



**NILA
INFRASTRUCTURES
LIMITED**

Nila/CS/2018/427

Date: November 29, 2018

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

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

Scrip Code: 530377

Scrip Symbol: NILAINFRA

Dear Sir,

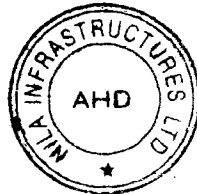
Sub: Transcript of Conference Call held on 16.11.2018

A conference call was arranged on 16.11.2018 to provide the information about the financial and operational performance of the Company for the quarter/half year ended on September 30, 2018.

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 Ltd.


Dipen Y Parikh
Company Secretary



Encl: a/a

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Nila Infrastructures Limited
Q2 & H1 FY2019 Earnings Conference Call
November 16, 2018

Moderator: Good morning, ladies and gentlemen. Welcome to the Q2 & H1FY2019 Conference Call of Nila Infrastructures Limited. As a reminder, all participant lines will be in the listen-only mode. 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 '*' and '0' on your touchtone telephone. Please note that this conference is being recorded. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, sir.

Anuj Sonpal: Good morning everybody and a warm welcome to you all. 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 earnings conference call for Q2 & H1FY2019. Before we begin I would like to mention short cautionary statements. Some of the statements made in today's earnings conference call maybe forward 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 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 earnings conference call is purely to educate and bring awareness about the company's fundamental business and financial quarter under review. I would now like to introduce you to the management participating with us in today's earnings conference call. We have with us Mr. Deep Vadodaria COO, Mr. Prashant Sarkhedi CFO and Mr. Himanshu Bavishi President Finance. Without much 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 of Q2&H1 FY19. Along with me, as already Anuj has mentioned, I have Prashant Sarkhedi our CFO, Himanshu Bavishi our President and Mr. Dipen Y. Parikh our Company Secretary. Just before I start the opening remarks for the Q2&H1 FY19 I am glad to share with you that we see the green shoots of our recent initiative to have a Lighter, Fitter and Faster model by demerging the real estate undertaking from Nila Infrastructures Limited. We are working hard to reap the full benefits of this and are convinced about the impetus it will provide us for growth. Now getting on to the operational part or the operation: Our revenue has grown by 3% on quarter-on-quarter basis. Q1 FY18 had witnessed an exceptional growth due to approaching implementation of

GST and since with acceptance of GST as a new normal the revenue will now catch up during the H2 FY19. It may be mentioned that with implementation of GST, the contracts are now inclusive of taxes, which is in contrast to pre-GST regime, and shall confine the revenue for sometime. The reasons we are so confident to catching up during H219 include: our confirmed unexecuted order book at Rs. 5,399.7 million as on September 30, 2018; conducive climatic conditions that ensures clear working day upto March 2019 of course this is the best time for execution for most of the construction companies. We have clear possession of most of the sites that we are to execute or planning to execute in this financial year and going forward. Having requisite approval and sanctions in place for most of the projects that we are talking about or have been talking about and all of these hold good for even Rajasthan sort of state where the code of conduct of elections is imposed and it is not going to affect us because most of our projects are on stream or ongoing and have reached the maturity period where they are not going to stuck in this election in code of conduct. We also do not envisage any disturbance in H2 by scheduled elections as we have our plans to tackle such scheduled events. Further we are now commencing execution of certain projects in Q3 FY19 and confident to catch up with the continual growth momentum by timely execution of these projects. Hence for year as whole we are confident to maintain the growth momentum with sustainable profit margins which is something that we have always worked towards.

Now coming to our order book the company has a sound and diversified order book with a focus of its core competence of affordable housing with 63% of the order book coming in from affordable housing which is Rs. 3,412 million and 37% is from other urban infrastructure project which will include medical college, commercial complexes and prime business house's office complex for captive consumption. EPC is the major tributary with 70% of the order with Rs. 3,792.2 million. Geographically the state of Gujarat accounts for 68% of our unexecuted order book that is Rs. 3,691.1 million. Principle wise government entities account for 39% of the order book. The major government cliental comprise of Engineering Projects India Limited, Ahmadabad Municipal Corporation and Government of Rajasthan. Overall the company is affordable housing specialist and executing instruction of about 6.5 million square feet area including 8,800 units of affordable housing.

Now with respect to the sector and economy, according to prominent agencies Gujarat is likely to announce to redevelopment policies to new policies. Primary focus will be to encourage high rise building along with upcoming metro, BRT corridor and affordable housing zones across major cities of Gujarat. This will provide great impetus to infrastructure activity going forward especially in bigger cities of the state. The Mandal Becharaji Special Investment Region MBSIR and in the vicinity of MBSIR where we are putting up two industrial and logistics parks is in making as one of the biggest auto ancillary hubs in the country. While the existing planned capacity of Suzuki Motors Gujarat is 1 million cars has to be provided every year to cater to their needs. A lot of auto ancillaries will be required to set up the facility in

the proximity. This services as a testament to the potential of this region where we have almost 300 acres of land into two distinct parcels that are within the vicinity of Suzuki car plant and Honda two-wheeler plant. Meanwhile, with respect to the banking system liquidity, I foresee an eased scenario with the moderation in festive demand and schedule OMO purchase of Rs. 18,000 crores. The remainder of the month however scheduled government borrowing Central government Rs. 12,000 crore and state government Rs. 10,125 crore and the likelihood of FOREX sales by RBI to support rupee could exert pressure on the system liquidity.

With the recent decline in all prices there is a possibility of moderation in inflation going forward which will provide some respite to the market and currency. In addition, lower print for inflation in October 18 further is suggestive of RBI maintaining status quo in its monetary policy in December. With this I now invite Mr. Prashant Sarkhedi, our CFO to discuss the key financial highlights of Q2&H1 FY19.

Prashant Sarkhedi:

Thank you Mr. Deep Vadodaria and good mornings friends. I will quickly take you through the standalone financial results for the Quarter 2 half year 2019. In the terms of the quarterly performance standalone revenue increased by 2.62% to Rs. 506.3 million from Rs. 493.3 million in the corresponding previous quarter. On the profitability front the EBITDA for the Q2 FY19 has witnessed a degrowth of 3.56% that is Rs. 92.8 million to Rs. 89.5 million with an EBITDA margin of 18.45% in the Quarter 2 FY19. The profit after tax is Rs. 47.2 million. In the terms of half yearly performance standalone revenue has reduced by 11.6% to Rs. 971.7 million from Rs. 1115.9 million in the corresponding previous period. On the profitability front the EBITDA has witnessed a degrowth of 21.93% that is from Rs. 206.6 million to Rs. 161.3 million with an EBITDA margin of 16.33 % in the first half 2019, the profit after tax Rs. 95.4 million.

At September 30, 2018 the standalone net worth is Rs. 1120.8 million and standalone gross debt is Rs. 1134.4 million. While the cash and bank balance is on the standalone basis is Rs. 70.4 million. The net debt to net worth compute 0.95x. I am glad to share with you that the company has paid dividend uninterruptedly for the ninth year. Meanwhile **Brickwork Ratings** has reaffirmed the BLR at BBB plus with a stable outlook and A2 for the various bank credit facility availed by the company. I will now open the floor for the question and answer that may require further clarification.

Moderator:

Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Suraj Navandhar from Prithvi. Please go ahead.

Suraj Navandhar:

My first question is when should we expect listing of Nila spaces?

Deep Vadodaria:

The listing of Nila spaces limited is in due course and we are very hopeful that it will be listed by this calendar year end. It has gone through a lot of delay in timeline coming in from us, but

you have to appreciate and understand that all the onus of listing lies with the exchanges. All detail that is needed for it to successfully go through are submitted and we are very hopeful that by end of this calendar year the stock should be trading on both the exchanges.

Suraj Navandhar: My second question is I am new to the company do we high rise building space?

Deep Vadodaria: Yes in selective cases we have done white label construction jobs so we have been very selective with private jobs. We largely are doing affordable housing for the government and all the civil urban and infrastructure project, but we have done couple of high rise buildings for clients like Adani and it is a space where we have done well in the past.

Suraj Navandhar: And do we have any forward order book from that space?

Deep Vadodaria: Yes we have a current building which we are doing for Adani port and SEZ as their corporate tower which is going to be completed in this financial year which is currently something that we.....

Suraj Navandhar: How would you define like high rise or super rise like how many floors would you say is the high-rise building?

Deep Vadodaria: For historic number of years in Gujarat obviously post the earthquake only in 2013, 2014 the government has changed the rule with which we can build higher than 10 floors. When you talk about the local vicinity of Ahmadabad anything about 10 floors is a multi-storied buildings because that was not normal couple of years back or three years back.

Moderator: The next question is from the line of Puja Bharadwaj an Individual Investors. Please go ahead.

Puja Bharadwaj: Could you please tell me why the Jodhpur project value decrease from 110 crores to 40 crores?

Deep Vadodaria: Actually there was a project of about 3152 units government had envisaged, but the location was outside the city and total demand was 1152 right now. Due to this election process we have not waited for the orders to confirm for the whole demand. So we concluded this order due to this electoral process we have concluded with 1152. So we do not require to get issued a work order from the new government.

Deep Vadodaria: I will just clarify that further. The order was for more than 3,000 houses you must appreciate the subsidized housing model of the government which we have been very closely working with, is a model which is largely sustainable because of collection of money from the specific relevant beneficiary. So if the beneficiary are not going to be there the project envisaged could be stuck at some levels because of funds not coming in. So in the current scenario they already had more than 1,100 candidates which had already signed up for the house so we have downsized this for the current time begin so that we can start execution because we

must understand state of Rajasthan before it went into the election mode now for another two, three months at least there will not be any action and we did not want to wait another two quarter while we had already waited a lot to execute this project because this project was signed up sometime last year. So in the interest and the company and the overall revenue picture we have taken the call right now to start with the order of Rs. 4,74.9 million instead of the original Rs. 1072.8 million that was given by the government.

Puja Bharadwaj:

And also, if I may ask what has been the increase in the order book this quarter?

Deep Vadodaria:

The increase in the order book this quarter total number of you are talking about H1 in quarter we have added Rs. 538.4 million order from Adani which is an extension of the existing job that we are doing for them for business spark line across the country. So in Ahmadabad we are doing it. Phase 1 was already under execution now they have issued a work order of Phase 2 which is an extension of Phase 1.

Moderator:

The next question is from the line of Anil Mehra an Individual Investor. Please go ahead.

Anil Mehra:

Sir two questions what is current working capital cycle and second will it increased PPC model late to stretch working capital requirements?

Deep Vadodaria:

The working capital cycle that we right now see is in Gujarat is in tune of about 120 days and in Rajasthan it is about somewhere close to 130 to 135 days and what was your second questions.

Anil Mehra:

Will the increase PPP model need to stretch working capital requirement?

Deep Vadodaria:

Well it ideally should but the specific PPP project that we have in our unexecuted order book and we are starting execution now. We will not unnecessarily do so with our working capital because the revenue generation model is there from day one. One is in the **Bus Ports**, we can start monetizing the commercial space that we have there from day one which is going to lead to less demand for working capital compared to usual PPP project and on the slum rehabilitation side we have transferable development rights which we do not use for captive consumption so we monetize it in the open market to generate cash which gives relief to the working capital somewhat compared to usually PPP projects so we do not envisage stretch on working capital because these PPP are.....

Moderator:

The next question is from the line of Suraj Sharma an Individual Investor. Please go ahead.

Suraj Sharma:

I wanted to ask why has the debt increased so much and will the company require any more debt for its project going forward?

Prashant Sarkhedi:

Total debt increase is from Rs. 103 crore to Rs. 113 crore so it is approximately Rs. 9 crore increase in the debt due to the some projects net increase and it required a funding

otherwise the growth in the borrowing is mainly due to the change in the other current liability that is Rs. 37 crores to Rs. 20 crore it reduced from one grouping to the other grouping it is only a grouping change due to the demerger effect.

Moderator: The next question is from the line of Vikram Raina an Individual Investor. Please go ahead.

Vikram Raina: So I wanted to ask you regarding the Becharaji project, so is there any development going on or have we won any new order or have been talks to any orders over there?

Deep Vadodaria: So the model that we are working there is we have one logistics park which we have already started construction on. Largely the Phase 1 common infrastructure is about to get completed and here the idea is to have built to long term leases with large logistics players and we have already have clients like TVS and Nittsu Logistics which are operational out of our parks and we are in talks with a lot of other players and in total we already have leased out anything in tune of 4 lakh to 5 lakh square feet by now in that specific park and talks are of course on with a lot of players because since Suzuki is scaling up production there is more and more demand which is coming into action.

Vikram Raina: And sir with regard to the margin in Q1 the margins have fallen down and again in Q2 we see the margins coming back so do we see this margin being sustainable now or was the Q1 just a one time affair?

Deep Vadodaria: See Q1 was a onetime affair because of the last quarter as well and we have to understand in the H1 last year we had majority of our revenues in the last two quarters for the projects which we finish in PPP where there is lumpiness in profitability of course so that pushed the profitability a little higher that is why it is not comparable, but yes, going forward with the new PPP projects coming in I think it is because of the revenue mix which was coming in this difference has been there. So it should be largely stable into this range we do not see it going any further going down.

Moderator: The next question is from the line of Srishti Agarwal an Individual Investor. Please go ahead.

Srishti Agarwal: I just have one question as in why the demerger taking so long to go through?

Deep Vadodaria: It is a relevant question ma'am, but you have to understand and appreciate it is not everything that we control. We have got the demerger order. The listing is taking much longer than what was originally envisaged, but we are touch with both the exchanges and SEBI and as I said earlier on the call we are very hopeful that the demerged entity will start trading on the exchanges by this calendar year end.

Moderator: The next question is from the Neha Mehta an Individual Investor. Please go ahead.

Neha Mehta: Can you tell me what will be the impact of Rajasthan election?

Deep Vadodaria: Just earlier on the call I mentioned that we do not really envisage any effect. I will just repeat what I said earlier which was that we have safeguarded ourselves against that and before the election came in whatever was to be done is done on the project which we just spoke about in Jodhpur and all the other projects are at an advance stage or stage where it does not get affected by any political mandate or any political shifts in the balance as far as state government is concerned so they are in advance process of execution have crossed the stage where they can be affected by the code of conduct or the new government coming in.

Moderator: The next question is from the line of Srishti Agarwal and Individual Investor. Please go ahead.

Srishti Agarwal: Another question on the Bus Port terminal at Amreli so I just wanted to know what is the status of that project is it in terms of percentage of completion or if you can give the expected time of completion we would like to know?

Deep Vadodaria: Expected time of completion is around 18 months to 24 months but the project will start execution anytime now so it will start accounting for revenues for both of them Amreli and Modasa Bus Port by Quarter 3 and Quarter 4 because there were a lot of internal issues and these are smaller towns where the town planning officers took a lot of time because this model is new, the model is innovative so it took a little bit of time to run through the bureaucracy, but now the plans are final and it is going in for execution so you will start seeing the revenues coming in from Quarter 3 and Quarter 4 for the Bus Port.

Moderator: The next question is from the line of Suraj Sharma an Individual Investor. Please go ahead.

Suraj Sharma: I wanted to ask how will the revenue mix change going forward is there a target split between AH and COI?

Deep Vadodaria: See largely it is going to be spread across both while we see affordable housing obviously is our key area, but there are lot of innovative projects which are coming out in CUI like the Bus Port and there are lot of others which are under new consideration this is largely to do with upgrading the existing old infrastructure or coming up with new infrastructure on models like the Bus Port. So going forward I think on the opportunity front there are more opportunities coming in from CUI as far as PPP is concerned, but largely the split is going to remain the range bound percentages that you see the unexecuted order book not varying very largely unless there is a special project which we might consider in future.

Suraj Sharma: What would the value of the PPP order book currently?

Himanshu Bavishi: PPT order as of now is about Rs. 25.42 crore.

Moderator: The next question is from the line of Srishti Agarwal an Individual Investor. Please go ahead.

Srishti Agarwal: I just had another question as in what is the revenue contribution from AH why it has been reducing?

Deep Vadodaria: See this largely comes in from execution so it is possible that AH-projects have not started or the execution was a little slower there, but going forward the unexecuted order book of AH is the percentage which is in the majority and that is obviously going to give out majority of our revenues going forward. So it is a scenario where this is linked with execution and specific stages in projects so that mix might keep on varying a little bit, but in general if we have to give a guidance the unexecuted order book is about guidelines there we can say that revenue mix is going to come from.

Srishti Agarwal: So is it expected to contribute better in the future?

Deep Vadodaria: Yes, I think because the unexecuted order book is leaning more towards affordable housing obviously the execution has started now so the contribution follows those projects on the revenue is going to make that shift in the revenue mix tilting towards the edge.

Moderator: The next question is from the line of Suraj Sharma an Individual Investor. Please go ahead.

Suraj Sharma: I wanted to ask I mean there was a latest news that Maruti Suzuki had partnered with Zydus to set up a model polyclinic in Becharaji Gujarat so is this bearing on our plot?

Deep Vadodaria: This is a JV that Suzuki has signed up with Zydus to set up the medical facility because we must understand we have been providing facilities to house their dormitories to house their labors, the staff strength has reached enormous amount and unfortunately because of delay in MBSIR formation by the government the common infrastructure is not in place. So the nearest hospital to the Suzuki plant even by helicopter is about 45 minutes. There was an urgent need for a hospital to be setup and I believe it is a tripartite agreement where the land owners, Zydus and Suzuki have signed up, but I believe the land owned by Suzuki is also under consideration for that. So the land is not provided by us, but we are working very closely with Suzuki to provide them other basic infrastructure around that area which will be pertained to commercial and residential needs.

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

Deep Vadodaria: Thank you friends for joining us today, going forward with a 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 in the meanwhile our team and our IR team will be more than happy to assist you.

Moderator: Ladies and Gentlemen on behalf of Nila Infrastructures Limited that concludes this conference. Thank you for joining us and you may now disconnect your lines.