



**NILA  
INFRASTRUCTURES  
LIMITED**

Nila/Cs/2018/  
Date: August 28, 2018

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

To,  
The Manager  
Listing Department  
**National Stock Exchange of India Ltd.**  
Exchange Plaza, Bandra Kurla Complex,  
Mumbai - 400 051

**Scrip Code: 530377**

**Scrip Symbol: NILAINFRA**

Dear Sir,

**Sub: Transcript of Conference Call held on August 16, 2018**

It is submitted that Nila Infrastructures Ltd. had held a Conference Call on August 16, 2018 to provide the information about the financial and operational performance of the Company for the quarter ended on June 30, 2018.

In this regard we are hereby, in terms of the Code of Practices for Fair Disclosure of Unpublished Price Sensitive Information read with the provisions of SEBI (Prohibition of Insider Trading) Regulations, 2015, submitting transcript of the said conference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

**Registered Office:**  
1st floor, Sambhaav House  
Opp. Chief Justice's Bungalow  
Bodakdev, Ahmedabad 380015  
Tel.: +91 79 4003 6817 / 18, 2687 0258  
Fax: +91 79 3012 6371  
e-mail: info@nilainfra.com



**“Nila Infrastructures LTD Q1 FY-2019 Earnings  
Conference Call”**

**August 16, 2018**



**MANAGEMENT: MR. DEEP VADODARIA – COO  
MR. PRASHANT SARKHEDI – CFO  
MR. HIMANSHU BAVISHI – PRESIDENT (FINANCE)  
MR. DIPEN PARIKH – COMPANY SECRETARY**



*Nila Infrastructures Limited  
August 16, 2018*

**Moderator:** Ladies and gentlemen, good day and welcome to the Q1 FY19 Earnings Conference Call of Nila Infrastructures Ltd. As a reminder, all participants' 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 touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Sonpal, CEO of Valorem Advisors. Thank you and over to you sir.

**Anuj Sonpal:** Thanks Anshul. Good afternoon everyone and a warm welcome to you all. My name is Anuj Sonpal – CEO of Valorem Advisors. We represent the investor relations of Nila Infrastructures Ltd. On behalf of the company and Valorem Advisors, I would like to thank you all for participating in the Company's Earning Conference Call for Q1 FY2019.

Before we begin, as always, I would like to mention a short cautionary statement. Some of the statements made in today's earning con call may be forward looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's Earning Conference Call is to purely educate and bring awareness about the company's fundamental business and financial quarter under review.

Now, I would like to introduce you to the management participating in today's earning conference call with us, and we have with us Mr. Deep Vadodaria – COO of the company, Mr. Prashant Sarkhedi – CFO of the company, and Mr. Himanshu Bavishi – President finance.

Without much ado, I request Mr. Deep Vadodaria to give his opening remarks. Thank you and over to you sir.

**Deep Vadodaria:** Hi. Good afternoon friends. I welcome you all to Earnings Call for Q1 FY2019. Along with me, I have Mr. Prashant Sarkhedi – our CFO, Mr. Himanshu Bavishi – our Group President, and Mr. Dipen Parikh our Company Secretary.

Well, just before I start the opening remarks for the Q1, it just seems to strike me this is probably the first quarter after all the demerging formalities are over, and the company has been demerged from the exchanges as far as the valuations are concerned. It is a Lighter, Fitter, and Faster model that is what we have identified and that is what we are working towards, and that is where the growth path leads towards.



*Nila Infrastructures Limited  
August 16, 2018*

Now getting back to Q1FY2019:

Q1 FY2018 was governed by service tax, wherein such tax was exclusive and at times exempt, especially in affordable housing scheme under PradhanMantriAwasYojana; however, with the implementation of GST, the contracts are inclusive of such taxes, which confine the revenue during Q1 FY2019. We are confident to catch up with the continuing growth momentum by timely execution of projects, especially the PPP ones that tend to provide multifold benefits to the company.

Meanwhile, since the demerger of the real estate undertaking, the company has become a pure play infrastructure company, as we have specified initially we can attain that faster growth that we were looking forward to.

Now, coming to our order book, the total confirmed unexecuted order book as on 30<sup>th</sup> June 2018, stands at Rs. 5,324 million, of which 76% is towards affordable projects and 24% of the various civic urban infrastructure projects. The major government clientele comprised of Ahmedabad Municipal Corporation, Engineering Projects India Ltd, Government of Rajasthan, while Adani group is a major corporate client.

Overall, the company is executing construction of about 6.1 million square feet area including 8,800 units of affordable housing. 3.5 million square feet area so far, the company has already delivered, which is amounting to 3,290 units.

Let me just touch down the base upon the update on the demerger scheme. National Company Law Tribunal Bench at Ahmedabad has approved the scheme of arrangement vide the order dated May 9, 2018, whereby the real estate undertaking of the company is transferred and vested in Nila Spaces Ltd, NSL. Accordingly, the record date to decide entitlement of shares of NSL was June 15, 2018, with June 14, 2018 being the ex-date for share trading. Consequently, the equity shares of NSL are allotted on June 29, 2018, with shareholder's Demat account getting credited on July 26<sup>th</sup> 2018. We are in process of filing necessary documents including IMs with SEBI and stock exchanges for the listing of the equity shares of NSL on the BSE and the NSE.

I would now request Mr. Sarkhedi, our CFO to give brief highlights on the financial performance of the company.

**Prashant Sarkhedi:**

Good afternoon friends and thank you Mr. Vadodaria. I will quickly take you through our results for the quarter.

In terms of the quarterly performance on a standalone basis, standalone revenue of the company is Rs. 528 million, whereas it was Rs. 677.1 million in the corresponding quarter of previous year. On the profitability front, the EBITDA for the Q1 FY2019 is Rs. 72.3 million,



*Nila Infrastructures Limited  
August 16, 2018*

which was Rs. 113.8 million. The EBITDA margin is 14.37% in the Q1 FY2019. The profit after tax is Rs. 48.2 million that is 9.13%. The net worth of the company has increased to Rs. 1,126.1 million due to plough back of the profit.

The total debt of the company is Rs.1,091.9 million. The net debt to networth computes 0.95x. The company has honored all its financial commitments, and the account is standard with all the banks. None of the bank guarantee submitted by the company has ever been evoked by the principal or client. Thank you.

With that, I now open the floor for question and answers that may require further clarification, thank you.

**Moderator:** Thank you very much sir. Ladies and gentleman, we will now begin the question and answer session. The first question is from the line of P.N. Panda from BLB Limited. Please go ahead.

**P.N. Panda:** Thank you for giving me the opportunity. Sir, I have a couple of questions. In presentation, slide number 6, there was a point inclusive of service tax and now it is in the GST regime. So, I just want to understand is there any increase in the cost or is there any increase in the repricing of the contract?

**PrashantSarkhedhi:** No, Mr. Panda.

**PN Panda:** Slide number 6, point number 3, you have revealed the service tax was exclusive and now in the GST regime it is inclusive. So, I couldn't understand what is the difference between inclusive and exclusive and how it is going to impact the profitability and turnover?

**PrashantSarkhedhi:** Okay, Mr. Panda, the contract where the excise and the service tax, VAT, all were included previously. That is cost up to 12 to 13% to us, and additional 6% service tax was charged by us to the various government authorities. In the affordable housing, service tax was not applicable to this sector. That is why only VAT and excise duty, which are inclusive of this cost of our company, which is approximately 12%. With implementation of GST, the cost is now separately quoted by the various client or supplier, which we are charging it to the government separately. It only impacts our topline only because earlier this 12% was considered as a revenue, now it is considered as a part of balance sheet assets and liabilities. So, with that no impact on the profitability front, but yes our topline, it will be reduced by just 12%, which was inclusive of in earlier era. Now it is not applicable, but it is being charged separately.

**PN Panda:** Okay, understood. So, now the second question is Sir, there is a fall of revenue Q-on-Q YOY, so what sort of growth we can expect down the line, one or three years from the topline.

**Deep Vadodaria:** Hi Mr. Panda, this is Deep Vadodaria. Well, as a matter of fact, as a company, we don't give out guidance's, but if you look at this year and the year forward, yes, Q1 FY2019 is



notcomparable because we termed out a few areas where it has affected us like the inclusion of GST, which is only going to affect the topline and not the bottom-line. Going forward, obviously all of that will settle down. We are aware of this situation, and the execution is charging up based on that. A lot of execution has started, which will result into more comfort in quarter 2, which we did not have in quarter 1, and going forward if you look at it, the growth seems absolutely manageable. Anything close to 20% for the current year is something that we can comfortably look at.

**Moderator:** Thank you. The next question is from the line of VikramRaina, an individual investor. Please go ahead.

**VikramRaina:** Hello Sir. Thank you so much for giving me the opportunity. So I was going to ask with respect to the EBITDA margins, which have roughly fallen from about 17% to 14%, so what is the reason for this happening and by when do we expect the margins to be stabilized.

**Deep Vadodaria:** The margin should be stabilized from the coming quarter, and we can look at EBITDA to be anywhere in the range of 15-16% going forward. The fall or rather the marginal decline is because of not a lot of revenue getting booked in from PPP projects, which the execution have started now. So it will start impacting from quarter 2, but on the other hand, there are no primary reasons why EBITDA margins should decline further, so yes, it will stabilize from the coming quarters, and we can look at it in a range between 15-16%.

**VikramRaina:** Okay, fair enough sir. So, one more thing sir, what is the focus with regards to the civic urban infrastructure going ahead now.

**Deep Vadodaria:** The focus with the civic urban infrastructure going ahead will be on two counts, one will be the public-private partnership, which we are seeking, two of them we are already executing now the bus terminal project, and we believe that there is a lot of scope going forward for these public-private partnerships to emerge more in civic urban infrastructure because a lot of infrastructure that the country is sitting on is fractured or outdated, which needs to be updated, and there will be a lot of opportunities going forward in there. When we talk about the EPC business, yes, with the Barmer Medical College that we are executing, as we have mentioned in the earlier presentation, post completion of that in this financial year, it will open up avenues for us in education and medical field, which are very closely observed fields by our team. Going forward, we see a lot of opportunities coming on that part as well as far as civic urban infrastructure is concerned. So, yes, the focus will be on both business parameters. One will be the newer projects of PPP, which the governments are now undertaking across the country, and EPC business will also be there, which will be concentrated more on medical and other, basically urban infrastructure, which we have developed in the past, something like a multilevel car park or anything which probably



*Nila Infrastructures Limited  
August 16, 2018*

qualifies under the civic urban infrastructure, which needs to be updated or created in a fresh manner.

**Vikram Raina:** Sir, one last question from my side. With respect to the affordable housing, sir, are we looking to bid for any large size project coming ahead or is there any other pipeline.

**Deep Vadodaria:** Well, we have not bid for any large size project right now, but yes, we do have the capability now to bid for larger projects because the capability has gone higher based on the execution that we have performed. Yes, there are a couple of areas that we are eyeing but not specific bids that can be discussed at this moment, but yes, we are very closely observing the states that we are operational in, and both of them have a lot in pipeline, which we are targeting.

**Moderator:** Thank you. The next question is from the line of Amit Jain, an individual investor. Please go ahead.

**Amit Jain:** Sir, I would like to ask what is the progress on the development of industrial park at Becharaji?

**Deep Vadodaria:** Sure. The development of the industrial park at Becharaji is in full swing. We already have three tenants in place now, and another tenant has signed up for the round 2, Phase-II of expansion, which will amount for another 7000 square meter, that is a repeat order, and the common infrastructure is pretty much in place, and all of these people are operational out of our parks. The common development for Phase-I has already been completed, and we are going to start the common development of roads and rest of the amenities for Phase-II of the park very soon. So, it is absolutely on track, and the demand definitely looks robust going forward and with Suzuki expanding capacity very quickly, I think, it is only about time that we will have to probably execute this as targeted or maybe even faster based on the demand which is coming in.

**Amit Jain:** Okay, and Sir like how are we booking the revenues from this project, like phase-wise, or how is it going?

**Deep Vadodaria:** Prashant, if you would help me with this question?

**Prashant Sarkhedi:** Romanovia Industrial Park, we have two types of revenue. One is sale of plots and another is lease revenue. So, for lease, we are considering these as our fixed assets, and this revenue has been entered in as per relevant accounting standards. The sale of plots we are directly considering as sale. Whatever is the cost, we proportionately consider as the cost of the project.

**Amit Jain:** Okay. Sir, like, what was the total area of land bank, which we acquired for this project and, you know, the approximate cost for the same?



*Nila Infrastructures Limited  
August 16, 2018*

- PrashantSarkhedi:** It is, like, 671,000 square meters worth of raw land, which we have bought. After that, 20% deduction for roads and other things have been deducted. So, 532,000 square meter land is available for sale. Out of that, we have sold 126,000 square meter land till date, and 86,000 square meter of land we have utilized for these clients for leasing purpose.
- Amit Jain:** Okay. At what cost did we acquire?
- PrashantSarkhedi:** Rs. 36 crores is the total cost at which we have acquired in land acquisition.
- Amit Jain:** Okay, and sir, like, all of this land is reflecting in our books completely?
- PrashantSarkhedi:** Yes.
- Moderator:** Thank you. The next question is from the line of Ankit Gandhi, an individual investor. Please go ahead.
- Ankit Gandhi:** My question is regarding the real estate business. When are we expecting to get listed on the BSE, and what are the plans of the company for the real estate business going forward, and how much land and debt will get transferred to this new entity?
- Deep Vadodaria:** Well, we are expecting NSL to be listed on the BSE and the NSE by 15<sup>th</sup> of September that is the internal target that we have made after exchanges with the SEBI and the Exchanges. So, 15<sup>th</sup> September is how we can look at it, and going forward, we are launching two projects there, of which, RERA registrations have already been done, and we will start booking revenues from this quarter, or we will open up the project for sale from quarter 2. Right now, these are the two projects that we can discuss about. Rest of them, obviously as and when it happens it will be updated by the Nila Spaces' management very soon. As soon as they get listed, they will obviously be subjected to the same disclosure norms as we are. And as far as debt and asset going forward, I think we have discussed on a couple of calls in the past, you can find a demerger presentation on our website, which has all the details of exactly what was transferred to the specific entity, Nila Spaces Limited, by the NCLT order.
- Moderator:** Thank you. The next question is from the line of Prabhat Chandra from Greenfield Advisors. Please go ahead.
- Prabhat Chandra:** Yes, Mr Deep. My question is regarding the order book, just wanted to know what is the breakup of our new work order that has been received in this quarter and the order book that has been executed?
- Deep Vadodaria:** So, the order book in this quarter that we have received is Rs. 64 crores. Mr. Prashant, is that correct?





*Nila Infrastructures Limited  
August 16, 2018*

- PrashantSarkhedi:** After this quarter, we have received this order?
- Deep Vadodaria:** Yes. After this quarter, we have received Rs. 54croreorder, so it is notin quarter one.
- PrashantSarkhedi:** That Rs. 64 croreworkis for Nila Spaces Limited for real estate schemestheyhave launched and Others, and we have already started working on it. .
- Prabhat Chandra:** Sorry, it was not very clear to me, if you can repeat it once again Sir?
- Deep Vadodaria:** So YesPrabhat. What has happened in quarter 1, there was Rs. 64 crores of workwe have added is from Nila Spaces Limited for the construction of their real estate project. And there is Rs. 53 crores order from Adani Group, which we have received, but that has been received in the month of July, which will fall into quarter 2. This is the new work order flow.
- Prabhat Chandra:** So, the entire order book in the first quarter was Nila Spaces?
- Deep Vadodaria:** Yes, Nila Spaces and Others.
- Prabhat Chandra:** Okay, and any reason for the slowdown in receiving new orders from Gujarat and Rajasthan?
- Deep Vadodaria:** Well, Gujarat actually only got on a positive note starting first quarter, so we had bided for a couple of contracts, but we did not get those contracts and now the order flow has started. So, now you can expect us to book more orders going forward.
- Prabhat Chandra:** Okay, and what about Rajasthan, nothing new going on over there?
- Deep Vadodaria:** Well, we can't use the word cautious, but we are waiting and observing. Unless there is something we can carryon the similar lines or on the lines that we have confidence on, we are not going to jump into anything because the state is moving into election mode.
- Moderator:** Thank you. The next question is from the line of P.N. Panda from BLB Limited. Please go ahead.
- P.N. Panda:** Is there any impact or effect of Accounting Standard 115 in this quarter?
- PrashantSarkhedi:** Hello. We have received an opinion from the two of the Big Fours, that is KPMG, it is our statutory auditor, and PwC also from the outside, and there is no impact of AS 115 on our books of account.
- Moderator:** Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. Deep for closing comments.



*Nila Infrastructures Limited  
August 16, 2018*

**Deep Vadodaria:**

Thank you friends. Thank you for joining us this afternoon for the review of quarter 1 FY2019, and going forward, with this Lighter, Fitter, and Faster structure, we will continue on the growth path, and we will look forward to having you with us on the next quarter's call. And if there is anything in the meanwhile, our team or our IR and team will be more than happy to assist you. Thank you again.

**Moderator:**

Thank you very much sir. Ladies and gentlemen, on behalf of Nila Infrastructures Ltd, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.