

## CHAIRMAN'S SPEECH

### Speech of Mr DP Tantia, Chairman, GPT Infraprojects Limited at the 43<sup>rd</sup> Annual General Meeting of GPT Infraprojects Limited on July 27, 2023 at 3 PM via Video Conference / OAVM

*Dear Shareholders,*

I extend a very warm welcome to all of you to the 43<sup>rd</sup> Annual General Meeting of your Company.

We have organized the AGM via Video Conference as allowed by MCA for the benefit of better participation by shareholders globally.

It is commendable to state that India has emerged as the second fastest-growing G20 economy in FY 2022-23. The global landscape favours India as Europe is moving towards a probable recession, the US economy is slowing, China's GDP growth forecast of 4.4% is less than India's GDP estimate of 6.8% and America and Europe are experiencing its highest inflation in 40 years. As you are aware this year represents the year when our country is the president of the G20 group of nations and I commend our Government on this remarkable feat for the first time in our history. It is also the year wherein the Government is celebrating "Amrit Kaal" upon crossing 75 years of independence.

The Indian economy reported a GDP growth of 7.2% in FY 2022-23, despite a global slowdown, being the fastest growing economy in G20. During the year, India overtook UK to become the fifth-largest global economy and India also surpassed China to become the world's most populous nation.

The Union Budget sought to lay the foundation for the future of the Indian economy by raising capital investment outlay by 33% to Rs. 10 lakh crores, equivalent to 3.3% of GDP.

The infrastructure sector is a key driver for the Indian economy. In order to achieve its economic growth target of reaching US\$ 5 trillion by 2025. Sectors such as roads, urban development, railways and energy approximated ~71% of the projected infrastructure investments. In FY 2022-23, India attracted USD 100 billion through infrastructure sector FDI.

**Roads:** India possesses the second largest road network in the world spanning 6.3 Million Km, covering over 90% of passenger traffic and 64.5% of freight traffic. The pace of construction of national highways in the country is at 30.11 km per day in FY 2022-23. India constructed 10,993 Km of highways in FY 2022-23; In the Union Budget 2023-24, government proposed increased allocation for the central road fund by 19% to Rs.2.95 lakh crores.

**Railways:** The Indian Railways network is the fourth-largest railway systems in the world, comprising 120,000 kms of total track spanning 67,368 km. In FY 2022-23, 5,243 km of new lines, doubling and gauge conversion were achieved, compared to 2,909 km in FY 2021- 22. Indian Railways electrified about 90% of the total broad-gauge network. The Union Budget FY 2023- 24 allocated Rs. 2.4 Lakh Crore for the upgradation of the Indian railway infrastructure. In the Union Budget FY 2023-24, RS. 17,296.84 Crore was allocated for track renewals, Rs.4,600 Crore for gauge conversion and Rs. 30,749 Crore for track doubling.

## **Performance of the Company**

Now I would move ahead to the performance for the year ended March 31, 2023.

GPT Infraprojects Limited reported business growth and strengthened its operating foundation once again. This remarkable 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 2022-23, the total revenue of the Company stands at Rs. 797 crore and Rs 814 crore in comparison with the previous year revenue of Rs. 675 crore and Rs 678 crore for standalone and consolidated, respectively, a growth of 18%.
- ❖ EBIDTA for the year under review was Rs. 96 crore and Rs. 92 crore in comparison with the previous year EBITDA of Rs. 88 crore and Rs. 88 crore for standalone and consolidated, respectively.
- ❖ PAT for the year under review was Rs. 35 crores and Rs 30 crores in comparison with the previous year amounting to Rs. 25 crores and Rs 23 crores for standalone and consolidated, respectively, the highest ever PAT for the Company.
- ❖ We continue to have a strong focus on receivables and collections and it resulted in the Cash flow from operations showing a significant increase to Rs.106 crores in comparison with the previous year cash flow of Rs. 70 crores, representing a CFO to EBITDA conversion of 110%, being one of the highest in the industry.
- ❖ The Company successfully commissioned its Concrete Sleeper factory in Ghana, Africa on June 28, 2023. The factory has a capacity of 240,000 sleepers per annum to supply to the Western Railway line in Ghana for which the subsidiary had received a contract currently valued at 123 Crores and shall generate an employment of approximately 200 persons directly and indirectly. As on date we are the largest railway focused Company from India in Africa and continue to grow our business in the continent.
- ❖ Our Infrastructure business contributed revenue of Rs 712 crore for the year in comparison with the previous year revenue of Rs. 573 crore for both standalone and consolidated, respectively.

- ❖ Net order book of Rs 2,276 crore as on March 31, 2023, representing 2.81x TTM revenues
- ❖ The Board had announced and also allotted bonus shares in the ratio of 1:1 after approval of the Shareholders in the postal ballot during FY 22-23.
- ❖ The Board of Directors have recommended a final dividend of 15% on the face value of Rs. 10 per equity share, resulting in a total proposed payment of 25% or Rs. 2.50 per equity share for the full year.

The strong cash flows for the year was made possible through effective management of trade receivables from customers, as well as successfully collecting all outstanding payments. As a result, we have been able to reduce our debt while also investing in our new subsidiary, RMS GPT Ghana Limited, without adding any debt facilities.

These positive developments have had a significant impact on our financial standing, with the strong performance and healthy cash flows leading to Crisil upgrading the outlook of the external rating to BBB+ Positive from BBB+ Stable.

With reduction in debt, the finance cost is expected to reduce further despite increasing interest rates and we expect the same to further reduce in the year ahead.

Looking ahead, we are excited about the potential for further success. Our peak order book is projected to result in a revenue growth of 15-20% CAGR in the years ahead, thus allowing us to have a stable and profitable growth, which will be remunerative to all the stakeholders.

As you may be aware, in the last Union Budget the Government has announced a Vivaad se Vishwas Scheme II wherein they are looking to settle all arbitration disputes of contractors with the central government and central PSUs. We have applied under this scheme to settle 3 of our arbitration awards and expect the settlement to happen in this calendar year, which will result in reduction of the contract assets from the customers, providing closure of the cases as well. The same will be majorly used to reduce our working capital facilities with the banks and thus improve our cash flow and profitability going forward. This will also have a significant impact on the return ratios as well.

As has been the policy of the Board, the auditors of the Company have issued an unqualified audit report, and I would like to congratulate the Audit Committee in guiding the management to achieve the same. In order to meet the best corporate governance practices, the Board has reconstituted its Audit Committee and Nomination and Remuneration Committee to comprise of 100% independent directors.

We reported an order inflow of more than Rs.1,401 crore during the last financial year, strengthening business sustainability. The Company's order book as at March 31, 2023 stood at Rs. 2,276 crores, translating into approx 2.81x trailing revenues, thus giving good visibility on future performance. The company is also looking forward to bid for some of the larger infrastructure projects, funded by the Central Government.

I have full confidence that GPT Infraprojects Limited will not only sustain its strong performance but also surpass its own accomplishments, establishing new standards for excellence 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 and become a name to reckon with in the mid size infrastructure space.

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)