

CHAIRMAN'S SPEECH

Speech of Mr DP Tantia, Chairman, GPT Infraprojects Limited at the 41st Annual General Meeting of GPT Infraprojects Limited on 19th August 2021 at 3 PM via Video Conference / OAVM

Dear Shareholders,

I extend a very warm welcome to all of you to the 41st Annual General Meeting of your Company.

In these times of Covid, we are unable to have physical shareholder meetings and we are compelled to once again conduct this AGM via Video Conference for the second year in the row. The pandemic still continues to hit the regular lives and economies and I would not be wrong to say that almost all families have been hit by this deadly disease in the last 20 months. A heartfelt condolence to all those members of GPT family who have faced loss of family members and friends due to this pandemic.

In a business where the majority of our people are located across multiple operating sites and exposed to a variety of risks, the first response was to act for their safety and well-being. 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 are being borne by the Company.

We strongly believe that, there are a number of positive developments lined up within the sectors of our presence.

One of the largest budgetary allocations within India's infrastructure sector is towards railways. Out of the decision to allocate a record Rs 1.1 trillion to Railways, Rs 1

trillion has been earmarked for capital expenditure comprising line doubling, line addition, gauge conversion and safety; besides, ROBs, RUBs, track renewal and bridges received higher allocation.

The Western and Eastern Dedicated Freight Corridors are likely to be fully commissioned by June 2022; trains speeds of almost 100 kilometers per hour have been recorded on these lines. The country intends to launch three more freight corridors and accelerate the national coverage of wider base tracks, benefiting Railways-focused companies like ours.

I am optimistic that these attractive sectorial developments shall provide an unprecedented opportunity to scale our business. The complement of enhanced order book visibility, protected profitability and increased reinvestment will empower GPT Infraprojects to graduate to a virtuous cycle of sustainable profitability, enhancing value in the hands of all those who hold shares in our company.

Performance of the company

Now I would move ahead to the performance for the year ended 31st March 2021.

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 accounts for the year under review have already been circulated for your reference. I would like to call out/read out the key numbers from them:

- ❖ For the year 2020-21, the total revenue of the Company stands at Rs. 582 crore and Rs 615 crore in comparison with the previous year revenue of Rs 600 crore and Rs 623 crore for standalone and consolidated, respectively
- ❖ EBIDTA for the year under review was Rs 85 crore and Rs 91 crore in comparison with the previous year EBITDA of Rs 84 crore and Rs 84 crore for standalone and consolidated, respectively
- ❖ PAT for the year under review was Rs 21 crores and Rs 20 crores in comparison with the previous year amounting to Rs 17 crores and Rs 15 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 130 crore in 2020-21 in comparison with the previous year amounting to Rs 73 crore and Rs 95 crore for standalone and consolidated
- ❖ 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 480 crore for the year in comparison with the previous year revenue of Rs. 523 crore for both standalone and consolidated
- ❖ Net order book of Rs 1,823 crore as on 31st March 2021
- ❖ The Board of Directors recommended a final dividend of 10% on the face value of Rs. 1 per equity share, resulting in a total proposed payment of 25% or Rs. 2.5 per equity share for the full year.

It gives immense pleasure to witness that our business performance and financial success since the previous AGM have exceeded our expectation despite an extensive reduction in the company's revenues during the first two quarters of the last financial year marked due to a country wide lockdown. The company's revenue is in line with the previous financial year and enhanced profits. This profitable growth represents the foundation of the company's prospective of sustainability and competitiveness.

As a sustainability-focused 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 14% 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 14.50% indicating our discipline in projects selectivity.

Continuous optimization of our working capital and long term debts has improved our liquidity position over last years. We have been able to reduce the long outstanding dues from certain government customers further this year by approximately Rs 5 Crores and I am confident that we are on the path to fully recover these dues in the next couple of years. We have also applied for release of proportion bank guarantees from various clients, in partly completed projects as allowed by the Ministry of Finance and approximately Rs.75 crore bank guarantees has been already released by various clients. Overall, we do not foresee any challenges in meeting our debt obligations or liquidity for the business.

With regards to the arbitration with NHAI, Jogbani Highway Private Limited, the subsidiary of the company, NHAI has approached the company for reconciliation of the matter as per the guidelines of NHAI. The arbitration award is expected to be processed in this calendar year, which will be an additional advantage to further provide liquidity to the operations of the company.

Besides, we also reported an order inflow of more than Rs.900 crore during the last financial year, strengthening business sustainability. The company's order book as at 31st March 2021 stood at Rs 1823 crore, 21 per cent higher than the previous financial year, translating into the expectation of better revenues during the current financial year. The company is also looking forward to bid for some of the larger infrastructure project announced by the government.

We offer a heartfelt condolence on passing away of Late Viswa Nath Purohit, former Audit Committee Chairman and Independent Director of the Company, and appreciate all the contribution made by him during his tenure as a Director.

I would request that all of us observe a minute of silence in memory of the departed soul.

If there would be one message that the Company intends to leave with its shareholders, it is that GPT is entering a virtuous cycle of enhanced growth, margins and shareholder value.

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 agility to adapt any circumstances.

I encourage the entire team to leverage the Company's core competencies to prove that we can together overcome any hurdle. As we have stood against the fight of COVID-19.

I am sure that by now all of you and your family members have got yourselves vaccinated and are wearing masks.

I pray that all of you and your family stay safe and healthy.

Yours sincerely

Dwarika Prasad Tantia

Chairman

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