



— THE NEXT — MILESTONE

24th ANNUAL REPORT: 2013-14

ENVISION NEWER

FOCUS SHARPER

The next milestone is what keeps us going

Imagine getting up every morning and having to run the equivalent of a marathon, about 42 kms every day. If that wasn't tough enough, imagine doing that on only one healthy leg. But, that's exactly what Terry Fox did.

One of the most famous athletes in Canadian history, Terrance Stanley "Terry" Fox was a distance runner and basketball player for his school and university before losing his right leg to cancer in 1977. Even after the amputation of his leg, he continued to run on an artificial leg and play wheelchair basketball, winning three national championships in the process.

That, by itself, would have been enough for most. Not for Terry Fox. In 1980, at the age of 22, he began what he called the Marathon of Hope – an attempt to raise money and awareness for cancer research by running all the way across Canada, 26 miles every day. An astounding 143 days and 5373 kms later, the spread of the cancer forced Terry to give up his run and ultimately his life – but not before he inspired an entire country and became a national hero. His worldwide legacy, the annual Terry Fox Run, first held in 1981, has grown to involve millions of participants in over 60 countries and is now the world's largest one-day fundraiser for cancer research.

The vision of the Marathon of Hope by a physically challenged athlete was new, but it had to be executed with a sharp focus on completing 42 kms each day. It was this continual cycle of going from a big vision to a narrow focus that made the huge achievement possible.

At Nila Infrastructures, we use a new vision as an anchor, a reference point and a guiding light to keep coming back to, while our focus is on the next achievement, the next milestone.

Our 'The next milestone' process: **ENVISION NEWER - FOCUS SHARPER - ACHIEVE BIGGER**

ACHIEVE BIGGER



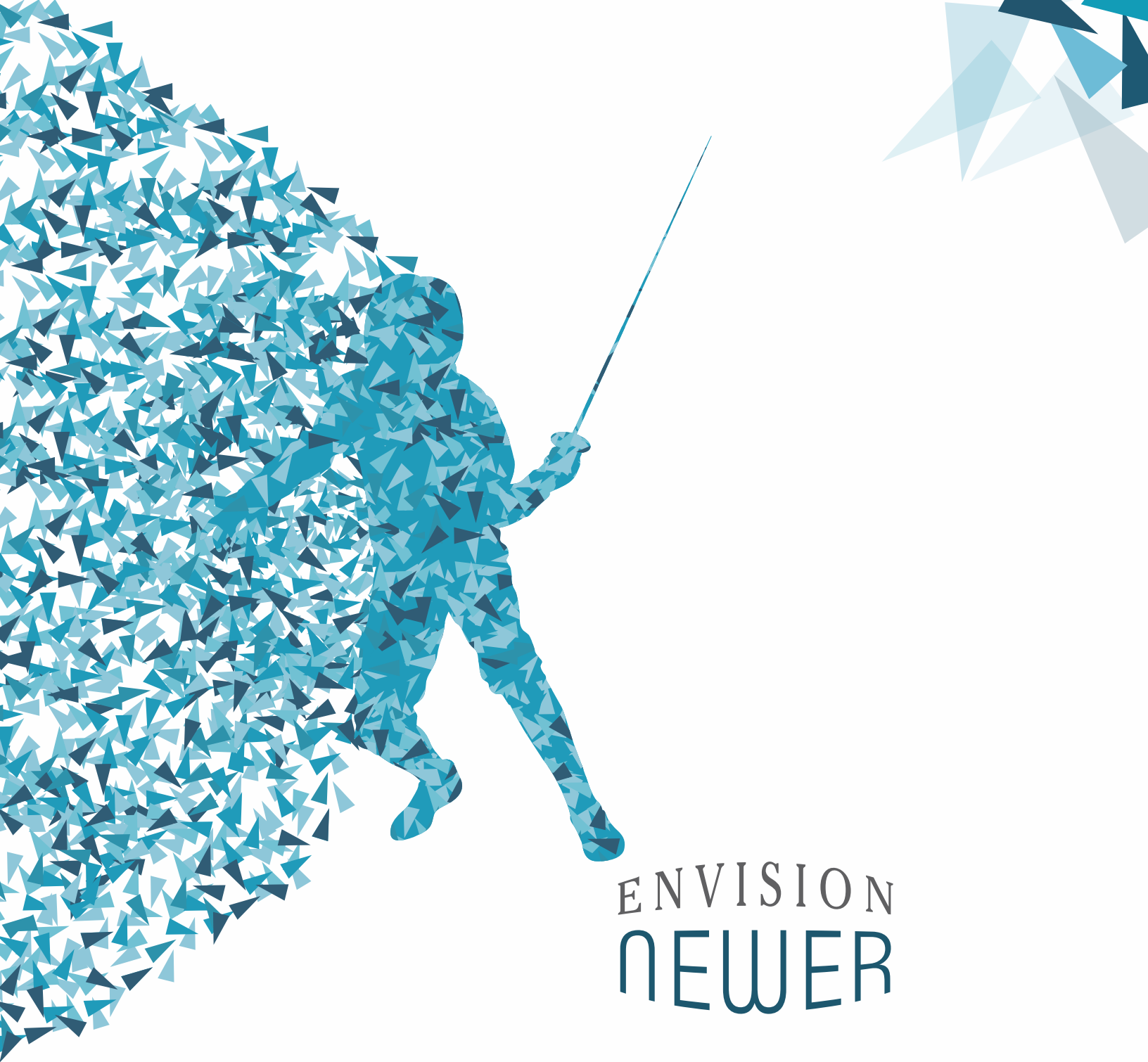
CONTENTS

CORPORATE

Envision newer.....	2
Focus sharper	4
Achieve bigger	6
Vision / Values /About	8
CMD's message: Aspiration is permanent; achievement isn't	9
Financial Snapshot	10
Business Snapshot	11
Industry & Company overview: Upside in the industry; uptick in the company	12

STATUTORY

Directors' Report.....	18
Management Discussion & Analysis Report.....	21
Report on Corporate Governance	24
Corporate Governance Compliance Certificate	32
Secretarial Audit Report.....	33
Auditors' Report.....	35
Balance Sheet and Statement of Profit & Loss	38
Cash Flow Statement	40
Notes to Financial Statements.....	42



ENVISION NEWER

Sticky Problem

In 1968, a scientist with the innovative American multinational 3M, Dr Spencer Silver came up with the formula for a new kind of glue, one which didn't stick properly. Although, Dr Silver tried to promote it within the company, for years it remained 'a solution without a problem'.

Six years later, such a problem presented itself to Dr Silver's colleague, Art Fry. While singing at church choir, Fry found his bookmarks frustratingly falling off his hymnbook, thus making him lose the page. He needed a repositionable note, one which would stick, but would not remain stuck. He went to work on it and three years later the iconic Post-it brand of notes was born.

At Nila Infrastructures, we believe a new vision need not always be about new things; it can be about old things thought of in a novel way.

Newer Business Avenue

Affordable and low-cost housing has always been there. It is only in recent times that it is being treated as part of urban infrastructure and development, and not real estate, because of its critical nature; it is the absolute necessity of a thriving metropolis, driving the urbanization phenomenon, providing cheaper migrant labour to the urban economy and replacing unorganized slums.

Nila Infrastructures won the following construction mandates in affordable and low-cost housing:

From	At	Category	Units	Total units
RAVIL (Rajasthan Avas Vikas Infrastructure Ltd) - Rajasthan Government undertaking	Jodhpur	EWS	576	1152
		LIG	448	
		MIG	128	
AMC (Ahmedabad Municipal Corporation) – under Mukhya Mantri Avas Yojana	Ahmedabad	LIG	608	608
		Shops	40	40
		Offices	8	8

Newer Business Territory

Rajasthan boasts of a good growth climate - easy access to major markets of northwestern India; 23% of the area of NCR (National Capital Region), one of the world's largest urban agglomerations; well-developed industrial areas and sectorial parks; skilled manpower; proactive government and single-window clearances. From 2004-05 to 2011-12, the state's GSDP registered a CAGR of 7.8%.

Rajasthan Government has been making rapid progress in low-cost housing through its 'Housing the Poor' programme. An ambitious target of building 5,00,000 EWS, LIG & MIG units over 5 years has been set. For the period from June 2011 to January 2013, the number of low-cost housing units built in Jaipur (309) exceeded the number of units in Delhi/NCR (66), Chennai (30), Hyderabad (200), Bhopal (285), etc.





FOCUS SHARPER

'Journey of a thousand miles begins with a single step'

~ Chinese proverb

Distinguished journalist, Eric Sevareid was part of an elite group of war correspondents for CBS during the Second World War. Once while flying over Burma, the transport plane carrying him was shot down and he was forced to parachute down into the jungle on the Indo-Burma border. Knowing that any rescue attempt would take several weeks, Sevareid and the other survivors decided they had no option but to keep walking towards India, a country friendly to the allied war cause.

The goal seemed impossible – tropical heat, monsoon rains and a very demanding 140 mile trek over mountainous terrain. In the words of Sevareid: "In the first hour of the march, I rammed a boot nail deep into one foot: by evening, I had bleeding blisters....on both feet. Could I hobble 140 miles? Could the others, some in worse shape than I, complete such a distance? We were convinced we could not. But we could hobble to that ridge; we could make the next friendly village for the night. And that, of course, was all we had to do..."

At Nila Infrastructures, we don't allow a big vision to overwhelm us. We break it into smaller goals, and then those goals into smaller steps. We focus sharper and narrower so that things become achievable.



Sharper Execution

Nila Infrastructures' known execution abilities allow the company to finish projects on time, put them on the balance sheet and thus, register higher turnover every year.

Besides own projects, the company has a strong order book that scores high on volume, quality and conversion. The confirmed orders position at present runs into a total volume of Rs 258.65 crore.

Government projects account for Rs 182.54 crore or 70.57% of the total confirmed contracts. This affects order book quality as Government contracts are known for their surety and stability of receipts. Even the private contracts amounting to a total of Rs 76.11 crore are to reputed corporate groups like Adani and Sandesh.

Of the total volume, projects totaling a contract value of Rs 207.71 crore have commenced on schedule and are being executed, making for a order book conversion of 80.31%. Nila was not able to start the Rs 50.94 crore Rajasthan Government project on time, because of delay on the part of the state Government in giving site possession, brought on by the recent Lok Sabha elections.

Sharper Outlook

Nila's order book depth gives the company the confidence to sustain turnover levels above Rs 100 crore. With total amount received till date a low Rs 13.31 crore, the remaining amount of Rs 245.33 crore will be part of turnover across future project years. The company has taken on projects to be completed in periods ranging from 0.75 years to 2.67 years, with an average project period of 1.86 years.

So, if the total order book receivables of Rs 245.33 crore are distributed over 1.86 years, the average contracts turnover per year works out to be Rs 131.89 crore.

This means that the projects for other parties – Government and private, can on their own sustain turnover levels of Rs 100 crore for the next two years. Add to this figure the company's own developed projects, and turnover is likely to be still higher in the coming years.



ACHIEVE BIGGER

Dream bigger than you think possible

Ted Turner (founder of CNN) joined his father's billboard advertising business full-time in his early 20s. His father, Ed Turner, was a child of the depression and his parents almost lost everything during that dark time. This only strengthened Ed's resolve to succeed and he promised his parents to work hard and one day be a millionaire and own a plantation and a yacht. By the time Ted joined the billboard company his father had all those things and Ted remembers clearly his father taking him aside and saying, "Son, you be sure to set your goals so high that you can't accomplish them in one lifetime. That way you'll always have something ahead of you. I made the mistake of setting my goals too low and now I'm having a hard time coming up with new ones." (from anecdote.com)

At Nila Infrastructures, we start thinking of our next big goal the moment we achieve the current one. Sometimes, it seems impossible, but over time it starts to get more real and achievable. Thinking of our next milestone and raising the bar higher every time gets us going and achieving bigger.



Bigger Turnover Mark

A turnover high of Rs 100 crore plus is quite an achievement for Nila Infrastructures, given that general economic conditions were severe and have been so for a long time. Dependence on urban infrastructure projects and faster project execution were largely responsible for the good performance.

It is a known fact that urban infrastructure projects, unlike private projects, are not stalled during periods of economic downturn. In fact, governments roll out more of such projects to counter negative effects like high unemployment and low incomes and revive the economy. Nila positioned itself well to take on urban development projects in both old and new fields.

Continuing a precedent, the company built 23 BRTS (Bus Rapid Transit System) stations for AMC (Ahmedabad Municipal Corporation) in the financial year under review and secured the contract for building 13 more by next year. Setting a new precedent, Nila Infrastructures ventured into the relatively new area of affordable and low-cost housing by winning contracts from Rajasthan Government and AMC. The company's projects for Government constitute a high 70% of total contracts awarded to it.

Bigger Recognition

For the second time during the ongoing recession, Nila found its way into Inc. India 500 2013 rankings of the fastest growing mid-sized companies in India. This is all the more commendable since, according to the magazine, the 2013 winners have registered the lowest growth among all the Inc. India 500 rankings.

Bigger Credit Rating

Nila Infrastructures was assigned the rating of BWR BBB for its long-term (fund based) debt, with an Outlook Stable pronouncement by Brickwork Ratings. This was an improvement over the BBB - received in the previous fiscal of 2012-13. The company secured the BWR A3 rating for its short-term (non fund based) debt.



100

VISION

To become a key real estate and infrastructure player
with excellence at its core

VALUES

Passion | Reliability | Dedication

Passion for ideas and innovations

Reliability of processes and practices

Dedication to goals and targets

ABOUT

Business

Nila Infrastructures Ltd has a presence in two broad business avenue – real estate and urban infrastructure. It adopts the following business routes: 1. Develops and markets own projects, especially in residential real estate 2. Secures construction mandates for real estate projects of other private players or urban infrastructure projects of government bodies 3. Leases developed properties to corporate houses.

Performance

Despite the grip of recession on the economy, Nila Infrastructures has shown a 2.67% rise in turnover, from Rs 9754.65 lakh in 2012-13 to Rs 10014.92 lakh in 2013-14. This was possible because the company worked hard at timely execution of a number of infrastructure and construction projects during the fiscal. However, because of lower margins associated with construction contracts and other factors like increase in finance charges and bad debt write-offs, profit before tax declined from Rs 1929.04 lakh in 2012-13 to Rs 1818.21 lakh in 2013-14.

Credentials

Nila Infrastructures Ltd is a Sambhaav Group company based in Ahmedabad, Gujarat. Incorporated on 20th February, 1990, under the Companies Act, 1956, Nila Infrastructures is a public limited company listed on BSE (Bombay Stock Exchange).

