



Nirlon Limited

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May 29, 2023

BSE Limited,

The Corporate Relationship Dept.,

P.J. Towers,

Dalal Street,

Mumbai - 400 001.

Security Code: 500307

Dear Sir/ Madam,

Sub: Earnings Call Transcript

Ref: Participation in Investors'/ Analysts' conference call held on Tuesday, May 23, 2023

We refer to our intimation dated May 11, 2023 informing the stock exchange of an earnings conference call on Tuesday, May 23, 2023.

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, Promoter & Non-Executive Director 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 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

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Nirlon Limited
Q4FY23 Earnings Conference Call
May 23, 2023

Moderator: Ladies and gentlemen, Good Evening and welcome to the Q4 FY23 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 this conference call, please signal the operator by pressing “* then ‘0’ on your touchtone phone. Please note that this conference is being recorded.

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

Purvangi Jain: Good Evening everyone and a warm welcome to you all. My name is Purvangi Jain from Valorem Advisors. We represent the Investor Relations of Nirlon Limited. On behalf of the company, I would like to thank you all for participating in the company’s conference call for the fourth quarter and Financial Year ended 2023.

Before we begin, I would like to mention a short cautionary statement. Some of the statements made in today’s concall maybe 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 information currently available to the management. Audiences are cautioned not to place undue reliance on these forward-looking statements in making any investment decisions. The purpose of today’s earning’s conference call is purely to educate and bring awareness about the company’s fundamental business and financial quarter under review.

Now I would like to introduce you to the Management participating in today’s earnings conference call and give it over to them for their opening remarks. We have with us:

- Mr. Rahul Sagar – Chief Executive Officer and Executive Director
- Mr. Kunal Sagar – Promoter and Non-Executive Director
- Mr. Manish Parikh – Chief Financial Officer VP Finance
- Mr. Jasmin – Company Secretary, Vice President (Legal) and Compliance Officer

- Mr. Ashish – VP Business Development and Investor Relations (Nirlon Management Services Pvt. Ltd.)

Without any further delay I request Mr. Kunal Sagar to give his opening remarks. Thank you.

Kunal Sagar:

Thank you Purvangi. Good evening everyone and welcome to our earnings conference call for the fourth quarter and financial year ended March 2023. Let us first take you through the financial performance of the company.

For the fourth Quarter of the financial year 2023 the company reported a total income of Rs. 149 crores an increase of approximately 7.8% on a year-on-year basis. EBITDA stood at 117 crores, which grew by 3% on the year-on-year basis representing an EBITDA margin of 78.72% for the quarter. Profit after tax stood at 50 crores witnessing a growth of approximately 34% on a year-on-year basis. Profit after tax margin stood at 33.47%.

For the financial year ending on 31st March 2023 the company reported a total income of 576 crores witnessing a robust growth of approximately 49% on a year-on-year basis. EBITDA stood at 461 crores, which grew by 54% on a year-on-year basis representing an EBITDA margin of 80.09%. Profit after tax was 158 crores a growth of approximately 43% on a year-on-year basis and the PAT margin was 27.43%.

On the operational front for the current quarter, that is the fourth Quarter of Financial Year 23, the average occupancy of the company. was 98.5%, and as on 31st of March 23 approximately 14,000 square feet area was vacant. During Quarter 4 Financial Year 23 MUFG has licensed approximately 23,000 square feet and Integrated Security Media Group has licensed approximately 12,000 square feet. Also, in Quarter 4 Financial Year 2023, Protium Finance expanded their space at NKP by licensing approximately 34,000 square feet, and will be vacating smaller areas of approximately 14,600 square feet during Quarter 1 of Financial Year 24. ICICI Prudential has signed an LOI in Quarter 1 of Financial Year 24 to expand its space at NKP by 9,600 square feet.

Finally, the Board has proposed a final dividend of Rs. 11 per share for Financial Year 23, subject to approval by shareholders at the forthcoming AGM. This is in addition to the interim dividend of Rs. 15 per share that was paid in Quarter 4 Financial Year 23. With this, we conclude our presentation and open the floor for questions.

Moderator:

Thank you very much sir. We will now begin the question-and-answer session. The first question is from the line of Rajiv Malhotra from HCPL Parts Company. Please go ahead.

Rajiv Malhotra:

Two or three very small points. One is that the loan which our company has taken from HSBC seems to be relatively quite expensive seeing the stabilized nature of the cash flows of our company and the pedigree of the ownership, which is I would say close to government

ownerships. Would you like to comment on that.? Is there any specific reason for such a high rate?

Kunal Sagar: We had refinanced this loan back in May 2022. We had HDFC as a lender then and we financed with HSBC because our interest rate at that time was in the region of about 6%. The HSBC rate is linked to the T-bills which have of course gone up in the last year, and therefore the rate is today as per our contract with HSBC 9.11%. That is the context for the current rate being what it is. We will of course watch this carefully to see how the macro environment moves on rates, and then take it from there in terms of which way we see the interest rates going, and whether it is worthwhile looking at further discussions with them on this matter.

Rajiv Malhotra: I am sure that you can easily chop off 80 basis points without making too much effort unless your documentation with the bank prevent early repayments or the penalties are prohibitive. Secondly, the way we have restructured our taxation, our loan repayments and our depreciation method - one that is getting us a great dividend, so thank you for that. But this would be a question in everybody's mind - are there any plans of REIT, Micro REIT, joining a REIT, etc.?

Kunal Sagar: We have been discussing the restructuring for some time. As you know, we discussed in earlier calls also, and regards the potential for restructuring at this point we are continuing to engage with our major shareholder. We are working through various required clarifications so that we can come to a conclusion as soon as possible and as soon as practical.

Rajiv Malhotra: If I could squeeze in a last small question - what could be the two biggest challenges Nirlon is seeing in the future when we are talking of all this work from home etc? So from the CEO position what are the two biggest challenges Nirlon is seeing right now?

Rahul Sagar: Well, the biggest challenge so to speak would be that now that the park is completed, we have completed the total development of the park with an existing FSI of approximately 2.6 and with approximate 3 million large square feet of chargeable area predominantly at 80%. I think the most important thing is to maintain the levels of the license fees, to grow the revenue from the license fees and to continue to have the right profile of licensees who are paying an appropriate rent or an appropriate license fee and basically to try to see that we get the right people and continue to be at 100% occupancy. Because this is of course what is driving the result, is really the topline of license fees. And if we can continue this at 100% with the right people in NKP, I think we see that as the biggest and most important thing we would like to fulfill as the Management.

Kunal Sagar: Exactly. It is the quality of the cash flow, the quantum and rate of the cash flow and the level of occupancy, all three of which we have to find a balance to maintain and keep increasing.

Rajiv Malhotra: It is heartening to know that physical occupancy of offices or work from home is not bothering you at all?

Rahul Sagar: Of course it is something which we like to monitor very carefully, but we feel that with the above two or three points we mentioned - with the right profile of licensees who are paying an appropriate rent, which is appropriate for us as well as appropriate for them, we feel that is the best way to ensure that work from home does not put any undue stress on the level of occupancy in or the levels of vacancy in NKP. So, yes that is really what we want to continue to focus on.

Moderator: Thank you. The next question is from the line of Satinder Singh Bedi from Eon Infotech Investment. Please go ahead.

Satinder Bedi: My first question is around the demand outlook in the micro market and around the upcoming Morgan Stanley vacancy which I believe is in December 23. There is slide which talks of advanced discussions for 320,000 square feet - are we talking of the internal client/existing client who is looking to ramp up or is it outside? So around this demand and Morgan Stanley and the inquiry that we have?

Kunal Sagar: The 320,000 square feet in advanced discussions refers to one of our major renewals for 2023-24.

Satinder Bedi: There is a mention of advance discussions for 320,000 square feet, probably this is refill of the upcoming Morgan Stanley vacancy, so slide 5 talks of this advance discussions probably we have some advance discussions going on for utilization of the 450,000 square feet which is coming up for expiry in this year?

Kunal Sagar: Out of 449,000 or 450,000 square feet due for renewal in 23-24, one single client is due to renew 320,000 square feet. That renewal is coming up, that is the one that we are in advance discussions here.

Satinder Bedi: So, the way that the Morgan Stanley stuff come in, of 449,000 square feet, if we are talking of 320,000 square feet for some other client, Morgan Stanley itself was 345,000 square feet, so where does it fall in?

Kunal Sagar: Just to be clear, that 320,000 square feet does not refer to Morgan Stanley, it is another client.

Rahul Sagar: Morgan Stanley is also an existing license fee in NKP, but what you are referring to is concerned with somebody else.

Satinder Bedi: So, what you are saying is that because FY 24 talks of only 449,000 square feet, out of which Morgan Stanley will be about 345,000 square feet, so this means we are talking in advanced discussion.

Kunal Sagar: We do not know where you are getting the 345,000 square feet. That 345,000 square feet number we do not have. There is no Morgan Stanley renewal for 345,000 square feet in financial year 23-24. The Morgan Stanley issue is a separate one, where there is scenario where they intend to migrate to another building at some time in the foreseeable future. So, as we mentioned a few times on earlier calls, that timeframe is something that Morgan Stanley will let us know. We have discussed with them to give us the longest possible timeframe and requested them also to try and see that the migration is done in phases and not in one time. Frankly, at this point whether this will begin in '23-24 or '24-25 is something that is open and something that we are discussing with them. It depends on when their building is ready.

Rahul Sagar: And to answer your first question how do we see the demand in the micro market : We see the demand in the micro market as fairly positive. We should also keep one thing in mind - because of the level of vacancy, which is plus minus 0, we may not be getting the full range of inquiries in that much of detail etc. because everybody knows, because the IPCs who generally are responsible for renting the space to the prospective licensees are aware of the fact that we have no vacancy at this point in time. So, while we do receive some inquiries, yes, we may not be receiving the full range of inquiries. But from what we see, which is based on the limited inquiries that we get, is that the demand is, I would say fairly positive.

Kunal Sagar: And we remain very cognizant of the Morgan Stanley situation and we will look to address it.

Satinder Bedi: On the physical occupancy, how it has moved towards the last quarter? Last time it was mentioned we are looking at typically about 60, 65%. So has it moved upwards from there or is it there including phase 5, so the entire premises?

Rahul Sagar: So, in phase 5, JPMC has not yet moved in to that extent. The last stage of fitouts are going on, and they should start moving in gradually in Q2 '23-24. With regards to the physical occupancy, it is a very important point and we can see right now that excluding JPMC, we are at about 65% to 70%. There are of course some companies which are a little bit more. and we see this at approximately 70% fairly consistently now, and we hope it continues to stay strong and we hope it continues to increase.

Kunal Sagar: In general, the trends continues to be positive. There are days when we see as many people as pre COVID times, and some days are lower, but in general that occupancy aspect is something we feel positive about.

Moderator: Thank you. The next question is from the line of Ashok Jain from Ayush Capital. Please go ahead.

Ashok Jain: My question is regarding what we had mentioned in the last concall. In the concall, you had mentioned that despite positive news flow in the terms of government push, incentives around micro-REIT and REITs in India, the ground reality of the same were in dark. However, post your last conference call, there has been lot of major micro-REIT, flexi-ownership, REIT announcement coming from SEBI. So wanted to know your thoughts on whether Nirlon can convert to a REIT and stay listed, or we are continuing on the same path which we had taken during the last concall. This is my first question?

Kunal Sagar: The information and advice we have so far so far is that for a listed entity, while it can theoretically become an SPV under a REIT which is also a listed entity, there are no precedents or any framework for essentially converting to a REIT as you put it. The steps have to be that one first delists, and then post the delisting, whatever one wants to do with the company whether it is REIT or something else. That two step process is what is followed if someone is going to become a REIT. We had mentioned this in the last call as well. So that remains unchanged in the sense that there is no 'conversion' as such that is possible on a practical level directly to REIT. As regards to your other point about the various changes that have taken place between last time and this time, Yes, there has been back and forth on the REIT regulations. We are keeping fully abreast to them. So, to the extent whatever will be applicable to Nirlon, of course we will make sure that we understand that or we have understood that and we take it on board.

Ashok Jain: As of now we are open to the regulatory changes I suppose?

Kunal Sagar: Depending on what and which way the restructuring finally proceeds, whichever regulation at that point is applicable, of course, we will make sure that we are fully briefed on that or fully aware of that, depending on which one of the changes or which one of the regulations is applicable. As we said, we are working through with our major shareholder. We work through whichever clarifications are required as regards this potential restructuring. So, we are trying to come to that conclusion as soon as possible on it.

Ashok Jain: And my last question - so as per the interview published in Business Standard on March 5 this year the CEO of India Business Park Division of CapitaLand that is Clint Unit of CapitaLand Shri. Gauri Shankar Nagabhushanam, he asserted that CapitaLand intends to double the IT office space portfolio in India. To this end, they intend to acquire 5 million 6 million square feet inorganically. Since Nirlon is an eligible potential acquisition target for CapitaLand, is a discussion with the CapitaLand investment on the anvil?

Kunal Sagar: That really is a question that is more a shareholder level related question then a question that we would answer over here, because it is really a shareholder-to-shareholder discussion if at

all there is any such thing. There is no discussion as far as we know along those lines, but that is not a company level question, it is more a shareholder level question if we may put it that way.

Ashok Jain: But you also belong to the promoter shareholder levels, in spite of being a minority holder you also belong to promoter shareholder, so is it under anvil or can we discuss it post concall?

Kunal Sagar: If you are asking whether we are privy to discussions on CapitaLand, the answer is no, if that is your specific question. If it is not, do ask your question again?

Ashok Jain: It is a same question that is we are not in discussion at present you from the promoter side, Indian promoters.

Kunal Sagar: We do not know anything about any discussions with CapitaLand. That is a statement that you are making, that Nirlon is a potential, perhaps acquisition target, as it were for CapitaLand,. But that is something that you are mentioning. That is not something that we have any knowledge about or that we have been discussing, at least.

Ashok Jain: No, this is not my guess work this was published it is in public domain and Shri. Gauri Shankar Nagabhushanam that time he was CEO Clint part of CapitaLand and he told that they want to acquire this 5 - 6 million square feet inorganically and grow the business of India to double the level?

Kunal Sagar: That does not necessarily mean that is referring to Nirlon or know what he is referring to.

Ashok Jain: But it is named Nirlon but any talks with Nirlon this is what I am asking?

Kunal Sagar: It is not that we are aware of anything along those lines, not at all.

Moderator: Thank you. The next question is from the line of Rikesh Parikh from Rockstud Capital. Please go ahead.

Rikesh Parikh: The first question is regarding our phase 5 JP Morgan leasing. So since they have not yet occupied fully, are we billing them at the full rate. or there is some time till they occupy and we are partially billing them?

Rahul Sagar: The lease and license agreement for phase 5 actually began on December 15, 2021. There were five months of rent free up to May 15th, 2022, and since then they are paying the full license fee. So that is the answer to that question.

Rikesh Parikh: Secondly, I just want to understand what are the current leasing rates that we would have been negotiating in Q4. Means in the last year what we have done?

Rahul Sagar: You mean the actual rental?

Rikesh Parikh: Rental range probably if you can give?

Rahul Sagar: The numbers are basically in the range of approx. 145 to 155 at 80% efficiency, and usually in these cases there are three to four months of rent free. Sometimes, the rent frees are spread out over three to five years, sometimes the rent frees are upfront in the case of the new licensee. So that is the range in which we are in now.

Rikesh Parikh: And just in terms of this leasing update you mentioned through we have signed 9600 square feet. So the vacancy that we talk of of 14,000 at the end of the year, we should be reducing that, that is over and above that we have included that number?

Rahul Sagar: Vacancy we are talking of of 14,000 at the end of the year is not really related to office vacancy in NKP. It includes some parts of Nirlon House, which is the building which is partially owned by the company at Worli, and it includes some amenity areas in NKP as well. So no real office are included in the 14,000 in NKP so to speak to answer your question.

Rikesh Parikh: And the last - any FSI something balance available now for development. or we are done with fully more or less?

Rahul Sagar: We are done with what with?

Rikesh Parikh: FSI at Nirlon NKP?

Rahul Sagar: No, FSI is available. Certainly FSI is available because we have used currently 2.6 FSI. So, yes there would be balance FSI available.

Kunal Sagar: But there are no plans to utilize it.

Moderator: Thank you. The next question is from the line of Harshit Golecha from Flair Investment. Please go ahead.

Harshit Golecha: Sir, we are paying a tax of 35% by getting Rs. 26 dividend in the hands of every minority shareholder as of today. So, why don't we take a decision to convert into a micro REI? Or if we are in talks of that or if you cannot answer I request you to kindly make some key person from GIC sit in the concall so that we can get our answers cleared?

Kunal Sagar: Noted your point Mr. Golecha.

Harshit Golecha: Because it is being noticed from quite a long time, but it is not being answered anytime?

Kunal Sagar: Noted.

Harshit Golecha: How do I ask you sir, like any other way to ask you like am I not asking you properly or something like that?

Kunal Sagar: Your point is noted. I appreciate you are asking it. You are asking for clarity on the restructuring discussions that we have been having – what we want to mention is that, at risk of repetition, we continue to engage with GIC in very serious and meaningful discussions on the matter, and we are trying to come to a conclusion on this as soon as we can.

Harshit Golecha: It is a quite long time taken from our end. Like it is little disturbing to the minority shareholders. It is a win-win situation for GIC, the majority shareholders as well as the minority to convert into REIT. I do not have to make you understand. And today seeing the scenario Nexus is coming up with the IPO of REIT and there are many other companies, like GIC, we do not have to teach them about REIT. It is just time consuming from your end or I don't know what are the discussions going on. It will be very good on your part if you throw some clarity so that I do not disturb you on every concall like this like I do not want to disturb you I hope?

Kunal Sagar: The only point we would like to just mention here is that, as we had said earlier a few times, this conversion to a REIT is not something that is either practical or something that is being looked at because that is not something that on a regulatory basis is practical to do frankly,. That is the only point we would once again request you to take on board, because whatever restructuring is being worked on, we are not working on anything that converts us directly to REIT. The framework does not allow one to do that. So, it has to be done in a step by step manner, and that process is what we are working through, as we explained.

Harshit Golecha: The only option now according to your statement - it states that I have to give you time for delisting and then convert into the SPV or something like that. Can I take it in that way? Wait for the time for delisting?

Kunal Sagar: As we had mentioned, the potential steps that can be followed would include a delisting, and then what happens after a delisting again is up to the acquirer to decide. That does not include minority shareholders at that point, in case it is a delisting option. So we would not want to speculate as to what will happen beyond the delisting. Of course the option to do a REIT may or may not be available at that point in time, but that is what the person acquiring in the delisting has to, or the entity acquiring at the time of delisting has to be clear about in terms of what their plans are.

Harshit Golecha: I do not want to know their plan. The lines what we are into is delisting. So unnecessarily we are paying taxes like our companies paying taxes, we are paying taxes I just wanted to understand that because we are wasting a lot of time now. So the delisting is the appropriate step which we should be taking sooner or later if I am not wrong?

Kunal Sagar: We do not want to speculate on whether we are doing A or B. Delisting is a possibility as we have discussed various times, but that is one of various things that is being considered, and that is something that we will know whether it is possible to do or not possible to do it as soon as we can. I think we have now mentioned this many times, and we will continue to work on getting an answer on it. So, we request you to take this on board at the moment and bear with us please.

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

Rajiv Malhotra: I am sorry I really do not want to repeat any of these discussions which happened early on, but something did come up - we have been working with REITs here. I am in Singapore for over a decade and a half now, as an investor of course. The question is would you know if Nirlon let us say part of Nirlon or let us say any other company can become a part of a REIT partially?

Kunal Sagar: Mr. Malhotra, we would not want to really speculate on that if you do not mind because it is a part of a discussion, and it does not really give us any view or context. We would not like to give you some kind of off the cuff remarks. It is a much more involved process as you know.

Moderator: Thank you. We have the next question from the line of Satinder Singh Bedi from EON Infotech Investments. Please go ahead.

Satinder Singh Bedi: I believe the annual valuation exercise would have happened in March, so just wanted to understand how the cap rates and discounts rates have moved as per the valuer between this 31st March and the 31st of March 22?

Kunal Sagar: Mr. Bedi, what would be the valuation exercise you are referring to? Sorry we are not familiar with what you mean.

Satinder Singh Bedi: At the end of the year, valuation of the investment properties. So I am assuming we get an annual valuation exercise done?

Kunal Sagar: We do not do any kind of publication or we do not publicize any kind of valuations. So, we do not put out valuations in the public domain in that sense.

Satinder Singh Bedi: Mr. Sagar, I think that is a part of the annual report so last annual report there is a value mentioned about 4,300 something crores last year.

Kunal Sagar: From what we understand you are referring to the valuation in the annual report and you are saying what it might be in the current report?

Satinder Singh Bedi: The valuations as of 31st of March now. Has the valuation changed and what are the cap rates and discount rate movements over the last one year while valuation?

Kunal Sagar: Can you hold on a second Mr. Bedi?

Mr. Bedi, thank you for your patience. We will be putting our valuation in our annual report for 31st March 23. It is not yet something that is in the public domain, so we would not speculate on it on this call, but do refer to the one for 31st March 22, which you already mentioned.

Satinder Singh Bedi: Which we are aware of - 4,357 crore is the valuation done as of 31st March 22.

Kunal Sagar: Sorry. That was my error and apologies for mentioning that it was not there. Thank you for pointing it out.

Satinder Singh Bedi: What is the figure now at 31st March 23?

Rahul Sagar: That will come in the annual report.

Satinder Singh Bedi: So, another question, of all property companies typically, okay, both the REIT and the other listed entities, normally talk of a metric called the mark-to-market opportunity. This attains even more significance for a company like ours because the development potential is already fully used up. So we wanted to understand and like you mentioned in an earlier answer that the future challenges revolve around the right profile of licenses and the quality of cash flow. So what is the mark-to-market potential that you see on our current leases? So what is the market rate today for our kind of property versus what we are averaging?

Kunal Sagar: Mr. Bedi, it would be a little bit speculative to answer because most of our licenses now are reasonably close to market. There are some that towards the end of their tenure may be significantly above or significantly below market, but we do not benchmark it in that sense at all. We look at what we can get going forward from there. But I think the correct way to look at it would be to say that significantly we are now at the situation where most of the leases are in fact largely at the mark-to-market situation. It is not that there is a massive arbitrage upward or downward in this case.

Satinder Singh Bedi: Since now we have a fully completed project the only expenditure, probably some maintenance CAPEX that will keep on getting incurred. So just want to understand what is the typical level of maintenance CAPEX that we are looking at on an annual basis, and do we create a reserve for the same as a percentage of revenues split. So how is it handled?

Kunal Sagar: We have a budget for CAPEX every year as well as the budget for our non-CAPEX repairs every year. The repairs budget forms are part of our profit and loss budget for the year, and

the CAPEX budget is a separate budget. So we have earmarked cash flows for that. Normally in the last few years it has been roughly between 10 and 15 crores a year.

Satinder Singh Bedi: Just one more point, last thing, as other have already mentioned, you are running a very fine business, Do something about the restructuring. It has been going on for quite a few quarters. So for such a fine business, it would justify to give the opportunity, for everyone.

Management: Thank you for your kind words.

Moderator: Thank you. The next question is from the line of Laksh Jain an individual investor. Please go ahead.

Laksh Jain: We make an EPS of 6 quarterly that is 24 which is equal to 216 crore of cash and we have a depreciation of 35 for quarterly which is equivalent to 144, so 216 crores plus 140 crore it is equal to 356 crore, which is equivalent to Rs. 40 of cash per share?

Kunal Sagar: Sorry we did not understand, what is your question.

Laksh Jain: I am just trying to give you the number of cash which we actually generate it is coming to 40 per share, is that right?

Ashish Bharadia: You have to deduct tax also to arrive at the net cash per share please.

Laksh Jain: It is after taxes. The Rs. 6 is like after deducting taxes?

Rahul Sagar: Are you talking of Q4.

Laksh Jain: I am talking about which is going to happen like it is going to be the same.

Kunal Sagar: Sorry I am a little confused, You are talking of EPS?

Laksh Jain: I am just trying to get the figure of cash, exact cash how much to generate?

Rahul Sagar: You are looking at slide number 10.

Laksh Jain: Yes. Just my calculation whether I am reading right or not?

Kunal Sagar: On a cash flow basis before tax, our cash generation is approximately about 300 crores for the last year, before tax.

Laksh Jain: This 300 crore, it is coming to 447 crore before tax?

Kunal Sagar: We do not know what numbers you are referring to. In general, if you want the cash number that is the one we have, about 303 crores of cash before tax for the year. Let me just check with our CFO again, but this is the number.

Laksh Jain: I just want to know the cash which you are generating?

Ashish Bharadia: Just to answer your question I think you are looking at the numbers of the P&L to arrive at the cash. You need to then also adjust the routine CAPEX, working capital, etc. so you are doing PAT plus depreciation, there will be a number of other items which get reflected in the cash flow statement.

Laksh Jain: And just 85 crore which we did in investing activities, like will it continue to happen?

Management: I am not able to hear you, your line is a little bit.... not so clear. What is this other number you referred to.

Laksh Jain: 85 crores of investing activities situated?

Kunal Sagar: Can you tell us where this number is.

Laksh Jain: Cash outflow of 85 crores for this year FY23?

Kunal Sagar: Are you referring to last year's annual report.

Laksh Jain: This is today's result I am talking about?

Ashish Bharadia: Just give us a few moments and we will come back to you. In the meanwhile we can take other questions.

Laksh Jain: When do our repayment of loan start, the amortization of loan repayment?

Rahul Sagar: The repayment will start after five years and we have to pay back approximately 5% every year and then after that there is a bullet payment.

Kunal Sagar: So, 25% between year 6 to 10 and then remaining in year 10, ie. 75%.

Rahul Sagar: Exactly.

Laksh Jain: I suppose this 30 crore of interest which you paid this quarter is peaked out, there is like no more chance of increasing right or are we already seeing some terms for the interest rate?

Rahul Sagar: You are talking of this finance cost of 29.3, yes, so what is your question.

Laksh Jain: I supposed you peaked out or do we expect any increase from the Quarter 1?

Rahul Sagar: I mean that is really based on the interest rate that was there in Q4.

Laksh Jain: So, we have not seen like any fall in the last payment?

Rahul Sagar: Based on the increase in the interest rate in Q1 there may be a marginal increase in the number of 29 or 29.3.

Laksh Jain: And currently it is at 9.11% which is just mentioned?

Rahul Sagar: Yes.

Kunal Sagar: Just hold on a second. You have asked us the question about the 85 crore. Let us see if we can answer it. Just give us a minute, please.

Just to confirm, that 85 crores that you see there in today's published numbers is the capital expenditure during the last year including the payments for Phase 5.

Laksh Jain: So, like we would not be seeing this big numbers from next year right?

Kunal Sagar: No, that includes the Phase-5 number. As we said the normal CAPEX every year is depending on what the specific items are, but anywhere between 10 to 15 crores. I mean if there is a carryover it could be little more or little less.

Laksh Jain: So assuming even 15 crore, there will be an increase in 70 crore of cash. So are we like willing to distribute that, or do you want to stick to our plan for Rs. 26 per share? Are you open to increasing it?

Kunal Sagar: No, we would not say anything because we are not sure where that 70-crore number you are getting. So the short point is that as far as we are concerned we intend to continue to pay the dividend at the current levels that we have, and that we think is the right level based on the amount of cash we are budgeting or we project to generate in the next year. Just excuse us for not commenting on the 70 because we are not sure how you are getting it. So we don't want to say anything that is incorrect.

Laksh Jain: We have invested 85 crore and you mentioned that we are we invest I mean we spend around 10 to 15 crores So that is why I got the number.

Kunal Sagar: Let us not compare. I know what you are saying. You are saying 85 less 15, then there will be surplus of 70, It is not quite that way. The short point is we are trying to pay out as much on the dividend side as we can.

Laksh Jain: If at all if this is more cash we are open like distributing above 26 also right?

Kunal Sagar: I won't want to say it in the context that you are saying because I am not sure what your calculations are involving exactly, I do not want to be discussing a specific number without knowing where exactly you are saying, or what it includes or does not include. So I do not want to make a simplistic assumption to say that 70 crore more which will pay out. That is something we would like to avoid giving any impression on. The point we want to make is that the effort remains to pay out the maximum dividend possible. Right now, what we have paid at this point is something that we intend to and expect to maintain.

Moderator: Thank you. The next question is from the line of Foram Goshar, an individual investor. Please go ahead.

Foram Goshar: So, can you talk a bit about the growth outlook in FY24 and FY25 on revenue and profitability terms and what is the update on management strategy over here?

Rahul Sagar: Well, right now with regards to FY24 and FY25, as indicated earlier in the call, the objective is to try to keep the park fully licensed at 100%, with the best profile of licensees with appropriate rent. And there are no specific plans for any further growth with regard to construction in the park or anywhere outside the park. No further construction is envisaged at this point either within NKP or anywhere else. So basically the growth and the focus of the company would be to continue to license at 100% occupancy, zero vacancy, to the appropriate licensees to get the best quality of cash flow.

Kunal Sagar: The growth, such as it is, will continue to come from increases in rentals for new or for releasing and/or contracted escalations from existing licensees that could be the top line increase. There might be, to some extent an increase or reduction in the cost because in Q1 of the 22-23 Financial Year we had a large onetime cost because of our refinancing that was taken in our finance cost, in our interest cost. To that extent, there might be some savings in the current year depending on how the interest rates work out.

Foram Gosar: I have one more question regarding the dividend. So the company has given excellent dividend payout. Also can like similar type of dividend payout will continue?

Rahul Sagar: We do not want to make any anticipated statement as indicated in some of the other questions and some of the answers we have given. The company will obviously like to be consistent with regards to the dividend the company has paid and, subject to results, of course, the company would like to continue this trend of being consistent.

Kunal Sagar: We believe we are paying a sustainable dividend and that is our intention.

Foram Gosar: Just one more question considering acquiring land outside Mumbai is like quite cheaper, so any expansion plans other than outside Mumbai?

Rahul Sagar: Not at this point.

Moderator: Thank you. We have the next question from the line of Satinder Singh Bedi from EON Infotech Investments. Please go ahead.

Satinder Singh Bedi: So, what is the balance FAR left, you have said that you have used up 2.6 - 2.7, so what is the permissible FAR for this property as per the regulations?

Rahul Sagar: I mean depending on, of course the FSI is based on a lot of factors with regards to the usage. This is IT/ITES, this is an IT Park under the Government of Maharashtra IT scheme under DOI. It is also based on some other profile, for example the width of the road etc., but we feel that approximately the FSI should be 5 plus fungible of 35% . So, 5 FSI plus 35% fungible would be the total potential FSI of NKP.

Kunal Sagar: That that is purely theoretical based on payment of significant premiums etc., since you are asking a specific theoretical question, just to be very clear.

Satinder Singh Bedi: And do we do the lease equalization? So I am assuming in accordance to IndAS 16 we do the lease equalization and what is the lease equalization reserve as of 31st March 23?

Kunal Sagar: You are asking the lease equalization reserve under IndAS, is that your question?

Satinder Singh Bedi: Yes, that is the question.

Kunal Sagar: Let us try and find that answer for you. Give us a minute. I suggest we go on to the next question, once we have that answer, we will give it to you. We are looking for that specific number. Let us come back to you on that. It is under IndAS, we do have least equalization, but we need to find that number for you, the specific number.

Satinder Singh Bedi: Short answer maybe for this moment so we are doing straight lining, that is for sure?

Kunal Sagar: That is correct.

Moderator: Thank you. Ladies and gentlemen that was the last question for today. 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 very much for your interest and for the questions. Appreciate your time and look forward to being in touch again.

Moderator: Thank you very much. On behalf of Nirlon Limited that concludes this conference. Thank you for joining us and you may now.