



**Nirlon Limited**

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**May 22, 2024**

**BSE Limited,**

The Corporate Relationship Dept.,

P.J. Towers,

Dalal Street,

**Mumbai - 400 001.**

**Security Code: 500307**

Dear Sir/ Madam,

**Sub:** Earnings Call Transcript of the Earnings call held on Thursday, May 16, 2024

We refer to our intimation letter dated May 8, 2024 informing the stock exchange of an earnings conference call on **Thursday, May 16, 2024**.

This is to inform you that the conference call was attended by Mr. Rahul V. Sagar, Chief Executive Officer & Executive Director of the Company, Mr. Kunal V. Sagar, Director of Nirlon Management Services Pvt. Ltd. and 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 Company has already provided the Audio link of the earnings conference call held on Thursday, May 16, 2024, vide our letter dated May 16, 2024, and the same is available at our Company's website. The Audio link is provided as below:

[https://www.nirlonltd.com/pdf/irp/ir\\_concall\\_16\\_may\\_2024\\_audio.mp3](https://www.nirlonltd.com/pdf/irp/ir_concall_16_may_2024_audio.mp3)

The transcript is attached herewith. The Transcript and the audio recording are available on the Company's website "[www.nirlonltd.com](http://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

## Q4-FY24 Earnings Conference Call Transcript

### May 16, 2024

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**Moderator:** Ladies and gentlemen, good day and welcome to Q4-FY24 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.

I now hand over the conference to Ms. Purvangi Jain from Valorem Advisors.

Thank you, and over to you ma'am.

**Purvangi Jain:** Good morning 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 fourth quarter and the financial Year 2024.

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 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 primarily to educate and bring awareness about the company's fundamental business and financial quarter under review.

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 – VP - Business Development & Investor Relations, Nirlon Management Services Private Limited.

Without any 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. It is a pleasure to welcome you all to our Earnings Conference Call for the fourth quarter and for the financial year 2024.

Let us first take you through the financial performance of the company for the fourth quarter and the full financial Year 2023-24. For the quarter under review, the company reported a total income of Rs.154 crores which grew by 4% year-on-year and 0.7% quarter-on-quarter. EBITDA was Rs.122 crores, which grew by 5% year-on-year and 1.4% quarter-on-quarter. The EBITDA margin for the quarter was 79.47%. Profit after tax for the quarter stood at approximately Rs. 51 crores, which grew by 3.3% year-on-year. However, it declined 1.7% on a quarter-on-quarter basis. PAT margin for the quarter was approximately 33%.

For the year under review, the company's total income stood at Rs. 607 crores, a growth of 5.5% year-on-year. EBITDA stood at Rs. 481 crores, which grew by 4.4% year-on-year. EBITDA margin stood at 79.26%. Profit After Tax was Rs. 206 crores reflecting a growth of 30% year-on-year. PAT margin for the year was approximately 34%.

On the Operational front, the average occupancy for the company as a whole, that is Nirlon Knowledge Park and Nirlon House combined, was stable at 99.8% for the fourth quarter of the financial year 2024 and as on the 31<sup>st</sup> March 2024, Nirlon Knowledge Park was 100% occupied.

Deutsche has agreed to take up additional space at NKP, accommodating approximately 200 to 250 seats.

With reference to questions from shareholders about potential restructuring or other possible value accretive measures, discussions and consultations with concerned parties to address relevant issues are continuing. The company understands the importance of this aspect for investors and shareholders and will communicate any decision taken in this regard expeditiously.

As regards, whether the company intends to move to the new tax regime, after careful analysis and deliberation in board meetings, the company has decided to stay with the old tax regime for the present. This is primarily due to the accumulated MAT credit available for set-offs in the old tax regime, whereby the company estimates the financial benefits of moving to the new tax regime for the Financial Year 2024-25 will be nominal, whereas the likely benefits to minority shareholders under any potential restructuring by remaining under the old tax regime are estimated to be appreciably greater.

Accordingly, there is little to be gained by making an irreversible move to the new tax regime at this time and closing the option to potentially greater gain from benefits under the restructuring available only under the old tax regime. This position will be reviewed regularly by the company for any change in circumstances.

Lastly, we are happy to announce that the board has proposed a final dividend of Rs.11.00 or a 110% of the Face Value Per share for the Financial Year 2024, subject to approval by shareholders in the forthcoming 65<sup>th</sup> AGM. This is in addition to the interim dividend of Rs.15 Per Share that was paid in Quarter 4 of 2024.

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

**Moderator:** We have a first question from the line of Rajiv Malhotra from HCPL Parts Company. Please go ahead.

**Rajiv Malhotra:** Hi, Kunal and Rahul, let me congratulate you on behalf of a lot of investors for an extremely wonderful result. We have a problem of no vacancy which cannot be better than anything for a real estate company, so hats-off for the Management.

My only query would be - the market understands that Kunalji sold-off most of his holdings, but we are happy to note that he is still on the call. He is not a Director, but a Director on the Management Services Company Board. Is there any particular reason for that, which we have to get worried on or something like that?

**Kunal Sagar:** I've been in discussions, and looking to sell my shares for some time before the actual sale. An opportunity arose in March of 2024, which I then moved forward with. And just to be very clear, the reasons for my selling are entirely personal. They're not in any way related to the company or its performance at all in any way. We just want to mention that. I hope that answers your question.

**Rajiv Malhotra:** Thank you for answering it so clearly. If I could just do a brief follow-up. Was GIC not interested in picking the stake?

**Kunal Sagar:** I wouldn't really want to comment anymore on the sale aspect if you don't mind, because it's not really the subject matter of this call.

**Rajiv Malhotra:** That is absolutely perfect. Thank you so much.

**Moderator:** We have our next question from the line of Satinder Singh Bedi from Eon Infotech Investments. Please go ahead.

**Satinder Singh Bedi:** Thanks for the opportunity & congratulations for the great occupancy. What is the valuation as of 31<sup>st</sup> March? Because that exercise would have been gotten done. So we just wanted to understand what is the valuation that has been arrived at?

**Manish Parikh:** The valuation of the company as on 31<sup>st</sup> March is approximately Rs. 4,500 crores.

**Kunal Sagar:** It is not a market value. This is the fair value in our annual report, as we are required to present it.

**Satinder Singh Bedi:** Yeah. But I assume there will be a market valuation exercise that would be got done by a registered valuer as an annual exercise like all other property companies or whatever listed entities with real estate assets would do. I'll just try to amplify, Sir, where I'm coming from. The point is that the company has to undergo some restructuring in the future which we understand the management is working on. That restructuring might entail a delisting or whatever. Our feeling is that having a market value estimation done safeguards the interests of minority shareholders going forward in case of any existing activity. Because the reality is we have an asset which generates more than Rs. 480 crores of NOI and a property as marquee as yours, as well leased as yours, typically would trade at maybe an 8.5% kind of yield. So our sense is that this is a property which should be valued at about Rs. 6,000 crores, based on comparable deals across multiple REITs which are listed and which have similar kind of properties. So if we just look at the 15 - 20 valuations that today are there in the market, for this property, for its NOI and for its stable kind of tenant base should not be valued at less than Rs. 6,000 crores. So our only point is that, if the valuation is close to the market value, it does protect the minority interests at a future point in time when some restructuring happens, so it gives that comfort, so that's where I'm coming from.

**Kunal Sagar:** As we mentioned, this Rs. 4500 crore is the fair value that is part of our annual report and part of our statements. We don't actually do any market value per se which we then, put out into the public domain. By definition, that is subjective to an extent, and hence we don't really go down that road in terms of whether it is X or Y. It's relatively straightforward what market values are, and there are ranges based on a number of norms that can be used to determine that. So we prefer not to be that specific on that.

**Satinder Singh Bedi:** Just to persist with one follow up on this. So how is the fair market value then calculated? So when we say fair value is Rs. 4,500 crores how do we calculate that currently?

**Kunal Sagar:** I think we would leave the calculation of market value to someone like yourself. There are so many ways to do it, depending on what your specific purpose is or what your specific goal is in terms of determining that value.

**Satinder Singh Bedi:** No Sir, my point was when Nirlon has assessed the fair value at Rs. 4,500 crores, how has that figure been arrived at?

**Manish Parikh:** That is the fair valuation done by the approved valuer and this valuation is being done as per the requirements of INDAS standards.

**Moderator:** We'll move on to the next question from the line of Prayag Jain from Dealwealth. Please go ahead.

**Prayag Jain:** My question is on Nirlon House. Any plans that you can share for the visibility; it's been a while since we got any progress update on that front. Also, it states that 6000 square feet is lying vacant, so any efforts on that?

**Rahul Sagar:** So we are in the process of working on it and will inform as soon as there is anything significant to say. As you know, it's a strata sold property; it's a multi-owner property. So when properties are of this profile, of this nature, it takes a little bit longer, but we are very keenly working on it to find a solution, which is in the best interest of everyone, and once we have anything significant to say, we will put it out there. We are working on it very keenly and it is a priority as well. Because of the profile of the ownership structure of the building these things are marginally complicated to some extent, as you know.

**Prayag Jain:** I understand and I completely believe that best efforts are on, but it's been long we've been hearing. So I am asking if there is any progress in the discussions because I'm sure you would have better options emerging and deliberating on something, maybe something is workable this year perhaps. So I was looking for some clarity.

**Rahul Sagar:** Yes. So right now we have nothing further significant to say. When we do have something significant to say, we will put it out there. You mentioned some vacant space. I think some part of that is in the basement as well, so that's not really what we are looking to license in any way. Apart from that the majority of the space owned by NL is licensed out. So once we do have anything significant to say, we will come back. Once again, because of the profile it is a bit complex, and we are working on it.

**Prayag Jain:** So for an old minority shareholder like me, what can I look forward say over the next couple of years in terms of growth? Because management of the asset has been great, but in terms of growth, what is there to look forward.

**Rahul Sagar:** You mean growth in NH or growth in the company as a whole?

**Prayag Jain:** Overall.

**Rahul Sagar:** As of now we don't have anything significant to say or any concrete plans or any significant plans in terms of growth, in terms of additional CAPEX, additional assets within NL. As you know the existing asset is practically fully occupied since the last few years, and Phase-5 was completed in June'21 when we received the OC. So it's a phase of consolidation now, and once we have anything significant to say, we will let you know. We do want to say though, that the growth in the revenue will largely be driven by the profile of the licensees in NKP and also the potential increases in license fees due to escalations and if and when possible due to new licensees coming in as well. So this is definitely an area where there is an opportunity for potential growth in the revenue and we are focusing very closely on that. And if you look at the results, in FY24 as compared to the last year as well, you can see that due to the contracted escalations actually happening and fructifying. Hopefully now there will be increases in license fees for any potential vacancies that are likely to happen. We hope to see growth in revenue as well.

**Prayag Jain:** This is of course standard and procedural, and I had said earlier, I commend the management of the asset that we have right now. We're renting it out to its optimized potential. What I meant to ask, I'll rephrase, do we have any priorities for this year or is it just to run the business.

**Rahul Sagar:** The priorities of this year would be, as we mentioned, increases in contracted license fees, when the opportunity arises, for new licensees to come in hopefully at increased license fees and on better terms, commercials and otherwise. So of course, restructuring of Nirlon House is a priority as well. So really for an asset of this nature, the increase in the value or the so-called growth from a stable asset can come from an increase in the top line. We're also very focused on the repairs and the maintenance and the CAPEX, so that the asset retains its quality, which will enable us to increase license fees as well as attract new potential, A-grade license fees. That is always an area of focus - repairs, maintenance, CAPEX and upgrading the asset and the facilities in NKP and to some extent in and around NKP as well.

**Prayag Jain:** Just to summarize, if I ask for a simplistic view from Rs. 607 crore top line and Rs. 205 crores of bottom line, any estimates for the next couple of years based on the conversation we've already had with our partners?

**Rahul Sagar:** I can't really speak on that estimates etc., but you can see from the information that we have put out. You can do your own analysis; each one can do their own analysis on the information that we have put out there. But unfortunately, we don't really want to speak of any revenue assumption going into the FY25, 26 etc.

**Prayag Jain:** I was saying in absence of any decision or outcome on the restructuring, if the things continue as is, any range of growth like 10% to 15% something like that to look forward?

**Kunal Sagar:** As Rahul said, we don't normally comment on potential growth or what we estimate might be for next year. That's especially relevant in this year., As you know, there are some potential long standing discussions on one of our old, very valued licensees moving out and other new people potentially moving in, in their place. So, that process will play itself out over this year and the next, and we are of course following it very closely. As we mentioned, that's a process that will unfold over the next couple of years. So , without receiving any specific notices, we don't want to be guessing when exactly those vacancies may occur, when we will fill them and what the effect on revenue might be. The only point we had made is that we see potentially good demand and we're having good discussions for this potential vacancy, but since we don't have any vacancy notices yet, there are no specific transactions that one can actually include our contracts. These are the potential variables over this year that may be there.

**Moderator:** We have our next question from the line of Kevin Gandhi from CapGrow Capital. Please go ahead.

**Kevin Gandhi:** I just have one or two questions. Just want to understand, what are the potential issues that management is facing in this whole restructuring of the delisting process. So it's been basically



6 quarters or around 1.5 years since I've been listening that we are going to restructure; we are doing something about the process. What all issues are we facing and when would this finally be resolved?

**Kunal Sagar:** The answer is more or less essentially the same as we've been mentioning over our last several calls, which is, based on the structure and based on the priorities of our major shareholder, we are looking at what is the most optimum restructuring, or set of issues that we can take up for restructuring. Again, we're in the process of discussing that and we don't really have anything more specific than what we've been saying. And I know that you're keen to have that answer, but there is no more information that we can give you simply because it's a process that has to play out based on what back and forth happens in discussions.

**Kevin Gandhi:** What question I had is, so basically any expected timeline, so basically we might have been discussing this thing since many quarters now. When would this get finalized? So, when, is my only thing concerned here.

**Kunal Sagar:** We take your point, but we are not able to give you any timeframe on that Kevin. By its very nature, if there is a discussion that is going on which is, essentially, a discussion that also includes discovering the various options that might be available to us and to choose the best one, and we are still in the process of getting and analyzing information that comes in, then there is no timeframe one would want to put on that. The point is to get the right set of options and then move forward and that's what we are working on.

**Kevin Gandhi:** So, sir, are we actually sure that you want to either delist to restructure in the form of REIT? So in that case, are you sure about one of the options or we still, like thinking or being elusive what to do - whether to delist or to actually restructure in the form of REIT. Are we sure about what we want to actually do or we are still thinking about one of the two options?

**Kunal Sagar:** As we've said, there is no decision at all on which option we are going to take. We've never put forward any information that says that we've agreed on delisting or on something other than a delisting. So you are correct in your understanding that there is no specific direction or no specific aspects that we have concluded on.

**Kevin Gandhi:** Okay sir. All the best for a future.

**Moderator:** We have our next question from the line of Rajiv Malhotra from HCPL. Please go ahead.

**Rajiv Malhotra:** I'm just taking it as a follow-up on one of our earlier questions regarding the fair value of our property. I do agree that it has been clearly mentioned about having it fairly valued by an independent registered valuer, but Kunalji, if you see it's usually the valuation is done based on market value itself, right. So the point being that, the market value cannot be different by 35%. You may take it as a suggestion that if this can get narrowed at a time in a future if, and if only there is a restructuring, this may become an important point. Balance sheet entry which most

companies do it, it's just the detail or attention paid on this entry in the notes to accounts and in your notes to account, since the time I have seen the balance sheet in 2010 are exemplary, so maybe you could have a look at it with your accounting firms once again.

**Kunal Sagar:** Rajiv, and this question initially was from Mr. Satinder Bedi, we thank you for your thoughts and suggestions on that, and do be assured that we will certainly take a look at what you're saying to see if there's any change or addition we need to make to our accounts. And of course, in the next call, we will be in a position to update on that, whether it's something that we would change or not, but we certainly take a look at what you said. Thank you.

**Rajiv Malhotra:** That's the perfect resolution. Thanks.

**Moderator:** We have our next question from the line of Laksh Jain, an Individual Investor, please go ahead.

**Laksh Jain:** There was a reduction of Rs. 30 crores in CAPEX, last time as it was Rs. 85 crore and this time it was only Rs. 55 crores, this year. So Rs. 30 crores of savings was there in CAPEX. But we haven't increased any dividends. This Rs. 30 crores, if we distribute a dividend, you get another Rs. 4.00 or Rs. 3.5 per share.

**Kunal Sagar:** Just to answer that, the previous year's Rs. 85 crores included significant amounts of CAPEX for Phase-5. The numbers have obviously reduced significantly in the year under review just now. The reduction in CAPEX is not linked to our profitability and hence we are not linking it to dividend. It's the cash flow that you're looking at. We are not linking that cash flow to dividend. We are linking the dividend to profitability and the ability to sustain dividend and sustainability of profitability.

**Laksh Jain:** In previous concall you have mentioned that the sustainable CAPEX is going to fall down to Rs. 15 crores approximately and that is going to be sustainable. So there is one more room to save another Rs. 40 crores. So there's more reduction in CAPEX. So what are we going to do with those extra cash?

**Kunal Sagar:** The Capital expenditure we have, without getting into the specific figures is of two types., One is what we mentioned is this CAPEX that is related to Phase-5 and the building construction. The other is the normal CAPEX that we do in any given year to maintain the asset and that will fluctuate based on requirements for that particular year. Without getting to the numbers because we can't hear you clearly to give you the specific number it is just to give you the general idea.

**Laksh Jain:** So if there is any reduction from, it's 55 now, if there is further reduction, we are not planning to, you know distribute any such thing in the form of dividend?

**Kunal Sagar:** Again, the dividend is a function of profitability and being able to sustain a particular level of dividend over time, over successive years. So, whether there's higher a cash flow in a particular

year, we are not necessarily linking it to a higher dividend for that year and then fluctuating again in one year. As we said, we are trying to keep dividend consistent and sustainable.

**Laksh Jain:** Got it. Net distributable cash flow, if we calculate our NDCF, it comes out to Rs. 470 crores. Is that right, that amount of Rs. 470 crores? If you calculate.

**Kunal Sagar:** Where are you getting this number from?

**Laksh Jain:** The first, it's Rs. 425 crores cash flow from operation, and if you subtract Rs. 55 crores from that, which is the maintenance and CAPEX all those stuff, it comes to Rs. 370 crore. And if we add Rs. 100 crores, which in NDCF, the formula itself says that you have to add that in that amount, so it comes out to Rs. 470 crores.

**Kunal Sagar:** I think we are not able to identify this very specifically in our cash flow that you are looking at, so if you don't mind, can we take this up with you separately? I think we'd rather do that rather than give you a general answer.

**Laksh Jain:** Okay. We'll keep it separately. No problem.

**Kunal Sagar:** If you don't mind if you can just write it and send us a mail. We'll answer it very clearly. It'll be easier if you just tell us specifically the lines you're looking at, because this way we will just...

**Laksh Jain:** I'm getting this figure NDCF from cash flow only like nothing from great, it's just one shown in the cash, so I am looking those numbers and all.

**Kunal Sagar:** We can't hear you exactly. Can we request you to send us an email on this please?

**Laksh Jain:** Yeah, I'll do that.

**Laksh Jain:** What is the status of Nirlon House? In earlier con-calls, you mentioned that we are keeping this on priority at a very advanced stage to go for outright sale of Nirlon House. Are the other owners supportive? And by when can we expect this sale to happen? Because we have 80,000 square feet in Nirlon House, out of that 50,000 is Nirlon Limited? So when can we expect this?

**Rahul Sagar:** Firstly, we just want to clarify that we have not really said at any point in time that, any discussions are at an advanced stage. So what I said earlier on the call, is because of the profile of the asset, which is owned by multiple owners, these discussions and what we would like to do is definitely going to take some time. We have done the process. We are doing what we can to get the best value for the company from Nirlon House, but again we just want to reiterate that because of the profile of this building being a multi-owner building, there are various issues which arise based on the existing ownership structure. So we are working on that, and once we have anything significant to say, we will tell you. In the interim, the Nirlon share of the building is licensed out over the past few years and it is going to continue to be licensed out as of now. There's a very marginal vacancy that we have and yes that's really what the status is now. If

there is anything significant, we can tell you. But there are 9 to 10 different owners in the building, which is why it's not, so straightforward to come to the right solution.

**Laksh Jain:** But sir, are those other owners, are they supportive for the outright sale?

**Rahul Sagar:** I mean, look generally, of course everybody wants the best and best outcome for the building, but it's always not easy when there are different owners with different profiles, with different priorities. Some are individuals, some are corporate, some are private companies. As you know the location of the building is on Annie Besant Road. Because of the fact that it's a multi-owner building, these things do have various complications and we are working through these issues. The ownership profile is not so easy to resolve and because it is a asset in a very strategic location it's not something that anybody would just want to give away. So when we have something significant to say, we will say.

**Laksh Jain:** Our old promoters, that is the Sagar family are selling their stake. There is another block in the market of Mr. Rahul Sagar of 13 lakhs shares. So why GIC is not showing any interest in buying these stake? Yes, it's not showing interest in buying this stake. Is it clear that they are not planning to delist Nirlon and keep this listed and wait for the REIT, which is the only option left, because if GIC wanted to delist, they would have easily taken those stakes which Rahul Sagar has.

**Kunal Sagar:** As we said right upfront, this is not a call on which we are discussing share sales of various promoters and why they're buying or not. One thing very clear, I'm not sure where you have the information that Rahul Sagar's block is in the market. There is no such thing. So I think a lot of what you're saying is speculative. We request you not to speculate on that because whether GIC buys or doesn't buy, we can't go into an assumption as to what anyone's reasons are for buying or not buying shares. So please don't speculate on that because invariably, if I may say so, you will come to the wrong conclusion. I made a very clear statement in the beginning, and please go by what we said clearly in the beginning, Don't have any speculative thoughts on this.

**Rahul Sagar:** So we just want to clarify, I am Rahul Sagar speaking and my block is definitely not on the market. That may be some confusion somewhere.

**Laksh Jain:** My bad. I'm very sorry for that. So, why we came on this question is because GIC and Nirlon has only two options - either to delist or to go through SPV and then become REIT. But GIC is not indicating, like for a minority shareholder from outside. They clearly show that they don't want to delist, because in India delisting is difficult.

**Kunal Sagar:** We don't want to continue on this question anymore. These are assumptions that you are making, again our request to you will be, please don't make these assumptions. It will lead you down a completely wrong conclusion for no reason at all.

**Laksh Jain:** And one request, Sir, we have been requesting for GIC to sit on the concall for many quarters, with just one request, please, even a word by them would be very helpful for minority shareholders.

**Rahul Sagar:** Your request is noted.

**Laksh Jain:** Even some statement from them would be very helpful for minority shareholders.

**Management:** Thank you.

**Moderator:** We have our next question from the line of Gaurav from Spark Institutional Equities. Please go ahead.

**Gaurav:** On the debt repayment, if you can just give some clarity on what we're intending to do with the debt on our books in terms of repayment given that we now have a steady sort of stream of lease income.

**Kunal Sagar:** We have a 5-year moratorium on our debt where we pay interest only. Out of that, two years is over so far, so we have three more years of interest only. Then we have a situation where we pay 25% of the debt between years 6 and 10. And then we have a bullet payment at the end of the 10th year which is 75%.

**Gaurav:** So for the next 3 years from now, we continue to pay the interest only.

**Kunal Sagar:** Correct and then after that it is 25% over the next 5 years.

**Gaurav:** Makes sense. And then the rate of interest remains the same or that can be, as part of the contract can change the like, if the cycle sort of turns in our favor?

**Kunal Sagar:** The rate of interest is linked to the T-bills.

**Moderator:** We have our next questions on the line of Gaurav Khanna from CapGrow Capital. Please go ahead.

**Gaurav Khanna:** My question is that would you like to throw any further light on the promoter selling, which has been done?

**Kunal Sagar:** If you heard what I said in the beginning, won't repeat it then?

**Gaurav Khanna:** Sir, I've heard it in the beginning. Any other light you want to throw I would like to know that.

**Kunal Sagar:** No, Gaurav.

**Moderator:** We have our next question from the line of Ranvir Singh from Yashwi Securities. Please go ahead.

**Ranvir Singh:** So, you came out with a notification in March saying that Nirlon Management Services contract had been renewed. Initially you were paying 1% of your gross revenue as lease management services and 2% as property management services and paying a sum of Rs.13.12 crore as project management services in the existing terms. In the renewed contract, what are the new terms, like how much would you be paying as lease management, how much would you be paying as property management and how much commission would you be paying?

**Rahul Sagar:** So the new terms are very similar to the existing contract, of course, because there is no significant development envisaged in NL at this point in time. There are no development fees as part of the new contract, but the terms and conditions of the new contract signed is very similar to the earlier contract. There is no significant change except for the fact that since there is no development envisaged in NL, at this point in time, there are no development fees, which is normal.

**Ranvir Singh:** I hope this delisting is expedited and we get through it fast. Good luck to all of you.

**Moderator:** We have a follow up question from the line of Satinder Singh Bedi from Eon Infotech. Please go ahead.

**Satinder Singh Bedi:** Thanks for the follow up. What is pending MAT credit available as of 31<sup>st</sup> of March 2024 please?

**Kunal Sagar:** We're in the in the process of working it out. As we said, it was Rs. 30 crores on 31<sup>st</sup> March 2023 and we expect it to go down by approximately Rs.5 crores. Don't hold on to that specifically, but it should come down from Rs. 30 crores to about Rs. 25 crores.

**Satinder Singh Bedi:** So when does this run down fully?

**Kunal Sagar:** Approximately two more years, Mr. Bedi.

**Satinder Singh Bedi:** While we understand that in the short term, there are no plans, but given that we are fully occupied and the management has done a great job in doing so, and that there is traction in the market, any medium term plans of a redevelopment, let's say 3 or 5 years out, some way we could utilize the unutilized FAR, if any thoughts on that, that the management exercises is based on?

**Kunal Sagar:** No plan for that. As we mentioned, the development aspect of Nirlon Knowledge Park is complete at this point. The park is too new, to consider any kind of redevelopment of buildings that have been built not so long ago. So at this point nothing.

**Satinder Singh Bedi:** Understood and finally, we understand that you are kind of repeating this enough times that there are various options and nothing has crystallized so far in terms of restructuring. But in terms of these small REITs, so the government came out with these small REIT regulations, so I just wanted to understand that, does that option open for us or are these regulations such that we don't even get to use those regulations. So just specifically from small REIT point of view,

that does that open another option among the various options for us or is it something that we don't qualify or don't get any, whatever benefit. So any thoughts on small REIT rules applicability to us?

**Kunal Sagar:** We are looking at that regulation. We are looking at that feedback that has come. We have to look at in the context that we have already a listed company. Prima facie, this appears to be for companies that are not listed. Whether it will become relevant to us with some further changes or not, it's something that we are looking at and trying to understand. Prima facie, it looks like it is for companies that are not listed, so we have to always look at it in our listed context. But again, it's very new and we're trying to see how, if at all, we would fit into anything under this particular notification.

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

**Kunal Sagar:** We want to just thank all the participants for joining this call. We appreciate your interest and we'll look forward to hearing from you and having you on our next call as well. Thank you very much.

**Rahul Sagar:** Thank you.

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