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**Deep Vadodariya, COO, Nila Infrastructures Ltd** shares his view with **Sandeep Sharma** about his company's footprint in the real estate and infrastructure sector, ongoing projects, business generated during the current year, opportunities in the Smart Cities segment, market scenario, single window clearance system, emerging real estate trends in Ahmedabad, impact of demonetization, availability of Project Finance and recommendation to overcome shortage of manpower in the construction sector. Edited excerpts...

► **Tell us about your company's footprint in the infrastructure and real estate sector?**

The Company is engaged in construction of Civic Urban Infrastructure on EPC, Turnkey, and PPP basis with currently more than 30 lakh square feet is under construction. We execute Affordable Housing Projects, Slum Rehabilitation and Redevelopment, Multilevel Parking Project, Bus Rapid Transit System (BRTS) Stations, Medical College Campus, captive office complex, etc. At present, the operations of the Company are mainly carried-out in Gujarat and Rajasthan.

**The prominent customers of the Company include:**

- Ahmedabad Municipal Corporation (AMC)
- Vadodara Urban Development Authority (VUDA)
- Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Ltd (RUDSICO)
- Jodhpur Development Authority (JoDA)
- Urban Improvement Trust – Udaipur (UIT – Udaipur)
- Urban Improvement Trust – Bhilwara (UIT – Bhilwara)

- Engineering Projects (India) Ltd. (EPIL)
- Adani group (APSEZ, AIDPL, etc.)

With respect to real estate sector, the Company is left with little inventory from its latest concluded real-estate scheme, that is, Atulyam (Off S.G. Highway, Ahmedabad). While the Company has built propitious bank-in-and-around Ahmedabad, there are no immediate plans to launch any new real estate projects.

► **Could you share with us details about your ongoing projects?**

At present, the Company is executing two Slum Rehabilitation and Redevelopment Projects – for the benefit of 700+ families/units at Ahmedabad alongwith Ahmedabad Municipal Corporation.

The Company is also executing Affordable Housing Projects for AMC, VUDA, RUDSICO, UIT, etc. to the tune of about 6,200+ flats/units aggregating about 24 lakh square feet construction.

Apart from that a Medical College Campus at Barmer, Rajasthan is also under execution spanning about 3 lakh square feet construction. This EPC contract for Rs. 87.46 crore with

Engineering Projects (India) Ltd (EPIL) will facilitate 100 MBBS admission annually. The Medical College Campus site is 9.3 km from District Hospital at Barmer and spread over 19.38 acres of land on NH-15.

The Company is also executing Adani Port SEZ's PMC Office Building at Adani Shantigram, Ahmedabad. The building envisages overall construction of Ground + 13 floors + two basements covering about 300,000 square feet built-up area.

► **How did your company fare so far in terms of: business generated, growth rate achieved and your expectations from the current financial year?**

The Company has clocked top-line of Rs. 99.33 crore during H1-FY2017 – with major contribution from Infrastructure activity at 81%. That is the growth rate of 41% over the immediate past year's corresponding period. The Company is scaling-up on the growth trajectory and as traditionally H2 of the financial year has always been better than H1, we are confident to continue our growth momentum that we have experienced during about last eight quarters.

► **What kind of opportunities do you see for your company in the ‘Smart Cities’ segment?**

So far as the “Smart Cities” are concerned, the Company is in sweet-spot and we are very favourably placed to partake in the opportunities as we are already active in all the important facets of “Smart City” concept that is:

In Social Infrastructure, we are qualified to construct infrastructure for education, healthcare, entertainment, sports, children’s parks and gardens, Slum rehabilitation, etc.

In Physical Infrastructure, we have already executed urban utility projects like BRTS Bus Stations, Multilevel Parking, the housing stock, sanitation facilities, etc.

For Economic Infrastructure, we have requisite experience and expertise to undertake construction of office complex, industrial parks, logistic parks, etc.

► **How is the market condition shaping up across the country? What kind of challenges are you facing in improving your project sales?**

The market dynamics are now in favour of the organised players like us whose operations are backed by well defined systems and processes such as ISO certification, ERP system, etc. And I must add that it is equally true across the country.

The outlook of government spending in civic urban infrastructure is absolutely positive in short, medium and long-term. Be it PM’s “Housing for All by 2022 Mission” or “Smart Cities” – the scales here are very ambitious and additionally now the Fiscal and Monetary eco-systems are also galvanised.

Meanwhile, we do not run any project marketing or sales risk on our books as we are executing various projects for our resourceful customers like government authorities as well as reputed and established corporate. The demand-supply gap is very positive as the civic urban authorities receive on-an-average three applications for a single unit of affordable housing. Meanwhile, we are



**BRTS Project**

“Special Category – I Building Class Contractor” and we participate in online/open tenders, wherein the process is truly fair and conducted with utmost transparency. While, we face regular competition within our area of business, the promoters have working experience of about thirty years now and we have mastered the art to grow.

► **Do you think Single Window clearance system can fast track project implementation?**

Yes, in the plethora of approvals/clearances prevailing in the construction and infrastructure industry; Single Window can surely curtail the overall lead time, and cost.

► **Could you provide us insight about the emerging real estate trends and property market in Ahmedabad?**

From certain recent macro-economic events, the clear trend that is emerging in real estate is “Affordable Housing” or low-to-medium ticket housing.

There is a tremendous traction “at the bottom of the pyramid” as the demand for affordable housing, both private and government, is on the rise. The implementation of the Seventh Pay Commission, recent reduction in Rate of Interest, overall average or above-average monsoon, etc. factors are collectively catalysing demand.

► **How far demonetization has affected the real estate and infrastructure sector?**

Definitely the real estate sector has

got a shock and demonetization is highly negative for this sector. Real estate sector has been severely impacted and residential real estate demand has declined more severely where practice of cash transactions was prevalent. Developers will face serious fund crunch in the short to medium term, which will further delay ongoing projects. Overall real estate sector will take some time; say about three to four quarters, to revive.

I believe the infrastructure sector is a clear beneficiary as the government has more money at its disposal, the banks have sufficient liquidity to lend, and ultimately these infrastructure projects will trigger the GDP growth cycle.

► **What’s your take about the availability of Project Finance in India to fund Infrastructure projects?**

Off late, the availability of Project Finance is not very encouraging. As per RBI’s latest ‘Quarterly BSR-1: Outstanding Credit of Scheduled Commercial Banks’, the share of credit to industry reduced to 40.1 per cent in September 2016 from 40.7 per cent in June 2016. While, the contribution of the large credit accounts (with credit limit above Rs. 25 crore) declined further to 44.8 per cent.

The banking system has to immediately come out of the inertia caused due to the overall tumultuous feeling experienced during last couple of years of NPAs, write-offs, extraordinary monitoring.

► **What kind of solution do you recommend to overcome shortage of manpower in the construction sector?**

I believe shortage of manpower is the new-normal and the plain fact now. I recommend adoption of new technologies that are time and cost effective. Also, the industry needs to quickly shift towards more and more mechanisation including robotics, 3D printing, etc. Standardisation is also another consideration with Pre-fab modules poised to gain prominence.