



23<sup>rd</sup>  
ANNUAL REPORT  
2012-13

Nila Infrastructures' journey has been a

musical orchestration of the highest proportion.

Being at the helm of creating public infrastructural symphonies and

real estate harmonies that have not only been loved by its customers but also

been appreciated by the industry.

At Nila Infrastructures, these symphonies are created through a quintessential

harmony of excellence, quality, passion, reliability, dedication and astute business strategies;

all well tuned instruments of delivering top-line as well as

bottom-line performances even during economic slowdown times.

You, as the stakeholder, will be delighted in knowing; that Nila Infrastructures has touched the high note

of being awarded "BBB-" Rating to various Debts availed by Nila Infrastructures by India Ratings &

Research Pvt. Ltd., A Fitch Group Company. This is a benchmark of Nila Infrastructures' adherence to

commitments and strong value systems.

Nila Infrastructures' achievement can be defined as touching the high note of success. It is sure that

their tactical and strategic symphonies will ensure more profits in the coming years. Every year its high

notes will redefine the way the industry sets its benchmarks.



# CONTENTS

## CORPORATE

03	Vision and Mission
04	Value Systems
05	About Nila
07	Managing Director's Overview
09	Year in Retrospect
11	Financial Highlights
14	Business Highlights
16	Way Forward

## STATUTORY

18	Notice
19	Directors' Report
22	Management Discussion & Analysis Report
25	Report on Corporate Governance
33	Corporate Governance Compliance Certificate
34	Secretarial Audit Report
36	Auditors' Report
39	Balance Sheet and statement of Profit & Loss
41	Cash Flow Statement
43	Notes to Financial Statement



# VISION

---

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

# MISSION

---

- ♪ Cater to housing needs by developing residential flats with high value for money
- ♪ Execute urban development and infrastructure projects beneficial to the society at large
- ♪ Provide the quality, price and time advantage to clients and customers
- ♪ Contribution towards economic growth by bringing international standards of lifestyle
- ♪ Superior-Class Infrastructure Development



# WE



## PASSION, RELIABILITY & DEDICATION

Nila Infrastructures' unwavering passion towards creating architectural symphonies has made it what it is today. Riding on the backbone of reliability of processes and practices and dedication to goals and targets, Nila has been delivering nothing but the best. Nila Infrastructures' passion has led it to achieve the most ambitious of dreams and today it can proudly say that it's a company on which, you as a stakeholder can completely rely on.

# About Nila

## Nila Infrastructures

creates symphonic marvels in public infrastructure and real estate – projects, construction and leasing offerings. Nila Infrastructures has a business model with combination of varied activities and is not a traditional real estate company. Nila Infrastructures has been engaged in producing turnkey public infrastructure, developing its own residential projects, undertaking construction contracts for reputed private developers and leasing real estate spaces.

Nila Infrastructures' dedication towards delivering magnum opuses and pursuing a strategically diverse and recession-proof business model has helped grow its profitability even in distress times. More so, Nila Infrastructures is also extremely focused in ensuring top-line growth alongwith unwavering focus on operational efficiencies. In short, Nila Infrastructures possesses the right tuning of being a leading industry player in the future.

A Sambhaav Group company, Nila Infrastructures is headquartered in the 'megacity' of Ahmedabad, the commercial nerve-centre of India's fastest growing state, Gujarat. Nila Infrastructures is a public limited company listed on Bombay Stock Exchange and is ISO 9001:2008 accredited. More so, recently Nila Infrastructures was awarded 'BBB-' Rating to various Debts availed by Nila Infrastructures by India Ratings & Research Pvt. Ltd., A Fitch Group Company.











## CMD's Overview

Your Company has business interest in Public Infrastructure, Construction Contracts, Residential Projects and Leasing of Spaces. This entire Industry is governed by factors like Economic Growth, Urbanization, Market Sentiments and Consumerism. It is prudent that I give you a gist of the macro-economic factors that had a huge impact on our Industry in the year 2012-13.

Global economy is still recovering from the financial crisis triggered by US Sub-Prime. Many developed economies ended 2012 close to or in recession and a rapid turnaround is not expected in early 2013, while the Asian Economies have been at their all time low growth rate since 2008. India was no different and witnessed a major economic slowdown. The main obstacles to India's growth are shortage of infrastructural facilities, high inflation and interest rates, large current account and fiscal deficits, delayed policy decisions, slow project implementations, deferred project clearances and approvals, electricity shortage and slow reform process. All these hurdles have contributed to loss the momentum of growth after 2008.

Over all the economic scenario has been sluggish and the Indian economy has also been sluggish during the same period owing to the international scenario. The major challenge for the Indian economy as of now is to get back to the growth rate of 8% despite the fact that the overall the global economy continues to be difficult and uncertain.

The current Indian Real Estate Industry size is of USD 57 Billion and contributes to 6.2% of its GDP. However, the Industry that once grew at 7.8% in 2009-10 witnessed a deceleration during 2012-13 to 6.5% (till June 2012) and the property prices have moderated. More so, the Real Estate Market being cyclic in nature is passing through consolidation phase after experiencing sudden and high increase in prices. This slowdown will continue in the medium-term atleast and will be largely dependent on the overall economic condition and pace of reforms by the Government for its revival.

Having said that, I am very optimistic about the future turnaround of the Industry. Riding high on the back of rapid urbanization and industrialization, positive demographics, rising income levels, optimistic investment scenario, stable Government, pro-growth policies; the Real Estate Industry, atleast in Gujarat and more so Ahmedabad, is bound to present myriad opportunities.

All in all, though the economic and market outlook is not so encouraging, Companies that will tap the right opportunities with operational excellence will stand to negate the slowdown and grow.





Nila Infrastructures' journey till date has been carved out of our passion to think differently and look at our business as a meticulous symphony of myriad integration of human efforts, effective business strategies, excellence in performance and impeccable foresight.

Sometimes it touches the high notes and sometimes it moves at a refreshing pace, but together we create real estate and infrastructure offerings that not only stand the test of time but of distinctness as well.

It is indeed a moment of pride for us that adherence to commitments and traditional, yet forward looking values have been recognized. Looking at the fundamentals of your company, its continuous growth and future plans,

India Ratings & Research Pvt. Ltd.,  
a Fitch Group Company, **'BBB-' Rating** to various Debts availed  
has assigned by your Company.

Instruments with this rating are considered to have moderate degree of safety regarding timely servicing of financial obligations.

In spite of the deceleration of the sector and the Indian economy at its all time low since 2008, your Company has a unique business model that is equipped to tide through such difficult times and emerge victorious. Nila Infrastructures has a business model that pursues combination of varied activities and should not be seen as traditional Real Estate Company. It goes without saying that public infrastructure projects are relatively immune to recessionary shake-ups and nearly 40% of our turnover comes from infrastructure projects.

And we aim to deepen this infrastructure contribution in the future, which will further act as a buffer against slowdown.

Secondly, as a Company, Nila Infrastructures is extremely focused in ensuring top-line growth as well as bottom-line efficiency – in short, the fundamentals of the business. Even in depressed markets, such a Company is expected to do better than its peers.

It is our strong-held commitment that has helped us scale newer heights in achieving the impossible within the city of Ahmedabad. Ahmedabad is a heady mix of urbanization, growing consumerism, business and industrial investments, which thus offers myriad Public Infrastructures and Real Estate opportunities.

Nila Infrastructures is looking forward to make the most of these opportunities, increase operational efficiencies, implement effective business strategies and thereby become a leading player in the Industry.

Your Company believes in consistently creating long-term value for your investment and will always work towards your interest and betterment.

”

Manoj B. Vadodaria, CMD  
Nila Infrastructures



## **Global Economy – Economy at the lowest since 2009**

It has now been six years since the initial signs of the financial crisis started to emerge, but the global economy is still feeling the effects. In 2012, economic growth slipped to its lowest level since 2009 and market condition continues to be difficult and uncertain. However, there are positives signs of economy improving during 2013. Overall, global GDP is expected to increase by around 2.5% in 2013 and will further accelerate as result of better performance in the developed world.

## **Global Real Estate Market - Picks up in Final Quarter of 2012**

The Global Real Estate Market continues to move forward with an exceptional rally in the final quarter of 2012, which has served to demonstrate the strength of investors' appetite for property. At between US\$450-500 Billion in 2013, investment volumes are expected to grow in 2013 by a further 10-15% on 2012 levels and will be at their highest level since 2007.

## **Asia-Pacific Markets - Though leading the Global Trends; were at their lowest growth rates**

Two of the World's emerging economies, China and India lead the Asia-Pacific growth story. In 2012 both these economies were at the bottom of their growth cycles, while end of the year showed some positive signs of recovery.

## **Indian Economy - At its all time low in last 5 years**

The year 2012 was a sluggish year in terms of economic growth and was at its all time low since 2008, largely because of high interest rates and poor industrial production. The major obstacles to India's growth are shortage of infrastructural facilities, large current account and fiscal deficits, delayed policy decisions, slow project implementations, deferred project clearances and approvals, electricity shortage and slow reform process. This coupled with high inflation, depleting market sentiments and investor interest across businesses, have contributed to loss the momentum of growth after 2008.

However, India emerged as a land of opportunities and is expected to grow at 7% GDP rate for next five years, which is only next to China and higher than all the advanced economies. The principle drivers of India's GDP are changing demographics, rising levels of foreign investment, a vibrant services sector powered by the IT and ITES sectors and buoyant exports.

## **Urban Infrastructure in India – Ocean of Potential.**

Urban Infra Though there are hurdles India needs to propel the large engines of growth. One of such engine is rapid urbanization in the Country. Urbanization presents huge opportunity with large investment needs of US\$ 1.2 trillion over next 20 years to modernize infrastructure and keep pace with the growing urbanization. The sector is not only the biggest contributor to gross domestic product of the country and employment generator but is also the fourth largest sector in terms of FDI inflows in the Country.

India in recent years has emerged as one of the leading PPP markets in the world, because of several policy and institutional initiatives taken by the central government. During the twelfth plan period, investment in infrastructure is proposed to reach ₹ 50, 00, 000 Crore and private sector is expected to contribute at least half of that.

## **Real Estate Sector in India – Deceleration coupled with marginal appreciation**

With a current industry size of USD 57 Billion, the Real Estate Sector in India contributes to 6.2% of its GDP. Of its total size, residential segment, with 90-95% size, forms the major chunk of the market, followed by the commercial segment (4-5%) and organized retail segment (1%). This Industry has both forward and backward linkages and supports nearly 300 sub-sectors. The sector that once grew at 7.8% in 2009-10 witnessed a deceleration during 2012-13 to 6.5% (till June 2012). In 2012-13 property prices have moderated and the average residential capital values in 2012 just appreciated in the range of 1-3% y-o-y.

