



**NILA  
INFRASTRUCTURES  
LIMITED**

28<sup>TH</sup> ANNUAL REPORT 2017 - 2018

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# SOMETIMES THE BEST WAY TO GO IS TO LET GO

Sometimes being good isn't good enough;  
especially when there is a shot at being great.

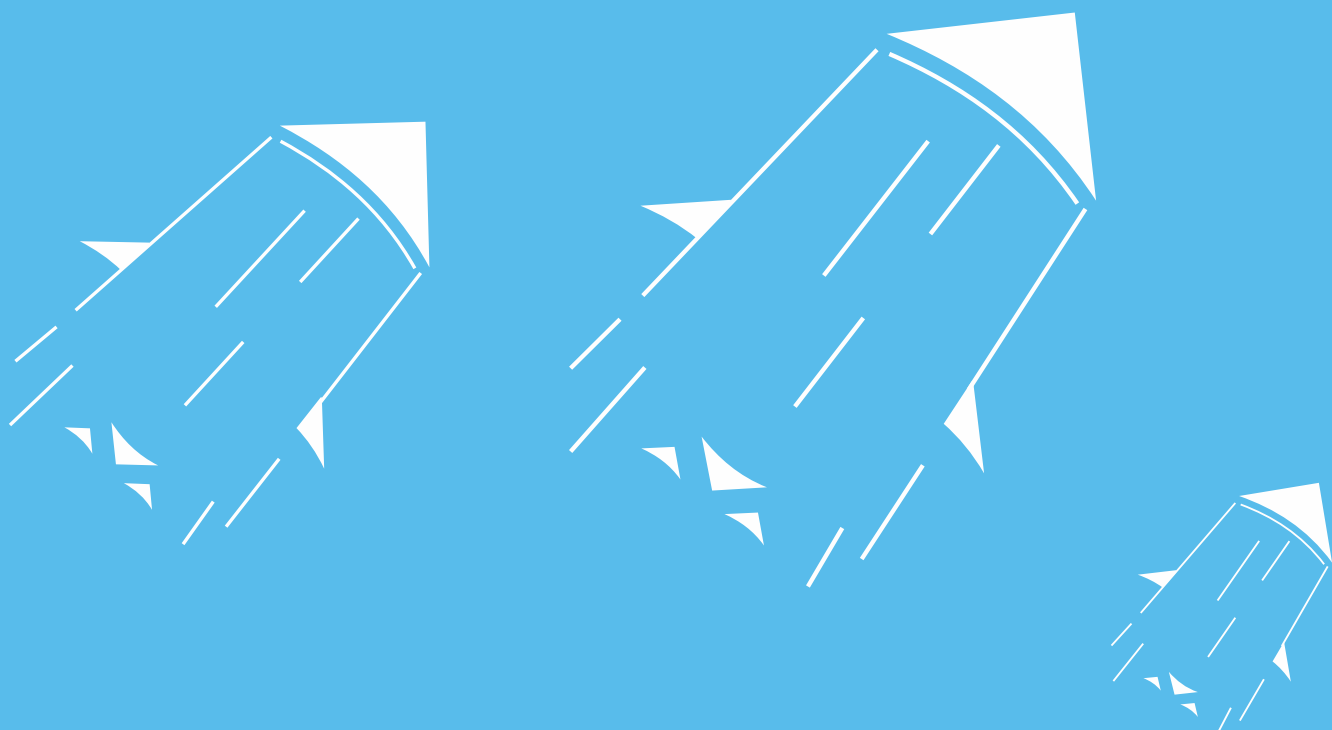
The inside pages feature a story of how we took that chance  
by hiving off our realty business into a separate company  
– NILA Spaces Limited, while the infrastructure business  
continued to be with NILA Infrastructures Limited.

Why? So that our stakeholders get a better deal –  
a company that can

GO LIGHTER ▶ GET FITTER ▶ GROW FASTER

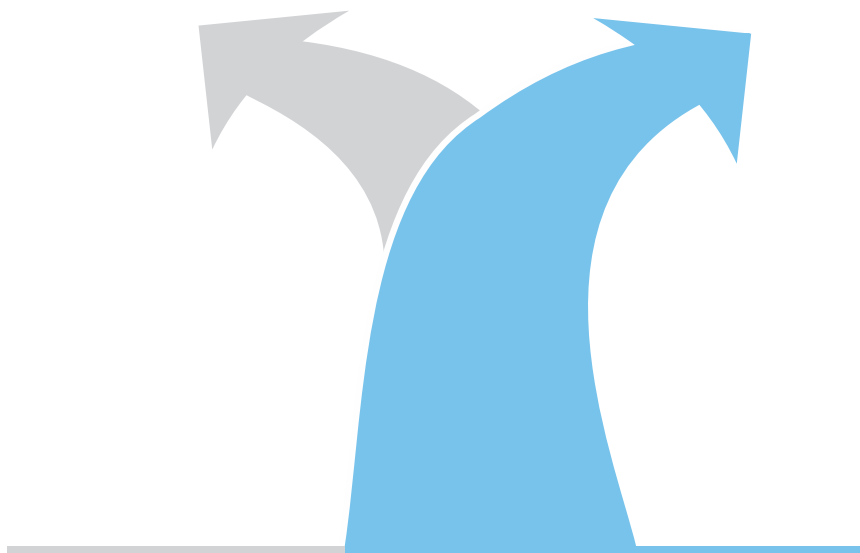
So that together we can zoom higher.

Leaf through to see how sometimes  
the best way to go is to let go.



## THE BIG STORY THIS YEAR

Earlier NILA Infrastructures Limited followed a mixed business model of cultivating both infrastructure and real estate businesses. In a depressed real estate scenario, infrastructure made more business sense because it promised stable and sure returns. For instance, in the financial year 2016-17 (F.Y. 2017), it constituted an overwhelming 86% of NILA Infra's total revenue. But, the status quo was about to be altered. Recent government policy interventions, directed at both the infrastructure and real estate sectors, are heralding far-reaching changes and strong growth in both. This means a flood of new opportunities for a company that already has in-depth exposure to the two business segments. How to capitalize on both without losing focus on either? The only way forward was to adopt a specialist stance for each sector. For NILA Infra, demerger of its real estate business was the logical choice. That way, NILA Infra could focus, specialize and grab emerging opportunities in infrastructure, while the resultant company, NILA Spaces Limited, could devote its full attention and take advantage of the new trends in real estate.



**BREATHING SPACE FOR BOTH BUSINESSES**

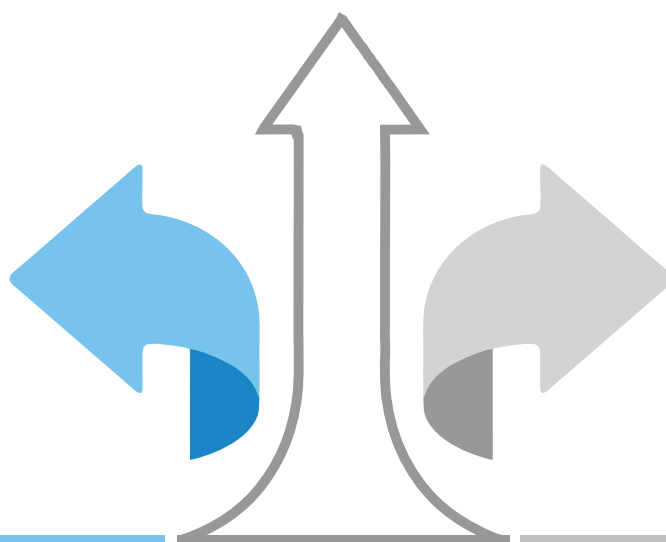


## INFRASTRUCTURE

- PMAY (Pradhan Mantri Awas Yojana), an ambitious government scheme aims to fulfil its 'Housing for all by 2022' goal by building 5 crore low-cost housing units by 2022 through public-private partnership
- Granting of infrastructure status for Affordable Housing, lower cost credit for longer tenures for developers, lower GST for low-cost housing, larger budgetary allocation for PMAY are among a host of multi-pronged measures undertaken by the government since the year 2016
- An Urban Development strategy for the next 20 years seeks to develop rural and urban areas, housing for all urban poor in the country, among other objectives
- Goal to transform existing areas (retrofit and redevelop), including slums, into better planned human settlements, thereby, improving livability of whole cities
- 500 AMRUT CITIES and 99 SMART CITIES identified to pursue five year comprehensive action plans for infrastructure development as against ad hoc approval of projects in the past

## REAL ESTATE

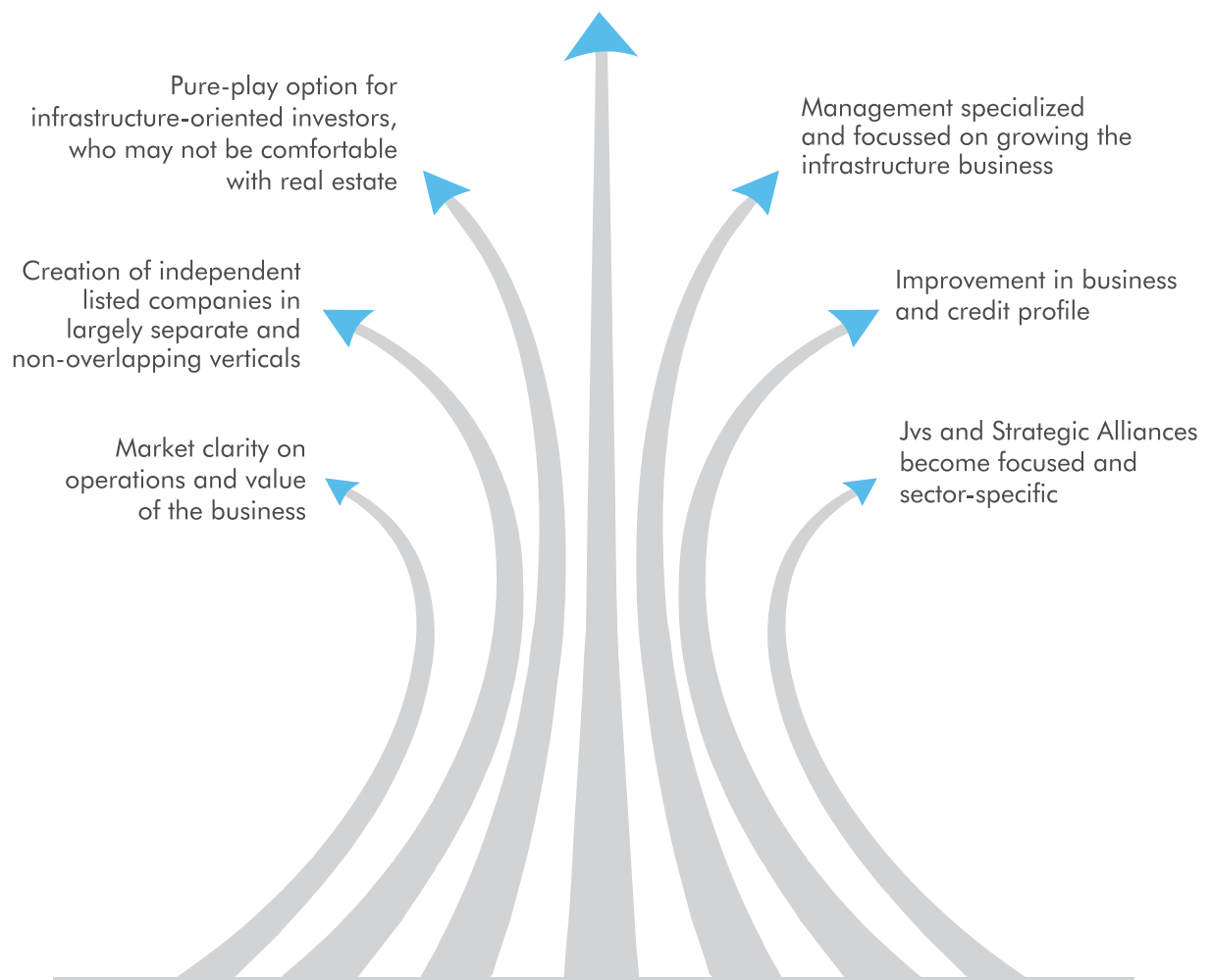
- The PMAY scheme is currently able to meet housing demand of only 30 lakh out of a total of 1 crore per annum; potential of 70 lakh per annum housing opportunity for the private sector
- Real Estate (Regulation & Development) Act, enacted to serve the objectives of transparency, accountability and efficiency, is good for organized players as well as the home buyers
- REIT (Real Estate Investment Trust) seeks to provide avenues for fund raising and alternate investments in the sector
- GST (Goods & Services Tax) aims to streamline the indirect tax structure; net tax rate on real estate post-GST has been rationalized to 8% now
- Other government measures like Direct Subsidy for social housing, extension of Interest Subsidy to mid-income groups, Tax Incentives for building affordable housing, faster issue of Construction Permits, etc., are spurring the supply side
- On the demand side are positive factors like stable property prices for more than 4 years, annual increase in per capita income of about 9%, around 15% lower mortgage payments due to declining interest rates, etc.



## HIGH-RISE GROWTH IN BOTH SECTORS

Entities and business Post-demerger	Demerged Company	Resultant Company
Name of the Company	<b>Nila Infrastructures Limited</b>	<b>Nila Spaces Limited</b>
Business	Infrastructure construction and development	Development of buildings for sale

## DEMERGER: THE FRUITS





Mark our presence as a leading infrastructure player across various geographies.

Perform with a high level of integrity and harness credibility.

Contribute to the economic prosperity and growth through participation in projects of national importance.

Raise our own benchmarks with every successive endeavor.

Passion for ideas and innovations

Reliability of processes and practices

Dedication to goals and targets

Strive relentlessly to provide world-class infrastructure development and contribute towards economic growth by delivering international standards of lifestyle.

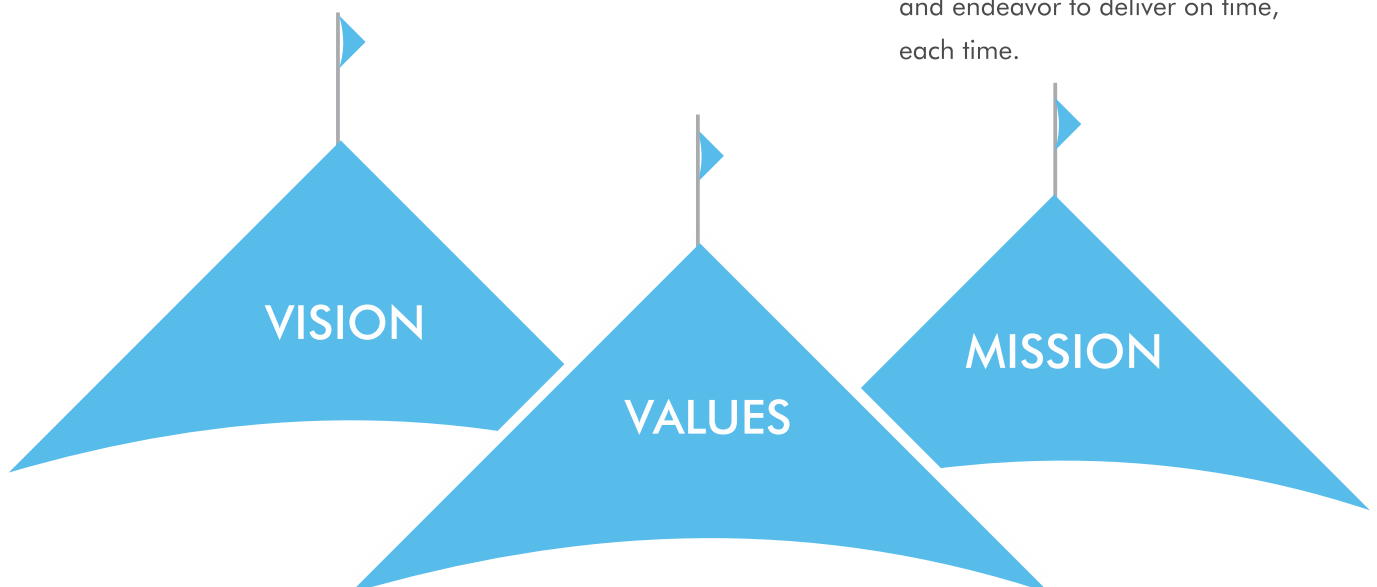
Provide 'housing-for-all' by participating in affordable housing projects thus contributing to national and social causes.

Execute urban development and infrastructure projects beneficial to the society at large.

Innovate and provide intelligent infrastructure solutions in a manner which is sustainable.

Engage in challenging projects, adhere to required standards and see them through completion with high levels of integrity and dedication.

Achieve transparency in every deal and endeavor to deliver on time, each time.



## READY TO TAKE OFF

Since the demerger of  
its real estate business,  
NILA Infrastructures Limited has  
become a pure-play  
infrastructure company with a  
strong base, business diversity,  
category leadership and  
market credibility.

Now, it is ready to take off  
to greater heights.







## STRONG BASE

- 28+ years as one of Gujarat's most respected business groups
- Approved Contractor in "Special Category – I Buildings Class" and "AA Class" with Government of Gujarat, Roads and Building Department

## BUSINESS DIVERSITY

- Affordable Housing & Slum Redevelopment
- Civic Urban Infrastructure – BRTS Stations, Multilevel Parking, Medical College, Bus Port, Office Complex, Community Hall, among others
- Leasing ■ Industrial Infrastructure ■ White Label development

## CATEGORY LEADERSHIP

- Deployment of Integrated ERP platform
- Deployment of HR Framework that catalyzes and rewards high-performance

## MARKET CREDIBILITY

- BBB+ / A2 (Credit watch with developing implications): CARE Ratings
- BBB+ Stable Outlook / A2: Brickwork Ratings
- Debt Equity Ratio: less than 1 ■ Promoter Share Pledge: Nil
- 8 years of Uninterrupted Dividend Payment + 9<sup>th</sup> year proposed
- Responsible Corporate Governance

**41%**  
PAT GROWTH

**8%**  
REVENUE GROWTH



## WE ARE ONLY AS GOOD AS THE RISKS WE TAKE



Dear Reader,

As usual, I would like to start off with an anecdote. Much before his company became a \$100 Billion e-commerce giant, this business leader (whom I will name later) had a highly lucrative job as Senior Vice President in a hedge fund company. One day, he went to his boss to discuss a new start-up idea. The mentor-boss thought it was a highly risky proposition, more so because his junior had a brilliant finance career to look forward to. Of course, it made sense. So, at first, this person struggled between letting go off a stable job and venturing into the unknown. What made his decision easy? He calls it his 'regret minimization framework.' He imagined himself as an 80-year old man looking back on his life choices. In his own words, "I knew that when I was 80, I was not going to regret having tried this...I knew that if I failed I wouldn't regret that. I knew the one thing I might regret is not ever having tried. And I knew that would haunt me every day." Could you guess who this business legend was? Well, it was Jeff Bezos of Amazon, the world's largest online retailer in terms of revenue and market capitalization.