the shares is the release. The shares were released and then ultimately, the percentage of pledge increases technically, [inaudible 0:12:46]
- Moderator:** We take the next question from the line of Yashwanti Khedkar
- Yashwanti Khedkar:** I just have a question on the order book. Like last quarter, you mentioned again it is INR 15,000 and there was some order imposes making it around 17,000. This quarter also as on 30th September, the order what you're seeing is around 17,000 in all set. So should we read it as there is no new order coming in on the reported quarter? Or how is it?
- Management:** So in this particular quarter, there is no new orders which have come in, but the order book is always valued at current escalated prices. So current quarter, some escalation would have happened. That is where the order book stands at INR 17,500...
- Yashwanti Khedkar:** And like, sir, I have one more question. I just want to understand. Is like in Himachal Pradesh election campaign is going on and there are many promises are coming up from the leading

parties about industrial development and hydroelectricity. So how do you see Himachal Pradesh as a prospect from the election perspective?

Management: We don't have any comments as far as election. We have projects going on in Himachal Pradesh, and those projects will continue to go on because it has been given by central PSUs.

Kavita Shirvaikar: Which is around INR 2,000 crores worth projects we are executing in Himachal, and that will continue as per normal schedule.

Yashwanti Khedkar: So do you think there will be any new projects coming up in the near future? what is the outlook?

Management: So see, there are various projects being lined up in pipeline. I mean we'll have to take necessary not Himachal Pradesh, but all over India because a lot of the infrastructure projects are coming up. So we see a lot of projects coming up in the future, and but we'll take project selectively based on our profitability requirements and comparable to other projects, which one will be more suitable for us.

Yashwanti Khedkar: Sir, would it be possible for you to give me the segmental breakup for the current order book? Like how much is in the hydro and how much is from the tunneling?

Management: So we have 65% of our order book from hydro segment. Around 13% is from tunneling segment, again, around 14% from irrigation. 5% is from roads and balance 2%, 3% is from urban infrastructure and others.

Moderator: We take the next question from the line of Mr. Rishab from RS Capital.

Rishab: I just want to -- is it a normal [inaudible 0:15:46] for H1. Can we expect 15%, 20% higher execution happening in H2?

Management: See, earlier, we had given a guidance of around 15% year-on-year revenue growth. We expect to maintain that.

Rishab: Because if I see H2 last year, a year on, we're already adding more than that, but normally, H2 is stronger than H1, right?

Management: Yes, yes. We would like to do beyond what we say. So that's why we are still sticking to that, but we expect maybe more...

Rishab: And how is there any traction from the center psu -- is it better than last quarter? Is it the same? Or is it because -- what are the order book -- so what are you seeing from your customers?

Management: No. So orders are coming. We got good two big orders in the first quarter, monsoon period, not new orders have not come. But this year, another six months are there, not six months, maybe four months are there, but yes, we expect some orders to come in.

- Rishab:** Petition I think a couple of other companies also have got some debt resolution plan they are such big company. And they are also in similar segments do you see competition increasing in the next six months or they will not affect us?
- Management:** That should not affect us actually because we are in a particular core segment where we would focus more on hydro and tunnelling projects, and we don't see much competition coming in near future.
- Rishab:** And what about the debt reduction and the asset sale? Any progress on that?
- Kavita Shirvaikar:** Yes, current quarter, we paid INR 50 crores NCD. So we reduced the debt to that extent. Another six months also, we have planned to reduce INR 50 crores to INR 100 crores by March. And like a plan, we said another INR 100 crores to INR 200 crores next year. So over two to three years, INR 500 crores, INR 600 crores, we are committed to reduce.
- Rishab:** And assets sale any progress is it? And assets you are planning to sell?
- Management:** Yes, we are in discussion, but nothing...
- Kavita Shirvaikar:** By March we expect some transaction to materialize.
- Rishab:** Okay. How big will that be? -- be significant INR 50-100 crores?
- Kavita Shirvaikar:** Yes, it will be significant, like around INR 100 crores, we expect to realize.
- Rishab:** And do the promoters and intend to reduce further stake? No, does the promoter family intend to sell further in the coming quarters or...
- Management:** Nothing as my company we are aware of.
- Moderator:** We take the next question from the line of Rikesh Parikh from Absolute Advisors.
- Rikesh Parik:** First question is on the EBITDA margin. If I look at the previous year there is some reduction. So largely it is because of the quality information not being passed on.
- Management:** Sorry, voice was breaking. Can you repeat the question?
- Rikesh Parik:** t's relating to an EBITDA margin. Sir, I just wanted to understand the EBITDA margin has been a reduction of around 200 to 300 basis points. So is it largely because of commodity price how should we look...
- Management:** So see, basically, the main reason is that this being a monsoon period, so the product -- or the execution of works is a little hampered due to in between due to monsoon time, but the administrative cost keeps on going. So that's why in this period, based on execution of work executed, the EBITDA margins are slightly lower. But on a year-on-year basis, we expect 14% to 15% EBITDA should be maintained.

- Rikesh Parikh:** So around 15% that we maintain -- should be maintaining for the full year?
- Rahul Agarwal:** 14 to 15 percent, depending upon the mix of work is done.
- Rikesh Parikh:** Second order inside the previous participant, you mentioned there was no order inflow. I understand them, but at least on the real, there was no order inflow we received during this quarter?
- Rahul Agarwal:** This quarter, we have not received any fresh orders right now.
- Kavita Shirvaikar:** But there are in pipeline, which we expect by March by yearend to materialize.
- Rikesh Parikh:** Okay. So can you just give me some broad numbers on the how many there L1 in the pipeline, what we are looking at in the near future?
- Kavita Shirvaikar:** We are not L1, currently in pipeline like hydro two, three power – two, three large projects, we are evaluating irrigation also two, three projects we are evaluating -- so all put together are around INR 5,000 crore to INR 6,000 crores in pipeline.
- Rikesh Parikh:** So let's say, on a -- from a company perspective, what is the kind of order inflow should be comfortably looking at we started to book every year spec...
- Rahul Agarwal:** See, we have an order book right now around INR 17,500, which gives us a visibility of next -- at least next four years. So we would like to maintain order book with a visibility of four to five years always.
- Rikesh Parikh:** So can I put it that we would be doing it something like INR 4,000-odd crores of execution, INR 4000 cores to INR 5,000 crores of order inflow can be expecting as much?
- Rahul Agarwal:** Yes, that's what we expect to do -- but yes, 3,000 to 4,000 or maybe.
- Rikesh Parikh:** Lastly, what is our current debt and repayment schedule for the next six months for us? Is that?
- Rahul Agarwal:** Our current debt is around INR 2,000 crores. And the repayment schedule next six months, we have a repayment of due of around INR 70 crores, INR 80 crores.
- Rikesh Parikh:** And last, my final question on the other income part, we have another income of roughly INR 30 crores this quarter. So any awards we have received arbitration award during this quarter?
- Rahul Agarwal:** No, we have not received any arbitration awards in this quarter.
- Moderator:** We take the next question from the line of Mr. Rahul Jain, individual investor.
- Rahul Jain:** My query is regarding the interest cost, what is the effective rate of interest that the company pays.
- Rahul Agarwal:** The company pays around 11.5% to 12% interest.

- Rahul Jain:** And have you applied for the credit revision?
- Rahul Agarwal:** So our latest rating upgrade was from BBB minus to BBB. And we expect maybe after maybe this result or maybe after March result, the rating would be again reviewed.
- Rahul Jain:** And any plans to pass back the asset sales that your company has because from what I can see, there are land parcels available. The company has also divested stake in a transmission asset, also some realty assets that you have. So any plans to fast track this because the balance sheet becomes much more stronger in the event of asset sales, but the time line that the management has been giving is again two to three years, which is little -- it will now.
- Rahul Agarwal:** So I'll tell you, see, monetizing real estate assets specifically, it takes a little time. But yes, we always give conservative time line so that we can perform better before that.
- Kavita Shirvaikar:** Internally, our targets are aggressive I say two to three years in term and our target is one to two years.
- Rahul Jain:** And the revenue guidance that you have is maintained at 15% for this year?
- Kavita Shirvaikar:** Yes.
- Moderator:** We take the next question from the line of Mr. Tejas Shah, individual investor.
- Tejas Shah** The land part, which we say, one to two years, you will take to reduce. But I think you have Bangalore also. I think you had some land parcels Bangalore of that site?
- Rahul Agarwal:** Yes.
- Tejas Shah:** So are the titles clear in terms of the sale or then there are issues in terms of the titles?
- Rahul Agarwal:** No, titles are all clear.
- Tejas Shah:** Titles are all clear. Then Bangalore being a good market, otherwise by are we not developing our own sales is, I don't know.
- Rahul Agarwal:** So in the past, we had developed on our own, but right now, we are concentrating on our main business, which is engineering and construction business. And as far as real estate parcels are concerned, we are looking at divesting them upfront.
- Tejash Shah:** But then Bangalore being such a good market, doesn't the land parcel sell out much quicker?
- Kavita Shirvaikar:** Parcel we already sold.
- Rahul Agarwal:** Yes, we sold last year.
- Tejash Shah:** So right now, the major land parcel are where?

- Rahul Agarwal:** SO we have land parcels in and around Chennai. We have land parcels in Telangana. Yes, Tamil Nadu and Telangana. These are the main land parts we have...
- Tejash Shah:** So there, the demand is not that great or what?
- Rahul Agarwal:** It is not like that. So we have to look for the right buyers and then discussions have to happen and then both ends meet in terms of their requirements and our requirements, then only the transactions can take place. So there are inquiries coming up. There are discussions going, but nothing concrete to materialize in the...
- Moderator:** We take the next question from the line of Mr. Siddharth Ahluwalia from Kojin Research.
- Siddharth Ahluwalia:** My question is what is the total land bank we have as of now.
- Rahul Agarwal:** Total land bank. I mean, we have like in Tamil Nadu, we have almost 1,400, 1,500 acres we have in Telangana, we have around 300, 400 acres. So we have land bank at some portion of land we have in -- around Maharashtra, so same in Bangalore. So we have land parcel spread across.
- Siddharth Ahluwalia:** Okay. What will be the value of total land bank?
- Rahul Agarwal:** We have not recently conducted a valuation.
- Kavita Shirvaikar:** 1,000 crores all together INR 1,000 crores
- Siddharth Ahluwalia:** So had company repaid some debt during the reported quarter?
- Kavita Shirvaikar:** We repaid INR 50 crore of NCD during reported quarter.
- Moderator:** We take the next question from the line of Mr. Apoorva Raj.
- Apoorva Raj:** Sir, what is your 5-year vision in terms of where do you see your company in 5 years in terms of top line, debt equity and promoters equity...
- Rahul Agarwal:** So in terms of see in 5 years, we would like to see our company to be as with least debt free possible, maybe debt free, if possible. I mean, that's the wish list of the.
- Kavita Shirvaikar:** No required with required working capital.
- Rahul Agarwal:** Yes. Obviously, working capital limits has to be there. And then in terms of top line, we see a 15% year-on-year growth from here. So that way around top line should be there. And promoter equity, I mean, we see -- we don't see much promoter equity dilution as well from here. So similar lines, we should be able to maintain..
- Apoorva Raj:** I didn't hear properly the number debt equity you're expecting in coming five years, where will be...

Rahul Agarwal: 0.5.

Kavita Shirvaikar: 0. 5.

Moderator: We take the next question from the line of Mr. Sandeep Mana., SM Research.

Sandeep Mana: My question is, in this quarter, which segments earn better margin, EBITDA margin?

Rahul Agarwal: So for us, hydro and tunnelling segments give better margins and which consists of a maximum portion of our order book.

Sandeep Mana: And can you tell me how much?

Kavita Shirvaikar: Around 15% EBITDA margin. So 60% to 70% comes from hydro.

Sandeep Mana: I have one more question. Do you have any fund raising plans?

Kavita Shirvaikar: Sorry.

Sandeep Mana: Do you have any fund raising plans

Rahul Agarwal: No plans as of now.

Sandeep Mana: Any idea in future?

Rahul Agarwal: In future, depending upon the market, we can look at it.

Moderator: We take the next question from the line of Mr. Rushabh from R S Capital.

Rushabh: Yes. With respect to payments from the central PSUs, are the payments coming on time? Or has there been any delay from their side?

Kavita Shirvaikar: No, it is coming on time. Because it has improved significantly, and it is coming on time.

Rushabh: And then normally, what the duration for us, means from central cases?

Kavita Shirvaikar: Its normally after certification, we get payment within 45 days to 60 days.

Rushabh: And you mentioned, you had a large land bank in Chennai, which area is it, which areas are those land banks located in?

Kavita Shirvaikar: It's in Chengalpattu area.

Rushabh: Chengalpattu.

Moderator: We take the next question from the line of Mr. Dilip Chaturvedi, Precious Investment

- Dilip Chaturvedi:** So my question is, with the opening of the economy, do we see our costs are rationalizing, especially the employee cost?
- Rahul Agarwal:** So costs are rationalizing because for us, the employee cost was increasing a bit because we have been ramping up the number keep ramping up. So we have been ramping up the employees considering the order book is increasing. So the number of orders are going up. But yes, because the economy has gone opening up, we expect costs being rationalized all throughout.
- Dilip Chaturvedi:** And are there any slowdown events that are company is taking in terms of any operating profit?
- Rahul Agarwal:** Not really.
- Kavita Shirvaikar:** No.
- Dilip Chaturvedi:** And one more question that does companies starting to work in other geographical boundaries? It is currently ongoing project in Nepal, right?
- Rahul Agarwal:** Yes. So right now, we have enough orders coming up in India and Nepal. So we don't focus right now to getting orders in other segments, other geographies. May be after three, four years...
- Kavita Shirvaikar:** Yes, it is based on the opportunity available,
- Moderator:** We take the next question from the line of Mr. Siddharth Ahluwalia from Kojin Research
- Siddharth Ahluwalia:** Yes. My question regarding hydro power, what future you see for hydropower in India?
- Rahul Agarwal:** See, hydropower I mean, a great future in India. India wants to go towards net zero. They want to go towards renewable energy and hydro power is the best segment for them to achieve that. India has an abundant water supply running rivers. So I mean, easily hydropower dams can be built up there.
- Apart from hydro, I mean, I think solar, wind, the other segments which are there under renewable energy, either they have restrictions in terms of requirement of huge parcels of land for solar or wind also, I mean, depending upon which location you get more wind only there, windmills can be placed. So considering all that, hydropower, we consider a lot of opportunities are going to come up in India for hydropower projects.
- Siddharth Ahluwalia:** So what is the opportunity size we can see in hydro, approx?
- Rahul Agarwal:** So in terms of, we can say more than 50,000 megawatts hydropower should come in, in the next few years.
- Moderator:** We'll take the next follow-up question from the line of Yashwanti Khedkar, Investor.

- Yashwanti Khedkar:** Sir on an investor perspective the place of the [inaudible 0:36.16] remained concern, even if their performance of the company improved quarter-on-quarter. Sir, how would you explain the situation?
- Rahul Agarwal:** Sorry, we didn't hear your question properly.
- Yashwanti Khedkar:** Sir, my question is that we are improving on our performance, the questions for the investor remains the pledge of promoter, how will you have escalation process, going forward?
- Rahul Agarwal:** So the promoters pledge will continue because promoter had pledged the shares in the past for putting in funds in the company, and that's how the company has turned around. Now the pledge is not a hazard as such because the pledge was done at a price when the price was INR 9. And we don't expect the market to go down for us considering our performance and everything is good. And there will be a concern about the pledge at any point of time.
- Moderator:** We'll take the next question from the line of Umesh Matkar, Sushil Finance Services.
- Umesh Matkar:** Congratulations on a good set of results. If I see the segment asset breakup, the real estate assets, they have gone down from INR 1,150 crores in FY '22 to INR 552 crores in the current quarter. So what resulted the decrease?
- Rahul Agarwal:** You're looking at consolidated numbers, right?
- Umesh Matkar:** Yes, right.
- Rahul Agarwal:** No. So this is pertaining to one of the projects which we have developing in Hyderabad. So the project because it is near completion. So that recognition of revenue and all has happened to that, although it was part of WIP. So that asset has gone reduced for that. That is why you will see a reduction in the real estate assets.
- Umesh Matkar:** So have you realized? Is it in the other income that you are reporting in the P&L?
- Rahul Agarwal:** No. So I'll tell you, because our revenues are recognized on a percentage completion rate. So the revenue was recognized, but the corresponding receivable and the liability was standing, so that has been netted off now. That is why you see a reduction in the asset as well as the liability both.
- Umesh Matkar:** And sir, how many of your projects have escalation clause?
- Rahul Agarwal:** So almost all the projects have escalation clause.
- Umesh Matkar:** So going forward, I think the margins decrease all would be arrested from here on, considering that the raw materials are also commodity prices have also eased up?
- Kavita Shirvaikar:** We expect to maintain this 14, 15 percent, we are targeting that expect to continue to maintain that level of margin.



Patel Engineering Limited
November 11, 2022

Moderator: As there are no further questions from the participants, I now hand the conference over to Mr. Vastupal Shah from Kirin Advisors for closing comments.

Vastupal Shah: [Technical Difficulty 0:40:25] Limited. If you have any queries, you can write us at info@kirinadvisors.com and once more many thanks to management team and all the participants for joining the conference call.

Management: Thank you all.

Moderator: Thank you. On behalf of Kirin Advisors, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.