



CHAIRMAN'S SPEECH

Speech by Mr. D. P. Tantia, Chairman, GPT Infraprojects Limited at the 37th Annual General Meeting of GPT Infraprojects Limited on 18th August 2017 held in Kolkata, India

Ladies and Gentleman,

I welcome you to the 37th Annual General Meeting of GPT Infraprojects Limited.

At GPT Infraprojects Limited, we believe that we are passing unprecedented times from an economic and national transformation point of view. The Government's renewed focus on railways in the past few years with capital expenditure allotment of Rs 1,310 billion for 2017-18 brings tremendous optimism in the rail infrastructure space. This brings us at an attractive inflection point in our existence.

The company's revenue inched up 2% during the year with profit after tax increasing 24.4%. I am happy to note the improvement both in the top and bottom lines, as it came in the face of one of the most challenging sectoral realities during the last financial year. The currency demonetization during the course of the year resulted in extensive absenteeism, affecting manpower mobilisation and deployment across project sites. This led to the deferment in the execution of contracts in the third quarter, which in turn, stunted the revenue growth. The demonetization exercise also impacted the commissioning of the two DFCC factories in Uttar Pradesh.

As far as the company's cash flow is concerned, I am pleased to report that there has been a marked improvement in our cash flows and a corresponding decline in our working capital cycle.

Besides, the company is enjoying the largest ever order book of Rs 1,850 as on March 31, 2017 with better margins. This should enhance our overall profitability going ahead. During the financial year, we received orders of Rs 711 cr, of which the majority comprised construction projects, mostly for execution of steel girder bridges, ROBs, and RUBs and contracts for the concrete sleeper segment.

The company's strong fundamentals are quite evident in our numbers.

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

- For the year 2016-17, the total revenue of the Company stands at Rs. 380 crore and Rs 517 crore in comparison with the previous year revenue of Rs 361 crore and Rs 509 crore for standalone and consolidated, respectively
- EBIDTA for the year under review was Rs 58 crore and Rs 72 crore in comparison with the previous year EBITDA of Rs 58 crore and Rs 74 crore for standalone and consolidated, respectively
- PAT for the year under review was Rs 1,048 lacs and Rs 1,595 lacs in comparison with the previous year amounting to Rs 984 lacs and Rs 1,282 lacs for standalone and consolidated, respectively
- Our Concrete Sleeper business recorded a total income of Rs 28 crore and Rs 71 crore in 2016-17 in comparison with the previous year amounting to Rs 29 crore and Rs 88 crore for standalone and consolidated, respectively
- The 2 Concrete Sleeper factories in South Africa and Namibia are also having healthy operations and we expect the same to continue in the future.
- Our Infrastructure business contributed revenue of Rs 344 crore and Rs 440 crore for the year in comparison with the previous year amounting to Rs. 327 crore and Rs. 414 crore for standalone and consolidated, respectively
- Net Working Capital Cycle declined from 152 days as on 31st March, 2016 to 121 days as on 31st March 2017 following quicker payments inflow
- Debt Equity improved from 1.43x to 1.26x
- Highest ever net order book of Rs 1,850 crore as on 31st March 2017
- Market Capitalization grew from Rs 320 crore as on 31st March 2016 to Rs 358 crore as on 31st March 2017. As on date the same stands at about Rs. 435 crore

- The Board recommended and paid total interim dividend of Rs 2.5 per equity share (i.e. 25% of face value) to the shareholders during the year ended 31st March 2017. The Board also made a bonus issue of 1 equity share for every 1 equity share held by its shareholders

Some of the key highlights since the last AGM:

- We completed the construction of 10 major bridges along with 15 km of embankment work at Ahmedpur having a project cost of Rs 143 crore
- We successfully executed the fly over and open web girder between Sankrail and Santragachi Station for South Eastern Railway. The ticket size of the contract is Rs 113 crore
- The average ticket size of our orders have improved from Rs 40 crore a few years ago to more than Rs 100 crore today, translating into project economies and increased profitability
- During the course of the year, the company received its largest ever construction order of Rs. 217 crore in its name. This project comprises construction of bridges on the Mathura-Jhansi third line for Rail Vikas Nigam Limited. On completion of this project, the company will be able to bid for projects in the range of Rs. 1,000 cr in its independent capacity from 2020 onwards
- We got listed on the National Stock Exchange on 11th July 2016
- The Board has recommended to the shareholders an enabling resolution for raising funds up to Rs 100 crore at their meeting held on 23rd May, 2017
- The shares of the Company got delisted from Calcutta Stock Exchange (CSE) in September 2016

The key driver of improvement in our performance during the year under review has been the dramatic transformation in the way the country's government is taking initiatives to revive the Indian infrastructure sector. After years of underinvestment, the economy has started to generate infrastructure growth across various segments. Initiatives such as the Pradhan Mantri Gram Sadak Yojana and the Sagarmala projects are proof that infrastructure is what will drive our nation's growth. The same optimism has been carried forward to the railways sector with total capital and development expenditure



of Railways was estimated at Rs 1,310 billion. We believe that such an infrastructural thrust by the government presents immense opportunities for companies like us.

At GPT Infraprojects, we believe that one of the most visible trickle-down impacts of the country's intention to invest in its rail sector is likely to be in the extensive building of new bridges and the extensive makeover of existing ones.

In March 2016, the Union Government launched the Setu Bharatam programme to build Rail Over Bridges and Rail Under Bridges at railway crossings to minimize frequent accidents and loss of lives at level crossings. More than 1,503 unmanned level crossings were eliminated in 2016-17; it is estimated that all unmanned level crossings on broad gauge lines will be eliminated by 2020. As a company that essentially specializes in the niche of the large infrastructure and rail sector, we expect to capitalize on the scenario through selective bidding for projects with lucrative margins.

The company has broadbased its revenue profile whereby non-Eastern India revenues will account for more than half its overall revenues during the current year, the highest ever. The company intends to seek larger construction opportunities in Bangladesh and Myanmar for the sleeper division, besides seeking to capitalize on an unprecedented opportunity emerging from within India.

I am pleased to report that the company strengthened its business beyond what may be evident in the financials of 2016-17. Even as the company's revenues may have only been marginally higher than in the previous year, the direction of the company continues to be positive. Besides, the projects are larger, the margins hurdle rate higher and each of these projects, when complete, will make it possible for the company to address even larger projects.

Performance Ambitions

- Treble Revenues to Rs 1,500 Crores by 2021
- Have revenue visibility of 30 months
- Maintain Debt Equity Ratio below 1.25x
- Maintain Interest cover greater than 2.5x



- Reduce Net Working Capital Days to less than 100 days
- Become a recognized bridge construction company and a concrete sleeper manufacturer globally

I would like to thank my entire team for the dedication, loyalty and hard work they put in towards achieving the Group's goal and expect them to deliver stronger numbers in the coming years.

I seize this opportunity to thank all shareholders, employees, customers, suppliers, vendors, bankers and other stakeholders, who have made our journey since inception smooth and rewarding through their continued support and patronage.

At GPT Infraprojects, we stand by our commitment to deliver our best and assure shareholders that this will be more visibly evident in our performance starting 2017-18.

This is the optimism that I intend to extend to all our shareholders.

Thank you

D. P. Tantia

Chairman

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