

**NILA
INFRASTRUCTURES
LIMITED**

Nila/Cs/2016/757
Date: August 30, 2016

To,
The General Manager
Department of Corporate Services
Bombay Stock Exchange Limited
Phirozee Jeejeebhoy Toweres,
Dalal Street, Fort, Mumbai - 400001

To,
The Manager
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra Kurla Compelx,
Mumbai - 400051

Scrip Code: 530377

Scrip Symbol: NILAINFRA


Dear Sir,

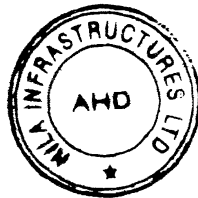
Sub: Transcript of Conference Call held on August 16, 2016

It is submitted that Nila Infrastructures Ltd. had held a Conference Call on August 16, 2016 to provide the information about the financial performance and business of the Company for the quarter ended on June 30, 2016.

In this regard we are hereby, in terms of the Code of Practices for Fair Disclosure of Unpublished Price Sensitive Information read with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, submitting transcript of the said conference call for the information of the exchange and doing needful. .

Thanking you,
Yours faithfully
For, Nila Infrastructures Ltd.


Dipen Y. Parikh
Company Secretary



Encl: a/a

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CIN : L45201GJ1990PLC013417



**“Nila Infrastructures Limited Q1 FY2017
Earnings Conference Call”**

August 16, 2016



**MANAGEMENT: MR. DEEP VADODARIA – CHIEF OPERATING
OFFICER
MR. PRASHANT SARKHEDI – CHIEF FINANCE
OFFICER
MR. HIMANSHU BAVISHI – SENIOR VP (FINANCE)**

MR. DIPEN PARIKH – COMPANY SECRETARY



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Moderator: Good morning ladies and gentlemen, welcome to the Q1 FY17 Earnings Conference Call of Nila Infrastructures Limited. This conference call may contain forward-looking statements about the company which are based on beliefs, opinions and expectations of the company as on the date of this call. These statements are not the guarantee of future performance and involve risk and uncertainties that are difficult to predict. 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 the operator by pressing '*' then '0' on your touchtone phone. Please note that this conference is being recorded. I would now like to hand the conference over to Mr. Deep Vadodaria – COO, thank you and over to you, Sir.

Deep Vadodaria:

Good morning friends. Welcome you all for discussion of Q1 FY 2017 Earnings Conference Call. Along with me I have Mr. Prashant Sarkhedi – CFO, Mr. Himanshu Bavishi – Senior VP (Finance) and Strategic Growth Advisors, our Investor Relations Advisors.

Just to give you a brief background on our company, we are well established player in developing civic urban infrastructure projects on EPC, turnkey, PPP mode and as well as private white label construction and industrial infrastructure projects. In the past we have also undertaken our own real estate projects. As we are based out of Ahmedabad, our major operations are spread in Gujarat. For the last couple of years we have expanded our footprint into Rajasthan. We are also registered as approved Contractor in Special Category-I Buildings Class with Government of Gujarat, Roads and Building Department which opens up immense opportunities to bid for projects from various government entities who stipulate Special Category-1 Building Class Certification as qualification criteria.

As a strategy, we have expanded our presence in Rajasthan with 6 projects in affordable housing segment. We have started with an affordable housing project in Rajasthan, in Jodhpur awarded by Rajasthan Avas Vikas and Infrastructure Limited (RAVIL) worth Rs. 509.4 million through PPP mode. During the Resurgent Rajasthan Partnership Summit in 2015 we had signed an MoU of Rs. 400 crore with Government of Rajasthan for development of civic urban infrastructure. The MoU is for various civic urban infrastructure projects including affordable housing. Apart from EPC of affordable housing, last year we ventured into the slum rehabilitation and redevelopment project on PPP basis. We were awarded our first project by Ahmedabad Municipal Corporation for a total development cost of Rs. 47 crore. The remuneration is in form of TDR and balance vacant land. We are working out an option to monetize such TDRs and proceeds will be used to fund the execution of this project. Such projects offer better profit margins. Recently on the similar lines we have been awarded our second PPP order from AMC for Slum Rehabilitation and redevelopment in Ahmedabad with a total key development cost of Rs. 6.80 crore. We have received this order after June 30th, 2016.



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Now coming to our order book, our confirmed unexecuted order book as of June 30th 2016 is Rs. 2,288 million with 94% constitutes from affordable housing and the balance 6% is from civic urban infrastructure segment. Of affordable housing projects, 27% of it is EPC, 51% is a combination of EPC and PPP and the balance 22% is on PPP basis relating to slum rehabilitation and redevelopment project.

Hence, at present we are constructing more than 7,300 units of affordable housing that are for EWS, LIG and MIG categories as well as slum redevelopment. Including other civic urban infrastructure projects, at present we are constructing more than 3.4 million square feet.

Now I would like to share updates on our first slum rehabilitation and redevelopment project. For social interactions and coordination with the slum dwellers we have appointed Mahila Housing SEWA Trust (MHT), an NGO promoted by SEWA, the Self Employed Women's Association. We already have the project land in our possession and the on-site operation has already commenced. The billing shall commence in the Q2 of FY 2017.

Update on projects received under MoU with Government of Rajasthan, We have received five contracts aggregating to Rs. 669 million from two Urban Improvement Trusts of Rajasthan that is Bhilwara and Udaipur. The total construction involves 2,044 affordable housing units on turnkey basis on government land with overall construction of approximately 8 lakh square feet under the Chief Minister's Jan Awas Yojana - 2015. The project will be constructed on 75% of the land area and the remaining 25% will be allotted to the Company free of cost.

With this I would now request Mr. Prashant Sarkhedi, our CFO to present results for the first quarter of FY2017.

Prashant Sarkhedi:

Good morning. Thank you all for joining us today on our Quarter 1 2017 Earnings Call. I believe you have had an opportunity to see our results and the presentation that we have circulated and uploaded on our website, apart from the respective websites of the BSE and NSE.

Our Q1 FY2017 result represents a tremendous start to the year with the growth of revenue as well as substantial profit. I will now present the standalone results for the quarter ended June 30th, 2016. Revenue increased by 45% with Rs. 467.6 million from Rs. 322.5 million in Quarter 1 FY2016. On the profitability front the EBITDA for the Quarter 1 FY2017 grew by 48% from Rs. 47.1 million in Quarter 1 FY2016 to Rs. 69.9 million with an EBITDA margin of 15%. The Profit After Tax is Rs. 40.1 million for the Quarter 1 FY2017, a growth of 33% compared to Rs. 30.2 million in Quarter 1 FY2016. At June 30th 2016 the standalone net worth is Rs. 1,824.5 million whereas the standalone gross debt is Rs. 1,541.4 million, while cash and bank balance on a stand-alone basis is Rs. 43.3 million and net debt equity is at a comfortable level of 0.82 at June 30th 2016. During the quarter the promoter and promoter group have converted



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22.5 million warrants into equity shares issued during FY 2016. The money will be used to fund the business expansion.

With this we now open the floor for question and answers.

Moderator: Thank you. Ladies and gentlemen, we will now begin the question and answer session. We will take the first question from the line of Vishnu Reddy from Nila Infrastructures. Please go ahead.

Vishnu Reddy: I am just a recent investor into the company. I would like to know how is your TDR model different from HDIL? Can you give an idea on that?

Prashant Sarkhedhi: Our TDR is different from the HDIL. In Mumbai itself, any of the TDR would be on the private projects and they are not being notified by the government itself. Here, in Gujarat the slum project is being actually notified by the government when the 75% or more consent from the slum dwellers is received from the slum dwellers. Then and then only we can put up the projects. So first difference is the slum is identified and notified by the government. Second, when the project is started and the plan is passed, the TDR is notified to the developer. So when execution starts, we can utilize this TDR to pass-on to the other party. Prior to that permission, we can't trade it in the market for any purpose. So it is very much clear and notified TDR, so speculation on the front of the TDR is not possible by any of the developer. Here is the difference between HDIL and us.

Vishnu Reddy: One more question regarding unutilized land which you get at the end of the projects. So how do you see this land? Do you see it as part of your balance sheet asset or as part of the inventory, try to turn over the unutilized land into a project?

Prashant Sarkhedhi: We have all the land specifically for the industrial projects, majority of our land is for industrial projects, few are in the stages where the development has already been started in the nearby areas and some of the land will take time to be developed. So we are looking for the opportunities whenever it comes and we will put up our projects on the land. Right now we have a land at Bavla which is adjoining to the Ahmedabad territory and nearby developed industrial area. So for few of the land we are putting up the projects in the next few phases and few we will make for....

Deep Vadodaria: Vishnu, is your question pertaining to the balance land that we are receiving in view of these construction contracts?

Vishnu Reddy: Yes, especially in prime locations like Shahibaug?



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- Deep Vadodaria:** See what happens is, both the options are open to us. Either we can utilize the land by putting up a project after seeing the feasibility of it or we can monetize the land. We must understand that this land comes with special incentives because it falls under the affordable housing category, so we get special FAR for that parcel of land. So we will leave it on time and once we receive the land on our books which really will be after the completion of the project, we will look at the best interest of the company - either to monetize it or to use it for development of a project.
- Vishnu Reddy:** I guess you would need some time to decide on how you want to use it but my main question is how many years will you wait, like say beyond two years?
- Management:** At least we get time till the construction period is over and the land is in our possession that is the amount of time we will have to anyway wait. So to monetize it or to use it to develop a project is a call that we have to take at some juncture of the project and looking at the best interest of the company we will take that call to monetize it or to use it for captive consumption and develop a project.
- Vishnu Reddy:** One last question, I was going through the Ministry of Housing and Urban Poverty Alleviation portal, and I just saw that in the last CSMC meeting they have sanction for two orders in Hathijan and I guess Nikol-Kathwada, so have you bid for those two projects?
- Deep Vadodaria:** No, we have not bid for any of those two projects.
- Moderator:** We will take the next question from the line of Nisha Shah from NS Ltd. Please go ahead.
- Nisha Shah:** My question is on your financials. Looking at the current quarter's result what will be your full year guidance for revenue and profitability?
- Deep Vadodaria:** As a policy we do not come out with full year guidance but we would like to assure you that the company is working in the right direction in the right growth path and it will be safe to assume that we will keep on growing like we have in the previous three years and the growth will be sustainable both on the topline as well as bottom-line.
- Nisha Shah:** Any range if you can share?
- Deep Vadodaria:** It will be highly speculative.
- Nisha Shah:** In your revenue break up other segment has shown a very sharp growth. Can you give details of other vertical if you can elaborate more on that?
- Deep Vadodaria:** You are talking about the specific quarter which is in question?



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- Nisha Shah:** Yes.
- Deep Vadodaria:** So this quarter has an extraordinary income which is in the form of land trading which is not land trading in general but it was one of the land which was on our book, we have monetized that land that is why the percentage breakup is a little skewed compared to the subsequent quarters that you have seen.
- Nisha Shah:** Would you be able to maintain the current levels of EBITDA and PAT margin?
- Deep Vadodaria:** I believe there are two facts that I would like to share, right now all the revenues that we are booking are largely coming in from EPC category. Now as in the opening remarks you heard the breakup of the EPC and PPP order book from our end, the PPP revenues will start kicking in from the quarter which is going on, which is I believe more profitable compared to EPC, so we believe that the margins and EBITDA both at least would remain constant and would actually increase over a period of time.
- Nisha Shah:** On your debt what is your current cost of debt?
- Himanshu Bavishi:** It is about 13%.
- Nisha Shah:** Have you benefited in terms of low interest due to your debt consolidation program?
- Himanshu Bavishi:** That Company keeps on working continuously - so our efforts, whenever it fructifies, we will come to market and it in any case would show upon our books.
- Nisha Shah:** Last question on your equity share allotment, can you share more light on the recent allotment of shares to the promoters. What is the end use of the fund which has been raised?
- Himanshu Bavishi:** End use is as officially given - the wholesome Purpose that ranges for growth and expansion of the company's operations, general corporate purpose as well as debt reduction so that's the overall perspective and in FY2016 that is in January 2015 company had allotted 2.25 crore warrants to the promoters wherein company had immediately received 25% upfront and for the rest 75% the promoters had time up to July 2016, within the time that is on 30th of June, 2016 the company had received balance portion of the 75%. In monetary terms it is about Rs. 8.44 crore and on receipt of the funds the company has arranged to issue the equity shares, and the promoters warrants have now since been converted to equity shares.
- Moderator:** We will take the next question from the line of Viral Shah from SBI Cap Securities. Please go ahead.
- Viral Shah:** A clarity on your Order Book, what will be your Order Book as on 30th June?



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- Himanshu Bavishi:** Rs. 228 crore.
- Viral Shah:** Then there is the presentation uploaded on your website of August 16 which shows around Rs. 2288 crore.
- Deep Vadodaria:** I believe we will have to check that but I believe that we have put it, as Rs. 228 crore.
- Prashant Sarkhedi:** It might be in the media. It might be presented as Rs. 200 crore, I think so but I will check.
- Himanshu Bavishi:** Slide number 19, Order Book movement it mentions Rupees million. So we will have it updated. Thank you.
- Viral Shah:** Secondly, when you look at the order inflow for 1st Quarter 2017 that is Rs. 61.5 crores?
- Himanshu Bavishi:** Net is Rs. 61.5 crore.
- Viral Shah:** So to start execution on this project what is the timeline required can you give some clarity on that?
- Himanshu Bavishi:** It would start from this quarter Q2 FY2017. Billing may take another 3-4 months. So probably billing would start from Quarter 3 FY2017.
- Viral Shah:** What is the gestation or maybe construction period for these projects?
- Himanshu Bavishi:** Overall door to door of the fresh orders ranges from 3 years to 4 years. On an average, the weighted average, Order Book is about 26 months.
- Viral Shah:** When you look at Slide 19, there is some negative 5 crores of other.....?
- Himanshu Bavishi:** There is miscellaneous order cancellation. We got Rs. 67 crore fresh orders out of this Rs. 5 crore is reduced.
- Prashant Sarkhedi:** Some of the orders not executed to the full, so some of the Order Book is being continuously carried, so we have reduction of that Order Book which has already been completed and now not required to be executed for this, so Rs. 5 crore is the reduction in the Order Book.
- Viral Shah:** It is reduction or it is cancellation?
- Prashant Sarkhedi:** Not cancellation, not executed because sometimes there is a possibility that all the aspects of the order cannot be executed, so we have reduction on the Order Book. Already some project has been completed, handed over to the respective clients and the remaining part has not been executed, so this non-executed part is the cancellation.



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- Viral Shah:** Lastly at what price have promoters have converted the right issue ?
- Himanshu Bavishi:** Rs. 5, Rs. 1 Face Value, Rs. 4 Premium, this is as per SEBI's formula.
- Moderator:** The next question is from the line of Ekta Lalwani, an Individual Investor. Please go ahead.
- Ekta Lalwani:** Can you give me some update on the MoU that we have signed with the Kataria Group?
- Deep Vadodaria:** We have signed an MoU with the Kataria Group and we are in process of acquisition of land around the new industrial hub which is developing in Gujarat near Becharaji Mandal, which is where the new units of Suzuki Limited and Honda, 2-wheelers and 4-wheelers are coming up. So the process of acquisition is on and we will come out with a detailed plan on how the company plans to execute stuff on ground as soon as we have the acquisition process completed.
- Ekta Lalwani:** If you can throw some light on how much land has been aggregated so far and how much has been invested in it?
- Prashant Sarkhedi:** Right now a total of more than 75 acres have been taken-on on the books of the account which is approximately Rs. 15 crore of amount including the advance and other things. We are completing the process of approximately 200 and more acres right now and remaining process is in continuation.
- Ekta Lalwani:** By when do we see the land aggregation completed?
- Prashant Sarkhedi:** I think up to this financial year we can see this aggregation of the land. In the next upcoming year we will be able to put a project over it.
- Ekta Lalwani:** Can you also give us an update on the MoU that we were bidding for in Rajasthan, any more bidding that we have done in that geography?
- Deep Vadodaria:** Yes, we have.
- Ekta Lalwani:** Can you give us some details as in the size of the project or anything that you can share?
- Deep Vadodaria:** We have bided for orders more than Rs. 200 crore in this quarter and the tenders will open and probably we will have more clarity as time progresses. But we have right now bid for projects more than Rs. 200 crore in Rajasthan.
- Ekta Lalwani:** Other than the Rajasthan bidding any other projects that we have bided for?



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Deep Vadodaria: It's a continual process so we keep on bidding for the projects and at the end of the project we do come out with details of the project that we have bid on and what did we get, so it's a continual process. We keep on bidding for various orders in PPP segment as well in EPC segment so it's a continual process of the company, so yes, there are orders in Ahmedabad also that we have bid for in Gujarat also along with Rajasthan.

Moderator: We will take the next question from the line of Vishnu Reddy from Individual Investor. Please go ahead.

Vishnu Reddy: Just a follow up question regarding our competition. Again I just want that the last package which you won for Giridharnagar slum, one of the developers Siddhi Developers for two packages and again for the recent one which you got for Rs. 7 crores against Siddhi Developers quoted slightly higher can you put some light on that company?

Deep Vadodaria: On what company?

Vishnu Reddy: Siddhi Developers.

Deep Vadodaria: What exactly is your question I am unable to understand?

Vishnu Reddy: In competition like for example let's say Siddhi and in a place like Vadodara what kind of competition are you seeing?

Deep Vadodaria: We are seeing competition in the PPP segment on Slum Rehabilitation. I don't think it is fair to comment on any specific competitor in general but yes this space has got quite competitive in the recent past owing to government stands on these developments. Getting back to your original question about the demand for TDR, here the demand for TDR, and how we are different from HDIL is largely as Prashant Bhai already explained in the previous question. But the two key measures are, one is these are all government notified slums, and two there is a special demand for TDR in this region because the government has notified few of the development zone. The additional FAR if you wish to achieve, you have to buy the TDR compulsorily from the people who are developing slum and it cannot be bought from the government. So there is this special market for TDR which has emerged and that makes this space obviously more competitive because everyone looks at this space. So it will not be possible for us to comment on individual competition but, yes, the competition is definitely been good in the last couple of quarters and we are expecting this entire space to stay quite competitive going forward.

Vishnu Reddy: Right now you have bid for projects in Ahmedabad, Vadodara and Surat and Rajkot as well?

Deep Vadodaria: We have not bid for Surat.



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- Vishnu Reddy:** But do you plan to do with in future?
- Deep Vadodaria:** We keep on looking at opportunities in lot of areas, so yes; it is possible that we might bid for projects in other cities.
- Vishnu Reddy:** One last question is regarding your special services, have you bid for projects in GIFT or Dholera SIR, have you started looking at opportunities on that?
- Deep Vadodaria:** It will be speculative if I say that I am going to bid for x, y, z project. But we are looking at various aspects of development with the government and Dholera SIR. Yes, there are opportunities we have looked at but no real bid that we have participated in till now.
- Moderator:** We will take a follow-up question from the line of Ekta Lalwani, an Individual Investor. Please go ahead.
- Ekta Lalwani:** We had this luxury housing project called Atulyam, do we have any inventory of that?
- Deep Vadodaria:** Yes, we do have inventory on that.
- Ekta Lalwani:** Can you share how much?
- Himanshu Bavishi:** We are left with about 40 units.
- Ekta Lalwani:** That will be how much in value terms?
- Himanshu Bavishi:** The inventory book-value is Rs. 15.87 crore.
- Ekta Lalwani:** There is a lot of attention that is being given on the smart cities being built in the nation, do we see any of that benefit coming on to our company?
- Deep Vadodaria:** I believe all the infrastructure companies are bound to gain with the initiative of smart cities, I think the stepping stone for any smart city is a slum free city and when we talk about cities in Gujarat or any other places we all know that there are a lot of slums which persist right now and they have to go and there is a comprehensive development plan that the government is preparing and the various civic bodies in each city are working on to eliminate slums and that's where our opportunity lies and apart from that, the opportunity lies, of course, in giving housing to urban poor and the housing for all schemes of the Central government, that is going to push the whole reform of smart cities and overall infrastructure in general, so apart from the housing segments, yes, there will be opportunities which will come up in various cities that we are right now looking at and the smart city definitely opens up a lot of things and more opportunities are going to come along.



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Moderator: As there are no further questions, I would now like to hand the conference over Mr. Deep Vadodaria for his closing comments.

Deep Vadodaria: We would like to thank you again for joining us today. We are confident to continue the growth momentum in FY 2017 in line with Quarter 1 performance. Our goal is to grow the civic urban infrastructure projects order book by leveraging our execution capabilities to deliver within the stipulated time and cost, while maintaining sustainable profitability levels. We believe the swift execution will be the key and we are geared up to deliver. We look forward to talking to you again next quarter. In the meantime, my colleagues and I as well as Strategy Growth Advisors, our Investor Relations Advisors will be happy to take any other questions that you have offline. Thank you.

Moderator: Thank you members of the management team. Ladies and gentlemen, with that we conclude today's conference. Thank you for joining us and you may now disconnect your lines.