



CHAIRMAN'S SPEECH

Speech by Mr. D. P. Tantia, Chairman, GPT Infraprojects Limited at the 39th Annual General Meeting of GPT Infraprojects Limited on 30th July 2019 held in Kolkata, India

Ladies and Gentleman,

I welcome you to the 39th Annual General Meeting of GPT Infraprojects Limited.

At the outset, I would like to offer my hearty congratulations to the new Government for securing such a decisive mandate in the recently concluded General Elections. I am sure all of you will agree that the country can now refocus on the goal of building a new India for all its citizens post with the uncertainty of elections now behind us.

India's GDP is expected to grow by 7 percent for FY 2020 and the country aims to become a USD 5 trillion economy in the next couple of years, which will be a laudable achievement given the recent hurdles that the economy has had to face especially a funding crunch for the NBFC sector precipitated by the IL&FS debt default and slowdown in the automobile and real estate sectors.

The country has largely got back on track after the hiccups of Demonetization, GST and NPA crisis for the banks. However, we feel these will lead to cleanup of the tax administration in the country and also lead to banking sector reform that are very vital.

The government has been able to control the headline inflation numbers within the target of 4%, leading to a softer stance on the monetary policy front by the Reserve Bank of India (RBI), which should lead to revival in the private sector capex



investment, which has been muted for the last couple of years. India has also improved its ranking in the World Bank Ease of Doing Business Index to 77th rank continuing its improvement for the second consecutive year.

Performance Overview of the Company

Your company has once again registered an impressive performance for FY 2018-19. 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 10% during the year. 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 1,836 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 as order book is the lifeblood of any EPC business. Of this Infrastructure order book accounts for almost 87% of the order book and balance order book is for manufacture of Railway Concrete Sleepers. During last financial year we received Rs 520 Crores of new orders and during the current financial year we have received almost Rs 586 Crores of new orders 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. 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 2018-19, the total revenue of the Company stands at Rs. 541 crore and Rs 592 crore in comparison with the previous year revenue of Rs 471 crore and Rs 538 crore for standalone and consolidated, respectively
- EBIDTA for the year under review was Rs 66 crore and Rs 77 crore in comparison with the previous year EBITDA of Rs 75 crore and Rs 85 crore for standalone and consolidated, respectively
- PAT for the year under review was Rs 8 Crores and Rs 12.65 crores in comparison with the previous year amounting to Rs 17 crores and Rs 20.56 crores for standalone and consolidated, respectively
- Our Concrete Sleeper business recorded a total income of Rs 78 crore and Rs 134 crore in 2018-19 in comparison with the previous year amounting to Rs 63 crore and Rs 132 crore for standalone and consolidated, respectively
- The Concrete Sleeper factories in India, South Africa and Namibia are having healthy operations and we expect the same to continue in the future.
- Our Infrastructure business contributed revenue of Rs 441 crore for the year in comparison with the previous year revenue of Rs. 389 crore for both standalone and consolidated
- Net order book of Rs 1,836 crore as on 31st March 2019

- 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 2019.

Some of the key highlights since the last AGM:

- 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 Company's DFC factories in Uttar Pradesh are running smoothly.
- The Company received orders for Wider Base sleepers from Indian Railways for its factory at Panagarh.

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 increased CAPEX and 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.

India continues to be one of the world's fastest growing major economies, and is poised to touch US\$5 trillion in five years and US\$10 trillion in eight years thereafter. 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 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. Once we successfully complete the RVNL order, we will be eligible to bid for single orders of approximately Rs 1000 crores in our own name.

Performance Ambitions

- Treble Revenues to Rs 1,500 Crores in the next 4 years
- Have revenue visibility of 36 months
- Maintain Debt Equity Ratio below 1x
- Maintain Interest cover greater than 3x
- 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.

I am pleased to report that the company strengthened its business beyond what may be evident in the financials of 2018-19. Your Company is optimistic that this improvement is not one-off; it represents the start of a multi-year growth journey.

Change in Directorship and KMP

During the year, Mr Kunal Kumthekar has resigned from the Board due to the withdrawal of his nomination by Nine Rivers Capital, Mr Arun Kumar Dokania, CFO of the Company has superannuated wef 30th November 2018 and Mr Vishwa Nath Purohit has resigned from the Board due to his attaining 75 years of age as per the SEBI notification dated 9th May 2018. I would like to place on record my sincere appreciation for the valuable contributions and guidance rendered by Mr. Viswa Nath Purohit, Mr. Arun Kumar Dokania and Mr. Kunal Kumthekar during their tenure with the Company. The Board has designated Mr Atul Tantia, as Executive Director and CFO with effect from 13th February 2019.

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 2019-20.



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)