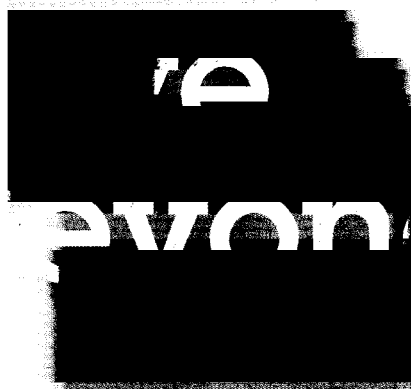


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WHAT STARTED OUT AS A VISION
FOR A MODERN INDIA,
IS NOW A REALITY AROUND THE WORLD.

Celebrating 60 years of Patel Engineering Ltd.

Patel Engineering,
is a global Infrastructure Company.

*"The starting point for a better world
is the belief that it is possible." ~ Margaret Mead*

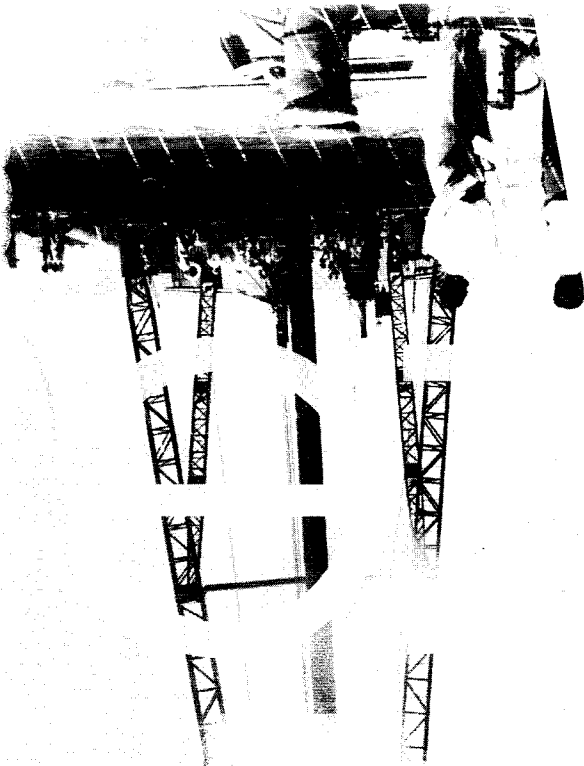
*Infrastructure is not a matter
of choice, but of need.*

*Good infrastructure fuels economic growth
of a country. One of the toughest challenges
that the world faces today is providing adequate
resources like electricity, clean water, shelter and
roadways to support over 6 billion people.*

*For 6 decades Patel Engineering Ltd. (PEL) has
helped support this need by constructing projects
using "groundbreaking" innovations for power
generation, irrigation and water supply, urban
infrastructure development and transportation.*



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Corporate Information & Board of Directors

Message from the Managing Director

Directors' Report



Management Discussion and Analysis

Financial Highlights

Corporate Governance Report

Consolidated Financial Statements

Financial Statements

BOARD OF DIRECTORS

Mr. Pravin Patel, *Chairman*

Mr. Rupen Patel, *Managing Director*

Mr. K. Kannan

Mr. Khizer Ahmed

Mr. S. Jambunathan

Mr. Priyavadan C. Purohit

Ms. Silloo Patel, *Whole Time Director & CFO*

Ms. Sonal Patel, *Whole Time Director & COO*

Mr. Nimish Patel, *Whole Time Director*

Mr. Ajay Tuli

REGISTERED OFFICE

Patel Estate Road,

Jogeshwari (West),

Mumbai - 400 102

Email Id: investors@pateleng.com

Website: www.pateleng.com

REGISTRAR & TRANSFER AGENT

Link Intime India Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

LBS Road, Bhandup (West),

Mumbai - 400 078

Tel: +91 22 2596 3838

Fax: +91 22 2594 6969

Email Id: helpline@linkintime.co.in/

isrl@linkintime.co.in

Website: www.linkintime.co.in

**Corporate
Information**

COMPANY SECRETARY

Ms. Shobha Shetty

AUDIT COMMITTEE

Mr. K. Kannan (*Chairman*)

Mr. Pravin Patel

Mr. Khizer Ahmed

**SHAREHOLDERS & INVESTORS
GRIEVANCE COMMITTEE**

Mr. K. Kannan (*Chairman*)

Mr. Khizer Ahmed

REMUNERATION COMMITTEE

Mr. Khizer Ahmed (*Chairman*)

Mr. Pravin Patel

Mr. K. Kannan

Mr. S. Jambunathan

AUDITORS

M/s. Vatsaraj & Co.

Chartered Accountants

Bharat House,

104, Mumbai Samachar Marg,

Fort, Mumbai - 400 001

BANKERS

ICICI Bank Ltd.

Bank of India

Dena Bank

Canara Bank

Bank of Baroda

Industrial Development Bank of India Ltd.

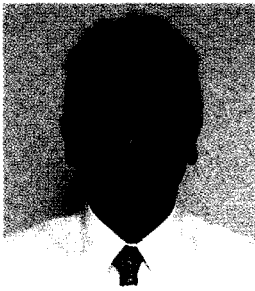
Union Bank of India

Corporation Bank

State Bank of Patiala

Axis Bank

State Bank of India



Dear Shareholders

I would like to begin by congratulating every member of the Patel Engineering family on the completion of our Diamond Jubilee year and on this occasion we would like to express our gratitude to the company's founders Mr. Arjun Patel, Mr. Hirji Patel, Mr. Hari Patel and Mr. Yashraj Patel. Your company has over the last 60 years been a partner to the country's infrastructure growth endeavours, and as India moves into the next phase of growth, the time is opportune for us to re-invent ourselves.

The fiscal year 2008-09 witnessed the worst ever global financial meltdown. What started off as a US financial market upheaval, spread rapidly across continents; and the after-shocks were felt in India. While the knee-jerk response to the global recession was immediate and acute, it was, we believe, far greater than warranted. Despite a low 5.8 % growth rate during the last quarter of the fiscal and the manufacturing sector recording a dismal performance, India managed a 6.7 % economic growth rate in 2008-09. In an environment where other economies have shrunk, the Indian growth bears testimony to the immense strength of its domestic demand.

Since October 2008, regulators and policy makers have adopted aggressive fiscal and monetary measure measures to ensure that the Gross Domestic Product (GDP) maintains a minimum 7-8 % growth rate.

The biggest challenge facing the re-elected Congress-led United Progressive Alliance (UPA) is to put the Indian economy back on the double-digit growth path at the earliest. To this end, the Finance Minister, Shri Pranab Mukherjee has announced, among other measures, the government's intention to focus on

initiating and implementing infrastructure projects. Investment in infrastructure is undoubtedly the most reliable driver for economic growth, requiring as it does, timely large debt and equity infusions. The tight credit conditions and high cost of debt on one hand, and the sharp fall in the equity markets on the other, and an overall mood of risk aversion had been amongst the many obstacles delaying the financial closure of power and infrastructure projects in the recent past.

The adverse economic conditions, which we have just weathered, have reiterated the need for a multi-pronged strategy if we are to sustain growth and profitability.

With pro-active policy statements on infrastructure investment and positive trends in both, debt and equity markets, your company will continue to participate in the strategic infrastructure segments such as irrigations, tunnels and urban infrastructure projects. Similarly, we have retained our focus on high margin sector as hydropower plant construction, with an emphasis on increasing average order size to enhance economies of operating scale. Given the healthy margin they deliver, these sectors will continue to be the bread and butter business.

To complement our leadership position in the civil and infrastructure engineering, we are establishing two new verticals in the Power and Real Estate space.

We foresee increasing private ownership in the hitherto public sector dominated power generation business, with growing need to probe alternate energy sources. We are in the process of setting up a 1200 MW thermal power plant.

We are also in the process of setting up a hydro power plant, with a capacity of 120 MW. As asset owners, these projects will be remunerative to us on continuous basis. The company has a sizeable land bank, built up over the years. We propose to selectively monetize a part of the land holdings, and channel the revenue back into asset ownership. The first phases of real estate development venture involves projects in Mumbai and in Bangalore, where we have approvals for setting up Special Economic Zones.

While the domestic economy is replete with opportunities, we believe that growth will accrue not just from India but also equally from other geographies. We are seeking to establish meaningful presence in the overseas market, through projects as well complementary acquisitions. We already have in place a fully functional network of offices in USA, Africa, Indonesia and Mauritius.

Our performance

Despite the adverse economic conditions, your company continued to maintain a healthy pace of growth in the order book position. During the financial year 2008-09, the bagged significant orders in excess of Rs. 30,000 million.

The order book as on March 31, 2009 stands more than Rs. 72,000 million. In addition, your company has been declared as the lowest bidder for works more than Rs. 25,000 million.

Key financial review

- Revenue from Operations increased by 32% from Rs. 18,596.43 million to Rs. 24,598.45 million
- Operating profit (excluding other income) increased by 100 basis points (bps)
- Profit before tax increased by 28% from Rs. 1,855.10 million to Rs. 2,370.30 million
- Profit after tax increased by 18.8% from Rs. 1,519.00 million to Rs. 1,804.80 million
- The EPS (fully diluted) increased from Rs. 25.47 to Rs. 30.25
- Net worth of the company now stand at Rs. 10,388.05 million

Dividend

The Company's Board of Directors has recommended a final dividend of Rs 0.95 per share subject to shareholder's approval. This brings the total dividend in the financial year to Rs. 1.75 per share.

Outlook

Your company has demonstrated robustness of its business model in the face of the recent global financial trauma. Going forward, we intend to consolidate the core business and explore organic and inorganic opportunities to enhance growth and create value.

Let me end by expressing my thanks to all our stakeholders (including our customers, suppliers and employees) for their continued support and trust. We are committed to take on the challenges ahead of us, with courage, strength and dignity, deliver on our performance of sustainable growth.



Thank You
Rupen Patel

Young Entrepreneurs - People

“Never doubt that a small group of thoughtful people can change the world – indeed, it’s the only thing that ever has.”~ Margaret Mead

The toughest challenges need to be tackled with knowledge, patience and passion.

At PEL the spirit is youthful, compassionate and responsible.

The Company chooses to invest in its talent, people, partnerships and imagination by providing the right opportunities. We encourage our people to exercise integrity, creativity and accountability, which help each one of us, grow in our career and business.

Forward Thinking - Leadership

“Another world is possible.”~ World Social Forum, Brazil

The most creative way to take on a challenge is to anticipate it and have the will and determination to overcome it with success. With knowledge, insight, foresight and agility problems can be avoided or prevent them from reoccurring.

At PEL, we undertake some of the biggest projects in construction. We have an active think-tank that works in the spirit of enquiry, challenging preconceptions and testing conventions. From the creation of symbolic landmarks to the complex engineering that goes into building efficient dams, bridges and other infrastructure, we at PEL understand that the creation needs to be sustainable, useful and improve the quality of our lives. As an Engineering and Infrastructure company we adopt cutting edge technologies that help fuel growth in economies to pave the way for a better future. These are coupled with efficient competencies and expertise to design and build responsibly.

In order to realize our vision, acquisitions and overseas operations are of prime strategic importance. Flexible management, successful implementation, accumulation of resources and experience has resulted in an ever-growing PEL family and business across the globe.

Creativity with Pragmatism - Innovation with Expertise

*What is unique to our species is the ability to create—
that is what dignifies us.*

- The toughest challenges of world need to be resolved with creativity and pragmatism.
- At PEL, the complexities of projects are both technical and environmental. While the solution needs to take care of efficiency, design, engineering and logistics, we've made it a habit to derive results that are sustainable, meet the needs of the people and a concern for the physical context and the culture and climate of place.

We believe that dignified solutions emerge not just technically or artistically, but by synthesis of all the elements that separately comprise and inform the character of a project. The indigenous results that emerge are the ones that create opportunities, help growth, facilitate success and determine the kind of world we live in tomorrows.

Globalization with Solicitude - Citizenship

We are over 6 billion humans. (doubled since in 1963)

170 babies are born per minute. (250,000 per day)

2 billion people go hungry every day.

2 billion people have no access to clean water.

5 million die of lack of water every year.

2.4 billion people live on less than \$2 per day. (40% of world's population)

At PEL our approach to Citizenship is as important as our core businesses. We understand that our surroundings have a direct effect on the quality of our lives.

This knowledge is in itself an impetus for us to create the right synergy between what we build, people whose life we touch and the global impact it creates. We highlight our citizenship performance with data points, metrics, actions and progress made on issues material to PEL's business and in relation to global trends in the following key categories:

- Sustainable Development • Concern for environment
- Health and Safety • Civic Involvement • Resource Management