

CHAIRMAN'S SPEECH

Speech of Mr DP Tantia, Chairman, GPT Infraprojects Limited at the 42nd Annual General Meeting of GPT Infraprojects Limited on 28th July 2022 at 3 PM via Video Conference / OAVM

Dear Shareholders,

I extend a very warm welcome to all of you to the 42nd Annual General Meeting of your Company.

In these recovering times, we have organized the AGM via Video Conference as allowed by MCA for the benefit of better participation by shareholders. The pandemic is now subsiding and normality is returning, however I hope that everyone who is eligible has taken their booster doses.

The company embarked on a number of initiatives to safeguard its most valuable asset - *The human resource*. We are ensuring 100% vaccination for all the employees and their dependents. The cost of the vaccines were being borne by the Company.

But every cloud has a silver lining. India is gliding on its path to recovery - both economic as well as social and is one of the few countries globally to have recovered well post the pandemic. Pro-growth policy reforms are being implemented, especially in sectors in which our Company has already established its presence.

The Indian economy reported an attractive recovery in FY 2021-22, its GDP rebounding from a de-growth of 7.3% in FY 2020-21 to a growth of 8.7% in FY 2021-22. By the close of FY 2021-22, India was among the six largest global economies, its economic growth rate was the fastest among major economies, with a burgeoning domestic market being the mainstay for the consumption of goods.

The Union Budget FY 2022-23 seeks to lay the foundation of the Indian economy over the 'Amrit Kaal' period of the next 25 years leading to 100 years of independence in 2047. The key driver for the Indian economy is infrastructure sector. The India government increased the National Infrastructure Pipeline (NIP) to 7,400 projects in FY 2020-21. The government had invested USD 1.4 trillion in infrastructure development through the National Infrastructure Pipeline as of July, 2021. Sectors such as roads, urban development, railways and energy approximated ~71% of the projected infrastructure investments. In FY 2020-21, India attracted USD 81.72 billion through infrastructure sector FDI.

Roads: India possesses the second largest road network in the world spanning 6.4 Million Km, covering over 90% of passenger traffic and 64.5% of freight traffic. For the past few years, road transportation connectivity has improved. Despite the pandemic restrictions, India constructed 13,298 Km of highways in FY 2020-21; highway construction between 2016 to 2021 reported a CAGR of 21.44%.

Railways: The Indian Railways network is one of the largest railway systems in the world. The route length of Indian railways is 67,956 Km. In spite of the pandemic, Indian Railways commissioned 1,793 Km length of new lines, gauge conversion and doubling. Railway electrification across 3003 route Km and track renewal across 4,099 Km was carried out. The Union Budget FY 2022-23 allocated Rs 1,40,367.13 Crore for the upgradation of the Indian railway infrastructure, gauge conversion of 2,200 Km by 2023 at an annual cost of USD 2 Billion, 33,000 Km to be electrified by 2023 at a cost of USD 2 Billion annually and USD 17 Billion investments for 35 bullet trains by 2022. Besides, the Indian government announced PM Gati Shakti master plan under which the national highway network will be expanded by 25,000 Km in FY 2022-23.

Roads and bridges: The Union Budget FY 2022-23 allocated Rs 13,335.47 Crore for track renewal, Rs 2,850 Crore for gauge conversion and Rs 12,108 Crore for track doubling. A sum of Rs 25,243 Crore was allocated for new lines.

Performance of the Company

Now I would move ahead to the performance for the year ended 31st March 2022.

GPT Infraprojects Limited reported business growth and strengthened its operating foundation despite encountering one of the most challenging years. This contrarian performance is a showcase of the company's spirit and character - to outperform and to counter challenges with perseverance.

The Company's annual report for the year under review has already been circulated to all the members. I would like to call out/read out the key numbers from them:

- ❖ For the year 2021-22, the total revenue of the Company stands at Rs. 675 crore and Rs 678 crore in comparison with the previous year revenue of Rs 582 crore and Rs 615 crore for standalone and consolidated, respectively.
- ❖ EBIDTA for the year under review was Rs 88 crore and Rs 88 crore in comparison with the previous year EBITDA of Rs 85 crore and Rs 91 crore for standalone and consolidated, respectively.
- ❖ PAT for the year under review was Rs 25 crores and Rs 24 crores in comparison with the previous year amounting to Rs 21 crores and Rs 20 crores for standalone and consolidated, respectively, the highest ever PAT on standalone basis for the Company.
- ❖ Our Concrete Sleeper business recorded a total income of Rs 94 crore and Rs 100 crore in 2021-22 in comparison with the previous year amounting to Rs 94 crore and Rs 130 crore for standalone and consolidated basis.
- ❖ The Concrete Sleeper factories in India and Namibia are having healthy operations and we expect the same to continue in the future. The South Africa operation remained muted due to COVID.
- ❖ The Company is also expanding its operations in Africa, where it has recently signed MoA for setting up a Sleeper Factory in Ghana. The factory will have a

capacity of 250,000 sleepers per annum to supply to the Western Railway line in Ghana and is expected to be commissioned in FY 2022-23.

- ❖ Our Infrastructure business contributed revenue of Rs 573 crore for the year in comparison with the previous year revenue of Rs. 480 crore for both standalone and consolidated, respectively.
- ❖ Net order book of Rs 1,684 crore as on 31st March 2022
- ❖ The Board of Directors recommended a final dividend of 15% on the face value of Rs. 1 per equity share, resulting in a total proposed payment of 30% or Rs. 3.00 per equity share for the full year.

As a sustainability-driven company, our objective is to build a sizable order book of projects where we believe the divergence between our desired and derived profitability is going to be minimal; we bid for projects where we can generate at least 13% EBIDTA margins. I am pleased to communicate that the company consistently protected its profitability during the last decade. Our ten-year average EBIDTA margins stands at 14% indicating our discipline in projects selectivity.

Continuous optimization of our working capital and long-term debts has improved our liquidity position over previous years, which has resulted in nil overdues from customers exceeding three years, thus resulting in an unqualified audit report after 5 years. Our Cash to EBITDA conversion is also quite comfortable, leading to minimal liquidity pressure for the business.

We reported an order inflow of more than Rs.531 crore during the last financial year, strengthening business sustainability. The Company's order book as at 31st March 2022 stood at Rs 1684 crore, translating into approx 2.5x trailing revenues, thus giving good visibility on future performance. The company is also looking forward to bid for some of the larger infrastructure project announced by the government.

I am confident that GPT Infraprojects Limited will continue to perform better and set new benchmarks for itself, with the best-in-class people running great business operations; having excellent systems and processes in place; and the company's ability to adapt to any circumstances. If there would be one message that I intend to leave

with you, respected shareholders, it is that GPT is striving forward with a goal to pioneer in every sector it sets foot in.

I encourage the entire team to leverage the Company's core competencies to prove that we can overcome any hurdle, together.

I pray for your safety and good health.

Dwarika Prasad Tantia

Chairman

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