

SSPDL LIMITED
TRANSCRIPT OF THE 26TH ANNUAL GENERAL MEETING

Day : Wednesday
Date/Time : 30th September, 2020 / 3.30 PM
Venue : Through video-conferencing facility

A.Shailendra Babu, Company Secretary:

Very Good Afternoon.

Welcome you all to the 26th Annual General Meeting of SSPDL Limited

I would like to report to the Chairman that the requisite quorum is present.

And, now I request the Chairman to address the members and initiate the proceedings of the meeting. Thank you.

Sri Prakash Challa, Chairman and Managing Director chaired the meeting.

Chairman:

Thank you Shailendra.

Welcome Ladies and Gentlemen to the 26th Annual General Meeting on 30th September, 2020.

I would like to now introduce the directors present in the meeting.

First with Mr. B.Lokanath, he is the Independent Director and Chairman of the Audit Committee, Nomination and Remuneration Committee, and Stakeholders Relationship Committee.

Thank you Lokanath for being there.

Next, Mr. K.Shashi Chandra, he is an Independent Director who has been recently inducted.

Next, Mr. P.Murali Krishna, Independent Director.

Thank you Shashi.

Thank you Murali for joining us.

Next, Smt. Sridevi Challa, Promoter Director

Thank you for joining us.

Sri E.Bhaskar Rao is not attending the AGM due to his other pre-occupation.

Also, present our Sri Atluri Divakar garu, Partner, Madhusudana & Co., the Statutory Auditors of the Company, thank you andi for joining us. Smt. B.Krishnaveni garu, Secretarial Auditor, thank you Krishnaveni garu for joining us. Then, our staff Mr. U S S Ramanjaneyulu N, the Chief Financial Officer, and Mr. A.Shailendra Babu, Company Secretary is participating in the Meeting.

Since the required quorum is present, the meeting is called to order.

Considering the COVID-19 situation, the Ministry of Corporate Affairs issued several circulars for conducting the AGM through Video Conferencing Facility and I am satisfied that, in pursuance of the circulars issued by the Ministry of Corporate Affairs, all efforts feasible under the circumstances have indeed been made by the Company to enable the members to participate and vote on the items being considered in the 26th Annual General Meeting of the Company.

The Chairman's speech

Dear Shareholders,

A very Good Afternoon,

On behalf of your Board of Directors, I extend a very warm and cordial welcome to the 26th Annual General Meeting of your Company. It gives me immense pleasure to address this august gathering this afternoon. This AGM is a new experience for all of us.

REAL ESTATE AND CONSTRUCTION SECTOR

The coronavirus pandemic is undoubtedly the most disruptive event in modern history. The Indian economy, like most other economies, is expected to contract during FY21, on account of the COVID-19 induced shut down in the month of April, May & June and increasing number of COVID cases. The lockdown had a more severe impact in urban India and on services that thrive on people's mobility. The economic disruption to the rural economy appears to be less severe though.

The real estate sector has been amongst the worst affected with demand taking a severe hit on account of job losses and pay cuts. The lockdown and subsequent reverse migration of labor has severely delayed construction work leading to extended project cycles and the dent on developer profitability.

Both residential and commercial real estate sectors are expected to be hit in terms of launches, sales, and prices. Constructed Property and land prices might witness a decline.

The COVID-19 situation has brought the industry to a standstill position and the recovery curve will depend on how long the pandemic will continue and the measures to be taken and fiscal stimulus rolled out by the government. Over the next few quarters, the situation will continue to remain challenging and dynamic. Developers will need to focus on timely execution and ensure that the sales volume momentum is preserved.

However, we are of the view that in the long-term, the sector is expected to recover and grow with renewed vigour.

FINANCIAL RESULTS

For the year ended 31.03.2020, on a standalone basis total revenue from operations of the Company was ₹ 6.17 crores, loss after tax is ₹ 9.48 crores. And, on a consolidated basis total revenue is ₹ 8.05 crores, loss after tax is ₹ 11.56 crores.

OUTLOOK

Given the shortage of housing, the demand for affordable residential houses continues to remain strong. However, we need to wait to see the long-term impact of COVID-19 on consumer preferences in various categories. And, at this moment we need to focus on adjusting with the effects of the pandemic and be ready to face the new challenges and opportunities that emerge post COVID-19.

The duration of COVID-19, impact of COVID-19 on all businesses and economy, will have a huge negative impact on the real estate and construction business, and the performance of the Company. However, we believe that with the staggered revival, the long-term outlook for the real estate sector in the coming 18–24 months may likely emerge positive. The pandemic, if not contained soon, would not only significantly impact the business of the Company but also adversely affect the cash flows and project delivery.

In the face of the unprecedented situation arising out of the pandemic, your Company's operations were temporarily halted in line with the Government directives. Our top priority has been to protect our people and safeguard their health. We acted swiftly while adhering to government regulations and time constraints. We enabled work from home to ensure the safety of our employees.

Your company is currently executing housing projects in Hyderabad and Chennai.

Considering the past experiences, your Company primarily focusing on the development of property, mid-size houses, etc. and reduced the construction contracts work. However, on finding better opportunities it will take up and execute the construction contracts.

ACKNOWLEDGMENTS

I take this opportunity in thanking all of you for your continued support and would like to place on record the Company's appreciation of your un-stinted co-operation and support and I look forward to your support in the future also. I assure you that your Company will endeavor to maintain high standards in service to all its investors and give top priority to any of your complaints / grievances.

Also, I take this opportunity to thank our bankers i.e., State Bank of India, and Axis Bank Limited, for their co-operation and support towards your Company's growth. I also thank M/s. KFin Technologies Private Limited, the Electronic Registrars and Share Transfer Agents of the Company, and for providing e-voting and e-AGM facilities and prompt services to our investors.

I also take this opportunity to thank my colleagues on the Board for their advice, guidance, and our employees for their co-operation and support through their hard work and devotion.

Lastly, I thank you all for participating in the 26th Annual General Meeting of your Company sparing your valuable time.

Now we will begin the formal proceedings of the meeting.

Members who have not cast their vote electronically yet and who are present at the meeting will have an opportunity to cast their votes at the end of the meeting using 'Insta Poll' e-voting facility.

The register of directors', key managerial personnel and their shareholding, and the register of contracts or arrangements in which directors are interested are made available, in electronic form, for inspection by the Members during the continuance of the meeting.

The notice convening the 26th AGM, Board's Report, and the Auditors report have been in your hands for quite some time and with your permission, I Shall take them as read.

The agenda items of this AGM are:

Ordinary business:

1. Adoption of financial statements (standalone and consolidated),
2. Appointment of Sri E.Bhaskar Rao as director who retires by rotation,

Special business:

3. Appointment of Sri K.Shashi Chandra as an independent director,
4. Appointment of Sri P.Murali Krishna as an independent director.

In pursuance of the provisions of the Companies Act, 2013, for all the 4 agenda items, the approval of the shareholders is required by way of an ordinary resolution.

Details relating to the agenda items are provided in the notice and to its annexures.

I now request the moderator to call the names of shareholders who have registered to speak at the Annual General Meeting one after the other to raise their queries, if any, to be answered on the agenda items.

All the questions will be answered after all the speakers complete their questions.

I think probably you want to go ahead with the questions and answers session now and moderator.

Any members queries?

I am not able here any queries please.

Mr. Jay Janak Jesrani (Shareholder): Hello.

Chairman: Yeah, Jai tell me.

Mr. Jay Janak Jesrani: Yes Sir, how are you.

Chairman: Good.

Mr. Jay Janak Jesrani: I hope, the team and everybody are doing good during this difficult time.

Chairman: Yeah we are.

Mr. Jay Janak Jesrani: It has been tough. Asking questions on business under such environment is also very tough. But, unfortunately, being the devil's advocate, I know you all have been trying a lot. I want to know, it's been 3 years I have been associated with SSPDL. And, various issues faced with the Hyderabad land, execution of the BHEL project and the markets in Chennai are in down.

Sir, how do you see going ahead. It is important that we understand where we stand as a company. The markets are tough but we have a great opportunity in terms of the land we have. Are we looking at unlocking any value out here. Also, you know, I mean seeing that, we have been loss making, so how we are paying our expenses.

You have taken a cut in salary 90 lakhs to 70 lakhs. What is the way of, you know, meeting expenses there is hardly any income which has been coming through for us. And, looking ahead, me as a shareholder what should I look at SSPDL to be in invested, and be part of the Company. I know there is value and I have patience at the same time. Somewhere during these times everybody goes through certain issues and this is where I feel somewhere the management can clarify where we are, how we are looking at the company ahead. Are we looking to make it private, you know, I am looking at pointers from you to make it little bit more clear for me about the company. Thank you very much, those are my questions.

Chairman: Thanks Jai. I will come back to it.

Next.

Shobha garu any other shareholder would like to speak.

Seems to be there is some network issues its look like.

Mr. Jay Janak Jesrani: You can just be on speaker rather than keeping camera on.

Chairman: My video has gone.

Mr. Jay Janak Jesrani: You are audible though.

Chairman: I don't know, ok. Anyway, Jai I think I will answer your question. I don't see any questions coming on that.

Ok, the issue of the, thanks for the concern for all the staff, I am very happy to share that none of our projects we have any positive cases anywhere, lot of testing has happened.

Moderator: Good afternoon sir, there are no more speakers joined, so you can continue with your proceedings. Thank you.

Chairman: Sorry, speakers have come?

Mr. Jay Janak Jesrani: No more speakers, she is allowing us to and the moderator wanted you to continue.

Chairman: You wanted me to continue, ok great, thank you.

So, Jai your questions are basically, essentially talked about, we have discussed this in the past also on this. In fact, last year when we talked about it, we were very confident about getting the issues of getting the land conversions done in Hyderabad because that is our major chunk of land which is available for the company and good value is there in terms of valuation which has come now, and we were supposed to have closed in the month of March. Because, if you recollect, the last September AGM also I confirmed that yes we are very happy on this and which should be able to get it going through but unfortunately it was slated for the March last week and then and the lock down happened. June second week we did meet up with the concerned buyers who was coming forward but then he said that he needed some more time and the transaction has got delayed for that. So we were hoping that any time should happen now during or before the March, 31st of 2021. Once it happens, then we have substantial cash flows coming into the project. In fact, even we at one time thought we will monetize even the Munnar land, because, going forward the way the transactions happening in Munnar, in terms of sanctions from the Green Tribunal and all that was getting delayed so we thought that why don't we exit from the project itself, and clear off all our debts and all that and make it much more cash flow positive. Currently, we don't have cash flows, you are seeing for yourself.

Last year what happened in 2019 when we met we told you about one some court cases which was initiated against the Government by us, as our land in Hyderabad got classified as Government Land erroneously. Even though we have been having the project cleared by the Collector who gave us the clear signal, based on which we went ahead and built and got HMDA sanction, completed the sales, and completed the buildings and the handover. And, when we went to the registration stage, last February of 2019, then we were pleasantly surprised that this is what happened and your land is classified as the Government Land. Not only ours, but several tracks in that particular location there and from that time we are running around the courts and finally we did get a judgement after a delayed judgement in May of this year. It took about close to one and half years to get a judgement in our favour. And, then we had given the judgement copy to the sub-registrar office. In July we got it in hand because the courts are functioning in terms of all e-courts are functioning everything

is getting delayed. Just when we got the GP opinion in the first week of the September we thought that registration will be done. I think on 10th of September, the Government of Telangana took a decision to shut down the Registration Offices. Because they are going for a structural changes in the software system and they said that by 20th or 25th of September they will be through with it but unfortunate we got a message from our own trade body saying that the CM himself announced in the newspaper that he is going to inaugurate the system on 25th of October, that is on Dussara day. So, whole of the September we are out of cash and whole of October we will be out of cash.

We have completed the LIG apartments so the substantial amount of revenue coming in from this in all about close to forty crores worth of revenue is stuck there and the moment that comes in it will clear. As per our estimation which we have done, which we have showcased it, we are only surviving with our funds that are coming by making some sales which of the apartments and some places where they are not going for the home loans. So, those are the money which are coming in which we have struggling to survive with these kind of funds. And, of course we did do some sales of plots in certain of the projects which were stuck and unsold in Hyderabad. Now there is some moment happening here and there, so those are the kind of cash with which we are surviving all these days, that's why the losses, which have mounted are because of the interest losses, in fact, essentially we look at nine and half crores of loss is there, about 4.5 crores is the finance cost which is there this year.

Moderator: Chairman sir, sorry to interrupt you, this is your moderator here, your camera is not on sir. Thank you.

Chairman: I am not able get the camera on, I don't know why.

Moderator: You can continue sir.

Chairman: It's coming, it's come now. It's coming now.

Its pouring down in Chennai, ok thank you. Sorry for the interruption it's been heavy rain and gail in Chennai now. I am in the Chennai Corporate Office.

So, as a result, we are expecting that sales should open up and that's how we are funding ourselves. We have not taken any fresh loans or any kind of that. It is only, if any, loans only from our directors pumping in the funds. That's all.

So, as a long term, yes, what is the plans for the next two years is what we are looking at now. When we look at the COVID situation the residential apartments, yes, there is a lot of promise for it, but nobody wants to sign up for new projects now because it is too risky at this stage. You must have seen yourself that the way the Banks are being very very cautious in funding real estate projects, thanks to the problem which have happened in the NBFC side. And, we can't expect to get any funding from the banks for purchasing any of the properties. We are looking more at projects on the JV basis, where we will be able to take it up, but, we have to be cautious, we can't afford to go ahead and do it at this stage. So, for the next 3 to 6 months, going to slow down this year, till we get our act together, collecting revenues which are long due. So, we thought that we can concentrate on trying to monetize our assets, and try to clean up our balance sheet and take forward.

Now, one good thing is happening in whole story of COVID is India is slowly becoming a hub for warehousing as well as for Data Centers. Especially, Chennai. Chennai has become a big hub for data centers. Data centers are lot of demand has come now and lot of funds are coming in. So, we are aggressively pursuing to such projects where it's a forward purchase kind of a transaction, where with some foreign funds we are working and we are working on one warehousing project in Bangalore. So, these are the future which we are looking at. Wherein, we are getting some investors to tie up the lands, because, the company on its doesn't have the funds, unless we unlock our cash out from the existing

assets. So, as I look at it, yes there is a good scope in future. This is today, in terms of its very easy we get tempted from the, you know, from investment advisors why don't you unlock yourself and do delisting. But, as I maintained last year, yes, that is not there in the agenda, even today the same, because we would like to unlock it only when we get value to the shareholders. That's what I wanted to tell you Jai. Ok, thank you.

Anything else Shobha.

Moderator: No sir. I think you have covered all the questions sir, now you can proceed with your proceedings.

Chairman: Ok, Thank you.

I am pleased to bring to your notice that in pursuance of provisions of the Companies Act, 2013 and rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Company provided to members the facility to cast their vote electronically (i.e., remote e-voting) on all resolutions set forth in the notice. And, we had electronic voting from 26th September to 29th September.

The members who have not participated in the remote e-voting and are present here, are requested to cast their vote through the insta-poll e-voting platform.

Combined results will be declared either today or tomorrow, which will be placed on the website of the company and will also be intimated to the stock exchange.

Ms. Savita jyoti, Practicing Company Secretary is appointed as the scrutinizer to conduct the voting.

E-voting platform will be open for next 15 minutes and thereafter the e-voting system will be disabled automatically. We request the members to proceed to exercise their vote.

We, take this opportunity of thanking whole-heartedly all the shareholders of the Company for having attended the AGM today sparing their valuable time.

The Business of the meeting is concluded. Thank you.

A.Shailendra Babu, Company Secretary:

Sir, I would like to propose vote of thanks.

I, on my behalf and also on behalf of the Board of Directors of the Company, take this opportunity of thanking whole-heartedly all the shareholders of the Company for having attended the AGM today sparing their valuable time.

I also thank the Statutory and Secretarial Auditors for having attended the AGM.

Finally, I thank all others who have made the meeting a success.

Thanking you.