



CHAIRMAN'S SPEECH

Speech by Mr. D. P. Tantia, Chairman, GPT Infraprojects Limited at the 38th Annual General Meeting of GPT Infraprojects Limited on 21st August 2018 held in Kolkata, India

Ladies and Gentleman,

I welcome you to the 38th Annual General Meeting of GPT Infraprojects Limited.

I am pleased to present the performance of your company for the last financial year i.e. 2017-18. The Company has once again registered impressive performance on all important parameters during FY2017-18. At GPT Infraprojects Limited, we believe that we are passing through a breakout phase for our performance and your Company is optimistic that this improvement is not one-off; it represents the start of a multi-year growth journey.

The company's revenue increased by 4% during the year with profit after tax increasing 29%. The increase in top line was despite the GST related adjustment in the top line and the accounting policy change for the operations in Namibia.

The Company currently has an unexecuted order book of Rs 2,236 Crores i.e. almost 4x Trailing Twelve Months (TTM) revenues, which is a good book to build ratio in the overall history of the Company. Of this Infrastructure order book accounts for almost 80% of the order book and balance order book is for manufacture of Railway Concrete Sleepers. During last financial year we received Rs 608 Crores of new orders and during the current financial year we have received almost Rs 520 Crores of new order with 1 single order of Rs 362 Crores, being the largest order in the history of the Company.

There has also been an improvement in our Working capital cycle leading to another year of positive operating Cash flows for the Company. The Company has paid 20% Dividend in 2 tranches of 10% each on the enhanced Capital of Rs 29.08 Crores post bonus issue in July 2017.

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 2017-18, the total revenue of the Company stands at Rs. 471 crore and Rs 538 crore in comparison with the previous year revenue of Rs 482 crore and Rs 517 crore for standalone and consolidated, respectively
- EBIDTA for the year under review was Rs 75 crore and Rs 87 crore in comparison with the previous year EBITDA of Rs 67 crore and Rs 79 crore for standalone and consolidated, respectively
- PAT for the year under review was Rs 17 Crores and Rs 20.6 crores in comparison with the previous year amounting to Rs 12.7 crores and Rs 18 crores for standalone and consolidated, respectively
- Our Concrete Sleeper business recorded a total income of Rs 64 crore and Rs 132 crore in 2017-18 in comparison with the previous year amounting to Rs 30 crore and Rs 63 crore for standalone and consolidated, respectively
- The factory at Ladysmith, South Africa has recorded the highest ever production and revenue in its history and the operations are continuing smoothly.

- The Concrete Sleeper factories in India and Namibia are also having healthy operations and we expect the same to continue in the future.
- Our Infrastructure business contributed revenue of Rs 390 crore for the year in comparison with the previous year revenue of Rs. 440 crore for both standalone and consolidated. The decrease is due to change in revenue recognition due to implementation of GST wef 1st July 2017, as GST is not accounted as part of revenues.
- Debt Equity improved from 1.26x to 1.20x, meeting our benchmark of being below 1.25x
- Highest ever net order book of Rs 2,073 crore as on 31st March 2018
- Market Capitalization grew from Rs 358 crore as on 31st March 2017 to Rs 520 crore as on 31st March 2018. This is post the Bonus issue in July 2017.
- The Board recommended and paid total interim dividend of Rs 2 per equity share (i.e. 20% of face value) to the shareholders during the year ended 31st March 2018 on the enhanced capital post the Bonus issue.

Some of the key highlights since the last AGM:

- We have received an arbitration award against NHAI for the contract in Forbesganj - Jogbani from an Arbitration Tribunal for an amount of Rs 61 Crores.
- We have received the largest ever construction order in our name of Rs 362 Crores for Construction of Roadbed, Viaduct, Major and Minor Bridges, RUBs,

ROBs, Track Linking and General Electrical Works at both the approaches of Rail cum Road Bridge at Ghazipur (18.8 km) in connection with Construction of New BG Line from Mau to Tarighat in Varanasi Division of NE Railway and Danapur Division of EC Railway in Uttar Pradesh

- The average ticket size of our orders have improved from Rs 100 crore till last year to more than Rs 140 crore today, translating into project economies and increased profitability
- The Shareholders have approved an enabling resolution for raising funds up to Rs 100 crore through postal ballot in June 2018.
- During the financial year the Company had issued and allotted 1,45,43,000 numbers of Bonus equity shares in the ratio of 1:1 to the shareholders of the Company
- The Company's DFC factories in Uttar Pradesh commenced deliveries.
- The Company received orders from Bangladesh for manufacturing Dual Gauge Turnout Sleepers.

There is a structural shift driving this improvement: the Indian Railways sector has outlined a fundamental priority in enhancing the safety of the railways sector. After years of underinvestment, the economy has started to generate infrastructure growth across various segments. With the demand of Indian Railways increasing by 30% due to the introduction of wider base sleepers, the factory at Panagarh could also witness a similar increase in production. Indirect tax changes like GST will help in a smoother execution of projects.

The Indian infrastructure segment is at the cusp of unprecedented growth. The country's railways sector is investing unprecedented outlays in increasing railway safety.

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.

The company has broad based 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 Sri Lanka for the sleeper division, besides seeking to capitalize on an unprecedented opportunity emerging from within India.

Performance Ambitions

- Treble Revenues to Rs 1,500 Crores by 2022
- Have revenue visibility of 36 months
- Maintain Debt Equity Ratio below 1x
- Maintain Interest cover greater than 3x
- Reduce Net Working Capital Days to less than 100 days
- Become a recognized bridge construction company and a concrete sleeper manufacturer globally

The Corporate Social Responsibility Committee of the Board has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, which has been approved by the Board. The Company has decided to celebrate Ram Navami as CSR Day across all its projects and factories in memory of Late Shri Nathmal Tantia, father of Late Shri Govardhan Prasad Tantia. The employees take active participation in the various CSR activities as per the suggestions of the local team at various sites and factories.

Our aim is to be one of the most respected companies in India delivering superior and everlasting value to all our customers, associates, shareholders, employees and society at large.



The Company has also formulated a Dividend Policy, wherein 25% of the Profit for the year would be paid as Dividend to the Shareholders every year.

I am pleased to report that the company strengthened its business beyond what may be evident in the financials of 2017-18. Your Company is optimistic that this improvement is not one-off; it represents the start of a multi-year growth journey.

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 2018-19.

Finally, I must convey my gratitude to my colleagues on the Board for their wise counsel and valued involvement. Thank you once again for the trust and confidence reposed on GPT Infraprojects Limited.

Thank you

D. P. Tantia

Chairman

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