



Nirlon Limited

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November 19, 2024

BSE Limited,

The Corporate Relationship Dept.,

P.J. Towers,

Dalal Street,

Mumbai - 400 001.

Security Code: 500307

Dear Sir/ Madam,

Sub: Transcript of the Earnings Conference call held on Wednesday, November 13, 2024 with Investors'/Analysts'

We refer to our letter dated November 14, 2024, the audio recording was made available on the Company's website www.nirlonltd.com under the link:

https://www.nirlonltd.com/pdf/irp/ir_concall_13_nov_2024_audio.mp3

The interaction was based on a Q&A format, and the Transcript for the same is attached herewith and is made available on the Company's website, and is being filed with the BSE Ltd.

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
Q2 & H1 FY25 Earnings Conference Call
November 13, 2024

Moderator: Ladies and gentlemen, good day. And welcome to the Q2 & H1 FY '25 Conference Call of Nirlon Limited.

As a reminder, all participants' 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. Nupur Jainkunia from Valorem Advisors. Thank you and over to you, ma'am.

Nupur Jainkunia: 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 2nd Quarter and First-Half 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 on 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; Mr. Kunal V. Sagar – Director Nirlon Management Services Private Limited; Mr. Manish B Parikh – Chief Financial Officer and VP (Finance); 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 Operations highlights of the Company. Thank you and over to you, sir.

Kunal Sagar:

Thank you. It is a pleasure to welcome you to our Earnings Conference Call for the second Quarter and First Half of the Financial Year 2025.

Let us first take you through a summary of the Financial Performance of the company:

During the quarter under review., the company reported a total income of INR 163 crore, which grew by 8% year-on-year and by approximately 3% quarter-on-quarter. EBITDA was reported at INR 131 crores, representing an 8% growth year-on-year. EBITDA margins were about 80.55% Profit after tax for the quarter stood at about INR 57 crores, which also grew by 8% year-on-year, while profit after tax margins reported at 34.77%.

In the first half of the Financial Year 2025, the company reported a total income of approximately INR 320 crores, a growth of 7% year-on-year. EBITDA stood at INR 253 crores, an increase of 6% year-on-year and EBITDA margins were 78.34%.

Profit after tax was INR 106 crores, an increase of 4% year-on-year and representing a PAT margin of 33.13%.

On the Operational Front, the average occupancy rate for the company as a whole, that is NKP and Nirlon House combined, was stable at 99.8% for the 2nd Quarter of the Financial Year 2025. As on 30th September 2024 approximately 7600 square feet of area was vacant in Nirlon House and NKP combined.

In other updates, Morgan Stanley have to date given notices to vacate approximately 195,000 square feet of the total approximately 449,000 square feet occupied by them. Of this, terms have been agreed for relicensing approximately 139,000 square feet. Additionally, the company continues to see consistent interest for the balance space expected to be vacated by Morgan Stanley.

We are also happy to inform you that NKP was ranked 2nd in the GRI India Awards 2024 in the Sustainable Project of the Year category.

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

Moderator:

Thank you very much, Sir. We will now begin with the question-and-answer session. The first question is from the line of Dilip Jain from Ayush Capital. Please go ahead.

Dilip Jain:

I just had one question. So, we have relicensed 139,000 square foot, as you have reported. Congratulations on that. What is the monthly rental rate per square foot at 80% efficiency, can you please share the number? Thank you very much.

Kunal Sagar:

Just a quick clarification. We haven't yet licensed the 139,000 square feet. We have just agreed on terms for that 139,000 square feet. And as a result of that, we wouldn't want to specifically comment on what our numbers are for the 139,000 square feet. But the average approximate

range at which we are renting now at 80% efficiency is between Rs. 165 to Rs. 175 per square foot per month with roughly about three to four months of license-free period. I'll just check if Rahul has some clarification to offer on that.

Rahul Sagar: No, this is really what it is 139 is practically finalized but not concluded.

Dilip Jain: Yes. Just the terms have been agreed and the tenant has been finalized, but the final papers have not been done yet.

Kunal Sagar: Correct. We have to sign and register lease license agreements. Those are not yet done.

Dilip Jain: There is going to be a three to four months license-free period along with this that you mentioned, right?

Kunal Sagar: Don't connect it to the 139. There are two separate points we're making. One is we have agreed on terms for 139. Let's not get into the specific terms before we sign license agreements. What we are saying is the general approximate range in which we are licensing is 165 to 175 with about three to four months of rent-free.

Rahul Sagar: Also, currently for the notices we have received from Morgan Stanley, for the majority of these notices, the notice period is ongoing. It's usually for most of the cases as you know, a six-month notice. So, the notice period is still valid. Just so that you have the background. It's not that the majority of these spaces are vacant. The notice period is still valid.

Dilip Jain: And this is again going to come with a three-year 15% escalation clause, right?

Kunal Sagar: Those are standard terms which we are working on. We're working on them to see they will be either the same or we will try to improve them, but those are our normal terms at least.

Dilip Jain: As compared to something like a year or two year ago, what's the kind of YoY appreciation or two year appreciation that we have seen? Around 10% to 15% or more than that?

Kunal Sagar: We've always been a bit cautious about how we answer that because it depends on the base. In some cases, it may be 15%-20%. In other cases, it's 3% or 5%. It all depends on what base we are escalating from and what the specific circumstances are and what the terms are. So, we prefer not to really say that it's 5% or 10% or 8%. In general, we have seen the trend has been reasonably positive and that continues. And the demand is strong and that continues.

Moderator: Thank you. We will take the next question from the line of Samarth Singh from TPF Capital. Please go ahead.

Samarth Singh: I just want a question on the Safari Retreat ruling. Does that affect us in any way? Have you looked at that and any possibility that _____ something might/can come up?

Rahul Sagar: Your question is with regard to the Supreme Court ruling on the GST input credit issue. I don't want to get into too many details on the call, but yes, we are well aware of this and whatever steps the company needs to take to ensure that, if at all we are eligible to get this benefit of this input credit, I can tell you that we are absolutely aware of this issue and we have done absolutely what we would like to do to put us in the best possible position that if at all input credit is being given on construction activity, we are in a position to avail of this credit to the maximum extent possible. So, it's a good question.

Samarth Singh: So just in terms of just clarity, post this ruling now is there still any sort of ambiguity whether we can take benefit of credit?

Kunal Sagar: The issue is still playing out in the courts, right. So whereas the initial judgment that we have seen has been largely positive and that has been welcomed by most in the industry, we will just let it play out because there's a difference between a positive ruling and actually getting the refund so to speak. We will just leave it at that and let it play out.

Rahul Sagar: So essentially we can say that if it is allowed and permitted by the Courts and by the judiciary we are in a position where we would like to avail of this particular input credit and get this refund as well, subject of course to whatever the final ruling is, etc., and how it is interpreted as well.

Moderator: Thank you. The next question is from the line of Rajiv Malhotra from HCPL Parts company. Please go ahead.

Rajiv Malhotra: So, hi everyone, I thought let me just congratulate you guys to do another outstanding set of results. So as an investor now for many years, the only thing I feel is there's going to be very little we can do in terms of increasing area, but I think it's the restructuring of the company on a win-win situation for everybody, which is I think what everybody is looking forward to. I mean, you don't need to be specifically answering any of it but thank you for a great job. Thanks.

Kunal Sagar: Thank you, Rajiv. Appreciate it.

Moderator: Thank you Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to Mr. Kunal Sagar from Nirlon Limited for closing comments. Over to you Sir.

Kunal Sagar: Thank you for participating in this Earnings Call. I hope you were able to answer your questions and at the same time give some insights into where we are today. If you have any further questions or would like to know more about the company, please do reach out to 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.