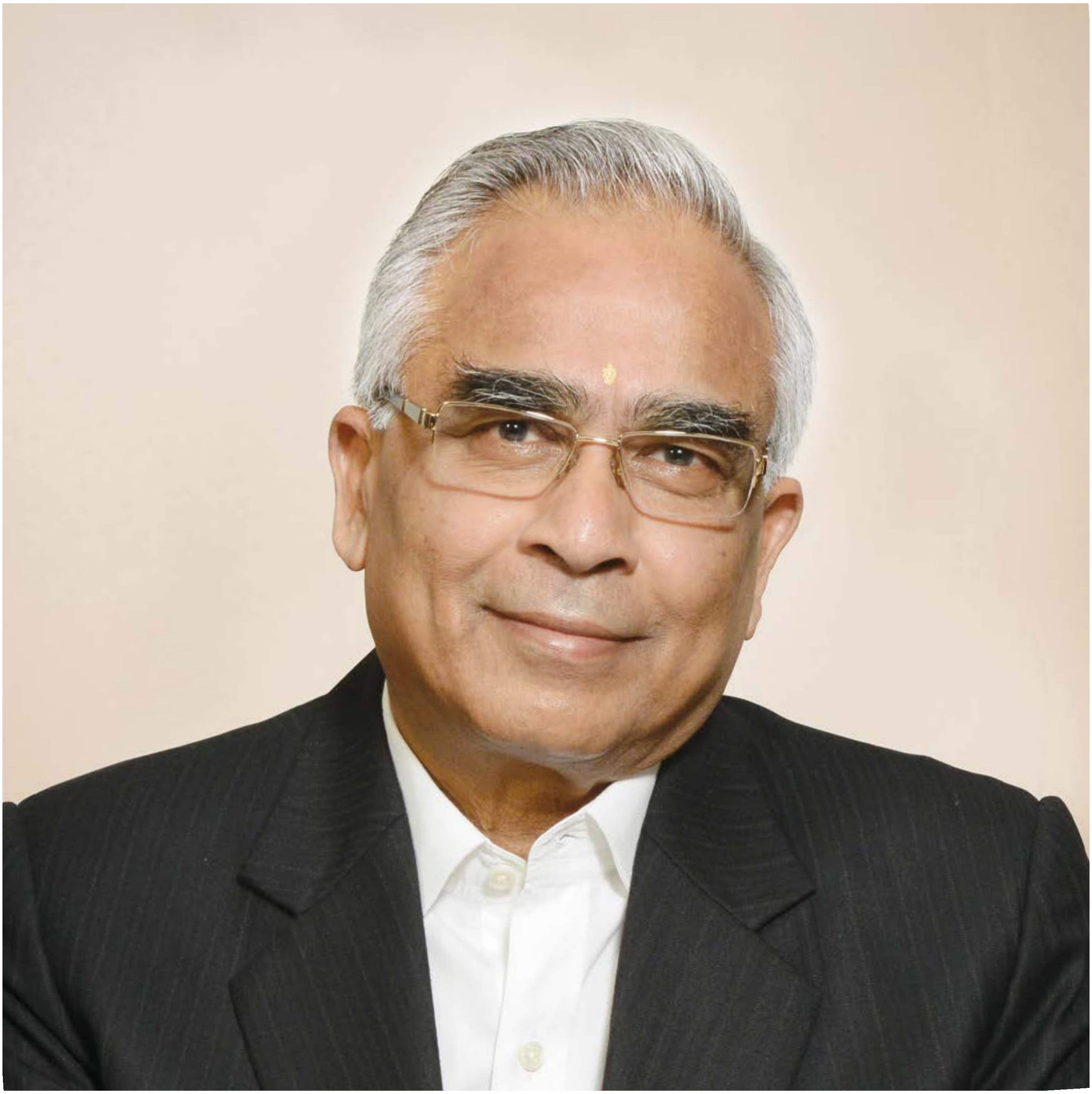
Chairman's review



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Operational overview

I am pleased to present the performance of your Company for 2017-18. Your Company reported consolidated revenues of ₹537 crore compared to ₹517 crore in FY2016-17, the highest revenues reported by your company in existence. The infrastructure segment accounted for ~75% of the revenues while the rest was derived from the sleeper segment. The performance could have been better but for GST-related adjustments and the accounting policy change for Namibia.

I am pleased to communicate that the Company reported profitable growth during the year under review. EBITDA was ₹85 crore compared to ₹72 crore in the previous fiscal, a growth of 18.05%. The consolidated PAT for the year stood at ₹20.56 crore compared to ₹15.96 crore in the previous fiscal, a growth of ~28.82%. The EBITDA margin was 15.86% compared to 14.0% in the previous year. These numbers indicate a strengthening of the Company's business model, creating a platform for profitable and sustainable growth across the foreseeable future.

Why GPT is optimistic of prospects

Your Company enjoys attractive revenue visibility. During FY2017-18, we received orders worth ₹608 crore and L1 contracts worth ~₹737 crore. The result was a net order book of ₹2,073 crore (excluding L1 orders), almost quadrupling our book-to-bill ratio when compared to FY2017-18 revenues. I am pleased to report that our EPC order book accounted for ~81% share of the order book while our sleeper manufacturing business accounted for the rest.

Your Company is optimistic that this improvement is not one-off; it represents the start of a multi-year growth journey. 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. This priority is being manifested in a number of construction projects and rail track renewal. For instance, there is a keen government emphasis in enhancing railway safety through the construction of over-bridges and phasing out legacy unmanned crossings.

Your Company's sleeper business also expects to capitalise on the improvement in sectoral prospects in India and Africa. The Indian government's focus on enhanced safety translated into a larger order book from this business. Besides, there was a visible improvement in demand in South Africa that grew this business segment. On account of a robust project execution track record, we expect to generate a higher profitability from our South African subsidiary.

Both your Company's sleeper manufacturing facilities in Uttar Pradesh commenced production, commending their contribution to the construction of the Eastern Dedicated Freight Corridor.

Our sense of optimism

Your Company will continue to focus on timely project completion, generating enhanced revenues, controlling costs and increasing business surplus available for reinvestment. We believe that this represents the start of a virtuous cycle, where we utilise an increased proportion of accruals in growing our business and enhancing value for all stakeholders associated with our company.

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Dwarika Prasad Tantia,
Chairman

GROWTH DRIVERS

- Robust capex revival by Indian Railways
- Healthy order book; attractive revenue visibility
- Consistent focus on increasing profitability
- Strong focus on corporate governance