



Nirlon Limited

CIN: L17120MH1958PLC011045

Pahadi Village, off the Western Express Highway, Goregaon (East), Mumbai 400 063.

Tele: +91 (022) 4028 1919 / 2685 2257 / 58 / 59, Fax: +91 (022) 4028 1940

E-mail id : info@nirlonltd.com, Website: www.nirlonltd.com

=====

February 18, 2025

BSE Limited,

The Corporate Relationship Dept.,

P.J. Towers,

Dalal Street,

Mumbai - 400 001.

Security Code: 500307

Dear Sir/ Madam,

Sub: Earnings Call Transcript for the Q3 and 9 Months F.Y.2025

- Ref:**
1. Participation in Investors'/ Analysts' conference call held on Friday, February 14, 2025
 2. Audio link for the Earnings Conference call held on Friday, February 14, 2025 with Investors'/Analysts'

We refer to our intimation dated February 6, 2025 informing the stock exchange of an earnings conference call on **Friday, February 14, 2025**

This is to inform you that the conference call was attended by Mr. Rahul V. Sagar - Chief Executive Officer and Executive Director, Nirlon Limited, Mr. Kunal V. Sagar - Director, Nirlon Management Services Private Limited, Mr. Manish B Parikh - Chief Financial Officer and VP Finance, Nirlon Limited, Mr. Jasmin K. Bhavsar - Company Secretary, Vice President (Legal) & Compliance Officer Nirlon Limited and Mr. Ashish Bharadia – Vice President - Business Development & Investor Relations, Nirlon Management Services Private Limited.

The transcript is attached herewith. The Transcript and the audio recording are available on the Company's website

www.nirlonltd.com”.

The interaction was based on a Q&A format, and the presentation for the aforesaid is available on the Company's website.

Kindly take the information on your record.

Thanking you,

Yours Faithfully,

For Nirlon Limited



Jasmin K. Bhavsar

Company Secretary, Vice President (Legal) & Compliance Officer

FCS 4178

Encl:a.a.

Nirlon Limited
Q3 and 9 Months FY'25 Earnings Conference Call
February 14, 2025

Moderator: Ladies and gentlemen, good day and welcome to Q3 and 9 months FY'25 Conference Call of Nirlon Limited.

As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing '*' then '0' on your touchtone phone. Please note that this conference call is being recorded.

I now hand the conference over to Ms. Nupur Jainkunia from Valorem Advisors. Thank you, and over to you.

Nupur Jainkunia: Thank you. Good afternoon, everyone. My name is Nupur Jainkunia from Valorem Advisors. We represent Investor Relations for Nirlon Limited. On behalf of the Company, I would like to thank you all for participating in the Company's earnings call for the 3rd Quarter and 9-months of the Financial Year 2025.

Before we begin, let me mention a short cautionary statement. Some of the statements made in today's earnings call may be forward-looking in nature, such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's belief as well as assumptions made by and information currently available to the management. Audiences are cautioned not to place any undue reliance

on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Now let me introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks.

We have with us Mr. Rahul V. Sagar - Chief Executive Officer and Executive Director, Nirlon Limited, Mr. Kunal V. Sagar - Director, Nirlon Management Services Private Limited, Mr. Manish B Parikh - Chief Financial Officer and VP Finance, Nirlon Limited, Mr. Jasmin K. Bhavsar - Company Secretary, Vice President (Legal) & Compliance Officer Nirlon Limited and Mr. Ashish Bharadia - Vice President - Business Development & Investor Relations, Nirlon Management Services Private Limited.

Without any further delay, I request Mr. Kunal to start with his opening remarks, followed by financial and operational highlights of the Company. Thank you, and over to you, Sir.

Kunal Sagar:

Good afternoon, everyone. It is a pleasure to welcome all of you to our Earnings Conference Call for the 3rd Quarter and 9 months of the Financial Year 2025. Let us first take you through the financial performance of the Company. For the third quarter, the Company reported a total income of INR 164 crores which grew by 7% year on year. EBITDA was INR 133 crores representing a 10% growth year on year. EBITDA margins were at 81.39%. Profit after tax for the quarter stood at approximately INR 58 crores which also grew by 12% year on year, while PAT

margins were 35.57%. For the 9 months of the Financial Year 2025, the Company reported a total income of approximately INR 484 crores representing a growth of 7% year on year. EBITDA stood at INR 386 crores, an increase of 8% year on year and EBITDA margins were 79.74%. Profit after tax was INR 165 crores, an increase of 7% year on year and PAT margins were 33.99%.

On the operational front, the average occupancy rate for the Company as a whole, that is NKP and Nirlon House combined, was at 99.5% for the 3rd quarter of the Financial Year 2025 and as on 31st December 2024. Approximately 15000 square feet at NKP and 6200 square feet at the Nirlon house was vacant. In other updates, Morgan Stanley has given notices to vacate approximately 449,000 square feet of space with the last notices for about 176,000 square feet received in December 2024.

These spaces will largely be vacated in Quarter 4 of FY 2025 and Quarter 1 of FY 2026. Of this, around 230,000 square feet has already been re-licensed to BNP Paribas, EY, ICICI Prudential and Globeop SS&C with discussions going on for the remaining space. Additionally, BNP Paribas has renewed approximately 156,000 square feet at NKP. Further, terms have been finalized for re-licensing of approximately 60,000 square feet of space coming up for renewal in FY2025.

Lastly, we are glad to inform you that the board of the Company has approved an interim dividend at Rs. 15 per share for 2024-2025 in the meeting held on 13th February 2025.

With this, we conclude our opening remarks and open the floor to questions.

Moderator: Thank you very much. We will now begin the question and answer session. Anyone who wishes to ask a question may press “*” and “1” on their touchtone telephone. If you wish to withdraw yourself from the question queue, you may press “*” and “2”. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles. We will take our first question from the line of Dilip A. Jain from Ayush Capital. Please go ahead.

Dilip A. Jain: Good afternoon, sir. I just have two questions. My first question is, for the first 9 months, we have paid approximately 45 crores tax on a PBT of 254 crores. This works out to about 17.5%. You had explained in the previous call that this lower tax outgo is mainly due to accumulated MAT credit which might get over by the year end. I request you to give me the figure for 31st December of the balance accumulated MAT credit which we are going to use for Q4 of this year.

Manish Parikh: The MAT credit that was available to the Company will get fully utilized by March 2025. Because we are in the old tax regime, we are able to carry forward the MAT and that MAT is getting utilized. It is utilized on an annual basis, so we can't give you the number for utilization up to December.

Dilip A. Jain: How much has been assumed to be utilized this year?

Manish Parikh: Approximately 22-23 crores.

Dilip A. Jain: Once this 23 crores gets extinguished, there is nothing that is left at the end of this fiscal?

Manish Parikh: Correct.

Dilip A. Jain: So we would not be getting that tax advantage anymore at the end of this fiscal? Am I right?

Manish Parikh: Yes.

Dilip A. Jain: Okay. Alright. I will proceed to my second question, if you may permit. As per page 7 of our investor presentation, Morgan Stanley has given us a notice to vacate 449,000 square foot in Q4 and Q1 of next fiscal. As Mr. Kunal explained, hearty congratulations, you have already begun relicensing and have relicensed almost 230,000.

My question is, since we have already commenced relicensing the area that will be vacated, what is the average rental rate per square foot per month of the relicensed area? That is one part. The second part is strategic. Media reports indicate a huge demand for grade A commercial spaces in our micro market with vacancies purported to be at an all-time low. In a rising rental rate scenario, will it be a better alternative to wait to relicense at higher rental rates 6 months or 9 months down the line than to pre-book tenants right away? I would like to know your thoughts on both the parts of the question. Thank you.

Rahul Sagar: The first part of the question, with regard to the rates that we are getting for licensees for the spaces vacated by Morgan Stanley, we can say that they are fairly positive and showing a higher trend, going in the right direction approximately between 160 to 180 at 80%.

Dilip A. Jain: 160 to 180, sir, at 80% efficiency?

Rahul Sagar: Approx.

Dilip A. Jain: Okay, okay.

Rahul Sagar: Essentially, we can say that the trend is in the right direction at this point in time. It is an increasing trend and to answer your second question as to whether we should wait, we do not usually want to speculate and take these types of decisions as to waiting for license fees to get higher. We want to basically license as soon as possible to

the best possible licensee, which will also give us the best credit at the best possible rent. So, yes, that is really what we want to do. Thank you.

Dilip A. Jain: That is nice. However, the market is at an all-time high, and that is what we assume it to be because the vacancies are so low. So aren't we losing out on that 20%, 25% extra differential that we might have gotten had we waited a bit longer? I mean, I just want to know from a strategic point of view.

Rahul Sagar: We don't really think so.

Dilip A. Jain: Okay. So these are good enough. 160 to 180 at 80% is good enough as per your research.

Rahul Sagar: Yes.

Moderator: Thank you. We will take our next question from the line of Satinder Singh from EON Investments. Please go ahead.

Satinder Singh: Thanks and congratulations for the stable quarter and the quick re-licensing. So anything to report on the Nirlon House? Any progress on Nirlon House, please?

Rahul Sagar: So there is nothing significant to say in that regard. We are in various discussions and if there is anything significant to say, we will update you.

Moderator: Thank you. Next question is from the line of Srinivasa Rao Chalasani, an independent analyst. Please go ahead.

Srinivasa Rao Chalasani: Since the max credit will be exhausted this year, would we be changing to a new tax regime in the following year? Thank you.

Rahul Sagar: The Company is analyzing that in a lot of detail and will be in a position to take a decision in the next month or two in this regard.

Moderator: Thank you. We will take our next question from the line of Daksh Jain, an individual investor. Please go ahead.

Daksh Jain: I have just one question. The interest rate, repo rate has been reduced by the government and has there been any changes in the discussion or our progress towards REIT Si, because it benefits the REIT sector. Has there been any acceleration towards our progress towards REIT or what new discussion, change is happening or is it more like positive and has the progress accelerated, sir?

Kunal Sagar: Let me just understand your question. Are you asking about the interest rate or the REIT? You mentioned two things, so it was a little confusing to know exactly what you mean.

Daksh Jain: No. The falling interest rate is favorable to the REIT industry. So has there been any acceleration in our process after the change in interest rates, sir, towards REIT, the direction towards REIT?

Kunal Sagar: We understand. I think what we would like to say is that if I may say so, you are assuming that we have been speaking about the REIT. What we want to mention is that we have been looking at an appropriate restructuring. Whether it is in the form of a REIT or something else is something that we have always mentioned that we are in the process of analyzing and looking at every possible structure that might be the most beneficial to the Company. So that is just something I would like to clarify since you definitively mentioned REIT. In that context, the discussions and the various analysis that have been ongoing are continuing. There is nothing specific, different from the last time that we want to stay on that. Does that answer your question?

Daksh Jain: Yes, sir. Okay and, sir, one more request, sir. As we have been saying for various quarters, can we expect a key person from GIC to sit in the concall and to give a little bit

more specific reasoning behind the development on the REIT side or whatever the structuring is, sir? Because we have been requesting this for a lot of concalls now.

Kunal Sagar: We have noted your point, Mr. Jain. Thank you.

Moderator: Thank you. We will take a follow-up question from the line of Satinder Singh from EON Investments. Please go ahead.

Satinder Singh: So out of the 449K that Morgan Stanley is vacating, about 200K, we believe, has already been relicensed. So what kind of a pipeline do we have for the balance 250 and how confident are we that by the time these get vacated in Q1 FY26, we should be wrapping up most of these?

Rahul Sagar: Well, we can say that for the balance, approximately 220,000, the pipeline is very strong and positive and we will hopefully be concluding in the next few months as well. As we said earlier, we want to relicense as soon as possible on the best possible commercial terms to the licensee whom we feel is most appropriate for NL, for NKP and we believe we have a very strong pipeline in this regard and we will be looking to finalize as soon as possible in the next few months. Thank you.

Satinder Singh: Okay. Thanks a lot and I must use this opportunity to compliment the Management. I think you have done a great job in first building the asset out like you built, , and then thereafter maintaining the occupancy. I think it is incredible the level of occupancy that you maintained over the years. So compliments to your management on this. And sir, finally if I am to read this correctly, one of the responses, so are we saying that a decision on the tax regime will be taken in the next couple of months or is the decision on the structure going to get taken in the next couple of months itself, okay?

Rahul Sagar: No, we said the decision on the tax regime will be taken in the next couple of months.

Satinder Singh: Okay.

Rahul Sagar: Which will essentially be in 2025-26.

Ashish Bharadia: Just to clarify, for FY25, we need to decide by the time of filing the returns, which happens in September of 25 and for FY26, we need to decide by the time of filing the return for FY26, which is September of 26. So, therefore, for FY25, as of now, it will be decided to be in the old tax regime and for FY26, the timeline for the decision is before you file the returns, you can decide at any time till then.

Moderator: Thank you. Ladies and gentlemen, to ask a question, please press “*” and “1” on your phone now. As there are no further questions, I now hand the conference over to Mr. Kunal Sagar from Nirlon Limited for closing comments. Over to you, sir.

Kunal Sagar: Thank you all for participating in our Earnings Call. We hope we were able to answer your questions satisfactorily. If you have any further questions or would like to know more about the Company, please reach out to our Investor Relations Managers at Valorem.

Moderator: Thank you very much. Thank you, members of the management team. On behalf of Nirlon Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.