

INVESTOR RELEASE: Earnings Release for Q3 & 9M-FY2020



For Immediate Release

Standalone Financials at a glance:

₹ in millions ¹	Q3-FY2020	Q3-FY2019	Y-o-Y		9M-FY2020	9M-FY2019	Y-o-Y
Total Revenue	639.3	546.0	17%		1,745.2	1,580.6	10%
EBIDTA	83.7	96.9	-14%		238.5	258.1	-8%
PAT	51.6	52.4	-1%		148.7	147.8	1%
Confirmed Unexecuted Order Book at December 31, 2019: ₹ 5,774.9 million							

Ahmedabad, February 15, 2020: The Board of Directors of Nila Infrastructures Ltd (BSE: 530377/NILA; NSE: NILAINFRA) at its meeting held at Ahmedabad on February 14, 2020, approved the Unaudited Financial Results for the quarter and nine-months ended December 31, 2019.

Standalone Financial highlights for period ended December 31, 2019:

- **Q3-FY2020:** Standalone Revenue of the Company increased by 17% to ₹ 639.3 million from ₹ 546.0 million as compared to the corresponding period of the previous year. On the profitability front, the EBIDTA for Q3-FY2020 has witnessed decline by 14% i.e. from ₹ 96.9 million to ₹ 83.7 million with an EBITDA margin of 13.75% in Q3-FY2020. The Profit after Tax is ₹ 51.6 million i.e. 8.07%.
- **9M-FY2020:** Standalone Revenue of the Company increased by 10% to ₹ 1,745.2 million from ₹ 1,580.6 million as compared to the corresponding period of the previous year. On the profitability front, the EBIDTA for 9M-FY2020 has witnessed decline by 8% i.e. from ₹ 258.1 million to ₹ 238.5 million with an EBITDA margin of 14.35% in 9M-FY2020. The Profit after Tax is ₹ 148.7 million i.e. 8.52%.
- At December 31, 2019, the Standalone Networth of the Company is ₹ 1,406.0 million and Standalone Gross Debt is ₹ 1,468.0 million, while the Cash and Bank Balances on the standalone basis is ₹ 68.5 million. The Net debt to Net worth computes 0.99x.

¹ 1 million = 10 lakh



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Commenting at this juncture **Mr. Deep Vadodaria, Chief Operating Officer** said:

“We were able to tide over the challenging environment with our strong Balance Sheet, diversified portfolio and robust order book which act as a bulwark against short term economic cyclicity. Our proven execution leadership in Affordable Housing, ability to master new age business models e.g. PPP, strong talent pool, financial discipline and professional process-driven strategies places us in an advantageous position to effectively capture meaningful business. We are certain about the sustainable growth during FY2020. Our reasonable margins in 9M-FY2020 vouch for our proprietary knowledge to select right tenders, execute accurately, and in augmenting the functional capacity we need to fulfill our strong order book. We continue to focus on cost efficiencies, resource optimisation, and efficient fund management with the ultimate aim of delivering shareholder value.”

Order-book:

At December 31, 2019 the Company has confirmed unexecuted order-book of ₹ 5,774.9 million. The summary is furnished further.

(₹ in millions)

Activity	Gujarat			Rajasthan			Total A+B	%
	GoG	PWL/Misc.	Total (A)	GoR	EPIL	Total (B)		
Affordable Housing	1,499.7	377.5	1,877.2	470.5	-	470.5	2,347.7	41%
Civic Urban Infra (EPC)	965.3	2,319.3	3,284.6	-	142.6	142.6	3,427.1	59%
Total	2,465.0	2,696.8	5,161.8	470.5	142.6	613.1	5,774.9*	
%	43%	47%	90%	8%	2%	10%		100%

*Note: Post effecting the below accounts:

1. During the Q3-FY2020, orders worth ₹44.7 million (e.g. DK Patel Hall for AMC) were completed below the stipulated amount, and therefore the Order-book is meaningfully reduced by that extent.
2. On 31.03.2017, the Company had entered into a construction contract with M/s Vivyan Infraprojects LLP (“Vivyan”) for construction and implementation of slum rehabilitation project at Ramapir No Tekro, Juna Wadaj, Ahmedabad for an amount of ₹ 1,316.7 million. The ambitious project involves construction of approximately 8.0 million sq ft and with execution period of 24 months. However, as Vivyan has not got possession of the project site from the local civic body, the project is yet to commence. Hence, the Company has not been able to initiate execution towards evident satisfaction of the said Contract. Resultantly, the Board has prudently decided to terminate the same with immediate effect, and therefore the Order-book is meaningfully reduced by that extent.

The composition of the order book is well balanced and in line with the Company’s core activity as 41% is from Affordable Housing; and 59% is other Civic Urban Infrastructure projects. Overall the Company is developing 7,552 units of affordable housing. The major Government clientele comprise, Ahmedabad Municipal Corporation (AMC), Ahmedabad Urban Development Authority (AUDA), Government of Rajasthan, Engineering Projects India Ltd (EPIL – a Mini Ratna), while Adani Group is a major corporate client.

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Summary Profit and Loss Statement (Standalone) (as per Indian Accounting Standards (Ind-AS)):

(₹ in millions | % change)

Particulars	Q3-FY2020	Q2-FY2020	Q-on-Q	Q3-FY2019	Y-on-Y	9M-FY2020	9M-FY2019	Y-on-Y	FY2019
	Unaudited	Unaudited		Unaudited		Unaudited	Unaudited		Audited
TOI (A)	608.5	526.4	82.1	530.9	77.6	1,661.8	1,518.5	143.3	2,258.0
Add: Other income (B)	30.9	30.1	0.8	15.1	15.8	83.4	62.1	21.3	82.8
Total Income (A + B)	639.3	556.5	82.9	546.0	93.3	1,745.2	1,580.6	164.6	2,340.8
Less:									
Operating expense	524.8	451.8	73.0	434.0	90.8	1,423.3	1,260.4	162.9	1,878.6
Depreciation	4.1	4.2	-0.1	5.0	-0.9	12.6	13.6	-1.0	18.6
Finance cost	39.5	43.3	-3.9	31.7	7.8	123.1	101.5	21.6	129.9
= Profit Before Tax (PBT)	70.9	57.1	13.8	75.2	-4.3	186.0	205.2	-19.2	313.7
Less: Tax	19.3	0.3	19.0	22.9	-3.5	37.3	57.4	20.1	92.0
= Profit After Tax (PAT)	51.6	56.8	-5.2	52.4	-0.8	148.7	147.8	0.9	221.7

Operating review for Q3-FY2020 (Standalone):

- The profitability at EBIDTA level has reduced mainly due to change in revenue-mix i.e. higher contribution from low-margin EPC projects.
- The project/operations cost has increased with a few projects being in preliminary stage, the employee cost has reduced due to reduction in overall employee base and/or replacement of high-cost manpower with fresher/economical manpower.
- The higher finance cost has further affected PBT, which has been marginally offset at PAT level mainly due to one-time exceptional income tax-rate reduction benefit.
- The marginal reduction in depreciation corresponds to commensurate movement in fixed assets.
- The marginal reduction in finance cost corresponds to lower utilization of credit facilities.
- None of the Bank Guarantees submitted by the Company has ever been invoked by any Principal/Client.

External credit rating:

CARE Ratings Limited	Brickwork Ratings India Pvt Ltd
March 29, 2019 "BBB+" (Stable) and "A2" Reaffirmed the bank loan rating of the Company while removed from Credit Watch.	January 11, 2020 "BBB+" (Stable) and "A2" Reaffirmed the bank loan rating of the Company.

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Summary Profit and Loss Statement (Consolidated) (as per Indian Accounting Standards (Ind-AS)):

(₹ in millions | % change)

Particulars	Q3-FY2020	Q2-FY2020	Q-on-Q	Q3-FY2019	Y-on-Y	9M-FY2020	9M-FY2019	Y-on-Y	FY2019
	Unaudited	Unaudited		Unaudited		Unaudited	Unaudited		Audited
TOI (A)	571.2	534.0	37.2	516.3	54.9	1,614.8	1,451.0	163.7	2,137.8
Other income (B)	26.7	32.3	-5.6	13.9	12.8	75.6	50.5	25.2	60.1
Total Income (A + B)	597.9	566.3	31.6	530.2	67.7	1,690.4	1,501.5	188.9	2,197.9
Less:									
Operating expense	490.1	460.9	29.2	420.4	69.7	1,380.6	1,195.8	184.8	1,779.1
Depreciation	4.1	4.2	-0.1	5.0	-0.9	12.6	13.6	-1.0	18.6
Finance cost	39.6	43.3	-3.7	31.7	7.8	123.3	101.5	21.8	129.9
PB share in profit of JV, associates and tax	64.2	57.9	6.3	73.0	-8.8	173.9	190.6	-16.7	270.2
Add: Share in profit of JV & associates (net of tax)	1.2	4.5	-3.3	4.7	-3.5	8.3	8.0	0.3	10.1
= Profit Before Tax (PBT)	65.3	62.4	2.9	77.7	-12.4	182.2	198.5	-16.3	280.3
Less: Tax	17.7	4.0	13.7	22.5	-4.8	37.6	53.7	-16.1	80.2
= Profit After Tax (PAT)	47.7	58.5	-10.8	55.2	-7.6	144.6	144.9	-0.3	200.1

Safe harbor Statement

All financial and other information in this release, other than financial and other information for specific subsidiaries/JVs/Associate where specifically mentioned, is on an unconsolidated basis for Nila Infrastructures Limited only unless specifically stated to be on a consolidated basis for Nila Infrastructures Limited and its subsidiaries/JVs/Associate. Please also refer to the statement of unaudited unconsolidated results required by Indian regulations that has, along with this release, been filed with the stock exchanges where Nila Infrastructures Limited's equity shares are listed, and is available on our website www.nilainfra.com

Except for the historical information contained herein, statements in this release which contain words or phrases such as 'will', 'expected to', etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward-looking statements involve a number of risks, uncertainties and other factors that could cause actual results, opportunities and growth potential to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, the actual growth in demand for real estate, infrastructure, etc. construction and other construction activities and services in the geographies that we operate or where a material number of our customers reside, our ability to successfully implement our strategy, including our selecting apt Project, getting possession of site within stipulated time, executing the Project as per stipulated schedule, employing and deploying sufficient skilled/unskilled manpower, and manage the risks associated with timely sales and collection to achieve our strategic and financial objectives, our ability to manage the increased complexity of the risks we face following our rapid growth, future levels of profit margins, our growth and expansion in affordable housing and other urban infrastructure related sectors, the adequacy of our allowance for low-margin infrastructure business, technological changes, our ability to get into new markets, cash flow projections, the outcome of any legal, tax or regulatory proceedings against us or we become a party to, the future impact of new accounting standards, our ability to implement our dividend policy, the impact of changes in real-estate/infrastructure related regulations and other regulatory changes on us, the capital market and bank credit leniency and availability of liquidity amongst the investor community in these markets, the nature or level of profit margins, cost escalations from time to time, availability of raw materials e.g. cement, steel, etc., including the possibility of increasing rates of raw materials, our ability to roll over our short-term funding sources and our exposure to credit, market and liquidity risks as well as other risks that are detailed in the reports filed by us with the statutory authorities. Nila Infrastructures Ltd undertakes no obligation to update forward-looking statements to reflect events or circumstances after the date thereof. This release does not constitute an offer of securities.

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About Nila Infrastructures Limited

Incorporated in the year 1990, Nila Infrastructures Limited (the "Company") has been promoted by first-generation promoters, Mr. Manoj B. Vadodaria and Mr. Kiran B. Vadodaria. The Company is a well-established player in developing Civic Urban Infrastructure Projects on EPC, Turnkey, PPP Mode, as well as Private White Label Construction and Industrial Infrastructure Projects. The Company is registered as Special Category-I Buildings Class and pre-approved contractor with various civic bodies as well as established corporate real estate players. The Quality Management System of the Company is assuredly ISO 9001:2015 accredited. The Company has notable presence in Gujarat and Rajasthan. The major clientele includes Ahmedabad Municipal Corporation (AMC), Ahmedabad Urban Development Authority (AUDA), Government of Rajasthan, EPIL (a Mini-Ratna Company of GoI), Adani Group, etc. The Company possesses an excellent track record of consistent profitability, dividend distribution and has accumulated strong capital reserve base. To know more, please visit www.nilainfra.com

For more Information please contact:

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