

CHAIRMAN'S SPEECH

Speech by Mr. D. P. Tantia, Chairman GPT Infraprojects Limited at the 32nd Annual General Meeting of GPT Infraprojects Limited on 27th July 2012 held in Kolkata, India

Ladies and Gentleman

I welcome you to the 32nd Annual General Meeting of GPT Infraprojects Limited and the first AGM post our listing on the Bombay Stock Exchange.

The year 2011-12 was a challenging year in the Company's existence due to the challenging environment of India's infrastructure sector.

A large number of external developments comprising policy and reforms inaction, tightening interest rates and lack of available funds impeded growth of domestic infrastructure industry.

At GPT Infraprojects, we resolved to persevere with a strong inherent belief that better days are not far ahead.

Keeping this in mind, we entered new geographies and segments, which helped maintain our topline and bolstered our business model.

Let me take you through the Company's performance in the last financial year -

- The overall negative sentiment of the sector impacted our net sales which on a standalone basis declined by 16.28% from Rs 367 crore in 2010-11 to Rs 307 crore in 2011-12. However on a consolidated basis the same was almost flat at Rs. 428 crore in 2011-12 compared to Rs. 438 crore in the previous year.
- A strict cost management system enabled us to maintain our EBIDTA which increased by 3.16% from Rs 44.27 crore in 2010-11 to Rs 45.67 crore in 2011-12 on standalone basis and increased by 13.25% on a consolidated basis from Rs. 59.46 Crores to Rs. 67.21 Crores
- Keeping in mind the increasing interest rate scenario, the PAT declined by 18.84% from Rs 15.82 crore in 2010-11 to Rs 12.84 crore in 2011-12 on a standalone basis, and by 15.26% on a consolidated basis from Rs. 18.59 Crores to Rs. 15.75 Crores in 2011-12

The year 2011-12 was a challenging one for the infrastructure sector as a whole. However, the pointer towards an optimistic future is already reflected in our infrastructure order book remaining almost steady at Rs. 1,400 crore as on 31st March 2012 compared to Rs. 1543 crore as on 31st March 2011. In the Concrete Sleeper Business, we have commissioned our operations in Namibia and our South African operations have given us significant margin and topline

improvements, with the South African Subsidiary declaring its maiden dividend during the year under review. The Company expects to liquidate its order book in the next two-and-a-half years, ensuring lucrative margins which will boost its bottomline.

The Company fortified its business in the year under review through the following measures:

- Completed 9 projects;
- Focused on newer geographies to drive our business ahead despite the domestic infrastructural sector decelerating;
- Initiated the Namibia sleeper manufacturing factory, which has a capacity of 150,000 sleepers during the year;
- Supplied Sleepers to Bangladesh;
- Ventured into the power transmission segment; received contracts from BHEL and PGCIL;
- Forayed into the innovative cable-stayed bridge construction segment, collaborating with a Malaysian company for technological know-how, eventually receiving an order in Burdwan (West Bengal)

India's construction and infrastructure industry is currently benefiting as years of infrastructure under-investment is slowly correcting with the government's Twelfth Five -Year Plan indicating infrastructural investments amounting to a massive USD 1 trillion. This industry reality is based on the optimism that surging growth and employment will urbanise the country faster than ever, from 290 million in 2001 to a projected 590 million by 2030.

The urbanisation speed is directly proportional to unprecedented opportunities. As a percentage of the gross domestic product (GDP), urban infrastructure spending will need to rise from 0.5% to 2%. Looking forward, a majority of the population of at least five states namely, Gujarat, Karnataka, Maharashtra, Punjab and Tamil Nadu will reside in urban locations. Besides, by 2030, 70 percent of the total new jobs opportunities surfacing are projected to be in cities.

The 2012-13 Budget sustained the infrastructural thrust by launching the Rs 80 billion infrastructure debt fund in March 2012. Besides, Rs. 600 billion worth of tax-free bonds are proposed for issue by government undertakings during 2012-13, maintaining the country's infrastructural growth.

We were listed on the Bombay Stock Exchange successfully on 5th December 2011 at Rs 98 per share. Currently, the stock is being traded around Rs. 125 per share.

The Board of Directors is happy to recommend a dividend of Rs 1.5 per share (which is 15% on the face value of Rs 10 per share).

The Company introduced comprehensive human resource management policies for recruitment, career movement and welfare of its employees.

I am also happy to state that the Company strengthened its governance. We established a strong governance philosophy and our Board comprised 4 Independent Directors drawn from various backgrounds.

Meeting the expectations of shareholders

GPT Infraprojects, as a part of its intention to expand further, continues to explore wider concrete sleeper opportunities in the international market. It also entered the segment of Power sector related infrastructure and cable-stayed bridge construction and looks forward to acquire significant orders in the near future.

As we move ahead to the next frontier of growth and integrated excellence, we expect that the aforementioned initiatives will garner revenues which will increase our growth trajectory substantially, enhancing value for all our shareholders. Thus, consolidating the support and encouragement of all our stakeholders, who made our journey since inception smooth and rewarding.

Thank you

D. P. Tantia

(This does not purport to be the proceedings of the Annual General Meeting)

