

No: PSPPROJECT/SE/52/22-23
Corporate Relations Department
BSE Limited
Floor 25, P.J. Towers,
Dalal Street, Mumbai- 400 001
Scrip code: 540544

September 27, 2022

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 14th Annual General Meeting of the company.

Please find enclosed herewith the Chairman's speech, delivered at the 14th Annual General Meeting of the company held today i.e. September 27, 2022 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 14th ANNUAL GENERAL MEETING

Good Morning and a very warm welcome to all the fellow shareholders and invitees to the 14th Annual General Meeting of PSP Projects Limited.

“Building for India”, had been our motto for the financial year 2021-22. 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 lifecycle 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. 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.

With immense pride, I would like to inform you that your company is amongst India's fastest-growing construction companies, with a proven execution track record, on-timely delivery with utmost importance to high quality and growing order book. Leveraging our rich experience in the construction industry, we have emerged as a one-stop shop providing end-to-end and holistic services in the construction domain. As I reflect on the period since the last AGM, below are the key highlights at PSP Projects Limited:

We are very happy to announce that PSP Projects has recorded 'Highest ever Order Book' till date of Rs 4,324 crore, offering a strong revenue visibility of 2.47 times the revenue.

Over a period of 14 years of operations in construction, we have completed and delivered a total of 183 projects as on March 31, 2022. We closed the financial year with an outstanding order book of Rs. 4,324 crore, growth of 5% over FY21.

During the financial year 2021-22, we completed 17 projects in total, some of the major projects are:

- Phase I of Noodle Factory project in Gujarat
- Sports Complex for Ahmedabad University
- Construction of 2nd Dairy Project in Karnataka
- Hospital Project in Udaipur, Rajasthan
- Interior fit-out of 300 rooms at Leela Hotel, Gandhinagar
- Zydus Hospital, Baroda
- Auda Library, Ahmedabad



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

During the financial year 2021-22, we received a standalone order inflow of Rs. 1,802 crore. The major projects awarded during the year under review are: -

- Sports complex in Ahmedabad worth Rs. 504 crore
- A repeat order from MRF group in Gujarat
- Affordable Housing project in UP worth Rs. 238 crore
- E&M Works for Gujarat Metro at Surat
- Steel plant worth Rs. 257 crore awarded at Hazira

As on 31st March 2022, the Government Residential and Government projects together comprised 68% of all the business verticals. During the year, the key Government Projects awarded are:

- New Sports complex of Rs.504 Crore
- Government Residential UP Rs.238 Crore
- E&M Works for Gujarat Metro at Surat

As on March 31, 2022, we have 43 on-going projects, of which 37% are based in Gujarat, 45% in UP and 17% in Maharashtra. We are happy to share that 63% of our projects are outside our home state which clearly justifies our strategy of being geographically diversified. Being headquartered in Ahmedabad, not only are we strategically located in the core market of Gujarat but have gradually expanded our presence to six different states of India, establishing a pan-India presence. We are present in six states viz. Gujarat, Rajasthan, UP, Karnataka, New Delhi and Maharashtra.

In our portfolio, EPC and Turnkey projects comprise 92% and Civil projects are at 8%. EPC projects include planning, design, construction, MEP and post-construction activities that has opened up horizons of growth for our company since the past few years.

Our Precast facility, which is our backward cum diversified integration, was commissioned in December 2021. The current annual production capacity of this plant is 1 million square feet & expandable upto 3 million square feet. This futuristic technology solution aims at achieving the desired quality within the timeline for volumetric projects. Precast is aimed at decreasing the turnaround time of our projects, dealing with logistical issues, labour dependencies and seasonal working restrictions and increasing quality and operating efficiencies. We will be able to manufacture Beams, Columns, Slabs, Load Bearing Walls, Partition Walls, Staircase, and Lift Cores, among others using this facility and other infrastructure elements such as compound wall, Udrain, manhole etc. Precast order inflow during the year was at Rs. 59 crore from Infrastructure, Residential and Industrial projects out of which Rs.44 crore is the outstanding order book.

All this work has been made possible only through the continuous support and commitment of all our 1300+ employees and 18,000+ labourers that we engage with. It's their hard work that helps us achieve our motto of 'Build to Last' where we aim to build high quality and innovative infrastructures for our customers and provide outstanding performance in terms of excellent projects' execution and faster delivery.



Our largest project in terms of order book, Surat Diamond Bourse, has been handed over and we have booked total revenue of Rs. 1,856 crore so far. We take pride in saying that PSP delivered the challenging Surat Diamond Bourse within 47 months against a general expectation that this would have taken longer. Completion of this turnkey project has strengthened our technical qualification, enabling us to bid for projects worth over Rs. 2,000-2,500 crore going forward.

Shri Kashi Vishwanath Dham corridor is one-of-its-kind marquee project developed in Varanasi, valued at Rs. 339 Crores. The scope of work of the project involves beautification of the Corridor from Kashi Vishvanath Temple to Ganga River Ghat, 30 Buildings for various purposes along the corridors and re-development of the ancient temple. We are again proud to mention that the company has once again presented its ability showing one of our best performance in most challenging area and yet meeting the original deadline of project despite being hit by the first and second wave of COVID-19 pandemic. we delivered the project with a minor overrun of 20 months against the initially estimated 18 months. Shri Kashi Vishwanath Dham was inaugurated by our honourable prime minister Shri Narendra Modi ji in December 2021. The project enabled the Company to establish itself in the state of Uttar Pradesh.

Both these projects were delivered during the pandemic, marked by disrupted labour mobilisation, work-from-home and social distancing.

One of the largest on-going orders of PSP Projects is the construction of 7 medical colleges and hospitals at different locations in UP. The aggregate project value is at Rs. 1,491 crore. Total revenue booked from these UP projects is Rs.149 crores as on March 31, 2022.

Speaking on our two government residential projects under PMAY at Bhiwandi and Pandharpur, we wish to update that the work on the project at Pandharpur has been stopped presently due to non-payment of dues from the client.

For Bhiwandi Project, we are hopeful of resolving the matter by mutual settlement. Besides, the matter is in the court of Appeal, wherein we are pleading with the court of Appeal to appoint an Arbitrator to settle the disputes between the parties. We have already expensed-off an amount of Rs. 9.34 crore.

With a proven track record of quality of work, delivery of speed, technology and best industry practices, we have been successful in having a decent reputation in the mid-sized EPC construction segment. Our market-leading status is validated by continual and repeat orders secured from marquee clients such as Zydus Cadila Group, Torrent Group and such others.

The Company aligned its CSR programmes to promotion of Education and Healthcare by contributing an amount of Rs. 304.32 crore towards society.

FINANCIAL PERFORMANCE:

Now, let me take you through the Company's standalone financial performance for the year under review:

- Revenue from Operations for the year was Rs.1749 crore higher by 41%.
- EBITDA for the year was Rs 257 crore higher by 90%
- Net Profit for the year was Rs.161 crore higher by 99%
- EBIDTA Margin for the year was at 14.67% vs 10.86% in FY21
- PAT Margin at 9.1% vs 6.4% in FY21



FY22 has been the best performing year in terms of Revenue growth and profitability. The CAPEX addition for the year under review was Rs.124 crore out of which Rs.110 crore capex was towards precast facility.

Shaping the Future:

The Indian economy appears to have got back to normal again beginning 2022-23 after unfortunate effects of Covid-19. We believe the union budget was very supportive of the long-term growth of the infrastructure sector in India through its focus on urban infrastructure and the digital economy. The Budget has focused on high impact areas and accelerating the capital expenditure cycle by providing for a sharp increase in capex outlay by 35.4% which is likely to strongly augment infrastructure spend.

Riding the ebb and the flow of economic cycles, we are taking confident strides towards a brighter tomorrow and strengthening the legacy of trust associated with the PSP brand.

With highly automated precast concrete factories changing the face of the construction industry, we are unfolding our digital potential to drive future growth by setting up a state-of-the-art manufacturing plant of precast concrete building. Our key objective is to eliminate labour-intensive traditional building methods by way of maximum use of precast, the cutting-edge technology. We believe that offsite modular construction technology is the future to achieve seamless quality, speed in delivery and larger volumes in a controlled environment.

While Gujarat remains our core market, and we are well-positioned to tap new construction opportunities in and around GIFT City Gandhinagar, Dream City, Surat, Dholera and noteworthy Gujarat Industrial Development Corporation (GIDC) projects at Sanand, Dahej, Becharaji etc., we have also established ourselves in other zones of India by executing several quality projects in Maharashtra, Rajasthan, Delhi, Uttar Pradesh, and Karnataka.

Our diversified portfolio includes affordable housing, aside from Smart City and institutional, residential & commercial construction along with industrial and marquee government projects. We are both consolidating and expanding our presence, with the strategic target of making PSP a pan-India name as a prominent EPC company. Additionally, the more we diversify and spread our geographical footprint, the more we de-risk the business.

We possess an attractive revenue visibility of about 24 to 30 months from the existing order book of Rs. 4,324 crore as on 31st March 2022, while without taking into consideration the Government residential project under PMA at Bhiwandi, Maharashtra, the moving order book stood at Rs. 3,596 crore. We have arrived at stable margins and possess a strong bidding pipeline of about Rs. 4,500 crore. These projects in pipeline should strengthen our order book a step ahead on a regular interval.

Your Company is privileged to have repeat clientele for many years now, we are expecting the same support from them, which will continue to contribute about 20-30% of the total number of projects we receive yearly.

We are continuously expanding our technical capabilities & moving towards project execution on Turnkey or EPC basis from just a civil contract. This model of Turnkey Contract helps us to deliver the project faster & increase revenue from the particular project by about 35-40%.



Having completed Projects with Quality and Time in a diverse project mix, plus recording continuous growth in the balance sheet, the company has grown its Pre-Qualification criteria extensively. We are now capable to qualify for the projects ranging from Rs. 2,000–2,500 crore upon the completion of Surat Diamond Bourse Project.

The principal reason for the Company's outperformance has been organisational maturing. A few years ago, the Company recognised the need to graduate from a mere construction replicator of designs provided by its clients. PSP could have remained an efficient replicator; the Company conclude from its construction experience that in many cases the built outcomes could have been better, had the design been improved. This observation extended the Company one critical step backward to design in its value chain.

The other reason for the Company performing better than its retrospective or sectorial performance was its graduation towards turnkey/EPC contracts.

The Government is aggressive towards the construction and infrastructure industry & it is expected to grow even stronger over the next decade.

we have been witnessing a large number of Domestic as well as Foreign Private Investments in Commercial, Industrial & Institutional sectors which generates some large opportunities to company like ours to build their Commercial & Residential Buildings, Factories, Warehousing & Logistic Parks, Data Centres, Institutional Buildings etc.

Several initiatives launched by the government to promote urban infrastructure in the country are as below:

- The Smart Cities Mission, a major urban renewal program launched by the Government, that aims to develop and upgrade living conditions and infrastructure in selected 100 cities all over the country. We have already worked on 7 projects in first smart City – GIFT City at Gandhinagar & one major project in DREAM City at Surat. We believe that we will surely encash this first mover advantage of working inside smart cities. The commissioning of 100 Smart Cities is likely to create the foundation of a modern India.
- The expansion of the IIM and IIT institutions is expected to lead India into the future.
- Promotion for Affordable housing projects through govt. policies like Pradhanmantri Awas Yojna (PMAY), Housing for all and such others.
- Industrial & Infrastructure growth through Upcoming GIDCs, Metro Train/Bullet Train Projects, Medical College & Hospital, Airports Projects etc. are few more initiatives which are generating huge opportunities for Construction Sector.

We believe that such an infrastructural thrust by the government presents immense opportunities for companies like us.

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.



PSP Projects Limited

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 Supplier of PSP Projects who have been part of our journey. I take this opportunity to thank each one of you for their 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 14th Annual General Meeting comes to an end and I hereby declare the proceedings as closed.

Stay safe. Thank you.
