Press Release

April 8, 2013

CARE reaffirms the ratings assigned to the Bank Facilities of Nila Infrastructures Limited

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Long-term Bank Facilities	6.96 (reduced by Rs.2.50 crore)	**CARE BB+ (Double B Plus)**	Reaffirmed
Long/Short-term Bank Facilities	4.00	**CARE BB+ / CARE A4+ (Double B Plus / A Four Plus)**	Reaffirmed
Total Facilities	**10.96**		

Rating Rationale

The ratings continue to be constrained by the presence of Nila Infrastructures Ltd (NILA) in a competitive and cyclical real-estate industry with modest scale of operations and heightened salability risk due to high interest rate regime and overall demand slowdown. The ratings are further constrained due to its limited experience in the execution of large-sized residential and infrastructure projects.

The ratings, however, continue to draw strength from its established track record of over two decades in the real-estate business, healthy profitability and moderately comfortable capital structure. The ratings also factor in the company's diversified revenue mix from real-estate development as well as construction activities.

Successful completion of the ongoing residential project within envisaged time and cost parameters, achieving the envisaged member booking, growth in the order book in infrastructure segment and funding profile and implementation schedule of its proposed large size residential and infrastructure projects are the key rating sensitivities.

Background

NILA is a part of the Ahmedabad-based Sambhaav Group and was promoted by Mr Manoj Vadodariya in 1990. Initially, NILA was engaged in the area of construction of residential and commercial projects. It expanded its scope of construction activities to infrastructure sector since 2006 and revenue from this segment had picked up from FY08 (refers to the period April 1 to March 31). The company is actively involved in infrastructure development activities executing projects of government, semi-government, urban local bodies and other private corporates.

NILA earned a PAT of Rs.12.44 crore on a total operating income of Rs.90.12 crore in FY12 as against a PAT of Rs.13.48 crore on a total operating income of Rs.90.25 crore in FY11. Furthermore, as per the provisional results for 9MFY13, it earned a PAT of Rs.9.41 crore on a total operating income of Rs.69.96 crore.

Analyst Contact
Name: Kalpesh Patel
Tel: 079-40265611

1 *Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications*

Mob: +91 99090 26322
Email: kalpesh.patel@careratings.com

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CARE is headquartered in Mumbai, with Offices all over India. The office addresses and contact numbers are given below:

HEAD OFFICE: MUMBAI

Mr. D.R. Dogra
Managing Director
Mobile : +91-98204 16002
E-mail : dr.dogra@careratings.com

Mr. Rajesh Mokashi
Dy. Managing Director
Mobile +91-98204 16001
E-mail: rajesh.mokashi@careratings.com

Mr.Ankur Sachdeva
Vice President – Banks & Financial Services
Mobile: +91-9819698985
Email ankur.sachdeva@careratings.com

CREDIT ANALYSIS & RESEARCH LTD

HEAD OFFICE 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022 |Tel: +91-022- 6754 3456 | E-mail: care@careratings.com | Fax: +91-022- 6754 3457.

KOLKATA | **Ms. Priti Agarwal** | Cell: +91-98319 67110 | Tel: +91-33- 4018 1600/ 1602 | E- mail: priti.agarwal@careratings.com | 3rd Flr., Prasad Chambers (Shagun Mall Bldg), 10A, Shakespeare Sarani, Kolkata -700 071

CHENNAI | **Mr. V Pradeep Kumar** | Cell: +91 9840754521 | Tel: +91-44-2849 7812/2849 0811 | Fax: +91-44-2849 0876 | Email: pradeep.kumar@careratings.com | Unit No. O-509/C, Spencer Plaza, 5th Floor, No. 769, Anna Salai, Chennai - 600 002

AHMEDABAD | **Mr. Mehul Pandya** | Cell: +91-98242 56265 | Tel: +91-79-40265656 | Fax: +91-79-40265657 | E-mail:mehul.pandya@careratings.com | 32, Titanium, Prahaladnagar Corporate Road, Satellite, Ahmedabad - 380 015.

NEW DELHI | **Ms. Swati Agrawal** | Cell: +91-98117 45677 | Tel: +91- 11- 2331 8701/ 2371 6199 | E-mail: swati.agrawal@careratings.com | 3rd Floor, B -47, Inner Circle, Near Plaza Cinema, Connaught Place, New Delhi - 110 001.

BENGALURU | **Mr. Dinesh Sharma** | Cell: +91 9900041975| Tel: +91-80-22117140 | E-mail: dinesh.sharma@careratings.com | Unit No. 8, I floor, Commander's Place, No. 6, Raja Ram Mohan Roy Road, (Opp. P F Office), Richmond Circle, Bangalore - 560 025.

HYDERABAD | **Mr. Saikat Roy** || Tel: +91-40-40102030 | E-mail: saikat..roy@careratings.com | 401, Ashoka Scintilla | 3-6-520, Himayat Nagar | Hyderabad - 500 029.

PUNE | **Mr. Rahul Patni** | Cell: +91-78754 33355 | Tel: +91-20- 4000 9000 | E-mail: rahul.patni@careratings.com | 9th Floor, Pride Kumar Senate, Plot No. 970, Bhamburda, Senapati Bapat Road, Shivaji Nagar, Pune - 411 015.

JAIPUR| Mr. Rahul Jain | Cell: +91-9314921496| Tel: +91-0141-4020213/14 | E-mail: rahul.jain@careratings.com |304, Pashupati Akshat Height, s Plot No. D-91, Madho Singh Road, Near Collectorate Circle, Bani Park , Jaipur – 302016.