



Nirlon Limited

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August 19, 2024

**The Secretary,
BSE Limited,
P.J. Towers,
Dalal Street,
Mumbai- 400 001.**

Security Code: 500307

Sub: Participation in Investors'/ Analysts' conference call held on Tuesday, August 13, 2024

We refer to our intimation dated August 2, 2024 informing the stock exchange of an earnings conference call on Tuesday, 13, 2024.

This is to inform you that the conference call was attended by Mr. Rahul V. Sagar, Chief Executive Officer & Executive Director, Mr. Kunal V. Sagar, Director of Nirlon Management Services Pvt. Ltd, Mr. Manish B. Parikh, Chief Financial Officer and Vice President (Finance) of the Company, and Mr. Ashish Bharadia, Vice President (Business Development and Investor Relations) of Nirlon Management Services Pvt. Ltd.

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
Q1-FY25 Earnings Conference Call
13 August, 2024

Moderator: Ladies and gentlemen, Good day and welcome to the Q1 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 a touch tone phone.

I now hand the conference to Ms. Purvangi Jain from Valorem Advisors. Thank you and over to you, ma'am.

Purvangi Jain: Good afternoon, everyone. My name is Purvangi Jain from Valorem Advisors. We represent the 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 1st Quarter 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 the actual results to differ from those anticipated. Such statements are based on the management's belief as well as assumptions made by or 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 their "Opening Remarks".

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

Without any further delay, I request Mr. Kunal Sagar to start with his "Opening Remarks", followed by Financial and Operational highlights of the Company. Thank you, and over to you, sir.

Kunal Sagar:

Thank you, Purvangi. Good afternoon, everyone. It's a pleasure to welcome you to our Earnings Conference Call for the 1st Quarter of the Financial Year 2025.

Let us first take you through the Financial Performance of the Company for the 1st Quarter:

During the quarter under review, the Company reported a total income of Rs. 158 crores, which grew by approximately 6.6% year-on-year and by 2.3% quarter-on-quarter. EBITDA is approximately Rs. 122 crores representing a year-on-year growth of about 4% and a quarterly decline of about 1%. EBITDA margins are approximately 77%. Profit after tax for the quarter stood at approximately Rs. 50 crores, which remained stable year-on-year and declined by about 3% quarter-on-quarter with PAT margins being 31.54%.

On the operational front, the average occupancy rate for the Company as a whole, that is Nirlon Knowledge Park and Nirlon House combined was stable at 99.8% for the 1st Quarter, and NKP remained 100% occupied. As per their longstanding plan, Morgan Stanley has given notices at the end of July and in August 2024 to vacate approximately 13,000 square feet in Q3 FY 25, and approximately 122,000 square feet in Quarter 4 FY 25, at NKP, respectively. The Company has seen consistent interest for relicensing the space currently occupied by Morgan Stanley.

As regards the rate of income tax, it's relevant to note that the tax rate applicable from the current year, that is FY 2024-25 will be 34.94% as against 29.12% earlier under the old regime, as the Company's turnover has exceeded Rs. 400 crores in FY 2022-23, that is two years prior to the present financial year. As discussed during previous calls, given the MAT credit available to the Company, the incremental cost of continuing in the old tax regime in FY2024-25 is estimated to be negligible. The Board will continue to review this issue on a regular basis.

With reference to the potential restructuring or other possible value accretive measures, discussions and consultations with concerned parties continues. The effort is to ensure that any potential options in this context are carefully considered and evaluated from all aspects so as to be genuinely value accretive to all shareholders. The Company understands the importance of this aspect for investors and shareholders. We will ensure that we communicate any decision taken in this regard.

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. First question is from the line of Dilip Jain, an Individual Investor. Please go ahead.

Dilip Jain:

As per a media report dated August 6, 2024, IDFC leased about 1.6 lakh square foot in a commercial tower in our vicinity, that is Oberoi Commerz in Oberoi Garden City, and the leasing rate was very surprising. It was about Rs. 233 per square foot per month. Whereas we have been leasing last year at about Rs. 160 per square foot per month. With the leasing rates

moving significantly upwards, as seen in this case with the net delta is about 40% and the commercial leasing market displaying strong resilience, don't our assets deserve a fair value revaluation? As I remember, as per Page 138 of the Annual Report of 2022-23, the fair value of our investment properties was about Rs. 4,400 crores. I believe the carpet area square foot rates have significantly gone up. So, will we go for a fair value remeasurement while we publish this year's annual report? That is my question, sir. Thank you.

Kunal Sagar:

Mr. Jain, two answers, clarifications to your question, the rate of Rs. 233 that you mentioned, in our understanding, that is a carpet area rate. Whereas the rate that you have mentioned for the Nirlon properties is a chargeable area rate with an 80% efficiency. So, the two are not comparable in any way. And also, the second part is, we do not know the exact details of the agreement that has been signed or the agreement that you are referring to in terms of what other terms that may or may not be. So, we would not want to comment specifically on that. The only thing that we will mention is that the rate that you mentioned is not a comparable one, because it is a carpet rate as against the chargeable area rate at 80% efficiency that we have. The property that you mentioned, their efficiency levels are very different from ours, and oftentimes their overall terms are very different from ours. So, do keep that in mind.

What was your specific question on our fair value? We will again disclose fair value in our Annual Report as we did last year. What was your query on that?

Dilip Jain:

Sir, the fair value disclosed was about Rs. 4,400 crores for the entire carpet area of about 30 lakh square foot. So, do you believe, like we see a very resilient property market, so do you believe the carpet rates have gone up?

Kunal Sagar:

In general, for our leasing that we have seen in this last year and in this last quarter as well, the rates have moved up from what we had in earlier years and earlier months. And we have seen good traction across the board as well as reasonable increase in rates.

Dilip Jain:

Sir, what is the percentage increase that you believe, because I live in Bombay and both the residential and the property markets are very resilient. So, I mean, since you are an expert and you have been doing this for the last 20 years, what do you believe is the actual upward percentage in terms of the rate per square foot of carpet area?

Kunal Sagar:

It will be misleading to mention what percentage increases are, because they are a function of what the base rate is for people who are renewing, and they are a function of many different things. So, we really do not want to get into that.

Dilip Jain:

No, sir, I am not talking about the leasing rate. I am just talking about the net asset value of the property.

Kunal Sagar: Mr. Jain, we have a fair value that we will put out. We would not want to really speculate on what is the market value, that tends to be very subjective, and it will be in a range based on which measure you use to compute that. So, we would not want to discuss that in this forum.

Dilip Jain: But would we be going for the fair value remeasurement like we do every year, even this year?

Kunal Sagar: Yes, the fair value disclosure will be in our Annual Report, as it is statutorily required to be. But do note, it's not the market value. We had a question on that in the last call as well, which we tried to clarify then and which we can again clarify just now.

Moderator: Next question is from the line of Laksh Jain, Individual Investor. Please go ahead.

Laksh Jain: Sir, just to continue with the question of previous shareholder, so what is our carpet area per square feet per month, sir?

Kunal Sagar: Are you asking us what our approximate current licensing rates are?

Laksh Jain: Yes.

Kunal Sagar: They are just north of approximately Rs. 160 per square foot per month on an 80% efficiency basis, with roughly three months of rent free. That's an approximate number.

Laksh Jain: So, Rs. 160 is our carpet area per square feet per month?

Kunal Sagar: No, that's our chargeable area. The carpet area equivalent is Rs. 200.

Laksh Jain: Okay, on carpet it's Rs. 200?

Rahul Sagar: Yes, 200 plus CAM plus GST.

Laksh Jain: So, my next question. Sir, there has been a decrease in interest cost this quarter. What is the current interest rate we are paying and are we seeing further reduction in this?

Rahul Sagar: Current rate is 8.54%.

Kunal Sagar: This is based on a monthly T-bill, so it fluctuates up and down based on that measure.

Laksh Jain: So, currently it is at 8.54%?

Kunal Sagar: Yes.

Laksh Jain: My next question, sir. What is the status of our Nirlon House, sir, which we are planning to sell? How long will that take time, sir?

Rahul Sagar: That is under discussion with various regulatory bodies etc., because of the profile of the ownership and the nature of the ownership, which is basically strata, as well as the ownership within Nirlon. Within Nirlon there are multiple approvals, etc., that are required and once we are in a position to get these , we can keep you further posted. But we are trying, and this process is ongoing. But when it's a strata owned building, like anywhere else in Mumbai, there are additional issues always.

Laksh Jain: But sir, we can assume that it is at a very advanced stage, and this is our first priority at the moment?

Rahul Sagar: No, you should not assume anything. We can just say that it's a priority for the Company and we are working on it. But please do not assume anything. Thank you.

Laksh Jain: Okay, alright. And again, on the tax rate, sir, we are continuing to pay very high taxes, sir. And again, the dividend is taxable, same 35%. So, I request GIC to accelerate whatever they are planning, whatever they are doing, I just request them to accelerate because the minority shareholders are facing this issue for a long time now. So, we generally request GIC to take decisions as quick as possible on this restructuring, sir.

Kunal Sagar: Noted Mr. Jain, thank you.

Laksh Jain: And one more request we have been asking for various con-calls, it's been like many quarters now. We just request the key person from GIC to also sit on the call and give us some clarity, sir. It has been a long ask.

Kunal Sagar: Noted Mr. Jain, thank you.

Laksh Jain: So, please kindly request that, at least next quarter, we have the key person from GIC.

Moderator: Thank you. As there are no further questions from the participants, I would now like to hand the conference over to Mr. Kunal Sagar from Nirlon Limited for the closing comments.

Kunal Sagar: Would you like to wait another minute or two in case there are any questions, then we can close after that?

Moderator: Sir, there are no questions as of now.

Kunal Sagar: Nobody in the queue?

Moderator: No, sir.

Kunal Sagar: All right, that's fine. Thank you all for participating in the con-call. If you have any further questions, or would like to know more, do reach out to us or our Investor Relations Managers at Valorem. Thank you very much for participating.

Moderator: Thank you. On behalf of Nirlon Limited, that concludes this conference. Thank you all for joining us. And you may now disconnect your lines.