



**NILA
INFRASTRUCTURES
LIMITED**

Nila/Cs/2021/93
Date: 25 August 2021

To,
The Department of Corporate Services
BSE Limited
Phirozee Jeejeebhoy Towers
Dalal Street,
Mumbai - 400 001

To,
The Listing Department
National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra-Kurla Complex, Bandra (E),
Mumbai - 400 051

Scrip Code: 530377

Scrip Symbol: NILAINFRA


Dear Sir,

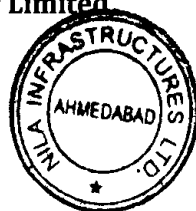
Subject: Transcript of Conference Call held on 17 August 2021

A conference call was arranged on 17 August 2021 to provide the information about the financials and operational performance of the Company for the first quarter ended on 30 June 2021.

In this connection transcript of the call is enclosed herewith for the information of exchanges and dissemination. The same is also available at the website of the Company at www.nilainfra.com which may please be noted.

Thanking you,
Yours faithfully,
For, Nila Infrastructures Limited


Dipen Y Parikh
Company Secretary



Encl: a/a

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Nila Infrastructures Limited

Earnings Conference Call

August 17, 2021



Moderator: Good morning, Ladies and gentlemen. Welcome to the Q1 FY22 Conference Call of Nila Infrastructures Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*" then "0" on your telephone phone. I now hand the conference over to Mr. Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Sir.

Anuj Sonpal: Thank you. Good morning everyone and a very warm welcome to everyone. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Nila Infrastructures Limited. On behalf of the company, I would like to thank you all for participating in the company's earnings conference call for the first quarter of financial year 2022.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today's earnings conference call maybe forward looking in nature. Such forward looking statements are subject to risk and uncertainties which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to management. Audience are cautioned not to place any undue reliance on these forward-looking statements in making any investment decision.

The purpose of today's Earnings Conference Call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. Let me introduce you to the management participating with us in today's earnings conference call and give it over to them for opening remarks. We have with us Mr. Deep Vadodaria – Chief Operating Officer, Mr. Prashant Sarkhedi – Chief Financial Officer and Mr. Himanshu Bavishi – Group President. Now without any further delay I request Mr. Deep Vadodaria to give his opening remarks. Thank you and over to you, Sir.

Deep Vadodaria: Good morning friends. I welcome you all to the earnings call for the first quarter ended on June 30th, 2021. The global economy has since been recovering due to series of stimulus packages driven by corporate policy and progressive vaccination leading to improvement and sentiments. Meanwhile, Indian markets were impacted during the Quarter 1 FY22 due to the second wave of COVID pandemic. Once again we have ceased our operations during the



quarter two months of Quarter 1 FY22 wherein the availability of labor and raw material were constrained. However, our financial performance for Q1 FY22 is exceptionally strong as compared to Q1 FY21 mainly due to lower-base effect. The EBITDA margin is almost back to normalcy while the impact of rising spreads are expected to positively benefit in the coming quarters if there are no further waves or aftershocks stemming from COVID-19 pandemic.

The positive and encouraging result coupled with healthy order book and execution visibility indicates reasonable potential for FY22. It gives us sufficient confidence to restore normalcy and resume the growth by timely execution of the project especially the PPP project will drive the product makes enrichment and expansion of margin, strengthening our financials. We have since gained proprietary technical knowhow by satisfactory completing four Slum Rehabilitation and Redevelopment projects at Ahmedabad improving lives of more than 1,700 families. The Company is keeping an active watch on the latest happening and has been recalibrating its execution strategies by building greater differentiation, escalating sustainable growth and increasing the shareholder value.

Now coming to our order book: At June 30, 2021 the Company has confirmed and practically executable order book of Rs. 5,411 million. In line with good corporate governance ethical in fairness and transparency it is prudently reduce to realign to depict the factual revenue potential, a book to build ratio is not comparable at this point in time. The Company's order book is quite balanced with a focus on its core competence of affordable housing with 88% of order which is Rs. 4,762.8 million while for de-risking 12% is from urban infrastructure project for example bus-ports. High margin PPP project is a major tributary with 69% of the orders that is Rs. 3,706.3 million.

Geographically, the state of Gujarat accounts for 81% of the orders which is Rs. 4,361.9 million and principlewise government entities accounts for 88% of the orders. The major government client comprise of Ahmadabad Municipal Corporation and Government of Rajasthan. Overall, the company is executing construction of 7,184 units of affordable housing. With this, I now invite Mr. Prashant Sarkhedi our CFO to discuss the key financial and operational highlights for the quarter under review.

Prashant Sarkhedi:

Thank you Mr. Vadodaria and good morning friends. I quickly take you through the highlights for the Quarter 1 ended on 30th June 21. In terms of the quarterly standalone performance during the Quarter 1 FY22 the total revenue of the company was Rs. 231 million that is higher by Rs. 140.5 million to Quarter 1 FY21's Rs. 90.5 million while it was Rs. 384 million during the Quarter 4 FY21. Profitability at EBITDA level has also been reinstated to the large extent to Rs. 21.4 million higher by Rs. 52.1 million to Quarter 1 FY21's to Rs. 30.7 million loss. The company reported the profitability of Rs. 2.4 million higher by Rs. 38.9 million to Quarter 1 FY21 Rs. 36.5 million loss.



The profitability at EBITDA level increased mainly due to the lower-base in the Quarter 1 FY21. The project and operation cost and the other cost increased with a few project being in the preliminary stage. The depreciation and amortization expenses increased due to the addition and depreciation towards the fresh CAPEX. Company successfully renegotiated the rate of interest with the lenders for the existing as well as the fresh debt and has marginally lowered the average rate of the interest while higher utilization of fund based limits has accordingly increased the finance cost.

The overall increment in the income improved the profitability. None of the bank guarantees submitted by the company has ever been involved by any of the principle/client. The company is enjoying the investment grade credit rating of BBB+ Stable and A2.

At June 30th 21 the standalone networth of the company was Rs. 1,441.7 million and standalone gross debt Rs. 1,425 million while the cash and bank balance at standalone basis was Rs. 61.5 million. The net debt to networth computes 0.95x. In terms of the quarterly consolidated performance during the Quarter 1 FY22 the total consolidated revenue was Rs. 169.2 million higher by Rs. 81.4 million to Quarter 1 FY21's Rs. 87.8 million while it was Rs. 386.4 million during the Quarter 4 FY21. Profitability at EBITDA level has also been reinstated to the large extent to Rs. 19 million that is higher by Rs. 49.8 million to Quarter 1 FY21's Rs. 30.8 million loss.

The profit reported was Rs. 6 million loss that is higher by Rs. 34.4 million to Quarter 1 FY21's Rs. 40.4 million loss. I now open the floor for a question and answer that may require the further clarification. Thank you.

Moderator: Thank you. Ladies and gentlemen, we will now begin with the question-and-answer session. The first question is from the line of Sanjyot an Individual Investor. Please go ahead.

Sanjyot: I see that we have gotten out of many projects, can you elaborate in which projects we gave up and why also like if you could expect anymore projects to be given up in the coming quarters?

Deep Vadodaria: So we give up on two projects one is the Dholera SIR project which we gave up on because there was change of design and they wanted to reevaluate the bid so that was holding by the client, the same goes in for the Fire Station where there was change of design and government has pulled back the bid, it actually works out well for us because these are EPC contracts and these were bided long back and with the price movement that we have seen in the raw material we were probably going to get a big beating on the orders if we have to actually execute there so it was somewhere a blessing for us to dissociate from these orders and this dissociation actually came in from the government because of some reasons. One



being the design change on the Dholera SIR and the other one being their internal matter in terms of the fire station construction where they also I believe wanted to change the design or maybe reevaluate the bid itself.

Sanjyot: Moving along there is also an increase in our finance cost and other income on a quarter-on-quarter basis, can you please explain why was this and especially since the sales was down on a QoQ basis so why did that increase?

Deep Vadodaria: So as far as finance cost are concerned we have a lot of projects which have been in the pipeline where twice the pipeline has been stopped because of COVID wave so as you understand on the PPP projects and especially the rehabilitation projects there is a lot of ground work that happens before we can actually start construction on the site and which could take some of our capital so since there are a lot of projects which are in pipeline some of the capital is obviously gone there where the construction is not really started that is why for higher utilization of the values we have had the finance cost rising a little. On the other income Mr. Prashant Sarkhedi.

Prashant Sarkhedi: Our fixed cost remains same due to the first quarter two months of the quarter was not giving any of the top line to us, so the fixed expense remain same and revenue was not there so that is why. The cost is comparative in upcoming quarter it would remain same as per the previous months.

Sanjyot: You know there was a mention of ground level work, so could you talk a bit more about that because have the operations normalize and are they any labor issues currently?

Deep Vadodaria: Currently there are no labor issues the labor is back to normal we would say and fingers crossed it is going to remain that way obviously the uncertainty logs around the entire country in terms of is there seem to be any wave or is there going to be any spike in terms of wave 3, but currently we cannot complain in the current state the availability will be built pretty much in place and it is back to normal and as far as work on the ground yes the work on the ground has also begun actually because of the COVID wave we were not allowed to move these people out from their existing terms where we can take suggestions. Now on two or three of the projects they are at an advantage stage of moving these people out and people would be able to put them out and those projects will start delivering on the revenues in terms of revenue realization in our book. On ground definitely the situation has improved quite a lot from what we had.

Moderator: Thank you. The next question is from the line of Tanvi Ketkar an Individual Investor. Please go ahead.



Tanvi Ketkar: Can you talk a bit more about your current order book mix like where are there any new orders in this quarter or do you plan to diversify this from the coming years and also could you talk about your expectations and rather order book will be by the end of the year?

Deep Vadodaria: Yes on the order book mix actually to be honest as clarity of most of our clients was held due to the COVID wave 2. I do not think there are any orders, but there has been a significant increase in one of the orders that we have which obviously was notified to the exchanges and one of the AMC order for slum rehabilitation at Sabarmati the premium payment to AMC towards balance land is now reduced to zero while the total residential units have increase of 1475 and an unexecuted confirmed order book shall increase accordingly. Hence this revision makes the company eligible to revise TDR of about Rs. 1,498 million this has been intimated to the stock exchanges of course. As far as the product mix is concerned to be honest before the pandemic came in we just started making the shift in terms of the order book where we are moving our order book more towards orders which could bring up profitability. The pandemic actually has vindicated our stands because everyone in the sector including us have taken some bit of a beating in terms of profitability on EPC contracts in terms of obviously an exponential rise in key raw materials plus cost overruns because of COVID pandemic because some of the cost are fixed cost even if the labor is not there. So we are working on the slim profitability margins all of these hurt you really bad which I believe is a scenario across the sector. So, going forward obviously yes we have been focusing on diverting our order book more towards the PPP there we are very happy with the mix right now that we have been able to achieve 88% of the orders are now in the unexecuted order are from the business which are going to be higher profitability businesses and going forward in terms of the order book position we are very comfortable at this point of time we see the kind of order book that we have as far as the guidance for the year we have restrained ourselves from giving any guidance in terms of earnings or order book, but this range of order book is we are pretty comfortable with that we have been actively hunting for the opportunities that we have been targeting and we will continue to bid.

Tanvi Ketkar: Also could you just give some rough guidance for the end of the year in terms of top line growth and also do you expect to close the year with a profits since Q1 was also lost?

Deep Vadodaria: Again repeating what I said we have been refraining from giving any guidance, but I can tell you by and large that yes we will start back build back from last year, last year obviously was disturbed because two of the quarters have gone down. The way it looks now FY22 is going to be much better than that on revenue as well as some bit of the profitability. Yes I can tell you that the way it looks like right now FY22 is going to close with profitability and with the product mix that we have the profitability also looks in good shape. While we can look at FY23 to get this into full rhythm that we got over the pandemic.



- Moderator:** Thank you. The next question is from the line of Rita Agarwal an Investor. Please go ahead.
- Rita Agarwal:** Can you please give some update on a logistics parks and also any sales are happening there and what is the outlook for this business in future and our plans?
- Deep Vadodaria:** Yes there has been some uptake of in terms of inquiries we have actually opened up that really of course dried up in the last quarter because of wave 2 and because of the shutdown once again of the case of vehicles not being sold. So this will really ramp our production unfortunately for them the pent up demand is pretty much there, but they have been stuck with somewhat a wrong strategy where the models that have pent up demand where the productions trailing and that is why they have large waiting period for the model where the demand is pretty much there. So on the outcome definitely looks very positive just to give you an update till now on one of the other big land parcels we were not able to monetize that land because it was inside government SIR and because of the various incidence that are pertaining to the government there was no real activity which was happening from the government and on the SIR, but I am happy to announce the people on the SIR TP1 which is the town planning scheme 1 on the SIR they have started opening up the roads which makes most of our lands accessible over the period of next few months and that obviously gives us the opportunity to unlock the value that we were looking forward for all of these years. So, the potential definitely is there Maruti is working in full swing and the production has really scaled up even the third unit has started and there long term plans still pretty much stays in place and the future definitely looks good however it may be noted that there has been a lot of pullbacks in the last one and half years for various competitors that are there in this space in terms of logistic leasing. We are happy to announce that we have been able to protect and keep all of our tenants in place in this challenging period we worked with them and they have also reported us in the entire space and all of our existing tenants none of them have gone away in the last quarter.
- Moderator:** Thank you. As there are no further questions I now hand the conference over to Mr. Deep Vadodaria from Nila Infrastructures Limited for his closing comments.
- Deep Vadodaria:** Thank you friends for joining us today. Going forward we will continue on the growth path, we will look forward to having with us on the next quarters call. In the meanwhile our team and our IR team will be more than happy to assist you. Thank you again. Have a good day.
- Moderator:** Thank you. Ladies and gentlemen on behalf of Nila Infrastructures Limited that concludes this conference call. We thank you for joining us and you may now disconnect your lines. Thank you.