

No: PSPPROJECT/SE/42/23-24

September 09, 2023

Corporate Relations Department
BSE Limited
Floor 25, P.J. Towers,
Dalal Street, Mumbai- 400 001
Scrip code: 540544

Listing Department
National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 051
Scrip Symbol: PSPPROJECT

Dear Sir/Madam,

Subject: Chairman's speech delivered at the 15th Annual General Meeting of the company.

Please find enclosed herewith the Chairman's speech, delivered at the 15th Annual General Meeting of the company held today i.e. September 09, 2023 through Video Conferencing.

Kindly take the same on your record.

Thanking You,

Yours faithfully,

For PSP Projects Limited

Kenan Patel
Company Secretary and Compliance Officer



CHAIRMAN'S SPEECH 15th ANNUAL GENERAL MEETING

Dear Fellow Shareholders,

Good Morning,

A very warm welcome to all of you at the 15th Annual General Meeting of PSP Projects Limited.

I am PS Patel – Chairman, Managing Director and CEO of your Company. I have joined this meeting from the registered office of the Company located at Ahmedabad. Thank you for taking the time out to join us today. This meeting is being held through video conference in accordance with all the circulars issued by the MCA and SEBI. Although virtual, it is our privilege to host you today. I trust that all of you and your family are safe and in good health.

Before we start the main proceedings of the meeting, I request my fellow Directors on the video conference to introduce themselves.

- ▶ Ms. Pooja Patel
- ▶ Mr. Sagar Patel
- ▶ Mr. Sandeep Shah
- ▶ Mr. Vasishtha Patel
- ▶ Ms. Achala Patel

Along with me, Ms. Hetal Patel, Chief Financial Officer and Mr. Kenan Patel, Company Secretary are attending the meeting from the Registered office of the company.

In addition, Mr. Jinal Patel, Partner of Kantilal Patel & Co. and Ms. Riddhi Sheth, Proprietor of Riddhi P. Seth & Co., the Joint Statutory Auditors of the company, Mr. Chirag Shah, Partner of M/s Chirag Shah & Associates, the Secretarial Auditors, and Ms. Koushalya Melwani, Proprietor of M/s. KVM & Co., Cost Auditors have also joined us today through video conferencing.

As the requisite quorum is present; I now call this meeting to order.

At the outset, I would like to express my **gratitude** to each and every shareholder for their trust in our capability.

“Building for India”, has again been our motto for the financial year 2022-23 as well. At PSP, we are not engaged in the construction of projects with the narrow perspective of enhancing our turnover and becoming a larger company, we are engaged in the larger exercise of helping build a New India marked by world-class structures that are completed quicker than ever, better than ever and with a moderate life cycle impact. Each one of us at PSP, work with the objective and vision to be recognised as the leading construction company in the areas that we operate, through our performance, our people and commitment to our core values.



We aspire to become the preferred construction company in the infrastructure industry. We want to build high quality and innovative infrastructures for our customers. We also want to provide our customers outstanding performance in terms of excellent projects' execution and fast delivery and to adequately promote those who invest creative ideas in our company and demonstrate dedication to our company.

Over these years, PSP has developed capabilities across project stages - engineering and design, procurement, construction, MEP services, Interior Fitouts, operations and maintenance and now in Precast too. This has widened the company's expertise in addressing projects across categories: manufacturing and processing facilities, hospitals, government buildings, educational institutes, religious landmarks, corporate offices, residential buildings, social and urban infrastructure as well as Smart Cities.

When the company went public six years ago, there was a priority in demonstrating that we were indeed capable of generating sustainable growth year after year. The challenges comprised a premium on sustaining growth across revenues, cash flows and profits, economic cyclicity, growing competition, Balance Sheet capability in sustaining growth without compromising our fundamentals and being valued commensurately by investors. I am pleased to communicate that we passed the test of sustaining our growth. From the time we went public, your company has reported 21.43%* compounded revenue growth corresponded by a 18.03%* compounded cash profit growth.

We have witnessed substantial growth in our execution capabilities by handling larger projects and managing an increased number of projects at the same time. These are some **initiatives** that we took in the last few years with the objective to be future-ready such as:

- ▶ One, the company made governance as the core of its business personality;
- ▶ Two, the company deepened its labour engagement by complementing labour availability with technology by investing in pre-cast division;
- ▶ Three, by extending from regional label to national by expanding presence in non-Gujarat states;
- ▶ Four, the company enjoys a stronger influence as an EPC player, providing customers with a one stop solution in extending from civil engagement, MEP, façade, interiors and Operations & maintenance.
- ▶ Five, at PSP we take pride in our lean Balance Sheet. As on 31st March 2023, our debt-equity ratio was at 0.18, indicating that we grew without compromising the quality of our Balance Sheet. It is a credit to the company's working capital management for being the lowest in the industry.
- ▶ Lastly, the company has created a structured succession plan. Even as the professional character of the organisation will not change (but will only deepen), the second generation of promoter management – two members of the promoter family - are being prepared.

As a forward-looking organisation, the company invested in **digital technologies** with the objective to moderate costs, enhance real-time information access, speeden decision-making, accelerate workflows, strengthen information security and provide employees with secure remote working possibilities.



Our marquee project of Surat Diamond Bourse now has the title of the “The World’s Largest Office Building” bigger than Pentagon as featured on **CNN** in July 2023. I would like to express my gratitude that PSP has been an instrumental part of such a landmark project of India.

Financial year 2023 has been a memorable year for the company from the perspective of addition of highest ever order inflow and for being eligible for bidding for higher value projects of up to ₹2,500 crore. This is a big milestone for a company in its 15 years of operations. Going forward, we expect to leverage this opportunity, make inroads and establish our presence in high value-added niche projects.

The company added ₹ 3421 Crore to its order book during the last financial year. The major **projects awarded** during the year are as below:

- ▶ Construction of State-of-the-art High-Rise Office building for Surat Municipal Corporation.
- ▶ Corporate Office Building Project by a leading multi-national company.
- ▶ Construction of 3 tallest residential projects in Ahmedabad and Gandhinagar. With the increase in permissible FSI recently permitted by government authorities, we have been at an advantageous position to bag these orders having proven track record in the construction of high-rise buildings space.
- ▶ Ahmedabad Airport development.
- ▶ Repeat Industrial order to construct Phase II & III of noodle and chocolate factory by multinational company.
- ▶ Construction of institutional campus in Ahmedabad for a leading Mumbai based management institute
- ▶ Precast order for National High-Speed Bullet Train Project from L&T.

The company had ₹5321 Crore in **order book** as on June 30, 2023: a growth of 17% over FY22. The company had a bid pipeline of approximately ₹ 6000 Crore projects as on March 31, 2023. In all the company has completed 205 projects so far since the company's inception in 2008 with 84% private projects consisting of Institutional, Industrial and Residential projects and balance 16% Government projects.

The company developed the **precast** facility in FY22 with the objective to cater to the requirement from civil construction/buildings segment but on the contrary, we have seen reasonably good orders and demand coming from the infrastructure side as well. Considering, order book from industrial as well as construction side, the board made a decision to expand the existing precast facility and the expansion is currently underway. Also, in many of our existing projects, the company has started supplying certain material through our precast facility which shall help us to achieve faster execution and aid us in maintaining the quality as well as speed of delivery. The precast construction methods are being accepted and proved as a superior option for the small and large scale projects with identically designed buildings and scales, potentially reducing 40% of the construction time cycle.



FINANCIAL PERFORMANCE:

- ▶ The company reported revenue growth of 10% during FY23, however, EBITDA margin has contracted to 12%;
- ▶ Return on Capital Employed contracted to 24%;
- ▶ RoE reduced from 27% to 18%.

During the last financial year, the company reported revenues that were lower than what we had expected on account of challenges related to labour mobilisation. During the current financial year, we expect to report a sharper growth in revenues. The contraction in profitability in FY 2022-23 compared to FY 2021-22 was attributable to an exceptionally high profit margin in the previous year on account of the finishing stage of large projects in FY 2021- 22. During FY 2022-23, most of the large projects were at the initial or intermittent stages, which impacted the EBITDA margin.

Awards & Recognitions:

The Company's Project Student Activity Centre at Ahmedabad University was felicitated as Institutional Project of the Year at the 14th Realty Plus Conclave & Excellence Awards 2022, Gujarat.

The company was awarded the fastest growing construction company for the fourth year in a row and received the Top Challengers **Award** at the 20th Construction World Global Awards 2022.

On the world **environment day**, we planted more than 10,000 trees in a single day at Ruppur village of Patan district in the state of Gujarat as a part of our social responsibility.

Industry Outlook:

From the **macro perspective**, India is the fifth largest economy and likely to overtake Germany and Japan to emerge as the third-largest economy by 2030. India is not just growing; it is growing faster on an expanding base, indicating a critical mass of economic expansion. India is at the cusp of widespread infrastructure growth, catalysed by rising urbanization, Increased Smart Cities, Make in India initiative, Enhanced Road connectivity, High speed train projects, Railway station refurbishment, Increased number of airports, Increased tourism projects, etc.

India is not just growing; it is growing faster on an expanding base, indicating a critical mass of economic expansion. The result is that every trillion-dollar GDP growth has taken less time and this trend is likely to continue.

The Indian government announced an unprecedented outlay for infrastructure construction in the last two Union Budgets - an aggregated outlay of ₹ 17.5 Lakh Crore. This sends out a message that the conventional consumption-driven Indian economy is making a structural shift to an infrastructure-powered economy across the coming decade. This shift will create unprecedented opportunities for construction-driven companies like ours.



We at PSP, are **committed** in building a process-driven enterprise to address the growing opportunities. We are building larger structures around international benchmarks such as design, speed and quality. Our company is investing in larger projects, advanced technologies, and a robust balance sheet with the objective to build for the company, customer and our country.

By retaining the soul of a small and passionate company within the body of a large and growing organisation, the company is attractively placed to sustain its growth momentum and enhance value for all its stakeholders. Even though PSP has been in the business for more than 15 years (in direct or indirect form through promoter experience), we feel that our time is only now beginning.

Before I conclude, I would like to thank our board members and all the stakeholders who have given us consistent support. We are grateful for your continuing trust and support. Just as we welcome the support of our many new shareholders. We look forward to repaying the faith you have placed in us.

I would like to place on record my great sense of appreciation to the employees for continued perseverance and commitment that they demonstrate, and the hard work that they put in every day with a sense of purpose and pride.

Finally, on behalf of the entire Board, I thank all our Clients, Architects & Consultants, Material & Labour Suppliers of the company who have been part of our journey. I take this opportunity to thank each one of you for your continuous support. Finally, our journey is incomplete without our people, and I express my deep gratitude to them for having worked towards accomplishing our vision.

Together with all your support, I am confident that your company can reach greater heights and create more value in the years to come.

I thank all the shareholders who have spared their time to attend the AGM.

With this, the 15th Annual General Meeting comes to an end and I hereby declare the proceedings as closed.

Stay safe. Thank you.
